

IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES

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You are reminded that this offering circular has been delivered to you on the basis that you are a person into whose possession this offering circular may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver this offering circular to any other person.

The materials relating to any offering of securities to which this offering circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that such offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, such offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Bank (as defined in the offering circular) in such jurisdiction.

This offering circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Joint Lead Managers (as defined in the offering circular) or any person who controls any of Joint Lead Managers or any director, officer, employee or agent of any of the Joint Lead Managers or any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between this offering circular distributed to you in electronic format and the hard copy version available to you on request from any of the Joint Lead Managers.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The Capital Securities (as defined in the attached document) are complex financial instruments. Distributions on the Capital Securities may be cancelled at any time. The Holders (as defined in the attached document) have no right to require redemption of the Capital Securities. Furthermore, in the event of a write-off of the principal amount of the Capital Securities an investor may lose the entire value of its investment. A potential investor should not invest in the Capital Securities unless it has the expertise to evaluate how the Capital Securities may perform under changing conditions, the resulting effects on the value of such Capital Securities and the impact the investment and any related losses may have on the potential investor’s overall investment portfolio.

In August 2014, the UK Financial Conduct Authority (the “FCA”) published the Temporary Marketing Restriction (Contingent Convertible Securities) Instrument 2014 (the “TMR”) which will take effect on 1 October 2014. Under the rules set out in the TMR, firms regulated by the FCA must not sell certain contingent convertible securities such as the Capital Securities to retail clients in the European Economic Area (“EEA”), or do anything that would or might result in the buying of such securities or the holding of a beneficial interest in such securities by a retail client in the EEA (in each case within the meaning of those rules), other than in accordance with certain permitted exemptions set out in those rules. The main objective of the TMR is to ensure that firms regulated by the FCA do not sell, promote or intermediate transactions in securities such as the Capital Securities that would result in retail investors investing in such securities, except in very limited circumstances.

By purchasing, or making or accepting an offer to purchase any Capital Securities from the Bank and/or the Joint Lead Managers you represent, warrant, agree with and undertake to the Bank and each of the Joint Lead Managers that:

- (1) you are not a retail client in the EEA (as defined in the rules set out in the TMR);
- (2) whether or not you are subject to the rules set out in the TMR and whether before or after 1 October 2014, you will not sell or offer the Capital Securities to retail clients in the EEA or do anything (including the distribution of this document) that would or might result in the buying of the Capital Securities or the holding of a beneficial interest in the Capital Securities by a retail client in the EEA (in each case within the meaning of the rules set out in the TMR), other than in circumstances that do not give rise to a contravention of those rules by any person; and
- (3) you will at all times comply with all applicable local laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to sales of instruments such as the Capital Securities, including any such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Capital Securities by investors in any relevant jurisdiction.



Chong Hing Bank Limited 創興銀行有限公司

(incorporated with limited liability in Hong Kong)

U.S.\$300,000,000 6.50% Undated Non-Cumulative Subordinated Additional Tier 1 Capital Securities Issue Price: 100%

The 6.50% Undated Non-Cumulative Subordinated Additional Tier 1 Capital Securities (the “**Capital Securities**”) will be issued in an initial aggregate principal amount of U.S.\$300,000,000 by Chong Hing Bank Limited (the “**Bank**”). The Capital Securities confer a right to receive Distributions on their principal amount (subject to adjustments following the occurrence of a Non-Viability Event (as defined herein in accordance with the Conditions) from, and including, the Issue Date at the applicable Distribution Rate (as defined herein), payable semi-annually in arrear on 25 March and 25 September in each year. Distributions (as defined herein) will not be cumulative and Distributions which are not paid in accordance with the Conditions will not accumulate or compound and holders of the Capital Securities (“**Holders**”) will have no right to receive such Distributions at any time, even if subsequent Distributions are paid in the future, or be entitled to any claim in respect thereof against the Bank.

The terms of the Capital Securities also provide for circumstances under which the Bank will not be obliged to pay, and will not pay, any Distribution on the applicable Distribution Payment Date (as defined herein), in whole or in part, as applicable. The Bank shall have no obligation to pay a Distribution on any Distribution Payment Date if such non-payment is in accordance with the Conditions and any failure to pay such Distribution shall not constitute an Event of Default (as defined herein). Distributions are non-cumulative and any Distribution which is cancelled shall therefore not be payable at any time thereafter whether in a Winding-Up (as defined herein) or otherwise.

The Capital Securities are perpetual and have no maturity date. Holders have no ability to require the Bank to redeem their Capital Securities whereas the Bank can redeem the Capital Securities in certain circumstances as described in the Conditions. However, the Bank is under no obligation to redeem the Capital Securities at any time. The ability of the Bank to redeem Capital Securities is subject to the Bank (a) obtaining the prior written consent of the Hong Kong Monetary Authority (the “**HKMA**”) (as defined herein) (if then required) to the redemption, and (b) satisfying any conditions that the HKMA may impose at that time.

If a Non-Viability Event occurs and is continuing, the Bank shall, upon the provision of a Non-Viability Event Notice (as defined herein), irrevocably (without the need for the consent of the Holders) reduce the then principal amount of, and cancel any accrued but unpaid Distribution in respect of, each Capital Security (in each case in whole or in part) by an amount equal to the Non-Viability Event Write-off Amount (as defined herein) per Capital Security. Once the principal amount of, and any accrued but unpaid distribution under, the Capital Securities has been Written-off, the relevant amount(s) Written-off will not be restored in any circumstances including where the relevant Non-Viability Event ceases to continue. No Holder may exercise, claim or plead any right to any amount that has been Written-off, and each Holder shall, by virtue of his holding of any Capital Securities, be deemed to have waived all such rights to such amount that has been Written-off. Holders could risk losing up to the full principal amount of the Capital Securities, as well as the cancellation of any accrued (and unpaid) Distributions, without receiving any compensation for such loss or cancellation.

The Capital Securities are expected to be assigned a rating of “Ba2” by Moody’s Investors Service Hong Kong Limited (“**Moody’s**”). The rating does not constitute a recommendation to buy, sell or hold the Capital Securities and may be subject to suspension, reduction or withdrawal at any time by the rating organisation.

See “*Investment Considerations*” beginning on page 21 for a discussion of certain considerations to be taken into account in connection with an investment in the Capital Securities.

Application has been made to The Stock Exchange of Hong Kong Limited (the “**HKSE**”) for the listing of, and permission to deal in, the Capital Securities by way of debt issues to professional investors (as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) only, and such permission is expected to become effective on or about 26 September 2014. Hong Kong Exchanges and Clearing Limited and the HKSE take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

The Capital Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and, subject to certain exceptions, may not be offered or sold within the United States under the Securities Act (“**Regulation S**”). The Capital Securities are being offered and sold only outside the United States in accordance with Regulation S.

The Capital Securities will be initially evidenced by a global certificate (the “**Global Certificate**”) in registered form, which will be registered in the name of a nominee of, and deposited with a common depository for, Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”) on or about 25 September 2014 (the “**Closing Date**”). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through the records maintained by Euroclear and Clearstream, Luxembourg and their respective accountholders. Except in the limited circumstances set out herein, individual certificates for Capital Securities will not be issued in exchange for beneficial interests in the Global Certificate. See “*The Global Certificate*”.

An investment in the Capital Securities involves certain risks. Prospective purchasers of the Capital Securities should ensure that they understand the nature of the Capital Securities and the extent of their exposure to risks and that they consider the suitability of the Capital Securities as an investment in the light of their own circumstances and financial condition. For a discussion of these risks see “*Investment Considerations*” below. The Capital Securities are not intended to be sold and should not be sold to “retail clients” (as defined under the Markets in Financial Instruments Directive 2004/39/EC (“**MiFID**”)) and/or under the UK FCA Conduct of Business Sourcebook (“**COBS**”) (in each case as amended from time to time) other than where the limited exemptions permitted by COBS 4.14.2 apply. Potential investors should read the whole of this document, in particular the “*Investment Considerations*” set out on pages 21 to 35 and “*Restrictions on Sales and Resales to Retail Investors*” set out on page iii.

Joint Global Coordinators and Joint Bookrunners

Credit Suisse

HSBC

Nomura

UBS

Offering Circular dated 18 September 2014

IMPORTANT NOTICE

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer of Capital Securities. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

The Bank, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Bank and the Bank's subsidiaries (collectively, the "**Bank**"), and the issue of the Capital Securities, which is material in the context of the issue and offering of the Capital Securities; (ii) the statements contained herein relating to the Bank are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed in this Offering Circular with regard to the Bank are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Bank or the Capital Securities, the omission of which would, in the context of the issue and offering of the Capital Securities (the "**Offering**"), make any statement in this Offering Circular misleading in any material respect; and (v) all reasonable enquiries have been made by the Bank to ascertain such facts and to verify the accuracy of all such information and statements. In addition, the Bank accepts full responsibility for the accuracy of the information contained in this Offering Circular.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("**Listing Rules**") for the purpose of giving information with regard to the Bank and the Capital Securities. The Bank accepts full responsibility for the accuracy of the information contained in this Offering Circular with respect to the Bank and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would, in the context of the Offering, make any statement in this Offering Circular misleading.

This Offering Circular has been prepared by the Bank solely for use in connection with the proposed offering of the Capital Securities described in this Offering Circular. The distribution of this Offering Circular and the offering of the Capital Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Bank and the joint lead managers as set forth in "Subscription and Sale" (the "**Joint Lead Managers**"), the Trustee and the Agents (as defined in the Conditions) to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Capital Securities or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer, sale and resale of the Capital Securities, and the circulation of documents relating thereto, in certain jurisdictions including, without limitation, the United States, the United Kingdom, Hong Kong, Singapore, Taiwan and Japan, and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Capital Securities and distribution of this Offering Circular, see "*Subscription and Sale*".

No person has been or is authorised to give any information or to make any representation concerning the Bank or the Capital Securities other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Bank, the Joint Lead Managers, the Trustee or the Agents (each as defined in the Terms and Conditions of the Capital Securities). Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Capital Securities shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Bank or any member of the Bank since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular

does not constitute an offer of, or an invitation by or on behalf of the Bank, the Joint Lead Managers, the Trustee or the Agents to subscribe for or purchase any of the Capital Securities and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

No representation or warranty, express or implied, is made or given by the Joint Lead Managers, the Trustee, the Agents or their affiliates or advisers as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular. To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee or the Agents accept any responsibility for the contents of the Offering Circular or for any other statement, made or purported to be made by the Joint Lead Managers, the Trustee or the Agents or on its behalf in connection with the Bank or the issue and offering of the Capital Securities. Each of the Joint Lead Managers, the Trustee and the Agents accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of the Offering Circular or any such statement. Neither the Offering Circular nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Bank, the Joint Lead Managers, the Trustee, the Agents or their affiliates or advisers that any recipient of the Offering Circular or any other financial statements should purchase the Capital Securities. Each potential purchaser of Capital Securities should determine for itself the relevance of the information contained in the Offering Circular and its purchase of Capital Securities should be based upon such investigation as it deems necessary. None of the Joint Lead Managers, the Trustee or the Agents undertakes to review the financial condition or affairs of the Bank during the life of the arrangements contemplated by the Offering Circular nor to advise any investor or potential investor in the Capital Securities of any information coming to the attention of any of the Joint Lead Managers, the Trustee or the Agents.

IN CONNECTION WITH THIS ISSUE, THE JOINT LEAD MANAGERS (OR ANY PERSON ACTING ON THEIR BEHALF) MAY OVERALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE CAPITAL SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (OR ANY PERSON ACTING ON ITS BEHALF) IS NOT OBLIGED TO UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE CAPITAL SECURITIES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE CLOSING DATE AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE CAPITAL SECURITIES. ANY STABILISATION ACTION OR OVER-ALLOTMENT SHALL BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

Any purchase or acquisition of the Capital Securities is in all respects conditional on the satisfaction of certain conditions set out in the Subscription Agreement (as defined in “*Subscription and Sale*”) and the issue of the Capital Securities by the Bank to the Joint Lead Managers pursuant to the Subscription Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Capital Securities pursuant to this Offering Circular shall (without liability or responsibility on the part of the Bank or the Joint Lead Managers) lapse and cease to have any effect if (for any reason whatsoever) the Capital Securities are not issued by the Bank to the Joint Lead Managers pursuant to the Subscription Agreement.

In making an investment decision, investors must rely on their own examination of the Bank and the terms of the offering of the Capital Securities, including the merits and risks involved. See “*Investment Considerations*” for a discussion of certain considerations to be taken into account in connection with an investment in the Capital Securities.

Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee or the Agents or any person affiliated with the Joint Lead Managers, the Trustee or the Agents in connection with its investigation of the accuracy of such information or its investment decision.

Restrictions on Sales and Resales to Retail Investors

The Capital Securities are complex financial instruments and are not a suitable investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Capital Securities to retail investors. In particular, the UK FCA has adopted temporary product intervention rules (the “**Temporary FCA Rules**”) that prohibit a firm regulated by the FCA selling such securities to a retail client in the EEA or doing anything that would or might result in a retail client in the EEA buying or holding a beneficial interest in such securities (in each case within the meaning of the Temporary FCA Rules), except in the circumstances permitted by the Temporary FCA Rules. The Temporary FCA Rules come into force on 1 October 2014 and are available at <http://fshandbook.info/FS/>.

Potential investors should inform themselves of and comply with any applicable laws, regulations or regulatory guidance with respect to any resale of the Capital Securities, including the Temporary FCA Rules.

In addition, by making or accepting an offer to buy or buying any of the Capital Securities from any of the Joint Lead Managers, an investor represents, warrants and agrees with each of the Joint Lead Managers that it is not a retail client in the EEA (as defined in the rules set out in the TMR and it has not sold and will not sell the Capital Securities to a retail client in the EEA and has not done and will not do anything (including the distribution of this document) that would or might result in a retail client in the EEA buying or holding a beneficial interest in any Capital Securities (in each case within the meaning of the Temporary FCA Rules), except in circumstances that do not give rise to a contravention of the Temporary FCA Rules by any person (or that would not give rise to such a contravention if those rules were already in force) and that it has complied and will comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to sales of securities such as the Capital Securities and the appropriateness and/or suitability of any investment in the Capital Securities for any buyer.

CERTAIN DEFINED TERMS AND CONVENTIONS

Unless otherwise specified or the context requires otherwise, references herein to the “**Issuer**” or the “**Bank**” are to Chong Hing Bank Limited and its consolidated subsidiaries and “**Yue Xiu Group**” is to Guangzhou Yue Xiu Holdings Limited and its consolidated subsidiaries.

Unless otherwise specified or the context requires, references herein to “**Hong Kong dollars**”, “**HK dollars**” and “**HK\$**” are to the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China (“**Hong Kong**”), references herein to “**U.S. dollars**” or “**U.S.\$**” are to the lawful currency of the United States of America, references herein to “**Renminbi**” or “**RMB**” are to the lawful currency of the People’s Republic of China, references to “**PRC**” are to the People’s Republic of China excluding Hong Kong, Macau and Taiwan, references to “**HKFRSs**” are to Hong Kong Financial Reporting Standards and references to “**IFRS**” are to International Financial Reporting Standards.

Unless otherwise specified, where financial information as at and for the six months ended 30 June 2014 has been translated into U.S. dollars, it has been so translated for information purposes only at the rate of HK\$7.7515 equal to U.S.\$1.00 (being the average of the buying and selling rates of the opening indicative counter exchange rate published by the Hong Kong Association of Banks as at 30 June 2014), and for financial information as at and for the year ended 31 December 2013, it has been so translated for information purposes only at the rate of HK\$7.7547 equal to U.S.\$1.00 (being the average of the buying and selling rates of the opening indicative counter exchange rate published by the Hong Kong Association of Banks as at 31 December 2013). No representation is made that the Hong Kong dollar or U.S. dollar amounts referred herein could have been or could be converted into Hong Kong dollars or U.S. dollars, as the case may be, at any particular rate or at all.

PRESENTATION OF FINANCIAL INFORMATION

The Bank has prepared audited consolidated financial statements for the years ended 31 December 2012 and 2013 in accordance with HKFRSs and the unaudited condensed consolidated interim financial information for the six months ended 30 June 2013 and 2014 in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. Unless otherwise specified, the financial information set out in this Offering Circular is presented on a consolidated basis for the Bank and its subsidiaries.

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding. References to information in billions of units are to the equivalent of a thousand million units.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains forward-looking statements regarding the intent, belief or current expectations of the Bank held reasonably with respect to its financial condition and future results of operations. In many cases, but not all, words such as “anticipate”, “believe”, “estimate”, “expect”, “intend”, “may”, “plan”, “probability”, “project”, “risk”, “seek”, “should”, “target” and similar expressions are used in relation to the Bank to identify forward-looking statements. Investors can also identify forward-looking statements in discussions of strategy, plans or intentions. These statements reflect the current views of the Bank with respect to future events and are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, the Bank’s actual results may vary materially from those it currently anticipates. Given these risks and uncertainties, prospective investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this Offering Circular. The Bank disclaims any obligation to update, or to announce publicly any revision to, any of the forward-looking statements contained in this Offering Circular to reflect future actual events or developments. The information contained in this Offering Circular, including without limitation the information under “*Investment Considerations*” and “*Business of the Bank*”, identifies important factors that might cause the forward-looking statements not to be realised.

TABLE OF CONTENTS

	Page
Summary	1
The Offering	8
Summary Financial and Other Information	18
Investment Considerations	21
Use of Proceeds	36
Capitalisation and Indebtedness	37
Business of the Bank	38
Selected Statistical and Other Information	57
Management	69
Material Related Party Transactions	76
Principal Shareholders and Directors' Interests	78
Regulation and Supervision	79
Terms and Conditions of the Capital Securities	88
The Global Certificate	110
Taxation	112
Subscription and Sale	115
General Information	119
Index to the Interim Financial Information and Financial Statements	F-1

SUMMARY

The following summary is qualified in its entirety by, and is subject to, the detailed information contained or referred to elsewhere in this Offering Circular. For a discussion of certain considerations that should be made in connection with an investment in the Capital Securities, see “Investment Considerations”.

Overview

The Bank is a full service bank which operates primarily in Hong Kong. As at the date of this Offering Circular, the Bank had an established network comprising a head office and a total of 54 branches, including 51 branches in Hong Kong, three branches outside of Hong Kong located in Shantou, Macau and San Francisco, and two representative offices located in Guangzhou and Shanghai. The Bank is a constituent stock of the Hang Seng Composite Index with market capitalisation of HK\$7.92 billion (U.S.\$1.02 billion) as of 5 September 2014.

The Bank provides a wide range of corporate and retail banking services and other related financial services. Corporate and retail banking services provided by the Bank include commercial lending and trade finance facilities, mortgage lending, auto financing, consumer financing, overdraft facilities, life insurance services, mandatory provident fund services, provision of fixed deposits, current and savings accounts, credit card services and personal wealth management services. Other related financial services offered by the Bank include remittance and money exchange, safe deposit boxes, auto pay and direct debit services. The Bank is also engaged in treasury activities, which include interbank placement and deposit transactions, the management of overall interest rate risk and liquidity of the Bank and centralised cash management as well as other business activities such as investment holding and property investment. The Bank also offers futures and securities dealing and insurance services through certain of its wholly-owned subsidiaries.

Since its inception in 1948, the Bank has expanded steadily and believes that it has successfully established itself as a reliable and prudent bank in Hong Kong as well as the other jurisdictions in which it operates. The Bank has received the “Best SME’s Partner Award” from the Hong Kong General Chamber of Small and Medium Business and “Straight Through Processing Award” from The Bank of New York Mellon for five consecutive years. Despite its relatively small size, the Bank enjoys long-standing relationships with many of its key customers and believes that it possesses a strong and stable deposit base. As at 30 June 2014, the Bank’s total assets, total equity, advances to customers and customer deposits amounted to HK\$86,827 million (U.S.\$11,201 million), HK\$7,988 million (U.S.\$1,031 million), HK\$48,546 million (U.S.\$6,263 million) and HK\$72,498 million (U.S.\$9,353 million), respectively.

For the year ended 31 December 2013 and the six months ended 30 June 2014, the Bank recorded a profit after taxation of HK\$557 million (U.S.\$72 million) and HK\$2,337 million (U.S.\$301 million), respectively. The net profit for the six months ended 30 June 2014 excluding the profit from the sale of Chong Hing Bank Centre amounted to HK\$387 million (U.S.\$50 million). As at 30 June 2014, the Bank’s total capital ratio, loan-to-deposit ratio and average liquidity ratio were 14.97%, 59.76% and 38.94%, respectively. For the six months ended 30 June 2014, the Bank achieved an annualised return on average assets of 0.94% and an annualized return on equity of 9.85% (both returns excluding profit from the sale of Chong Hing Bank Centre). See “Summary Financial and Other Information – Other Selected Financial Data”.

The Bank maintains correspondent banking relationships with approximately 600 foreign and local banks and provides services including Hong Kong dollar payment services, trade settlement and financing, money transfers and guarantees.

The Bank has been listed on the HKSE since July 1994. As at 30 June 2014, 435 million ordinary shares of HK\$0.50 each have been issued and are outstanding and fully paid. Based on the closing price of its shares on the HKSE on 30 June 2014 the Bank had a market capitalisation of approximately HK\$6,160 million.

Competitive Strengths

The Bank believes that the following factors contribute to its strong competitive position:

Uniquely Positioned and Consistently Profitable Banking Franchise

The Bank possesses a strong retail franchise, which provides the Bank with a stable and low-cost funding base. The Bank's market share of customers' deposit has increased over the years with a compound annual growth rate ("CAGR") of 4.0% between 2009 and first half of 2014. By the number of accounts and volume, over 97% and 76% of the Bank's deposits come from retail depositors, respectively. The Bank has also attained substantial growth in both RMB deposits and overall number of clientele capitalising on the development opportunities of RMB products. This enables the Bank to lower its cost of funding and thereby improve its profitability and capital efficiency. Over the Bank's 66-year history, the Bank has also developed close relationships with the local business community. Industrial, commercial and finance industries have traditionally been the Bank's core lending markets, currently accounting for more than half of the total advances, with loans outside Hong Kong and trade finance increasing in importance in recent years.

Opportunities in China

The Bank is in a strategic position to further strengthen its cross-border RMB business. In addition to its Shanghai representative office, Shantou branch and Guangzhou representative office opened in 1988, 1993 and 1988, respectively, the Bank plans to commence the operation of Guangzhou sub-branch of the Shantou Branch in October, 2014. Leveraging on Yuexiu Financial's wide network and resources, the Bank expects to increase its RMB deposit base and loan portfolio through the Guangzhou sub-branch and the corporate banking services in Hong Kong. The PRC's RMB liberalisation policy is expected to create further new opportunities for the Bank, which will enable the Bank to broaden its customer base and more effectively increase its share of the PRC market by offering more RMB-related services such as offshore RMB denominated deposits and financial products as well as offshore interbank lending, exchange of RMB and settlement and clearing services of RMB transfers.

Earnings Stability with Improving Profitability

The Bank has recorded consistent earnings and profitability even during financial downturns, which is attributable to the Bank's prudent business model and competitiveness in the local banking industry. The Bank has taken a prudent approach with respect to maintaining its high quality debt securities portfolio with 57% of debt securities held being rated A3 or above. The Bank, as at the date of this Offering Circular, had no significant direct or indirect exposure to subprime mortgages.

Solid Capital Base and Asset Quality

The Bank believes it has consistently maintained strong capital fundamentals over the years, which has allowed it to generally remain profitable in spite of periodic industry and general economic downturns, such as the 2008 global financial crisis. The Bank's capital base consists mainly of equity and the free capital element in equity helped solidify the Bank's profitability and liquidity management. As at 30 June 2014, the Bank had a capital basis with total capital ratio of 14.97%. The Bank has a low loan-to-deposit ratio of 59.78% as at 30 June 2014, which enables the Bank to cover any unforeseen funding requirements with sufficient liquidity.

The Bank believes that its long-term capital and liquidity management policies will provide the Bank flexibility to meet capital needs from any future market or business challenges.

Sound Corporate Governance and Risk Management

The Bank believes that maintaining sound corporate governance standards is imperative to the effective and efficient operation of the Bank. The Bank has, therefore, appointed a number of directors and established various committees to assist the Board of Directors in managing the Bank. The Bank also continuously strengthens its risk management and internal control capabilities by improving its policies and procedures and introducing advanced risk management tools. For example, the Bank's Risk Management and Compliance Committee, which oversees all risk management practices of the Bank, has implemented a management reporting system which allows the Bank to timely identify, monitor and address asset quality. In addition, the Bank also has established detailed, coordinated systems to manage credit risk and recovery initiatives. The provision coverage of impaired loans and advances of the Bank as at 30 June 2014 was 737.2%, a significantly higher ratio compared to many other banks in Hong Kong. The Bank maintains strict internal processes regarding credit approval, and the Bank believes that its focus on internal control and risk management systems have enabled the Bank to maintain the quality of its loan portfolio.

Experienced Directorate and Senior Management Team

Much of the Bank's success is attributable to the strength of its directorate and senior management team. Most of the Bank's senior officers also have broad experience in domestic and international banking. The Bank also engages in continuous succession planning for its directors and key management positions to ensure smooth transition and handover of duties when necessary. The Bank believes that the experience of its directorate and senior management team is a key strength as the Bank continues to improve its operating performance and guide the Bank's growth and expansions strategies.

Strategy

The Bank's long-term strategy is to continue to strengthen its foundation, enhance its overall competitiveness, expand its operations both locally and in China and provide its customers with quality and comprehensive financial and banking products and services.

The major components of the strategic plan are as follows:

Expand the Bank's presence in the key cities in China by capitalising on Yue Xiu Group's capabilities in the country

The Bank expects that its financial platform coupled with enhanced branding as a result of the new ownership will create increased opportunities for the Bank to expand its presence in strategic locations in the PRC by capitalising on Yue Xiu Group's capabilities in the country. Through leveraging on the client network of the Yue Xiu Group, the Bank plans to strengthen its cross-border trade finance and services to China-related corporates in Hong Kong, as well as expand Hong Kong dollar and RMB loan business to serve China-related in-bound and/or out-bound business needs of the Bank's customers in PRC and Hong Kong. The Bank obtained regulatory approvals for the opening of its Guangzhou sub-branch of the Shantou branch, which is expected to commence operations in October 2014. The Bank expects the Guangzhou sub-branch, coupled with the Yue Xiu Group's network, to gain deposits and loan business in the area, which can further drive the growth and diversification of the Bank.

Position the Bank as a customer-centric bank and a bank of choice to the Bank's target customer segments

The Bank currently operates a network comprising a head office and 51 branches in Hong Kong. The Bank plans to widen its customer coverage by increasing the number of sub-branches and branches in the PRC subject to regulatory approval. The Bank aims to establish these sub-branches and branches in strategic locations across the Guangdong province and major cities in the PRC where the Bank currently does not have presence so as to tap into new customer bases. The Bank believes that it is able to operate on a cost-effective basis in such areas where the target customer base is much larger and underserved by large banks. To minimise the capital requirements for bank premises for these new branches, the Bank plans to establish the new branches mainly under long-term operating leases.

The Bank is also continually considering other suitable key locations in Hong Kong in which to set up more ATMs in order to expand the Bank's ATM network. The Bank currently operates a network of 54 ATMs, which are situated at the Bank's head office, branches and self-service banking centres in Hong Kong.

Improve the Bank's wealth management capabilities by introducing various deposit and wealth management products and services

The Bank derives a large proportion of its funding from customer deposits. Besides utilising its branch network to further expand its customer base, the Bank intends to grow its deposit base through the following initiatives with a focus on its wealth management capabilities:

- use promotional and marketing initiatives to attract new deposit customers;
- offer attractive deposit rates to core and loyal customers with multiple relationships;
- cross-sell wealth management products to existing customer;
- promote foreign currency deposits and exchange capability;
- provide value-added services to retain existing customers and to cultivate customer loyalty;
- promote a service culture and focus on customer service; and
- enhance internet banking and telephone banking services; assist and encourage customers to migrate transactions away from the counters.

Partly as a result of the Bank's increased promotional activities and marketing campaigns conducted in relation to its new deposit products, the Bank has recorded increased growth in its customer deposits. As at 30 June 2014, the Bank's customer deposits amounted to HK\$72,498 million (U.S.\$9,353 million), which represented a 5.4% increase from HK\$68,756 million as at 30 June 2013. The Bank believes that its expanded and upgraded coverage network, coupled with a wider range of deposit and wealth management product offerings, will enable it to maintain its existing business as well as increase its customer base by attracting new customers. In January 2014, the Bank also obtained a quota of RMB one billion under the RMB Qualified Foreign Institutional Investors ("RQFII") programme, which allows the Bank to raise funds in RMB offshore in order to invest in the PRC's domestic securities market.

Expand and grow selected customer segments and diversify income streams

To compensate for the effects of increased competition and margin compression, the Bank intends to focus on diversifying its sources of income. After the Bank obtained its RQFII quota in January 2014, the Bank subsequently established the Asset Management Department to manage the design and execution

of the quota with the plan to launch RQFII discretionary account services in the fourth quarter of 2014. See “*Business of the Bank – Asset Management Business*”. In addition to introducing more tailored deposit products, the Bank is also in the process of (i) developing new banking products especially in RMB related areas to cater to existing and potential customers, (ii) expanding its credit card business to RMB/HK dollar dual currency credit card, (iii) increasing cross-selling opportunities, in particular, for mortgage, retail brokerage and insurance services, (iv) expanding its securities business by enhancing and improving its personal brokerage services, (v) extending its existing share financing business to its retail customers and (vi) increasing efforts to derive higher profit margins from its investment activities, (vii) developing new customer segments of auto loan dealers and customers in the private vehicle and licensed transport market, and (viii) growing foreign exchange income through the foreign currency deposit and exchange capability. The Bank has continued to enhance its sales capability through on-going trainings and the development of cross-selling programmes targeted at the existing customer base. Furthermore, the Bank has continuously enhanced its internet banking platform to encourage the migration of banking and securities transactions to the internet. The Bank believes that these initiatives, together with the expansion of its branch network, will help to diversify its income portfolio, enlarge its income base and reduce the Bank’s reliance on any one source of income.

Prudently increase the Bank’s credit portfolios by leveraging the Bank’s close relationship with Hong Kong corporations and residents by serving their financial needs through various stages of the economic cycle

The Bank aims to achieve steady growth in its corporate loan and retail loan portfolio. In addition to diversifying its overall income sources, the Bank believes that the development of additional loan products and services and the expansion of its overall loan portfolio will enable it to capitalise on growing opportunities in Hong Kong and China. As at 30 June 2014, local corporate loans (including trade finance loans) represented 66.1% of the Bank’s total loan portfolio, local retail loans represented 20.6% and loans advanced for uses outside of Hong Kong represented 13.3%.

Corporate loan portfolio

Corporate lending represents a major portion of the Bank’s credit activities and the Bank intends to continue to strengthen its corporate credit portfolio and improve its risk-adjusted return by actively managing the industry sector, geographical, customer and product composition of its corporate credit portfolio. The intended growth and expansion in the Bank’s corporate loan portfolio will be focused on certain key areas including:

- lending to mid-sized corporates and companies listed in Hong Kong;
- lending to China-related corporates and individuals in Hong Kong;
- cross-border trade finance;
- trade finance and services to import and export companies;
- supporting small and medium-sized enterprises (“SMEs”), major industries in Hong Kong and PRC companies engaged in business in Hong Kong;
- lending to the hotel industry and other infrastructure development;
- lending to high net-worth individuals;

- share financing to medium to large-sized customers;
- placing more focus on cash flow lending in addition to secured lending for increased flexibility and to better cater to the changing needs of customers;
- participating in syndicated loans; and
- granting credit facilities to large corporations with business activities in Hong Kong and Asia (particularly in the PRC).

The Bank plans to and is in the process of (i) strengthening marketing efforts to solicit business from large to mid-sized corporations and high net-worth individuals, (ii) increasing flexibility in its facility structuring and service offerings, (iii) synchronising the Bank's internal risk assessment and credit policy with the Bank's target market positioning, (iv) enhancing tailor-made services and products to corporate customers and (v) reducing credit turnaround time to enhance speed and time to market. With these initiatives, the Bank aims to establish a boutique "Community Bank" positioning in the market as a relationship-oriented bank and to become the preferred banking partner and operating bank for corporate customers, particularly mid-sized corporates.

Retail loan portfolio

The Bank intends to leverage on its existing network of middle and lower income retail deposit customers to grow its retail credit portfolio in a prudent manner.

The Bank plans to grow its residential mortgage loans business by increasing cross-selling of mortgage services as well as other retail banking products, offering competitive pricing and terms and conditions for its mortgages, soliciting co-operation with developers or property agencies to capitalise on business opportunities and shortening loan approval turnaround time. As at 30 June 2014, residential mortgages comprised approximately 16.0% of the Bank's total loan portfolio, which the Bank estimates to be low compared to the proportion of most other locally incorporated banks and, accordingly, the Bank is of the view that there is still potential for growth in this business segment.

The Bank is also in the process of developing more personal loan products such as unsecured overdrafts to attract young professionals. In addition, the Bank intends to offer more share financing business to its retail customers.

Increase non-interest income by enhancing the Bank's existing services

In addition to fees arising from credit businesses, the Bank aims to continue to increase non-interest income through existing services. The Bank's wholly-owned subsidiary, Chong Hing Securities Limited, has a proven securities dealing platform which allows customers to place orders through branches, telephone, dealing centres, internet and mobile electronic devices. The Bank plans to continue to use this platform to build its customer base and commission income. In April 2014, the China Securities Regulatory Commission and the Hong Kong Securities and Futures Commission ("SFC") jointly announced the Through Train Scheme ("TTS"). The TTS, which is expected to be formally launched by October 2014, will allow individual investors in the PRC and Hong Kong to cross-trade eligible shares listed on the Shanghai Stock Exchange and HKSE. The Bank believes that Chong Hing Securities Limited is well-positioned to secure its position as an offshore financial center by leveraging on its securities services. The Bank has planned various initiatives including establishing preferential commission rate promotions, offering preferential interest rate to new margin securities accounts and executing a reach-out program to inactive account holders.

The Bank has actively developed its foreign exchange income and insurance fee income through the growth of foreign currency deposits, insurance sales and safe deposit boxes. The Bank reviews its fees and charges on an annual basis and is actively looking for new sources of fee income.

THE OFFERING

The following is a brief summary of certain terms of this Offering. For a more detailed description of the terms of the Capital Securities, see “*Terms and Conditions of the Capital Securities*”. Capitalised terms used herein and not defined have the meanings given to them in “*Terms and Conditions of the Capital Securities*”.

The Bank	Chong Hing Bank Limited, a company incorporated with limited liability in Hong Kong.
Description	U.S.\$300,000,000 6.50% Undated Non-Cumulative Subordinated Additional Tier 1 Capital Securities.
Joint Global Coordinators and Joint Bookrunners	Credit Suisse Securities (Europe) Limited The Hongkong and Shanghai Banking Corporation Limited Nomura International plc UBS AG, Hong Kong Branch
Issue Date	25 September 2014
Maturity Date	The Capital Securities are perpetual securities in respect of which there is no fixed redemption date. The Capital Securities may not be redeemed at the option of the Bank other than in accordance with Condition 6 (<i>Redemption and Purchase</i>).
Status of the Capital Securities	The Capital Securities constitute direct, unsecured and subordinated obligations of the Bank and shall at all times rank <i>pari passu</i> and without any preference among themselves. The rights and claims of the Holders are subordinated in the manner described below. Subject to the insolvency laws of Hong Kong and other applicable laws, in the event of a Winding-Up (as defined below) of the Bank (other than pursuant to a Permitted Reorganisation (as defined below)), the rights of the Holders to payment of principal and Distributions on the Capital Securities and any other obligations in respect of the Capital Securities shall rank (x) subordinate and junior in right of payment to, and of all claims of (i) all unsubordinated creditors of the Bank (including its depositors), (ii) creditors in respect of Tier 2 Capital Securities of the Bank, and (iii) all other Subordinated Creditors of the Bank whose claims are stated to rank senior to the Capital Securities or rank senior to the Capital Securities by operation of law or contract; (y) <i>pari passu</i> in right of payment to and of all claims of the holders of Parity Obligations; and (z) senior in right of payment to and of all claims of the holders of Junior Obligations in the manner provided in the Trust Deed.

“Junior Obligation” means the Shares, and any other class of the Bank’s share capital and any instrument or other obligation (including without limitation any preference share) issued or guaranteed by the Bank that ranks or is expressed to rank junior to the Capital Securities by operation of law or contract.

“Parity Obligation” means any instrument or other obligation issued, entered into, or guaranteed by the Bank that constitutes or qualifies as Additional Tier 1 Capital (or its equivalent) under applicable Capital Regulations or that ranks or is expressed to rank *pari passu* with the Capital Securities by operation of law or contract which, for the avoidance of doubt, excludes any Junior Obligation of the Bank.

“Permitted Reorganisation” means a solvent reconstruction, amalgamation, reorganisation, merger or consolidation whereby all or substantially all the business, undertaking or assets of the Bank are transferred to a successor entity which assumes all the obligations of the Bank under the Capital Securities.

“Tier 2 Capital Securities” means instruments categorised as Tier 2 capital pursuant to the Capital Regulations that rank or are expressed to rank senior to the Capital Securities by operation of law or contract.

No Set-off

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, counter-claim or retention in respect of any amount owed to it by the Bank arising under or in connection with the Capital Securities and each Holder shall, by virtue of being the Holder of any Capital Security be deemed to have waived all such rights of such set-off, counter-claim or retention.

Distributions

Subject to Condition 4.2 (*Distribution – Distribution Restrictions*), the Capital Securities confer a right to receive Distributions on their principal amount (subject to adjustments following the occurrence of a Non-Viability Event in accordance with Condition 4.3 (*Distribution – Non-Viability Loss Absorption*) from, and including, the Issue Date at the applicable Distribution Rate, payable semi-annually in arrear on 25 March and 25 September in each year.

Non-Cumulative Distributions

Distributions will not be cumulative and Distributions which are not paid in accordance with these Conditions will not accumulate or compound and Holders will have no right to receive such Distributions at any time, even if subsequent Distributions are paid in the future, or be entitled to any claim in respect thereof against the Bank.

Distribution Rate

The Distribution Rate applicable to the Capital Securities shall be:

- (i) in respect of the period from, and including, the Issue Date to, but excluding, 25 September 2019 (the “**First Call Date**”), 6.50% per annum;
- (ii) in respect of the period from, and including, the First Call Date and each Distribution Reset Date thereafter to, but excluding, the immediately following Distribution Reset Date, the Reset Distribution Rate.

“**Reset Distribution Rate**” means, in relation to a Reset Interest Period, a fixed rate per annum (expressed as a percentage) equal to the aggregate of (a) the then-prevailing U.S. Treasury Rate and (b) the Spread.

**Optional Distribution
Cancellation Event**

Unless a Distribution has already been cancelled in full pursuant to a Mandatory Distribution Cancellation Event, prior to any Distribution Payment Date the Bank may, at its sole discretion, elect to cancel any payment of Distributions, in whole or in part, by the giving of a notice to the Trustee signed by two Directors of the Bank, as further described in “*Terms and Conditions – Distribution Restrictions – Optional Distribution Cancellation Event*”.

**Mandatory Distribution
Cancellation Event**

Notwithstanding that a Distribution Cancellation Notice may not have been given, the Bank shall not be obliged to pay, and shall not pay, any Distribution on the applicable Distribution Payment Date, in whole or in part, as applicable, upon a Mandatory Distribution Cancellation Event, as further described in “*Terms and Conditions – Distribution Restrictions – Mandatory Distribution Cancellation Event*”.

No Obligation to Pay

The Bank shall have no obligation to pay a Distribution on any Distribution Payment Date if such non-payment is in accordance with Condition 4.2 (*Distribution Restrictions*) and any failure to pay such Distribution shall not constitute an Event of Default. Distributions are non-cumulative and any Distribution which is cancelled shall therefore not be payable at any time thereafter whether in a Winding-Up or otherwise.

**No Claim by Holders for
Distributions**

No Holder shall have any claim in respect of any Distribution or part thereof cancelled and/or not due or payable as described under “*Terms and Conditions of the Capital Securities – Distribution Restrictions – Optional Distribution Cancellation Event*”, “*Terms and Conditions of the Capital Securities – Distribution Restrictions – Mandatory Distribution Cancellation Event*” and “*Terms and Conditions of the Capital Securities – Distribution – Non-Cumulative Distribution*”. Accordingly, such Distribution shall not accumulate for the benefit of Holders or entitle the Holders to any claim in respect thereof against the Bank.

Distributable Reserves

Any Distribution may only be paid out of Distributable Reserves.

“**Distributable Reserves**” means the amounts for the time being available to the Bank for distribution as a distribution in compliance with section 297 of the Companies Ordinance (Cap. 622) of Hong Kong, as amended or modified from time to time, as at the date of the Bank’s audited balance sheet last preceding the relevant Distribution Payment Date, and subject to the HKMA’s then current capital conservation requirements as applicable to the Bank on the relevant Distribution Payment Date (the “**Available Amount**”); *provided that* if the Bank reasonably determines that the Available Amount as at any Distribution Determination Date is lower than the Available Amount as at the date of the Bank’s audited balance sheet last preceding the relevant Distribution Payment Date and is insufficient to pay the Distributions and any payments due on Parity Obligations on the relevant Distribution Payment Date, then on certification by two Directors and the Auditors of such revised amount, the Distributable Reserves shall for the purposes of Distributions mean the Available Amount as set forth in such certificate.

“**HKMA**” means the Hong Kong Monetary Authority appointed under section 5A of the Exchange Fund Ordinance (Cap 66 of the Laws of Hong Kong) or any successor thereto or such other authority having primary bank supervisory authority with respect to the Bank.

As at the date hereof, pursuant to section 297(1) of the Companies Ordinance (Cap. 622), the Bank may only make a distribution out of profits available for distribution. For the purposes of section 297 of the Companies Ordinance (Cap. 622), the Bank’s profits available for distribution are its accumulated, realised profits, so far as not previously utilised by distribution or capitalisation, less its accumulated, realised losses, so far as not previously written off in a reduction or reorganisation of capital.

Dividend Stopper

If, on any Distribution Payment Date, payment of Distribution scheduled to be paid is not made in full by reason of Condition 4.2, the Bank shall not:

- (i) declare or pay in cash any distribution or dividend or make any other payment in cash on, and will procure that no distribution or dividend in cash or other payment in cash is made on, any Shares; or
- (ii) purchase, cancel or otherwise acquire any Shares or permit any of its subsidiaries to do so,

in each case, unless or until the earlier of: (A) the Distribution scheduled to be paid on any subsequent Distribution Payment Date (which, for the avoidance of doubt, shall exclude any Distribution that has been cancelled in accordance with these Conditions prior to and in respect of a Distribution Payment Date preceding such subsequent Distribution Payment Date) has been paid in full to Holders or (B) the redemption or purchase and cancellation of the Capital Securities in full, or reduction of the principal amount of the Capital Securities in accordance with these Conditions to zero, or (C) the Bank is permitted to do so by an Extraordinary Resolution.

See “*Terms and Conditions of the Capital Securities – Dividend Stopper*” for further information.

Non-Viability Loss Absorption

If a Non-Viability Event occurs and is continuing, the Bank shall, upon the provision of a Non-Viability Event Notice, irrevocably (without the need for the consent of the Holders of the Capital Securities) reduce the then principal amount of, and cancel any accrued but unpaid Distribution in respect of, each Capital Security (in each case in whole or in part) by an amount equal to the Non-Viability Event Write-off Amount per Capital Security (such reduction and cancellation, and the reduction and cancellation or conversion of any other Subordinated Capital Securities so reduced and cancelled or converted upon the occurrence of a Non-Viability Event, where applicable, being referred to herein as the “**Write-off**”, and “**Written-off**” shall be construed accordingly).

“Non-Viability Event” means the earlier of:

- (a) the HKMA notifying the Bank in writing that the HKMA is of the opinion that a Write-off or conversion is necessary, without which the Bank would become non-viable; and
- (b) the HKMA notifying the Bank in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Bank would become non-viable.

“Non-Viability Event Notice” means the notice which shall be given by the Bank not more than two Hong Kong Business Days after the occurrence of a Non-Viability Event, to the Holders of the Capital Securities, the Trustee and the Paying Agents, in accordance with the Conditions and which shall state:

- (a) in reasonable detail, the nature of the relevant Non-Viability Event; and
- (b) the Non-Viability Event Write-off Amount for (i) each Capital Security and (ii) each other Subordinated Capital Security in accordance with its terms.

“Non-Viability Event Write-off Amount” means the amount of interest and/or principal to be Written-off as the HKMA may direct or, in the absence of such a direction, as the Bank shall (in consultation with the HKMA) determine to be necessary to satisfy the HKMA that the Non-Viability Event will cease to continue. For the avoidance of doubt, (i) the full amount of the Capital Securities will be Written-off in full in the event that the amount Written-off is not sufficient for the Non-Viability Event to cease to continue and (ii) in the case of an event falling within paragraph (b) of the definition of Non-Viability Event, the Write-off will be effected in full before any public sector injection of capital or equivalent support. Further, the Non-Viability Event Write-off Amount in respect of each Capital Security will be calculated based on a percentage of the principal amount of that Capital Security.

**Consequence of Non-Viability
Loss Absorption**

Once the principal amount of, and any accrued but unpaid Distribution under, the Capital Securities has been Written-off, the relevant amount(s) Written-off will not be restored in any circumstances including where the relevant Non-Viability Event ceases to continue. No Holder may exercise, claim or plead any right to any amount that has been Written-off, and each Holder shall, by virtue of his holding of any Capital Securities, be deemed to have waived all such rights to such amount that has been Written-off.

Use of Proceeds

The net proceeds will be applied by the Bank for its funding and general corporate purposes.

**Redemption at the Option of
the Bank**

The Bank may redeem all, but not some only, of the Capital Securities then outstanding on the First Call Date or any Distribution Payment Date thereafter, at their outstanding principal amount together (if appropriate) with Distributions accrued to (but excluding) the date of redemption, as further described in “*Terms and Conditions of the Capital Securities – Redemption and Purchase – Redemption at the option of the Bank (‘Issuer Call’)*”.

**Redemption for Taxation
Reasons**

Subject to Condition 6.6 (*Redemption and Purchase – Conditions for Redemption and Purchase in respect of the Capital Securities*), the Capital Securities may be redeemed at the option of the Bank in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice if the Bank satisfies the Trustee immediately before the giving of such notice that a Withholding Tax Event has occurred. Capital Securities so redeemed will be redeemed at their outstanding principal amount together (if appropriate) with Distributions accrued to (but excluding) the date of redemption, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 4.3 (*Distribution – Non-Viability Loss Absorption*).

See “*Terms and Conditions of the Capital Securities – Redemption and Purchase – Redemption for tax reason*” for further information.

Redemption for Tax Deduction

Subject to Condition 6.6 (*Redemption and Purchase – Conditions for Redemption and Purchase in respect of the Capital Securities*), the Capital Securities may be redeemed at the option of the Bank in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice if the Bank satisfies the Trustee immediately before the giving of such notice that in respect of the Distribution payable on the Capital Securities, the Bank is no longer, or will no longer be, entitled to claim a deduction in respect of computing its taxation liabilities in Hong Kong or any political subdivision or any authority thereof or therein as a result of any change in, or amendment to, the laws or regulations of Hong Kong or any political subdivision or any authority thereof or therein or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective subsequent to any official ruling issued after the Issue Date by the relevant tax authorities in Hong Kong determining that Distributions are tax deductible. Capital Securities so redeemed will be redeemed at their outstanding principal amount together (if appropriate) with Distributions accrued to (but excluding) the date of redemption, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 4.3 (*Distribution – Non-Viability Loss Absorption*).

See “*Terms and Conditions of the Capital Securities – Redemption and Purchase – Redemption for tax deduction reasons*” for further information.

**Redemption for
Regulatory Reasons**

Subject to Condition 6.6 (*Redemption and Purchase – Conditions for Redemption and Purchase in respect of the Capital Securities*), the Capital Securities may be redeemed at the option of the Bank in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice following the occurrence of a Capital Event.

A “**Capital Event**” occurs if the Bank satisfies the Trustee immediately before the giving of the notice of redemption referred in Condition 6.4 that (a) the Capital Securities, after having qualified as such, will no longer qualify (in whole or in part) as Additional Tier 1 Capital (or equivalent) of the Bank and/or (b) the Capital Securities cease to be included in the calculation of the Bank's capital adequacy ratio, as a result of a change or amendment in (or any change in the application or official interpretation of) the relevant provisions of the Banking Ordinance (Cap. 155) of Hong Kong, Banking (Capital) Rules (Cap. 155L), or any successor legislation, or any statutory guidelines issued by the HKMA in relation thereto *provided, however, that* no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which it is determined that a Capital Event has occurred.

Capital Securities so redeemed will be redeemed at their outstanding principal amount together (if appropriate) with Distributions accrued to (but excluding) the date of redemption, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 6.6 (*Redemption and Purchase – Conditions for Redemption and Purchase in respect of the Capital Securities*).

See “*Terms and Conditions of the Capital Securities – Redemption and Purchase – Redemption of the Capital Securities for regulatory reasons*” for further information.

Conditions for Redemption and Purchase in respect of Capital Securities

The Bank shall not redeem any of the Capital Securities (other than pursuant to Condition 9.1 (*Events of Default and Enforcement – Events of Default and Winding-up Proceedings*)) and neither the Bank nor any Restricted Person shall purchase any of the Capital Securities unless the prior written consent of the HKMA thereto shall have been obtained, as further described in “*Terms and Conditions of the Capital Securities – Redemption and Purchase – Conditions for Redemption and Purchase in respect of the Capital Securities*”.

Trustee

DB Trustees (Hong Kong) Limited

Trust Deed

The Capital Securities will be constituted by a Trust Deed to be dated 25 September 2014 between the Bank and the Trustee.

Form and Denomination

The Capital Securities will be issued in registered form in denominations of U.S.\$200,000 each and integral multiples of U.S.\$1,000 in excess thereof. The Capital Securities will initially be represented by the Global Certificate, in registered form, deposited on or about the Closing Date with, and registered in the name of a nominee of, a common depositary for Euroclear and Clearstream, Luxembourg.

Beneficial interests in the Global Certificate will be shown on, and transfer thereof will be effected only through the records maintained by Euroclear and Clearstream, Luxembourg and their respective accountholders. Except as described herein, definitive certificates of Capital Securities will not be issued in exchange for beneficial interests in the Global Certificate. See “*The Global Certificate – Change of Registration of Title*”.

Payments

All payments of principal and Distribution in respect of the Capital Securities by or on behalf of the Bank shall be made without withholding or deduction for, or on account of, any withholding taxes imposed by Hong Kong, subject as provided in Condition 7 (*Taxation*). In the event that any such deduction is made, the Bank will, save in certain limited circumstances provided in Condition 7 (*Taxation*), be required to pay additional amounts to cover the amounts so deducted.

Ratings

The Capital Securities are expected to be rated Ba2 by Moody's. A rating is not a recommendation to buy, sell or hold the Capital Securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

Governing Law

The Capital Securities and the Trust Deed and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, except that the provisions of the Capital Securities and the Trust Deed relating to subordination shall be governed by the Hong Kong law.

Capital Treatment

It is intended that the Capital Securities will qualify in full as Additional Tier I capital of the Bank.

Listing

Application for approval in-principle has been made for the listing of the Capital Securities on the HKSE by way of debt issues to professional investors.

Clearing Systems

Euroclear Bank SA/NV and Clearstream Banking, *société anonyme*

Selling Restrictions

There are restrictions on the distribution of this Offering Circular and the making of solicitations pursuant thereto in certain jurisdictions, including, among others, the United States, the United Kingdom, Hong Kong, Singapore, Taiwan and Japan. See "*Subscription and Sale*".

SUMMARY FINANCIAL AND OTHER INFORMATION

Summary Consolidated Financial and Other Information Relating to the Bank

The following tables set forth the summary consolidated financial information relating to the Bank as at and for the years ended 31 December 2012 and 2013 and the six months ended 30 June 2013 and 2014, which have been extracted from and should be read in conjunction with, the Bank's audited consolidated financial statements for the years ended 31 December 2012 and 2013 and the Bank's unaudited condensed consolidated interim financial information for the six months ended 30 June 2013 and 2014, respectively. The Bank has prepared and presented its audited consolidated financial statements for the years ended 31 December 2012 and 2013 in accordance with HKFRSs applicable, respectively, as at 31 December 2012 and 2013. The Bank's financial results for any past period are not and should not be taken as an indication of the Bank's performance, financial position and results of operations in future years.

CONSOLIDATED STATEMENT OF INCOME/PROFIT OR LOSS

	Year ended 31 December		Six months ended 30 June	
	2012	2013	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income	1,563,820	1,595,667	762,101	959,820
Interest expense	(726,912)	(581,462)	(286,363)	(340,496)
Net interest income.	836,908	1,014,205	475,738	619,324
Fee and commission income	253,949	283,196	140,228	136,744
Fee and commission expenses	(64,584)	(73,263)	(34,351)	(36,982)
Net fee and commission income	189,365	209,933	105,877	99,762
Net gains (losses) on financial instruments at fair value through profit or loss ⁽¹⁾ . . .	57,473	(22,414)	(116,056)	–
Net trading income ⁽¹⁾	–	–	–	36,898
Net gains (losses) on fair value hedge ⁽¹⁾ . .	1,200	536	(262)	–
Other operating income ⁽¹⁾	237,835	239,745	228,147	67,277
Operating expenses.	(788,591)	(781,575)	(358,253)	(415,415)
	534,190	660,430	335,191	407,846
Net reversal (charge) of impairment allowances on loans and advances	65,228	(35,237)	(17,592)	44,212
Net gains on disposal of assets held for sale.	–	–	–	1,960,732
Net (losses) gains on disposal of property and equipment.	(1,861)	6,740	(978)	(5,927)
Net gains on disposal of available for sale securities	594	1,582	51	3
Net gains on disposal of and fair value adjustments on investment properties . . .	12,206	4,237	4,237	–
Profit from operations.	610,357	637,752	320,909	2,406,866
Share of profits of associates	36,028	32,103	8,348	14,904
Profit before taxation	646,385	669,855	329,257	2,421,770
Taxation.	(103,045)	(112,437)	(52,950)	(84,462)
Profit for the year/period – attributable to owners of the Bank.	543,340	557,418	276,307	2,337,308
Earnings per share, basic	1.25	1.28	0.64	5.37

Note:

- (1) All foreign exchange related gains or losses, net expenses from financial assets designated at fair value, net gains on financial instruments at fair value through profit or loss and net gains on fair value hedge are grouped as "Net trading income" for the period ended 30 June 2014. Such financial information for the years ended 31 December 2012 and 2013 and the six months ended 30 June 2013 has not been restated to reflect such reclassification, and therefore certain line items are not directly comparable to our financial information for the period ended 30 June 2014.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December		As at 30 June
	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000
Assets			
Cash and short-term funds	17,331,877	16,145,437	17,501,215
Placements with banks and other financial institutions maturing between one and twelve months	4,789,513	7,920,502	7,105,721
Derivative financial instruments	187,911	170,135	251,469
Financial assets at fair value through profit or loss . .	1,213,410	92,179	311
Available-for-sale securities	4,222,217	5,433,241	6,190,914
Held-to-maturity securities	9,600,020	8,326,722	5,579,451
Advances and other accounts	42,109,218	45,803,583	49,178,018
Tax recoverable	–	796	7
Assets held for sale	–	269,268	–
Interests in associates	182,970	199,437	212,184
Investment properties	135,318	136,575	135,706
Property and equipment	928,380	635,702	618,141
Prepaid lease payments for land	2,423	2,403	2,366
Deferred tax assets	1,502	1,501	1,279
Goodwill	50,606	50,606	50,606
Total assets	<u>80,755,365</u>	<u>85,188,087</u>	<u>86,827,388</u>
Liabilities			
Deposits and balances of banks and other financial institutions	1,843,477	1,674,231	597,632
Financial assets sold under repurchase agreements . .	433,681	1,256,657	1,454,852
Deposits from customers	67,508,748	71,164,904	72,497,665
Certificates of deposit	667,636	563,003	1,292,375
Derivative financial instruments	248,656	100,653	84,611
Other accounts and accruals	740,229	852,430	949,483
Current tax liabilities	16,327	52,146	134,473
Loan capital	1,898,957	1,766,436	1,805,048
Deferred tax liabilities	23,574	25,661	22,976
Total liabilities	<u>73,381,285</u>	<u>77,456,121</u>	<u>78,839,115</u>
Equity attributable to owners of the Bank			
Share capital	217,500	217,500	1,760,317
Reserves	<u>7,156,580</u>	<u>7,514,466</u>	<u>6,227,956</u>
Total equity	<u>7,374,080</u>	<u>7,731,966</u>	<u>7,988,273</u>
Total liabilities and equity	<u>80,755,365</u>	<u>85,188,087</u>	<u>86,827,388</u>

OTHER SELECTED FINANCIAL DATA

	As at/for the year ended 31 December		As at/for the six months ended 30 June ⁽¹⁾	
	2012	2013	2013	2014
Profitability Indicators				
Return on total assets ⁽²⁾	0.67%	0.65%	0.68%	0.89%
Return on average total assets ⁽³⁾	0.71%	0.70%	0.70%	0.94%
Return on equity ⁽⁴⁾	7.64%	7.40%	7.40%	9.85%
Net interest margin ⁽⁵⁾	1.10%	1.26%	1.19%	1.52%
Net fee and commission income to operating income	14.32%	14.56%	15.27%	12.12%
Cost to income ratio ⁽⁶⁾	59.62%	54.20%	51.66%	50.46%
Capital Adequacy Ratio				
Core capital ratio/Tier 1 capital ratio ⁽⁷⁾ . . .	10.57%	10.82%	10.79%	11.42%
Capital adequacy ratio/Total capital ratio .	15.34%	14.57%	14.63%	14.97%
Total equity to total assets	9.13%	9.08%	9.12%	9.20%
Asset Quality Indicator				
Impaired loans	0.06%	0.04%	0.08%	0.06%
Provision coverage of impaired loans and advances	779.36%	1089.83%	637.35%	737.23%
Other indicators				
Loan to deposit ratio	52.53%	57.25%	56.42%	59.76%

Notes:

- (1) Figures as at/for the six months ended 30 June 2013 and 2014 are annualised.
- (2) Calculated as profit after taxation (excluding the profit from the disposal of Chong Hing Bank Centre for the six months ended 30 June 2014) divided by total assets.
- (3) Calculated as profit after taxation (excluding the profit from the disposal of Chong Hing Bank Centre for the six months ended 30 June 2014) divided by the average balance of total assets at each month end falling within the relevant year or period.
- (4) Calculated as profit after taxation (excluding the profit from the disposal of Chong Hing Bank Centre for the six months ended 30 June 2014) divided by the average balance of the total equity at each month end falling within the relevant year or period.
- (5) Calculated as net interest income divided by average balance of total assets at each month end falling within the relevant year or period.
- (6) Calculated as the ratio of general and administrative expenses to the sum of net interest income and net non-interest income (excluding general and administrative expenses).
- (7) “Core capital ratio/Tier 1 capital ratio” means the ratio of core capital (Tier 1 capital) to risk-weighted amounts. For details, see “Regulation and Supervision – Principal Obligations of Authorised Institution”.

INVESTMENT CONSIDERATIONS

Prospective investors should carefully take into account the investment considerations described below, in addition to the other information contained herein, before investing in the Capital Securities. The occurrence of one or more events described below could have an adverse effect on the Bank's business, financial condition, or results of operations, and could affect its ability to make payments of principal and distribution under the Capital Securities. Additional considerations and uncertainties not presently known to the Bank, or which the Bank currently deems immaterial, may also have an adverse effect on an investment in the Capital Securities.

Considerations Relating to the Bank

Increasing Competition in the Hong Kong and PRC Banking Industries

The Bank is subject to significant competition from many other banks and financial institutions, including competitors which have significantly greater financial and other capital resources, greater market share, and greater name recognition than the Bank. In particular, the banking and financial services industry in Hong Kong is a mature market and, according to statistics published by the HKMA on 8 August 2014, supported 34 Hong Kong incorporated licensed banks and 143 banks incorporated outside of Hong Kong competing for a customer population of approximately seven million people. Therefore, many of the international and local banks and niche players operating in Hong Kong compete for substantially the same customers as the Bank. There is a limited market, especially for retail banking products such as investment and insurance products, home mortgage loans, credit cards, personal loans and transport lending businesses. The strength of competition in the past few years has had an adverse impact on the Bank's pricing of certain products.

In recent years, competition among banks in Hong Kong for investment and insurance products, home mortgage loans, credit cards, personal loans and transport lending business has become very aggressive. There can be no assurance that increased competition will not have a material adverse effect on the Bank's business, financial condition or results of operations.

Since 2000, many banks in Hong Kong, including the Bank, have lowered interest rates charged on new-home mortgage loans not guaranteed by the Hong Kong government. Despite a slight increase in such interest rates in 2008, competition in the mortgage loans market remains intense. In 2009, with interest rates at an extremely low level, a significant portion of new-home mortgage loan rates charged by banks in Hong Kong was HIBOR based. As at 30 June 2014, the standard rate the Bank charged on its new-home mortgage loans was up to 3.1% below the prime lending rate or 200 basis points above HIBOR. Competition among banks in Hong Kong for home mortgage loans could result in further reductions in home mortgage interest rates. Such reductions could have an adverse effect on the Bank's business, financial condition or results of operations.

Following the PRC's accession to the World Trade Organisation ("WTO"), a number of foreign banks have received authorisation from the PRC government to, from five years after accession, provide RMB-denominated banking and financial services ("RMB services") to PRC domestic enterprises and individuals. The Closer Economic Partnership Agreement with the PRC ("CEPA"), which allows Hong Kong banks to operate in the PRC, has also increased competition in the PRC market. Since April 2007, the PRC government has begun granting approvals for locally incorporated banking licences for a number of foreign banks which allow them to compete with PRC domestic banks on equal footing, thereby effectively removing regulatory restrictions on the geographical presence, customer base and operating licences of foreign banks. Accordingly, the Bank expects an increase in competition in the PRC market

from both existing local Chinese banks and foreign banks entering the PRC market. There can be no assurance that the Bank will maintain its current position or continue to develop its business successfully in the PRC if, as expected, competition in the banking sector in the PRC intensifies as a result of these latest changes in the regulatory environment in the PRC. The increased competition in Hong Kong's and the PRC's banking industries may adversely affect the Bank's business and prospects, results of operations and financial condition by potentially:

- reducing its market share in the principal products and services that the Bank offers;
- reducing the growth of its loan and deposit portfolios and other products and services;
- reducing its net interest income;
- reducing its fee and commission income; and
- increasing its non-interest expenses.

The introduction of CEPA has also enabled PRC banks to relocate certain operations, for example, the handling of international securities and bonds, as well as foreign exchange trading centres, to Hong Kong. Under CEPA, PRC banks are encouraged to expand their business through merger and acquisition (“M&A”) activities. The entry of PRC banks into the Hong Kong market via M&A activities is likely to result in increased competition in the banking sector and there can be no assurance that the Bank's business will not be affected by such increased competition.

Expansion of the Bank's Business in Hong Kong and PRC

The Bank intends to continue its focus on growing its business operations in Hong Kong. In particular, due to the maturity of the Hong Kong banking sector, increasing competition and downward market pressure on profit margins, the Bank intends to expand its range of products and services to diversify its business portfolio in order to maintain its competitive edge. Specifically, the Bank intends to target the younger age demographic in its development of new products and services. The Bank also intends to expand its operations in PRC by expanding the range of products and services offered by its branch in Shantou and by establishing more sub-branches and branches in China. Expansion of the Bank's business activities exposes the Bank to certain risks and challenges, including the following:

- the Bank may not have sufficient experience or expertise in certain new products and services and may not be able to compete effectively in these areas;
- the Bank's new products and services may not be well-received by its customers or meet the Bank's expectations for profitability;
- the Bank may need to hire additional qualified personnel which may not be available;
- the Bank may fail to obtain regulatory approval for its new products or services where necessary; and
- the Bank may not be successful in enhancing its risk management capabilities and information technology systems to support a broader range of products and services.

If the Bank is not able to achieve the intended results with respect to the expansion of its business activities, the Bank's business, financial condition and results of operations may be adversely affected.

Advance Concentration: Exposure to the Hong Kong Property Market

The Bank has a significant exposure to the Hong Kong property market due to its portfolio of home mortgage advances. The Hong Kong property market is highly cyclical and property prices in general have been volatile. During the period from 1997 to the first half of 2003, property prices and transaction volumes in the Hong Kong property market experienced significant declines although both have risen significantly since the end of 2003. In addition, while the Hong Kong property market showed improvement during the period from 2004 to the first half of 2008, property prices in Hong Kong declined in the second half of 2008 and early 2009, before increasing significantly since the second half of 2009. Despite the introduction by the HKMA of measures for mortgage lending and the implementation by the Hong Kong government of cooling measures from time to time as means to address the increasing risk of a property price bubble, property prices in Hong Kong continued to follow an upward trend in recent years.

Property prices are further affected by a number of factors, including, among other things, the supply of, and demand for, comparable properties, the rate of economic growth in Hong Kong, political and economic developments in the PRC and the relationship between the PRC, Hong Kong and other countries. The Bank's relatively low loan-to-value ratio with respect to home mortgage advances, the 66% collateralisation of its loan portfolio and its emphasis on tangible securities cover may partially offset any negative impact from future decreases in property values in the Hong Kong property market. In Hong Kong, the HKMA has implemented regulatory measures in recent years to mitigate risks in residential mortgage lending in the banking sector. This has included prudential measures implemented gradually between late 2009 and mid-2011 to lower loan-to-value ratio caps for mortgages on various ranges of high end properties, from 60% to 50% currently, which has resulted in a reduction in property values in Hong Kong. However these measures provide no assurance that the Bank's business, financial condition or results of operations will not be adversely affected by such developments. Any such future decreases could adversely affect the Bank's business, financial condition or results of operations.

In the PRC, a build-up in inflationary pressure, resulting from changes in the external economic and political environment and a prolonged period of negative interest rates, fuelled a strong housing demand for wealth preservation during 2010. From time to time, the PRC government has launched various initiatives to rein in excessive appreciation in housing prices. As a result of these regulatory measures, the property market in the PRC showed significant volatility in recent years, which in turn, could adversely affect the Bank's business, financial condition and results of operation.

Ability to Maintain the Quality of the Bank's Credit Portfolio

Any lending activity is exposed to credit risk arising from the risk of default by borrowers. The sustainability of the Bank's growth depends largely on its ability to effectively manage its credit risk and maintain the quality of its loan portfolio. A number of factors will affect the Bank's ability to control and reduce impaired and restructured loans. Some of these, including developments in the Hong Kong economy, movements in the global economy, global competition, interest rates and exchange rates are not within the Bank's control.

Although the Bank has in place credit risk management policies, procedures and systems and the Bank is constantly focusing its efforts on tightening its credit appraisal systems, credit risk monitoring and management systems and improving collections on existing impaired assets, there can be no assurance that such growth will continue, that the Bank will continue to be successful in its efforts to reduce its level of impaired assets, that the overall quality of its loan portfolio will not deteriorate in the future or that the business of the Bank's borrowers will grow in line with the economy. If the Bank is not able to control and reduce its impaired loans, or if there is a further significant increase in its restructured loans, the Bank's business, future financial performance and the price of the Capital Securities could be adversely affected.

The Bank's gross impaired loans on a consolidated basis as at 30 June 2014 were HK\$31 million (U.S.\$4 million), which represented 0.06% of the Bank's gross advances to customers and against which impairment allowance totalling HK\$27 million (U.S.\$3.5 million) have been made on the unsecured portion of these loans. Whilst the Bank continues to pursue recovery of these impaired loans, there is no assurance that the Bank will ultimately recover any amount of the impaired loans.

There is also no assurance that there will be no deterioration in provisions for loan losses as a percentage of impaired loans or otherwise, that the percentage of impaired loans that the Bank will be able to recover will be similar to the Bank's past experience of recoveries of impaired loans or that upon enforcement, the value of any collateral or guarantee securing the Bank's advances will be sufficient. In the event of any deterioration in the Bank's asset portfolio, there could be an adverse impact on the Bank's business, future financial performance, shareholders' funds and the price of the Capital Securities.

In addition, the Bank may decide to restructure certain of its impaired loans. In such restructuring, the Bank usually agrees to set payments of principal and/or interest at a relatively low level for a certain time frame followed by larger payments in later periods to match the Bank's expectation of the borrowers' ability to service the debt. The relatively low payments improve the likelihood that a restructured loan will be categorised as performing during the period of such payments. However, future higher payments may cause the loan to again become impaired if the borrower is unable to make such larger payments in the later periods. If a significant number of the Bank's customers are unable to make larger payments for their respective restructured loans, such restructured loans may become impaired, thereby requiring additional provisions and could have a material adverse effect on the Bank's ability to make payments under the Capital Securities.

Classification of Advances: Adequacy of Allowance for Advance Losses

In accordance with guidelines set by the HKMA, the Bank divides its classified advances into one of the following three categories corresponding to levels of risk: "Sub-standard", "Doubtful" and "Loss". See "*Selected Statistical and Other Information*". The classification of advances into one of these categories depends on various quantitative and qualitative factors, including the number of months payment is in arrears, the type of advance, the tenor of the advance and the level of collateral coverage. In accordance with Hong Kong Accounting Standard 39, advances are designated as "impaired" where there is objective evidence of impairment as a result of one or more of the loss events that will impact the estimated future cash flows of the loans. Interest will continue to accrue on impaired advances based on the original terms of the loans but will be discounted to arrive at the net present value of the impaired loans.

The laws, regulations and guidelines governing the banking industry in Hong Kong differ from those applicable in various other countries in certain respects and may result in particular advances being classified at a different time or being classified in a category reflecting a different degree of risk than would be required in other countries. While the Bank believes that its credit policies are more prudent than those that are required under Hong Kong laws and regulations, the Bank is not required to maintain such policies at levels above those generally applicable to banks in Hong Kong. For a description of the banking regulations that apply to banks in Hong Kong, see “*Regulation and Supervision*”.

Short-Term Funding and its impact on the Bank's Liquidity

Most of the Bank's funding requirements are met through short-term funding sources, primarily in the form of customer deposits, including savings, current, short-term and structured term deposits and, to a much smaller extent, interbank deposits. As at 30 June 2014, substantially all of the Bank's total customer deposits had remaining maturities of one year or less or were payable on demand. Accordingly, the maturity profile of the Bank's assets and liabilities shows a negative gap in the short term. The negative gap has arisen mainly because the Bank's deposits, which are met through short-term funding sources (primarily in the form of deposits) and other liabilities, are of shorter average maturity than its loans and investments, which have medium or long-term maturities, thereby creating a potential for funding mismatches. Historically, savings, current and a substantial portion of term deposits which used to roll over upon maturity have been a stable source of long-term funding. However, no assurance can be given that this pattern will continue. If a substantial number of depositors fail to roll over deposited funds upon maturity, the Bank's liquidity position would be adversely affected and the Bank may need to seek alternative sources of short-term or long-term funding to finance its operations, which may be more expensive than existing deposits.

On 1 January 2011, the Deposit Protection Scheme (Amendment) Ordinance 2010 (the “**Amendment Ordinance**”) came into effect. Among other things, the Amendment Ordinance increases the Deposit Protection Scheme limit established under the Deposit Protection Scheme Ordinance from HK\$100,000 to HK\$500,000. However, there can be no assurance that the level of customer deposits of the Bank will not be adversely affected by the future withdrawal of or any other changes to the Deposit Protection Scheme.

The HKMA acts as a lender of last resort to all authorised institutions in Hong Kong to provide support for liquidity needs in the banking system generally as well as to specific institutions. Although the Hong Kong Government has in the past taken measures on a case-by-case basis to maintain or restore public confidence in individual banks with an isolated liquidity crisis, there can be no assurance that the HKMA will provide such assistance in the future or that it would elect to provide such assistance in the event of a liquidity crisis in respect of the Bank.

Currency Risks

The majority of the Bank's revenues are generated in Hong Kong dollars. Although the Hong Kong dollar has been linked to the U.S. dollar since 1983, there can be no assurance that such linkage will be maintained in the future. In order to ensure continued liquidity of the Hong Kong dollar, the HKMA has entered into bilateral repurchase agreements with the central banks or monetary authorities of Australia, the PRC, Indonesia, Japan, Korea, Malaysia, New Zealand, the Philippines, Singapore and Thailand. In addition, the Hong Kong Government has in the past expressed its commitment to maintaining exchange rate stability under the Linked Exchange Rate System, an automatic interest rate adjustment mechanism. However, there can be no assurance that the Hong Kong dollar will continue to be linked to the U.S. dollar or that, in the event of a liquidity problem affecting the Hong Kong dollar, such bilateral repurchase agreements or the automatic interest rate adjustment mechanism will help to maintain adequate liquidity

for the Hong Kong dollar. The Bank's business, financial condition and results of operations could be adversely affected by the impact on the Hong Kong economy of the discontinuation of the link of the Hong Kong dollar to the U.S. dollar or any revaluation of the Hong Kong dollar or RMB.

Interest Rate Risks

As with other banks, net interest income is a significant factor in determining the Bank's overall financial performance. For the years ended 31 December 2012 and 2013 and the six months ended 30 June 2014, the Bank's net interest income amounted to HK\$837 million (U.S.\$108 million), HK\$1,014 million (U.S.\$131 million) and HK\$619 million (U.S.\$80 million), respectively. Changes in market interest rates affect the interest received on the Bank's interest-earning assets and the interest paid on the Bank's interest-bearing liabilities. The differences in timing and levels of changes in interest rates can result in an increase in interest expense relative to its interest income, which may lead to a reduction in the Bank's net interest income. Interest rates in Hong Kong are sensitive to factors over which the Bank has no control, including, among others:

- interest rates in the United States;
- liquidity of the domestic interbank market and the international capital markets;
- domestic and international economic and political conditions; and
- competition for loan demand.

In the event that interest rates move against the Bank's position, it may adversely affect the Bank's business, financial condition or results of operations. Interest rates in Hong Kong have remained relatively low and have fell steadily in recent years, a situation which has had a negative impact on the Bank's net interest income. There can be no assurance that interest rates will not rise or fall or become volatile or that changes in interest rates will not be frequent.

An increase in interest rates could lead to a decline in the value of securities in the Bank's portfolio even though most of such decline in value would not affect the Bank's operating income because most of the securities are in the held-to-maturity portfolio. A sustained increase in interest rates could also raise the Bank's funding costs without a proportionate increase in loan demand, if at all. Rising interest rates would therefore require the Bank to re-balance its assets and liabilities in order to minimise the risk of potential mismatches and maintain its profitability. In addition, rising interest rate levels may adversely affect the economy in Hong Kong or PRC and the financial condition and repayment ability of its corporate and retail borrowers, including holders of credit cards, which in turn may lead to a deterioration in the Bank's credit portfolio.

Interest rates in Hong Kong, PRC and other regions are sensitive to factors over which the Bank has no control, including, but not limited to, movements in RMB deposit rates and Prime Rate and HIBOR movements in Hong Kong, lending rates in the PRC, PRC's monetary policies, regulations and economic conditions and domestic and international economic and political conditions having an impact on local and international interest rates. Any significant volatility and abrupt movements in interest rates could adversely affect the Bank's business, financial condition and results of operations.

Exposure to the PRC and Macau Market

As at the date of this Offering Circular, the Bank has three branches outside of Hong Kong located in Shantou, Macau and San Francisco, and two representative offices located in Guangzhou and Shanghai. Currently, the Bank's exposure to the PRC and Macau markets is limited. However, due to the Bank's strategy to expand its PRC and Macau business, the Bank's exposure to the PRC and Macau will increase. The Bank's banking activities in the PRC and Macau are conducted mainly with its existing customers based in Hong Kong who are engaged in business in the PRC and Macau. The Bank may increase such banking activities to cater to the needs of its customers as they increase the size and scope of their business operations in the PRC or, as the case may be, Macau. There is no assurance that the Bank's exposure to the PRC and Macau markets, including the general economic and business conditions, the banking industry, the political and social environment and the legal system of the PRC and Macau, will not have a negative impact on the Bank's business, financial condition or results of operations.

Internet Banking Services

The Bank relies on its internet banking services as a means of providing customers with greater access to its products and services. Usage of the Bank's internet banking services may be adversely affected for a number of reasons, such as unavailability of high-speed access to the internet. To the extent that the Bank's internet banking activities involve the storage and transmission of confidential information, security breaches could expose the Bank to possible liability and damage the Bank's reputation. The Bank's networks may be vulnerable to unauthorised access, computer viruses and other disruptive problems. Costs incurred in rectifying any of such disruptive problems may be high and may adversely affect the Bank's financial condition and results of operations. Concerns regarding security risks may deter the Bank's existing and potential customers from using its internet banking products and services. Eliminating computer viruses and alleviating other security problems may result in interruptions, delays or termination of service to users accessing the Bank's internet banking services. Undetected defects in software products that the Bank uses in its products and the Bank's inability to sustain a high volume of traffic may materially and adversely affect the Bank's internet banking business.

Dependence on Key Personnel

The Bank's business and operations are substantially dependent upon key members of its management. Although the Bank has succeeded in maintaining the core of its senior management team over the recent past, loss of the services of members of the Bank's senior management could have an adverse effect on the Bank's financial condition and results of operations.

The Ability of the Largest Shareholder and Related Parties to Exercise Influence over Certain of the Bank's Affairs

As at 30 June 2014, Yuexiu Financial Holdings Limited ("**Yuexiu Financial**") is the Bank's largest shareholder, holding a 75% shareholding interest. Yuexiu Financial is a wholly-owned subsidiary of Guangzhou Yue Xiu Holdings Limited, the largest state-owned enterprise in Guangzhou by total assets. With its controlling shareholding, Yuexiu Financial ultimately determines the strategy of the Bank. Yuexiu Financial is able to re-elect retiring directors and vote to pursue corporate actions requiring shareholders' approval. As at the date of this Offering Circular, all three Executive Directors on the Bank's management are members of Yuexiu Financial's board of Directors. The three Executive Directors do not hold shareholding interests in the Bank. Furthermore, one director of the Bank's board of directors has held position in the 12th National People's Congress of the PRC and he is the only deputy from Guangzhou state-owned enterprises. Accordingly, Yuexiu Financial has the ability to exert influence over the Bank's affairs subject to the Listing Rules, laws of Hong Kong and requirements set by the HKMA.

The Bank's future PRC strategy is to focus on the development of cross-border capabilities and services in conjunction with Guangzhou Yue Xiu Holdings Limited to serve China-related in-bound and/or out-bound business needs of its customers in PRC and Hong Kong. The Bank intends to expand its current operations in the PRC, and hence, the business of the Bank may, in the future overlap with the business of Guangzhou Yue Xiu Holdings Limited. There can be no assurance that conflicts of interests will not arise between the Bank and Guangzhou Yue Xiu Holdings Limited and its subsidiaries or other companies. Furthermore, the Bank may, from time to time, enter into a number of transactions with companies controlled or significantly influenced by Guangzhou Yue Xiu Holdings Limited. The transactions may include, among others, lending, deposit taking, loan syndications, provision of cheque clearing services, stockbroking and nominee services, remittances and foreign exchange services, acceptance of property consultancy and property management services and leasing of office premises. The Bank conducts all transactions with its related parties on an arm's length basis and believes that such transactions were as beneficial, and on terms as favourable to it, as similar transactions with unrelated third parties would have been. In addition, the Bank has four directors who are independent Non-executive Directors in accordance with the criteria set out in the Listing Rules and maintains internal policies and procedures to prevent possible conflicts of interest.

The Bank may face pressure on its capital and liquidity positions due to changes in regulatory capital requirements in Hong Kong, including the full implementation of reforms under Basel III

The Bank is subject to capital adequacy guidelines adopted by the HKMA for a Hong Kong authorised institution, which provide for an increasing minimum ratio of total capital to risk-adjusted assets expressed as a percentage, as further described below. Failure by the Bank to maintain its ratios may result in administrative actions or sanctions against it, which may impact the Bank's ability to fulfil its obligations under the Capital Securities.

On 16 December 2010, Committee on Banking Supervision (the "**Basel Committee**") issued its guidance on the new Basel Capital Accord of the Bank for International Settlements ("**Basel III**"). The Basel III framework sets out stricter capital standards for banks and introduced global liquidity standards. The initial stage of these proposed Basel III reforms has been implemented by the government of Hong Kong since the beginning of 2013, and the full implementation of the reforms are expected to be completed by 2019.

Following the standards under Basel III as implemented in Hong Kong, banks are required to maintain the following increasing minimum CAR requirements in relation to risk-weighted amounts:

- (a) a common equity Tier 1 ("**CET1**") CAR of at least 3.5% from 1 January 2013 to 31 December 2013, 4% from 1 January 2014 to 31 December 2014 and 4.5% from 1 January 2015 onwards;
- (b) a Tier 1 CAR of at least 4.5% from 1 January 2013 to 31 December 2013, 5.5% from 1 January 2014 to 31 December 2014 and 6% from 1 January 2015 onwards; and
- (c) a total CAR of at least 8% from 1 January 2013 onwards.

In addition, capital buffers, namely the capital conservation buffers and countercyclical capital buffer, are expected to be phased in sequentially from 1 January 2016 to 1 January 2019. Under Basel III, the capital conservation buffer requires a bank to hold additional CET1 capital equal to 2.5% of its risk-weighted amounts if it is to avoid having restrictions placed on its ability to make distributions such as dividend payments, or share buybacks or discretionary staff bonus payments. The countercyclical buffer, which is also composed of CET1 capital, can vary between 0% and 2.5% of a bank's risk-weighted amounts, and is envisaged to be activated in times of excess credit growth with systemic implications. It is currently unclear the precise level of buffer that will be implemented in Hong Kong.

The approach and implementation of other aspects of the Basel III requirements in Hong Kong have not been finalised, and there is still uncertainty as to how the HKMA will adopt the Basel Committee's standards for implementation of other aspects of Basel III in Hong Kong. Furthermore, the Basel Committee may amend the published package of reforms, including the Liquidity Coverage Ratio published by the Basel Committee on 7 January 2013 that revised the previous formulation published in December 2010.

As at 30 June 2014, the Bank was in compliance with the regulatory capital requirements in Hong Kong. If the regulatory capital requirements, liquidity requirements or ratios applied to the Bank continue to increase in the future, the Bank's return on capital and profitability could be materially and adversely affected, which may in turn affect the ability of the Bank to pay Distributions under the Capital Securities. In addition, any failure by the Bank to satisfy such increased regulatory capital adequacy ratios or liquidity requirements within the applicable timeline could result in administrative actions or sanctions or significant reputational harm, which in turn may have a material adverse effect on the Bank's business, financial condition and results of operations.

The resolution and broader regulatory regime for banks and other institutions in Hong Kong is currently subject to consultation and amendment, and changes in the regulatory framework could impact the claims of Holders and impact the ability of the Issuer to make payments of Distributions under the Capital Securities

On 7 January 2014, the Hong Kong Government and the financial regulators (the HKMA, the SFC and the Insurance Authority) jointly launched the first stage of public consultation on establishing an effective resolution regime for financial institutions, including financial market infrastructures in Hong Kong. The resolution regime intends to provide the authorities with powers to resolve non-viable financial and will apply to, amongst others, all authorised institutions in Hong Kong, including the Issuer. The resolution regime is aimed at securing continuity of critical financial services, payment, clearing and settlement functions, as well as the stability and effective functioning of the financial system, affording an appropriate degree of protection to depositors, investors with client assets and insurance policyholders and containing the costs of resolution. The resolution powers accorded to the financial regulators following the findings of this consultation and the second stage consultation, which will tackle many of the key detailed issues raised by the Financial Stability Board, will have application to the Issuer and could materially and adversely impact the claims of the Holders of the Capital Securities in the event that the Issuer is deemed to be non-viable and in need of resolution by the HKMA.

Further, on 11 August 2014, the HKMA launched a consultation on the draft Banking (Capital) (Amendment) Rules 2014 (the “**Proposed Amendment Rules**”), for the purpose of implementing the second stage of the Basel III standards in Hong Kong. The Proposed Amendment Rules incorporate the Basel III capital buffer requirements (the capital conservation buffer and the countercyclical capital buffer) as well as higher loss absorbency requirements for systemically important institutions. The Proposed Amendment Rules provide, amongst other things, that as from 1 January 2016, an authorised institution, including the Issuer, is not permitted to make discretionary payments on additional tier 1 capital instruments such as the Capital Securities, dividends and certain other payments unless it meets the prescribed capital conservation buffer and countercyclical capital buffer requirements, and if applicable, the prescribed higher loss absorbency requirements for systemically important institutions. In the event that the Issuer does not meet these requirements, it will be restricted in its ability to pay Distributions that may otherwise be payable in respect of the Capital Securities. If Distributions are not paid for whatever reason, the Capital Securities may trade at a lower price and with less liquidity, limiting Holders' return on investment. The Proposed Amendment Rules are at a consultation stage and therefore subject to amendment prior to implementation; any amendments could have an impact on the Capital Securities and the payment of Distributions thereon otherwise than as currently contemplated.

Considerations Relating to Hong Kong, PRC and Elsewhere

Hong Kong and PRC Economy

The Bank conducts most of its operations and generates most of its revenue in Hong Kong. The Bank's performance and the quality and growth of its assets are necessarily dependent on the overall economy in Hong Kong. As a result, any downturn in the Hong Kong economy may adversely affect the Bank's business, financial condition or results of operations.

The economy of Hong Kong has been adversely affected by the worsening of the global economy resulting from, among others, the subprime mortgage crisis in the United States, the global credit crunch in 2007 and the collapse of Lehman Brothers Inc. in September 2008, which adversely affected global financial markets and the liquidity in global credit markets. These developments resulted in an economic slowdown in the United States and most economies around the world, substantial volatility in equity securities markets globally, fluctuations in foreign currency exchange rates and volatility and tightening of liquidity in global credit markets. The Bank expects the recovery of and the continued growth in, the Hong Kong economy to depend in part upon the economic performance of the United States and the PRC, as well as certain other developed countries. Although there has been evidence mounting since the second half of 2009 that the global economy is recovering, recent economic downturns and sovereign debt concerns in the United States and certain European countries have led to renewed doubts regarding the sustainability of the global economic recovery. If there is any renewed economic downturn, there can be no assurance that the Hong Kong economy or the Bank's business, financial condition and results of operations will not be adversely affected.

Due to the Bank's strategy to expand its PRC business, the Bank's performance is also influenced by the PRC's economic conditions and the economic measures undertaken by the PRC government. The PRC has experienced rapid economic growth over the past three decades partly as a result of the PRC government's extensive economic reforms. However, the recent downturn in economic conditions adversely impacted the PRC's growth in 2008 and the PRC government took several steps to support economic growth. From the last quarter of 2008 to the end of 2009, the People's Bank of China (the "PBOC"), the central bank of the PRC, loosened certain monetary policies, increasing liquidity and lowering the required reserve ratio, thereby increasing lending. The PRC government implemented a four trillion Renminbi fiscal stimulus package centred on infrastructure projects. Large liquidity injections in the last quarter of 2008 contributed to a significant increase in bank lending in 2009. However, due to the PRC government's growing concerns that rapidly rising bank lending could fuel asset bubbles and increase the risk of inflation in 2010 and 2011, the PBOC repeatedly raised the Renminbi deposit reserve requirement ratio for banks. Subsequently, in June and July of 2012, the PBOC cut interest rates to address the slowdown caused by the European debt crisis. If the PRC's economic growth experiences slowdowns in the future or the PRC government's monetary policies adversely affect PRC's economic environment, the Bank's PRC business and its ability to implement its growth strategies in PRC could be materially and adversely affected.

Recurrence of SARS, Avian Influenza or Other Highly Contagious Diseases in Asia and Elsewhere

During the first half of 2003, the outbreak of SARS caused an adverse effect on the economies of the affected regions in Asia, including Hong Kong and the PRC, which affected the Bank's operations in these affected regions. In the last few years, there have also been outbreaks of avian influenza in parts of Asia, including Hong Kong. In 2009, there were outbreaks among humans of the Human Swine Influenza A ("H1N1") virus globally. On 11 June 2009, the World Health Organization ("WHO") raised its pandemic alert level to Phase 6, its highest level, after considering data confirming the H1N1 outbreak. To date, there has been a significant number of confirmed cases of H1N1 in the Asia Pacific region and a number of deaths worldwide.

No assurance can be given that there will not be a recurrence of the outbreak of SARS or other epidemics, or that incidents of avian influenza or H1N1 will not increase. As such, there can be no assurance that the Bank's business, financial condition and results of operations would not be adversely affected if another outbreak of SARS, H1N1 virus or another highly contagious disease occurs.

Considerations Relating to the Capital Securities

The Capital Securities may not be a suitable investment for all investors

Each potential investor in the Capital Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Capital Securities, the merits and risks of investing in the Capital Securities and the information contained or incorporated by reference in the Offering Circular or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Capital Securities and the impact such investment will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Capital Securities, including where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Capital Securities and be familiar with the behaviour of any relevant financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

The Capital Securities are complex financial instruments. The treatment of the Capital Securities, including in respect of tax, remains unclear. For example, as at the date of this Offering Circular, there is no tax ruling from the relevant tax authorities in Hong Kong determining that Distributions are tax deductible. If, following a tax ruling determining that Distributions are tax deductible, and subsequently Distributions become no longer tax deductible as a result of any change in laws or regulations in Hong Kong, a Tax Deduction Event (as defined in the Terms and Conditions of the Capital Securities) may be triggered. Depending on how this and any other uncertainties are resolved, there could be a potential impact on the Capital Securities that may result in the Bank having the option to exercise a call in respect of the Capital Securities. A potential investor should not invest in the Capital Securities unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Capital Securities will perform under changing conditions, including the effects of inflation, the resulting effects on the value of the Capital Securities and the impact this investment will have on the potential investor's overall investment portfolio.

Capital Securities are perpetual securities and investors have no right to require redemption

The Capital Securities are perpetual and have no maturity date. Holders have no ability to require the Bank to redeem their Capital Securities whereas the Bank can redeem the Capital Securities in certain circumstances as described in the Conditions. However, the Bank is under no obligation to redeem the Capital Securities at any time. The ability of the Bank to redeem Capital Securities is subject to the Bank (a) obtaining the prior written consent of the HKMA (if then required) to the redemption, and (b) satisfying any conditions that the HKMA may impose at that time.

This means that Holders have no ability to cash in their investment, except if the Bank exercises its right to redeem the Capital Securities or by selling their Capital Securities. However, there can be no guarantee that the Bank will be able to meet the conditions for redemption of Capital Securities. Holders who wish to sell their Capital Securities may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the Capital Securities.

In addition, upon the occurrence of a Withholding Tax Event, a Tax Deduction Event or a Capital Event, the Capital Securities may be redeemed at the relevant redemption amount, as more particularly described in the Conditions. Also, if any Non-Viability Event occurs, as more fully described in “Non-viability Loss Absorption Provisions”, Holders may lose up to the full principal amount of the Capital Securities. There can be no assurance that Holders will be able to reinvest the amount received upon redemption at a rate that will provide the same rate of return as their investment in the Capital Securities.

Subordination of the Capital Securities

The Capital Securities will constitute direct, unsecured and subordinated obligations of the Bank, ranking *pari passu* and without any preference among themselves. In the event of a winding-up of the Bank, the claims of the holders of the Capital Securities will be subordinated in right of payment to the claims of all unsubordinated creditors of the Bank and will rank (a) subordinate and junior in right of payment to, and of all claims of, (i) all unsubordinated creditors of the Bank (including its depositors), (ii) creditors in respect of Tier II Capital Securities of the Bank, and (iii) all other Subordinated Creditors (as defined in the Terms and Conditions of the Capital Securities) of the Bank whose claims are stated to rank senior to the Capital Securities or rank senior to the Capital Securities by operation of law or contract; (b) *pari passu* in right of payment to and of all claims of Parity Obligations (as defined in the Terms and Conditions of the Capital Securities); and (c) senior in right of payment to and of all claims of Junior Obligations (as defined in the Terms and Conditions of the Capital Securities) in the manner provided in the Trust Deed. See “*Terms and Conditions of the Capital Securities – Status*”.

In the event of a Winding-Up that requires the Holders or the Trustee to provide evidence of their claim to principal or Distribution under the Capital Securities, such claims of the Holders will only be satisfied after all senior ranking obligations of the Bank have been satisfied in whole. No amount may be claimed in respect of any Distribution that has been cancelled pursuant to a Mandatory Distribution Cancellation Event or an Optional Distribution Cancellation Event.

Non-Viability Loss Absorption Provisions

Under the Conditions, a Non-Viability Event occurs when the HKMA notifies the Bank in writing that the HKMA is of the opinion that a Write-off or conversion is necessary, without which the Bank would become non-viable; or that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Bank would become non-viable.

If a Non-Viability Event occurs and is continuing, the Bank shall, upon the provision of a Non-Viability Event Notice (which shall be given by the Bank not more than two Hong Kong Business Days after the occurrence of the Non-Viability Event), irrevocably reduce the then principal amount of, and cancel any accrued but unpaid Distribution in respect of, each Capital Security (in each case in whole or in part). See “*Terms and Conditions of the Capital Securities – Distribution – Non-Viability Loss Absorption*”. The notification of a Non-Viability Event is at the discretion of the HKMA and beyond the control of the Bank. The circumstances in which such discretion is exercised are not limited and may include concerns about the Bank’s capital, funding and/or liquidity levels.

Holders should note that any amount that is written down upon the occurrence of a Non-Viability Event in accordance with the Conditions is permanent and will not be restored under any circumstances, even if the relevant Non-Viability Event has ceased. In addition, a Non-Viability Event may occur on more than one occasion and each Capital Security may be written down on more than one occasion. As the Distribution Rate is calculated on the basis of the principal amount as adjusted following the occurrence of a Non-Viability Event, in the event that such principal amount is permanently reduced by the relevant Write-off, Holders will receive less Distributions on their Capital Securities. In addition, upon the occurrence of a Non-Viability Event, Holders could risk losing up to the full principal amount of the Capital Securities, as well as the cancellation of any accrued (and unpaid) Distributions, without receiving any compensation for such loss or cancellation.

The application of a non-viability loss absorption feature similar to Condition 4.3 has not been tested in Hong Kong and some degree of uncertainty may exist in its application.

Certain Considerations Relating to Enforcement

To the extent that the Trustee or the holders of the Capital Securities are entitled to any recovery with respect to the Capital Securities in any Hong Kong proceedings, the Trustee and such holders of the Capital Securities might not be entitled in such proceedings to a recovery in U.S. dollars and might be entitled only to a recovery in Hong Kong dollars.

In Hong Kong proceedings, if the Bank’s assets become subject to the control of a court-appointed receiver, interest on the Capital Securities would cease to accrue on the date of the court order and the relevant U.S. dollar amounts would be converted to Hong Kong dollars as at such date for purpose of claims.

Credit Ratings of the Capital Securities

The Capital Securities are expected to be assigned a rating of “Ba2” by Moody’s. These ratings reflect the Bank’s ability to make timely payments of principal and interest on the Capital Securities. A rating is not a recommendation to buy, sell or hold any security, does not address the likelihood or timing of payment of the Capital Securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. There is no assurance that the ratings assigned to the Capital Securities will remain in effect for any given period or that the ratings will not be revised by the assigning rating organisation in the future if, in its judgment, circumstances so warrant. A downgrade in ratings may affect the secondary market price of the Capital Securities.

Liquidity of the Capital Securities

There can be no assurance as to the liquidity of the Capital Securities or that an active trading market will develop. If such a market were to develop, the Capital Securities could trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Bank's operations and the market for similar securities. The Joint Lead Managers are not obliged to make a market for the Capital Securities and any such market-making, if commenced, may be discontinued at any time at the sole discretion of the Joint Lead Managers, acting together. No assurance can be given as to the liquidity of, or trading market for, the Capital Securities upon their listing on the HKSE. Lack of a liquid, active trading market for the Capital Securities may adversely affect the price of the Capital Securities or may otherwise impede a holder's ability to dispose of the Capital Securities.

Payments of Distribution are Discretionary and Distributions are Non-cumulative

Payment of Distributions on any Distribution Payment Date is at the sole discretion of the Bank. Subject to the Conditions, the Bank may elect to or, in certain cases, be required to cancel any Distribution on any Distribution Payment Date. The Bank may make such election for any reason. In addition, the Bank will not be obliged to pay, and will not pay, any Distribution upon the occurrence of a mandatory distribution cancellation Event or an Optional Distribution Cancellation Event. Cancelled Distributions will not be reinstated and will not constitute an event of default. In addition, Distributions would only be paid out of such amounts for the time being available to the Bank for distribution in compliance with section 297 of the Companies Ordinance (Cap. 622) of Hong Kong as at the Bank's latest audited balance sheet, and subject to certain capital conservation requirements as applicable to the Bank. As at the date of this Offering Circular, pursuant to section 297(1) of the Companies Ordinance (Cap. 622), the Bank may only make a distribution out of profits available for distribution. For the purposes of section 297 of the Companies Ordinance (Cap. 622), the Bank's profits available for distribution are its accumulated, realised profits, so far as not previously utilised by distribution or capitalisation, less its accumulated, realised losses, so far as not previously written off in a reduction or reorganisation of capital.

Any Distributions which are not paid on the applicable Distribution Payment Date following a Mandatory Distribution Cancellation Event, an Optional Distribution Cancellation Event or a Write-off shall not accumulate or be payable at any time thereafter, whether or not funds are or subsequently become available. Holders will have no right thereto whether in a bankruptcy or dissolution as a result of the insolvency of the Bank or otherwise. Therefore, any Distributions not paid following a Mandatory Distribution Cancellation Event, an Optional Distribution Cancellation Event or a Write-off will be lost and the Bank will have no obligation to make payment of such Distributions or to pay interest thereon.

If Distributions are not paid for whatever reason, the Capital Securities may trade at a lower price. If a Holder sells his Capital Securities during such a period, he may not receive the same return on investment as a Holder who continues to hold his Capital Securities until Distributions are resumed.

Limited Remedies for Non-payment under the Capital Securities

Any scheduled distribution will not be due if the Bank elects not to pay the distribution pursuant to the Conditions. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute winding-up proceedings is limited to circumstances where payment of principal or any distributions on any of the Capital Securities has become due and such failure continues for a period of 14 days in the case of distributions or seven business days in the case of principal; or where an order is made or an effective resolution passed for the winding-up or dissolution of the Bank. The only remedy against the Bank available to any Holders for recovery of amounts in respect of the Capital Securities

following the occurrence of a payment default after any sum becomes due in respect of the Capital Securities will be instituting winding-up proceedings and/or proving and/or claiming in winding-up in respect of any of the Bank's payment obligations arising from the Capital Securities. In such a winding-up, the claims of the Holder will be subordinated and subject in right of payment to the prior payment in full of all claims of such senior creditors as set out in Condition 2.

The Trustee may decline to take actions requested by the Holders

In certain circumstances (including the giving of notice to the Bank pursuant to Condition 9.1), the Trustee may (at its sole discretion) request the Holders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes actions on behalf of the Holders and shall not be obliged to take any such actions until it is indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may have an impact upon when such actions can be taken.

The Trustee may decline to take action requested by the Holders, notwithstanding the provision of an indemnity or security or pre-funding to it, where it is not satisfied that the action is permitted by applicable law or regulation and, to the extent permitted by the agreements and applicable law, it will be for the Holders to take such actions directly.

USE OF PROCEEDS

The net proceeds from issue of the Capital Securities will be applied by the Bank for its funding and general corporate purposes. The net proceeds from the issue of the Capital Securities are estimated to be approximately U.S.\$298.5 million after deducting underwriting commissions and other estimated expenses payable in connection with this offering.

CAPITALISATION AND INDEBTEDNESS

Capitalisation and Indebtedness of the Bank

As at the date of this Offering Circular, the Bank has an authorised share capital of HK\$300,000,000 consisting of 600,000,000 ordinary shares of HK\$0.50 each, and issued and fully paid up share capital of HK\$217,500,000 consisting of 435,000,000 ordinary shares of HK\$0.50 each.

The following table sets forth the Bank's unaudited consolidated capitalisation and indebtedness as at 30 June 2014 and as adjusted for the issue of the Capital Securities and the transaction costs from the issue of the Capital Securities are described in the notes below.

	As at 30 June 2014	
	Actual	As adjusted
	(HK\$ thousands)	
Indebtedness:		
Deposits from customers	72,497,665	72,497,665
Deposits and balances of banks and other financial institutions	597,632	597,632
Loan capital	1,805,048	1,805,048
Total Indebtedness	<u>74,900,345</u>	<u>74,900,345</u>
Capital resources		
Share capital	1,760,317	1,760,317
Reserves	6,227,956	6,227,956
Capital Securities to be issued ⁽¹⁾	—	2,328,000
Total capital resources	<u>7,988,273</u>	<u>10,316,573</u>
Total capitalisation⁽²⁾	<u><u>82,888,618</u></u>	<u><u>85,216,918</u></u>

Notes:

(1) This balance represents the aggregate principal amount of the Capital Securities of U.S.\$300,000,000 taken up fully by the Joint Lead Managers with net proceeds estimated to be approximately U.S.\$298,500,000 (approximately HK\$2,328,300,000, translated at the exchange rate of HK\$7.80 to U.S.\$1.00) after deducting underwriting commissions and other estimated expenses payable in connection with this offering.

(2) Total capitalisation represents the sum of total indebtedness and total capital resources.

There has been no material change in the Bank's total consolidated capitalisation or indebtedness since 30 June 2014.

BUSINESS OF THE BANK

Introduction

The Bank is a full service bank which operates primarily in Hong Kong. As at the date of this Offering Circular, the Bank had an established network comprising a head office and a total of 54 branches, including 51 branches in Hong Kong, three branches outside of Hong Kong located in Shantou, Macau and San Francisco, and two representative offices located in Guangzhou and Shanghai. The Bank is a constituent stock of the Hang Seng Composite Index with market capitalisation of HK\$7.92 billion (U.S.\$1.02 billion) as of 5 September 2014.

The Bank provides a wide range of corporate and retail banking services and other related financial services. Corporate and retail banking services provided by the Bank include commercial lending and trade finance facilities, mortgage lending, auto financing, consumer financing, overdraft facilities, life insurance services, mandatory provident fund services, provision of fixed deposits, current and savings accounts, credit card services and personal wealth management services. Other related financial services offered by the Bank include remittance and money exchange, safe deposit boxes, auto pay and direct debit services. The Bank is also engaged in treasury activities, which includes interbank placement and deposit transactions, the management of overall interest rate risk and liquidity of the Bank and centralised cash management as well as other business activities such as investment holding and property investment. The Bank also offers futures and securities dealing and insurance services through certain of its wholly-owned subsidiaries.

Since its inception in 1948, the Bank has expanded steadily and believes that it has successfully established itself as a reliable and prudent bank in Hong Kong as well as the other jurisdictions in which it operates. The Bank has received the “Best SME’s Partner Award” from the Hong Kong General Chamber of Small and Medium Business and “Straight Through Processing Award” from The Bank of New York Mellon for five consecutive years. Despite its relatively small size, the Bank enjoys long-standing relationships with many of its key customers and believes that it possesses a strong and stable deposit base. As at 30 June 2014, the Bank’s total assets, total equity, advances to customers and customer deposits amounted to HK\$86,827 million (U.S.\$11,201 million), HK\$7,988 million (U.S.\$1,031 million), HK\$48,546 million (U.S.\$6,263 million) and HK\$72,498 million (U.S.\$9,353 million), respectively.

For the year ended 31 December 2013 and the six months ended 30 June 2014, the Bank recorded a profit after taxation of HK\$557 million (U.S.\$72 million) and HK\$2,337 million (U.S.\$301 million), respectively. The net profit for the six months ended 30 June 2014 excluding the profit from the sale of Chong Hing Bank Centre amounted to HK\$387 million (U.S.\$50 million). As at 30 June 2014, the Bank’s total capital ratio, loan-to-deposit ratio and average liquidity ratio were 14.97%, 59.76% and 38.94%, respectively. For the six months ended 30 June 2014, the Bank achieved an annualised return on average assets of 0.94% and an annualized return on equity of 9.85% (both returns excluding profit from the sale of Chong Hing Bank Centre). See “*Summary Financial and Other Information – Other Selected Financial Data*”.

The Bank maintains correspondent banking relationships with approximately 600 foreign and local banks and provides services including Hong Kong dollar payment services, trade settlement and financing, money transfers and guarantees.

The Bank has been listed on the HKSE since July 1994. As at 30 June 2014, 435 million ordinary shares of HK\$0.50 each have been issued and are outstanding and fully paid. Based on the closing price of its shares on the HKSE on 30 June 2014 the Bank had a market capitalisation of approximately HK\$6,160 million.

History

The Bank was founded in 1948 in Hong Kong under the name “Liu Chong Hing Savings Bank” with the objectives of promoting savings and providing a wide range of consumer, retail and commercial banking products and services to the public. In 1955, it was granted a banking licence by the HKMA and in the same year, it was formally incorporated.

In 1973, The Bank of Tokyo-Mitsubishi UFJ, Ltd (formerly known as “The Mitsubishi Bank, Limited” and “The Bank of Tokyo-Mitsubishi, Ltd”) acquired a 25% interest in the Bank. Through this affiliation, the Bank enjoyed an increase in Japanese and correspondent banking services. In the same year, Liu Chong Hing Investment Limited acquired a majority interest in the Bank of 57.67%, through its wholly-owned subsidiary, Liu Chong Hing Estate Company, Limited. Liu Chong Hing Investment Limited is a public company which has been listed on the HKSE since 1972 and is principally engaged in property development and investment activities. In 1975, the Bank introduced online computerised services for all of its deposit accounts, which were subsequently upgraded in 1980 and 1987. The Bank believes that it is one of the first locally incorporated banks to provide such services.

In 1977, the Bank established a depository agency in San Francisco to provide services to its existing customers who were engaged in business in San Francisco as well as to foster the Bank’s trade finance business between Hong Kong and the United States. In September 1995, the Bank was granted a full wholesale banking branch licence in the United States, which allowed it to accept deposits from United States residents, subject to certain conditions.

In June 1982, the Bank introduced through-the-wall automated teller machines (“ATMs”) to its operations and in January 1986, the Bank’s ATM network was linked to the Joint Electronic Teller Services Limited (“JETCO”) network comprising a central data processing system connected to ATMs belonging to 44 banks in Hong Kong, which enabled the Bank to use ATMs of other banks in the system. In October 1984, the Bank became a founding member of the Easy Pay System, an electronic retail point of sale payment system.

As part of its continuing drive to capitalise on opportunities created by the further liberalisation of the financial markets in the PRC and the increased business activity between the PRC and Hong Kong, the Bank set up a representative office in Shanghai in 1988. In April 1993, the Bank established a full service foreign bank branch in Shantou in the Guangdong province of the PRC.

In October 1993, the Bank introduced fully automated telephone banking services for its retail customers.

In 1994, Liu Chong Hing Estate Company, Limited and The Bank of Tokyo-Mitsubishi UFJ, Ltd entered into a shareholders’ agreement, which enabled the Bank to gain access to updated technology, expertise in international banking, management know-how, market development and a firm foundation for future growth, through mutual co-operation with and support from The Bank of Tokyo-Mitsubishi UFJ, Ltd. On 11 July 1994, the Bank was publicly listed on the HKSE. Its listed shares were selected as a constituent stock of the Hang Seng MidCap 50 Index in 1996 and, subsequently, a constituent stock of the Hang Seng Composite Index.

In 1997, the Bank established a branch in Macau.

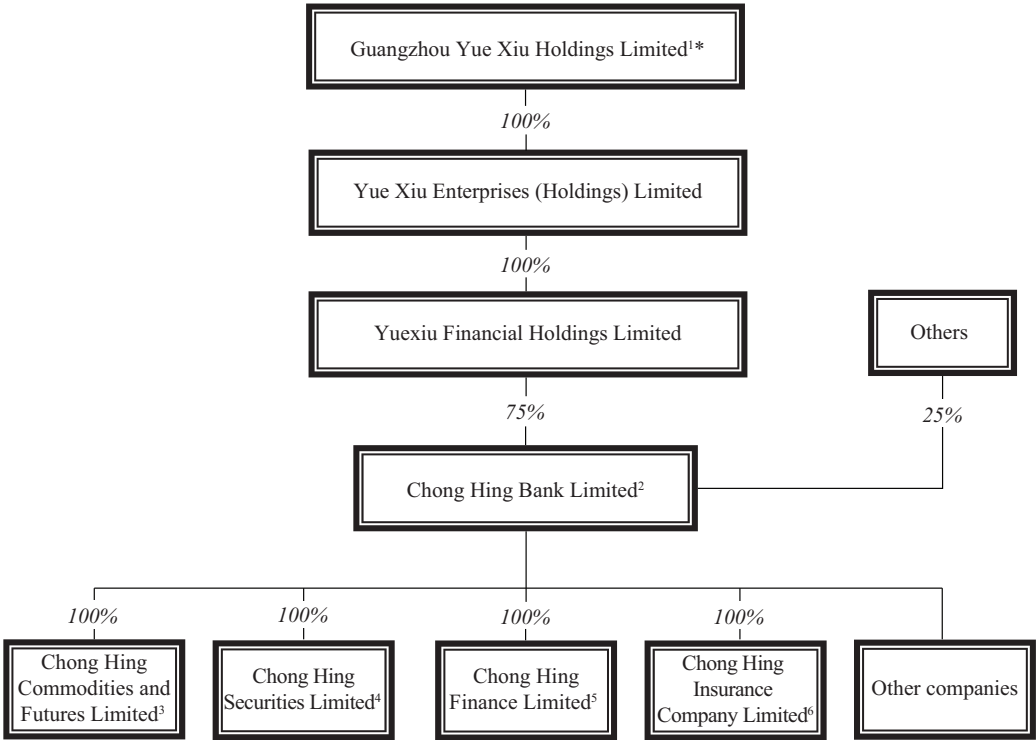
In 1999, the Bank formed the Bank Consortium Holding Limited (the “**Bank Consortium**”) with nine other local banks in Hong Kong with the objective of providing quality Mandatory Provident Fund (“MPF”) services (with both the Master Trust Scheme and the Industry Scheme) through the Bank Consortium Trust Company Limited, a wholly-owned subsidiary of the Bank Consortium. In the same year, the Bank established a representative office in Guangzhou, PRC.

In December 2006, the Bank changed its name from “Liu Chong Hing Bank Limited” to “Chong Hing Bank Limited”. On 27 December 2006, the Bank relocated its head office operations to a newly redeveloped building along 24 Des Voeux Road Central, which has been named “Chong Hing Bank Centre”.

On 14 February 2014, Yuexiu Financial, which is wholly-owned by Guangzhou Yue Xiu Holdings Limited, through its wholly-owned subsidiary Yue Xiu Enterprises (Holdings) Limited acquired a 75% interest in the Bank. Guangzhou Yue Xiu Holdings Limited, a wholly state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission of the Guangzhou Municipal People’s Government, is the largest state-owned enterprise group in Guangzhou in terms of asset size.

Corporate Structure

The chart below illustrates the corporate structure of the Bank as at 30 June 2014:



- (1) A wholly state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission of the Guangzhou Municipal People’s Government.
- (2) Listed on the HKSE.
- (3) Registered with The Hong Kong Futures Exchange Limited as a participant.
- (4) Registered with HKSE as a participant.
- (5) Licensed under the Banking Ordinance (Cap. 155 of the Laws of Hong Kong) as a deposit-taking company.
- (6) Licensed under the Insurance Companies Ordinance (Cap. 41 of the Laws of Hong Kong) as an insurance company.

* for identification purpose only

Yue Xiu Enterprises (Holdings) Limited

Yue Xiu Enterprises (Holdings) Limited's business spans transportation infrastructure, real estate, banking and financial services, manufacturing and other industries. Yue Xiu Enterprises (Holdings) Limited conducts its business through various subsidiaries and affiliates including, among others, Yuexiu Transport Infrastructure Limited ("**Yuexiu Transport**"), Yuexiu Property Company Limited ("**Yuexiu Property**"), Yuexiu Real Estate Investment Trust ("**Yuexiu REIT**") and the Bank. Yue Xiu Enterprises (Holdings) Limited holds approximately 60.7%, 49.7%, 36.8% and 75.0% interests in Yuexiu Transport, Yuexiu Property, Yuexiu REIT and the Bank, respectively, as at the date of this Offering Circular.

Yuexiu Transport

Yuexiu Transport is principally engaged in the investment, operation and management of toll expressways and bridges in Guangdong Province and other high-growth provinces in the PRC. As at 31 December 2013, Yuexiu Transport had a total of 12 investments in its operating expressways and bridge projects, which include expressways and bridges which it owns and operates solely and in collaboration with other operators. Yuexiu Transport's projects are located in Guangdong, Shaanxi, Hubei, Hunan and Henan Provinces, Guangxi Zhuang Autonomous Region and Tianjin Municipality. As at 31 December 2013, the total attributable toll length of Yuexiu Transport's expressways and bridges was approximately 301.3 km. As of 5 September 2014, Yuexiu Transport's market capitalisation was approximately HK\$8.1 billion (U.S.\$1.0 billion).

Yuexiu Property

Yuexiu Property was listed in Hong Kong in December 1992 and has become one of the leading property developers in the PRC. Yuexiu Property's main business is property development with its operations mainly concentrated in Guangzhou. Yuexiu Property's operations are primarily conducted in Hong Kong and the PRC, with a primary focus on Guangzhou. Yuexiu Property has gradually expanded into selected locations in the Yangtze River Delta, Bohai Rim Economic Zone and Central Region. Yuexiu Property has accumulated more than 30 years of experience in property development, and has established strong market position with good brand name. As at 5 September 2014, Yuexiu Property's market capitalisation was approximately HK\$15.4 billion (U.S.\$2.0 billion).

Yuexiu REIT

As a Hong Kong real estate investment trust, Yuexiu REIT's property portfolio consists of six commercial properties located in Guangzhou with a total area ownership of approximately 680,971 square miles and had an independent appraisal value of RMB22,749 million as at 31 December 2013. As of 5 September 2014, Yuexiu REIT's market capitalisation was approximately HK\$11.3 billion (U.S.\$1.5 billion).

The Bank's Principal Subsidiaries

The Bank's principal subsidiaries are Card Alliance Company Limited, Chong Hing Commodities and Futures Limited, Chong Hing Securities Limited, Chong Hing Finance Limited, Chong Hing Information Technology Limited, Chong Hing Insurance Company Limited, Chong Hing (Management) Limited, Chong Hing (Nominees) Limited, Gallbraith Limited, Hero Marker Limited and Top Benefit Enterprise Limited. The Bank offers futures and securities trading and insurance services through its wholly-owned subsidiaries, Chong Hing Commodities and Futures Limited, Chong Hing Securities Limited and Chong Hing Insurance Company Limited whereas Chong Hing Finance Limited is principally

engaged in deposit-taking. The Bank's other wholly-owned subsidiaries' business activities include property investment (Gallbraith Limited, Top Benefit Enterprise Limited and Hero Marker Limited), credit card management (Card Alliance Company Limited), the provision of nominee services (Chong Hing (Nominees) Limited) and electronic data processing services (Chong Hing Information Technology Limited).

The Bank also holds strategic investments in a number of associates which include the Bank Consortium, BC Reinsurance Limited, Hong Kong Life Insurance Limited and Net Alliance Co., Limited. The Bank Consortium, a 13.3% associate, offers a wide range of services for retirement schemes, which facilitates the Bank to offer MPF services. BC Reinsurance Limited and Hong Kong Life Insurance Limited, a 21.0% and 16.7% associate, respectively, offer reinsurance and life insurance underwriting services, which enhance the insurance services offered by the Bank. Net Alliance Co., Limited, a 17.6% associate, provides a wide range of internet services. The Bank will continue to selectively consider suitable opportunities for strategic investments as they arise in the future.

Competitive Strengths

The Bank believes that the following factors contribute to its strong competitive position:

Uniquely Positioned and Consistently Profitable Banking Franchise

The Bank possesses a strong retail franchise, which provides the Bank with a stable and low-cost funding base. The Bank's market share of customers' deposit has increased over the years with a compound annual growth rate ("CAGR") of 4.0% between 2009 and first half of 2014. By the number of accounts and volume, over 97% and 76% of the Bank's deposits come from retail depositors, respectively. The Bank has also attained substantial growth in both RMB deposits and overall number of clientele capitalising on the development opportunities of RMB products. This enables the Bank to lower its cost of funding and thereby improve its profitability and capital efficiency. Over the Bank's 66-year history, the Bank has also developed close relationships with the local business community. Industrial, commercial and finance industries have traditionally been the Bank's core lending markets, currently accounting for more than half of the total advances, with loans outside Hong Kong and trade finance increasing in importance in recent years.

Opportunities in China

The Bank is in a strategic position to further strengthen its cross-border RMB business. In addition to its Shanghai representative office, Shantou branch and Guangzhou representative office opened in 1988, 1993 and 1988, respectively, the Bank plans to commence the operation of Guangzhou sub-branch of the Shantou Branch in October 2014. Leveraging on Yuexiu Financial's wide network and resources, the Bank expects to increase its RMB deposit base and loan portfolio through the Guangzhou sub-branch and the corporate banking services in Hong Kong. The PRC's RMB liberalisation policy is expected to create further new opportunities for the Bank, which will enable the Bank to broaden its customer base and more effectively increase its share of the PRC market by offering more RMB-related services such as offshore RMB denominated deposits and financial products as well as offshore interbank lending, exchange of RMB and settlement and clearing services of RMB transfers.

Earnings Stability with Improving Profitability

The Bank has recorded consistent earnings and profitability even during financial downturns, which is, attributable to the Bank's prudent business model and competitiveness in the local banking industry. The Bank has taken a prudent approach with respect to maintaining its high quality debt securities portfolio with 57% of debt securities held being rated A3 or above. The Bank, as at the date of this Offering Circular, had no significant direct or indirect exposure to subprime mortgages.

Solid Capital Base and Asset Quality

The Bank believes it has consistently maintained strong capital fundamentals over the years, which has allowed it to generally remain profitable in spite of periodic industry and general economic downturns, such as the 2008 global financial crisis. The Bank's capital base consists mainly of equity and the free capital element in equity helped solidify the Bank's profitability and liquidity management. As at 30 June 2014, the Bank had a capital basis with total capital ratio of 14.97%. The Bank has a low loan-to-deposit ratio of 59.78% as at 30 June 2014, which enables the Bank to cover any unforeseen funding requirements with sufficient liquidity.

The Bank believes that its long-term capital and liquidity management policies will provide the Bank flexibility to meet capital needs from any future market or business challenges.

Sound Corporate Governance and Risk Management

The Bank believes that maintaining sound corporate governance standards is imperative to the effective and efficient operation of the Bank. The Bank has, therefore, appointed a number of directors and established various committees to assist the Board of Directors in managing the Bank. The Bank also continuously strengthens its risk management and internal control capabilities by improving its policies and procedures and introducing advanced risk management tools. For example, the Bank's Risk Management and Compliance Committee, which oversees all risk management practices of the Bank, has implemented a management reporting system which allows the Bank to timely identify, monitor and address asset quality. In addition, the Bank also has established detailed, coordinated systems to manage credit risk and recovery initiatives. The provision coverage of impaired loans and advances of the Bank as at 30 June 2014 was 737.2%, a significantly higher ratio compared to many other banks in Hong Kong. The Bank maintains strict internal processes regarding credit approval, and the Bank believes that its focus on internal control and risk management systems have enabled the Bank to maintain the quality of its loan portfolio.

Experienced Directorate and Senior Management Team

Much of the Bank's success is attributable to the strength of its directorate and senior management team. Most of the Bank's senior officers also have broad experience in domestic and international banking. The Bank also engages in continuous succession planning for its directors and key management positions to ensure smooth transition and handover of duties when necessary. The Bank believes that the experience of its directorate and senior management team is a key strength as the Bank continues to improve its operating performance and guide the Bank's growth and expansions strategies.

Strategy

The Bank's long-term strategy is to continue to strengthen its foundation, enhance its overall competitiveness, expand its operations both locally and in China and provide its customers with quality and comprehensive financial and banking products and services.

The major components of the strategic plan are as follows:

Expand the Bank's presence in the key cities in China by capitalising on Yue Xiu Group's capabilities in the country

The Bank expects that its financial platform coupled with enhanced branding as a result of the new ownership will create increased opportunities for the Bank to expand its presence in strategic locations in the PRC by capitalising on Yue Xiu Group's capabilities in the country. Through leveraging on the client

network of the Yue Xiu Group, the Bank plans to strengthen its cross-border trade finance and services to China-related corporates in Hong Kong as well as expand Hong Kong dollar and RMB loan business to serve China-related in-bound and/or out-bound business needs of the Bank's customers in PRC and Hong Kong. The Bank obtained regulatory approvals for the opening of its Guangzhou sub-branch of the Shantou branch, which is expected to commence operations in October 2014. The Bank expects the Guangzhou sub-branch, coupled with the Yue Xiu Group's network, to gain deposits and loan business in the area, which can further drive the growth and diversification of the Bank.

Position the Bank as a customer-centric bank and a bank of choice to the Bank's target customer segments

The Bank currently operates a network comprising a head office and 51 branches in Hong Kong. The Bank plans to widen its customer coverage by increasing the number of sub-branches and branches in the PRC subject to regulatory approval. The Bank aims to establish these sub-branches and branches in strategic locations across the Guangdong province and major cities in the PRC where the Bank currently does not have presence so as to tap into new customer bases. The Bank believes that it is able to operate on a cost-effective basis in such areas where the target customer base is much larger and underserved by large banks. To minimise the capital requirements for bank premises for these new branches, the Bank plans to establish the new branches mainly under long-term operating leases.

The Bank is also continually considering other suitable key locations in Hong Kong in which to set up more ATMs in order to expand the Bank's ATM network. The Bank currently operates a network of 54 ATMs, which are situated at the Bank's head office, branches and self-service banking centres in Hong Kong.

Improve the Bank's wealth management capabilities by introducing various deposit and wealth management products and services

The Bank derives a large proportion of its funding from customer deposits. Besides utilising its branch network to further expand its customer base, the Bank and intends to grow its deposit base through the following initiatives with a focus on its wealth management capabilities:

- use promotional and marketing initiatives to attract new deposit customers;
- offer attractive deposit rates to core and loyal customers with multiple relationships;
- cross-sell wealth management products to existing customer;
- promote foreign currency deposits and exchange capability;
- provide value-added services to retain existing customers and to cultivate customer loyalty;
- promote a service culture and focus on customer service; and
- enhance internet banking and telephone banking services; assist and encourage customers to migrate transactions away from the counters.

Partly as a result of the Bank's increased promotional activities and marketing campaigns conducted in relation to its new deposit products, the Bank has recorded increased growth in its customer deposits. As at 30 June 2014, the Bank's customer deposits amounted to HK\$72,498 million (U.S.\$9,353 million),

which represented a 5.4% increase from HK\$68,756 million as at 30 June 2013. The Bank believes that its expanded and upgraded coverage network, coupled with a wider range of deposit and wealth management product offerings, will enable it to maintain its existing business as well as increase its customer base by attracting new customers. In January 2014, the Bank also obtained a quota of RMB one billion under the RMB Qualified Foreign Institutional Investors (“**RQFII**”) programme, which will allow the Bank to attract investors and raise funds in RMB offshore in order to invest in the PRC’s domestic securities market.

Expand and grow selected customer segments and diversify income streams

To compensate for the effects of increased competition and margin compression, the Bank intends to focus on diversifying its sources of income. After the Bank obtained its RQFII quota in January 2014, the Bank subsequently established the Asset Management Department to manage the design and execution of the quota with the plan to launch RQFII discretionary account services in the fourth quarter of 2014. See “*Business of the Bank – Asset Management Business*”. In addition to introducing more tailored deposit products, the Bank is also in the process of (i) developing new banking products especially in RMB related areas to cater to existing and potential customers, (ii) expanding its credit card business to RMB/HK dollar dual currency credit card, (iii) increasing cross-selling opportunities, in particular, for mortgage, retail brokerage and insurance services, (iv) expanding its securities business by enhancing and improving its personal brokerage services, (v) extending its existing share financing business to its retail customers, (vi) increasing efforts to derive higher profit margins from its investment activities, (vii) developing new customer segments of auto loan dealers and customers in the private vehicle and licensed transport market, and (viii) growing foreign exchange income through the foreign currency deposit and exchange capability. The Bank has continued to enhance its sales capability through on-going trainings and the development of cross-selling programmes targeted at the existing customer base. Furthermore, the Bank has continuously enhanced its internet banking platform to encourage the migration of banking and securities transactions to the internet. The Bank believes that these initiatives, together with the expansion of its branch network, will help to diversify its income portfolio, enlarge its income base and reduce the Bank’s reliance on any one source of income.

Prudently increase the Bank’s credit portfolios by leveraging the Bank’s close relationship with Hong Kong corporations and residents by serving their financial needs through various stages of the economic cycle

The Bank aims to achieve steady growth in its corporate loan and retail loan portfolio. In addition to diversifying its overall income sources, the Bank believes that the development of additional loan products and services and the expansion of its overall loan portfolio will enable it to capitalise on growing opportunities in Hong Kong and China. As at 30 June 2014, local corporate loans (including trade finance loans) represented 66.1% of the Bank’s total loan portfolio, local retail loans represented 20.6% and loans advanced for uses outside of Hong Kong represented 13.3%.

Corporate loan portfolio

Corporate lending represents a major portion of the Bank’s credit activities and the Bank intends to continue to strengthen its corporate credit portfolio and improve its risk-adjusted return by actively managing the industry sector, geographical, customer and product composition of its corporate credit portfolio. The intended growth and expansion in the Bank’s corporate loan portfolio will be focused on certain key areas including:

- lending to mid-sized corporates and companies listed in Hong Kong;

- lending to China-related corporates and individuals in Hong Kong;
- cross-border trade finance;
- trade finance and services to import and export companies;
- supporting small and medium-sized enterprises (“SMEs”), major industries in Hong Kong and PRC companies engaged in business in Hong Kong;
- lending to the hotel industry and other infrastructure development;
- lending to high net-worth individuals;
- share financing to medium to large-sized customers;
- placing more focus on cash flow lending in addition to secured lending for increased flexibility and to better cater to the changing needs of customers;
- participating in syndicated loans; and
- granting credit facilities to large corporations with business activities in Hong Kong and Asia (particularly in the PRC).

The Bank plans to and is in the process of (i) strengthening marketing efforts to solicit business from large to mid-sized corporations and high net-worth individuals, (ii) increasing flexibility in its facility structuring and service offerings, (iii) synchronising the Bank’s internal risk assessment and credit policy with the Bank’s target market positioning, (iv) enhancing tailor-made services and products to corporate customers, and (v) reducing credit turnaround time to enhance speed and time to market. With these initiatives, the Bank aims to establish a boutique “Community Bank” positioning in the market as a relationship-oriented bank and to become the preferred banking partner and operating bank for corporate customers, particularly mid-sized corporates.

Retail loan portfolio

The Bank intends to leverage on its existing network of middle and lower income retail deposit customers to grow its retail credit portfolio in a prudent manner.

The Bank plans to grow its residential mortgage loans business by increasing cross-selling of mortgage services as well as other retail banking products, offering competitive pricing and terms and conditions for its mortgages, soliciting co-operation with developers or property agencies to capitalise on business opportunities and shortening loan approval turnaround time. As at 30 June 2014, residential mortgages comprised approximately 16.0% of the Bank’s total loan portfolio, which the Bank estimates to be low compared to the proportion of most other locally incorporated banks and, accordingly, the Bank is of the view that there is still potential for growth in this business segment.

The Bank is also in the process of developing more personal loan products such as unsecured overdrafts to attract young professionals. In addition, the Bank intends to offer more share financing business to its retail customers.

Increase non-interest income by enhancing the Bank's existing services

In addition to fees arising from credit businesses, the Bank aims to continue to increase non-interest income through existing services. The Bank's wholly-owned subsidiary, Chong Hing Securities Limited, has a proven securities dealing platform which allows customers to place orders through branches, telephone, dealing centres, internet and mobile electronic devices. The Bank plans to continue to use this platform to build its customer base and commission income. In April 2014, the China Securities Regulatory Commission and the Hong Kong Securities and Futures Commission ("SFC") jointly announced the Through Train Scheme ("TTS"). The TTS, which is expected to be formally launched by October 2014, will allow individual investors in the PRC and Hong Kong to cross-trade eligible shares listed on the Shanghai Stock Exchange and HKSE. The Bank believes that Chong Hing Securities Limited is well-positioned to secure its position as an offshore financial center by leveraging on its securities services. The Bank has planned various initiatives including establishing preferential commission rate promotions, offering preferential interest rate to new margin securities accounts and executing a reach-out program to inactive account holders.

The Bank has actively developed its foreign exchange income and insurance fee income through the growth of foreign currency deposits, insurance sales and safe deposit boxes. The Bank reviews its fees and charges on an annual basis and is actively looking for new sources of fee income.

Business Overview

The principal business segments of the Bank are corporate banking and retail banking. Other business activities include treasury activities, securities dealing activities, insurance, MPF services and other asset management and trustee services. The following table sets forth the contribution of each segment to the Bank's total operating income for the periods indicated.

	For the six months ended 30 June			
	2013		2014	
	(HK\$ thousands)	(percentage)	(HK\$ thousands)	(percentage)
Corporate and retail banking	466,172	67.3%	524,636	63.8%
Treasury activities	136,890	19.7%	215,577	26.2%
Securities dealing	66,176	9.5%	62,828	7.6%
Others	24,206	3.5%	20,167	2.4%
Total operating income	693,444	100.0%	823,208	100.0%

Corporate banking

The corporate banking business of the Bank comprises mainly lending activities to large to mid-sized corporate and high net-worth individual customers both in Hong Kong and the PRC, which include the financing and refinancing of property developments, property investments and infrastructure projects, trade financing, commercial mortgages for purposes of purchasing retail, office and industrial space, and funding for general corporate requirements. The Bank also offers financial services such as remittance and money exchange services, safe deposit boxes, autopay and direct debit services on a corporate and individual level.

The majority of the Bank's borrowers are Hong Kong companies that typically use the funds for projects and investments in Hong Kong and, to a lesser degree, in Macau and the PRC. The Bank's lending activities in the PRC are conducted mainly with its existing customers based in Hong Kong or referrals arising from its existing relationships with customer engaged in business in the PRC or from the Yue Xiu Group.

Commercial advances

As at 30 June 2014, the amount of outstanding corporate advances (including trade finance loans) amounted to HK\$32,070 million (U.S.\$4,137 million), which represented 66.1% of the Bank's total outstanding advances. Of the outstanding corporate advances, 53.7% was extended to industrial, commercial and financial industry, 20.6% to individuals, 13.3% for uses outside of Hong Kong and 12.4% to trade finance.

Substantially all of the Bank's corporate advances are extended on a recourse basis and/or are secured by underlying projects. In the case of property financing, all advances are secured by a first registered charge over the underlying property and in most cases, together with a charge over all the sale and rental proceeds derived from the property. In some circumstances, the Bank may require additional collateral such as time deposits, listed securities and other financial instruments that the Bank deems acceptable. All overdrafts and term loans are renewed on an annual basis. The Bank's corporate advances range from relatively small amounts to that of several hundred million Hong Kong dollars and the average original maturity for instalment loans is approximately 18 years. Loan-to-value ratios for project financing are determined on a case-by-case basis. The maximum loan-to-value ratios for construction projects and commercial mortgages are approximately 60% and 40% of the total estimated completion value of the project and the prevailing market value of the commercial properties, respectively.

Trade finance

The trade finance business of the Bank comprises mainly advances and credits to commercial, corporate and institutional customers, which include overdraft facilities, letters of credit, trust receipt financing, short-term advances, packing credits, export financing, bill negotiation, risk participation and forfeiting for the purpose of accommodating customer's working capital requirements. The Bank also provides other trade finance related services to its customers, including advising and transfer of export documentary credits, shipping guarantees and collection of bills. The majority of trade finance advances and credits are secured by a mortgage of property, cash collateral or payment undertaking from sound financial institutions, although advances may be made on a partially secured or on an unsecured basis. Trade finance advances typically have a relatively shorter maturity and most of the Bank's trade finance advances generally have a maturity period of less than a year. As at 30 June 2014, the Bank's total outstanding trade finance advances amounted to HK\$6,001 million (U.S.\$774 million), which represented 12.4% of the Bank's total outstanding advances.

The Bank's trade finance customers comprise mainly manufacturing companies, SMEs, large trading companies, multinational corporations and sound or listed financial institutions. The Bank intends to continue to increase income contribution from trade finance as its existing customers increase the size and scope of their operations and by providing its customers with customised service through its experienced trade finance staff. The trade finance sector in Hong Kong is well developed and, consequently, the Bank is also seeking to capitalise on its overall reputation and the expanding network in the PRC to enhance the Bank's trade finance services to its increasing number of customers. The Bank also intends to increase trade financing provided to import and export companies.

Syndicated Lending

The Bank is also engaged in the Hong Kong syndicated lending market. The majority of the Bank's syndicated advances are extended to large local conglomerates and large PRC private or state-owned enterprises. The Bank's typical commitment per advance is between HK\$50 million and HK\$500 million.

The syndicated corporate lending market has remained active as large PRC corporations continued to tap the local syndicated lending market to finance their overseas acquisitions. Despite this increase in activity, interest margins on syndicated loan transactions continued to decline as the credit market stabilised as well as due to competition in the market.

Retail banking

Retail banking comprises personal banking (including deposits, residential mortgage financing and other consumer financing) and wealth management services (including insurance and investment) to individual customers and small companies. The Bank also offers financial services such as remittance and money exchange services, safe deposit boxes, autopay and direct debit services on a retail level and provides phone banking and internet banking services to its customers.

Residential and commercial mortgages

Residential mortgages represent the largest segment of the Bank's total advances to retail customers, accounting for 77.7% of the Bank's total retail loan portfolio and 16.0% of the Bank's total loan portfolio as at 30 June 2014, and includes advances guaranteed by the Hong Kong Government under Government Home Ownership Scheme ("GHOS"), Private Sector Participation Scheme ("PSPS") and Tenants Purchase Scheme ("TPS") to assist lower income families in purchasing homes. Advances under GHOS, PSPS and TPS accounted for an aggregate of HK\$459 million (U.S.\$59 million), which represented 0.9% of the Bank's total loan portfolio as at 30 June 2014. The Bank has established a strong retail and corporate customer base that provides an on-going source of residential and commercial mortgage business. Property developers, solicitors and real estate agencies are also sources of referrals. The majority of the residential mortgages are owner-occupied properties. The Bank has also taken on investment properties, both residential and commercial, largely from existing customers with significant net-worth.

All home mortgage advances are secured by a first registered charge over the property and, in certain circumstances, the Bank may also require personal guarantees as additional security. Home mortgages typically include floating interest rates and are repayable by instalments. The contractual tenor of mortgage loans has been capped at 30 years though the actual tenor is much shorter. Competitive pricing and buoyancy of the property markets are common causes of refinancing and early redemptions. The Bank offers mortgage loan advances within the loan-to-value ratio limits as specified by the HKMA from time to time. Amount in excess of these limits are covered by insurance providers through approved Mortgage Insurance Schemes.

Consumer financing

Consumer advances are generally higher yielding loans and include overdrafts, secured and unsecured advances to individuals for a variety of purposes such as tax payments, general investment purposes, travel, hospitalisation, education and home improvement.

Applications for consumer advances are processed by qualified underwriters based on established guidelines approved by the Loans Committee and are subject to regular credit reviews.

As at 30 June 2014, the Bank's total outstanding consumer advances (including credit card advances) amounted to HK\$2,240 million (U.S.\$289 million), which represented 22.3% of the Bank's retail loan portfolio and 4.6% of the Bank's total loan portfolio.

The Bank has gradually built up its consumer finance portfolio through gradual growth of its personal loan and tax loan business. The Bank has a prudent credit policy and delinquency and write-offs are below market averages. The Bank has, over the past years, launched frequent campaigns with attractive pricing, simplified procedures and fast approval turnaround in capturing a growing number of new customers. The Bank will continue to focus on its overdraft business through existing customers.

Wealth Management Business

The Bank established in July 2013 the Premium and Private Banking Department to provide better personalised investment services to high-end customers. The Bank also continued to develop its account service with one-stop investment and asset filling services, providing assistance to individuals intending

to enter Hong Kong for residence via the Capital Investment Entrant Scheme. The Bank plans to offer more investment products that cater to market demand such as Renminbi-related investment products and explore other distribution channels to support the growth of its wealth management business.

Credit cards

The Bank became a principal member of VISA in 1998 and a principal member of Master Card International in 2000. Apart from issuing a variety of regular, gold and platinum credit cards as its core products, the Bank also offers co-brand cards and corporate cards to business partners and affinity cards with various professional, educational and commercial institutions and association in Hong Kong.

As at 30 June 2014, the Bank has issued over 110,000 credit cards.

The Bank had taken active steps in to add value to its credit cards. In 2012, the Bank launched the “Dual Card Program” for UnionPay Dual Currency Credit Card and other Chong Hing credit cards. In face of thinning margins and saturation of the market, the Bank has worked with business partners such as MSN in offering co-branded cards with exclusive benefits and privileges. These business partnerships enable the Bank to target certain customer segment more effectively.

Credit cards rely heavily on interest income from the rollover customer segment which has diminished gradually over the past years. The thinning of margins had prompted card issuers, including the Bank, to take on a slower pace in card growth. The Bank has engaged in cross-selling activities at its existing branch network to offer new cards to existing customers.

The Bank has a merchant business which has experienced growth in terms of number of customers and profitability over the last three years.

Treasury activities

The Bank’s treasury activities primarily consist of money market transactions, investment portfolio management and other interbank and capital market activities conducted on behalf of the Bank. Treasury operations are also responsible for managing the funding and liquidity positions of the Bank and other market risk positions arising from banking activities. The Bank generally maintains an insignificant open foreign exchange position.

Income derived from foreign exchange activities is generated mainly from services provided to customers in the form of foreign exchange dealing and forward contracts. The Bank’s foreign exchange dealing activities are typically engaged on behalf of its customers as part of the Bank’s overall banking business. Off-balance sheet derivatives are used only for hedging customers and the Bank’s positions. However, in order to increase the rate of return derived from its total asset portfolio, the Bank intends to expand prudently its treasury operations and is currently in the process of establishing specialised corporate dealing desks and upgrading its systems to improve and diversify its services. The Bank is also hiring more personnel, such as dealers to manage surplus funds and arbitrage opportunities and professionals to develop new structured products.

Securities dealing

Stock broking activities and dealings in Hang Seng Index futures, options and other derivative products are conducted through the Bank’s wholly-owned subsidiaries, Chong Hing Securities Limited and Chong Hing Commodities and Futures Limited, on an agency basis. This has grown to provide a stable source of additional income for the Bank even during the last few years where there has been volatility in the Hong Kong stock market.

Chong Hing Securities Limited was admitted as the first batch of brokers adopting the AMS/3 (OG/BSS) system of the HKSE and provides a range of securities related services through the Bank's branches as well as its own branches and dealing platform. During 2009, the number of users of and transactions conducted through "Chong Hing i-Web Stock Trading Service" increased substantially, reflecting the wide acceptance of the securities service by customers.

As part of business development, Chong Hing Securities Limited continued to expand its electronic securities trading services. In January 2010, "Chong Hing Mobile Securities Service" was launched, enabling customers to conveniently conduct stock transactions online anywhere using their smartphones or personal digital assistant devices. The platform enables customers to deal with their securities investments anytime, anywhere. For the six months ended 30 June 2014, the percentage of securities trading via electronic means by customers increased by 6.4% as compared to six months ended 30 June 2013. Chong Hing Securities Limited is one of the broker participants in the Shanghai-Hong Kong Stock Connect Programme that is expected to launch in October 2014. Shanghai-Hong Kong Stock Connect is a mutual market access programme that will allow investors in Hong Kong and the PRC to trade and settle shares listed on the other market via the exchange and clearing houses in their local market.

Others

Insurance Business

The Bank conducts its main insurance business through its wholly-owned subsidiary, Chong Hing Insurance Company Limited, which was acquired in June 2005 to serve as a division for the Bank's insurance business. Chong Hing Insurance Company Limited provides a diversified range of insurance services, including fire insurance, marine insurance, motor vehicle insurance, employee's compensation insurance, public liability insurance and property insurance. Insurance products offered by Chong Hing Insurance Company Limited are distributed through the Bank's branch network, insurance agents, brokers, allied partners and internet websites of both the Bank and Chong Hing Insurance Company Limited.

The Bank also offers a comprehensive range of both individual and group life and medical insurance, general and travel insurance through its 16.7% owned associate, Hong Kong Life Insurance Limited.

MPF services and other asset management and trustee services

The Bank offers a comprehensive range of MPF services, including trustee, scheme administration, investment management and custody services to employers, employees and the self-employed through its 13.3% owned associate, the Bank Consortium. The Bank Consortium is currently collectively owned by the Bank, Asia Financial Holdings, Dah Sing Bank, Shanghai Commercial Bank, Wing Hang Bank, Wing Lung Bank, Fubon Bank, and Industrial and Commercial Bank of China (Asia). The Bank Consortium also offers a full range of pension products which include the Bank Consortium MPF Plan (a master trust scheme), the Bank Consortium Industry Plan (an industry scheme), Bank Consortium Trust Premier Pooled Occupational Retirement Schemes Ordinance ("ORSO") Retirement Plan (an ORSO scheme) for Employer Sponsored Scheme and scheme administration for other registered MPF schemes. Customers can choose from the Bank Consortium Trust MPF plans a wide range of funds to meet their individual investment and retirement needs.

Internet Banking Services

As part of its general banking business, the Bank offers internet banking services to its customers which allow them to manage their accounts on the internet. The Bank's internet banking services comprise a wide variety of banking functions, including balance enquiries, rate enquiries, funds transfers, time deposit, bill payment, credit card transactions and MPF account enquiries and contributions.

As at 30 June 2014, the Bank had over 47,000 registered internet banking users, which represented an increase of 12% as compared to as at 30 June 2013, and the average monthly transaction volume for the six months ended 30 June 2014 exceeded 13,000 transactions.

The Bank also offers internet-based brokerage service (including real-time internet stock price quote service) through its wholly-owned subsidiary, Chong Hing Securities Limited, which allows customers to trade securities on the internet. Chong Hing Securities Limited was admitted as part of the first batch of brokers adopting the Broker Supplied System under the AMS/3 system, which allowed its dealing operations to run under a fully automated straight-through processing environment. Over the past few years, Chong Hing Securities Limited has instituted various incentive schemes to encourage clients to execute trades via its user-friendly electronic trading platform and the Bank believes that these schemes have been well-received by its customers. As at 30 June 2014, more than 47% of Chong Hing Securities Limited's trading customers had registered internet-based securities client accounts with its internet-based brokerage service, and the volume of transactions executed via the internet-based brokerage system accounted for approximately 34% of the total number of trades and approximately 33% of Chong Hing Securities Limited's total turnover.

Asset Management Business

After the Bank obtained a RMB1 billion RQFII quota, the Bank established the Asset Management Department to manage the design and execution of the RQFII quota with plans to launch RQFII discretionary account services in the fourth quarter of 2014.

Information Technology

The Bank's management information system is currently operated based on a cost-effective "open system" based core banking system composing UNIX and Oracle Database. The Bank's strategy is to increase the use of information technology in its business, including its front-office and back-office operations, in order to enhance its business capabilities, products and services, and the Bank intends to continue upgrading its information technology capabilities in order to meet its growth objectives. The Bank is also dedicated to ensuring security and regulatory compliance in its information technology systems.

International Operations

The Bank's international operations were commenced to meet the requirements of its existing core customers as their interests expand outside of Hong Kong. The table below sets forth the Bank's branches and representative offices outside of Hong Kong.

Operations	Country	Year of Establishment
Representative office in Guangzhou	PRC	1999
Branch in Macau	PRC	1997
Branch in San Francisco	USA	1977
Representative office in Shanghai	PRC	1988
Branch in Shantou	PRC	1993

The Bank's Shantou branch began its cross-border Renminbi trade settlement business with the Bank's Head Office on 30 June 2011. In October 2009, the Bank's Shantou branch received approval to accept fixed deposits from PRC citizens with a minimum of RMB1 million for each transaction. The Bank plans to open a sub-branch of the Shantou branch in Guangzhou, which is expected to commence operations in October 2014.

Bank Structure

As at the date of this Offering Circular, the Bank has a total of ten principal subsidiaries and four associates. The Bank has a number of significant subsidiaries through which the Bank conducts various operations such as stockbroking, insurance, property investment and certain fee-based activities. As at the date of this Offering Circular, except for Chong Hing Securities Limited, none of the Bank's subsidiaries account for 2% or more of the consolidated net profit and loss of the Bank or has a book value of 0.4% or more of the Bank's consolidated total assets.

The table below sets forth a summary of the Bank's principal subsidiaries as at the date of this Offering Circular:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	% of issued share capital held by the Bank	Nature of business
Chong Hing (Nominees) Limited	Hong Kong	HK\$100,000	100%	Provision of nominee services
Chong Hing Finance Limited	Hong Kong	HK\$25,000,000	100%	Deposit-taking and lending
Chong Hing Information Technology Limited	Hong Kong	HK\$100,000	100%	Provision of electronic data processing services
Chong Hing Securities Limited	Hong Kong	HK\$10,000,000	100%	Stockbroking
Chong Hing Commodities and Futures Limited	Hong Kong	HK\$5,000,000	100%	Investment holding and commodities and futures broking
Gallbraith Limited	Hong Kong	HK\$16,550,000	100%	Property investment
Top Benefit Enterprise Limited	Hong Kong	HK\$100,000	100%	Property investment
Card Alliance Company Limited	Hong Kong	HK\$18,000,000	100%	Credit card management
Chong Hing Insurance Company Limited	Hong Kong	HK\$85,000,000	100%	Insurance underwriting
Hero Marker Limited	Hong Kong	HK\$100,000	100%	Property investment

The table below sets forth a summary of the Bank's associates as at the date of this Offering Circular:

<u>Name of associates</u>	<u>Place of incorporation and operation</u>	<u>Class of shares held</u>	<u>Ownership interest</u>	<u>Proportion of voting power</u>	<u>Nature of business</u>
Bank Consortium Holding Limited	Hong Kong	Ordinary	13.3%	14.3%	Investment holding and provision of trustee, administration and custodian services for retirement schemes
BC Reinsurance Limited	Hong Kong	Ordinary	21.0%	21.0%	Reinsurance
Hong Kong Life Insurance Limited	Hong Kong	Ordinary	16.7%	16.7%	Life insurance underwriting
Net Alliance Co., Limited	Hong Kong	Ordinary	17.6%	15.0%	Provision of internet services

Properties

The Bank currently owns properties with an aggregate floor area of approximately 286,000 square feet in Hong Kong. Most of the Bank's properties are used as banking offices, as branches or for back office operations. The remainder are currently leased to third parties. In addition, the Bank also leases properties with an aggregate floor area of approximately 131,000 square feet in Hong Kong. These leased properties are used as banking offices, as branches and for back office operations.

The Bank intends to obtain office space held on long-term operating leases for all of its new branches which it expects to set up in the next three years.

Intellectual Property

The Bank relies on domain name registrations to establish and protect its internet domain names. The Bank has registered a number of internet domain names, including "www.chbank.com" and "www.chbank.com.hk".

The Bank has registered “ 創興銀行” as a trade mark in Hong Kong, Macau, the PRC and the USA. To reflect the new ownership structure of the Bank, its logo will be changed from “ 創興銀行” to “ 創興銀行” towards the end of 2014. The Bank expects that its Guangzhou sub-branch of the Shantou branch will be the first new entity to use the new logo, which is expected to be registered as a trade mark in due course.

Insurance

The Bank maintains various types of insurance coverage, including property insurance to cover the loss of or damage to building structure and content, electronic equipment and motor vehicles; insurance to cover loss of property due to burglary, theft and robbery; public liability insurance to cover legal liability as a result of physical bodily injury and/or property damage caused to third parties; bankers blanket bonds insurance to cover the loss resulting from fraudulent acts (including computer-related crimes) by employees, loss of money on premises and in transit and forgery of bank instruments; directors' and officers' liability insurance to cover the personal liability of the Bank's officers against any claims resulting from any wrongful act committed in connection with carrying out their duties as officers of the Bank; employees' liability insurance as required by the Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong); and group medical insurance for its workforce. The Bank also requires borrowers to obtain appropriate insurance coverage for security provided by them.

Competition

The Hong Kong banking industry is mature and the Bank faces intense competition from a number of Hong Kong incorporated banks and branches of international banks, particularly in the home mortgage lending sector and deposit-taking business. In addition, the Bank faces keen competition from local finance companies in certain areas of its business, such as credit cards and personal loans.

Given the increasing competition among the local banks in Hong Kong, the Bank has decided to focus on diversifying its revenue sources and increasing its fee based income, particularly from its wealth management, life insurance and retail investment businesses. In addition, like many of the local banks in Hong Kong, the Bank is now focusing on expanding its presence in the PRC. However, in view of the fact that certain restrictions previously imposed on foreign banks in the PRC have recently been lifted, the Bank expects competition to continue to increase in the region.

For a further discussion of the risks of competition faced by the Bank in Hong Kong, see "*Investment Considerations*".

Litigation

Save as otherwise disclosed in this Offering Circular, neither the Bank nor any of its subsidiaries is currently involved in any litigation, arbitration or similar proceedings and the Bank is not aware of any such proceedings pending or threatened against it or any of its subsidiaries which are or might be material in the context of the issue of the Capital Securities.

Employees

As at the date of this Offering Circular, the Bank had a total of 1,410 employees as set forth in the following table:

	<u>No. of employees</u>
Head office	1,209
Outside of Hong Kong (including the PRC)	49
Subsidiaries	<u>152</u>
Total	<u><u>1,410</u></u>

Approximately 24.9% of the Bank's employees as at 30 June 2014 performed managerial and management functions.

The Bank views its employees as an asset and believes that investment in human resources is critical to its growth. The Bank has training programmes, internal and external, aimed at management development and team building. The Bank's training curriculum includes courses on banking operations, product knowledge, marketing, management skills and customer service.

The Bank believes that it enjoys a good relationship with its employees. None of the Bank's employees are members of a trade union. The Bank provides subsidised mortgage, low-interest housing advances, life and medical insurance benefits and maintains a pension fund scheme for its employees. The Bank also operates employee share option schemes under which options to purchase shares in the Bank can be granted to eligible employees and Executive Directors. As at the date of this Offering Circular, no options to purchase shares under any of its employee share option schemes had been granted by the Bank.

SELECTED STATISTICAL AND OTHER INFORMATION

The selected statistical and other information set forth below relates only to the Bank and has, except where otherwise indicated, been compiled as at and for each of the two years ended 31 December 2012 and 2013 and each of the six month periods ended 30 June 2013 and 2014, respectively, and should be read in conjunction with the information contained elsewhere in this Offering Circular, including “*Business of the Bank*”. The audited consolidated financial statements for the years ended 31 December 2012 and 2013 were audited by Deloitte Touche Tohmatsu. The unaudited condensed consolidated interim financial information for each of the six months ended 30 June 2013 and 2014 was reviewed by Deloitte Touche Tohmatsu and PricewaterhouseCoopers, respectively, in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Equity” issued by the Hong Kong Institute of Certified Public Accountants, and the Bank’s Audit Committee.

Advance Portfolio

Overview

As at 30 June 2014, the Bank’s total outstanding gross advances to customers were HK\$48,546 million (U.S.\$6,263 million), which represented 55.9% of its total assets. The majority of the Bank’s advances are in respect of home mortgages and advances for property investment and development, which together represented 33.5% (excluding advances under GHOS, PSPS and TPS) of the Bank’s total advances to customers as at 30 June 2014.

The table below sets forth a summary of the Bank’s gross advances by sector as at the dates indicated.

	As at 31 December				As at 30 June			
	2012	Percentage of total	2013	Percentage of total	2013	Percentage of total	2014	Percentage of total
(HK\$ millions, except percentages)								
Loans for use in Hong Kong								
Industrial, commercial and financial								
– Property development . . .	1,366	3.5%	1,480	3.3%	1,516	3.6%	1,105	2.3%
– Property investment	8,924	22.8%	8,307	18.5%	9,122	21.4%	7,814	16.1%
– Financial concerns	1,742	4.4%	2,407	5.3%	2,015	4.7%	1,773	3.7%
– Stockbrokers.	595	1.5%	773	1.7%	699	1.6%	2,327	4.8%
– Wholesale and retail trade .	1,460	3.7%	1,934	4.3%	1,697	4.0%	2,222	4.6%
– Manufacturing.	1,677	4.3%	1,924	4.3%	1,735	4.1%	1,995	4.1%
– Transport and transport equipment	754	1.9%	755	1.7%	801	1.9%	848	1.7%
– Recreational activities . . .	2	0.0%	1	0.0%	2	0.0%	1	0.0%
– Information technology . .	15	0.0%	21	0.0%	12	0.0%	20	0.0%
– Others ⁽¹⁾	7,116	18.2%	7,770	17.3%	8,220	19.3%	7,964	16.4%

	As at 31 December				As at 30 June			
	2012	Percentage of total	2013	Percentage of total	2013	Percentage of total	2014	Percentage of total
(HK\$ millions, except percentages)								
Individuals								
– Loans for the purchase of flats under the Government Home Ownership Scheme, the Private Sector Participation Scheme and the Tenant Purchase Scheme	475	1.2%	470	1.0%	481	1.1%	459	0.9%
– Loans for the purchase of other residential properties	6,614	16.9%	7,059	15.6%	6,997	16.4%	7,330	15.1%
– Credit card advances	109	0.3%	109	0.2%	79	0.2%	82	0.2%
– Others ⁽²⁾	1,717	4.4%	2,082	4.6%	1,895	4.4%	2,158	4.4%
– Sub-total	32,566	83.1%	35,092	77.8%	35,271	82.7%	36,098	74.3%
Trade finance.	1,247	3.2%	3,288	7.3%	1,741	4.1%	6,001	12.4%
Loans for use outside Hong Kong ⁽³⁾	5,379	13.7%	6,740	14.9%	5,613	13.2%	6,447	13.3%
Total advances to customers	39,192	100.0%	45,120	100.0%	42,625	100.0%	48,546	100.0%

Notes:

- (1) “Others” under “Loans for use in Hong Kong Industrial, commercial and financial” includes the electricity and gas, hotels, catering, margin lending and other business purposes.
- (2) “Others” under “Individuals” includes professional and private individuals for other private purposes.
- (3) This refers to loans to customers the proceeds of which are not used in Hong Kong.

Geographical Concentration

The table below sets forth a summary of the Bank’s gross advances to customers by geographical location as at the dates indicated.

	As at 31 December				As at 30 June			
	2012	Percentage of total	2013	Percentage of total	2013	Percentage of total	2014	Percentage of total
(HK\$ millions, except percentage)								
Hong Kong	37,188	94.9%	42,346	93.9%	40,999	96.1%	45,280	93.3%
PRC	833	2.1%	649	1.4%	334	0.8%	839	1.7%
Macau	232	0.6%	636	1.4%	430	1.0%	892	1.8%
United States of America	536	1.4%	613	1.4%	499	1.2%	563	1.2%
Others	403	1.0%	876	1.9%	363	0.9%	972	2.0%
Total	39,192	100.0%	45,120	100.0%	42,625	100.0%	48,546	100.0%

Customer Advance Concentrations

The Hong Kong Banking Ordinance generally prohibits any bank incorporated in Hong Kong from maintaining a financial exposure to any single person or group of connected persons in excess of 25% of its capital base. For a discussion of “financial exposure”, see “*Regulation and Supervision – Principal Obligations of Authorised Institution – Financial Exposure to Any One Customer*”.

Advance Analysis

Approximately 29.8% of advances had a remaining maturity of more than five years as at 30 June 2014. The following table sets forth a summary of the Bank’s gross advances by remaining maturity as at the dates indicated.

	As at 31 December				As at 30 June			
	2012	Percentage of total	2013	Percentage of total	2013	Percentage of total	2014	Percentage of total
(HK\$ millions, except percentage)								
Repayable on demand ⁽¹⁾	1,635	4.2%	2,143	4.7%	2,097	4.9%	2,325	4.8%
3 months or less	4,683	11.9%	6,096	13.5%	7,228	17.0%	7,325	15.1%
1 year or less but over 3 months	7,369	18.8%	9,988	22.1%	7,587	17.8%	11,448	23.6%
5 years or less but over 1 year	12,717	32.5%	12,945	28.7%	12,176	28.6%	12,599	25.9%
After 5 years	12,620	32.2%	13,779	30.6%	13,449	31.5%	14,478	29.8%
Undated	168	0.4%	169	0.4%	88	0.2%	371	0.8%
Total gross advances to customers	39,192	100.0%	45,120	100.0%	42,625	100.0%	48,546	100.0%

Note:

(1) Includes overdrafts

As at 30 June 2014, more than three quarters of advances made by the Bank excluding branches outside of Hong Kong were at floating rates of interest (see “*Asset and Liability Management*”), with the balance being made at fixed interest rates. The rates for home mortgage advances and commercial mortgage advances in Hong Kong typically range from 3% below the prime rate to 2% above the prime rate. The effective annualised interest rate for Hong Kong dollar consumer finance advances (other than overdrafts and credit cards) ranges from 1.07% to 10.23%. As at 30 June 2014, more than three quarters of advances made by the Bank were denominated in Hong Kong dollars. Rates which are lower than the above rates may be offered by the Bank under appropriate circumstances.

Home mortgages are secured by a first registered charge over the underlying property. Working capital advances for businesses are typically secured by fixed and floating charges over land, buildings, machinery, inventory and receivables. Term advances for specific projects or developments are typically secured against the underlying project’s assets and its receivables, while additional guarantees are typically provided by the sponsors or shareholders. The Bank also receives guarantees in relation to certain of its other advances to cover, in the case of trade finance, any shortfall in security or, in the case of consumer advances to younger or less financially mature customers, to guarantee in what are otherwise unsecured advances.

All forms of security taken as collateral against credit facilities are monitored by the respective departments which extend the advances. In general, the collateral is periodically valued by an independent valuer to determine whether any additional collateral is required.

Credit Policies and Approval Procedures

The Bank's lending policies have been formulated on the basis of its own experience, the Banking Ordinance, HKMA guidelines and HKAB policies and other statutory requirements (and, in the case of branches outside of Hong Kong and subsidiaries, the relevant local laws and regulations).

The Bank's primary credit approval bodies are the Loans Committee, which comprises senior staff members of the Bank, and the Executive Loans Committee, which comprises all the Executive Directors and Deputy Chief Executive Officers of the Bank. The Executive Loans Committee has overall responsibility for the Bank's credit policies and oversees the credit quality of the Bank's advance portfolio. Under the oversight of the Executive Loans Committee, officers of the Bank are authorised to approve credit based on the size of the advance, the collateral provided, the credit standing of the applicant and other prescribed credit guidelines.

The Credit Assessment Department is responsible for reviewing all credit applications which require approval by the Loans Committee. When a customer completes an advance application or requests a credit line, the branch or lending department account officer collects information through customer interviews, documentation requests and feasibility studies as well as other sources. The account officer then prepares and submits a credit proposal based on the information gathered for the review of the Credit Officers. Credit Officers are required to check the accuracy of the information submitted and that the credit proposal meets the underwriting standard required and are required to provide an independent credit evaluation in support of a recommendation for granting or rejecting the advance and subsequent renewal applications.

Credit approval on loans to individual customers and corporations is performed by the Loans Committee or individual approvers in accordance with the delegated lending authority from the Lending Policy of the Bank with reference to a customer's objective of borrowing, financial strength, repayment ability, past account performance and collateral being offered as security, as appropriate. Approval from the Executive Loans Committee is required as and when the requested amount of the advance exceeds the delegated authority of the Loans Committee.

Credit approval on unadvised limits to bank counterparties is performed by the Bank's Asset and Liability Management Committee ("ALCO") with reference to the credit standing of the institutions.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are typically monitored on a revolving basis and are subject to periodic reviews. Limits on the level of credit risk by product, industry sector and by country are approved annually by the Board.

The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Exposure to credit risk is managed through regular reviews of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral, corporate and personal guarantees.

Asset Quality

Overview

The performance of the Hong Kong economy is heavily dependent on the property sector, and property lending (excluding advances under GHOS, PSTS and TPS) accounted for 33.5% of the Bank's total advances to customers as at 30 June 2014. As a result, the Bank's asset quality is vulnerable to a

decline in property prices. The ability of borrowers, including homeowners, to make timely repayment of their indebtedness may be adversely affected by rising interest rates or a slowdown in economic recovery. As at 30 June 2014, home mortgage advances (including advances under GHOS, PSPS and TPS) accounted for HK\$7,789 million (U.S.\$1,005 million) or 16.0% of the Bank's total advances to customers and accounted for one of the largest segments of the Bank's total advances to customers. See *"Investment Considerations – Considerations Relating to the Bank – Advance Concentration; Exposure to the Hong Kong Property Market"*.

Appropriate precautionary measures are taken to minimise credit loss arising from impaired loans and such measures include the monitoring of key indicators, such as account conduct, business performance, financial data, industry prospect, etc., and selecting an appropriate strategy, such as exit, request for additional collateral or suspension of limit for high risk customers. Precautionary measures against exposure to bank counterparties include the daily monitoring of movements in share price and prices of credit default swaps and the escalation to watch-list for further monitoring and actions, such as the suspension of unadvised limits, as considered appropriate by ALCO.

The Bank's preference for lending secured by security interests over chattels and real property and its conservative policy on loan to value ratios have helped to enable effective recovery actions on impaired loans.

The Bank conducts regular stress tests on customer loan portfolios, secured property values and exposure to bank counterparties to ensure that the level of risk assumed by the Bank is appropriate for the Bank.

Impaired loans are individually assessed loans with objective evidence of impairment.

The Bank believes that its advance classification policy is in compliance with the Hong Kong Banking Ordinance and the applicable guidelines of the HKMA.

Classification of Impaired Loans

The Bank's impaired loans are sub-divided into three categories: sub-standard, doubtful and loss. When the repayment of an advance is uncertain (for example, there is a past-due record of 90 days or more and there would be a loss of an amount of principal or interest after taking into consideration the net realisable value of any collateral), the Bank downgrades the advance to sub-standard. If full recovery of the advance is in doubt and the Bank expects to sustain a loss of principal or interest, taking into account the net realisable value of any available secured property, the Bank classifies the advance as doubtful. Loss advances are those which are considered non-collectible after exhausting all collection efforts, such as the realisation of collateral and the institution of legal proceedings and the liquidator or official receiver has ascertained the relevant recovery ratio.

Impairment allowance under Hong Kong Financial Reporting Standards

Individual impairment allowances are assessed by a discounted cash flow method for loans and advances that are individually significant and have objective evidence of impairment. The individual impairment allowances are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

On collective impairment, individually insignificant advances or advances where no impairment has been identified individually are assessed on the basis of contractual cash flows and historical loss experience adjusted for current conditions.

The table below summarises the changes in the Bank's provisions for impairment allowance for the periods indicated.

	Year ended 31 December	
	2012	2013
	(HK\$ millions, except percentages)	
Impairment allowance:		
Beginning balance	213	189
Increase in impairment allowances.	6	46
Amounts reversed.	(71)	(10)
Amounts written off	(4)	(20)
Recoveries of advances written off in previous years	45	–
Unwinding effect of discount rate	–	–
Exchange Difference.	–	–
Closing balance	189	204

For the six months ended 30 June 2013 and 2014, the closing balance of the Bank's impairment allowance was HK\$205 million and HK\$231 million, respectively.

	Year ended 31 December		Six months ended 30 June	
	2012	2013	2013	2014
	(HK\$ millions, except percentages)			
Impairment allowance as a percentage of:				
Total gross impaired loans and advances to customers at year/period end	779.4%	1,089.8%	637.4%	737.2%

As at 30 June 2014, the Bank's five largest impaired loans accounted for less than 1% of its total advances.

Impaired Loans Which Have Been Restructured

The Bank's impaired loans are restructured on a case-by-case basis, subject to the approval of the appropriate lending parties for both the restructured limits and recovery measures. The Bank maintains a prudent reclassification policy. For example, if payments under an advance are rescheduled, that advance will not be reclassified and will remain under adverse classification (either as a sub-standard or doubtful advance) and may only be upgraded to a pass advance if the revised payment terms are honoured for a period of 6 months in the case of monthly payments, and 12 months, in the case of quarterly or semi-annual repayments.

The following table sets forth, as at the dates indicated, the Bank's impaired loans including those that have been restructured through the rescheduling or principal repayments and deferral or waiver of interest.

	As at 31 December		As at 30 June	
	2012	2013	2013	2014
	(HK\$ millions, except percentages)			
Gross impaired loans	24	19	32	31
Impairment loss allowance, individual assessed	(24)	(15)	(26)	(27)
Net impaired loans	<u>–</u>	<u>4</u>	<u>6</u>	<u>4</u>
Gross impaired loans as a percentage of total gross loans and advances to customers	0.06%	0.04%	0.08%	0.06%
Net impaired loans as a percentage of total gross loans and advances to customers	0.00%	0.01%	0.01%	0.01%

Held-to-maturity Debt Securities

The Bank's held-to-maturity debt securities mainly comprised of Hong Kong dollar and U.S. dollar denominated bonds and notes. None of the Bank's held-to-maturity debt securities have undergone significant revaluation for the years ended 31 December 2012 and 2013 and the six months ended 30 June 2014. As at 30 June 2014, the carrying value of these securities was HK\$5,579 million (U.S.\$720 million), which represented 47.4% of the Bank's total investments in securities. See "Asset and Liability Management" below.

The Bank carries out quarterly stress testing on its debt securities based on various scenarios on their credit standing. The following table sets forth, as at 31 December 2013, the Bank's investment securities categorised by their credit rating.

	As at 31 December 2013
Aa1 – Aa3	25.1%
A1 – A3	31.5%
Lower than A3	21.5%
Unrated	21.9%
Total	<u>100.0%</u>

The following table sets forth, as at the dates indicated, carrying values of the Bank's held-to-maturity debt securities, categorised by the types of issuers:

	As at 31 December				As at 30 June	
	2012		2013		2014	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
(HK\$ thousands, except percentages)						
Held-to-maturity securities issued by:						
Central governments and central banks . . .	3,382	0.0%	7,627	0.1%	8,671	0.2%
Public sector entities . . .	196,401	2.0%	176,769	2.1%	250,466	4.5%
Banks and other financial institutions . .	7,809,345	81.4%	6,619,205	79.5%	3,740,044	67.0%
Corporate entities	1,590,892	16.6%	1,523,121	18.3%	1,580,270	28.3%
Total	<u>9,600,020</u>	<u>100.0%</u>	<u>8,326,722</u>	<u>100.0%</u>	<u>5,579,451</u>	<u>100.0%</u>

Asset and Liability Management

The Bank's asset and liability management is steered by the ALCO. The ALCO establishes policies and guidelines in respect of the maturity, pricing and volume of non-capital funding such that the Bank obtains funds in the most efficient and effective manner. Capital planning also comes under the supervision and review of the ALCO. The deployment of funds into various asset classes is reviewed regularly by the ALCO, having regard to the policies laid down for the management of the credit risk, the liquidity risk, the interest rate risk and the market risk. The ALCO consists of the senior staff members representing major divisions of the Bank.

Two key aspects of the Bank's asset and liability policy are liquidity risk management and interest rate risk management.

Liquidity Risk Management

Liquidity risk is the risk that the Bank cannot meet its current obligations. The ALCO is responsible for monitoring the Bank's liquidity position, and does so through the periodic review of the statutory liquidity ratio, the maturity profile of assets and liabilities, loan-to-deposit ratio and cash flows. Liquidity policy is monitored by the ALCO and reviewed regularly by the Board of Directors of the Bank. The Bank's policy is to maintain a conservative level of liquid funds on a daily basis so that the Bank is prepared to meet its obligations when they fall due in the normal course of business and to satisfy statutory liquidity ratio requirements, and also to deal with any funding crises that may arise. Limits are set on the minimum proportion of maturing funds available to meet all the calls on cash resources such as overnight deposits, current accounts, maturing deposits, loan draw-downs and guarantees, and from margin and other calls on cash-settled derivatives and on the minimum level of interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The Bank's average consolidated liquidity ratio and consolidated loan-to-deposit ratio were 38.94% (which was above the statutory minimum of 25%) and 59.76%, respectively, as at 30 June 2014.

The ALCO recommends internal target levels in respect of the monthly average liquidity ratio, monthly average Tier 1 liquidity ratio, and lowest daily liquidity ratio, and the weekly computation of liquidity ratio and Tier 1 liquidity ratio. The Bank's Finance and Capital Management Division is responsible for monitoring these ratios and, where a tight liquidity position remains for a prolonged period, the Finance and Capital Management Division reports the findings to the ALCO who, after consultation with members of the Management Committee decide the appropriate corrective actions to be taken. The liquidity positions of the Bank's branches outside of Hong Kong in Shantou, San Francisco and Macau are monitored through the submission of monthly management accounts and daily cash flow positions to the Bank's head office.

In managing liquidity risks the Bank measures, monitors and controls cash flow and maturity mismatch positions under different operating conditions. Under this cash flow approach, the Bank believes that it has put in place appropriate systems for:

- monitoring on a daily basis net funding requirements under normal business conditions;
- conducting regular cash flow analyses based on stress scenarios; and
- developing reasonable assumptions for making the above cash flow projections.

The Bank constructs a maturity profile that projects future cash flows arising from assets, liabilities and off-balance sheet transactions. All cash flows are allocated into a series of time bands according to their expected maturity dates for which the Bank is able to estimate the prospective net funding requirement. The profile enables the Bank to monitor short-term liquidity requirements as a priority and to review mismatch positions for medium to longer-term bands. Time bands within one month are monitored daily whilst longer bands are reviewed on a monthly basis. In calculating maturity mismatches, the Bank analyses historical experience and observations to determine cash flow patterns and derive behavioural assumptions applicable to the cash flows and takes into account not only contractual maturities but also adopts realistic assumptions underlying the behaviour of assets, liabilities and off-balance sheet activities. The Finance and Capital Management Division is responsible for analysing the magnitude of the mismatches and discuss the findings with the ALCO and Management Committee as appropriate.

The Bank conducts a programme of stress testing to assess the Bank's ability to meet obligations under institution-specific or general market funding crises and submits the results of such testing to the ALCO and the Risk Management and Compliance Committee for review on a regular basis. These systems and procedures are designed to enable the Bank to ensure that either a positive cash flow position is maintained or otherwise sufficient cash can be generated to satisfy the funding requirements.

The Bank's liabilities in foreign currencies other than U.S. dollars are incurred virtually exclusively from customer deposits, the majority of which are placed on deposits with other authorised institutions, and therefore the Bank's policy in respect of such currencies is to monitor liquidity on a matched basis. The Bank has a policy of taking deposits and holding assets denominated in only those hard currencies tradable in the interbank money market or currency forward market.

Although the Bank has generally been a net interbank lender in the market, it regards the ability to obtain funds in the interbank market as an important source of liquidity in both normal and crisis situations, and therefore regularly borrows in the interbank market as a means of testing the availability of credit lines. The Bank's borrowing capacity, however, is restricted by the Bank's ability to pledge collateral acceptable to prospective lenders, the general liquidity position in the market, the price of such borrowings and the circumstances leading to the Bank's need to borrow rather than relying on deposits.

As the Bank considers a stable deposit base as critical to its liquidity position, it conducts statistical analyses of its deposit base with the objective of accumulating funding sources which are likely to remain with the Bank on a longer-term basis. The Bank is focused on building its relationships with depositors to achieve this objective.

Interest Rate Risk Management

Interest rate risk is the risk that arises when the movement of interest rates affects adversely the net interest margin of the Bank and thus its operating results. Net interest margin is defined as the net interest income (total interest income less total interest expenses) expressed as a percentage of total assets or total liabilities plus shareholders' funds. Interest rate risk arises primarily from several sources, including the timing differences in the re-pricing of, and the different bases of pricing, interest-bearing assets, liabilities and commitments (otherwise known as re-pricing risk and basis risk, respectively) and positions of non-interest bearing balances and in particular free capital generated by shareholders' funds (otherwise known as structural risk). As a matter of policy, the Bank does not carry financial instruments or offer products to customers that expose the Bank to significant yield curve and option risks. As a result such exposures are insignificant for the Bank. The Bank monitors re-pricing risk by regular sensitivity analyses of the net re-pricing gap of assets and liabilities with reference to their next re-pricing date. Basis risk is monitored by regular sensitivity analysis of the net long/short position of prime/HIBOR/US prime/LIBOR based assets and liabilities with reference to their next re-pricing date. The Bank performs monthly sensitivity and gapping analyses in Hong Kong dollars and other major currencies to which it has significant exposure. The Bank implements certain measures to mitigate its interest rate risk, including but not limited to the avoidance of trading in interest rate derivatives, entry into interbank and longer-term debt securities transactions in order to square as much as possible net re-pricing gaps, and adhering to gapping limits.

The Bank measures the exposure of its assets and liabilities to fluctuations in interest rates primarily by way of gap analysis which provides the Bank with a static view of the maturity and re-pricing characteristics of balance sheet positions. An interest rate gap report is prepared by classifying all assets and liabilities into various time period categories according to contracted maturities or anticipated re-pricing dates whichever is earlier. The difference in the amount of assets and liabilities maturing or being re-priced in any time period category would then give the Bank an indication of the extent to which the Bank is exposed to the risk of potential changes in the net interest income.

The following table sets forth the combined currency asset-liability gap position for the Bank as at 30 June 2014.

	Repayable on demand	Repayable within 1 month (except those repayable on demand)	Repayable after 1 month but within 3 months	Repayable after 3 months but within 1 year	Repayable after 1 year but within 5 years	Repayable after 5 years	Undated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 30 June 2014								
Assets								
Cash and short-term funds	1,219,532	14,933,699	419,317	928,667	–	–	–	17,501,215
Placements with banks and other financial institutions	–	–	5,861,023	1,244,698	–	–	–	7,105,721
Derivative financial instruments	–	14,564	76,986	23,141	7,334	129,444	–	251,469
Financial assets at fair value through profit or loss	–	–	–	–	–	–	311	311
Available-for-sale securities	–	–	54,333	198,817	3,379,509	2,313,305	244,950	6,190,914
Held-to-maturity securities	–	698,355	610,764	1,117,426	2,414,742	738,164	–	5,579,451
Advances to customers . .	2,324,593	3,566,577	3,758,523	11,448,101	12,599,484	14,478,060	370,671	48,546,009
Other financial assets . .	359,093	167,950	143,399	210,723	244	–	(249,400)	632,009
Total financial assets . .	3,903,218	19,381,145	10,924,345	15,171,573	18,401,313	17,658,973	366,532	85,807,099
Liabilities								
Deposits and balances of banks and other financial institutions . .	19,844	427,788	150,000	–	–	–	–	597,632
Financial assets sold under repurchase agreements	–	1,108,853	345,999	–	–	–	–	1,454,852
Deposits from customers .	28,816,751	18,236,733	16,044,998	9,295,814	103,369	–	–	72,497,665
Certificates of deposit . .	–	–	154,981	1,137,394	–	–	–	1,292,375
Derivative financial instruments	–	14,564	348	11,385	35,886	22,428	–	84,611
Loan capital	–	–	–	–	–	1,805,048	–	1,805,048
Other financial liabilities	448,497	42,560	127,454	313,408	17,564	–	–	949,483
Total financial liabilities	29,285,092	19,830,498	16,823,780	10,758,001	156,819	1,827,476	–	78,681,666
Net position – total financial assets and liabilities	<u>(25,381,874)</u>	<u>(449,353)</u>	<u>(5,899,435)</u>	<u>4,413,572</u>	<u>18,244,494</u>	<u>15,831,497</u>	<u>366,532</u>	<u>7,125,433</u>

Internal Auditing

The Internal Audit Department has responsibility for auditing the Bank's operations. Through regular audits of all of the departments, subsidiaries and branches of the Bank, the Internal Audit Department reviews and evaluates the adequacy and effectiveness of internal controls, safeguards the Bank's assets, reviews operations in terms of efficiency and effectiveness, assesses the reliability and integrity of financial and other operating matters and reviews compliance with established policies, procedures and relevant statutory requirements. The results of an internal audit are reported to senior management, the Audit Committee and the head of the relevant audited department, subsidiary or branch, and any internal audit recommendations are generally expected to be implemented shortly after the issuance of the internal audit report. Significant findings arising from internal audits are summarised semi-annually for reporting to the Audit Committee. The significant findings are also shared with the HKMA and PricewaterhouseCoopers, the Bank's external auditor, on a regular basis. The significant findings for years ended 31 December 2012 and 2013 were shared with the Bank's previous external auditor, Deloitte Touche Tohmatsu.

MANAGEMENT

The Bank is managed by its Board of Directors, which is responsible for the direction and management of the Bank. The Articles of Association of the Bank require that there be not less than seven Directors, unless and until otherwise determined by an ordinary resolution of the shareholders of the Bank. Directors are appointed either by the shareholders at a general meeting of shareholders or by the Board of Directors at any time.

Board of Directors

The Board of Directors of the Bank is comprised of the following individuals:

Name	Age	Title
Mr. ZHANG Zhaoxing	51	Chairman and Non-executive Director
Mrs. LEUNG Ko May Yee Margaret	62	Deputy Chairman, Managing Director and Executive Director
Mr. LAU Wai Man	56	Executive Director and Chief Executive Officer
Mr. Don Tit Shing LIU	52	Executive Director and Deputy Chief Executive Officer
Mr. ZHU Chunxiu.	52	Non-executive Director
Mr. WANG Shuhui	42	Non-executive Director
Mr. LI Feng	46	Non-executive Director
Mr. Alfred Cheuk Yu CHOW.	63	Non-executive Director
Mr. Wanchai CHIRANAKHORN	75	Independent Non-executive Director
Mr. CHENG Yuk Wo	53	Independent Non-executive Director
Mr. Andrew Chiu Cheung MA.	72	Independent Non-executive Director
Mr. LEE Ka Lun	59	Independent Non-executive Director

Mr. Zhang Zhaoxing, *Chairman and Non-executive Director*

Mr. Zhang was appointed the Chairman and a Non-executive Director of the Bank on 14 February 2014. Mr. Zhang is the Chairman and Director of Guangzhou Yue Xiu Holdings Limited and Yue Xiu Enterprises (Holdings) Limited and the Chairman and a Non-executive Director of Yuexiu Financial Holdings Limited. He is also an Executive Director and the Chairman of Yuexiu Property. Mr. Zhang holds an Executive Master of Business Administration degree awarded by Huazhong University of Science and Technology, and possesses the qualification of senior accountant in China. He has extensive experience in the financial management, industrial operation, capital operation and corporate culture development of large enterprises. Prior to joining Yuexiu in 2008, Mr. Zhang was the Director and General Manager of Guangzhou Radio Group Co., Ltd., Chairman and General Manager of Haihua Electronics Enterprise (China) Corporation, Chairman of Guangzhou Guangdian Real Estate Development Co., Ltd. and a Director of GRG Banking Equipment Co., Ltd., a company listed on the Shenzhen Stock Exchange. He was also the Chairman and Executive Director of Yuexiu Transport from 31 July 2008 to 18 March 2014 and General Manager of Yuexiu Property, from 31 July 2008 to 20 March 2014. Mr. Zhang is a deputy of the 12th National People's Congress of the PRC and he is the only deputy from Guangzhou state-owned enterprises.

Mrs. LEUNG Ko May Yee Margaret, SBS, JP Deputy Chairman, Managing Director and Executive Director

Mrs. Leung was appointed the Deputy Chairman, Managing Director and an Executive Director of the Bank on 14 February 2014. Mrs. Leung is a member of the Board of Directors and the Finance Committee of the Hospital Authority; the Steering Committee on Strategic Review on Healthcare Manpower Planning and Professional Development; and the Standing Committee on Disciplined Services Salaries and Conditions of Service and the Chairman of the Police Sub-Committee. She is a council member, acting Treasurer, Chairman of Finance Committee and member of Business School Board of Directors of the University of Hong Kong; a court member of the Hong Kong Baptist University; a member of the Business School Advisory Board of the Hong Kong University of Science and Technology; and a member of the MBA Program Advisory Board of the Chinese University of Hong Kong. Mrs. Leung is a member of the Guangzhou Municipal Committee of the Chinese People's Political Consultative Conference, the Standing Committee of the Henan Provincial Committee of the Chinese People's Political Consultative Conference, and the National Committee of the Chinese People's Political Consultative Conference. Mrs. Leung is the Vice-chairman, an Executive Director and the Chief Executive of YFHL. She is an Independent Non-executive Director of First Pacific Company Limited, Li & Fung Limited, China Construction Bank Corporation, Sun Hung Kai Properties Limited and Hong Kong Exchanges and Clearing Limited (the "HKEx"). She is the Chair of Risk Management Committee, member of Nomination and Compensation Committee and Strategy Committee of China Construction Bank. She is the Chairman of Audit Committee of Li & Fung Limited. She is a member of the Remuneration Committee and Risk Management Committee of the HKEx and a member of Listing Nominating Committee of the HKEx. She is also an Independent Non-executive Director of QBE Insurance Group Limited, which is listed on the Australian Securities Exchange. Mrs. Leung is a steward of the Hong Kong Jockey Club. Mrs. Leung was also the Vice-chairman and the Chief Executive of Hang Seng Bank Limited as well as the Global Co-Head of Commercial Banking of HSBC Group and the Group General Manager of HSBC Holdings plc prior to her retirement from the HSBC Group in June 2012. She was an Independent Non-executive Director of Hutchison Whampoa Limited and Swire Pacific Limited, and a Director of Wells Fargo HSBC Trade Bank, NA. She was the Chairman of the Board of Governors of Hang Seng Management College and Hang Seng School of Commerce; a member of the Advisory Board and the Chairman of the Investment Committee of the Hong Kong Export Credit Insurance Corporation; a member of the Banking Review Tribunal; a member of the Advisory Committee of Securities and Futures Commission; a member of the Independent Commission on Remuneration for Members of the Executive Council and the Legislature, and Officials under the Political Appointment System of the HKSAR; and a Board member and the Chairman of the Executive Committee of the Community Chest of Hong Kong. Mrs. Leung holds a Bachelor's degree in Economics, Accounting and Business Administration from the University of Hong Kong. Mrs. Leung was awarded Silver Bauhinia Star and Justice of the Peace by the HKSAR.

Mr. LAU Wai Man, Executive Director and Chief Executive Officer

Mr. Lau is an Executive Director of the Bank and was appointed its Chief Executive Officer on 7 March 2013. He holds a Bachelor of Law degree and a Master of Business Administration degree. Mr. Lau is a Vice President of the Council of the Hong Kong Institute of Bankers and a member of the Hong Kong Institute of Certified Public Accountants. He was a fellow of the Association of Chartered Certified Accountants and a senior associate of the Australian Institute of Bankers. Mr. Lau joined the Bank as the Chief Auditor in 1988 and became a Director of the Bank in August 2001. He was a Deputy Chief Executive Officer of the Bank from 11 July 2007 to 6 March 2013. Before joining the Bank, he had worked for an international bank and an international accounting firm.

Mr. Don Tit Shing LIU, *Executive Director and Deputy Chief Executive Officer*

Mr. Liu is an Executive Director and Deputy Chief Executive Officer supervising the Corporate and Commercial Banking Division and the Wealth Management Division of the Bank. He graduated from Oxford University and is an associate member of the Institute of Chartered Accountants in England & Wales and a fellow of the Hong Kong Institute of Certified Public Accountants. Mr. Liu joined the Bank in 1992.

Mr. ZHU Chunxiu, *Non-executive Director*

Mr. Zhu was appointed a Non-executive Director of the Bank on 14 February 2014. Mr. Zhu was appointed the Chairman and Executive Director of Yuexiu Transport on 19 March 2014. In addition, Mr. Zhu is the Vice-chairman and General Manager of Guangzhou Yue Xiu Holdings Limited and Yue Xiu Enterprises (Holdings) Limited. He is also a Non-executive Director of Yuexiu Financial Holdings Limited and the Vice-chairman and Executive Director of Yuexiu Property. Prior to joining Yuexiu in 2013, Mr. Zhu was the Vice-chairman and General Manager of Guangzhou Finance Holdings Group Co., Ltd. (formerly known as “Guangzhou International Holding Group Co., Ltd.”). Mr. Zhu was awarded the Degree in Executive Master of Business Administration by Sun Yat-Sen University. Mr. Zhu holds the economist qualification in China and has extensive experience in the operation and management of large financial institutions and banks. He is a deputy of the 14th session of the Guangzhou City People’s Congress.

Mr. WANG Shuhui, *Non-executive Director*

Mr. Wang was appointed a Non-executive Director of the Bank on 14 February 2014. Mr. Wang is a Director and a Deputy General Manager of Guangzhou Yue Xiu Holdings Limited and Yue Xiu Enterprises (Holdings) Limited. He is also a Non-executive Director of Yuexiu Financial Holdings Limited. He is also the General Manager of Strategic Development Department of Guangzhou Yue Xiu, and is mainly responsible for the formulation and dynamic management of the Guangzhou Yue Xiu group’s development strategy and the feasibility study of major investment projects. He is also the Chairman of Guangzhou International Trust & Investment Corp. Mr. Wang was an Executive Director of Yuexiu Transport, from 3 November 2009 to 18 March 2014. Mr. Wang graduated from the School of Finance of the Southwestern University of Finance and Economics and holds a Master degree in Monetary Economics and Banking, and an economist qualification, from Jinan University. Before he joined Yuexiu in May 2006, Mr. Wang had over 13 years of experience in Guangzhou Securities Co., Ltd. in which he held senior management positions (including the Project Manager of the Securities Issuance Consultancy Department, Manager of the Research and Development Department, Director of the Office of the CEO, General Manager of the Human Resource Department and the Assistant to the CEO, Board Secretary, Vice President) in such company. Mr. Wang has solid knowledge and extensive professional experiences in the financial industry and is familiar with the practice in the financial markets of the PRC and the practice of listed company business operation.

Mr. LI Feng, *Non-executive Director*

Mr. Li was appointed a Non-executive Director of the Bank on 14 February 2014. Mr. Li was appointed an Executive Director of Yuexiu Property since 21 March 2014. In addition, Mr. Li is the Assistant to General Manager of, as well as the General Manager of the Capital Department of, Guangzhou Yue Xiu Holdings Limited and Yue Xiu Enterprises (Holdings) Limited, and a Director of Guangzhou City Construction & Development Co., Ltd., mainly responsible for organizing and implementing Guangzhou Yue Xiu Group’s major capital operation plans and coordinating investor relations for Guangzhou Yue Xiu

Group's listed companies. He is also a Non-executive Director of Yuexiu REIT Asset Management Limited (the Manager of Yuexiu REIT) since June 2012. Mr. Li graduated from the Faculty of Naval Architecture and Ocean Engineering of South China University of Technology majoring in Naval Architecture, and obtained a Master of Business Administration degree from Jinan University. He holds the qualification of a Senior Engineer in China. Mr. Li joined Yuexiu in December 2001 and has successively held positions including Assistant Manager of Corporate Management Department, Assistant to General Manager of Supervision and Auditing Department, Deputy General Manager of Capital Department and Deputy General Manager of Yue Xiu International Development Limited. Mr. Li is familiar with business of listed companies and the operations of capital markets. Since 2008, he has participated in all of the major capital operation projects of the Guangzhou Yue Xiu Group. Prior to 2008, Mr. Li also engaged in the listing of Yuexiu REIT, and has extensive practical experience in capital operations.

Mr. Alfred Cheuk Yu CHOW, BBS, JP, Non-executive Director

Mr. Chow has been a member of the Board since February 2003 and was re-designated from Independent Non-executive Director to Non-executive Director of the Bank in September 2004. He graduated from the University of Hong Kong with a Bachelor of Laws degree and a Master of Social Sciences (Public Administration) degree. With 17 years working experience in the civil service and over 30 years as a solicitor, Mr. Chow is presently the senior partner of Kwan & Chow, Solicitors, a law firm in Hong Kong. He is also a China-Appointed Attesting Officer.

Mr. Wanchai CHIRANAKHORN, Independent Non-executive Director

Mr. Chiranakhorn has been an Independent Non-executive Director of the Bank since September 1998. He is the Chairman of Executive Board of Directors of C Wans Assets Co, Ltd. and has more than 25 years of experience as an international banker. Upon graduation from Baptist College, Hong Kong in 1964, he worked in banks in Hong Kong, London, Bangkok and Malaysia. He joined the Bank in 1985 and became a Director in 1987. Prior to his departure in May 1995, Mr. Chiranakhorn served as an Executive Director in charge of the Overseas Business Development Department. He was a Non-executive Director of the Bank from May 1995 to September 1998. Mr. Chiranakhorn has been a member of the Bank's Audit Committee and the chairman of Remuneration Committee since April 2003 and February 2005, respectively.

Mr. CHENG Yuk Wo, Independent Non-executive Director

Mr. Cheng has been an Independent Non-executive Director of the Bank since September 2004. Mr. Cheng, a co-founder of a Hong Kong merchant banking firm, is currently the proprietor of a certified public accountant practice in Hong Kong. Mr. Cheng obtained a Master of Science (Economics) degree in Accounting and Finance from the London School of Economics, England and a Bachelor of Arts degree in Accounting from the University of Kent, England. He is a fellow of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants, and a member of the Institute of Chartered Accountants of Ontario, Canada. Mr. Cheng has more than 20 years of expertise in financial and corporate advisory services in mergers, acquisitions and investments. He had worked at Coopers and Lybrand (now known as PricewaterhouseCoopers) in London and Swiss Bank Corporation (now known as UBS AG) in Toronto, and held senior management positions in a number of Hong Kong listed companies. Mr. Cheng also serves as a Director for certain other listed companies.

Mr. Andrew Chiu Cheung MA, Independent Non-executive Director

Mr. Ma has been an Independent Non-executive Director of the Bank since August 2007. Mr. Ma is a founder and former director of AMA CPA Limited (formerly known as Andrew Ma DFK (CPA) Limited). He is presently the Director of Mayee Management Limited. Mr. Ma has more than 30 years' experience

in the fields of accounting, auditing and finance. He received his Bachelor's degree in economics from The London School of Economics and Political Science (University of London) in England. Mr. Ma is a fellow member of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants, The Hong Kong Institute of Directors, The Taxation Institute of Hong Kong and The Society of Chinese Accountants & Auditors. He is currently also an Independent Non-executive Director of several other listed companies in Hong Kong.

Mr. LEE Ka Lun, *Independent Non-executive Director*

Mr. Lee was appointed an Independent Non-executive Director of the Bank on 14 February 2014. Mr. Lee is an Independent Non-executive Director of Yuexiu Financial Holdings Limited. He has also been an Independent Non-executive Director of Yuexiu Property since April 2000. He is an accountant by profession. Mr. Lee is a Fellow of the Association of Chartered Certified Accountants in UK and has over 20 years of experience in banking and auditing. He has been an Independent Non-executive Director of Chow Sang Sang Holdings International Limited since September 2004 and REXLot Holdings Limited since April 2007.

Organisation

The Bank, in designing its management structure, has appointed a number of independent directors and established various committees to assist the Board of Directors in supervising the Bank. For example, the Audit Committee comprises three Independent Non-executive Directors and two Non-executive Directors and is required, amongst other things, to oversee the relationship with the external auditors, to advise the Board of Directors on the appointment and retention of the external auditors, to review the external auditors' independence and objectivity, to review the half-yearly and annual reports and accounts, to review the external auditors' management letter, to hold meetings with the HKMA, to assess the adequacy and effectiveness of the Bank's systems of internal control, to review the internal audit function, and to review and recommend internal procedures to ensure compliance with regulatory requirements and generally accepted accounting standards. The Remuneration Committee comprises not less than three members, majority of which are Independent Non-executive Directors. The Remuneration Committee reviews and makes recommendations to the Board of Directors on the remuneration policy applicable to Directors and senior management of the Bank, and ensures that the Bank is able to attract, retain, and motivate a high-calibre team of senior executives which is essential to the success of the Bank.

In addition to the Audit Committee and the Remuneration Committee, the Bank has a number of other committees which assist management in the operation of the Bank. These include:

- the Executive Committee, which comprises all the Executive Directors and certain other senior members of the management, who are responsible for steering the Bank's policy and operational decisions on a day-to-day basis and attending to matters that require the review and supervision of the Board of Directors between regular board meetings;
- the Management Committee, which comprises the Managing Director, the Chief Executive Officer and certain other executive directors and division heads, are responsible for managing the day-to-day business and the affairs of the Bank;
- the Risk Management Committee, comprising the Managing Director, the Chief Executive Officer and certain other senior members of the management, which is responsible for formulating operation and management policies, discussing significant daily operational issues, reviewing key business performance and discussing business opportunities arising from changing market and competitive conditions;

- the Executive Loans Committee which comprises all the Executive Directors and certain other senior members of the management who serve to guide and review the operations of, and to delegate proper authorities as it deems appropriate from time to time to, the Loans Committee, as well as approving large and certain specific new loan applications and applications for renewal and amendment of existing loans, having due regard to the Bank's Lending Policy and the relevant laws and regulations;
- the Loans Committee, which is responsible for ensuring that the Bank's Lending Policy is adequate, issuing guidelines from time to time to guide lending activities of the Bank, directing the Credit Control Department to monitor loans portfolio quality and taking timely corrective actions such as implementing debt-restructuring schemes and maintaining adequate provisions for loan losses, meeting regularly to evaluate loan applications and make credit decisions, monitoring of compliance with statutory lending limits, assessing and approving new loan products and attending to instructions of the Executive Loans Committee;
- the Asset and Liability Management Committee, which comprises senior staff members representing major businesses of the Bank and is responsible for facilitating the oversight of the Board of Directors in the management of the assets and liabilities of the Bank from the perspective of containing the pertinent liquidity, interest rate, foreign exchange and other market risks, as well as assessing the impact of the current economic and business climate on the Bank's balance sheet, formulating the corresponding strategies and plans and evaluating non-credit related products;
- the Risk Management Committee, which comprises not less than three members, majority of which are Non-executive Directors, are responsible for risk management, compliance issues and operations of the Bank and is responsible for facilitating the oversight of the Board of Directors concerning risk management and compliance issues of the Bank. It discharges its responsibilities by identifying and analysing major risk management and compliance issues, and by approving and overseeing the implementation of the risk management and compliance policies and procedures. It is also responsible for coordinating and monitoring the implementation of the recommendations made by the regulators;
- the Risk Management and Compliance Committee, which comprises senior staff members, is responsible for risk management, compliance issues and operations of the Bank;
- the Nomination Committee, which comprises of not less than three members including the Chairman of the Board and majority of which are Independent Non-executive Directors, is responsible for reviewing the structure, size and composition of the Boards of the Bank and Chong Hing Finance Limited;
- the Anti-Money Laundering Committee, which comprises the Chief Executive Officer, the Chief Risk Officer, the Chief Operating Officer, the Money Laundering Reporting Officer and senior staff members representing major businesses of the Bank, is responsible for ensuring that the Bank's anti-money laundering and counter-financing of terrorism systems are capable of addressing the money laundering / terrorist financing risks identified; and

- the Information Technology Committee, which comprises senior staff members in charge of the Information Technology Division and formulates the information technology strategic plan and policy in concurrence with the development of banking business, reviews and approves annual budget proposals of information technology services, appraises the viability and worthiness of Information Technology projects to be undertaken and recommends priorities and funding for projects, promotes and facilitates uniformity in the development of information systems and exchanges of data through use of standards, and facilitates the use of information technology in ways that minimise fraud, enhance security and protect privacy.

MATERIAL RELATED PARTY TRANSACTIONS

The Bank has, from time to time, entered into a number of transactions with its related parties, including its associates, substantial shareholders, and directors and their family members and companies controlled or significantly influenced by them. The transactions include, among others, lending, accepting deposits from and extending credit facilities to them, participating in loan syndicates, providing cheque clearing services, stockbroking and nominee services, remittances and foreign exchange services to them, accepting property consultancy and property management services from them, and leasing office premises from them. Such transactions have included transactions with the members of the Liu family or companies controlled or significantly influenced by them, including but not limited to Liu Chong Hing Investment Limited.

The Bank conducts all transactions with its related parties on an arm's length basis and believes that such transactions have been generally as favourable to it as similar transactions with unrelated third parties would have been. The Bank has four directors who are independent directors in accordance with the criteria set out in the Listing Rules and maintains internal policies and procedures to prevent possible conflicts of interest. As a matter of internal policy, the relevant related party as well as all other parties interested in any proposed related party transaction are not allowed to participate in the decision-making process relating to such transaction. The Bank is also subject to, and must comply with, the Listing Rules which govern "connected transactions" (as defined in the Listing Rules) as well as the requirements of the HKMA. As at the date of this Offering Circular, the Bank has been and is in full compliance with all HKMA requirements, including but not limited to Sections 81 and 83 of the Hong Kong Banking Ordinance, and all requirements and regulations of the HKSE and all other relevant regulatory bodies.

The HKSE has issued two waiver letters first dated 17 June 1994 and the other dated 28 November 1997 to the Bank, which state that the Bank will not be required to comply with certain requirements set out in Chapter 14 of the Listing Rules in respect of certain banking transactions between the Bank and Liu Chong Hing Investment Limited, The Bank of Tokyo-Mitsubishi UFJ, Ltd and the COSCO Group (each a substantial shareholder of the Bank) and their respective subsidiaries, subject to, among others, the condition that an auditor's letter, stating that such transactions have been approved by the Bank's Board of Directors and that they have been entered into based on normal commercial terms, must be submitted by the Bank to the HKSE on an annual basis.

In addition, with respect to loan transactions, the Hong Kong Banking Ordinance stipulates, among others, that exposure to any one person or group of companies must be limited to 25.0% of the Bank's capital base and that no unsecured loans above the amount of HK\$1 million may be provided to a related party (being an individual).

A summary of significant transactions entered into by the Bank with its related parties for the years ended 31 December 2012 and 2013 and the six months ended 30 June 2014 is set out below.

In accordance with an agreement for sale and purchase agreement dated 25 October 2013 between the Bank and Liu Chong Hing Investment Limited, (i) the Bank sold to Liu Chong Hing Investment Limited Chong Hing Bank Centre at No. 24 Des Voeux Road, Central, Hong Kong for a consideration of HK\$2,230 million and (ii) Liu Chong Hing Investment Limited agreed to lease to the Bank the floors between the ground floor to 19th floor (both inclusive) and the 26th floor for a monthly rent of HK\$5,660,000 for a term of five years. The Bank has an option to renew the lease for a further term of five years.

On 23 June 2014, the Bank entered into a tenancy agreement with Guangzhou Yue Xiu City Construction International Finance Centre for the lease of property for a term of three years with effect from 1 July 2014. Guangzhou Yue Xiu City Construction International Finance Centre is an associate of Yue Xiu Enterprise (Holdings) Limited, which indirectly holds 75% of the issued share capital of the Bank. The Bank also entered into a property management agreement with Guangzhou Yue Xiu City Construction Jones Lang LaSalle Property Services Co., Ltd. (the “**Property Manager**”) on 23 June 2014 for the provision of management services in relation to the property. The Property Manager is both an indirect subsidiary and an associate of Yue Xiu Enterprise (Holdings) Limited.

PRINCIPAL SHAREHOLDERS AND DIRECTORS' INTERESTS

Interests of Substantial Shareholders and Other Persons

As at 30 June 2014, the following interests and short positions of Substantial Shareholders and Other Persons of the Bank in the shares and underlying shares of the Bank were recorded in the Register required to be kept by the Bank under section 336 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “SFO”):

Name of Shareholder	Number of shares held	Percentage of shares
Yuexiu Financial Holdings Limited	326,250,000	75
Yue Xiu Enterprises (Holdings) Limited.	326,250,000	75
Guangzhou Yue Xiu Holdings Limited ¹	326,250,000	75

Note:

- (1) Yuexiu Financial is wholly-owned by Yue Xiu Enterprises (Holdings) Limited, which is wholly-owned by Guangzhou Yue Xiu Holdings Limited.

Interests of Directors (Including the Chief Executive Officer) in the Securities of the Bank and Associated Corporations

As at 30 June 2014, the following interests and short positions of the Directors (including the Chief Executive Officer) of the Bank in the shares and underlying shares of the Bank and its associated corporations were recorded in the Register required to be kept under section 352 of the SFO:

Name of Associated Corporation			
Yuexiu Property Company Limited			
Name of Director	Personal interests	Corporate interests	Total interests
Mr. LI Feng	130,000	–	130,000
Mr. LEE Ka Lun	4,200,000	–	4,200,000

Save as disclosed above, no other interest or short positions in the shares or underlying shares of the Bank or any of its associated corporations were recorded in the Register.

REGULATION AND SUPERVISION

The banking sector in Hong Kong is regulated by and subject to the provisions of the Banking Ordinance and to the powers and functions ascribed by the Banking Ordinance to the HKMA. The Banking Ordinance provides that only authorised institutions (that is, banks which have been granted a banking licence (“**licence**”) by the HKMA may carry on banking business (as defined in the Banking Ordinance) in Hong Kong and contains controls and restrictions on such banks (“**authorised institutions**”).

Supervision of Authorised Institutions in Hong Kong

The provisions of the Banking Ordinance are implemented by the HKMA, the principal function of which is to promote the general stability and effectiveness of the banking system, especially in the area of supervising compliance with the provisions of the Banking Ordinance. The HKMA supervises authorised institutions through, *inter alia*, a regular information gathering process, the main features of which are as follows:

- (1) each authorised institution must submit a monthly return to the HKMA setting out the assets and liabilities of its operations in Hong Kong and a further comprehensive quarterly return relating to its principal place of business in Hong Kong and all local branches, although the HKMA has the right to allow returns to be made at less frequent intervals;
- (2) the HKMA may order an authorised institution, any of its subsidiaries, its holding company or any subsidiaries of its holding company to provide such further information (either specifically or periodically) as it may reasonably require for the exercise of its functions under the Banking Ordinance or as it may consider necessary to be submitted in the interests of the depositors or potential depositors of the authorised institution concerned. Such information shall be submitted within such period and in such manner as the HKMA may require. The HKMA may in certain circumstances also require such information or any return submitted to it to be accompanied by a certificate of the authorised institution’s auditors (approved by the HKMA for the purpose of preparing the report) confirming compliance with Banking Ordinance and certain matters;
- (3) authorised institutions may be required to provide information to the HKMA regarding companies in which they have an aggregate 20% or more direct or indirect shareholding or with which they have common directors or managers (as defined in the Banking Ordinance), the same controller, a common name or a concert party arrangement to promote the authorised institution’s business;
- (4) in addition, authorised institutions are obliged to report to the HKMA immediately of their likelihood of becoming unable to meet their obligations or of the commencement of material civil proceedings applicable only to authorised institutions incorporated in Hong Kong;
- (5) the HKMA may direct an authorised institution to appoint an auditor to report to the HKMA on the state of affairs and/or profit and loss of the authorised institution or the adequacy of the systems of control of the authorised institution or other matters as the HKMA may reasonably require;
- (6) the HKMA may, at any time, with or without prior notice, examine the books, accounts and transactions of any authorised institution, and in the case of an authorised institution incorporated in Hong Kong, any local branch, overseas branch, overseas representative office or subsidiary, whether local or overseas, of such institution; such inspections are carried out by the HKMA on a regular basis; and

- (7) authorised institutions are required to give written notice to the HKMA immediately of any proposal to remove an auditor before the expiration of his term of office or replace an auditor at the expiration of his term of office.

Exercise of Powers over Authorised Institution

The HKMA may, after consultation with the Financial Secretary, exercise certain powers over the conduct of authorised institutions in any of the following circumstances:

- (1) when an authorised institution informs the HKMA that it is likely to become unable to meet its obligations, that it is insolvent, or that it is about to suspend payment;
- (2) when an authorised institution becomes unable to meet its obligations or suspends payment;
- (3) if after an examination or investigation, the HKMA is of the opinion that an authorised institution:
 - (i) is carrying on its business in a manner detrimental to the interests of its depositors or potential depositors or of its creditors or of holders or potential holders of multi-purpose cards issued by it or the issue of which is facilitated by it;
 - (ii) is insolvent or is likely to become unable to meet its obligations or is about to suspend payment;
 - (iii) has contravened or failed to comply with any of the provisions of the Hong Kong Banking Ordinance; or
 - (iv) has contravened or failed to comply with any condition attached to its licence or certain conditions in the Banking Ordinance; and
- (4) where the Financial Secretary advises the HKMA that he considers it in the public interest to do so.

In any of the circumstances described above, the HKMA, after consultation with the Financial Secretary, may exercise any of the following powers:

- (1) to require the authorised institution, by notice in writing served on it, forthwith to take any action or to do any act or thing whatsoever in relation to its business and property as the HKMA may consider necessary;
- (2) to direct the authorised institution to seek advice on the management of its affairs, business and property from an adviser approved by the HKMA;
- (3) to assume control of and carry on the business of the authorised institution, or direct some other person to assume control of and carry on the business of the authorised institution; or
- (4) to report to the Chief Executive in Council in certain circumstances (in which case the Chief Executive in Council may exercise a number of powers including directing the Financial Secretary to present a petition to the Court of First Instance for the winding-up of the authorised institution).

Revocation and Suspension of Banking Licence

The HKMA also has powers to recommend the revocation or suspension of a licence. Both powers are exercisable after consultation with the Financial Secretary and with a right of appeal of the authorised institution concerned except in the event of temporary suspension in urgent cases. The grounds for suspension or revocation include the following:

- (1) the authorised institution no longer fulfils the criteria for authorisation and the requirements for registration;
- (2) the authorised institution is likely to be unable to meet its obligations or to suspend payment or proposes to make, or has made, any arrangement with its creditors or is insolvent;
- (3) the authorised institution has failed to provide material information required under the Hong Kong Banking Ordinance or has provided false information;
- (4) the authorised institution has breached a condition attached to its licence;
- (5) a person has become or continues to be a controller or chief executive or director of the authorised institution after the HKMA has made an objection;
- (6) the interests of the depositors require that the licence be revoked; or
- (7) the authorised institution is engaging in practices likely to prejudice Hong Kong as an international financial centre or in practices (specified in the HKMA guidelines) which should not be engaged in.

Revocation or suspension of a licence means that the authorised institution can no longer conduct banking business (for the specified period in the case of a suspension).

Principal Obligations of Authorised Institution

The obligations of an authorised institution under the Hong Kong Banking Ordinance, which are enforced by the HKMA through the system described above, include, but are not limited to, the following:

Capital Adequacy

An authorised institution incorporated in Hong Kong must at all times maintain a total capital adequacy ratio of at least 8.0%, calculated as the ratio (expressed as a percentage) of its capital base to its risk-weighted amounts as more fully described below. In relation to an authorised institution with subsidiaries, the HKMA may require the ratio to be calculated on a consolidated basis, or on both a consolidated and an unconsolidated basis, or on a consolidated basis only in respect of such subsidiaries of the authorised institution as may be specified by the HKMA. The HKMA may, after consultation with the authorised institution concerned, increase the ratio for any particular authorised institution. An authorised institution is under a duty to inform the HKMA immediately of a failure to maintain the required capital adequacy ratio and to provide the HKMA with such particulars as it may require. It is an indictable offence not to do so, and the HKMA is entitled to prescribe remedial action.

The capital base of an authorised institution is, broadly speaking but not limited to, all its paid-up capital and reserves, its profit and loss account including its current year's profit or loss, together with perpetual and term subordinated debt meeting prescribed conditions, general provisions against doubtful debts subject to certain limitations and a portion of its latent reserves arising from the revaluation of long-term holdings of specified equity securities or its reserves on the revaluation of real property.

The risk-weighted exposure is determined by:

- (1) multiplying risk-weight factors to the book value of various categories of assets (including but not limited to notes and coins, Hong Kong government certificates of indebtedness and cash items in the course of collection);
- (2) multiplying the credit conversion factors to various off-balance sheet items (including but not limited to direct credit substitutes, transaction-related contingencies, repurchase contracts, note issuance facilities and exchange rate contracts) to determine their credit equivalent amount;
- (3) aggregating the amounts determined pursuant to (1) and (2); and
- (4) subtracting from the amount determined pursuant to (3) the value of general provisions not included in the capital base of the authorised institution.

The capital adequacy standards described above are commonly known as Basel II, and there are four approaches under Basel II to calculate credit risks, namely the basic approach, the standardised approach, foundation internal rating based approach and the advanced internal ratings based approach. Authorised institutions in Hong Kong under Basel II can choose either one out of the four approaches, with the foundation internal rating based approach and advanced internal rating based approach requiring approval from the HKMA.

In December 2010 and January 2011, the Basel Committee issued further capital requirements designed to raise the quality, consistency and transparency of banks' capital base and new global liquidity standards. These requirements are collectively known as Basel III. Among other things, Basel III will increase the minimum capital adequacy ratio requirements in relation to risk-weighted amounts, with the common equity requirement rising from 2% to 4.5% and the Tier 1 capital requirements rising from 4% to 6%. The total minimum capital requirement remains unchanged at 8% (excluding buffers). The Basel Committee expects its member jurisdictions to begin the implementation of Basel III from 1 January 2013, with full implementation by 1 January 2019. The HKMA has taken steps to implement Basel III in Hong Kong in accordance with the timetable of the Basel Committee and to effect the first phase of Basel III implementation starting January 2013.

The Banking Ordinance (Chapter 155 of the laws of Hong Kong) was amended in 2012 to facilitate the implementation of the Basel III capital and disclosure requirements in Hong Kong. More specifically, the amendments made to the Banking Ordinance empowered the HKMA to:

- (a) prescribe capital requirements for authorised institutions incorporated in Hong Kong for authorised institutions incorporated in Hong Kong or elsewhere; and
- (b) issue and approve codes of practice for the purpose of providing guidance in respect of the requirements.

The Banking (Capital) (Amendment) Rules 2012 came into effect on 1 January 2013, with the requirements being phased in over six years to achieve full implementation by 1 January 2019. These include:

- the imposition of three minimum risk-weighted capital ratios, namely CET1 capital ratio, Tier 1 capital ratio and total capital adequacy ratio, with gradual phasing in of the minimum capital requirements over three years commencing 1 January 2013;

- the introduction of two capital buffers, namely the capital conservation buffers and countercyclical capital buffer, to be phased in sequentially from 1 January 2016 to 1 January 2019;
- the introduction of capital requirement for counterparty risk effect from 1 January 2013; and
- capital instruments issued on or after 1 January 2013 must meet all of the Basel III criteria to qualify as regulatory capital. Capital instruments prior to this date that no longer qualify for inclusion in capital base will be phased out during the 10-year period commencing 1 January 2013.

With effect from 30 June 2013, the Banking (Disclosure) Rules have been amended to implement Basel III capital and disclosure standards. The HKMA is currently conducting further consultation on implementing the Basel III liquidity standards.

Liquidity

Authorised institutions must maintain at all times a liquidity ratio of not less than 25% in each calendar month, calculated as the ratio (expressed as a percentage) of the sum of the net weighted amount of its liquefiable assets to the sum of its qualifying liabilities for each working day of the calendar month concerned as calculated in accordance with the Fourth Schedule to the Banking Ordinance. In relation to an authorised institution with subsidiaries, the HKMA may require that ratio to be calculated on a consolidated basis, or both on a consolidated basis and an unconsolidated basis, or on a consolidated basis only in respect of such subsidiaries of the authorised institution as may be specified by the HKMA. An authorised institution has a duty to inform the HKMA if the ratio requirement is not fulfilled and provide it with such particulars of that contravention as it may require, and it is an indictable offence not to do so; the HKMA is entitled to prescribe remedial action. For the purpose of the liquidity ratio, in the case of an authorised institution which has places of business in Hong Kong and elsewhere, its places of business in Hong Kong are collectively treated as a separate authorised institution to which the liquidity ratio provisions would apply.

Liquefiable assets are, broadly speaking, assets held in the form of currency notes and coins, gold, loans due within one month from other banks (after deducting amounts payable to other banks within one month), certain export bills payable within one month, certain kinds of marketable debt securities or prescribed instruments (in some cases subject to a discount) and certain types of loan repayments due on fixed dates within one month on performing loans (subject to a discount).

Qualifying liabilities are, broadly speaking, liabilities which will or could or, in the case of contingent liabilities, in the opinion of the HKMA, may, fall due within one month, except that liabilities to other banks are treated on a net basis.

Financial Exposure to Any One Customer

The financial exposure of an authorised institution incorporated in Hong Kong to any one person or group of connected persons must not (subject to certain exceptions) exceed 25.0% of the capital base of the authorised institution. Subject to certain exclusions, the authorised institution's financial exposure to any one person or group of connected persons is taken to be the aggregate of:

- (1) all advances, loans and credit facilities granted to that person or group;
- (2) the value of the authorised institution's holdings of shares, debentures and other debt securities issued by that person or group; and

- (3) the principal amount, multiplied by a factor to be specified by the HKMA, for off-balance sheet items resulting from transactions between the authorised institution and that person or group.

For these purposes, persons shall be treated as connected if one company is the subsidiary of another, they have a common holding company, they have a common controller (not being a company) or if one (not being a company) is a controller of another (being a company).

The calculation of financial exposure does not include financial exposure to the Hong Kong government or authorised institutions or financial exposure generally to the extent it is secured by a cash deposit, a guarantee, an undertaking, certain specified securities or a letter of comfort accepted by the HKMA.

If a person or a company to whom an authorised institution is financially exposed is a trustee of more than one trust, the HKMA may, by notice in writing, extend the limit of the authorised institution's financial exposure to that person or company.

Other Restrictions on Lending

The Banking Ordinance also provides that:

- (1) authorised institutions may not grant any loan, advance or credit facility (including letters of credit) or give any guarantee or incur any other liability against the security of their own shares (or, except with the approval of the HKMA, that of their respective holding companies, subsidiaries or fellow subsidiaries of such holding companies);
- (2) the amount of the facilities which a Hong Kong incorporated authorised institution may make available on an unsecured basis to its controllers, its directors, their relatives or certain of its employees and persons associated with any of them shall be subject to the restrictions set out therein; and
- (3) authorised institutions may not, except with the written consent of the HKMA, provide to any one of their employees any unsecured facility of an amount in excess of that employee's salary for one year.

Restrictions on Investments in Land

A licensed bank incorporated in Hong Kong cannot purchase or hold any interest in land, whether situated in or outside of Hong Kong, of a value or to an aggregate value in excess of 25.0% of its capital base. There are exceptions for land held which in the opinion of the HKMA is necessary for the operation of the business or for providing housing or amenities for staff.

Shareholding in Other Companies

An authorised institution incorporated in Hong Kong may not acquire or hold any part of the share capital of any other company or companies to an aggregate value which exceeds 25.0% of the authorised institution's capital base except for shares held by way of security for facilities and by virtue of acquisitions in satisfaction of debts due to it (which must, however, be disposed of at the earliest suitable opportunity and not later than 18 months after their acquisition unless the HKMA agrees to a longer period). Shares held by virtue of underwriting and sub-underwriting commitments are, nevertheless, permitted provided the relevant shares are disposed of within seven working days or such longer period as the HKMA may agree.

There are other exemptions for any holding of share capital approved by the HKMA in other banks and companies carrying on nominee, executor, trustee or other functions related to banking business, the business of deposit taking, insurance, investments or other financial services.

Other Restrictions on Investment

The aggregate of the outstanding amounts of all facilities granted to or on behalf of an authorised institution's controllers, directors, their relatives, certain of its employees and their associates; the value of all holdings of share capital in other companies; and the value of all holdings of interests in land (including land purchased or held which is necessary for the conduct of business or the provision of housing or amenities for the staff of the institution) must not exceed 80.0% of its capital base.

Charges

An authorised institution incorporated in Hong Kong is not permitted to create any charges over its assets if either the aggregate value of all charges existing over its total assets is 5.0% or more of the value of those total assets or creating that charge would cause the aggregate value of all charges over its total assets to be more than 5.0% of the value of those total assets.

Restrictions on Overseas Activities

An authorised institution which is incorporated in Hong Kong is subject to a condition that it shall not establish or maintain any overseas branch or overseas representative office without the approval of the HKMA. The HKMA is empowered by the Banking Ordinance to require financial and other information regarding any such overseas branch to be supplied to it.

Further, an authorised institution incorporated in Hong Kong or its Hong Kong incorporated holding company may not without the consent of the HKMA own a company incorporated outside of Hong Kong which may (whether or not in or outside of Hong Kong) lawfully take deposits from the public. The HKMA may at any time attach in respect of any such approved overseas companies any conditions as the HKMA may think proper.

Shareholders, Chief Executives and Directors

Limitations on Shareholders

The HKMA has the power to object, on certain specified grounds, to persons becoming or being "controllers" of authorised institutions incorporated in Hong Kong. "**Controller**" in this context means:

- (1) a person who, either alone or with any associate(s), is entitled to exercise, or control the exercise of, 10.0% or more, but not more than 50.0%, of the voting power at any general meeting of the authorised institution or of another company of which it is a subsidiary; or
- (2) a person who, either alone or with any associate(s), is entitled to exercise, or control the exercise of, more than 50.0% of the voting power at any general meeting of the authorised institution or of another company of which it is a subsidiary; or
- (3) a person in accordance with whose directions or instructions the directors of the authorised institution or of another company of which it is a subsidiary are accustomed to act (but does not include any professional advisors or managers appointed by the HKMA to manage the authorised institution).

A person may not become a controller of an authorised institution incorporated in Hong Kong unless he has served a written notice on the HKMA of his proposal to that effect and the HKMA consents to his becoming such a controller or does not object within three months.

Within the three-month period, the HKMA may object to the applicant's proposal, unless it is satisfied that the applicant is a fit and proper person to become a controller; that depositors' or potential depositors' interests will not be threatened by that person being such a controller; and having regard to the applicant's likely influence on that institution as a controller, the authorised institution is likely to continue to conduct its business prudently or that the applicant is likely to undertake adequate remedial action to ensure that the authorised institution will conduct its business prudently. The HKMA may also object to the continuation of a person as a controller on similar grounds as in respect of new controllers.

Where a person becomes a controller (by virtue of being able to exercise or control the exercise of certain voting power in a licensed bank) after a notice of objection has been served on him or otherwise in the contravention of the procedure prescribed by the Banking Ordinance, the HKMA may notify the controller that until further notice any specified shares are subject to one or more of the following restrictions:

- (1) any transfer of the shares or, in the case of unissued shares, any transfer of the right to be issued with them, and any issue of such shares, shall be void;
- (2) voting rights in respect of those shares shall not be exercisable;
- (3) no further shares in right or pursuant to any offer made to the shareholder shall be issued; or
- (4) except in a liquidation, no payments of any sums due from the authorised institution on the shares shall be paid.

In addition, the HKMA may apply to court for an order that the shares be sold. Once the shares are sold, the proceeds (less the costs of sale) shall be paid into court and held for the benefit of the persons beneficially interested in them.

In the case of an indirect controller who does not have the approval of the HKMA, the person concerned is prohibited from giving directions or instructions to the directors of the authorised institution or of another company of which it is a subsidiary.

Limitations on Persons Becoming Chief Executives or Directors

All authorised institutions must have a chief executive ordinarily resident in Hong Kong. A person requires the written consent of the HKMA before becoming a chief executive and alternative chief executive.

The consent of the HKMA is also required for a person to become a director of a Hong Kong incorporated authorised institution.

Supervision of Securities Business

The SFO, which came into operation in April 2003, introduced a substantial change to the conduct of securities business by banks. Banks are no longer exempted from the relevant regulations when they engage in securities business. Instead they are required to apply for registration with the SFC, which means they will have to meet the Fit and Proper Criteria set by the SFC. Likewise, staff engaged by banks in securities business will have to meet the Fit and Proper Criteria applicable to staff of brokerage firms. It is a statutory condition of registration for banks that each member of staff engaged by them in securities business is a fit and proper person. Banks will also have to comply with the various regulatory requirements set by the SFC in relation to their securities business, including the subsidiary legislation and the business conduct codes. Under the SFO, banks and their securities staff will be subject to the same range of disciplinary actions that are applicable to brokers and their staff in case they are guilty of misconduct or otherwise not fit and proper.

With the introduction of a new licensing regime under the SFO, corresponding changes have been made to the Hong Kong Banking Ordinance by way of the introduction of the Banking (Amendment) Ordinance 2002. Such ordinance came into operation simultaneously with the SFO and has enabled the HKMA to enhance their regulatory functions in relation to the securities businesses of banks and other authorised institutions that are registered under the SFO.

TERMS AND CONDITIONS OF THE CAPITAL SECURITIES

The following is the text of the Terms and Conditions of the Capital Securities which (subject to modification and excluding paragraphs in italics) will be endorsed on each definitive certificate evidencing the Capital Securities (if issued).

The U.S.\$300,000,000 6.50 per cent. undated non-cumulative subordinated additional Tier 1 capital securities (each, a “**Capital Security**” and, together, the “**Capital Securities**”) of Chong Hing Bank Limited are constituted by, and have the benefit of, a trust deed (the “**Trust Deed**”) dated 25 September 2014 between the Issuer and DB Trustees (Hong Kong) Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Holders (as defined below). The issue of the Capital Securities was authorised pursuant to resolutions of the Directors of the Issuer passed on 10 July 2014. The statements in these terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed. Copies of (i) the Trust Deed and (ii) the agency agreement (the “**Agency Agreement**”) dated 25 September 2014 made among the Issuer, Deutsche Bank AG, Hong Kong Branch as principal paying agent and agent bank (the “**Principal Paying Agent**”, which expression shall include any successor thereto), Deutsche Bank Luxembourg S.A. as registrar (the “**Registrar**”, which expression shall include any successor thereto), Deutsche Bank AG, Hong Kong Branch as transfer agent (the “**Transfer Agent**”, which expression shall include any successors thereto), the paying agents named therein (together with the Principal Paying Agent, the “**Paying Agents**”, which expression shall include any successor thereto) and the Trustee are available for inspection with prior written notification during normal business hours by the Holders at the registered office of the Trustee, being at the date hereof at Level 52, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong and at the specified office of each of the Paying Agents and Transfer Agent set out in the Agency Agreement. The Holders are entitled to the benefit of, and are bound by, all the provisions of the Trust Deed and are deemed to have notice of all the provisions of the Agency Agreement applicable to them.

1. Form and Denomination

The Capital Securities are issued in registered form in the denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (each, a “**principal amount**” of a Capital Security). The principal amount of a Capital Security is subject to adjustment following the occurrence of a Non-Viability Event (as defined in Condition 4.3 (*Distribution – Non-Viability Loss Absorption*)) in accordance with and references in the Conditions to the principal amount of a Capital Security shall mean the principal amount of a Capital Security as so adjusted.

2. Status and Subordination of the Capital Securities

(a) Status of the Capital Securities

The Capital Securities constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The rights and claims of the Holders are subordinated in the manner described below.

(b) Subordination

Subject to the insolvency laws of Hong Kong and other applicable laws, in the event of a Winding-Up (as defined below) of the Issuer (other than pursuant to a Permitted Reorganisation (as defined below)), the rights of the Holders to payment of principal and Distributions on the Capital

Securities and any other obligations in respect of the Capital Securities shall rank (x) subordinate and junior in right of payment to, and of all claims of (i) all unsubordinated creditors of the Issuer (including its depositors), (ii) creditors in respect of Tier 2 Capital Securities of the Issuer, and (iii) all other Subordinated Creditors of the Issuer whose claims are stated to rank senior to the Capital Securities or rank senior to the Capital Securities by operation of law or contract; (y) *pari passu* in right of payment to and of all claims of the holders of Parity Obligations; and (z) senior in right of payment to and of all claims of the holders of Junior Obligations in the manner provided in the Trust Deed.

In the event of a Winding-Up that requires the Holders or the Trustee to provide evidence of their claim to principal or Distribution under the Capital Securities, such claims of the Holders will only be satisfied after all senior ranking obligations of the Issuer have been satisfied in whole. No amount may be claimed in respect of any Distribution that has been cancelled pursuant to a Mandatory Distribution Cancellation Event or an Optional Distribution Cancellation Event.

For the purposes of these Conditions:

“Capital Regulations” means capital regulations from time to time applicable to the regulatory capital of Authorised Institutions incorporated in Hong Kong as published by the Monetary Authority;

“Junior Obligation” means the Shares, and any other class of the Issuer’s share capital and any instrument or other obligation (including without limitation any preference share) issued or guaranteed by the Issuer that ranks or is expressed to rank junior to the Capital Securities by operation of law or contract;

“Monetary Authority” means the Monetary Authority appointed under section 5A of the Exchange Fund Ordinance (Cap 66 of the Laws of Hong Kong) or any successor thereto or such other authority having primary bank supervisory authority with respect to the Issuer;

“Parity Obligation” means any instrument or other obligation issued, entered into, or guaranteed by the Issuer that constitutes or qualifies as Additional Tier 1 Capital (or its equivalent) under applicable Capital Regulations or that ranks or is expressed to rank *pari passu* with the Capital Securities by operation of law or contract which, for the avoidance of doubt, excludes any Junior Obligation of the Issuer;

“Permitted Reorganisation” means a solvent reconstruction, amalgamation, reorganisation, merger or consolidation whereby all or substantially all the business, undertaking or assets of the Issuer are transferred to a successor entity which assumes all the obligations of the Issuer under the Capital Securities;

“Shares” means the ordinary share capital of the Issuer;

“Subordinated Creditors” means all creditors the indebtedness of which is subordinated, in the event of the Winding-Up of the Issuer, in right of payment to the claims of depositors and other unsubordinated creditors of the Issuer other than those whose claims rank or is expressed to rank by operation of law or contract *pari passu* with, or junior to, the claims of the Holders of the Capital Securities. For this purpose indebtedness shall include all liabilities, whether actual or contingent;

“Tier 2 Capital Securities” means instruments categorised as Tier 2 capital pursuant to the Capital Regulations that rank or are expressed to rank senior to the Capital Securities by operation of law or contract; and

“Winding-Up” means a final and effective order or resolution for the liquidation, winding-up or similar proceedings in respect of the Issuer.

(c) Set-off

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, counter-claim or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Capital Securities and each Holder shall, by virtue of being the Holder of any Capital Security be deemed to have waived all such rights of such set-off, counter-claim or retention.

In the event that any Holder nevertheless receives (whether by set-off or otherwise) directly in a Winding-Up Proceeding in respect of the Issuer any payment by, or distribution of assets of, the Issuer of any kind or character, whether in cash, property or securities, in respect of any amount owing to it by the Issuer arising under or in connection with the Capital Securities, other than in accordance with this Condition 2, such Holder shall, subject to applicable law, immediately pay an amount equal to the amount of such payment or discharge to the liquidator for the time being in the winding up of the Issuer for distribution and each Holder, by virtue of becoming a Holder of any Capital Security, shall be deemed to have so agreed and undertaken with and to the Issuer and all depositors and other unsubordinated creditors of the Issuer for good consideration.

3. Registration, Title and Transfer

3.1 Registration

The Registrar will maintain a register (the “**Register**”) in respect of the Capital Securities outside of the United Kingdom in accordance with the provisions of the Agency Agreement. In these Conditions, the “**Holder**” of a Capital Security means the person in whose name such Capital Security is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof). A certificate (each, a “**Certificate**”) will be issued to each Holder in respect of its registered holding. Each Certificate will be numbered serially with an identifying number which will be recorded in the Register.

*Upon issue, the Capital Securities will be represented by a Global Certificate (“**Euroclear**”) deposited with a nominee of a common depositary for Euroclear Bank SA/NV and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”). The Conditions are modified by certain provisions contained in the Global Certificate.*

3.2 Title

The Holder of each Capital Security shall (except as otherwise required by law) be treated as the absolute owner of such Capital Security for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Certificate) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of the Capital Securities or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999 but this shall not affect any right or remedy which exists or is available apart from such Act.

3.3 Transfers

Subject to Condition 3.6 (*Closed periods*) and Condition 3.7 (*Regulations concerning transfers and registration*) below, a Capital Security may be transferred upon surrender of the relevant Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed the form

of transfer; *provided, however, that* a Capital Security may not be transferred unless the principal amount of Capital Securities transferred and (where not all of the Capital Securities held by a Holder are being transferred) the principal amount of the balance of Capital Securities not transferred are (subject in each case to adjustment following the occurrence of a Non-Viability Event) a principal amount. Where not all the Capital Securities represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Capital Securities will be issued to the transferor.

3.4 Registration and delivery of Certificates

Within seven business days of the surrender of a Certificate in accordance with Condition 3.3 (*Transfers*), the Registrar will register the transfer in question and deliver a new Certificate of a like principal amount to the Capital Securities transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder.

In this Condition 3 “**business day**” means a day, excluding a Saturday and a Sunday, on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

3.5 Formalities free of charge

The transfer of a Capital Security will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but against such indemnity as the Issuer, the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

3.6 Closed periods

No Holder may require the transfer of a Capital Security to be registered (i) during the period of 15 days prior to (and including) the due date of any payment of principal or Distributions in respect of the Capital Securities or (ii) during the period commencing on the date of a Non-Viability Event Notice (as defined in Condition 4.3 (*Distribution – Non-Viability Loss Absorption*) below) and ending on (and including) the close of business in Hong Kong on the effective date of the related Write-off.

3.7 Regulations concerning transfers and registration

All transfers of Capital Securities and entries on the Register are subject to the detailed regulations concerning the transfer of Capital Securities scheduled to the Agency Agreement. The parties to the Agency Agreement may agree, without the consent of the Holders, to any modifications to any provisions thereof (including the regulations concerning the transfer of Capital Securities). A copy of the current regulations will be mailed (free of charge) by the Registrar to any Holder who requests in writing a copy of such regulations.

4. Distribution

4.1 Distribution Payments

(a) Non-Cumulative Distribution

Subject to Condition 4.2 (*Distribution – Distribution Restrictions*) below, the Capital Securities confer a right to receive distributions (each a “**Distribution**”) on their principal amount (subject to adjustments following the occurrence of a Non-Viability Event in accordance with Condition 4.3 (*Distribution – Non-Viability Loss Absorption*) from, and including, the Issue Date at the applicable Distribution Rate, payable semi-annually in arrear on 25 March and 25 September in each year (each a “**Distribution Payment Date**”).

Distributions will not be cumulative and Distributions which are not paid in accordance with these Conditions will not accumulate or compound and Holders will have no right to receive such Distributions at any time, even if subsequent Distributions are paid in the future, or be entitled to any claim in respect thereof against the Issuer. Unless otherwise provided in these Conditions, each Capital Security will cease to confer the right to receive any Distribution from the due date for redemption unless, upon surrender of the Certificate representing such Capital Security, payment of principal is improperly withheld or refused. In such event Distribution shall continue to accrue at such rate (both before and after judgment) until whichever is the earlier of (a) the date on which all amounts due in respect of such Capital Security have been paid; and (b) five days after the date on which the full amount of moneys payable in respect of such Capital Security has been received by the Principal Paying Agent and notice to that effect has been given to the Holders in accordance with Condition 12 (*Notices*).

No Holder shall have any claim in respect of any Distribution or part thereof cancelled and/or not due or payable pursuant to this Condition 4.1 and Condition 4.2 (*Distribution – Distribution Restrictions*)) below. Accordingly, such Distribution shall not accumulate for the benefit of the Holders or entitle the Holders to any claim in respect thereof against the Issuer.

(b) Distribution Rate

The rate of distribution (the “**Distribution Rate**”) applicable to the Capital Securities shall be:

- (i) in respect of the period from, and including, the Issue Date to, but excluding, 25 September 2019 (the “**First Call Date**”), 6.50 per cent. per annum;
- (ii) in respect of the period from, and including, the First Call Date and each Distribution Reset Date thereafter to, but excluding, the immediately following Distribution Reset Date, the Reset Distribution Rate.

For the purposes of these Conditions:

“**Calculation Agent**” means the Principal Paying Agent and shall include any successor as calculation agent.

“**Calculation Business Day**” means any day, excluding a Saturday and a Sunday, on which banks are open for general business (including dealings in foreign currencies) in New York City and Hong Kong.

“Calculation Date” means, in relation to a Reset Interest Period, the Calculation Business Day immediately preceding the Distribution Reset Date on which such Reset Interest Period commences.

“Comparable Treasury Issue” means the U.S. Treasury security selected by the Calculation Agent as having a maturity of five years that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a maturity of five years.

“Comparable Treasury Price” means, with respect to any Calculation Date, the average of three Reference Treasury Dealer Quotations for such Calculation Date.

“Directors” means the directors of the Issuer.

“Distribution Determination Date” means the day falling two business days prior to a Distribution Payment Date.

“Distributable Reserves” means the amounts for the time being available to the Issuer for distribution as a distribution in compliance with section 297 of the Companies Ordinance (Cap. 622) of Hong Kong, as amended or modified from time to time, as at the date of the Issuer’s audited balance sheet last preceding the relevant Distribution Payment Date, and subject to the Monetary Authority’s then current capital conservation requirements as applicable to the Issuer on the relevant Distribution Payment Date (the **“Available Amount”**); *provided that* if the Issuer reasonably determines that the Available Amount as at any Distribution Determination Date is lower than the Available Amount as at the date of the Issuer’s audited balance sheet last preceding the relevant Distribution Payment Date and is insufficient to pay the Distributions and any payments due on Parity Obligations on the relevant Distribution Payment Date, then on certification by two Directors and the Auditors of such revised amount, the Distributable Reserves shall for the purposes of Distributions mean the Available Amount as set forth in such certificate.

As at the date hereof, pursuant to section 297(1) of the Companies Ordinance (Cap. 622), the Issuer may only make a distribution out of profits available for distribution. For the purposes of section 297 of the Companies Ordinance (Cap. 622), the Issuer’s profits available for distribution are its accumulated, realised profits, so far as not previously utilised by distribution or capitalisation, less its accumulated, realised losses, so far as not previously written off in a reduction or reorganisation of capital.

“Distribution Reset Date” means the First Call Date and each anniversary falling five years thereafter.

“Reference Treasury Dealer” means each of the three nationally recognised investment banking firms that are primary U.S. Government securities dealers which shall be selected by the Calculation Agent and shall be appointed by the Issuer.

“Reference Treasury Dealer Quotations” means with respect to each Reference Treasury Dealer and any Calculation Date, the average, as determined by the Calculation Agent, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Calculation Agent by such Reference Treasury Dealer at 6:30 p.m. New York City time on the second Calculation Business Day preceding such Calculation Date.

“Reset Distribution Rate” means, in relation to a Reset Interest Period, a fixed rate per annum (expressed as a percentage) equal to the aggregate of (a) the then-prevailing U.S. Treasury Rate (as determined as set out below) and (b) the Spread.

“Reset Interest Period” means the period from, and including, a Distribution Reset Date to, but excluding, the immediately following Distribution Reset Date.

“Spread” means 4.628 per cent. per annum.

“U.S. Treasury Rate” means the rate in percentage per annum notified by the Calculation Agent to the Issuer and the Holders equal to the yield on U.S. Treasury securities having a maturity of five years as is displayed on Bloomberg page **“PX1”** (or any successor page or service displaying yields on U.S. Treasury securities as agreed between the Issuer and the Calculation Agent) at 6:00 p.m. (New York time) on the second Calculation Business Day preceding the relevant Calculation Date. If such page (or any successor page or service) does not display the relevant yield at 6:00 p.m. (New York time) on the second Calculation Business Day preceding the relevant Calculation Date, **“U.S. Treasury Rate”** shall mean the rate in percentage per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the Calculation Date.

(c) Calculation of Distribution and Relevant Reset Distribution Rate

The Calculation Agent will calculate the amount of Distribution in respect of any period by applying the applicable Distribution Rate to the Calculation Amount. If Distribution is required to be paid in respect of a Capital Security on any date other than the Distribution Payment Date, it shall be calculated by applying the applicable Distribution Rate to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the principal amount of such Capital Security divided by the Calculation Amount, where:

“Calculation Amount” means U.S.\$1,000;

“Calculation Period” means the relevant period for which Distribution is to be calculated from (and including) the first day in such period to (but excluding) the last day in such period; and

“Day Count Fraction” means, in respect of any period, the number of days in the relevant period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and **D₁** is greater than 29, in which case **D₂** will be 30”.

The Calculation Agent will, on the Calculation Date prior to each Distribution Reset Date, calculate the applicable Reset Distribution Rate payable in respect of each Capital Security. The Calculation Agent will cause the Distribution and applicable Reset Distribution Rate determined by it to be promptly notified to the Principal Paying Agent. Notice thereof shall also promptly be given by the Calculation Agent to the Issuer, the Trustee and the Registrar.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4.1 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Principal Paying Agent and the Holders and (subject as aforesaid) no liability to any such person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(d) Publication of Relevant Reset Distribution Rate

The Issuer shall cause notice of the then applicable Reset Distribution Rate to be notified to the Holders as soon as practicable in accordance with Condition 12 (*Notices*) after determination thereof.

(e) Determination or Calculation by Successor Calculation Agent

If the Calculation Agent does not at any time for any reason so determine the applicable Reset Distribution Rate, the Issuer shall as soon as practicable appoint a reputable financial institution of good standing as a successor calculation agent to do so and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the successor calculation agent shall apply the foregoing provisions of this Condition 4.1, with any necessary consequential amendments, to the extent that, in the opinion of the successor calculation agent, it can do so and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

4.2 Distribution Restrictions

(a) Optional Distribution Cancellation Event

Unless a Distribution has already been cancelled in full pursuant to a Mandatory Distribution Cancellation Event, prior to any Distribution Payment Date the Issuer may, at its sole discretion, elect to cancel any payment of Distributions, in whole or in part, by the giving of a notice to the Trustee signed by two Directors of the Issuer, which shall be conclusive and binding on the Holders (such notice, a “**Distribution Cancellation Notice**”) of such election to the Holders in accordance with Condition 12 (*Notices*), the Trustee and the Agents at least 10 business days prior to the relevant Distribution Payment Date. The Issuer shall have no obligation to pay any Distribution on any Distribution Payment Date if it validly elects not to do so in accordance with this Condition 4.2 and any failure to pay such Distribution shall not constitute an Event of Default. Distributions are non-cumulative and any Distribution that is cancelled shall therefore not be payable at any time thereafter, whether in a Winding-Up or otherwise.

(b) Mandatory Distribution Cancellation Event

Notwithstanding that a Distribution Cancellation Notice may not have been given, the Issuer shall not be obliged to pay, and shall not pay, any Distribution on the applicable Distribution Payment Date, in whole or in part, as applicable, if and to the extent that:

- (i) the Distribution scheduled to be paid together with any dividends, distributions or other payments scheduled to be paid or made during the Issuer's then current fiscal year on any Parity Obligations or any instruments which rank or are expressed to rank *pari passu* with any Parity Obligations shall exceed Distributable Reserves as at such Distribution Determination Date; or
- (ii) the Monetary Authority directs the Issuer to cancel such Distribution (in whole or in part) or applicable Hong Kong banking regulations or other requirements of the Monetary Authority prevent the payment in full of dividends or other distributions when due on Parity Obligations (a "**Mandatory Distribution Cancellation Event**").

The Issuer shall have no obligation to pay a Distribution on any Distribution Payment Date if such non-payment is in accordance with this Condition 4.2(b) and any failure to pay such Distribution shall not constitute an Event of Default. Distributions are non-cumulative and therefore any Distribution which is cancelled in accordance with these Conditions shall not be payable at any time thereafter whether in a Winding-Up or otherwise.

(c) Distributable Reserves

Any Distribution may only be paid out of Distributable Reserves.

(d) Dividend Stopper

If, on any Distribution Payment Date, payment of Distribution scheduled to be paid is not made in full by reason of this Condition 4.2, the Issuer shall not:

- (i) declare or pay in cash any distribution or dividend or make any other payment in cash on, and will procure that no distribution or dividend in cash or other payment in cash is made on, any Shares; or
- (ii) purchase, cancel or otherwise acquire any Shares or permit any of its subsidiaries to do so,

in each case, unless or until the earlier of: (A) the Distribution scheduled to be paid on any subsequent Distribution Payment Date (which, for the avoidance of doubt, shall exclude any Distribution that has been cancelled in accordance with these Conditions prior to and in respect of a Distribution Payment Date preceding such subsequent Distribution Payment Date) has been paid in full to Holders, or (B) the redemption or purchase and cancellation of the Capital Securities in full, or reduction of the principal amount of the Capital Securities in accordance with these Conditions to zero, or (C) the Issuer is permitted to do so by an Extraordinary Resolution (as defined in the Trust Deed) of the Holders.

(e) No default

Notwithstanding any other provision in these Conditions, the cancellation or non-payment of any Distribution in accordance with this Condition 4.2 shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 9.1 (*Events of Default and Enforcement – Events of Default and Winding-up Proceedings*)) on the part of the Issuer.

4.3 Non-Viability Loss Absorption

If a Non-Viability Event occurs and is continuing, the Issuer shall, upon the provision of a Non-Viability Event Notice, irrevocably (without the need for the consent of the Holders of the Capital Securities) reduce the then principal amount of, and cancel any accrued but unpaid Distribution in respect of, each Capital Security (in each case in whole or in part) by an amount equal to the Non-Viability Event Write-off Amount per Capital Security (such reduction and cancellation, and the reduction and cancellation or conversion of any other Subordinated Capital Securities so reduced and cancelled or converted upon the occurrence of a Non-Viability Event, where applicable, being referred to herein as the “**Write-off**”, and “**Written-off**” shall be construed accordingly).

Concurrently with the giving of the notice of a Non-Viability Event, the Issuer shall procure, unless otherwise directed by the Monetary Authority (i) that a similar notice be given in respect of other Subordinated Capital Securities in accordance with their terms and (ii) that concurrently and ratably with the Write-off of the Capital Securities, the aggregate principal amount of such other Subordinated Capital Securities is subject to a Write-off on a *pro-rata* basis with the Capital Securities.

For the avoidance of doubt, any Write-off pursuant to this provision will not constitute an Event of Default under the Capital Securities.

Any Series of Capital Securities may be subject to one or more Write-offs in part (as the case may be), except where such Series of Capital Securities has been Written-off in its entirety. Any references in the Conditions to principal in respect of the Capital Securities shall thereafter refer to the principal amount of the Capital Securities reduced by any applicable Write-off(s).

Once the principal amount of, and any accrued but unpaid Distribution under, the Capital Securities has been Written-off, the relevant amount(s) Written-off will not be restored in any circumstances including where the relevant Non-Viability Event ceases to continue. No Holder may exercise, claim or plead any right to any amount that has been Written-off, and each Holder shall, by virtue of his holding of any Capital Securities, be deemed to have waived all such rights to such amount that has been Written-off.

For the purposes of this Condition 4.3:

“**Non-Viability Event**” means the earlier of:

- (a) the Monetary Authority notifying the Issuer in writing that the Monetary Authority is of the opinion that a Write-off or conversion is necessary, without which the Issuer would become non-viable; and
- (b) the Monetary Authority notifying the Issuer in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable.

“Non-Viability Event Notice” means the notice which shall be given by the Issuer not more than two Hong Kong Business Days after the occurrence of a Non-Viability Event, to the Holders of the Capital Securities, the Trustee and the Paying Agents, in accordance with the Conditions and which shall state:

- (a) in reasonable detail, the nature of the relevant Non Viability Event; and
- (b) the Non-Viability Event Write-off Amount for (i) each Capital Security and (ii) each other Subordinated Capital Security in accordance with its terms.

“Non-Viability Event Write-off Amount” means the amount of interest and/or principal to be Written-off as the Monetary Authority may direct or, in the absence of such a direction, as the Issuer shall (in consultation with the Monetary Authority) determine to be necessary to satisfy the Monetary Authority that the Non-Viability Event will cease to continue. For the avoidance of doubt, (i) the full amount of the Capital Securities will be Written-off in full in the event that the amount Written-off is not sufficient for the Non-Viability Event to cease to continue and (ii) in the case of an event falling within paragraph (b) of the definition of Non-Viability Event, the Write-off will be effected in full before any public sector injection of capital or equivalent support. Further, the Non-Viability Event Write-off Amount in respect of each Capital Security will be calculated based on a percentage of the principal amount of that Capital Security.

“Subordinated Capital Security” means any Parity Obligation which contains provisions relating to a write-down or conversion into ordinary shares in respect of its principal amount on the occurrence, or as a result, of a Non-Viability Event and in respect of which the conditions (if any) to the operation of such provisions are (or with the giving of any certificate or notice which is capable of being given by the Issuer, would be) satisfied.

5. Payments

5.1 Payment

Payment of principal and Distribution will be made by wire transfer in immediately available funds to the registered account of the Holders. Payments of principal and distribution due on redemption or otherwise than on a Distribution Payment Date will only be made against surrender (or in the case of part payments only, endorsement) of the relevant Certificate at the Specified Office of any Paying Agent. Distribution on Securities due on a Distribution Payment Date will be paid on the due date for payment thereof to the Holder shown on the Register at the close of business on not later than the fifteenth day before the relevant Distribution Payment Date without the need for surrender or presentation of the relevant Certificate.

For the purposes of this Condition, a Holder’s registered account means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollars, details of which appear on the Register at the close of business, in the case of payments of principal and payments of distribution due on redemption or otherwise than on a Distribution Payment Date, on the second Business Day before the due date for payment and, in the case of distribution due on a Distribution Payment Date, on the relevant record date, and a Holder’s registered address means its address appearing on the Register at that time.

Payments in U.S. dollars will be made by credit or transfer to an account in U.S. dollar maintained by the payee with, or at the option of the payee, by a cheque in U.S. dollar drawn on, a bank in the New York City.

5.2 Payment on Business Days

Where payment is to be made by transfer to a U.S. dollar account, payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated and, where payment is to be made by U.S. dollar cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Capital Security shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a business day or (B) a cheque mailed in accordance with this Condition 6 arriving after the due date for payment or being lost in the mail. In this paragraph, “**business day**” means any day on which banks are open for general business (including dealings in foreign currencies) in New York City and Hong Kong and, in the case of surrender (or, in the case of part payment only, endorsement) of a Certificate, in the place in which the Certificate is surrendered (or, as the case may be, endorsed).

5.3 Partial Payments

If a Paying Agent makes a partial payment in respect of any Capital Security, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Certificate.

5.4 Payments Subject to Fiscal and Other Laws

Payments will be subject in all cases, to (i) any fiscal or other laws and regulations applicable thereto, but without prejudice to the provisions of Condition 9, in the place of payment, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto.

5.5 Record Date

Each payment in respect of a Capital Security will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar’s Specified Office on the fifteenth day before the due date for such payment (the “**Record Date**”). Where payment in respect of a Capital Security is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

*Whilst the Capital Securities are evidenced by the Global Certificate, each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business (of the relevant clearing system) on the Clearing System Business Day before the due date for such payment, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive except 25 December and 1 January).*

6. Redemption and Purchase

6.1 No Fixed Redemption Date

The Capital Securities are perpetual securities in respect of which there is no fixed redemption date. The Capital Securities may not be redeemed at the option of the Issuer other than in accordance with this Condition.

6.2 Redemption for tax reasons

Subject to Condition 6.6 (*Redemption and Purchase – Conditions for Redemption and Purchase in respect of the Capital Securities*), the Capital Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent and, in accordance with Condition 12 (*Notices*), the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption), if the Issuer satisfies the Trustee immediately before the giving of such notice that (a) on the occasion of the next payment due under the Capital Securities, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Hong Kong or any political subdivision or any authority thereof or therein, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date and (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it (a “**Withholding Tax Event**”); *provided that* no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts or give effect to such treatment, as the case may be, were a payment in respect of the Capital Securities then due.

Prior to giving any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee (i) a certificate signed by two Directors of the Issuer stating that the requirement referred to in (a) above will apply on the next Distribution Payment Date and cannot be avoided by the Issuer taking reasonable measures available to it and (ii) a copy of the written consent of the Monetary Authority as referred to in Condition 6.6 (*Redemption and Purchase – Conditions for Redemption and Purchase in respect of the Capital Securities*); and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Holders.

Capital Securities redeemed pursuant to this Condition 6.2 will be redeemed at their outstanding principal amount together (if appropriate) with Distributions accrued to (but excluding) the date of redemption, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 4.3 (*Distribution – Non-Viability Loss Absorption*).

6.3 Redemption for tax deduction reasons

Subject to Condition 6.6 (*Redemption and Purchase – Conditions for Redemption and Purchase in respect of the Capital Securities*), the Capital Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and the Registrar, and, in accordance with Condition 12 (*Notices*), the Holders (which notice shall be irrevocable, subject to Condition 4.3 (*Distribution – Non-Viability Loss Absorption*), and shall specify the date fixed for redemption), following the occurrence of a Tax Deduction Event.

For the purposes of this Condition 6.3, a “**Tax Deduction Event**” occurs if the Issuer satisfies the Trustee immediately before the giving of such notice that:

- (a) in respect of the Distributions payable on the Capital Securities, the Issuer is no longer, or will no longer be, entitled to claim a deduction in respect of computing its taxation liabilities in Hong Kong or any political subdivision or any authority thereof or therein having power to tax as a result of any change in, or amendment to, the laws or regulations of Hong Kong or any political subdivision or any authority thereof or therein or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective subsequent to any official ruling (a “**Tax Ruling**”) issued after the Issue Date by the relevant tax authorities in Hong Kong determining that Distributions are tax deductible; and
- (b) such non tax deductibility cannot be avoided by the Issuer taking reasonable measures available to it, *provided that*: (i) the Conditions for Redemption set out in Condition 6.6 (*Redemption and Purchase – Conditions for Redemption and Purchase in respect of the Capital Securities*) have been satisfied and (ii) no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would cease to be able to claim a tax deduction in respect of the Distribution payable on the Capital Securities as provided in paragraph (a) above as a result of any change in, or amendment to, the laws or regulations of Hong Kong or any political subdivision or any authority thereof or therein or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective subsequent to a Tax Ruling issued after the Issue Date by the relevant tax authorities in Hong Kong determining that Distributions are tax deductible.

Prior to the publication of any notice of redemption pursuant to this Condition 6.3, the Issuer shall deliver to the Trustee (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that: (1) the conditions precedent to the right of the Issuer so to redeem have occurred, and (2) such non tax deductibility cannot be avoided by the Issuer taking reasonable measures available to it and (ii) a copy of the written consent of the Monetary Authority as referred to in Condition 6.6 (*Redemption and Purchase – Conditions for Redemption and Purchase in respect of the Capital Securities*) and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Holders.

Capital Securities redeemed pursuant to this Condition 6.3 will be redeemed at their outstanding principal amount together (if appropriate) with Distributions accrued to (but excluding) the date of redemption, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 4.3 (*Distribution – Non-Viability Loss Absorption*).

At the Issue Date, there has been no official ruling from the tax authorities in Hong Kong determining that Distributions are tax deductible and no approach to the tax authorities in Hong Kong has been made by the Issuer. Redemption for tax deduction reasons may only be exercised if, following such official ruling or notification to the Issuer determining that Distributions are tax deductible, subsequently Distributions become no longer tax deductible as a result of any change in, or amendment to, the laws or regulations of Hong Kong or any political subdivision or any authority thereof or therein or any change in the applicable or official interpretation of such laws or regulations.

6.4 Redemption of the Capital Securities for regulatory reasons

Subject to Condition 6.6 (*Redemption and Purchase – Conditions for Redemption and Purchase in respect of the Capital Securities*), the Capital Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent and, in accordance with Condition 12 (*Notices*), the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption) following the occurrence of a Capital Event.

For the purposes of this Condition 6.4, a “**Capital Event**” occurs if the Issuer satisfies the Trustee immediately before the giving of the notice of redemption referred in this Condition 6.4 that (a) the Capital Securities, after having qualified as such, will no longer qualify (in whole or in part) as Additional Tier 1 Capital (or equivalent) of the Issuer and/or (b) the Capital Securities cease to be included in the calculation of the Issuer's capital adequacy ratio, as a result of a change or amendment in (or any change in the application or official interpretation of) the relevant provisions of the Banking Ordinance (Cap. 155) of Hong Kong, Banking (Capital) Rules (Cap. 155L), or any successor legislation, or any statutory guidelines issued by the Monetary Authority in relation thereto *provided, however, that* no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which it is determined that a Capital Event has occurred.

Prior to giving any notice of redemption pursuant to this Condition 6.4, the Issuer shall deliver to the Trustee (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to redeem have occurred and (ii) a copy of the written consent of the Monetary Authority; and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Holders.

Capital Securities redeemed pursuant to this Condition 6.4 will be redeemed at their outstanding principal amount together (if appropriate) with Distributions accrued to (but excluding) the date of redemption, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 6.6 (*Redemption and Purchase – Conditions for Redemption and Purchase in respect of the Capital Securities*).

6.5 Redemption at the option of the Issuer (Issuer Call)

The Issuer may, having given:

- (a) not less than 15 nor more than 45 days' notice to the Holders in accordance with Condition 12 (*Notices*); and
- (b) not less than 15 days before the giving of the notice referred to in (a) above, notice to the Trustee and the Principal Paying Agent and the Registrar;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all but not some only of the Capital Securities then outstanding on the First Call Date or any Distribution Payment Date thereafter, at the their outstanding principal amount together (if appropriate) with Distributions accrued to (but excluding) the date of redemption, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 6.6 (*Redemption and Purchase – Conditions for Redemption and Purchase in respect of the Capital Securities*).

For the avoidance of doubt, the Issuer does not give any undertaking that it will redeem the Capital Securities at any time.

6.6 Conditions for Redemption and Purchase in respect of the Capital Securities

Notwithstanding any other provision in these Conditions, the Issuer shall not redeem any of the Capital Securities (other than pursuant to Condition 9.1 (*Events of Default and Enforcement – Events of Default and Winding-up Proceedings*)) and neither the Issuer nor any Restricted Person shall purchase any of the Capital Securities unless the prior written consent of the Monetary Authority thereto shall have been obtained, *provided however, that* if from time to time the consent of the Monetary Authority is not a requirement of any such Capital Securities to constitute Additional Tier 1 Capital (or equivalent) of the Issuer for the purposes of, and as defined in, the Banking Ordinance (Cap. 155) of Hong Kong, or any successor legislation, then the condition to the redemption or purchase and cancellation of the relevant Capital Securities set out in this Condition 6.6 shall not apply for so long as such consent is not required.

For the avoidance of doubt, this provision shall not apply to the Issuer or any Restricted Person holding the Capital Securities in a purely nominee capacity.

For the purposes of these Conditions, “**Restricted Person**” means any affiliate of the Issuer over which the Issuer exercises control or significant influence (excluding any holding company of the Issuer).

7. Taxation

All payments of principal and Distributions in respect of the Capital Securities by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”) imposed or levied by or on behalf of Hong Kong or any political subdivision or any authority thereof or therein having power to tax, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Capital Securities after such withholding or deduction shall equal the respective amounts of principal and Distribution which would otherwise have been receivable in respect of the Capital Securities in the absence of the withholding or deduction; except that no such additional amounts shall be payable with respect to any Capital Security:

- (a) to on behalf of, a holder who is liable to the Taxes in respect of such Capital Security by reason of his having some connection with Hong Kong other than the mere holding of such Capital Security; or
- (b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any other law implementing or complying with, or introduced in order to conform to, such Directive; or
- (c) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Capital Security to another Paying Agent in a Member State of the European Union; or
- (d) in respect of which the Certificate representing it is presented for payment more than 30 days after the Relevant Date except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a business day.

As used in these Conditions, “**Relevant Date**” means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Principal Paying Agent, the Trustee or the Registrar on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect is duly given to the Holders by the Issuer in accordance with Condition 12 (*Notices*).

8. Prescription

Claims against the Issuer for payment in respect of the Capital Securities will become void unless made within a period of 10 years (in the case of principal) and five years (in the case of Distribution) after the Relevant Date (as defined in Condition 7 (*Taxation*)) therefor.

9. Events of Default and Enforcement

9.1 *Events of Default and Winding-up Proceedings*

If default is made in the payment of any amount of principal or Distributions in respect of the Capital Securities on the due date for payment thereof and such failure continues for a period of seven days in the case of principal or 14 days in the case of Distribution (each, an “**Event of Default**”) then in order to enforce the obligations of the Issuer, the Trustee at its sole discretion may and, if so requested in writing by holders of at least 25 per cent. in principal amount of the outstanding Capital Securities or if so directed by an Extraordinary Resolution (as defined in the Trust Deed), shall (subject to the Trustee having been indemnified and/or provided with security and/or put in funds to its satisfaction) institute a Winding-Up Proceeding against the Issuer. For the avoidance of doubt, no Distribution will be due and payable if such Distribution has been cancelled or is deemed cancelled (in each case, in whole or in part) in accordance with these Conditions. Accordingly, no default in payment under the Capital Securities will have occurred or be deemed to have occurred for the non-payment of any Distribution that has been so cancelled or deemed cancelled.

If an order is made or an effective resolution is passed for the Winding-Up of the Issuer (whether or not an Event of Default has occurred and is continuing) then the Trustee at its sole discretion may and, if so requested in writing by holders of at least 25 per cent. in principal amount of the outstanding Capital Securities or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or provided with security and/or put in funds to its satisfaction) give written notice to the Issuer declaring the Capital Securities to be immediately due and payable, whereupon they shall become immediately due and payable at their outstanding principal amount together (if appropriate) with Distributions accrued to (but excluding) the date of actual payment, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 6.6 (*Redemption and Purchase – Conditions for Redemption and Purchase in respect of the Capital Securities*), without further action or formality.

In these Conditions:

“**Winding-Up Proceedings**” shall mean, with respect to the Issuer, proceedings in Hong Kong in respect of the Issuer for the liquidation, winding-up or other similar proceeding of the Issuer.

9.2 *Enforcement*

- (a) Without prejudice to Condition 9.1 (*Events of Default and Enforcement – Events of Default and Winding-up Proceedings*), the Trustee may at any time and if the Issuer fails to perform, observe or comply with any obligation, condition or provision relating to the Capital Securities binding on it under these Conditions or the Trust Deed (other than any obligation of the Issuer for the payment of any principal or Distributions in respect of the Capital Securities), subject as provided below, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce such obligation, condition or provision *provided that* the Issuer shall not as a consequence of such proceedings be obliged to pay any sum or sums representing or measured by reference to principal or Distributions in respect of the Capital Securities sooner than the same would otherwise have been payable by it.

- (b) The Trustee shall not be bound to take action as referred to in Conditions 9.1 (*Events of Default and Enforcement – Events of Default and Winding-up Proceedings*) and 9.2(a) or any other action under these Conditions or the Trust Deed unless (i) it shall have been so requested in writing by Holders holding at least 25 per cent. in principal amount of the Capital Securities then outstanding or if so directed by an Extraordinary Resolution of the Holders and (ii) it shall have been indemnified and/or secured and/or put in funds to its satisfaction. No Holder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing.
- (c) Subject to applicable laws, no remedy (including the exercise of any right of set-off or analogous event) other than those provided for in Condition 9.1 (*Events of Default and Enforcement – Events of Default and Winding-up Proceedings*) and Conditions 9.2(a) and (b) above or submitting a claim in the Winding-Up of the Issuer will be available to the Trustee or the Holders.
- (d) No Holder shall be entitled either to institute proceedings for the Winding-Up of the Issuer or to submit a claim in such Winding-Up, except that if the Trustee, having become bound to institute such proceedings as aforesaid, fails to do so, or, being able and bound to submit a claim in such Winding-Up, fails to do so, in each case within a reasonable period and such failure is continuing, then any such Holder may, on giving an indemnity satisfactory to the Trustee, in the name of the Trustee (but not otherwise), himself institute Winding-Up Proceedings and/or submit a claim in the Winding-Up of the Issuer to the same extent (but not further or otherwise) that the Trustee would have been entitled to do.

10. Replacement of Capital Securities

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the costs and expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

11. Principal Paying Agent, Registrar, Paying and Transfer Agents

The names of the initial Principal Paying Agent, the other initial Paying Agents, the initial Registrar and the other initial Transfer Agents are their initial specified offices are set out in the Agency Agreement.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying Agent, Registrar or Transfer Agent and/or appoint additional or other Paying Agents, Registrars or Transfer Agents and/or approve any change in the specified office through any of the same acts, *provided that*:

- (a) there will at all times be a Principal Paying Agent and a Registrar;
- (b) so long as the Capital Securities are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Registrar and Transfer Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and

there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to any law implementing the European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to

conform to, such Directive. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Holders in accordance with Condition 12 (*Notices*).

In acting under the Agency Agreement, the Principal Paying Agent, the Paying Agents, the Registrar or the Transfer Agent act solely as agents of the Issuer and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency with, any Holders or any third parties. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

12. Notices

Notices to the Holders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

So long as the Capital Securities are represented by a Global Certificate and such Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system, notices to the Holders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Certificate.

13. Meetings of Holders, Modifications and Consolidations

13.1 Meetings of Holders

The Trust Deed contains provisions for convening meetings of Holders to consider matters relating to the Capital Securities, including the modification of any provision of these Conditions or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer or by the Trustee, and shall be convened by the Trustee upon the request in writing of Holders holding not less than 10 per cent. of the aggregate principal amount of the outstanding Capital Securities. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. of the aggregate principal amount of the outstanding Capital Securities or, at any adjourned meeting, two or more persons being or representing a Holder or Holders whatever the principal amount of the Capital Securities held or represented; provided, however, that certain proposals (including any proposal to change any date for payment of Distribution in respect of the Capital Securities, to reduce the amount of principal or Distribution payable on any date in respect of the Capital Securities, to alter the method of calculating the amount of any payment in respect of the Capital Securities or the date for any such payment, to change the currency of payments under the Capital Securities, to amend the subordination or loss absorption provisions in the Trust Deed, or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a “**Reserved Matter**”)) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Holders at which two or more persons holding or representing not less than $66\frac{2}{3}$ per cent. or, at any adjourned meeting, twenty-five per cent. of the aggregate principal amount of the outstanding Capital Securities shall form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Holders, whether present or not.

In addition, a resolution in writing signed by or on behalf of Holders of not less than 90 per cent. of the aggregate principal amount of Capital Securities for the time being outstanding and who are entitled to receive notice of a meeting of the Holders of the Capital Securities pursuant to the Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

13.2 Modifications and Waivers

The Trustee may, without the consent of the Holders, agree to any modification of these Conditions or the Trust Deed (other than in respect of a Reserved Matter) which in the opinion of the Trustee will not be materially prejudicial to the interests of Holders and to any modification of the Capital Securities or the Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may, without the consent of the Holders, authorise or waive any proposed breach or breach of the Capital Securities or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Holders will not be materially prejudiced thereby.

Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified by the Issuer to the Holders (in accordance with Condition 12 (*Notices*)) as soon as practicable thereafter.

13.3 Consolidation, Merger and Sale of Assets

The Issuer shall not consolidate with or merge into any other company or entity, and the Issuer may not, directly or indirectly, sell, convey, transfer or lease all or substantially all of its properties and assets to any company or other entity unless:

- (a) the company or other entity formed by or surviving such consolidation or merger or the person, company or other entity which acquires by conveyance or transfer, or which leases, all or substantially all of the properties and assets of the Issuer shall expressly assume by way of supplemental trust deed the due and punctual payment of the principal of, and Distribution on, the Capital Securities and the performance of the Capital Securities, the Trust Deed and the Agency Agreement on the part of the Issuer to be performed or observed;
- (b) immediately after giving effect to such transaction, no Event of Default with respect to the Capital Securities, and no event, which after notice or lapse of time, or both, would become an Event of Default with respect to the Capital Securities, shall have happened and be continuing;
- (c) the Issuer has delivered to the Trustee (in form and substance satisfactory to the Trustee) (i) a certificate signed by two Directors of the Issuer and (ii) an opinion of independent legal advisers of recognised standing (acceptable to the Trustee) stating that such consolidation, merger, conveyance, transfer or lease and any such supplemental trust deed comply with this Condition 13.3(c) and that all conditions precedent relating to such transaction have been complied with; and
- (d) immediately after giving effect to such consolidation, amalgamation or merger of the Issuer, no internationally recognised rating agency has in respect of the Capital Securities, issued any notice downgrading its credit rating for such Capital Securities or indicating that it intends to downgrade its credit rating for such Capital Securities, in each case as a result of such consolidation, amalgamation or merger.

13.4 Exercise of Trustee's Powers etc.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Holders as a class (but shall not have regard to any interests arising from circumstances particular to individual Holders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Holders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Holder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Holders except to the extent already provided for in Condition 7 (*Taxation*) and/or any undertaking or covenant given in addition to, or in substitution for, Condition 7 (*Taxation*) pursuant to the Trust Deed.

14. The Trustee and the Trust Deed

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking any steps, actions or proceedings unless indemnified and/or provided with secured and/or put in funds to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer without accounting for any profit resulting therefrom.

The Trustee shall be entitled to rely without liability to Holders on any certificate signed by any Director or authorised signatory of the Issuer and delivered to it under the Trust Deed and accompanied by an opinion of an independent internationally recognised law firm, whether or not it is addressed to the Trustee. Such certificate or opinion shall, in the absence of manifest error, be conclusive and binding on both parties, and the Trustee shall not be responsible for any loss occasioned by acting or not acting on any such certificate or opinion. The Trustee shall be obliged to accept and be entitled to rely on any certificate or opinion where the Issuer procures the delivery of the same pursuant to its obligations to do so under the Conditions and/or the Trust Deed and such certificate or opinion shall be binding on the Issuer and the Holders in the absence of manifest or proven error.

The Issuer has given certain other undertakings in the Trust Deed for the protection of the Holders.

15. Governing Law and Submission to Jurisdiction

15.1 Governing law

The Capital Securities and the Trust Deed and any non-contractual obligations arising out of or in connection with the Capital Securities and the Trust Deed are governed by, and shall be construed in accordance with, English law, except that the subordination provisions applicable to the Issuer set out in each of Condition 2 (*Status and Subordination of the Capital Securities*), Condition 4.3 (*Non-Viability Loss Absorption*) and clause 7.2 (*Ranking of claims in respect of the Securities*) of the Trust Deed shall be governed by, and construed in accordance with, the laws of Hong Kong.

15.2 Jurisdiction

The courts of England are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Capital Securities or the Trust Deed (including a dispute relating to any non-contractual obligations arising out of or in connection with the Capital Securities or the Trust Deed) and accordingly any legal action or proceedings arising out of or in connection with the Capital Securities (“**Proceedings**”) may be brought in such courts. Pursuant to the Trust Deed, the Issuer has irrevocably submitted to the jurisdiction of such courts. This submission is made for the benefit of each Holder and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

15.3 Agent for service of process

The Issuer has irrevocably appointed Law Debenture Corporate Services Limited at its registered office located at fifth floor, 100 Wood Street, London EC2V 7EX to receive service of process in any Proceedings in England. If for any reason such agent shall cease to be such agent for service of process, the Issuer shall forthwith appoint a new agent for service of process in England and notify the Holders in accordance with Condition 12 (*Notices*) of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

THE GLOBAL CERTIFICATE

The Global Certificate contains the following provisions which apply to the Capital Securities whilst they are represented by the Global Certificate, some of which modify the effect of the Conditions. Terms defined in the Conditions have the same meaning in paragraphs 1 to 6 below.

1. Accountholders

For so long as all of the Capital Securities are represented by the Global Certificate and the Global Certificate is held on behalf of a clearing system, each person (other than another clearing system) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (as the case may be) as the holder of a particular aggregate principal amount of such Capital Securities (each an “**Accountholder**”) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg (as the case may be) as to the aggregate principal amount of such Capital Securities standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such aggregate principal amount of such Capital Securities (and the expression “**Holders**” and references to “**holding Capital Securities**” and to “**holder of Capital Securities**” shall be construed accordingly) for all purposes other than with respect to payments on such Capital Securities, the right to which shall be vested, as against the Bank and the Trustee, solely in the nominee for the relevant clearing system (the “**Relevant Nominee**”) in accordance with and subject to the terms of the Global Certificate. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the Relevant Nominee.

2. Cancellation

Cancellation of any Capital Security following its redemption or purchase by the Bank will be effected by reduction in the aggregate principal amount of the Capital Securities in the register of Holders and by the annotation of the appropriate schedule to the Global Certificate.

3. Payments

Payments of principal and distribution in respect of Capital Securities represented by the Global Certificate will be made upon presentation or, if no further payment falls to be made in respect of the Capital Securities, against presentation and surrender of the Global Certificate to or to the order of the Registrar or such other Agent as shall have been notified to the holder of the Global Certificate for such purpose.

Distributions of amounts with respect to book-entry interests in the Capital Securities held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Principal Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system’s rules and procedures.

A record of each payment made will be endorsed on the appropriate schedule to the Global Certificate by or on behalf of the Registrar and shall be prima facie evidence that payment has been made.

4. Payment Record Date

Each payment in respect of the Global Certificate will be made to the person shown as the Holder in the register of Holders at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the “**Record Date**”) where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive, except 25 December and 1 January).

5. Notices

Notwithstanding Condition 12 (*Notices*), so long as all the Capital Securities are represented by the Global Certificate and the Global Certificate is held on behalf of a clearing system, notices to Holders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled Accountholders in substitution for notification as required by the Conditions. The Bank shall also ensure that notices are duly given in a manner which complies with the rules and regulations of any stock exchange on which the Capital Securities are for the time being listed.

6. Transfers

Transfers of book-entry interests in the Capital Securities will be effected through the records of Euroclear and Clearstream, Luxembourg and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants.

TAXATION

The statements herein regarding taxation are based on the laws in force as at the date of this Offering Circular and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Capital Securities and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers or certain professional investors) may be subject to special rules. Persons considering the purchase of the Capital Securities should consult their own tax advisers concerning the application of Hong Kong tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Capital Securities arising under the laws of any other taxing jurisdiction.

Hong Kong

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Capital Securities or in respect of any capital gains arising from the sale of the Capital Securities.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Under the Inland Revenue Ordinance (Cap. 112 of Hong Kong) (the “**Inland Revenue Ordinance**”) as it is currently applied by the Inland Revenue Department, interest on the Capital Securities may be deemed to be profits arising or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (i) interest on the Capital Securities is derived from Hong Kong and is received by or accrues to a company (other than a financial institution) carrying on a trade, profession or business in Hong Kong; or
- (ii) interest on the Capital Securities is derived from Hong Kong and is received by or accrues to a person (other than a company), carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business; or
- (iii) interest on the Capital Securities is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong.

Pursuant to the Exemption from Profits Tax (Interest Income) Order, interest income accruing to a person (other than a financial institution) on deposits (denominated in any currency and whether or not the deposit is evidenced by a certificate of deposit) placed with, *inter alia*, a financial institution in Hong Kong (within the meaning of section 2 of the Banking Ordinance (Cap. 155 of the Laws of Hong Kong)) are exempt from the payment of Hong Kong profits tax. Provided no prospectus with respect to the issue of Capital Securities is registered under the Companies Ordinance (Cap. 32) of Hong Kong, the issue of Capital Securities by the Bank is expected to constitute a deposit to which the above exemption from payment will apply.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of Capital Securities will be subject to profits tax.

Sums derived from the sale, disposal or redemption of Capital Securities will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source. The source of such sums will generally be determined by having regard to the manner in which the Capital Securities are acquired and disposed.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or subsequent transfer of the Capital Securities.

EU Directive on the Taxation of Savings Income

The European Union has adopted the Directive regarding the taxation of savings income. The Directive requires Member States to provide to the tax authorities of other Member States details of payments of interest or other similar income paid by a person within its jurisdiction to an individual or to certain limited types of entities established in that other Member State, except that Austria and Luxembourg are instead required to operate a withholding system in relation to such payments for a transitional period (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries) unless during such period they elect otherwise. A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

The Council of the European Union has adopted the Amending Directive which will, when implemented, amend and broaden the scope of the requirements described above. The Amending Directive will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the Directive, as amended. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

The proposed European Union financial transactions tax (the “FTT”)

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “participating Member States”).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in Capital Securities (including secondary market transactions) in certain circumstances. The issuance and subscription of Capital Securities should, however, be exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Capital Securities where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional Member States may decide to participate. Prospective holders of Capital Securities are advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance Act

Whilst the Capital Securities are in global form and held within Euroclear and Clearstream, Luxembourg, it is expected that the U.S. Foreign Account Tax Compliance Act of 2010 (“**FATCA**”) will not affect the amount of any payments made under, or in respect of, the Capital Securities by the Bank, any paying agent, the common depositary for Euroclear and Clearstream, Luxembourg and/or the relevant Clearing System, given that each of the entities in the payment chain between the Bank and the participants in the relevant Clearing System is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the securities. The documentation expressly contemplates the possibility that the securities may go into definitive form and therefore that they may be taken out of the relevant Clearing Systems. If this were to happen, then a non-FATCA compliant holder could be subject to withholding. However, definitive securities will only be printed in remote circumstances.

SUBSCRIPTION AND SALE

Each of Credit Suisse Securities (Europe) Limited, The Hongkong and Shanghai Banking Corporation Limited, Nomura International plc and UBS AG, Hong Kong Branch (together the “**Joint Lead Managers**”) has, pursuant to a subscription agreement dated 18 September 2014 (the “**Subscription Agreement**”), severally agreed with the Bank, subject to the satisfaction of certain conditions, to subscribe for the principal amount of the Capital Securities set out opposite its name below as its underwriting commitment. Each Joint Lead Manager’s underwriting commitment may not represent the amount of Capital Securities actually subscribed by each Joint Lead Manager.

Joint Lead Manager	Underwriting Commitment
Credit Suisse Securities (Europe) Limited	U.S.\$ 75,000,000
The Hongkong and Shanghai Banking Corporation Limited.	U.S.\$ 75,000,000
Nomura International plc	U.S.\$ 75,000,000
UBS AG, Hong Kong Branch	U.S.\$ 75,000,000
	U.S.\$300,000,000

The Bank has agreed to pay to the Joint Lead Managers a management and underwriting commission in connection with their underwriting commitments in accordance with the Subscription Agreement. The Bank has also agreed to indemnify the Joint Lead Managers against certain liabilities incurred in connection with the issue of the Capital Securities. In addition, the Bank has agreed to reimburse the Joint Lead Managers for certain of their expenses in connection with the issue of the Capital Securities. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent, and entitles the Joint Lead Managers to terminate the Subscription Agreement in certain circumstances at any time up to the time when subscription moneys have been received and the Capital Securities issued.

The Bank has agreed that, from the date of this Offering Circular until the date falling 30 days after the Closing Date, it will ensure that no other international offering of foreign currency denominated debt instruments or debt securities (other than certificates of deposit and for the avoidance of doubt, any financial products offered in the ordinary course of its business by the Bank to its customers) issued or guaranteed by the Bank are either placed or syndicated, directly or on its behalf, in any manner which might, in the opinion of the Joint Lead Managers (following consultation with the Bank, if practicable), have a detrimental effect on the successful placement of the Capital Securities.

The Joint Lead Managers and certain of their affiliates may purchase the Capital Securities and be allocated the Capital Securities for asset management and/or proprietary purposes but not with a view to distribution. The Joint Lead Managers and their respective affiliates may also purchase the Capital Securities for their own accounts. In the ordinary course of their various business activities, the Joint Lead Managers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity as investment advisers) a broad array of investments and actively traded debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Bank or its subsidiaries, associates or associated companies, including the Capital Securities, may be entered into at the same time in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of the

Capital Securities. In addition, the Bank has agreed with the Joint Lead Managers that on the Closing Date it will pay a concession to certain private banks in connection with the distribution of the Capital Securities to their clients. This concession will be based on the aggregate principal amount of the Capital Securities so distributed, and may be deducted from the purchase price for the Capital Securities payable by such private banks upon settlement.

Other Relationships

The Joint Lead Managers and their affiliates are full service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Joint Lead Managers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Bank or its subsidiaries, associates or associated companies from time to time.

United States

The Capital Securities have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States unless pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Each Joint Lead Manager has represented, warranted and agreed that it has not offered, sold or delivered and will not offer, sell or deliver any Capital Securities within the United States, and will only offer or sell any Capital Securities outside of the United States in accordance with Rule 903 of Regulation S. Accordingly, neither it, its affiliates nor any persons acting on its behalf have engaged or will engage in any directed selling efforts with respect to the Capital Securities. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

United Kingdom

Each Joint Lead Manager has represented, warranted and agreed that:

- (1) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of any Capital Securities in circumstances in which section 21(1) of the FSMA does not apply to the Bank; and
- (2) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Capital Securities in, from or otherwise involving the United Kingdom.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

- (1) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Capital Securities other than (a) to “professional investors” as defined in the SFO and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of the laws of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

- (2) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Capital Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Capital Securities which are or are intended to be disposed of only to persons outside of Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Capital Securities or caused the Capital Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Capital Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Capital Securities, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Each of the following persons specified in Section 275 of the Securities and Futures Act which has subscribed or purchased the Capital Securities, namely a person who is:

- (1) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (2) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, should note that shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Capital Securities pursuant to an offer made under Section 275 of the SFA except:
 - (1) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
 - (2) no consideration is or will be given for the transfer;
 - (3) where the transfer is by operation of law;

- (4) pursuant to Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Taiwan

Each Joint Lead Manager understands that the Capital Securities have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan, the Republic of China (“**Taiwan**”) and/or other regulatory authority pursuant to relevant securities laws and regulations and, accordingly, each Joint Lead Manager has represented and undertaken that it will not offer, issue or sell the Securities in Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan or relevant laws and regulations that require a registration, filing or approval of the Financial Supervisory Commission and/or other regulatory authority of Taiwan.

Japan

The Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the “**FIEA**”) and, accordingly, each Joint Lead Manager has represented, warranted and undertaken that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Capital Securities in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to, any Japanese Person except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan. For the purposes of this paragraph, “**Japanese Person**” shall mean any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No 228 of 1949, as amended)).

General

None of the Bank or the Joint Lead Managers makes any representation that any action will be taken in any jurisdiction by the Joint Lead Managers or the Bank that would permit a public offering of the Capital Securities, or possession or distribution of this Offering Circular (in preliminary, proof or final form) or any other offering or publicity material relating to the Capital Securities, in any country or jurisdiction where action for that purpose is required. The Bank will not have any responsibility for, and the Joint Lead Managers will obtain any consent, approval or permission required by them for, the acquisition, offer, sale or delivery by them of Capital Securities under the laws and regulations in force in any jurisdiction to which they are subject or in or from which they make any acquisition, offer, sale or delivery. The Joint Lead Managers are not authorised to make any representation or use any information in connection with the issue, subscription and sale of the Capital Securities other than as contained in, or which is consistent with, the Offering Circular or any amendment or supplement to it.

GENERAL INFORMATION

1. **Clearing Systems:** The Capital Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg with the Common Code of 110722958. The International Securities Identification Number (“ISIN”) for the Capital Securities is XS1107229582.
2. **Listing of Capital Securities:** Application has been made to the HKSE for the listing of, and permission to deal in, the Capital Securities. It is expected that dealing will, if permission is granted to deal in and for the listing of the Capital Securities on the HKSE, commence on or about 26 September 2014.
3. **Litigation:** Except as disclosed in this Offering Circular, neither the Bank nor any of its subsidiaries is involved in any litigation or arbitration proceedings relating to claims or amounts which are material in the context of the issue of the Capital Securities, nor is the Bank or any of its subsidiaries aware that any such proceedings are pending or threatened.
4. **Authorisations:** The Bank has obtained all necessary consents, approvals and authorisations as may be required in connection with the issue and performance of the Capital Securities, including, but not limited to, approval by the HKMA. The issue of the Capital Securities was authorised by a resolution of the Board of Directors of the Bank passed on 10 July 2014. Listing of the Capital Securities on the HKSE is conditional upon satisfaction of the requirements of that exchange, including execution of the Trust Deed and the agency agreement relating to the Capital Securities (the “**Agency Agreement**”).
5. **No Material Adverse Change:** Except as disclosed in this Offering Circular, there has been no material adverse change in the financial or trading position of the Bank since 31 December 2013 and no material adverse change in the financial position or prospects of the Bank since 31 December 2013.
6. **Available Documents:** For so long as any of the Capital Securities is outstanding, copies of the following documents may be inspected at a specified office of the Principal Paying Agent at Level 52, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong:
 - (a) the Articles of Association of the Bank;
 - (b) a copy of the independent auditor’s reports of Deloitte Touche Tohmatsu, and the audited consolidated financial statements of the Bank and its subsidiaries as at and for the years ended 31 December 2012 and 2013 and the unaudited condensed consolidated financial information of the Bank as at and for the six months ended 30 June 2013;
 - (c) a copy of the independent auditor’s review report from PricewaterhouseCoopers, and the unaudited condensed consolidated financial information of the Bank as at and for the six months ended 30 June 2014;
 - (d) copies of the most recent annual and interim reports (including the financial statements) published by the Bank; and
 - (e) the Trust Deed and the Agency Agreement, each to be dated on or about 25 September 2014.

Copies of the auditor’s reports and the audited consolidated financial statements referred to above and the most recent annual audited consolidated financial statements of the Bank and its subsidiaries and the independent auditor’s review reports and the unaudited condensed consolidated interim

financial information published by the Bank, will be made available free of charge at the specified office of the Principal Paying Agent at Level 52, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong and at the specified office of the Paying Agent.

7. **Auditors:** The consolidated financial statements of the Bank as at and for the years ended 31 December 2012 and 2013 included in this Offering Circular have been audited by Deloitte Touche Tohmatsu, Certified Public Accountants, as stated in the auditor's reports appearing in this Offering Circular in relation to such consolidated financial statements. The condensed consolidated interim financial information of the Bank as at and for the six months ended 30 June 2013 and 2014 included in this Offering Circular have not been audited by Deloitte Touche Tohmatsu and PricewaterhouseCoopers, respectively. Deloitte Touche Tohmatsu and PricewaterhouseCoopers have conducted a review of such interim financial information as at and for the six months ended 30 June 2013 and 2014, respectively, in accordance with the Hong Kong Standard on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accounts, as stated in their respective independent auditor's review reports appearing in this Offering Circular in respect of such condensed consolidated interim financial information.

Deloitte Touche Tohmatsu has given and not withdrawn its written consent to the issue of this Offering Circular with references to its independent auditor's reports on the published audited consolidated financial statements of the Bank for the years ended 31 December 2012 and 2013 and its independent auditor's review report on the published unaudited interim financial information for the six months ended 30 June 2013, in each case in the form and context in which they appear.

PricewaterhouseCoopers has given and not withdrawn its written consent to the issue of this Offering Circular of its independent auditor's review report on the published unaudited condensed consolidated interim financial information for the six months ended 30 June 2014, in the form and context in which they appear.

INDEX TO THE INTERIM FINANCIAL INFORMATION AND FINANCIAL STATEMENTS

	Page
UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR EACH OF THE SIX MONTHS ENDED 30 JUNE 2013 AND 2014	
Independent auditor's review report on the Condensed Consolidated Interim Financial Information of the Bank for the six months ended 30 June 2014 ⁽¹⁾	F-2
Condensed Consolidated Statement of Income for the six months ended 30 June 2014	F-3
Condensed Consolidated Statement of Comprehensive Income for the six months ended 30 June 2014	F-4
Condensed Consolidated Statement of Financial Position as at 30 June 2014	F-5
Condensed Consolidated Statement of Changes in Equity for the six months ended 30 June 2014	F-6
Condensed Consolidated Statement of Cash Flows for the six months ended 30 June 2014	F-8
Notes to the Condensed Consolidated Interim Financial Information for the six months ended 30 June 2014	F-10
Independent Auditor's report on review of the interim consolidated financial statements of the Bank for the six months ended 30 June 2013 ⁽¹⁾	F-50
Condensed Consolidated Statement of Profit or Loss for the six months ended 30 June 2013 . .	F-51
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the six months ended 30 June 2013	F-52
Condensed Consolidated Statement of Financial Position as at 30 June 2013	F-53
Condensed Consolidated Statement of Changes in Equity for the six months ended 30 June 2013	F-54
Condensed Consolidated Statement of Cash Flows for the six months ended 30 June 2013	F-55
Notes to the Condensed Consolidated Financial Statements for the six months ended 30 June 2013	F-57
AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2013	
Independent Auditor's report for the consolidated financial statements of the Bank for the year ended 31 December 2013	F-92
Consolidated Statement of Profit or Loss for the year ended 31 December 2013	F-94
Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2013	F-95
Consolidated Statement of Financial Position as at 31 December 2013	F-96
Statement of Financial Position of the Bank as at 31 December 2013	F-97
Consolidated Statement of Changes in Equity for the year ended 31 December 2013	F-98
Consolidated Statement of Cash Flows for the year ended 31 December 2013	F-100
Notes to the Consolidated Financial Statements	F-102
Independent Auditor's report for the consolidated financial statements of the Bank for the year ended 31 December 2012	F-267
Consolidated Income Statement for the year ended 31 December 2012	F-269
Consolidated Statement of Comprehensive Income for the year ended 31 December 2012	F-270
Consolidated Statement of Financial Position as at 31 December 2012	F-271
Statement of Financial Position of the Bank as at 31 December 2012	F-272
Consolidated Statement of Changes in Equity for the year ended 31 December 2012	F-273
Consolidated Statement of Cash Flows for the year ended 31 December 2012	F-275
Notes to the Consolidated Financial Statements	F-277

Note:

- (1) The independent auditor's review reports on the condensed consolidated interim financial information as at and for each of the six months ended 30 June 2013 and 2014 set out herein are reproduced from the Bank's interim reports for each of the six months ended 30 June 2013 and 2014, respectively. Page references referred to in such reports are to pages set out in such interim reports.

中期財務資料的審閱報告 REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

致創興銀行有限公司董事會
(於香港註冊成立的有限公司)

引言

本核數師(以下簡稱「我們」)已審閱列載於第4至50頁的中期財務資料,此中期財務資料包括創興銀行有限公司(「貴銀行」)及其附屬公司(合稱「貴集團」)於二零一四年六月三十日的中期簡明綜合財務狀況表與截至該日止六個月期間的相關中期簡明綜合收益表、中期簡明綜合全面收益表、中期簡明綜合股東權益轉變表及中期簡明綜合現金流動表,以及主要會計政策概要和其他附註解釋。香港聯合交易所有限公司證券上市規則規定,就中期財務資料編製的報告必須符合以上規則的有關條文以及香港會計師公會頒佈的香港會計準則第34號「中期財務報告」。貴銀行董事須負責根據香港會計準則第34號「中期財務報告」編製及列報該等中期財務資料。我們的責任是根據我們的審閱對該等中期財務資料作出結論,並按照委聘之條款僅向整體董事會報告,除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。

審閱範圍

我們已根據香港會計師公會頒佈的香港審閱準則第2410號「由實體的獨立核數師執行中期財務資料審閱」進行審閱。審閱中期財務資料包括主要向負責財務和會計事務的人員作出查詢,及應用分析性和其他審閱程序。審閱的範圍遠較根據香港審計準則進行審核的範圍為小,故不能令我們可保證我們將知悉在審核中可能被發現的所有重大事項。因此,我們不會發表審核意見。

結論

按照我們的審閱,我們並無發現任何事項,令我們相信中期財務資料在各重大方面未有根據香港會計準則第34號「中期財務報告」編製。

羅兵咸永道會計師事務所
執業會計師

香港,二零一四年八月七日

TO THE BOARD OF DIRECTORS OF CHONG HING BANK LIMITED
(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 4 to 50 which comprises the interim condensed consolidated statement of financial position of Chong Hing Bank Limited (the “Bank”) and its subsidiaries (together, the “Group”) as at 30 June 2014 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Bank are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 7 August 2014

簡明綜合收益表

CONDENSED CONSOLIDATED STATEMENT OF INCOME

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

		六月三十日止六個月 Six months ended 30 June	
		2014 港幣千元 HK\$'000 (未經審核) (Unaudited)	2013 港幣千元 HK\$'000 (未經審核) (Unaudited)
	附註 Notes		
利息收入	Interest income	959,820	762,101
利息支出	Interest expense	(340,496)	(286,363)
淨利息收入	Net interest income	619,324	475,738
費用及佣金收入	Fee and commission income	136,744	140,228
費用及佣金支出	Fee and commission expenses	(36,982)	(34,351)
淨費用及佣金收入	Net fee and commission income	99,762	105,877
淨買賣收入	Net trading income	36,898	42,563
其他營業收入	Other operating income	67,277	69,266
營業支出	Operating expenses	(415,415)	(358,253)
		407,846	335,191
貸款減值準備	Impairment allowances on loans and allowances		
- 新增減值	- New allowances	(29,737)	(28,269)
- 減值回撥	- Amounts reversed	73,949	10,677
		44,212	(17,592)
出售待出售之資產之淨溢利	Net gains on disposal of assets held for sale	1,960,732	—
出售物業及設備之淨虧損	Net losses on disposal of property and equipment	(5,927)	(978)
出售可供出售證券之淨溢利	Net gains on disposal of available-for-sale securities	3	51
出售投資物業及其公平值調整 之淨溢利	Net gains on disposal of and fair value adjustments on investment properties	—	4,237
所佔聯營公司之溢利	Share of profits of associates	14,904	8,348
除稅前溢利	Profit before taxation	2,421,770	329,257
稅項	Taxation	(84,462)	(52,950)
期內溢利	Profit for the period		
- 屬於本銀行擁有人	- attributable to owners of the Bank	2,337,308	276,307
每股盈利 - 基本	Earnings per share - basic	HK\$5.37	HK\$0.64

刊於第 11 至 50 頁之附註乃本綜合中期
財務資料之一部份。

The notes on pages 11 to 50 form an integral part of this consolidated interim
financial information.

簡明綜合全面收益表
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

		六月三十日止六個月 Six months ended 30 June	
		2014 港幣千元 HK\$'000 (未經審核) (Unaudited)	2013 港幣千元 HK\$'000 (未經審核) (Unaudited)
期內溢利	Profit for the period	<u>2,337,308</u>	<u>276,307</u>
其他全面收益	Other comprehensive income		
可隨後重新分類至損益表之項目：	Items that may be reclassified subsequently to profit or loss:		
因折算之外匯調整	Exchange differences arising on translation	(15,869)	8,268
期內可供出售證券其公平值調整之溢利(虧損)	Fair value gains (losses) on available-for-sale securities arising during the period	53,067	(70,701)
因出售可供出售證券而導致重新分類到損益賬之金額	Amount reclassified to the profit or loss upon disposal of available-for-sale securities	(3)	(51)
關於出售可供出售證券之所得稅影響	Income tax effect relating to disposal of available-for-sale securities	—	8
關於可供出售證券公平值調整之所得稅影響	Income tax effect relating to fair value change of available-for-sale securities	(8,606)	11,873
所佔聯營公司之其他全面支出	Share of other comprehensive expense of associates	<u>(57)</u>	<u>(230)</u>
期內其他全面收益(支出)(除稅後)	Other comprehensive income (expense) for the period (net of tax)	<u>28,532</u>	<u>(50,833)</u>
期內全面收益總額	Total comprehensive income for the period	<u><u>2,365,840</u></u>	<u><u>225,474</u></u>
期內全面收益總額屬於：	Total comprehensive income for the period attributable to:		
本銀行擁有人	Owners of the Bank	<u><u>2,365,840</u></u>	<u><u>225,474</u></u>
刊於第 11 至 50 頁之附註乃本綜合中期財務資料之一部份。	The notes on pages 11 to 50 form an integral part of this consolidated interim financial information.		

簡明綜合財務狀況表

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

於二零一四年六月三十日
as at 30 June 2014

			二零一四年 六月三十日 30 June 2014 港幣千元 HK\$'000 (未經審核) (Unaudited)	二零一三年 十二月三十一日 31 December 2013 港幣千元 HK\$'000 (經審核) (Audited)
附註 Notes				
資產	Assets			
庫存現金及短期資金	Cash and short-term funds	15	17,501,215	16,145,437
存放同業及其他財務機構於 一至十二個月內到期之款項	Placements with banks and other financial institutions maturing between one to twelve months		7,105,721	7,920,502
衍生金融工具	Derivative financial instruments	16	251,469	170,135
按公平值列賬及列入損益賬 之金融資產	Financial assets at fair value through profit or loss	17	311	92,179
可供出售之證券	Available-for-sale securities	17	6,190,914	5,433,241
持至到期日之證券	Held-to-maturity securities	17	5,579,451	8,326,722
貸款及其他賬項	Advances and other accounts	19	49,178,018	45,803,583
應收稅項	Tax recoverable		7	796
待出售之資產	Assets held for sale	20	—	269,268
聯營公司權益	Interests in associates		212,184	199,437
投資物業	Investment properties	21	135,706	136,575
物業及設備	Property and equipment	22	618,141	635,702
預付土地租金	Prepaid lease payments for land	23	2,366	2,403
遞延稅項資產	Deferred tax assets	28	1,279	1,501
商譽	Goodwill	11	50,606	50,606
資產總額	Total assets		86,827,388	85,188,087
負債	Liabilities			
同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions		597,632	1,674,231
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements	24	1,454,852	1,256,657
客戶存款	Deposits from customers	25	72,497,665	71,164,904
存款證	Certificates of deposit	26	1,292,375	563,003
衍生金融工具	Derivative financial instruments	16	84,611	100,653
其他賬項及應付費用	Other accounts and accruals		949,483	852,430
應付稅款	Current tax liabilities		134,473	52,146
借貸資本	Loan capital	27	1,805,048	1,766,436
遞延稅項負債	Deferred tax liabilities	28	22,976	25,661
負債總額	Total liabilities		78,839,115	77,456,121
屬於本銀行擁有人的資金	Equity attributable to owners of the Bank			
股本標準值	Share capital normal value		—	217,500
其他法定資本儲備	Other statutory capital reserves		—	1,542,817
股本	Share capital		1,760,317	1,760,317
儲備	Reserves		6,227,956	5,971,649
資金總額	Total equity		7,988,273	7,731,966
負債及資金總額	Total liabilities and equity		86,827,388	85,188,087

刊於第 11 至 50 頁之附註乃本綜合中期
財務資料之一部份。

The notes on pages 11 to 50 form an integral part of this consolidated interim
financial information.

簡明綜合股東權益轉變表 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

		股本 Share capital <i>附註</i> <i>Note</i> 港幣千元 HK\$'000	股本溢價 Share premium 港幣千元 HK\$'000	商譽 Goodwill 港幣千元 HK\$'000	投資重估儲備 Investment revaluation reserve 港幣千元 HK\$'000	公積金 General reserve 港幣千元 HK\$'000	換算儲備 Translation reserve 港幣千元 HK\$'000	法定儲備 Regulatory reserve 港幣千元 HK\$'000	保留溢利 Retained profits 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於二零一四年一月一日	At 1 January 2014	217,500	1,542,817	(182)	182,923	1,388,500	44,258	441,000	3,915,150	7,731,966
期內溢利	Profit for the period	-	-	-	-	-	-	-	2,337,308	2,337,308
因折算之外匯調整	Exchange differences arising on translation	-	-	-	-	-	(15,869)	-	-	(15,869)
期內可供出售證券 其公平值調整之溢利	Fair value gains of available-for-sale securities arising during the period	-	-	-	53,067	-	-	-	-	53,067
因出售可供出售證券而導致 重新分類到損益表之金額	Amount reclassified to the profit or loss upon disposal of available-for-sale securities	-	-	-	(3)	-	-	-	-	(3)
關於可供出售證券公平值調整之 所得稅影響	Income tax effect relating to fair value change of available-for-sale securities	-	-	-	(8,606)	-	-	-	-	(8,606)
所佔聯營公司之其他全面支出	Share of other comprehensive expense of associates	-	-	-	(57)	-	-	-	-	(57)
其他全面收益 (支出)	Other comprehensive income (expense)	-	-	-	44,401	-	(15,869)	-	-	28,532
期內全面收益 (支出) 總額	Total comprehensive income (expense) for the period	-	-	-	44,401	-	(15,869)	-	2,337,308	2,365,840
於二零一四年三月三日過渡至無面值 股份制度	Transition no-par value regime on 3 March 2014	1,542,817	(1,542,817)	-	-	-	-	-	-	-
已派中期特別股息	Special interim dividend paid	14	-	-	-	-	-	-	(1,965,983)	(1,965,983)
已派末期股息	Final dividend paid	14	-	-	-	-	-	-	(143,550)	(143,550)
於保留溢利中特別指定之法定儲備	Earmark of retained profits as regulatory reserve	-	-	-	-	-	-	44,000	(44,000)	-
於二零一四年六月三十日	At 30 June 2014	1,760,317	-	(182)	227,324	1,388,500	28,389	485,000	4,098,925	7,988,273

於二零一四年三月三日，根據於香港公司條例(622章)11條第37節中宣佈的過渡性條文，所有歸於貸方的股本溢價總額會成為公司的股本。

In accordance with the transitional provisions set out in section 37 of Schedule 11 to Hong Kong Companies Ordinance (Cap 622), on 3 March 2014, any amount standing to the credit of the share premium amount has become part of the company's share capital.

刊於第 11 至 50 頁之附註乃本綜合中期財務資料之一部份。

The notes on pages 11 to 50 form an integral part of this consolidated interim financial information.

簡明綜合股東權益轉變表

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

				投資重估儲備						
		股本	股本溢價		Investment	公積金	換算儲備	法定儲備	保留溢利	總額
		Share	Share	商譽	revaluation	General	Translation	Regulatory	Retained	Total
		capital	premium	Goodwill	reserve	reserve	reserve	reserve	profits	
附註	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
於二零一三年一月一日	At 1 January 2013	217,500	1,542,817	(182)	187,327	1,388,500	26,236	387,000	3,624,882	7,374,080
期內溢利	Profit for the period	—	—	—	—	—	—	—	276,307	276,307
因折算之外匯調整	Exchange differences arising on translation	—	—	—	—	—	8,268	—	—	8,268
期內可供出售證券 其公平值調整之虧損	Fair value losses of available-for-sale securities arising during the period	—	—	—	(70,701)	—	—	—	—	(70,701)
因出售可供出售證券而導致 重新分類到損益表之金額	Amount reclassified to the profit or loss upon disposal of available-for-sale securities	—	—	—	(51)	—	—	—	—	(51)
關於出售可供出售證券之 所得稅影響	Income tax effect relating to disposal of available-for-sale securities	—	—	—	8	—	—	—	—	8
關於可供出售證券公平值調整之 所得稅影響	Income tax effect relating to fair value change of available-for-sale securities	—	—	—	11,873	—	—	—	—	11,873
所佔聯營公司之其他全面支出	Share of other comprehensive expense of associates	—	—	—	(230)	—	—	—	—	(230)
其他全面(支出)收益	Other comprehensive (expense) income	—	—	—	(59,101)	—	8,268	—	—	(50,833)
期內全面(支出)收益總額	Total comprehensive (expense) income for the period	—	—	—	(59,101)	—	8,268	—	276,307	225,474
已派末期股息	Final dividend paid	14	—	—	—	—	—	—	(152,250)	(152,250)
於保留溢利中特別指定之法定儲備	Earmark of retained profits as regulatory reserve	—	—	—	—	—	—	36,000	(36,000)	—
於二零一三年六月三十日	At 30 June 2013	217,500	1,542,817	(182)	128,226	1,388,500	34,504	423,000	3,712,939	7,447,304

本集團之保留溢利包括本集團聯營公司所保留一筆為數港幣95,371,000元之保留溢利(二零一三年六月三十日：保留溢利為港幣70,712,000元)。

The retained profits of the Group included retained profits of HK\$95,371,000 (30 June 2013: retained profits of HK\$70,712,000) retained by the associates of the Group.

法定儲備之成立乃為符合香港金融管理局之要求及法定儲備派發予本銀行股東前須諮詢香港金融管理局之意見。

The regulatory reserve is set up in compliance with the Hong Kong Monetary Authority's requirements and is distributable to the shareholders of the Bank subject to consultation with the Hong Kong Monetary Authority (the "HKMA").

公積金包括以往年度保留溢利之調撥。

The general reserve comprises transfers from previous years' retained profits.

刊於第11至50頁之附註乃本綜合中期財務資料之一部份。

The notes on pages 11 to 50 form an integral part of this consolidated interim financial information.

簡明綜合現金流動表 CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

		六月三十日止六個月 Six months ended 30 June	
		2014 港幣千元 HK\$'000 (未經審核) (Unaudited)	2013 港幣千元 HK\$'000 (未經審核) (Unaudited)
經營業務	OPERATING ACTIVITIES		
除稅前溢利	Profit before taxation	2,421,770	329,257
調整：	Adjustments for:		
淨利息收入	Net interest income	(619,324)	(475,738)
(減值撥回準備)貸款減值準備之淨額	Net (reversal) charge of impairment allowances on loans and advances	(44,212)	17,592
出售待出售之資產之淨溢利	Net gains on disposal of assets held for sale	(1,960,732)	—
出售物業及設備之淨虧損	Net losses on disposal of property and equipment	5,927	978
出售可供出售證券之淨溢利	Net gains on disposal of available-for-sale securities	(3)	(51)
出售投資物業及其公平值調整之淨溢利	Net gains on disposal of and fair value adjustments on investment properties	—	(4,237)
所佔聯營公司之溢利	Share of profits of associates	(14,904)	(8,348)
按公平值列賬及列入損益賬之金融工具之淨虧損	Net losses on financial instruments at fair value through profit or loss	5,094	—
公平值對沖之淨(溢利)虧損	Net (gains) losses on fair value hedge	(688)	262
投資股息收入	Dividend received from investments	(5,025)	(5,246)
折舊	Depreciation	23,620	27,787
預付土地租金之釋放	Release of prepaid lease payments for land	33	33
匯兌調整	Exchange adjustments	(16,367)	8,745
營運資產及負債變動前之營運現金流	Operating cash flows before movements in operating assets and liabilities	(204,811)	(108,966)
營運資產之(增額)減額：	(Increase) decrease in operating assets:		
逾三個月到期之通知及短期存款	Money at call and short notice with original maturity over three months	2,112,968	1,332,145
逾三個月到期之外匯基金票據	Exchange fund bills with original maturity over three months	(540,188)	50,028
逾三個月到期之存放同業及其他財務機構之款項	Placements with banks and other financial institutions with original maturity over three months	1,282,235	(4,116,070)
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss	91,868	1,122,060
客戶貸款	Advances to customers	(3,355,166)	(3,433,321)
同業及其他財務機構貸款	Advances to banks and other financial institutions	—	1,746,471
其他賬項	Other accounts	46,058	63,246
營運負債之增額(減額)：	Increase (decrease) in operating liabilities:		
逾三個月到期之同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions with original maturity over three months	(1,074,567)	(771,531)
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements	198,195	3,668
客戶存款	Deposits from customers	1,332,761	1,247,167
存款證	Certificates of deposit	729,372	(490,125)
衍生金融工具	Derivative financial instruments	(137,367)	39,156
其他賬項及應付費用	Other accounts and accruals	66,385	(13,113)
經營業務之現金收入(支出)	Cash generated from (used in) operations	547,743	(3,329,185)
已付香港利得稅稅款	Hong Kong Profits Tax paid	589	(2,486)
已付海外稅款	Overseas tax paid	(12,881)	(9,176)
已收利息	Interest received	789,975	641,460
已付利息	Interest paid	(277,132)	(273,295)
經營業務之現金收入(支出)淨額	NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES	1,048,294	(2,972,682)

簡明綜合現金流動表

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

		六月三十日止六個月 Six months ended 30 June	
		2014 港幣千元 HK\$'000 (未經審核) (Unaudited)	2013 港幣千元 HK\$'000 (未經審核) (Unaudited)
投資業務	INVESTING ACTIVITIES		
收取可供出售之證券及持至到期日之證券利息	Interest received on available-for-sale securities and held-to-maturity securities	157,562	170,783
收取投資之股息	Dividends received on investments	5,025	5,246
收取由聯營公司之股息	Dividends received from associates	2,100	4,200
購入持至到期日之證券	Purchase of held-to-maturity securities	(2,489,904)	(12,987,556)
購入可供出售證券	Purchase of available-for-sale securities	(630,809)	(535,943)
購入物業及設備	Purchase of property and equipment	(13,666)	(14,479)
贖回持至到期日之證券所得款項	Proceeds from redemption of held-to-maturity securities	5,227,536	11,030,602
出售及贖回可供出售證券所得款項	Proceeds from sale and redemption of available-for-sale securities	269	199
出售待出售之資產所得款項	Proceeds from disposal of assets held for sale	2,230,000	—
出售物業及設備所得款項	Proceeds from disposal of property and equipment	2,133	199
出售投資物業所得款項	Proceeds from disposal of investment properties	—	3,927
投資業務之現金收入(支出)淨額	NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES	4,490,246	(2,322,822)
融資業務	FINANCING ACTIVITIES		
借貸資本之利息支出	Interest paid on loan capital	(30,963)	(31,806)
支付股息	Dividends paid	(2,109,533)	(152,250)
融資業務之現金支出淨額	NET CASH USED IN FINANCING ACTIVITIES	(2,140,496)	(184,056)
淨現金及等同現金項目增額(減額)	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,398,044	(5,479,560)
一月一日之現金及等同現金項目	CASH AND CASH EQUIVALENTS AT 1 JANUARY	13,857,128	14,868,955
六月三十日之現金及等同現金項目	CASH AND CASH EQUIVALENTS AT 30 JUNE	17,255,172	9,389,395
代表：	Represented by:		
庫存現金及存放同業及其他財務機構款項	Cash and balances with banks and other financial institutions	1,173,023	3,597,412
原定到期日少於三個月之通知及短期存款	Money at call and short notice with original maturity of three months or less	14,435,879	6,489,238
原定到期日少於三個月之外匯基金票據	Exchange fund bills with original maturity of three months or less	—	49,999
原定到期日少於三個月之存放同業及其他財務機構款項	Placements with banks and other financial institutions with original maturity of three months or less	2,243,902	827,166
原定到期日少於三個月之同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions with original maturity of three months or less	(597,632)	(1,574,420)
		17,255,172	9,389,395

刊於第 11 至 50 頁之附註乃本綜合中期財務資料之一部份。

The notes on pages 11 to 50 form an integral part of this consolidated interim financial information.

簡明綜合中期財務資料之附註 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

1. 概論

創興銀行有限公司(「本銀行」)為香港註冊成立之公眾有限公司，其股票於香港聯合交易所有限公司上市。

直至二零一四年二月十四日，本銀行之直接控股公司為廖創興置業有限公司及其最終控股公司為廖創興企業有限公司(「廖創興企業」)，兩者皆於香港註冊成立。自此以後，本銀行之直接控股公司為越秀金融控股有限公司及其最終控股公司為廣州越秀集團有限公司。

本銀行從事銀行業及有關之金融服務。本銀行之註冊辦事處地址及主要業務區域已披露於中期報告內。

本綜合財務報表以港幣呈列，港幣是本銀行之本位幣。

2. 編製基準及會計政策

截至二零一四年六月三十日止六個月之簡明綜合中期財務資料乃根據香港會計準則第34條「中期財務報告」之規定編製。此簡明綜合中期財務資料應與截至二零一三年十二月三十一日止年度並根據香港財務報告準則編製之週年財務報表一同閱讀。

除非下列陳述，會計政策之應用與截至二零一三年十二月三十一日年度之週年財務報表的相同，與於週年財務報表中的描述相同。

1. GENERAL INFORMATION

Chong Hing Bank Limited (the “Bank”) is a public limited company incorporated in Hong Kong and its shares are listed on the Stock Exchange of Hong Kong Limited.

Up to 14 February 2014, its immediate holding company was Liu Chong Hing Estate Company Limited and its ultimate holding company was Liu Chong Hing Investment Limited (“LCHI”), both of which are incorporated in Hong Kong. Since then, its immediate holding company is Yuexiu Financial Holdings Limited and its ultimate holding company is Guangzhou Yue Xiu Holdings Limited.

The Bank is engaged in the provision of banking and related financial services. The address of the registered office and principal place of business of the Bank is disclosed in the Interim Report.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Bank.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed consolidated interim financial information for the six months ended 30 June 2014 has been prepared in accordance with HKAS 34 “Interim Financial Reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with HKFRSs.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2013, as described in those annual financial statements.

簡明綜合中期財務資料之附註

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月

for the six months ended 30 June 2014

2. 編製基準及會計政策 - 續

本集團已應用香港(國際財務報告詮釋委員會)-詮釋第21號「徵費」。香港(國際財務報告詮釋委員會)-詮釋第21號提出如果負債是符合香港會計準則第37條「準備」的範圍內，應就有關負債作出徵費。此詮釋提出什麼為有責任事項發生而作出徵費及在什麼時候確認負債。本集團現在並非受重大徵費影響。此詮釋的應用並未對之前期間的財務報表及截至二零一四年六月三十日止六個月之中期財務資料產生重大影響。本集團並不預期香港(國際財務報告詮釋委員會)-詮釋第21號對截至二零一四年十二月三十一日的財政年度產生重大影響。

其他香港財務報告準則的修訂本預期並未對本集團截至二零一四年十二月三十一日財政年度產生重大影響。

利用適用於預期全年收入的稅率，確認於中期期間收益中的稅項。

並未有其他修訂準則或詮釋於此中期期間首次應用而對本集團產生重大影響。

3. 分項資料

本集團的營業分項亦是報告分項，是根據主要營運決策人(本集團的執行委員會)定期審閱的資料，以分配資源到該分項並按本集團的業務劃分評估其表現如下：

1. 企業及零售銀行
2. 財資業務
3. 證券業務
4. 其他包括投資控股、保險、其他投資顧問服務及物業投資。

主要營運決策人確認並沒有營業分項是合計於本集團之報告分項內。

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES - continued

The Group has adopted HK(IFRIC)-Int 21 “Levies”. HK(IFRIC)-Int 21 addresses the accounting for a liability to pay a levy if that liability is within the scope of HKAS 37 “Provisions”. The interpretation addresses what the obligating event is that gives rise to pay a levy, and when should a liability be recognised. The Group is not currently subject to significant levies. The adoption of the interpretation has had no significant effect on the financial statements for earlier periods and on the interim financial information for the period ended 30 June 2014. The Group does not expect HK(IFRIC)-Int 21 to have a significant effect on the results for the financial year ending 31 December 2014.

Other amendments to HKFRSs effective for the financial year ending 31 December 2014 are not expected to have a material impact on the Group.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on this Group.

3. SEGMENT INFORMATION

The Group’s operating segments, which are also the reportable segments, based on information regularly reviewed by the chief operating decision maker (Executive Committee of the Group) for the purpose of allocating resources to segments and assessing their performance on business divisions of the Group, are as follows:

1. Corporate and retail banking
2. Treasury activities
3. Securities business
4. Others comprising investment holding, insurance, other investment advisory services and property investments.

No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

簡明綜合中期財務資料之附註 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

3. 分項資料 - 續

本集團在期內之報告及營業分項
收益及結果分析，報告如下：

二零一四年六月三十日止六個月

3. SEGMENT INFORMATION - continued

The following is an analysis of the Group's revenue and results by
reportable and operating segment for the periods under review:

Six months ended 30 June 2014

		企業及 零售銀行 Corporate and retail banking 港幣千元 HK\$'000	財務業務 Treasury activities 港幣千元 HK\$'000	證券業務 Securities business 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	抵銷 Eliminations 港幣千元 HK\$'000	綜合 Consolidated 港幣千元 HK\$'000
營業分項收益及結果	Operating segment revenue and results						
源自外界客戶利息收入	Interest income from external customers	598,206	358,368	3,246	-	-	959,820
給予外界客戶利息支出	Interest expense to external customers	(293,562)	(46,934)	-	-	-	(340,496)
跨業務利息收入 (附註 1)	Inter-segment interest income (Note 1)	132,221	-	-	-	(132,221)	-
跨業務利息支出 (附註 1)	Inter-segment interest expense (Note 1)	-	(132,221)	-	-	132,221	-
淨利息收入	Net interest income	436,865	179,213	3,246	-	-	619,324
費用及佣金收入	Fee and commission income	77,158	-	59,586	-	-	136,744
費用及佣金支出	Fee and commission expenses	(36,978)	-	(4)	-	-	(36,982)
淨買賣收入	Net trading income	544	36,364	-	(10)	-	36,898
其他營業收入 (附註 2)	Other operating income (Note 2)	47,047	-	-	20,177	-	67,224
分項收益	Segment revenue						
營業收入總額	Total operating income	524,636	215,577	62,828	20,167	-	823,208
包含：	Comprising:						
- 源自外界客戶分項收益	- segment revenue from external customers	392,415	347,798	62,828	20,167		
- 跨業務交易	- inter-segment transactions	132,221	(132,221)	-	-		
營業支出 (附註 3)	Operating expenses (Note 3)	(241,539)	(16,729)	(31,852)	(7,106)	-	(297,226)
貸款回撥準備之淨額	Reversal of impairment allowances on loans and advances	44,212	-	-	-	-	44,212
出售物業及設備之淨虧損	Net losses on disposal of property and equipment	(5,927)	-	-	-	-	(5,927)
出售可供出售證券之淨溢利	Net gains on disposal of available-for-sale securities	-	-	-	3	-	3
分項溢利	Segment profit	321,382	198,848	30,976	13,064	-	564,270
未分類企業支出	Unallocated corporate expenses						(118,189)
未分類企業收入	Unallocated corporate income						53
出售待出售之資產之淨溢利	Net gains on disposal of assets held for sale						1,960,732
所佔聯營公司之溢利	Share of profits of associates						14,904
除稅前溢利	Profit before taxation						2,421,770

附註：1. 跨業務資金交易之價格
是以客戶當前存款利率
計算。

2. 未分類企業收入是簡明
綜合收益表內的其他營業
收入與營業分項內的其他
營業收入之差額。

3. 未分類企業支出是簡明
綜合收益表內的其他營業
支出與營業分項內的其他
營業支出之差額。

Notes: 1. Inter-segment pricing for funding transactions is charged at prevailing customer deposits interest rates.

2. The difference between the other operating income in the condensed consolidated statement of income and other operating income in the operating segments is the unallocated corporate income.

3. The difference between the operating expenses in the condensed consolidated statement of income and the operating expenses in the operating segments is the unallocated corporate expenses.

簡明綜合中期財務資料之附註

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

3. 分項資料 - 續

於二零一四年六月三十日

資產

分項資產
聯營公司權益
未分類企業資產

綜合資產總額

負債

分項負債
未分類企業負債
綜合負債總額

其他資料

二零一四年六月三十日止六個月

3. SEGMENT INFORMATION - continued

At 30 June 2014

	企業及 零售銀行 Corporate and retail banking 港幣千元 HK\$'000	財資業務 Treasury activities 港幣千元 HK\$'000	證券業務 Securities business 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	綜合 Consolidated 港幣千元 HK\$'000
Assets					
Segment assets	50,333,439	35,358,603	209,867	448,686	86,350,595
Interests in associates					212,184
Unallocated corporate assets					264,609
Consolidated total assets					86,827,388
Liabilities					
Segment liabilities	73,097,720	5,314,313	109,032	93,787	78,614,852
Unallocated corporate liabilities					224,263
Consolidated total liabilities					78,839,115

Other information

Six months ended 30 June 2014

	企業及 零售銀行 Corporate and retail banking 港幣千元 HK\$'000	財資業務 Treasury activities 港幣千元 HK\$'000	證券業務 Securities business 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	未分類業務 Unallocated 港幣千元 HK\$'000	綜合 Consolidated 港幣千元 HK\$'000
資本開支	7,536	11	650	127	5,342	13,666
折舊	16,155	385	1,112	96	5,872	23,620
預付土地租金之釋放	33	-	-	-	-	33

簡明綜合中期財務資料之附註
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

3. 分項資料 - 續

3. SEGMENT INFORMATION - continued

二零一三年六月三十日止六個月

Six months ended 30 June 2013

		企業及 零售銀行 Corporate and retail banking 港幣千元 HK\$'000	財務業務 Treasury activities 港幣千元 HK\$'000	證券業務 Securities business 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	抵銷 Eliminations 港幣千元 HK\$'000	綜合 Consolidated 港幣千元 HK\$'000
源自外界客戶利息收入	Interest income from external customers	501,680	258,484	1,937	–	–	762,101
給予外界客戶利息支出	Interest expense to external customers	(238,428)	(47,935)	–	–	–	(286,363)
跨業務利息收入 (附註 1)	Inter-segment interest income (Note 1)	116,010	–	–	–	(116,010)	–
跨業務利息支出 (附註 1)	Inter-segment interest expense (Note 1)	–	(116,010)	–	–	116,010	–
淨利息收入	Net interest income	379,262	94,539	1,937	–	–	475,738
費用及佣金收入	Fee and commission income	75,788	–	64,440	–	–	140,228
費用及佣金支出	Fee and commission expenses	(34,150)	–	(201)	–	–	(34,351)
淨買賣收入	Net trading income	257	42,351	–	(45)	–	42,563
其他營業收入	Other operating income	45,015	–	–	24,251	–	69,266
分項收益	Segment revenue						
營業收入總額	Total operating income	466,172	136,890	66,176	24,206	–	693,444
包含：	Comprising:						
- 源自外界客戶分項收益	- segment revenue from external customers	350,162	252,900	66,176	24,206		
- 跨業務交易	- inter-segment transactions	116,010	(116,010)	–	–		
營業支出 (附註 2)	Operating expenses (Note 2)	(224,714)	(15,010)	(31,932)	(5,441)	–	(277,097)
貸款減值準備之淨額	Net charge of impairment allowances on loans and advances	(17,592)	–	–	–	–	(17,592)
出售物業及設備之淨虧損	Net losses on disposal of property and equipment	(978)	–	–	–	–	(978)
出售可供出售證券之淨溢利	Net gains on disposal of available-for-sale securities	–	–	–	51	–	51
出售投資物業及其公平值調整之淨溢利	Net gains on disposal of and fair value adjustments on investment properties	–	–	–	4,237	–	4,237
分項溢利	Segment profit	222,888	121,880	34,244	23,053	–	402,065
未分類企業支出	Unallocated corporate expenses						(81,156)
所佔聯營公司之溢利	Share of profits of associates						8,348
除稅前溢利	Profit before taxation						329,257

附註：1. 跨業務資金交易之價格是以客戶當前存款利率計算。
Notes: 1. Inter-segment pricing for funding transactions is charged at prevailing customer deposits interest rates.

2. 未分類企業支出是簡明綜合收益表內的營業支出與營業分項內的營業支出之差額。

2. The difference between the operating expenses in the condensed consolidated statement of income and the operating expenses in the operating segments is the unallocated corporate expenses.

簡明綜合中期財務資料之附註

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

3. 分項資料 - 續

於二零一三年十二月三十一日

	資產及 零售銀行 Corporate and retail banking 港幣千元 HK\$'000	財務業務 Treasury activities 港幣千元 HK\$'000	證券業務 Securities business 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	綜合 Consolidated 港幣千元 HK\$'000
資產	Assets				
分項資產	Segment assets	49,053,404	34,735,973	239,241	448,102
聯營公司權益	Interests in associates				199,437
未分類企業資產	Unallocated corporate assets				511,930
綜合資產總額	Consolidated total assets				85,188,087
負債	Liabilities				
分項負債	Segment liabilities	71,427,805	5,443,608	135,351	94,297
未分類企業負債	Unallocated corporate liabilities				355,060
綜合負債總額	Consolidated total liabilities				77,456,121

其他資料

二零一三年六月三十日止六個月

3. SEGMENT INFORMATION - continued

At 31 December 2013

	企業及 零售銀行 Corporate and retail banking 港幣千元 HK\$'000	財務業務 Treasury activities 港幣千元 HK\$'000	證券業務 Securities business 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	綜合 Consolidated 港幣千元 HK\$'000
資產	Assets				
分項資產	Segment assets	49,053,404	34,735,973	239,241	448,102
聯營公司權益	Interests in associates				199,437
未分類企業資產	Unallocated corporate assets				511,930
綜合資產總額	Consolidated total assets				85,188,087
負債	Liabilities				
分項負債	Segment liabilities	71,427,805	5,443,608	135,351	94,297
未分類企業負債	Unallocated corporate liabilities				355,060
綜合負債總額	Consolidated total liabilities				77,456,121

Other information

Six months ended 30 June 2013

	企業及 零售銀行 Corporate and retail banking 港幣千元 HK\$'000	財務業務 Treasury activities 港幣千元 HK\$'000	證券業務 Securities business 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	未分類業務 Unallocated 港幣千元 HK\$'000	綜合 Consolidated 港幣千元 HK\$'000
資本開支	Capital expenditure	4,888	280	70	79	9,162
折舊	Depreciation	17,642	687	1,805	187	7,466
預付土地租金之釋放	Release of prepaid lease payments for land	33	-	-	-	33

不同分項所產生的全部直接費用已歸類到個別的分項之下。非直接費用及後勤支援費用已根據所付出的努力及時間分類到不同的分項及產品，而分項的其他營業收入分類是依靠所產生的費用性質。關於不能分類到分項或產品的非直接費用及收入及其後勤支援的企業業務費用及收入並已分別歸類於未分類企業支出及收入。這是給主要營運決策人衡量報告以用作資源分配和績效評估。

沒有單一的外界客戶達到或超過本集團百分之十之總營業收入。

未能分類到分項，產品及後勤支援的企業業務之資產及負債已歸類為未分類企業資產及負債，而所有直接分項資產及負債已分類到個別的分項。

All direct costs incurred by different segments are grouped under respective segments. Indirect costs and support functions' costs are allocated to various segments and products based on effort and time spent while segments' other operating income is allocated depending on the nature of costs incurred. Indirect costs and support functions' costs and income related to corporate activities that cannot be reasonably allocated to segments or products are grouped as unallocated corporate expenses and unallocated corporate income respectively. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of performance.

There is no operating income with a single external customer amounting to or exceeding 10% of the Group's total operating income.

Assets and liabilities related to corporate activities that cannot be reasonably allocated to segments, products and support functions are grouped as unallocated corporate assets and liabilities. All direct segment assets and liabilities are grouped under respective segments.

簡明綜合中期財務資料之附註
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

3. 分項資料 - 續

區域資料

區域資料(包括以區域分析之總分項收益)是按照本集團分行及附屬公司報告業績或資產入賬的主要營運地區作出分析。下列非流動資產是按照企業本身所定居的國家與非流動資產的位置相同。

3. SEGMENT INFORMATION - continued

Geographical information

Geographical information (including geographical analysis of total segment revenue) is analysed by the Group based on the locations of the principal operations of the branches and subsidiaries which are responsible for reporting the results or booking the assets. Non-current assets presented below are based on the location of the entities' country of domicile which is the same as the location of the non-current assets.

		二零一四年六月三十日止六個月 Six months ended 30 June 2014			於二零一四年六月三十日 At 30 June 2014			
		營業收入 總額 Total operating income 港幣千元 HK\$'000	除稅前 溢利 before taxation 港幣千元 HK\$'000	期內 資本開支 Capital expenditure during the period 港幣千元 HK\$'000	資產總額 Total assets 港幣千元 HK\$'000	負債總額 Total liabilities 港幣千元 HK\$'000	或有負債及 承擔總額 Total contingent liabilities and commitments 港幣千元 HK\$'000	非流動 資產 Non- current assets 港幣千元 HK\$'000
香港	Hong Kong	699,529	2,311,748	10,242	84,544,994	78,189,934	18,354,582	999,467
澳門及汕頭 - 中國大陸	Macau and Shantou, Mainland China	114,007	103,354	3,416	1,641,418	599,536	496,548	19,026
美國	America	9,725	6,668	8	640,976	49,645	13,614	477
總額	Total	<u>823,261</u>	<u>2,421,770</u>	<u>13,666</u>	<u>86,827,388</u>	<u>78,839,115</u>	<u>18,864,744</u>	<u>1,018,970</u>

		二零一三年六月三十日止六個月 Six months ended 30 June 2013			於二零一三年十二月三十一日 At 31 December 2013			
		營業收入 總額 Total operating income 港幣千元 HK\$'000	除稅前 溢利 before taxation 港幣千元 HK\$'000	期內 資本開支 Capital expenditure during the period 港幣千元 HK\$'000	資產總額 Total assets 港幣千元 HK\$'000	負債總額 Total liabilities 港幣千元 HK\$'000	或有負債及 承擔總額 Total contingent liabilities and commitments 港幣千元 HK\$'000	非流動 資產 Non- current assets 港幣千元 HK\$'000
香港	Hong Kong	637,458	284,557	13,709	82,966,678	76,813,803	18,064,831	1,009,636
澳門及汕頭 - 中國大陸	Macau and Shantou, Mainland China	47,639	39,429	268	1,569,851	591,861	477,982	14,486
美國	America	8,347	5,271	502	651,558	50,457	16,913	535
總額	Total	<u>693,444</u>	<u>329,257</u>	<u>14,479</u>	<u>85,188,087</u>	<u>77,456,121</u>	<u>18,559,726</u>	<u>1,024,657</u>

附註：營業收入總額包括淨利息收入、淨費用及佣金收入、淨買賣收入及其他營業收入。

Note: Total operating income consists of net interest income, net fee and commission income, net trading income and other operating income.

非流動資產包括聯營公司權益、投資物業、物業及設備、預付土地租金(非流動部份)及商譽。

Non-current assets consist of interests in associates, investment properties, property and equipment, prepaid lease payments for land (non-current portion) and goodwill.

簡明綜合中期財務資料之附註

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

4. 財務風險管理及金融工具

4.1 財務風險元素

本集團的業務面對多種不同的財務風險：市場風險（包括貨幣風險、公平值利率風險、現金流量利率風險及價格風險）、信貸風險及流動資金風險。

本簡明綜合中期財務資料並沒有包含所有需於年度財務報表中包含的財務風險管理資料及披露，所以在閱讀本報告時應與本集團於二零一三年十二月三十一日的年度財務報表一同閱讀。

除於二零一四年六月委任風險管理總監外，本集團的風險管理部及風險管理政策自去年年底起均沒有出現改變。本集團現正重新審視其風險管理架構，但這對本集團二零一四年上半年六個月期間沒有影響。

4.2 公平值估計

下表以估值方法對以公平值列賬的金融工具作出分析。而不同級別的定義如下：

- 相同資產或負債於活躍市場的報價（未經調整）（第一級別）。
- 資產或負債以除包括在第一級別內可觀察的報價以外的輸入數據，可以是直接輸入數據（即價格）或間接輸入數據（即由價格衍生）（第二級別）。
- 資產或負債以不可觀察的市場數據為基礎的輸入數據（即不可觀察的輸入數據）（第三級別）。

4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2013.

There have been no changes in the Group's Risk Management Department and risk management policies since year end, except for the appointment of the Chief Risk Officer in June 2014. The Group is currently revisiting its risk management framework but there are no impacts to the Group during the current 6-month period in the first half of 2014.

4.2 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

簡明綜合中期財務資料之附註
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

4. 財務風險管理及金融工具 - 續

4.2 公平值估計 - 續

下表呈列本集團於二零一四年六月三十日以公平值計量之金融資產及負債。

4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS - continued

4.2 Fair value estimation - continued

The following table presents the Group's financial assets and liabilities that are measured at fair value as at 30 June 2014.

	公平值等級架構 Fair value hierarchy			
	第一級別 Level 1 港幣千元 HK\$'000	第二級別 Level 2 港幣千元 HK\$'000	第三級別 Level 3 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於二零一四年六月三十日	At 30 June 2014			
持作買賣用途之金融資產	311	–	–	311
可供出售之證券	Available-for-sale securities			
股本證券	208,941	–	365	209,306
其他債務證券	–	5,936,861	9,103	5,945,964
非用作對沖的衍生金融資產	Derivative financial assets not used for hedging			
	–	116,249	–	116,249
用作對沖的衍生金融資產	Derivative financial assets used for hedging			
	–	135,220	–	135,220
非用作對沖的衍生金融負債	Derivative financial liabilities not used for hedging			
	–	(24,507)	–	(24,507)
用作對沖的衍生金融負債	Derivative financial liabilities used for hedging			
	–	(60,104)	–	(60,104)
總額	<u>209,252</u>	<u>6,103,719</u>	<u>9,468</u>	<u>6,322,439</u>

簡明綜合中期財務資料之附註

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

4. 財務風險管理及金融工具 - 續

4.2 公平值估計 - 續

下表呈列本集團於二零一三年十二月三十一日以公平值計量之金融資產及負債。

於二零一三年十二月三十一日

持作買賣用途之金融資產

指定按公平值列賬及
列入損益賬之金融資產

可供出售之證券

股本證券

其他債務證券

非用作對沖的衍生金融資產

用作對沖的衍生金融資產

非用作對沖的衍生金融負債

用作對沖的衍生金融負債

總額

於兩年期間，第一級別、第二級別及第三級別之間並沒有發生任何轉移。

4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS - continued

4.2 Fair value estimation - continued

The following table presents the Group's financial assets and liabilities that are measured at fair value as at 31 December 2013.

	公平值等級架構 Fair value hierarchy			總額 Total
	第一級別 Level 1 港幣千元 HK\$'000	第二級別 Level 2 港幣千元 HK\$'000	第三級別 Level 3 港幣千元 HK\$'000	
At 31 December 2013				
Financial assets held for trading	211	—	—	211
Financial assets designated at fair value through profit or loss	—	91,968	—	91,968
Available-for-sale securities				
Equity securities	207,393	—	71	207,464
Other debt securities	—	5,182,952	6,371	5,189,323
Derivative financial assets not used for hedging	—	11,062	—	11,062
Derivative financial assets used for hedging	—	159,073	—	159,073
Derivative financial liabilities not used for hedging	—	(53,070)	—	(53,070)
Derivative financial liabilities used for hedging	—	(47,583)	—	(47,583)
Total	207,604	5,344,402	6,442	5,558,448

There were no transfers between Levels 1, 2 and 3 in both years.

簡明綜合中期財務資料之附註 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

4. 財務風險管理及金融工具 - 續

4.2 公平值估計 - 續

除下表詳述外，本集團之董事認為於簡明綜合財務報表內以攤銷成本入賬的金融資產及金融負債之賬面值與其公平值相若。

於二零一四年六月三十日

金融資產

- 持至到期日之證券

金融負債

- 借貸資本

於二零一三年十二月三十一日

金融資產

- 持至到期日之證券

金融負債

- 借貸資本

4.3 估值方法

上市證券的公平值是根據相關的證券交易所的公開市場買入價來釐定的。

指定按公平值列賬及列入損益賬之金融資產的可換股債券、被分類為可供出售之證券的債務證券、存款證及被分類為持至到期日之證券的其他債務證券及借貸資本的公平值是根據證券商及市場經紀所提供的參考價格來決定的。此外，本集團會將從價格服務提供者及其他服務提供者所得到的參考價格與其運用估值模式如折現現金流方法計算出來的價格作比較，從而核實債務證券的參考價格。估值模式所運用的主要輸入變數是於報告期末可觀察的利率資料。估值模式的目標是能得出一個可於報告日反映金融工具價格的公平值估計，而這價格是由市場參與者以公平原則來釐定的。

4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS - continued

4.2 Fair value estimation - continued

Except as detailed in the following table, the directors of the Group consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

	賬面值 Carrying amount 港幣千元 HK\$'000	公平值 Fair value 港幣千元 HK\$'000
At 30 June 2014		
Financial assets		
- Held-to-maturity securities	<u>5,579,451</u>	<u>5,627,277</u>
Financial liabilities		
- Loan capital	<u>1,805,048</u>	<u>1,877,353</u>
At 31 December 2013		
Financial assets		
- Held-to-maturity securities	<u>8,326,722</u>	<u>8,362,290</u>
Financial liabilities		
- Loan capital	<u>1,766,436</u>	<u>1,800,816</u>

4.3 Valuation techniques

The fair value of listed securities is determined with reference to quoted market bid prices from relevant stock exchanges.

The fair values of convertible bonds designated as financial assets at fair value through profit or loss, debt securities classified as available-for-sale securities, certificates of deposit and other debt securities classified as held-to-maturity securities and loan capital are determined based on indicative prices provided by the dealers and brokers. In addition, the Group makes comparison of the indicative prices with the prices obtained from pricing service providers and other service providers and with the values calculated using valuation models such as discounted cash flows method to substantiate the indicative prices of the debt securities. The key inputs used in the valuation models are the interest rate data, which are observable at the end of the reporting period. The objective of valuation models is to arrive at a fair value estimation that reflects the price of the financial instrument at the reporting date, which would have been determined by market participants acting at arm's length.

簡明綜合中期財務資料之附註

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

4. 財務風險管理及金融工具 - 續

4.3 估值方法 - 續

外幣遠期合約的公平值是根據比較約定的遠期匯率及於報告期末時可觀察的遠期匯率報價來計量的。

利率掉期合約及跨貨幣利率掉期合約的公平值是根據於報告期末時可觀察的由利率報價所產生之適用孳息率曲線去估計未來的現金流，折算成現值來計量的。

在這段期間，本集團的估值方法並沒有其他改變。

4.4 金融資產第三級別公平值計量的調節

4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS - continued

4.3 Valuation techniques - continued

The fair value of foreign currency forward contracts is measured by comparing the contracted forward rates and the quoted forward exchange rates, which are observable at the end of the reporting period.

The fair value of interest rate swaps and cross-currency interest rate swaps are measured by the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates, which are observable at the end of the reporting period.

There were no other changes in the Group's valuation techniques during the period.

4.4 Reconciliation of Level 3 fair value measurements of financial assets

		指定按公平值列賬 及列入損益賬 之金融資產 Financial assets designated at fair value through profit or loss 港幣千元 HK\$'000	可供出售 之證券 Available- for-sale securities 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於二零一三年一月一日結餘	Balance at 1 January 2013	419,101	2,711	421,812
於損益內確認之淨虧損總額	Total net losses recognised in profit or loss	(493)	—	(493)
於其他全面收益內確認之 淨溢利總額	Total net gains recognised in other comprehensive income	—	3,731	3,731
出售	Disposals	(418,608)	—	(418,608)
於二零一四年一月一日結餘	Balance at 1 January 2014	—	6,442	6,442
於其他全面收益內確認之 淨溢利總額	Total net gains recognised in other comprehensive income	—	3,026	3,026
於二零一四年六月三十日結餘	Balance at 30 June 2014	—	9,468	9,468

簡明綜合中期財務資料之附註
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

4. 財務風險管理及金融工具 - 續

4.4 金融資產第三級別公平值計量的調節 - 續

本集團大部份的投資是根據公開市場的資訊或可觀察的市場數據來估價的。當中根據估計，以公平值入賬於第三級別內的投資只佔總資產的一小部份(0.01%)(二零一三年：0.01%)。此估價對估計假設相當敏感，當一個或多個假設轉變至合理及有可能的代替假設時，相信不會對本集團的財務狀況造成重大影響。

包含在其他全面收益內有港幣3,026,000元(二零一三年：港幣3,731,000元)是關於本報告期末仍然持有的被分類為可供出售的股本及其他債務證券，並已呈報為可供出售證券於期間所產生之公平值溢利。

4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS - continued

4.4 Reconciliation of Level 3 fair value measurements of financial assets - continued

The majority of the Group's investments are valued based on quoted market information or observable market data. A small percentage, 0.01% (2013: 0.01%), of total assets recorded at fair value, are based on estimates and recorded as Level 3 investments. Whilst such valuations are sensitive to estimates, it is believed that changing one or more of the assumptions to reasonably possible alternative assumptions would not have a big impact on the Group's financial positions.

Included in other comprehensive income is an amount of HK\$3,026,000 (2013: HK\$3,731,000) related to equity and other debt securities classified as available-for-sale held at the end of the current reporting period and reported as fair value gains on available-for-sale securities arising during the period.

簡明綜合中期財務資料之附註

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

5. 抵銷金融資產及金融負債

本集團有金融資產及金融負債：

- 於本集團的簡明綜合財務狀況表內已作抵銷；或
- 涉及可執行總互抵銷安排或涵蓋同類金融工具的類似協議，不論其是否已於簡明綜合財務狀況表內抵銷。

本集團是根據國際掉期與衍生工具協會（“ISDA”）的總協議及全球性回購總協議（“GMRA”）來進行衍生工具及銷售及回購協議。此外，就衍生工具交易及銷售及回購協議，本集團會收取及給予現金作為抵押品。該等抵押品是受到 ISDA 信貸保證附件或 GMRA 內的標準業內條款所規限。收到或給予的抵押品必須在交易到期日歸還，這些條款也讓每個交易對手有權在對方未能提供抵押品時終止相關交易。

根據持續淨額交收制度，如與香港中央結算有限公司的金錢契約應收賬及應付賬是同日結算，便應按淨額基準結算。

5. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group has financial assets and financial liabilities that:

- are offset in the Group’s condensed consolidated statement of financial position; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the condensed consolidated statement of financial position.

The Group entered into International Swaps and Derivatives Association (“ISDA”) Master Agreements and Global Master Repurchase Agreements (“GMRA”) for derivatives and sale and repurchase agreements. In addition, the Group receives and pledges collateral in the form of cash in respect of its derivative transactions and sale and repurchase agreements. Such collateral is subject to the standard industry terms of ISDA Credit Support Annex or GMRA. Collateral received or pledged must be returned on maturity of the transactions, giving each counterparty the right to terminate the related transactions upon the counterparty’s failure to post collateral.

Under the Continuous Net Settlement, money obligations receivable and payable with the Hong Kong Securities Clearing Company Limited on the same settlement date are settled on a net basis.

簡明綜合中期財務資料之附註
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

6. 淨利息收入

6. NET INTEREST INCOME

		六月三十日止六個月 Six months ended 30 June	
		2014 港幣千元 HK\$'000	2013 港幣千元 HK\$'000
利息收入	Interest income		
存放於同業及其他財務機構之結餘及款項	Balances and placements with banks and other financial institutions	214,135	119,853
證券投資	Investments in securities	149,056	146,717
貸款及借貸	Loans and advances	594,838	481,028
利率掉期合約	Interest rate swaps	1,791	14,503
		<u>959,820</u>	<u>762,101</u>
利息支出	Interest expense		
同業及其他財務機構之存款及結餘	Deposits and balances of banks and other financial institutions	(3,035)	(6,027)
客戶存款	Deposits from customers	(293,509)	(238,409)
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements	(4,620)	(928)
存款證	Certificates of deposit	(6,747)	(2,408)
發行借貸資本	Loan capital in issue	(31,255)	(31,761)
利率掉期合約	Interest rate swaps	(1,330)	(6,830)
		<u>(340,496)</u>	<u>(286,363)</u>
淨利息收入	Net interest income	<u>619,324</u>	<u>475,738</u>
已計入利息收入	Included within interest income		
減值貸款利息收入	Interest income on impaired loans and advances	145	99

包括在利息收入及利息支出中來自非按公平值列賬及列入損益賬之金融資產及金融負債中所獲得及產生的收入及支出分別為港幣958,199,000元(二零一三年:港幣749,420,000元)及港幣339,166,000元(二零一三年:港幣279,533,000元)。

Included within interest income and interest expense are HK\$958,199,000 (2013: HK\$749,420,000) and HK\$339,166,000 (2013: HK\$279,533,000) earned and incurred from financial assets and financial liabilities that are not at fair value through profit or loss, respectively.

以上金額包括來自非上市投資債務證券之利息收入為港幣149,056,000元(二零一三年:港幣146,717,000元)。

Included above is interest income from unlisted investments in debt securities of HK\$149,056,000 (2013: HK\$146,717,000).

簡明綜合中期財務資料之附註

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

7. 淨費用及佣金收入

7. NET FEE AND COMMISSION INCOME

		六月三十日止六個月 Six months ended 30 June	
		2014 港幣千元 HK\$'000	2013 港幣千元 HK\$'000
費用及佣金收入	Fee and commission income		
證券買賣	Securities dealings	59,586	64,440
信貸限額	Credit lines	9,166	7,799
貿易融資	Trade finance	6,297	5,829
信用卡服務	Credit card services	39,850	37,137
代理服務	Agency services	14,553	17,219
其他	Others	7,292	7,804
費用及佣金收入總額	Total fee and commission income	136,744	140,228
減：費用及佣金支出	Less: Fee and commission expenses	(36,982)	(34,351)
淨費用及佣金收入	Net fee and commission income	99,762	105,877
其中：	of which:		
淨費用及佣金，不包括用作計算 實際利率之金額，關於不是持作 買賣用途或指定按公平值列賬 及列入損益賬之金融資產及金融 負債	Net fee and commission, other than amounts included in determining the effective interest rate, arising from financial assets or financial liabilities, that are not held for trading nor designed at fair value through profit or loss		
- 費用收入	- Fee income	59,412	54,289
- 費用支出	- Fee expenses	(36,809)	(33,956)
		22,603	20,333

簡明綜合中期財務資料之附註
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

8. 淨買賣收入

8. NET TRADING INCOME

		六月三十日止六個月 Six months ended 30 June	
		2014	2013
		港幣千元 HK\$'000	港幣千元 HK\$'000
外匯	Foreign exchange	36,806	35,330
指定按公平值列賬之金融資產 之淨支出	Net expenses from financial assets designated at fair value	(9,342)	(76,898)
按公平值列賬及列入損益賬之 金融工具之淨溢利	Net gains on financial instruments at fair value through profit or loss	8,746	84,393
公平值對沖之淨溢利(虧損)：	Net gains (losses) on fair value hedge:		
- 與對沖風險有關的對沖項目 之淨溢利(虧損)	- Net gains (losses) on hedged items attributable to the hedged risk	40,679	(13,387)
- 對沖工具之淨(虧損)溢利	- Net (losses) gains on hedging instruments	(39,991)	13,125
		<u>36,898</u>	<u>42,563</u>

「淨買賣收入 - 外匯」包括現貨及遠期合約、掉期合約及兌換外幣資產及負債之溢利及虧損，但並不指定作合資格的對沖關係。

“Net trading income - foreign exchange” includes gains and losses from spot and forward contracts, swaps and translated foreign currency assets and liabilities, which are not designated as qualifying hedging relationship.

本銀行因應其資金管理及資金活動訂立外匯掉期合約。它涉及以即期匯率將一種貨幣(「原有貨幣」)轉為另一種貨幣(「掉期貨幣」)作短期存放款項，並同時訂立遠期合約，在存放款項到期日將資金兌回原有貨幣。遠期合約及現貨的匯兌調整分別被獨立確認為「按公平值列賬及列入損益賬之金融工具之淨溢利(虧損)」及「其他營業收入」。

The Bank entered into the foreign exchange swaps for its treasury management and funding activities. It involves swapping a currency (“original currency”) into another currency (“swap currency”) at the spot exchange rate for short-term placement and simultaneously entering into a forward contract to convert the funds back to the original currency on maturity of the placement. The exchange difference of the forward contracts and spot was recognized separately as “Net gains (losses) on financial instruments at fair value through profit or loss” and “Other operating income” respectively.

為了更好地反映本集團由外匯業務所產生的財務表現，本集團已決定把所有與外匯相關的溢利或虧損呈列為「淨買賣收入 - 外匯」。比對資料已重新分類以符合本期度的呈列。

To better reflect financial performance arising from foreign exchange business of the Group, the Group has decided to present all foreign exchange related gains or losses into “Net trading income - foreign exchange”. Comparative information has been reclassified to conform with the current period’s presentation.

簡明綜合中期財務資料之附註

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

9. 其他營業收入

9. OTHER OPERATING INCOME

		六月三十日止六個月 Six months ended 30 June	
		2014 港幣千元 HK\$'000	2013 港幣千元 HK\$'000
股息收入	Dividend income		
- 上市投資	- Listed investments	2,825	2,446
- 非上市投資	- Unlisted investments	2,200	2,800
		5,025	5,246
投資物業租金收入毛額	Gross rents from investment properties	5,451	8,452
減：開支	Less: Outgoings	(630)	(543)
租金收入淨額	Net rental income	4,821	7,909
保管箱租金收入	Safe deposit box rentals	21,828	19,072
除索償及佣金支出之保險承保溢價	Insurance underwriting premium less claims and commission expense	10,331	11,095
其他銀行服務收入	Other banking services income	23,460	24,411
其他	Others	1,812	1,533
		<u>67,277</u>	<u>69,266</u>

簡明綜合中期財務資料之附註
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

10. 營業支出

10. OPERATING EXPENSES

		六月三十日止六個月 Six months ended 30 June	
		2014	2013
		港幣千元 HK\$'000	港幣千元 HK\$'000
核數師酬金	Auditor's remuneration	2,183	2,033
人事費用 (包括董事酬金)	Staff costs (including directors' emoluments)		
- 薪金及其他費用	- Salaries and other costs	222,518	214,506
- 退休福利計劃供款	- Retirement benefits scheme contributions	16,234	15,508
人事費用總額	Total staff costs	238,752	230,014
折舊	Depreciation	23,620	27,787
預付土地租金之釋放	Release of prepaid lease payments for land	33	33
行址及設備支出， 折舊 / 預付土地租金之釋放除外：	Premises and equipment expenses, excluding depreciation / release of prepaid lease payments for land:		
- 物業租金及差餉	- Rentals and rates for premises	44,851	20,430
- 其他	- Others	11,265	9,568
其他營業支出	Other operating expenses	94,711	68,388
		<u>415,415</u>	<u>358,253</u>

營運租賃之最低租金支出為港幣41,076,000元 (二零一三年：港幣16,842,000元) 已包括於行址及設備支出中。

Included in the premises and equipment expenses are minimum lease payments under operating leases of HK\$41,076,000 (2013: HK\$16,842,000).

簡明綜合中期財務資料之附註

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

11. 商譽減值

截至二零一四年六月三十日止六個月期間，管理層已檢討商譽的減值測試。檢討內容包括比較被購買的附屬公司之賬面值及使用值（現金賺取單位），以分配商譽。該被購買的附屬公司是從事保險業務的。

使用值的計算是根據附屬公司的管理層已審閱的五年財務預算中現金流動預測和五年預測後的平穩增長。於已審閱預測和評估終值所覆蓋期間，現金流動預測的準備是包括一些假設和評估。主要假設包括預期收入增長（增長率 3.5% 至 4%）和折算率 12% 的選擇（二零一三年：12%）。

使用值是折算預期未來的現金流動計算所得的。

截至二零一四年六月三十日及二零一三年六月三十日止六個月期間，本集團的管理層確定並無商譽減值。

12. 稅項

稅項支出包括：

香港利得稅
海外稅項
遞延稅項

香港利得稅乃依據本期度估計應課稅溢利稅率百分之十六點五計算（二零一三年：百分之十六點五）。

其他司法管轄地區之稅率乃根據其司法管轄地區之現行稅率計算。

11. IMPAIRMENT LOSS ON GOODWILL

For the six-month period ended 30 June 2014, the management has reviewed goodwill for impairment testing purposes. The review comprised a comparison of the carrying amount and the value in use of an acquired subsidiary (the cash-generating unit) to which the goodwill has been allocated. The acquired subsidiary is involved in the insurance business.

The value in use calculations primarily use cash flow projections based on the five-year financial budgets approved by the management of the subsidiary and with a stable growth beyond the five-year projection period. There are a number of assumptions and estimates involved for the preparation of cash flow projections for the period covered by the approved budget and estimated value. Key assumptions include the expected growth in revenues (growth rate at 3.5% to 4%) and the selection of the discount rate of 12% (2013: 12%).

Value in use is derived by discounting the expected future cash flows.

The management of the Group determines that there was no impairment loss on the goodwill for the six-month period ended 30 June 2014 and 30 June 2013.

12. TAXATION

六月三十日止六個月
Six months ended 30 June

	2014	2013
	港幣千元	港幣千元
	HK\$'000	HK\$'000
The tax charge comprises:		
Hong Kong Profits Tax	72,643	43,691
Overseas taxation	22,765	9,093
Deferred tax	(10,946)	166
	<u>84,462</u>	<u>52,950</u>

Hong Kong Profits Tax is calculated at 16.5% (2013: 16.5%) of the estimated assessable profit for the period.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

簡明綜合中期財務資料之附註 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

13. 每股盈利 - 基本

每股基本盈利之計算乃根據本銀行擁有人應佔溢利港幣 2,337,308,000 元 (二零一三年: 港幣 276,307,000 元) 及於期內已發行 435,000,000 股 (二零一三年: 435,000,000 股) 普通股計算。扣除出售創興銀行中心淨溢利之每股基本盈利為港幣 0.89 元。

由於以上兩個期內均沒有發行潛在普通股，所以並沒有每股攤薄盈利。

14. 股息

二零一三年之末期股息為每股港幣 0.33 元，合共港幣 143,550,000 元，已於二零一四年五月二十三日派發予股東。

於二零一三年十二月二十日召開的特別股東大會，批准於二零一四年二月四日已登記於本銀行的股東名冊內之股東獲得每股港幣 4.5195 元之特別中期股息，合共港幣 1,965,982,500 元。當最終控股公司及廣州越秀集團有限公司於二零一三年十月二十五日的部份出售 (定義及規定見本銀行發出的聯合公告) 成為無條件限制及物業轉讓 (定義及規定見本銀行發出的聯合公告) 已於二零一四年二月十九日完成，支付特別中期股息的附帶條件已於二零一四年二月五日被滿足。每股港幣 4.5195 元之特別中期股息已於二零一四年二月二十日支付。

二零一二年之末期股息為每股港幣 0.35 元，合共港幣 152,250,000 元，已於二零一三年五月二十四日派發予股東。

於中期期末之後，就二零一四年十二月三十一日止之財政年度，董事會已決議宣派中期股息為港幣 82,650,000 元 (二零一三年: 港幣 60,900,000 元)，每股為港幣 0.19 元 (二零一三年: 港幣 0.14 元) 予二零一四年九月十九日登記於股東名冊之本銀行股東。

13. EARNINGS PER SHARE - BASIC

The calculation of basic earnings per share is based on the profit attributable to owners of the Bank of HK\$2,337,308,000 (2013: HK\$276,307,000) and on 435,000,000 (2013: 435,000,000) ordinary shares in issue during the period. The basic earnings per share excluding the net gains on disposal of Chong Hing Bank Centre was HK\$0.89.

No diluted earnings per share was presented as there was no potential ordinary shares in issue during both periods.

14. DIVIDENDS

On 23 May 2014, a dividend of HK\$0.33 per share totalling HK\$143,550,000 was paid to shareholders as the final dividend for 2013.

At an extraordinary general meeting on 20 December 2013, a special interim dividend of HK\$4.5195 per share, totaling HK\$1,965,982,500 to shareholders on the Bank's register of members as of 4 February 2014 was approved. The conditions for payment of the special interim dividend were satisfied on 5 February 2014, when the Partial Disposal, as defined and stipulated in the joint announcement made by the Bank, the ultimate holding company and Guangzhou Yue Xiu Holdings Limited on 25 October 2013, became unconditional, and on 19 February 2014 when the completion of the Property Transfer, as defined and stipulated in this joint arrangement, took place. The special interim dividend of HK\$4.5195 per share was paid on 20 February 2014.

On 24 May 2013, a dividend of HK\$0.35 per share totalling HK\$152,250,000 was paid to shareholders as the final dividend for 2012.

Subsequent to the end of the interim period, the board of directors has declared that a total amount of interim dividend in respect of the financial year ending 31 December 2014 of HK\$82,650,000 (2013: HK\$60,900,000) at a rate of HK\$0.19 (2013: HK\$0.14) per share should be paid to the shareholders of the Bank whose names appear in the Register of Members on 19 September 2014.

簡明綜合中期財務資料之附註

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

15. 庫存現金及短期資金

庫存現金及存放同業及
其他財務機構款項
通知及短期存款
外匯基金票據

15. CASH AND SHORT-TERM FUNDS

二零一四年 六月三十日 30 June 2014	二零一三年 十二月三十一日 31 December 2013
港幣千元 HK\$'000	港幣千元 HK\$'000
Cash and balances with banks and other financial institutions	1,173,023
Money at call and short notice	14,980,208
Exchange fund bills	1,347,984
17,501,215	16,145,437

16. 衍生金融工具

持作買賣用途的衍生工具
- 外幣遠期合約
- 利率掉期合約
指定作對沖工具的衍生工具
- 利率掉期合約
- 跨貨幣利率掉期合約

16. DERIVATIVE FINANCIAL INSTRUMENTS

二零一四年六月三十日
30 June 2014

名義金額 Notional amount 港幣千元 HK\$'000	公平值 Fair value 資產 Assets 港幣千元 HK\$'000	負債 Liabilities 港幣千元 HK\$'000
Derivatives held for trading		
- Foreign currency forward contracts	11,229,305	23,098
- Interest rate swaps	70,000	1,409
Derivatives designated as hedging instruments		
- Interest rate swaps	7,330,611	56,953
- Cross-currency interest rate swaps	233,306	3,151
	251,469	84,611

二零一三年十二月三十一日
31 December 2013

名義金額 Notional amount 港幣千元 HK\$'000	公平值 Fair value 資產 Assets 港幣千元 HK\$'000	負債 Liabilities 港幣千元 HK\$'000
Derivatives held for trading		
- Foreign currency forward contracts	5,779,843	42,011
- Interest rate swaps	120,000	11,059
Derivatives designated as hedging instruments		
- Interest rate swaps	6,700,061	42,499
- Cross-currency interest rate swaps	233,306	5,084
	170,135	100,653

於二零一四年六月三十日，外幣遠期合約的買入貨幣主要包括港幣及澳幣（二零一三年：港幣及澳幣），及外幣遠期合約的賣出貨幣主要包括人民幣及美元（二零一三年：人民幣及美元）。於二零一四年六月三十日及二零一三年十二月三十一日，所有這些合約的結算日均在報告期末一年內。

As at 30 June 2014, the currencies of foreign currency forward contracts mainly comprise buying Hong Kong dollars and Australian dollars (2013: Hong Kong dollars and Australian dollars), and the currencies of foreign currency forward sale contracts mainly comprise Renminbi and United States dollars (2013: Renminbi and United States dollars). As at 30 June 2014 and 31 December 2013, all of these contracts have settlement dates within one year from the end of the reporting period.

簡明綜合中期財務資料之附註
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

17. 證券投資

17. INVESTMENTS IN SECURITIES

		按公平值列賬及 列入損益賬之金融資產 Financial assets at fair value through profit or loss				
		持作 買賣用途 Held for trading 港幣千元 HK\$'000	指定按 公平值 列賬 Designated at fair value 港幣千元 HK\$'000	可供出售 之證券 Available- for-sale securities 港幣千元 HK\$'000	持至到期日 之證券 Held-to- maturity securities 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
二零一四年六月三十日		30 June 2014				
股本證券：		Equity securities:				
香港上市	Listed in Hong Kong	311	—	200,557	—	200,868
海外上市	Listed overseas	—	—	8,384	—	8,384
		311	—	208,941	—	209,252
非上市	Unlisted	—	—	36,009	—	36,009
		311	—	244,950	—	245,261
債務證券：		Debt securities:				
存款證	Certificates of deposit	—	—	—	1,853,114	1,853,114
其他債務證券	Other debt securities					
- 非上市	- Unlisted	—	—	5,945,964	3,726,337	9,672,301
		—	—	5,945,964	5,579,451	11,525,415
總額：		Total:				
香港上市	Listed in Hong Kong	311	—	200,557	—	200,868
海外上市	Listed overseas	—	—	8,384	—	8,384
非上市	Unlisted	—	—	5,981,973	5,579,451	11,561,424
		311	—	6,190,914	5,579,451	11,770,676
上市證券市值：		Market value of listed securities:				
香港上市	Listed in Hong Kong	311	—	200,557	—	200,868
海外上市	Listed overseas	—	—	8,384	—	8,384
		311	—	208,941	—	209,252
按發行人分類：		As analysed by issuing entities:				
中央政府及中央銀行	Central governments and central banks	—	—	—	8,671	8,671
公營機構	Public sector entities	—	—	54,333	250,466	304,799
同業及其他財務機構	Banks and other financial institutions	42	—	356,305	3,740,044	4,096,391
企業	Corporate entities	269	—	5,775,430	1,580,270	7,355,969
其他	Others	—	—	4,846	—	4,846
		311	—	6,190,914	5,579,451	11,770,676

簡明綜合中期財務資料之附註

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

17. 證券投資 - 續

17. INVESTMENTS IN SECURITIES - continued

		按公平值列賬及 列入損益賬之金融資產 Financial assets at fair value through profit or loss				
		持作 買賣用途 Held for trading 港幣千元 HK\$'000	指定按 公平值 列賬 Designated at fair value 港幣千元 HK\$'000	可供出售 之證券 Available- for-sale securities 港幣千元 HK\$'000	持至到期日 之證券 Held-to- maturity securities 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
二零一三年十二月三十一日	31 December 2013					
股本證券：	Equity securities:					
香港上市	Listed in Hong Kong	211	—	199,680	—	199,891
海外上市	Listed overseas	—	—	7,713	—	7,713
		211	—	207,393	—	207,604
非上市	Unlisted	—	—	36,525	—	36,525
		211	—	243,918	—	244,129
債務證券：	Debt securities:					
存款證	Certificates of deposit	—	—	—	4,675,621	4,675,621
可換股債券	Convertible bonds	—	91,968	—	—	91,968
其他債務證券	Other debt securities					
- 非上市	- Unlisted	—	—	5,189,323	3,651,101	8,840,424
		—	91,968	5,189,323	8,326,722	13,608,013
總額：	Total:					
香港上市	Listed in Hong Kong	211	—	199,680	—	199,891
海外上市	Listed overseas	—	—	7,713	—	7,713
非上市	Unlisted	—	91,968	5,225,848	8,326,722	13,644,538
		211	91,968	5,433,241	8,326,722	13,852,142
上市證券市值：	Market value of listed securities:					
香港上市	Listed in Hong Kong	211	—	199,680	—	199,891
海外上市	Listed overseas	—	—	7,713	—	7,713
		211	—	207,393	—	207,604
按發行人分類：	As analysed by issuing entities:					
中央政府及中央銀行	Central governments and central banks	—	—	—	7,627	7,627
公營機構	Public sector entities	—	—	55,029	176,769	231,798
同業及其他財務機構	Banks and other financial institutions	43	—	363,505	6,619,205	6,982,753
企業	Corporate entities	168	91,968	5,010,154	1,523,121	6,625,411
其他	Others	—	—	4,553	—	4,553
		211	91,968	5,433,241	8,326,722	13,852,142

簡明綜合中期財務資料之附註
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

17. 證券投資 - 續

本集團為被分類為可供出售之證券中的股本證券多年累計的減值損失為港幣 44,739,000 元 (二零一三年: 港幣 44,740,000 元)。

本集團持有港幣 35,644,000 元 (二零一三年: 港幣 36,454,000 元) 被分類為可供出售之證券的非上市股本證券是以成本扣除減值計量的。這些股本證券並沒有作任何減值。

本銀行三藩市分行持有港幣 17,053,000 元 (二零一三年: 港幣 17,060,000 元) 持至到期日之存款證, 已遵照加利福尼亞州財務守則之要求, 質押予美利堅合眾國加利福尼亞州。

由香港特別行政區及中華人民共和國(「中國」)發行而被分類為持至到期日之債務證券總額為港幣 8,671,000 元 (二零一三年: 港幣 7,627,000 元)。

本集團持有的被分類為可供出售之證券及持至到期日之證券中的債務證券主要是由來自香港、中國及澳洲的企業及財務機構作擔保或發行。

17. INVESTMENTS IN SECURITIES - continued

For the equity securities classified as available-for-sale securities, impairment losses accumulated through the years of HK\$44,739,000 (2013: HK\$44,740,000) have been provided by the Group.

Unlisted equity securities classified as available-for-sale securities held by the Group amounting to HK\$35,644,000 (2013: HK\$36,454,000) are measured at cost less impairment. No impairment has been recognised for these equity securities.

Certain held-to-maturity certificates of deposit of HK\$17,053,000 (2013: HK\$17,060,000) held by the San Francisco Branch of the Bank have been pledged to the State of California of the United States of America in compliance with the requirements of the California Financial Code.

Debt securities classified as held-to-maturity amounting to HK\$8,671,000 (2013: HK\$7,627,000) were issued by the Government of Hong Kong Special Administrative Region and the Government of the People's Republic of China ("PRC").

The debt securities classified as available-for-sale securities and held-to-maturity securities held by the Group are mainly guaranteed or issued by corporates and financial institutions from Hong Kong, the PRC and Australia.

簡明綜合中期財務資料之附註

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

17. 證券投資 - 續

本集團持有的被分類為持至到期日之證券中的存款證主要是由中國及香港銀行發行。本集團持有上述持至到期日之存款證總額為港幣 775,388,000 元 (二零一三年: 港幣 2,474,632,000 元) 及持至到期日之債務證券總額為港幣 340,721,000 元 (二零一三年: 港幣 256,467,000 元), 其信用風險來自中國。

18. 金融資產的轉移

以下為本集團於二零一四年六月三十日及二零一三年十二月三十一日已轉移至另一個體並同意在指定日期以指定價格回購的被分類為持至到期日及可供出售之債務證券。由於本集團沒有轉移有關這些債務證券之主要風險及報酬予該個體, 這些債務證券的全數賬面值會繼續被確認。該轉移所收到的現金會被呈報為負債列於「於回購協議下出售之金融資產」下(參閱附註 24)。已轉移的債務證券會被視作這些負債的抵押品。於所涉及的期間內, 這些債務證券的法定權益已轉移給該個體, 該個體可以不受限制地把這些抵押品出售或再抵押。這些債務證券會以攤銷成本或按公平值計量列於本集團的簡明綜合財務狀況表內。

17. INVESTMENTS IN SECURITIES - continued

The certificates of deposit classified as held-to-maturity securities held by the Group are mainly issued by banks from the PRC and Hong Kong. Of the above, held-to-maturity certificates of deposit amounting to HK\$775,388,000 (2013: HK\$2,474,632,000) and held-to-maturity debt securities amounting to HK\$340,721,000 (2013: HK\$256,467,000) held by the Group are credit exposures to the PRC.

18. TRANSFER OF FINANCIAL ASSETS

The following were the Group's debt securities classified as held-to-maturity and available-for-sale as at 30 June 2014 and 31 December 2013 that were transferred to an entity with terms to repurchase these debt securities at the agreed dates and prices. As the Group has not transferred the significant risks and rewards relating to these debt securities to the entity, the full carrying amount of these debt securities continued to be recognised. The cash received on the transfer was reported as liabilities under "Financial assets sold under repurchase agreements" (see note 24). The transferred debt securities serve as collateral to secure these liabilities. During the covered period, the legal title of the debt securities is transferred to the counterparty entity and there is no restriction for the counterparty entity to sell or repledge the collateral. These debt securities are either measured at amortised cost or carried at fair value in the Group's condensed consolidated statement of financial position.

簡明綜合中期財務資料之附註
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

18. 金融資產的轉移 - 續

18. TRANSFER OF FINANCIAL ASSETS - continued

		二零一四年六月三十日 30 June 2014		
		可供出售之 債務證券 Available- for-sale debt securities 港幣千元 HK\$'000	持至到期日 之債務證券 Held-to- maturity debt securities 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
轉移資產之賬面值	Carrying amount of transferred assets	1,263,427	394,140	1,657,567
相關負債之賬面值 (附註 24)	Carrying amount of associated liabilities (Note 24)	<u>1,114,183</u>	<u>340,669</u>	<u>1,454,852</u>
		二零一三年十二月三十一日 31 December 2013		
		可供出售之 債務證券 Available- for-sale debt securities 港幣千元 HK\$'000	持至到期日 之債務證券 Held-to- maturity debt securities 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
轉移資產之賬面值	Carrying amount of transferred assets	1,287,098	156,463	1,443,561
相關負債之賬面值 (附註 24)	Carrying amount of associated liabilities (Note 24)	<u>1,115,597</u>	<u>141,060</u>	<u>1,256,657</u>

19. 貸款及其他賬項

19. ADVANCES AND OTHER ACCOUNTS

		二零一四年 六月三十日 30 June 2014 港幣千元 HK\$'000	二零一三年 十二月三十一日 31 December 2013 港幣千元 HK\$'000
客戶貸款	Advances to customers		
應收票據	Bills receivable	446,870	406,924
貿易票據	Trade bills	5,033,367	2,164,983
其他客戶貸款	Other advances to customers	<u>43,065,772</u>	<u>42,548,307</u>
		48,546,009	45,120,214
應收利息	Interest receivable	236,963	215,923
減值準備	Impairment allowances		
- 個別評估	- Individually assessed	(26,756)	(14,755)
- 集體評估	- Collectively assessed	<u>(203,766)</u>	<u>(189,425)</u>
		48,552,450	45,131,957
其他賬項	Other accounts	<u>625,568</u>	<u>671,626</u>
		<u>49,178,018</u>	<u>45,803,583</u>

簡明綜合中期財務資料之附註

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

19. 貸款及其他賬項 - 續

包含在本集團之「其他賬項」其中一筆為數約港幣246,141,000元(二零一三年:港幣271,049,000元)為本銀行汕頭分行存放於中國之財務機構作為儲備金之款項。存放於中國人民銀行之法定存款準備金及額外存款準備金,分別為港幣49,532,000元(二零一三年:港幣55,791,000元)及港幣28,424,000元(二零一三年:港幣44,157,000元);法定存款準備金並不作為本集團的日常運作。以符合中國外資金融機構管理條例之規定,存放於中國其他財務機構的定期存款為港幣168,185,000元(二零一三年:港幣171,101,000元)。

本集團「其他賬項」的餘額為港幣379,427,000元(二零一三年:港幣400,577,000元)主要包括來自香港中央結算有限公司及與客戶證券買賣之應收賬款為港幣188,384,000元(二零一三年:港幣208,206,000元)及若干存放於銀行的利率掉期合約之變動保證金,外匯遠期合約及回購協議為港幣3,013,000元(二零一三年:港幣20,554,000元)。

減值貸款詳情如下:

減值貸款總額

減:個別評估減值準備

淨減值貸款

減值貸款總額佔客戶貸款總額之百分比

抵押品之市值

除個別評估貸款減值準備外,本集團已就個別不重大貸款或其他未經個別作減值評估之貸款,作集體評估減值準備。

19. ADVANCES AND OTHER ACCOUNTS - continued

Included in the "Other Accounts" of the Group is an amount of approximately HK\$246,141,000 (2013: HK\$271,049,000) placed as reserve funds with the financial institutions in the PRC by the Shantou Branch of the Bank. Such reserve funds include the mandatory reserve deposits and surplus reserve deposits placed with the People's Bank of China, amounting to HK\$49,532,000 (2013: HK\$55,791,000) and HK\$28,424,000 (2013: HK\$44,157,000) respectively. The mandatory reserve deposits are not available for the Group's daily operation. The balance of HK\$168,185,000 (2013: HK\$171,101,000) comprises fixed deposits placed with other financial institutions in the PRC in compliance with the requirements of Regulations Governing Foreign Financial Institutions of the PRC.

The remaining balance of "Other Accounts" of the Group amounting to HK\$379,427,000 (2013: HK\$400,577,000) mainly comprised accounts receivable from HKSCC and brokerage clients in relation to securities dealing of HK\$188,384,000 (2013: HK\$208,206,000) and a variation margin of HK\$3,013,000 (2013: HK\$20,554,000) deposited in banks for certain interest rate swaps, foreign currency forward contracts and repurchase agreements.

Details of the impaired loans are as follows:

	二零一四年 六月三十日 30 June 2014 港幣千元 HK\$'000	二零一三年 十二月三十一日 31 December 2013 港幣千元 HK\$'000
Gross impaired loans	31,270	18,734
Less: Impairment allowances under individual assessment	(26,756)	(14,755)
Net impaired loans	4,514	3,979
Gross impaired loans as a percentage of gross advances to customers	0.06%	0.04%
Market value of collateral pledged	16,095	14,081

In addition to the individually assessed loans impairment allowance, the Group has also provided collectively assessed loans impairment allowance for loans that are individually insignificant or advances where no impairment has been identified individually.

簡明綜合中期財務資料之附註 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

20. 待出售之資產

待出售之資產的賬面值包括：

於香港租賃土地
長期租約
(剩餘年期超過五十年)
於香港的租約物業(樓宇)
長期租約
(剩餘年期超過五十年)

於二零一三年十月二十五日本銀行合資格股東接受由越秀金融控股有限公司(「越秀金融」)提出收購要約，按要約價每股港幣35.69元收購最多326,250,000股本銀行股份(佔已發行股份的75%)。同時，本銀行與廖創興企業就有關創興銀行中心(「該物業」)之轉讓和租賃達成協議，本銀行中環總行大廈，根據協議，該物業以港幣22.3億元由本銀行轉讓予廖創興企業，而該物業的地下和其他十八樓層由廖創興企業租賃給本銀行，為期五年，而本銀行亦享有再將租賃續展五年的選擇權。本銀行以每股港幣4.5195元之特別中期現金股息之方式分派由物業轉讓所得的款項減去物業於二零一三年六月三十日的未經審計賬面值(此未經審計賬面值約為港幣2.64億元)予其股東。

於二零一四年一月八日香港金融管理局批准授予廣州越秀集團有限公司(「廣州越秀集團」)，越秀企業(集團)有限公司(「越秀企業」)和越秀金融(下文統稱為「越秀」)成為本銀行股東控權人。越秀金融為越秀企業之全資附屬公司。越秀企業為廣州越秀集團之全資附屬公司。廣州越秀集團為一家在中國註冊成立、由廣州市政府實益全資擁有之國有有限責任公司。

越秀收購本銀行之控股股權，相當於本銀行已發行股本的75%，已於二零一四年二月十四日完成。出售該物業已於二零一四年二月十九日完成及特別中期股息亦已於二零一四年二月二十日支付。出售該物業帶來除稅前淨溢利為港幣1,960,732,000元。

20. ASSETS HELD FOR SALE

The carrying amount of assets held for sale comprises:

	二零一四年 六月三十日 30 June 2014	二零一三年 十二月三十一日 31 December 2013
	港幣千元 HK\$'000	港幣千元 HK\$'000
Leasehold land in Hong Kong		
Held on long-term lease (over 50 years unexpired)	—	82,271
Leasehold properties (building) in Hong Kong		
Held on long-term lease (over 50 years unexpired)	—	186,997
	<u>—</u>	<u>269,268</u>

On 25 October 2013, qualifying shareholders of the Bank received an acquisition offer from Yuexiu Financial Holdings Limited ("Yuexiu Financial") for a maximum of 326,250,000 shares of the Bank (representing 75% of its shares in issue) at an offer price of HK\$35.69 per share. At the same time, the Bank and LCHI entered into an agreement in respect of the transfer and the lease of Chong Hing Bank Centre (the "Property"), the Bank's head office building in Central, pursuant to which the Property would be transferred by the Bank to LCHI at HK\$2,230 million, and the ground floor and 18 other floors of the Property would then be leased by LCHI to the Bank for a term of five years with the option for the Bank to renew the lease for a further term of five years. The Bank would distribute the proceeds of the transfer of the Property less the unaudited carrying value of the Property as at 30 June 2013 (such unaudited carrying value being approximately HK\$264 million) to its shareholders by way of a special interim dividend of HK\$4.5195 per share in cash.

Approval was granted by the Hong Kong Monetary Authority on 8 January 2014 for each of 廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited) ("Guangzhou Yue Xiu Holdings"), Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu Enterprises") and Yuexiu Financial (hereinafter collectively referred to as "Yue Xiu") to become a controlling shareholder of the Bank. Yuexiu Financial is a wholly-owned subsidiary of Yue Xiu Enterprises. Yue Xiu Enterprises is a wholly-owned subsidiary of Guangzhou Yue Xiu Holdings, which is a state-owned limited liability company established in the PRC beneficially wholly-owned by the Guangzhou Municipal People's Government of the PRC.

The acquisition by Yue Xiu of a controlling shareholding interest in the Bank, amounting to 75% of the Bank's issued share capital, was completed on 14 February 2014. On 19 February 2014, the sale of the Property was completed, and on 20 February 2014, the special interim dividend was paid. The sale of the property produced net gains of HK\$1,960,732,000 before taxation.

簡明綜合中期財務資料之附註

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

21. 投資物業

21. INVESTMENT PROPERTIES

		2014 港幣千元 HK\$'000	2013 港幣千元 HK\$'000
於一月一日	At 1 January	136,575	135,318
列入損益表之公平值淨增加	Net increase in fair value recognised in profit or loss	—	1,910
出售	Disposals	—	(1,600)
匯兌調整	Exchange difference	(869)	947
於六月三十日 / 十二月三十一日	At 30 June / 31 December	<u>135,706</u>	<u>136,575</u>

本集團所有以營運租賃形式收取租金及 / 或待價格升值的物業是以公平值模式計量，被確認為及以投資物業入賬。

All of the Group's property interests held under operating leases to earn rentals and / or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

出售投資物業及公平值調整之淨溢利：

Net gains on disposal of and fair value adjustments on investment properties:

		六月三十日止六個月 Six months ended 30 June	
		2014 港幣千元 HK\$'000	2013 港幣千元 HK\$'000
出售投資物業之淨溢利	Net gains on disposal of investment properties	—	2,327
投資物業公平值調整之淨溢利	Net gains on fair value adjustments on investment properties	—	1,910
		<u>—</u>	<u>4,237</u>

本集團所擁有之投資物業經獨立專業測量師行威格斯資產評估顧問有限公司按二零一四年六月三十日以直接比較方法及參考同類物業最近的成交來重估。公平值是從相類物業的可比較市場交易獲得。

Investment properties owned by the Group were revalued at 30 June 2014 by adopting the direct comparison approach and which reference to the recent transactions for similar premises by Vigers Appraisal & Consulting Limited, independent professional qualified valuers. The fair value is mainly arrived at by reference to comparable market transactions for similar properties.

投資物業之公平值的評估是假設於報告期末時，在任何情況下，投資物業並沒有被強迫出售及其結構良好。

The fair value of investment properties were estimated based on assumptions that there would be no forced sale situation in any manner for these investment properties and the structure of these investment properties were in a reasonable condition at the end of the reporting period.

投資物業以經營租賃形式租出。

The investment properties are rented out under operating leases.

簡明綜合中期財務資料之附註
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

21. 投資物業 - 續

在預計物業的公平值時，最高及最好的物業使用為當前的使用狀況。

在評定投資物業的價值時，其中主要投入包括考慮到時間、地點及個別因素（例如：樓宇的大小及層數）的銷售單位價格，每平方呎介乎港幣4,700元至港幣17,000元。銷售單位價格會隨著投資物業公平值計量的減少以同一百分比而減值，反之亦然。

於二零一四年六月三十日及二零一三年十二月三十一日，所有投資物業獲分類為公平值架構第三級別。在這段期間，並無轉撥至或轉出第三級別。

21. INVESTMENT PROPERTIES - continued

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

One of the key inputs used in valuing the investment properties was the unit sale rate taking into account of time, location and individual factors such as size and levels of building, which ranged from HK\$4,700 to HK\$17,000 per square feet. A decrease in the unit sale rate would result in decrease in fair value measurement of the investment properties by the same percentage decrease and vice versa.

Investment properties are classified as Level 3 under fair value hierarchy as at 30 June 2014 and 31 December 2013. There were no transfers into or out of Level 3 during the period.

簡明綜合中期財務資料之附註

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

22. 物業及設備

22. PROPERTY AND EQUIPMENT

		租賃土地 Leasehold land 港幣千元 HK\$'000	樓宇 Buildings 港幣千元 HK\$'000	設備 Equipment 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
成本	COST				
於二零一四年一月一日	At 1 January 2014	491,963	167,103	565,426	1,224,492
添置	Additions	–	–	13,666	13,666
出售	Disposals	–	–	(19,476)	(19,476)
匯兌調整	Exchange adjustments	–	(91)	443	352
於二零一四年六月三十日	At 30 June 2014	491,963	167,012	560,059	1,219,034
累積折舊	ACCUMULATED DEPRECIATION				
於二零一四年一月一日	At 1 January 2014	111,112	41,878	435,800	588,790
折舊	Depreciation	5,381	2,096	16,143	23,620
出售後註銷	Eliminated on disposals	–	–	(11,416)	(11,416)
匯兌調整	Exchange adjustments	–	(1)	(100)	(101)
於二零一四年六月三十日	At 30 June 2014	116,493	43,973	440,427	600,893
賬面淨值	CARRYING AMOUNTS				
於二零一四年六月三十日	At 30 June 2014	375,470	123,039	119,632	618,141
於二零一四年一月一日	At 1 January 2014	380,851	125,225	129,626	635,702
成本	COST				
於二零一三年一月一日	At 1 January 2013	575,421	375,285	546,606	1,497,312
添置	Additions	–	6,675	26,467	33,142
出售	Disposals	(419)	(141)	(7,726)	(8,286)
匯兌調整	Exchange adjustments	–	406	79	485
重新分類到待出售之資產	Reclassified to assets held for sale	(83,039)	(215,122)	–	(298,161)
於二零一三年十二月三十一日	At 31 December 2013	491,963	167,103	565,426	1,224,492
累積折舊	ACCUMULATED DEPRECIATION				
於二零一三年一月一日	At 1 January 2013	101,005	62,214	405,713	568,932
折舊	Depreciation	10,974	7,526	36,378	54,878
出售後註銷	Eliminated on disposals	(99)	(96)	(6,359)	(6,554)
匯兌調整	Exchange adjustments	–	359	68	427
重新分類到待出售之資產	Reclassified to assets held for sale	(768)	(28,125)	–	(28,893)
於二零一三年十二月三十一日	At 31 December 2013	111,112	41,878	435,800	588,790
賬面淨值	CARRYING AMOUNTS				
於二零一三年十二月三十一日	At 31 December 2013	380,851	125,225	129,626	635,702

簡明綜合中期財務資料之附註
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

23. 預付土地租金

預付土地租金包括：

成本
於香港以外：
租約於十至五十年
賬面淨值於一月一日
預付經營租賃租金之釋放
匯兌調整
賬面淨值於六月三十日 / 十二月三十一日
分析：
流動部份
非流動部份
總額

23. PREPAID LEASE PAYMENTS FOR LAND

The prepaid lease payments for land comprise:

	2014 港幣千元 HK\$'000	2013 港幣千元 HK\$'000
COST		
Outside Hong Kong held on:		
Leases of between 10 to 50 years	<u>2,850</u>	<u>2,850</u>
Net book value at 1 January	<u>2,403</u>	2,423
Release of prepaid operating lease payments	(33)	(66)
Exchange adjustments	<u>(4)</u>	<u>46</u>
Net book value at 30 June / 31 December	<u>2,366</u>	<u>2,403</u>
Analysed as:		
Current portion	33	66
Non-current portion	<u>2,333</u>	<u>2,337</u>
Total	<u>2,366</u>	<u>2,403</u>

24. 於回購協議下出售之金融資產

以抵押品類別分析：
債務證券被分類為：
 可供出售
 持至到期日

於二零一四年六月三十日，被分類為可供出售之債務證券及持至到期日之債務證券的賬面值分別為港幣1,263,427,000元（二零一三年：港幣1,287,098,000元）及港幣394,140,000元（二零一三年：港幣156,463,000元），已根據回購協議售予其他銀行。所有回購協議於報告期末十二個月內到期。

24. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	二零一四年 六月三十日 30 June 2014 港幣千元 HK\$'000	二零一三年 十二月三十一日 31 December 2013 港幣千元 HK\$'000
Analysed by collateral type:		
Debt securities classified as:		
Available-for-sale	1,114,183	1,115,597
Held-to-maturity	<u>340,669</u>	<u>141,060</u>
	<u>1,454,852</u>	<u>1,256,657</u>

As at 30 June 2014, debt securities which are classified as available-for-sale and held-to-maturity with carrying amounts of HK\$1,263,427,000 (2013: HK\$1,287,098,000) and HK\$394,140,000 (2013: HK\$156,463,000) respectively were sold under repurchase agreements with other banks. All repurchase agreements are due within 12 months from the end of the reporting period.

簡明綜合中期財務資料之附註

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

25. 客戶存款

25. DEPOSITS FROM CUSTOMERS

		二零一四年 六月三十日 30 June 2014	二零一三年 十二月三十一日 31 December 2013
		港幣千元 HK\$'000	港幣千元 HK\$'000
活期存款及往來賬戶	Demand deposits and current accounts	6,216,012	5,891,753
儲蓄存款	Savings deposits	22,580,436	22,064,051
定期、即時及通知存款	Time, call and notice deposits	43,701,217	43,209,100
		<u>72,497,665</u>	<u>71,164,904</u>

26. 存款證

26. CERTIFICATES OF DEPOSIT

於二零一四年六月三十日，本集團已發行以攤銷成本計量之存款證，其賬面總值為港幣 1,292,375,000 元（二零一三年：港幣 563,003,000 元）。存款證中包含港幣 154,982,000 元（二零一三年：港幣 154,946,000 元）的存款證，其票面息率為三個月的倫敦銀行同業拆息加 1%，將於二零一四年九月到期。另外有港幣 1,137,393,000 元（二零一三年：港幣 408,057,000 元）的存款證，其年利率介乎 1.4% 至 1.7% 之間（二零一三年：1.5% 至 1.7% 之間），將於二零一四年及二零一五年到期。所有已發行的存款證均沒有以任何抵押品作抵押。

The Group has issued certificates of deposit which are measured at amortised cost with a total carrying amount of HK\$1,292,375,000 as at 30 June 2014 (2013: HK\$563,003,000). Included in certificates of deposit are certificates of deposit of HK\$154,982,000 (2013: HK\$154,946,000) issued at the rate of three-month LIBOR plus 1% which will mature in September 2014 and certificates of deposit of HK\$1,137,393,000 (2013: HK\$408,057,000) issued at interest rates between 1.4% to 1.7% (2013: 1.5% to 1.7%) per annum which will mature in 2014 and 2015. All certificates of deposit issued are not secured by any collateral.

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

27. LOAN CAPITAL

	二零一四年 六月三十日 30 June 2014 港幣千元 HK\$'000	二零一三年 十二月三十一日 31 December 2013 港幣千元 HK\$'000
於 2020 年到期之 2.25 億美元 固定息率後償票據以公平值對沖 (已作利率風險對沖調整) (附註 (a) 及 (b))	US\$225 million fixed rate subordinated note due 2020 under fair value hedge (after adjustment of hedged interest rate risk) (Notes (a) & (b))	1,766,436
	1,805,048	

Notes:

(a) This represents a subordinated note qualifying as tier 2 capital with face value of US\$225,000,000 issued on 4 November 2010. The note will mature on 4 November 2020. If at any time (on or after 1 January 2013, the note no longer fully qualifies as term subordinated debt for inclusion in Category II - Supplementary Capital of the Bank upon changes to regulatory requirements, the Bank may, at its option and subject to the prior written approval of the HKMA, exercise a change of the status of the note by serving the “Change in Status Notice” to the noteholders. Upon a “Change in Status Notice” becoming effective, the note shall thereafter constitute unsubordinated obligations and the rate of interest on the note shall be reduced from 6% per annum to 5.5% per annum. As the “Change in Status Notice” has not been served, the rate of interest on the note remains at 6% per annum.

(b) *The subordinated note issued is not secured by any collateral.*

簡明綜合中期財務資料之附註

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

28. 遞延稅項

以簡明綜合財務報表的呈列為由，部份遞延稅項資產及負債已被對銷。根據財務報告，遞延稅項總額分析如下：

遞延稅項資產

遞延稅項負債

28. DEFERRED TAXATION

For the purpose of presentation in the condensed consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

二零一四年 六月三十日 30 June 2014	二零一三年 十二月三十一日 31 December 2013
港幣千元 HK\$'000	港幣千元 HK\$'000
1,279	1,501
(22,976)	(25,661)
<u>(21,697)</u>	<u>(24,160)</u>

於本期度及上期度已確認之主要遞延稅項資產(負債)及其變動如下：

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior reporting periods:

	稅項折舊 Accelerated tax depreciation 港幣千元 HK\$'000	集體評估之 減值準備 Collectively assessed impairment allowance 港幣千元 HK\$'000	投資物業 Investment properties 港幣千元 HK\$'000	可供出售之 證券重估 Revaluation of available- for-sale securities 港幣千元 HK\$'000	退休福利 計劃重估 Remeasurement of retirement benefits 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於二零一四年一月一日	(15,575)	29,784	(4,837)	(31,838)	(1,694)	(24,160)
期內於損益表內回撥	9,072	1,874	-	-	-	10,946
期內於其他全面收益中列入	-	-	-	(8,606)	-	(8,606)
匯兌調整	-	-	123	-	-	123
於二零一四年六月三十日	<u>(6,503)</u>	<u>31,658</u>	<u>(4,714)</u>	<u>(40,444)</u>	<u>(1,694)</u>	<u>(21,697)</u>
於二零一三年一月一日	(11,387)	26,531	(2,909)	(32,613)	(1,694)	(22,072)
是年度於損益表內(列入)回撥	(4,188)	3,253	(1,928)	-	-	(2,863)
是年度於其他全面收益中回撥	-	-	-	775	-	775
於二零一三年十二月三十一日	<u>(15,575)</u>	<u>29,784</u>	<u>(4,837)</u>	<u>(31,838)</u>	<u>(1,694)</u>	<u>(24,160)</u>

簡明綜合中期財務資料之附註

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

29. 到期情況

簡明綜合財務狀況表內金融資產及負債的到期日分析是根據提供給管理層並供其審閱的到期日資料，分析如下：

29. MATURITY PROFILES

The maturity analysis of financial assets and liabilities shown on the condensed consolidated statement of financial position are presented based on maturity information provided to and reviewed by management, is shown below:

		即時償還 Repayable on demand 港幣千元 HK\$'000	一個月 以內償還 (不包括 即時償還) Repayable within 1 month (except those on demand) 港幣千元 HK\$'000	一個月 至三個月 以內償還 Repayable after 1 month but within 3 months 港幣千元 HK\$'000	三個月 至一年 以內償還 Repayable after 3 months but within 1 year 港幣千元 HK\$'000	一年 至五年 以內償還 Repayable after 1 year but within 5 years 港幣千元 HK\$'000	超過五年 償還 Repayable after 5 years 港幣千元 HK\$'000	無明確 日期 Undated 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於二零一四年六月三十日	At 30 June 2014								
資產	Assets								
庫存現金及短期資金	Cash and short-term funds	1,219,532	14,933,699	419,317	928,667	-	-	-	17,501,215
存放同業及其他財務機構款項	Placements with banks and other financial institutions	-	-	5,861,023	1,244,698	-	-	-	7,105,721
衍生金融工具	Derivative financial instruments	-	14,564	76,986	23,141	7,334	129,444	-	251,469
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss	-	-	-	-	-	-	311	311
可供出售之證券	Available-for-sale securities	-	-	54,333	198,817	3,379,509	2,313,305	244,950	6,190,914
持至到期日之證券	Held-to-maturity securities	-	698,355	610,764	1,117,426	2,414,742	738,164	-	5,579,451
客戶貸款	Advances to customers	2,324,593	3,566,577	3,758,523	11,448,101	12,599,484	14,478,060	370,671	48,546,009
其他金融資產	Other financial assets	359,093	167,950	143,399	210,723	244	-	(249,400)	632,009
金融資產總額	Total financial assets	3,903,218	19,381,145	10,924,345	15,171,573	18,401,313	17,658,973	366,532	85,807,099
負債	Liabilities								
同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions	19,844	427,788	150,000	-	-	-	-	597,632
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements	-	1,108,853	345,999	-	-	-	-	1,454,852
客戶存款	Deposits from customers	28,816,751	18,236,733	16,044,998	9,295,814	103,369	-	-	72,497,665
存款證	Certificates of deposit	-	-	154,981	1,137,394	-	-	-	1,292,375
衍生金融工具	Derivative financial instruments	-	14,564	348	11,385	35,886	22,428	-	84,611
借貸資本	Loan capital	-	-	-	-	-	1,805,048	-	1,805,048
其他金融負債	Other financial liabilities	448,497	42,560	127,454	313,408	17,564	-	-	949,483
金融負債總額	Total financial liabilities	29,285,092	19,830,498	16,823,780	10,758,001	156,819	1,827,476	-	78,681,666
淨額	Net position								
- 金融資產及負債總額	- Total financial assets and liabilities	(25,381,874)	(449,353)	(5,899,435)	4,413,572	18,244,494	15,831,497	366,532	7,125,433
存款證當中包括：	Of which certificates of deposit included in:								
持至到期日之證券	Held-to-maturity securities	-	695,144	531,629	442,793	183,548	-	-	1,853,114
債務證券當中包括：	Of which debt securities included in:								
可供出售之證券	Available-for-sale securities	-	-	54,333	198,817	3,379,509	2,313,305	-	5,945,964
持至到期日之證券	Held-to-maturity securities	-	698,355	610,764	1,117,426	2,414,742	738,164	-	5,579,451
		-	698,355	665,097	1,316,243	5,794,251	3,051,469	-	11,525,415

簡明綜合中期財務資料之附註

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月

for the six months ended 30 June 2014

29. 到期情況 - 續

29. MATURITY PROFILES - continued

		一個月 以內償還 (不包括 即時償還) Repayable within 1 month (except those on demand) 港幣千元 HK\$'000	一個月 至三個月 以內償還 Repayable after 1 month but within 3 months 港幣千元 HK\$'000	三個月 至一年 以內償還 Repayable after 3 months but within 1 year 港幣千元 HK\$'000	一年 至五年 以內償還 Repayable after 1 year but within 5 years 港幣千元 HK\$'000	超過五年 償還 Repayable after 5 years 港幣千元 HK\$'000	無明確 日期 Undated 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於二零一三年十二月三十一日	At 31 December 2013							
資產	Assets							
庫存現金及短期資金	Cash and short-term funds	3,287,091	12,100,549	19,418	738,379	-	-	16,145,437
存放同業及其他財務機構款項	Placements with banks and other financial institutions	-	-	3,970,639	3,949,863	-	-	7,920,502
衍生金融工具	Derivative financial instruments	-	-	5,011	4,708	13,476	146,940	170,135
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss	-	-	-	91,968	-	211	92,179
可供出售之證券	Available-for-sale securities	-	-	-	55,029	3,340,570	1,793,724	5,433,241
持至到期日之證券	Held-to-maturity securities	-	822,978	1,316,401	2,832,052	2,616,651	738,640	8,326,722
客戶貸款	Advances to customers	2,142,672	2,933,084	3,162,690	9,988,186	12,944,831	13,779,423	45,120,214
其他金融資產	Other financial assets	359,065	177,076	146,994	177,567	206	-	683,369
金融資產總額	Total financial assets	5,788,828	16,033,687	8,621,153	17,837,752	18,915,734	16,458,727	83,891,799
負債	Liabilities							
同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions	99,663	772,871	736,697	65,000	-	-	1,674,231
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements	-	797,541	147,533	311,583	-	-	1,256,657
客戶存款	Deposits from customers	27,994,659	19,741,663	14,959,437	8,392,797	76,348	-	71,164,904
存款證	Certificates of deposit	-	-	-	563,003	-	-	563,003
衍生金融工具	Derivative financial instruments	-	13,899	9,353	29,766	43,757	3,878	100,653
借貸資本	Loan capital	-	-	-	-	1,766,436	-	1,766,436
其他金融負債	Other financial liabilities	437,538	49,394	135,125	210,117	20,256	-	852,430
金融負債總額	Total financial liabilities	28,531,860	21,375,368	15,988,145	9,572,266	140,361	1,770,314	77,378,314
淨額	Net position							
- 金融資產及負債總額	- Total financial assets and liabilities	(22,743,032)	(5,341,681)	(7,366,992)	8,265,486	18,775,373	14,688,413	6,513,485
存款證當中包括：	Of which certificates of deposit included in:							
持至到期日之證券	Held-to-maturity securities	-	822,979	1,252,354	2,426,319	173,969	-	4,675,621
債務證券當中包括：	Of which debt securities included in:							
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss							
- 指定按公平值列賬	- Designated at fair value	-	-	-	91,968	-	-	91,968
可供出售之證券	Available-for-sale securities	-	-	-	55,029	3,340,570	1,793,724	5,189,323
持至到期日之證券	Held-to-maturity securities	-	822,978	1,316,401	2,832,052	2,616,651	738,640	8,326,722
		-	822,978	1,316,401	2,979,049	5,957,221	2,532,364	13,608,013

簡明綜合中期財務資料之附註 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

30. 關聯方交易

期內，本集團與關聯方之重大交易詳列如下：

最終控股公司

同系附屬公司

聯營公司

主要管理人員

(附註)

於報告期末，本集團與關聯方之重大結欠情況如下：

最終控股公司

同系附屬公司

聯營公司

主要管理人員

(附註)

以上結欠之利率與給予一般客戶之計算方法相類。部份給予關聯方的貸款以物業、證券及定期存款作抵押。

於二零一四年六月三十日，本集團持有之同系附屬公司可供出售債務證券為港幣 225,038,000 元（二零一三年十二月三十一日：無）。

附註：主要管理人員包括其家屬及主要管理人員有直接或間接關係的投票權控制或共同控制的個體。

30. RELATED PARTY TRANSACTIONS

During the period, the Group entered into the following material transactions with related parties:

		利息、佣金及租金收入 Interest, commission and rental income		利息及租金支出 Interest and rental expenses	
		六月三十日止六個月 Six months ended 30 June		六月三十日止六個月 Six months ended 30 June	
		2014 港幣千元 HK\$'000	2013 港幣千元 HK\$'000	2014 港幣千元 HK\$'000	2013 港幣千元 HK\$'000
Ultimate holding company		—	2,920	—	5,172
Fellow subsidiaries		8,784	844	1	—
Associates		11,627	14,339	1,366	1,391
Key management personnel		977	2,704	923	5,202
	(Note)				

At the end of the reporting period, the Group had the following material outstanding balances with related parties:

		貸款給關聯方 Loan to related parties		來自關聯方的存款 Deposit from related parties	
		二零一四年 六月三十日 30 June 2014	二零一三年 十二月三十一日 31 December 2013	二零一四年 六月三十日 30 June 2014	二零一三年 十二月三十一日 31 December 2013
		港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
Ultimate holding company		—	—	—	254,745
Fellow subsidiaries		300,000	36,800	120,612	—
Associates		11,503	11,503	100,238	110,166
Key management personnel		40,782	507,899	154,927	786,463
	(Note)				

The above outstanding balances bear interest at rates similar to those made available to non-related parties. A portion of the loans to related parties are secured with properties, securities and fixed deposits.

As at 30 June 2014, the Group held available-for-sale debt securities issued by a fellow subsidiary of HK\$225,038,000 (31 December 2013: nil).

Note: Includes key management personnel, close family members of key management personnel and entities that are controlled or jointly controlled, directly or indirectly, by key management personnel.

簡明綜合中期財務資料之附註

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

截至二零一四年六月三十日止六個月
for the six months ended 30 June 2014

30. 關聯方交易 - 續

主要管理人員之補償

期內董事及其他管理層要員之薪酬如下：

短期僱員福利

退休福利

董事及主要管理層之薪酬乃由薪酬委員會考慮到個別人士表現及市場標準釐定。

30. RELATED PARTY TRANSACTIONS - continued

Compensation of key management personnel

The remuneration of directors and other members of the key management during the period are as follows:

六月三十日止六個月 Six months ended 30 June	
2014	2013
港幣千元 HK\$'000	港幣千元 HK\$'000
37,706	33,717
2,717	2,532
<u>40,423</u>	<u>36,249</u>

The remuneration of directors and key management is reviewed by Remuneration Committee having regard to the performance of individuals and market trends.

31. 估計

編製中期財務資料需要管理層作出對會計政策應用及對所呈報資產及負債、收入及開支之金額構成影響之判斷、估計及假設。實際結果或會有別於此等估計。

於編製此簡明綜合中期財務資料時管理層就應用本集團之會計政策所作出之重大判斷以及估計不明朗因素之主要來源與應用於截至二零一三年十二月三十一日止年度之綜合財務報表相同。

31. ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2013.

32. 比對數目

若干比對數目已重新分類以符合本期度的呈列。

32. COMPARATIVE AMOUNTS

Certain comparative figures have been reclassified to conform with the current period's presentation.

中期財務資料之審閱報告

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

致創興銀行有限公司董事會

TO THE BOARD OF DIRECTORS OF CHONG HING BANK LIMITED

引言

我們已審閱列載於第4頁至第44頁的中期財務資料，此中期財務資料包括創興銀行有限公司（「本銀行」）及其附屬公司（統稱「本集團」）於二零一三年六月三十日的簡明綜合財務狀況表與截至該日止六個月期間的簡明綜合損益表、簡明綜合損益及其他全面收益表、簡明綜合股東權益轉變表和簡明綜合現金流動表以及部份附註解釋。根據《香港聯合交易所有限公司證券上市規則》（「上市規則」），上市公司必須符合上市規則中的相關規定和香港會計師公會頒佈的《香港會計準則》第34號「中期財務報告」的規定編製中期財務資料。董事須負責根據《香港會計準則》第34號編製及列報此中期財務資料。我們的責任是根據我們的審閱對中期財務資料作出結論，並按照我們雙方所協定的應聘條款，僅向全體董事會報告。除此以外，我們的報告書不可用作其他用途。我們概不就本報告書的內容，對任何其他人士負責或承擔法律責任。

審閱範圍

我們已根據香港會計師公會頒佈的《香港審閱工作準則》第2410號「獨立核數師對中期財務信息的審閱」進行審閱。中期財務資料審閱工作包括主要向負責財務會計事項的人員詢問，並實施分析和其他審閱程序。由於審閱的範圍遠較按照香港審計準則進行審核的範圍為小，所以不能保證我們會注意到在審核中可能會被發現的所有重大事項。因此我們不會發表任何審核意見。

結論

根據我們的審閱工作，我們並沒有注意到任何事項，使我們相信中期財務資料在所有重大方面沒有按照《香港會計準則》第34號「中期財務報告」的規定編製。

德勤·關黃陳方會計師行
執業會計師
香港

二零一三年八月七日

Introduction

We have reviewed the interim financial information set out on pages 4 to 44 which comprises the condensed consolidated statement of financial position of Chong Hing Bank Limited (the "Bank") and its subsidiaries (collectively referred to as the "Group") as of 30 June 2013 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Bank are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

7 August 2013

簡明綜合損益表

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

截至二零一三年六月三十日止六個月
for the six months ended 30 June 2013

		六月三十日止六個月 Six months ended 30 June	
		2013	2012
		港幣千元 HK\$'000	港幣千元 HK\$'000
		(未經審核) (Unaudited)	(未經審核) (Unaudited)
附註 Notes			
利息收入	Interest income	762,101	782,675
利息支出	Interest expense	(286,363)	(382,124)
淨利息收入	Net interest income	475,738	400,551
費用及佣金收入	Fee and commission income	140,228	122,059
費用及佣金支出	Fee and commission expenses	(34,351)	(30,182)
淨費用及佣金收入	Net fee and commission income	105,877	91,877
按公平值列賬及列入損益賬 之金融工具之淨(虧損)溢利	Net (losses) gains on financial instruments at fair value through profit or loss	(116,056)	28,358
公平值對沖之淨(虧損)溢利	Net (losses) gains on fair value hedge	(262)	727
其他營業收入	Other operating income	228,147	122,660
營業支出	Operating expenses	(358,253)	(387,075)
		335,191	257,098
貸款減值準備	Impairment allowances on loans and advances		
- 新增減值	- New allowances	(28,269)	(4,716)
- 減值回撥	- Amounts reversed	10,677	39,148
		(17,592)	34,432
出售物業及設備之淨虧損	Net losses on disposal of property and equipment	(978)	(8)
出售可供出售證券之淨溢利	Net gains on disposal of available-for-sale securities	51	468
出售投資物業及其公平值調整 之淨溢利	Net gains on disposal of and fair value adjustments on investment properties	4,237	6,646
所佔聯營公司之溢利	Share of profits of associates	8,348	10,387
除稅前溢利	Profit before taxation	329,257	309,023
稅項	Taxation		
- 香港	- Hong Kong	(43,691)	(39,828)
- 海外	- Overseas	(9,093)	(9,006)
- 遞延稅項	- Deferred tax	(166)	(440)
		(52,950)	(49,274)
期內溢利	Profit for the period		
- 屬於本銀行擁有人	- attributable to owners of the Bank	276,307	259,749
每股盈利 - 基本	Earnings per share - basic	HK\$0.64	HK\$0.60

簡明綜合損益及其他全面收益表
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME

截至二零一三年六月三十日止六個月
for the six months ended 30 June 2013

		六月三十日止六個月 Six months ended 30 June	
		2013	2012
		港幣千元 HK\$'000	港幣千元 HK\$'000
		(未經審核) (Unaudited)	(未經審核) (Unaudited)
期內溢利	Profit for the period	<u>276,307</u>	<u>259,749</u>
其他全面收益	Other comprehensive income		
可隨後重新分類至損益表之項目：	Items that may be reclassified subsequently to profit or loss:		
因折算之外匯調整	Exchange differences arising on translation	8,268	(3,628)
期內可供出售證券其公平值調整之（虧損）溢利	Fair value (losses) gains on available-for-sale securities arising during the period	(70,701)	66,158
所佔聯營公司之其他全面（支出）收益	Share of other comprehensive (expense) income of associates	(230)	250
因出售可供出售證券而導致重新分類到損益賬之金額	Amount reclassified to the profit or loss upon disposal of available-for-sale securities	(51)	(468)
關於出售可供出售證券之所得稅影響	Income tax effect relating to disposal of available-for-sale securities	8	77
關於可供出售證券公平值調整之所得稅影響	Income tax effect relating to fair value change of available-for-sale securities	<u>11,873</u>	<u>(10,733)</u>
期內其他全面（支出）收益（除稅後）	Other comprehensive (expenses) income for the period (net of tax)	<u>(50,833)</u>	<u>51,656</u>
期內全面收益總額	Total comprehensive income for the period	<u><u>225,474</u></u>	<u><u>311,405</u></u>
期內全面收益總額屬於：	Total comprehensive income for the period attributable to:		
本銀行擁有人	Owners of the Bank	<u><u>225,474</u></u>	<u><u>311,405</u></u>

簡明綜合財務狀況表

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

於二零一三年六月三十日

as at 30 June 2013

			二零一三年 六月三十日 30 June 2013 港幣千元 HK\$'000 (未經審核) (Unaudited)	二零一二年 十二月三十一日 31 December 2012 港幣千元 HK\$'000 (經審核) (Audited)
附註 Notes				
資產	Assets			
庫存現金及短期資金	Cash and short-term funds	15	11,960,197	17,331,877
存放同業及其他財務機構於 一至十二個月內到期之款項	Placements with banks and other financial institutions maturing between one to twelve months		8,423,633	4,789,513
衍生金融工具	Derivative financial instruments	16	107,669	187,911
按公平值列賬及列入損益賬 之金融資產	Financial assets at fair value through profit or loss	17	91,350	1,213,410
可供出售之證券	Available-for-sale securities	17	4,567,204	4,222,217
持至到期日之證券	Held-to-maturity securities	17	11,556,974	9,600,020
貸款及其他賬項	Advances and other accounts	19	43,665,018	42,109,218
聯營公司權益	Interests in associates		186,888	182,970
投資物業	Investment properties	20	136,162	135,318
物業及設備	Property and equipment	21	913,939	928,380
預付土地租金	Prepaid lease payments for land	22	2,417	2,423
遞延稅項資產	Deferred tax assets	27	1,475	1,502
商譽	Goodwill	11	50,606	50,606
資產總額	Total assets		81,663,532	80,755,365
負債	Liabilities			
同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions		2,080,049	1,843,477
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements	23	437,349	433,681
客戶存款	Deposits from customers	24	68,755,915	67,508,748
存款證	Certificates of deposit	25	177,511	667,636
衍生金融工具	Derivative financial instruments	16	194,445	248,656
其他賬項及應付費用	Other accounts and accruals		707,528	740,229
應付稅款	Current tax liabilities		57,449	16,327
借貸資本	Loan capital	26	1,794,150	1,898,957
遞延稅項負債	Deferred tax liabilities	27	11,832	23,574
負債總額	Total liabilities		74,216,228	73,381,285
屬於本銀行擁有人的資金	Equity attributable to owners of the Bank			
股本	Share capital		217,500	217,500
儲備	Reserves		7,229,804	7,156,580
資金總額	Total equity		7,447,304	7,374,080
負債及資金總額	Total liabilities and equity		81,663,532	80,755,365

簡明綜合股東權益轉變表 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

截至二零一三年六月三十日止六個月
for the six months ended 30 June 2013

附註 Notes		股本 Share capital	股本溢價 Share premium	商譽 Goodwill	投資重估儲備 Investment revaluation reserve	公積金 General reserve	換算儲備 Translation reserve	法定儲備 Regulatory reserve	保留溢利 Retained profits	總額 Total
		港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
於二零一三年一月一日	At 1 January 2013	217,500	1,542,817	(182)	187,327	1,388,500	26,236	387,000	3,624,882	7,374,080
期內溢利	Profit for the period	-	-	-	-	-	-	-	276,307	276,307
期內其他全面(支出)收益	Other comprehensive (expense) income for the period	-	-	-	(59,101)	-	8,268	-	-	(50,833)
期內全面(支出)收益總額	Total comprehensive (expense) income for the period	-	-	-	(59,101)	-	8,268	-	276,307	225,474
二零一二年年度末期股息	Final dividend for financial year 2012	14	-	-	-	-	-	-	(152,250)	(152,250)
於保留溢利中特別指定之法定儲備	Earmark of retained profits as regulatory reserve	-	-	-	-	-	-	36,000	(36,000)	-
於二零一三年六月三十日 (未經審核)	At 30 June 2013 (unaudited)	217,500	1,542,817	(182)	128,226	1,388,500	34,504	423,000	3,712,939	7,447,304
於二零一二年一月一日	At 1 January 2012	217,500	1,542,817	(182)	33,807	1,388,500	21,648	408,000	3,260,642	6,872,732
期內溢利	Profit for the period	-	-	-	-	-	-	-	259,749	259,749
期內其他全面收益(支出)	Other comprehensive income (expense) for the period	-	-	-	55,284	-	(3,628)	-	-	51,656
期內全面收益(支出)總額	Total comprehensive income (expense) for the period	-	-	-	55,284	-	(3,628)	-	259,749	311,405
二零一一年年度末期股息	Final dividend for financial year 2011	14	-	-	-	-	-	-	(152,250)	(152,250)
釋放特別指定之法定儲備至保留溢利	Release of regulatory reserve to retained profits	-	-	-	-	-	-	(12,000)	12,000	-
於二零一二年六月三十日 (未經審核)	At 30 June 2012 (unaudited)	217,500	1,542,817	(182)	89,091	1,388,500	18,020	396,000	3,380,141	7,031,887

本集團之保留溢利包括本集團聯營公司所保留一筆為數港幣70,712,000元之保留溢利(二零一二年六月三十日:保留溢利為港幣48,283,000元)。

The retained profits of the Group included retained profits of HK\$70,712,000 (30 June 2012: retained profits of HK\$48,283,000) retained by the associates of the Group.

法定儲備之成立乃為符合香港金融管理局之要求及法定儲備派發予本銀行股東前須諮詢香港金融管理局之意見。

The regulatory reserve is set up in compliance with the Hong Kong Monetary Authority's requirements and is distributable to the shareholders of the Bank subject to consultation with the Hong Kong Monetary Authority (the "HKMA").

公積金包括以往年度保留溢利之調撥。

The general reserve comprises transfers from previous years' retained profits.

簡明綜合現金流動表

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

截至二零一三年六月三十日止六個月

for the six months ended 30 June 2013

		六月三十日止六個月	
		Six months ended 30 June	
		2013	2012
		港幣千元	港幣千元
		HK\$'000	HK\$'000
		(未經審核)	(未經審核)
		(Unaudited)	(Unaudited)
經營業務	OPERATING ACTIVITIES		
除稅前溢利	Profit before taxation	329,257	309,023
調整：	Adjustments for:		
淨利息收入	Net interest income	(475,738)	(400,551)
貸款減值準備（減值回撥準備）之淨額	Net charge (reversal) of impairment allowances on loans and advances	17,592	(34,432)
出售物業及設備之淨虧損	Net losses on disposal of property and equipment	978	8
出售可供出售證券之淨溢利	Net gains on disposal of available-for-sale securities	(51)	(468)
出售投資物業及其公平值調整之淨溢利	Net gains on disposal of and fair value adjustments on investment properties	(4,237)	(6,646)
所佔聯營公司之溢利	Share of profits of associates	(8,348)	(10,387)
公平值對沖之淨虧損（溢利）	Net losses (gains) on fair value hedge	262	(727)
投資股息收入	Dividend income from investments	(5,246)	(6,036)
折舊	Depreciation	27,787	29,175
預付土地租金之釋放	Release of prepaid lease payments for land	33	33
匯兌調整	Exchange adjustments	8,745	(5,170)
營運資產及負債變動前之營運現金流	Operating cash flows before movements in operating assets and liabilities	(108,966)	(126,178)
營運資產之減額（增額）：	Decrease (increase) in operating assets:		
逾三個月到期之通知及短期存款	Money at call and short notice with original maturity over three months	1,332,145	263,579
逾三個月到期之外匯基金票據	Exchange fund bills with original maturity over three months	50,028	(56)
逾三個月到期之存放同業及其他財務機構之款項	Placements with banks and other financial institutions with original maturity over three months	(4,116,070)	(661,431)
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss	1,122,060	329,766
應收票據	Bills receivable	(76,519)	10,376
貿易票據	Trade bills	(206,910)	101,568
其他客戶貸款	Other advances to customers	(3,149,892)	1,004,711
同業及其他財務機構貸款	Advances to banks and other financial institutions	1,746,471	(2,152,219)
其他賬項	Other accounts	63,246	(72,184)
營運負債之（減額）增額：	(Decrease) increase in operating liabilities:		
逾三個月到期之同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions with original maturity over three months	(771,531)	1,388,924
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements	3,668	(53,677)
客戶存款	Deposits from customers	1,247,167	193,295
存款證	Certificates of deposit	(490,125)	70,015
衍生金融工具	Derivative financial instruments	39,156	(88,161)
其他賬項及應付費用	Other accounts and accruals	(13,113)	70,034
經營業務之現金（支出）收入	Cash (used in) generated from operations	(3,329,185)	278,362
已付香港利得稅稅款	Hong Kong Profits Tax paid	(2,486)	(5,640)
已付海外稅款	Overseas tax paid	(9,176)	(9,006)
已收利息	Interest received	641,460	622,913
已付利息	Interest paid	(273,295)	(324,545)
經營業務之現金（支出）收入淨額	NET CASH (USED IN) FROM OPERATING ACTIVITIES	(2,972,682)	562,084

簡明綜合現金流動表

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

截至二零一三年六月三十日止六個月
for the six months ended 30 June 2013

		六月三十日止六個月 Six months ended 30 June	
		2013	2012
		港幣千元 HK\$'000	港幣千元 HK\$'000
		(未經審核)	(未經審核)
		(Unaudited)	(Unaudited)
投資業務	INVESTING ACTIVITIES		
收取可供出售之證券及持至到期日之證券利息	Interest received on available-for-sale securities and held-to-maturity securities	170,783	112,589
收取投資之股息	Dividends received on investments	5,246	6,036
收取由聯營公司之股息	Dividends received from associates	4,200	—
購入持至到期日之證券	Purchase of held-to-maturity securities	(12,987,556)	(10,512,040)
購入可供出售證券	Purchase of available-for-sale securities	(535,943)	(1,048,593)
購入物業及設備	Purchase of property and equipment	(14,479)	(62,141)
贖回持至到期日之證券所得款項	Proceeds from redemption of held-to-maturity securities	11,030,602	8,101,919
出售及贖回可供出售證券所得款項	Proceeds from sale and redemption of available-for-sale securities	199	468
出售物業及設備所得款項	Proceeds from disposals of property and equipment	199	3
出售投資物業所得款項	Proceeds from disposal of investment properties	3,927	4,316
投資業務之現金支出淨額	NET CASH USED IN INVESTING ACTIVITIES	(2,322,822)	(3,397,443)
融資業務	FINANCING ACTIVITIES		
借貸資本之利息支出	Interest paid on loan capital	(31,806)	(32,820)
支付股息	Dividends paid	(152,250)	(152,250)
融資業務之現金支出淨額	NET CASH USED IN FINANCING ACTIVITIES	(184,056)	(185,070)
淨現金及等同現金項目減額	NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,479,560)	(3,020,429)
一月一日之現金及等同現金項目	CASH AND CASH EQUIVALENTS AT 1 JANUARY	14,868,955	17,092,730
六月三十日之現金及等同現金項目	CASH AND CASH EQUIVALENTS AT 30 JUNE	9,389,395	14,072,301
代表：	Represented by:		
庫存現金及存放同業及其他財務機構款項	Cash and balances with banks and other financial institutions	3,597,412	5,646,106
原定到期日少於三個月之通知及短期存款	Money at call and short notice with original maturity of three months or less	6,489,238	6,466,078
原定到期日少於三個月之外匯基金票據	Exchange fund bills with original maturity of three months or less	49,999	1,799,972
原定到期日少於三個月之存放同業及其他財務機構款項	Placements with banks and other financial institutions with original maturity of three months or less	827,166	1,462,188
原定到期日少於三個月之同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions with original maturity of three months or less	(1,574,420)	(1,302,043)
		9,389,395	14,072,301

簡明綜合財務報表之附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月
for the six months ended 30 June 2013

1. 編製基準

本簡明綜合財務報表乃根據香港會計師公會頒佈之香港會計準則第34條「中期財務報告」及香港聯合交易所有限公司證券上市規則附錄16有關財務披露之規定編製。

2. 主要會計政策

本簡明綜合財務報表以根據歷史成本為編製基準，惟投資物業及某些金融工具以公平值計量，如適用。

除非下列陳述，截至二零一三年六月三十日止六個月之簡明綜合財務報表與二零一二年十二月三十一日本集團之年度財務報表之會計政策及計算方法相同。

本中期期間內，本集團已首次採用下列與編製本集團簡明綜合財務報表有關由香港會計師公會頒佈之香港財務報告準則修訂本：

- 香港財務報告準則第13條公平值計量；
- 香港會計準則第1條之修訂其他全面收益項目的呈列；
- 香港財務報告準則第7條之修訂披露 - 抵銷金融資產及金融負債；及
- 香港財務報告準則之修訂香港財務報告準則年度改進二零零九年至二零一一年系列

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants that are relevant for the preparation of the Group’s condensed consolidated financial statements:

- HKFRS 13 Fair Value Measurement;
- Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income;
- Amendments to HKFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities; and
- Amendments to HKFRSs Annual Improvements to HKFRSs 2009-2011 Cycle

簡明綜合財務報表之附註 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月
for the six months ended 30 June 2013

2. 主要會計政策 - 續

香港財務報告準則第 13 條 公平值計量

本集團已於本中期期間首次應用香港財務報告準則第 13 條。香港財務報告準則第 13 條就公平值的計量和披露建立了單一指引來源，並取代其以往包含在各項香港財務報告準則的要求。香港會計準則第 34 條已作出相應修訂並要求有關修訂披露於中期簡明綜合財務報表內。

香港財務報告準則第 13 條的應用範圍廣泛；除少數例外情況下，此準則皆適用於其他香港財務報告準則要求或准許公平值計量及披露的金融及非金融工具項目。香港財務報告準則第 13 條包含「公平值」的新定義並定義公平值為在目前的市場條件下於主要（或最有利）的市場以有序交易於計量日出售資產時所收的或轉讓負債時所支付的價格。根據香港財務報告準則第 13 條公平值是一個出口價格無論其是否能夠直接觀察或採用其他估值技術估計。此外，香港財務報告準則第 13 條包括廣泛的披露要求。

按照香港財務報告準則第 13 條的過渡性規定，本集團已按未來適用法應用新的公平值計量及披露要求。金融工具的公平值資料披露的詳情載於附註 4。

香港會計準則第 1 條之修訂 其他全面收益項目的呈列

香港會計準則第 1 條之修訂就「全面收益表」和「損益賬」引入新用詞。根據香港會計準則第 1 條之修訂，「全面收益表」重新命名為「損益及其他全面收益表」而「損益賬」則重新命名為「損益表」。香港會計準則第 1 條之修訂為損益及其他全面收益保留選擇權，可以單一報表或分開兩份但連續的報表呈列。

2. PRINCIPAL ACCOUNTING POLICIES - continued

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for “fair value” and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information of financial instruments are set out in note 4.

Amendments to HKAS 1

Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for the “statement of comprehensive income” and the “income statement”. Under the amendments to HKAS 1, a “statement of comprehensive income” is renamed as a “statement of profit or loss and other comprehensive income” and an “income statement” is renamed as a “statement of profit or loss”. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

簡明綜合財務報表之附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月
for the six months ended 30 June 2013

2. 主要會計政策 - 續

香港會計準則第1條之修訂

其他全面收益項目的呈列 - 續

但香港會計準則第1條之修訂要求其他全面項目增加披露，因此其他全面收益項目應分為兩類：(一)隨後不會重新分類至損益表之項目；及(二)隨後在特定情況符合下可能重新分類至損益表之項目。其他全面收益項目相關之所得稅需以相同基準分配 - 新修訂對其他全面收益項目以除稅前或除稅後呈列的選擇權不變。有關修訂經已追溯應用，因此其他全面收益項目的呈列已修改以反映改變。

香港財務報告準則第7條之修訂

披露 - 抵銷金融資產及金融負債

按照香港財務報告準則第7條之修訂要求企業披露在可執行總互抵銷協議或類似的安排下金融工具的抵銷權利及相關的安排(如抵押品過賬的要求)。披露的詳情載於附註5。

除上述情況外，其他新或經修訂的香港財務報告準則之應用於本中期期間的簡明綜合財務報表中所公佈的數字及/或該等披露並無重大影響。

3. 分項資料

本集團的營業分項亦是報告分項，是根據主要營運決策人(本集團的常務董事委員會)定期審閱的資料，以分配資源到該分項並按本集團的業務劃分評估其表現如下：

1. 企業及零售銀行
2. 財資業務
3. 證券業務
4. 其他包括投資控股、保險、其他投資顧問服務及物業投資。

主要營運決策人確認並沒有營業分項是合計於本集團之報告分項內。

2. PRINCIPAL ACCOUNTING POLICIES - continued

Amendments to HKAS 1

Presentation of Items of Other Comprehensive Income - continued

However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Amendments to HKFRS 7

Disclosures - Offsetting Financial Assets and Financial Liabilities

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement. Disclosures are set out in note 5.

Except as described above, the application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and / or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

The Group's operating segments, which are also the reportable segments, based on information regularly reviewed by the chief operating decision maker (Executive Committee of the Group) for the purpose of allocating resources to segments and assessing their performance on business divisions of the Group, are as follows:

1. Corporate and retail banking
2. Treasury activities
3. Securities business
4. Others comprising investment holding, insurance, other investment advisory services and property investments.

No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

簡明綜合財務報表之附註 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月
for the six months ended 30 June 2013

3. 分項資料 - 續

本集團在期內之報告及營業分項收益及
結果分析，報告如下：

二零一三年六月三十日止六個月

3. SEGMENT INFORMATION - continued

The following is an analysis of the Group's revenue and results by reportable and
operating segment for the periods under review:

Six months ended 30 June 2013

		企業及 零售銀行 Corporate and retail banking 港幣千元 HK\$'000	財務業務 Treasury activities 港幣千元 HK\$'000	證券業務 Securities business 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	抵銷 Eliminations 港幣千元 HK\$'000	綜合 Consolidated 港幣千元 HK\$'000
源自外界客戶利息收入	Interest income from external customers	501,680	258,484	1,937	-	-	762,101
給予外界客戶利息支出	Interest expense to external customers	(238,428)	(47,935)	-	-	-	(286,363)
跨業務利息收入 (附註 1)	Inter-segment interest income (Note 1)	116,010	-	-	-	(116,010)	-
跨業務利息支出 (附註 1)	Inter-segment interest expense (Note 1)	-	(116,010)	-	-	116,010	-
淨利息收入	Net interest income	379,262	94,539	1,937	-	-	475,738
費用及佣金收入	Fee and commission income	75,788	-	64,440	-	-	140,228
費用及佣金支出	Fee and commission expenses	(34,150)	-	(201)	-	-	(34,351)
按公平值列賬及列入損益賬之 金融工具之淨溢利 (虧損)	Net gains (losses) on financial instruments at fair value through profit or loss	257	(116,268)	-	(45)	-	(116,056)
公平值對沖淨虧損	Net losses on fair value hedge	-	(262)	-	-	-	(262)
其他營業收入	Other operating income	45,015	158,881	-	24,251	-	228,147
分項收益	Segment revenue						
營業收入總額	Total operating income	466,172	136,890	66,176	24,206	-	693,444
包含：	Comprising:						
- 源自客戶分項收益	- segment revenue from external customers	350,162	252,900	66,176	24,206		
- 跨業務交易	- inter-segment transactions	116,010	(116,010)	-	-		
營業支出 (附註 2)	Operating expenses (Note 2)	(224,714)	(15,010)	(31,932)	(5,441)	-	(277,097)
貸款減值準備之淨額	Net charge of impairment allowances on loans and advances	(17,592)	-	-	-	-	(17,592)
出售物業及設備之淨虧損	Net losses on disposal of property and equipment	(978)	-	-	-	-	(978)
出售可供出售證券之淨溢利	Net gains on disposal of available-for-sale securities	-	-	-	51	-	51
出售投資物業及其公平值調整 之淨溢利	Net gains on disposal of and fair value adjustments on investment properties	-	-	-	4,237	-	4,237
分項溢利	Segment profit	222,888	121,880	34,244	23,053	-	402,065
未分類企業支出	Unallocated corporate expenses						(81,156)
所佔聯營公司之溢利	Share of profits of associates						8,348
除稅前溢利	Profit before taxation						329,257

附註：1. 跨業務資金交易之價格
是以客戶當前存款利率
計算。

Notes: 1. Inter-segment pricing for funding transactions is charged at prevailing customer deposits interest rates.

2. 未分類企業支出是簡明
綜合損益表內的營業支出
與營業分項內的營業支出
之差額。

2. The difference between the operating expenses in the condensed consolidated statement of profit or loss and the
operating expenses in the operating segments is the unallocated corporate expenses.

簡明綜合財務報表之附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月

for the six months ended 30 June 2013

3. 分項資料 - 續

於二零一三年六月三十日

3. SEGMENT INFORMATION - continued

As at 30 June 2013

		企業及 零售銀行 Corporate and retail banking 港幣千元 HK\$'000	財資業務 Treasury activities 港幣千元 HK\$'000	證券業務 Securities business 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	綜合 Consolidated 港幣千元 HK\$'000
資產	Assets					
分項資產	Segment assets	47,417,846	32,976,737	269,528	444,050	81,108,161
聯營公司權益	Interests in associates					186,888
未分類企業資產	Unallocated corporate assets					368,483
綜合資產總額	Consolidated total assets					81,663,532
負債	Liabilities					
分項負債	Segment liabilities	69,037,905	4,743,555	196,649	77,287	74,055,396
未分類企業負債	Unallocated corporate liabilities					160,832
綜合負債總額	Consolidated total liabilities					74,216,228

其他資料

二零一三年六月三十日止六個月

Other information

Six months ended 30 June 2013

		企業及 零售銀行 Corporate and retail banking 港幣千元 HK\$'000	財資業務 Treasury activities 港幣千元 HK\$'000	證券業務 Securities business 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	未分類業務 Unallocated 港幣千元 HK\$'000	綜合 Consolidated 港幣千元 HK\$'000
資本開支	Capital expenditure	4,888	280	70	79	9,162	14,479
折舊	Depreciation	17,642	687	1,805	187	7,466	27,787
預付土地租金之釋放	Release of prepaid lease payments for land	33	-	-	-	-	33

簡明綜合財務報表之附註 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月
for the six months ended 30 June 2013

3. 分項資料 - 續

3. SEGMENT INFORMATION - continued

二零一二年六月三十日止六個月

Six months ended 30 June 2012

		企業及 零售銀行 Corporate and retail banking 港幣千元 HK\$'000	財務業務 Treasury activities 港幣千元 HK\$'000	證券業務 Securities business 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	抵銷 Eliminations 港幣千元 HK\$'000	綜合 Consolidated 港幣千元 HK\$'000
源自外界客戶利息收入	Interest income from external customers	503,064	278,642	969	–	–	782,675
給予外界客戶利息支出	Interest expense to external customers	(289,973)	(92,151)	–	–	–	(382,124)
跨業務利息收入 (附註 1)	Inter-segment interest income (Note 1)	123,363	–	–	–	(123,363)	–
跨業務利息支出 (附註 1)	Inter-segment interest expense (Note 1)	–	(123,363)	–	–	123,363	–
淨利息收入	Net interest income	336,454	63,128	969	–	–	400,551
費用及佣金收入	Fee and commission income	65,368	–	56,691	–	–	122,059
費用及佣金支出	Fee and commission expenses	(29,885)	–	(297)	–	–	(30,182)
按公平值列賬及列入損益賬之 金融工具之淨溢利	Net gains on financial instruments at fair value through profit or loss	218	28,105	–	35	–	28,358
公平值對沖淨溢利	Net gains on fair value hedge	–	727	–	–	–	727
其他營業收入	Other operating income	39,960	60,328	–	22,372	–	122,660
分項收益	Segment revenue						
營業收入總額	Total operating income	412,115	152,288	57,363	22,407	–	644,173
包含：	Comprising:						
- 源自客戶分項收益	- segment revenue from external customers	288,752	275,651	57,363	22,407		
- 跨業務交易	- inter-segment transactions	123,363	(123,363)	–	–		
營業支出 (附註 2)	Operating expenses (Note 2)	(230,296)	(14,289)	(32,904)	(5,225)	–	(282,714)
貸款減值撥備之淨額	Net reversal of impairment allowances on loans and advances	34,432	–	–	–	–	34,432
出售物業及設備之淨虧損	Net losses on disposal of property and equipment	–	–	–	(8)	–	(8)
出售可供出售證券之淨溢利	Net gains on disposal of available-for-sale securities	–	–	–	468	–	468
出售投資物業及其公平值調整 之淨溢利	Net gains on disposal of and fair value adjustments on investment properties	–	–	–	6,646	–	6,646
分項溢利	Segment profit	216,251	137,999	24,459	24,288	–	402,997
未分類企業支出	Unallocated corporate expenses						(104,361)
所佔聯營公司之溢利	Share of profits of associates						10,387
除稅前溢利	Profit before taxation						309,023

附註：1. 跨業務資金交易之價格是以客戶當前存款利率計算。
Notes: 1. Inter-segment pricing for funding transactions is charged at prevailing customer deposits interest rates.

2. 未分類企業支出是簡明綜合損益表內的營業支出與營業分項內的營業支出之差額。

2. The difference between the operating expenses in the condensed consolidated statement of profit or loss and the operating expenses in the operating segments is the unallocated corporate expenses.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月

for the six months ended 30 June 2013

3. 分項資料 - 續

於二零一二年十二月三十一日

3. SEGMENT INFORMATION - continued

As at 31 December 2012

		企業及 零售銀行 Corporate and retail banking 港幣千元 HK\$'000	財資業務 Treasury activities 港幣千元 HK\$'000	證券業務 Securities business 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	綜合 Consolidated 港幣千元 HK\$'000
資產	Assets					
分項資產	Segment assets	48,290,655	31,156,460	232,982	437,396	80,117,493
聯營公司權益	Interests in associates					182,970
未分類企業資產	Unallocated corporate assets					454,902
綜合資產總額	Consolidated total assets					80,755,365
負債	Liabilities					
分項負債	Segment liabilities	67,818,689	5,172,703	174,138	65,204	73,230,734
未分類企業負債	Unallocated corporate liabilities					150,551
綜合負債總額	Consolidated total liabilities					73,381,285

其他資料

二零一二年六月三十日止六個月

Other information

Six months ended 30 June 2012

		企業及 零售銀行	財務業務	證券業務	其他	未分類業務	綜合
		Corporate and retail banking	Treasury activities	Securities business	Others	Unallocated	Consolidated
		港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
資本開支	Capital expenditure	27,903	55	234	36	33,913	62,141
折舊	Depreciation	17,673	802	2,856	36	7,808	29,175
預付土地租金之釋放	Release of prepaid lease payments for land	33	—	—	—	—	33

不同分項所產生的全部直接費用已歸類到個別的分項之下。非直接費用及後勤支援費用已根據所付出的努力及時間分類到不同的分項及產品，而分項的其他營業收入分類是依靠所產生的費用性質。關於不能分類到分項或產品的費用及收入及其後勤支援的企業業務費用及收入並已分別歸類於未分類企業支出及收入。這是給主要營運決策人衡量報告以用作資源分配和績效評估。

沒有單一的外部客戶達到或超過本集團百分之十之總營業收入。

未能分類到分項，產品及後勤支援的企業業務之資產及負債已歸類於未分類企業資產及負債，而所有直接分項資產及負債已分類到個別的分項。

All direct costs incurred by different segments are grouped under respective segments. Indirect costs and support functions' costs are allocated to various segments and products based on effort and time spent while segments' other operating income is allocated depending on the nature of costs incurred. Costs and support functions' costs and income related to corporate activities that cannot be reasonably allocated to segments or products are grouped as unallocated corporate expenses and unallocated corporate income respectively. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of performance.

There is no operating income with a single external customer amounting to or exceeding 10% of the Group's total operating income.

Assets and liabilities related to corporate activities that cannot be reasonably allocated to segments, products and support functions are grouped as unallocated corporate assets and liabilities. All direct segment assets and liabilities are grouped under respective segments.

簡明綜合財務報表之附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月
for the six months ended 30 June 2013

3. 分項資料 - 續

區域資料

區域資料（包括以區域分析之總分項收益）是按照本集團分行及附屬公司報告業績或資產入賬的主要營運地區作出分析。下列的非流動資產是按照企業本身所定居的國家與非流動資產的位置相同。

3. SEGMENT INFORMATION - continued

Geographical information

Geographical information (including geographical analysis of total segment revenue) is analysed by the Group based on the locations of the principal operations of the branches and subsidiaries which are responsible for reporting the results or booking the assets. Non-current assets presented below are based on the location of the entities' country of domicile which is the same as the location of the non-current assets.

		二零一三年六月三十日止六個月 Six months ended 30 June 2013			於二零一三年六月三十日 As at 30 June 2013			
		總營業 收入 Total operating income 港幣千元 HK\$'000	除稅前 溢利 Profit before taxation 港幣千元 HK\$'000	期內 資本開支 Capital expenditure during the period 港幣千元 HK\$'000	資產總額 Total assets 港幣千元 HK\$'000	負債總額 Total liabilities 港幣千元 HK\$'000	或有負債及 承擔總額 Total contingent liabilities and commitments 港幣千元 HK\$'000	非流動 資產 Non- current assets 港幣千元 HK\$'000
香港	Hong Kong	637,458	284,557	13,709	79,580,719	73,628,936	17,995,003	1,276,982
澳門及汕頭 - 中國大陸	Macau and Shantou, Mainland China	47,639	39,429	268	1,472,070	535,647	457,745	12,396
美國	America	8,347	5,271	502	610,743	51,645	89,364	601
總額	Total	<u>693,444</u>	<u>329,257</u>	<u>14,479</u>	<u>81,663,532</u>	<u>74,216,228</u>	<u>18,542,112</u>	<u>1,289,979</u>

		二零一二年六月三十日止六個月 Six months ended 30 June 2012			於二零一二年十二月三十一日 As at 31 December 2012			
		總營業 收入 Total operating income 港幣千元 HK\$'000	除稅前 溢利 Profit before taxation 港幣千元 HK\$'000	期內 資本開支 Capital expenditure during the period 港幣千元 HK\$'000	資產總額 Total assets 港幣千元 HK\$'000	負債總額 Total liabilities 港幣千元 HK\$'000	或有負債及 承擔總額 Total contingent liabilities and commitments 港幣千元 HK\$'000	非流動 資產 Non- current assets 港幣千元 HK\$'000
香港	Hong Kong	591,532	267,533	61,841	78,627,449	72,677,568	18,599,496	1,286,546
澳門及汕頭 - 中國大陸	Macau and Shantou, Mainland China	44,782	36,361	291	1,533,533	631,873	372,143	12,915
美國	America	7,859	5,129	9	594,383	71,844	10,383	170
總額	Total	<u>644,173</u>	<u>309,023</u>	<u>62,141</u>	<u>80,755,365</u>	<u>73,381,285</u>	<u>18,982,022</u>	<u>1,299,631</u>

附註：總營業收入包括淨利息收入、淨費用及佣金收入、按公平值列賬及列入損益賬之金融工具之淨溢利（虧損）、公平值對沖淨溢利（虧損）及其他營業收入。

Note: Total operating income consists of net interest income, net fee and commission income, net gains (losses) on financial instruments at fair value through profit or loss, net gains (losses) on fair value hedge and other operating income.

非流動資產包括聯營公司權益、投資物業、物業及設備、預付土地租金（非流動部份）及商譽。

Non-current assets consist of interests in associates, investment properties, property and equipment, prepaid lease payments for land (non-current portion) and goodwill.

簡明綜合財務報表之附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月

for the six months ended 30 June 2013

4. 金融工具的公平值計量

在簡明綜合財務狀況表中確認的公平值計量

本集團部份金融資產及金融負債於每個報告期末時是按公平值計量的。下表及以下段落提供關於如何釐定這些金融資產及金融負債的公平值（尤其是所使用的估價技術及輸入變數），以及根據用於計量公平值的輸入變數的可觀察程度，來決定的公平值架構級別分類（第一至第三級別）的資料。

- 第一級別公平值計量是指由活躍市場上相同資產或負債的標價（不做任何調整）得出的公平值計量。
- 第二級別公平值計量是指由除第一級別所含標價之外，可直接（即價格）或間接（即由價格得出）觀察的與資產或負債相關的輸入變數得出的公平值計量。
- 第三級別公平值計量是指由包含以不可觀察市場資料為依據的與資產或負債相關的輸入變數（不可觀察輸入變數）的估價技術得出的公平值計量。

4. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurements recognised in the condensed consolidated statement of financial position

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table and paragraph give information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

簡明綜合財務報表之附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月
for the six months ended 30 June 2013

4. 金融工具的公平值計量 - 續

在簡明綜合財務狀況表中確認的
公平值計量 - 續

於二零一三年六月三十日

4. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS - continued

Fair value measurements recognised in the condensed consolidated statement of financial position - continued

At 30 June 2013

		公平值等級架構 Fair value hierarchy			總額 Total 港幣千元 HK\$'000
		第一級別 Level 1 港幣千元 HK\$'000	第二級別 Level 2 港幣千元 HK\$'000	第三級別 Level 3 港幣千元 HK\$'000	
持作買賣用途之金融資產	Financial assets held for trading	201	-	-	201
指定按公平值列賬及列入損益賬之金融資產	Financial assets designated at fair value through profit or loss	-	91,149	-	91,149
可供出售之證券	Available-for-sale securities				
股本證券	Equity securities	195,126	-	1,451	196,577
其他債務證券	Other debt securities	-	4,330,389	4,169	4,334,558
非用作對沖的衍生金融資產	Derivative financial assets not used for hedging	-	2,359	-	2,359
用作對沖的衍生金融資產	Derivative financial assets used for hedging	-	105,310	-	105,310
非用作對沖的衍生金融負債	Derivative financial liabilities not used for hedging	-	(140,291)	-	(140,291)
用作對沖的衍生金融負債	Derivative financial liabilities used for hedging	-	(54,154)	-	(54,154)
總額	Total	<u>195,327</u>	<u>4,334,762</u>	<u>5,620</u>	<u>4,535,709</u>

截至二零一三年六月三十日止六個月期間，第一級別、第二級別及第三級別之間並沒有發生任何轉移。

There were no transfers between Levels 1, 2 and 3 during the six-month period ended 30 June 2013.

除下表詳述外，本集團之董事認為於簡明綜合財務報表內以攤銷成本入賬的金融資產及金融負債之賬面值與其公平值相若。

Except as detailed in the following table, the directors of the Group consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

於二零一三年六月三十日

At 30 June 2013

		賬面值 Carrying value 港幣千元 HK\$'000	公平值 Fair value 港幣千元 HK\$'000
金融資產	Financial assets		
- 持至到期日之證券	- Held-to-maturity securities	<u>11,556,974</u>	<u>11,570,770</u>
金融負債	Financial liabilities		
- 借貸資本	- Loan capital	<u>1,794,150</u>	<u>1,771,024</u>

簡明綜合財務報表之附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月

for the six months ended 30 June 2013

4. 金融工具的公平值計量 - 續

在簡明綜合財務狀況表中確認的公平值計量 - 續

上市證券的公平值是根據相關的證券交易所的公開市場買入價來釐定的。

指定按公平值列賬及列入損益賬之金融資產的可換股債券、被分類為可供出售之債務證券、持至到期日之債務證券及借貸資本的公平值是根據價格服務提供者、證券商、市場經紀及其他服務提供者所提供的參考價格來計算的。債務證券的參考價格已運用折算現金流的估價模式核實。估價模式的輸入變數是盡可能由可觀察的市場利率資料所釐定的。

外幣遠期合約的公平值是根據比較約定的遠期匯率及於報告期末時可觀察的遠期匯率報價來計量的。

利率掉期合約及跨貨幣利率掉期合約的公平值是根據於報告期末時可觀察的由利率報價所產生之適用孳息率曲線去估計未來的現金流，折算成現值來計量的。

於二零一三年六月三十日金融資產第三級別公平值計量的調節

於二零一三年一月一日結餘
於損益內確認之淨虧損總額
於其他全面收益內確認之淨溢利總額
出售
於二零一三年六月三十日結餘

4. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS - continued

Fair value measurements recognised in the condensed consolidated statement of financial position - continued

The fair value of listed securities is determined with reference to quoted market bid prices from relevant stock exchanges.

The fair values of convertible bonds designated as financial assets at fair value through profit or loss, debt securities classified as available-for-sale securities, held-to-maturity securities and loan capital are calculated based on indicative prices provided by pricing service provider, dealers, brokers and other service providers. Valuation models using discounted cash flows are derived to substantiate the indicative prices of the debt securities. Inputs to valuation models are determined from observable market interest rate data, whenever possible.

The fair value of foreign currency forward contracts is measured by comparing the contracted forward rates and the quoted forward exchange rates, which are observable at the end of the reporting period.

The fair value of interest rate swaps and cross-currency interest rate swaps are measured by the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates, which are observable at the end of the reporting period.

Reconciliation of Level 3 fair value measurements of financial assets as at 30 June 2013

	指定按公平值列賬 及列入損益賬 之金融資產 Financial assets designated at fair value through profit or loss 港幣千元 HK\$'000	可供出售 之證券 Available- for-sale securities 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
Balance at 1 January 2013	419,101	2,711	421,812
Total net losses recognised in profit or loss	(493)	-	(493)
Total net gains recognised in other comprehensive income	-	2,909	2,909
Disposals	(418,608)	-	(418,608)
Balance at 30 June 2013	-	5,620	5,620

簡明綜合財務報表之附註 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月
for the six months ended 30 June 2013

4. 金融工具的公平值計量 - 續

在簡明綜合財務狀況表中確認的
公平值計量 - 續

包含在其他全面收益內有港幣2,909,000元是關於本報告期末仍然持有的被分類為可供出售的股本及其他債務證券，並已呈報為可供出售證券於期間所產生之公平值溢利。

本集團大部份的投資價值是根據活躍市場的標價或可觀察的市場數據所釐定。當中根據估計以公平值入賬並記錄於第三級別內的投資只佔總資產的一小部份(0.01%)。雖然此估價對估計假設敏感，當一個或多個假設轉變至合理及有可能的代替假設時，相信不會對本集團的財務狀況造成重大影響。

5. 抵銷金融資產及金融負債

本集團有金融資產及金融負債：

- 於本集團的簡明綜合財務狀況表內已作抵銷；或
- 涉及可執行總互抵銷安排或涵蓋同類金融工具的類似協議，不論是否已於簡明綜合財務狀況表內抵銷。

本集團根據國際掉期與衍生工具協會(“ISDA”)的總協議及全球性回購總協議(“GMRA”)去訂立衍生工具及銷售及回購協議。此外，就衍生工具交易及銷售及回購協議，本集團會收取及給予現金作為抵押品。該等抵押品是受到ISDA信貸保證附件或GMRA內的標準業內條款所規限。收到或給予的抵押品必須在交易到期日歸還，這些條款也讓每個交易對手有權在對方未能提供抵押品時終止相關交易。

根據持續淨額交收制度下，如與香港中央結算有限公司的金錢契約應收賬及應付賬是同日結算，便應按淨額基準結算。

4. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS - continued

Fair value measurements recognised in the condensed consolidated statement of financial position - continued

Included in other comprehensive income is an amount of HK\$2,909,000 related to equity and other debt securities classified as available-for-sale held at the end of the current reporting period and reported as fair value gains on available-for-sale securities arising during the period.

The majority of the Group's investments are valued based on quoted market information or observable market data. A small percentage, 0.01% of total assets recorded at fair value, are based on estimates and recorded as Level 3 investments. Whilst such valuations are sensitive to estimates, it is believed that changing one or more of the assumptions to reasonably possible alternative assumptions would not have a material impact on the Group's financial position.

5. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group has financial assets and financial liabilities that:

- are offset in the Group's condensed consolidated statement of financial position; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the condensed consolidated statement of financial position.

The Group entered into International Swaps and Derivatives Association(“ISDA”) Master Agreements and Global Master Repurchase Agreements(“GMRA”) for derivatives and sale and repurchase agreements. In addition, the Group receives and pledges collateral in the form of cash in respect of its derivative transactions and sale and repurchase agreements. Such collateral is subject to the standard industry terms of ISDA Credit Support Annex or GMRA. Collateral received or pledged must be returned on maturity of the transactions, giving each counterparty the right to terminate the related transactions upon the counterparty's failure to post collateral.

Under the Continuous Net Settlement, money obligations receivable and payable with the Hong Kong Securities Clearing Company Limited on the same settlement date are settled on a net basis.

簡明綜合財務報表之附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月

for the six months ended 30 June 2013

6. 淨利息收入

6. NET INTEREST INCOME

		六月三十日止六個月 Six months ended 30 June	
		2013	2012
		港幣千元 HK\$'000	港幣千元 HK\$'000
利息收入	Interest income		
存放於同業及其他財務機構之結餘及款項	Balances and placements with banks and other financial institutions	119,853	168,401
證券投資	Investments in securities	146,717	135,176
貸款及借貸	Loans and advances	481,028	435,549
利率掉期合約	Interest rate swaps	14,503	43,549
		<u>762,101</u>	<u>782,675</u>
利息支出	Interest expense		
同業及客戶之存款及結餘	Deposits and balances from banks and customers	(244,436)	(299,790)
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements	(928)	(3,759)
存款證	Certificates of deposit	(2,408)	(17,861)
借貸資本	Loan capital	(31,761)	(33,653)
利率掉期合約	Interest rate swaps	(6,830)	(27,061)
		<u>(286,363)</u>	<u>(382,124)</u>
淨利息收入	Net interest income	<u>475,738</u>	<u>400,551</u>
已計入利息收益	Included within interest income		
減值貸款利息收入	Interest income on impaired loans and advances	99	312

簡明綜合財務報表之附註 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月
for the six months ended 30 June 2013

6. 淨利息收入 - 續

包括在利息收入及利息支出中來自非按公平值列賬及列入損益賬之金融資產及金融負債中所獲得及產生的收入及支出分別為港幣749,420,000元(二零一二年:港幣735,029,000元)及港幣279,533,000元(二零一二年:港幣355,063,000元)。

以上金額包括來自非上市投資債務證券之利息收入為港幣146,717,000元(二零一二年:港幣135,176,000元)。

6. NET INTEREST INCOME - continued

Included within interest income and interest expense are HK\$749,420,000 (2012: HK\$735,029,000) and HK\$279,533,000 (2012: HK\$355,063,000) earned and incurred from financial assets and financial liabilities that are not at fair value through profit or loss, respectively.

Included above is interest income from unlisted investments in debt securities of HK\$146,717,000 (2012: HK\$135,176,000).

7. 淨費用及佣金收入

7. NET FEE AND COMMISSION INCOME

		六月三十日止六個月 Six months ended 30 June	
		2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
費用及佣金收入	Fee and commission income		
證券買賣	Securities dealings	64,440	56,691
信貸限額	Credit lines	7,799	7,445
貿易融資	Trade finance	5,829	5,425
信用卡服務	Credit card services	37,137	32,863
代理服務	Agency services	17,219	12,095
其他	Others	7,804	7,540
費用及佣金收入總額	Total fee and commission income	140,228	122,059
減: 費用及佣金支出	Less: Fee and commission expenses	(34,351)	(30,182)
淨費用及佣金收入	Net fee and commission income	105,877	91,877
淨費用及佣金, 不包括用作計算 實際利率之金額, 關於不是持作 買賣用途或指定按公平值列賬 及列入損益賬之金融資產及金融 負債	Net fee and commission, other than amounts included in determining the effective interest rate, arising from financial assets or financial liabilities, that are not held for trading nor designed at fair value through profit or loss		
- 費用收入	- fee income	54,289	50,438
- 費用支出	- fee expenses	(33,956)	(29,645)
		20,333	20,793

簡明綜合財務報表之附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月

for the six months ended 30 June 2013

8. 按公平值列賬及列入損益賬之金融工具之淨（虧損）溢利 / 公平值對沖之淨（虧損）溢利

8. NET (LOSSES) GAINS ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS / NET (LOSSES) GAINS ON FAIR VALUE HEDGE

		六月三十日止六個月 Six months ended 30 June	
		2013	2012
		港幣千元 HK\$'000	港幣千元 HK\$'000
按公平值列賬及列入損益賬之金融工具之淨（虧損）溢利	Net (losses) gains on financial instruments at fair value through profit or loss		
- 指定按公平值列賬及列入損益賬（附註 1）	- designated at fair value through profit or loss (Note 1)	(76,898)	(59,825)
- 持作買賣用途（附註 2）	- held for trading (Note 2)	(39,158)	88,183
		<u>(116,056)</u>	<u>28,358</u>
公平值對沖之淨（虧損）溢利	Net (losses) gains on fair value hedge		
- 與對沖風險有關的對沖項目之淨虧損	- net losses on hedged items attributable to the hedged risk	(13,387)	(21,004)
- 對沖工具之淨溢利	- net gains on hedging instruments	13,125	21,731
		<u>(262)</u>	<u>727</u>

附註：1. 兩個期間內之指定按公平值列賬及列入損益賬之金融工具之淨虧損主要是來自結構性工具及可換股債券之公平值變動。

Notes: 1. The net losses on financial instruments designated at fair value through profit or loss in both periods were primarily attributable to the changes in fair value of the structured products and the convertible bonds.

2. 淨（虧損）溢利主要是和持作買賣用途的外幣遠期合約、利率掉期合約及跨貨幣利率掉期合約相關，剩餘合約詳列於附註 16。截至二零一三年六月三十日止六個月之淨虧損包括外幣遠期合約重估虧損港幣 1.24 億元，應與列入其他營業收入中的外匯交易及外幣合約所得收益淨額港幣 1.59 億元互相抵銷。本銀行訂立該等合約，主要為將客戶澳幣及紐西蘭元存款的盈餘資金兌換美元所產生的即期頭寸，並投入銀行同業市場以為本銀行賺取額外回報。因應有關之銀行同業存款的到期日，訂立的相應外幣遠期合約以對沖有關外匯風險。有關即期頭寸及遠期合約根據會計準則要求重新估值並分別披露。

2. The net (losses) gains mainly related to foreign currency forward contracts, interest rate swaps and a cross-currency interest rate swap held for trading. Details of the outstanding contracts are set out in note 16. The net losses for the six months ended 30 June 2013 included revaluation losses on the foreign currency forward contracts of HK\$124 million which should be offset by net exchange gains and net gains from foreign currency contracts of HK\$159 million included under other operating income. The Bank entered into these contracts mainly to exchange surplus funds from customer deposits in Australian dollars and New Zealand dollars into United States dollars, which created the spot positions, and placed them in the interbank market to earn extra return for the Bank. The foreign exchange risk was covered by entering into foreign currency forward contracts which matched the maturity dates of the interbank placements. The spot positions and forward contracts were revalued and disclosed separately as required by the accounting standards.

簡明綜合財務報表之附註
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月
for the six months ended 30 June 2013

9. 其他營業收入

9. OTHER OPERATING INCOME

		六月三十日止六個月 Six months ended 30 June	
		2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
股息收入	Dividend income		
- 上市投資	- Listed investments	2,446	3,336
- 非上市投資	- Unlisted investments	2,800	2,700
		5,246	6,036
外匯交易及外幣合約所得收益淨額	Net exchange gains and net gains from foreign currency contracts	158,881	60,328
投資物業租金收入毛額	Gross rents from investment properties	8,452	6,028
減：開支	Less: Outgoings	(543)	(524)
租金收入淨額	Net rental income	7,909	5,504
保管箱租金收入	Safe deposit box rentals	19,072	16,366
除索償及佣金支出之保險承保溢價	Insurance underwriting premium less claims and commission expense	11,095	10,616
其他銀行服務收入	Other banking services income	24,411	22,220
其他	Others	1,533	1,590
		<u>228,147</u>	<u>122,660</u>

簡明綜合財務報表之附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月

for the six months ended 30 June 2013

10. 營業支出

核數師酬金
人事費用(包括董事酬金)
- 薪金及其他費用
- 退休福利計劃供款
人事費用總額
折舊
預付土地租金之釋放
行址及設備支出，
折舊 / 預付土地租金之釋放除外：
- 物業租金及差餉
- 其他
其他營業支出

營運租賃之最低租金支出為港幣16,842,000元(二零一二年：港幣18,138,000元)已包括於行址及設備支出中。

10. OPERATING EXPENSES

六月三十日止六個月	
Six months ended 30 June	
2013	2012
港幣千元	港幣千元
HK\$'000	HK\$'000
Auditor's remuneration	2,033
Staff costs (including directors' emoluments)	
- Salaries and other costs	214,506
- Retirement benefits scheme contributions	15,508
Total staff costs	230,014
Depreciation	27,787
Release of prepaid lease payments for land	33
Premises and equipment expenses, excluding depreciation / release of prepaid lease payments for land:	
- Rentals and rates for premises	20,430
- Others	9,568
Other operating expenses	68,388
	358,253
	387,075

Included in the premises and equipment expenses are minimum lease payments under operating leases of HK\$16,842,000 (2012: HK\$18,138,000).

11. 商譽減值

截至二零一三年六月三十日止六個月期間，管理層已檢討商譽的減值測試。檢討內容包括比較被購買的附屬公司之賬面值及使用值(最少之現金賺取單位)，以分配商譽。該被購買的附屬公司是從事保險業務的。

使用值的計算是根據附屬公司的管理層已審閱的五年財務預算中現金流動預測和五年預測後的平穩增長。於已審閱預測和評估值所覆蓋期間，現金流動預測的準備是包括一些假設和評估。主要假設包括預期收入增長(增長率3.5%至4%)和折算率12%的選擇(二零一二年：12%)。

使用值是折算預期未來的現金流動計算所得的。

截至二零一三年六月三十日及二零一二年六月三十日止六個月期間，本集團的管理層確定並無商譽減值。

11. IMPAIRMENT LOSS ON GOODWILL

For the six-month period ended 30 June 2013, the management has reviewed goodwill for impairment testing purposes. The review comprised a comparison of the carrying amount and the value in use of an acquired subsidiary (the cash-generating unit) to which the goodwill has been allocated. The acquired subsidiary is involved in the insurance business.

The value in use calculations primarily use cash flow projections based on the five-year financial budgets approved by the management of the subsidiary and with a stable growth beyond the five-year projection period. There are a number of assumptions and estimates involved for the preparation of cash flow projections for the period covered by the approved budget and estimated value. Key assumptions include the expected growth in revenues (growth rate at 3.5% to 4%) and the selection of the discount rate of 12% (2012: 12%).

Value in use is derived by discounting the expected future cash flows.

The management of the Group determines that there was no impairment loss on the goodwill for the six-month period ended 30 June 2013 and 30 June 2012.

簡明綜合財務報表之附註 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月
for the six months ended 30 June 2013

12. 稅項

香港利得稅乃依據本期度估計應課稅溢利稅率百分之十六點五計算（二零一二年：百分之十六點五）。

其他司法管轄地區之稅率乃根據其司法管轄地區之現行稅率計算。

12. TAXATION

Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) of the estimated assessable profit for the period.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

13. 每股盈利 - 基本

每股基本盈利之計算乃根據本銀行擁有人應佔溢利港幣 276,307,000 元（二零一二年：港幣 259,749,000 元）及於期內已發行 435,000,000 股（二零一二年：435,000,000 股）普通股計算。

由於以上兩個期內均沒有發行潛在普通股，所以並沒有每股攤薄盈利。

13. EARNINGS PER SHARE - BASIC

The calculation of basic earnings per share is based on the profit attributable to owners of the Bank of HK\$276,307,000 (2012: HK\$259,749,000) and on 435,000,000 (2012: 435,000,000) ordinary shares in issue during the period.

No diluted earnings per share was presented as there was no potential ordinary shares in issue during both periods.

14. 股息

二零一二年之末期股息為每股港幣 0.35 元，合共港幣 152,250,000 元，已於二零一三年五月二十四日派發予股東。

二零一一年之末期股息為每股港幣 0.35 元，合共港幣 152,250,000 元，已於二零一二年五月二十四日派發予股東。

於中期期末之後，就二零一三年十二月三十一日止之財政年度，董事會已決議宣派中期股息為港幣 60,900,000 元（二零一二年：港幣 47,850,000 元），每股為港幣 0.14 元（二零一二年：港幣 0.11 元）予二零一三年九月十九日登記於股東名冊之本銀行股東。

14. DIVIDENDS

On 24 May 2013, a dividend of HK\$0.35 per share totalling HK\$152,250,000 was paid to shareholders as the final dividend for 2012.

On 24 May 2012, a dividend of HK\$0.35 per share totalling HK\$152,250,000 was paid to shareholders as the final dividend for 2011.

Subsequent to the end of the interim period, the board of directors has declared that a total amount of interim dividend in respect of the financial year ending 31 December 2013 of HK\$60,900,000 (2012: HK\$47,850,000) at a rate of HK\$0.14 (2012: HK\$0.11) per share should be paid to the shareholders of the Bank whose names appear in the Register of Members on 19 September 2013.

簡明綜合財務報表之附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月

for the six months ended 30 June 2013

15. 庫存現金及短期資金

庫存現金及存放同業及
其他財務機構款項
通知及短期存款
外匯基金票據

15. CASH AND SHORT-TERM FUNDS

二零一三年 六月三十日 30 June 2013	二零一二年 十二月三十一日 31 December 2012
港幣千元 HK\$'000	港幣千元 HK\$'000
Cash and balances with banks and other financial institutions	6,060,810
Money at call and short notice	10,472,554
Exchange fund bills	798,513
11,960,197	17,331,877

16. 衍生金融工具

持作買賣用途的衍生工具
- 外幣遠期合約
- 利率掉期合約
指定作對沖工具的衍生工具
- 利率掉期合約
- 跨貨幣利率掉期合約

16. DERIVATIVE FINANCIAL INSTRUMENTS

二零一三年六月三十日
30 June 2013

名義金額 Notional amount 港幣千元 HK\$'000	公平值 Fair values	
	資產 Assets 港幣千元 HK\$'000	負債 Liabilities 港幣千元 HK\$'000
Derivatives held for trading		
- Foreign currency forward contracts	5,015,635	760
- Interest rate swaps	170,000	1,599
Derivatives designated as hedging instruments		
- Interest rate swaps	5,809,619	105,310
- Cross-currency interest rate swaps	233,306	-
	107,669	194,445

二零一二年十二月三十一日
31 December 2012

名義金額 Notional amount 港幣千元 HK\$'000	公平值 Fair values	
	資產 Assets 港幣千元 HK\$'000	負債 Liabilities 港幣千元 HK\$'000
Derivatives held for trading		
- Foreign currency forward contracts	6,037,758	16,584
- Interest rate swaps	796,280	4,562
- Cross-currency interest rate swap	36,040	-
Derivatives designated as hedging instruments		
- Interest rate swaps	5,286,864	166,765
- Cross-currency interest rate swaps	233,306	-
	187,911	248,656

於二零一三年六月三十日，外幣遠期買入合約的貨幣主要包括港幣及澳幣（二零一二年：港幣及澳幣）及外幣遠期賣出合約的貨幣主要包括美元（二零一二年：人民幣及美元）。於二零一三年六月三十日及二零一二年十二月三十一日，所有這些合約的結算日均在報告期末一年內。

As at 30 June 2013, the currencies of foreign currency forward buy contracts mainly comprise Hong Kong dollars and Australian dollars (2012: Hong Kong dollars and Australian dollars) and the currencies of foreign currency forward sale contracts mainly comprise United States dollars (2012: Renminbi and United States dollars). As at 30 June 2013 and 31 December 2012, all of these contracts have a settlement date within one year from the end of the reporting period.

簡明綜合財務報表之附註
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月
for the six months ended 30 June 2013

17. 證券投資

17. INVESTMENTS IN SECURITIES

		按公平值列賬及 列入損益賬之金融資產 Financial assets at fair value through profit or loss				
		持作 買賣用途 Held for trading 港幣千元 HK\$'000	指定按 公平值 列賬 Designated at fair value 港幣千元 HK\$'000	可供出售 之證券 Available- for-sale securities 港幣千元 HK\$'000	持至到期日 之證券 Held-to- maturity securities 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
二零一三年六月三十日		30 June 2013				
股本證券：		Equity securities:				
香港上市	Listed in Hong Kong	201	—	186,465	—	186,666
海外上市	Listed overseas	—	—	8,661	—	8,661
		201	—	195,126	—	195,327
非上市	Unlisted	—	—	37,520	—	37,520
		201	—	232,646	—	232,847
債務證券：		Debt securities:				
存款證	Certificates of deposit	—	—	—	6,865,282	6,865,282
可換股債券	Convertible bonds	—	91,149	—	—	91,149
其他債務證券	Other debt securities					
- 非上市	- Unlisted	—	—	4,334,558	4,691,692	9,026,250
		—	91,149	4,334,558	11,556,974	15,982,681
總額：		Total:				
香港上市	Listed in Hong Kong	201	—	186,465	—	186,666
海外上市	Listed overseas	—	—	8,661	—	8,661
非上市	Unlisted	—	91,149	4,372,078	11,556,974	16,020,201
		201	91,149	4,567,204	11,556,974	16,215,528
上市證券市值：		Market value of listed securities:				
香港上市	Listed in Hong Kong	201	—	186,465	—	186,666
海外上市	Listed overseas	—	—	8,661	—	8,661
		201	—	195,126	—	195,327
按發行人分類：		As analysed by issuing entities:				
中央政府及中央銀行	Central governments and central banks	—	—	—	5,740	5,740
公營機構	Public sector entities	—	—	55,525	191,759	247,284
同業及其他財務機構	Banks and other financial institutions	40	—	356,334	9,836,141	10,192,515
企業	Corporate entities	161	91,149	4,149,413	1,523,334	5,764,057
其他	Others	—	—	5,932	—	5,932
		201	91,149	4,567,204	11,556,974	16,215,528

簡明綜合財務報表之附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月

for the six months ended 30 June 2013

17. 證券投資 - 續

17. INVESTMENTS IN SECURITIES - continued

	按公平值列賬及 列入損益賬之金融資產 Financial assets at fair value through profit or loss				
	持作 買賣用途 Held for trading 港幣千元 HK\$'000	指定按 公平值 列賬 Designated at fair value 港幣千元 HK\$'000	可供出售 之證券 Available- for-sale securities 港幣千元 HK\$'000	持至到期日 之證券 Held-to- maturity securities 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
二零一二年十二月三十一日	31 December 2012				
股本證券：	Equity securities:				
香港上市	261	—	184,012	—	184,273
海外上市	—	—	9,055	—	9,055
	261	—	193,067	—	193,328
非上市	—	—	35,610	—	35,610
	261	—	228,677	—	228,938
債務證券：	Debt securities:				
存款證	—	—	—	3,693,321	3,693,321
結構性工具	—	419,101	—	—	419,101
可換股債券	—	794,048	—	—	794,048
其他債務證券	Other debt securities				
- 非上市	—	—	3,993,540	5,906,699	9,900,239
	—	1,213,149	3,993,540	9,600,020	14,806,709
總額：	Total:				
香港上市	261	—	184,012	—	184,273
海外上市	—	—	9,055	—	9,055
非上市	—	1,213,149	4,029,150	9,600,020	14,842,319
	261	1,213,149	4,222,217	9,600,020	15,035,647
上市證券市值：	Market value of listed securities:				
香港上市	261	—	184,012	—	184,273
海外上市	—	—	9,055	—	9,055
	261	—	193,067	—	193,328
按發行人分類：	As analysed by issuing entities:				
中央政府及中央銀行	Central governments and central banks				
	—	—	—	3,382	3,382
公營機構	Public sector entities				
	—	—	56,016	196,401	252,417
同業及其他財務機構	Banks and other financial institutions				
	43	419,101	353,885	7,809,345	8,582,374
企業	Corporate entities				
	218	794,048	3,807,796	1,590,892	6,192,954
其他	Others				
	—	—	4,520	—	4,520
	261	1,213,149	4,222,217	9,600,020	15,035,647

簡明綜合財務報表之附註 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月
for the six months ended 30 June 2013

17. 證券投資 - 續

於二零一三年六月三十日，本集團就該等被分類為可供出售的金融工具中的股本證券已提供的累計減值損失為港幣44,879,000元（二零一二年：港幣44,879,000元）。

所有結構性工具已於二零一三年六月三十日止六個月內出售。於二零一二年十二月三十一日，結構性工具中包含港幣419,101,000元的信貸掛鈎票據。本集團所持有的信貸掛鈎票據，其票面年息率由三個月的倫敦銀行同業拆息加1.3%至2.0%不等，並將於二零一五年至二零一六年到期。假如其參考機構（於二零一二年十二月三十一日，穆迪的信貸評級為A1或以上）有信貸事件發生，信貸掛鈎票據的發行商無須償還本集團票據的債務。

於報告期末，本集團所持有的被分類為可供出售的非上市股本證券是以成本扣除減值虧損計量的，金額為港幣36,069,000元（二零一二年：港幣35,571,000元）。管理層的意見認為，由於其合理公平估計的範圍相當重大，而且管理層沒有計劃出售非上市股本證券，故其公平值不可能被可靠地計量。這些證券並沒有作任何減值。

本銀行三藩市分行持有港幣17,064,000元（二零一二年：港幣17,054,000元）持至到期日之存款證，已遵照加利福尼亞州財務守則（California Financial Code）之規定，質押予美利堅合眾國加利福尼亞州。

17. INVESTMENTS IN SECURITIES - continued

For the equity securities classified as available-for-sale financial instruments, accumulated impairment losses in respect of such equity securities as at 30 June 2013 amounting to HK\$44,879,000 (2012: HK\$44,879,000) have been provided by the Group.

All structured products have been disposed during the six months ended 30 June 2013. As at 31 December 2012, included in structured products were credit linked notes of HK\$419,101,000. The credit linked notes held by the Group bore three-month LIBOR with spreads ranging from 1.3% to 2.0% per annum and maturity dates ranging from 2015 to 2016. The note issuers were not obligated to repay the debt to the Group if the reference entities (rated A1 or above by Moody's as at 31 December 2012) defaulted.

Unlisted equity securities classified as available-for-sale held by the Group amounting to HK\$36,069,000 (2012: HK\$35,571,000) are measured at cost less impairment at the end of the reporting period because the range of reasonable fair estimate is so significant that the management are of the opinion that the fair values cannot be measured reliably, and the management has no plan to dispose the unlisted equity securities. No impairment has been recognised in respect of these securities.

Certain held-to-maturity certificates of deposit of HK\$17,064,000 (2012: HK\$17,054,000) held by the San Francisco Branch of the Bank have been pledged to the State of California of the United States of America in compliance with the requirements of the California Financial Code.

簡明綜合財務報表之附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月
for the six months ended 30 June 2013

17. 證券投資 - 續

由香港特別行政區及中華人民共和國(「中國」)發行而被分類為持至到期日之債務證券總額為港幣5,740,000元(二零一二年:港幣3,382,000元)。

本集團所持有的被分類為可供出售之證券及持至到期日之證券的可換股債券及債務證券主要是由來自中國、香港及澳洲的企業及財務機構擔保或發行。

本集團所持有的被分類為持至到期日證券的存款證主要是由中國、日本及香港銀行發行。本集團持有上述持至到期日之存款證總額為港幣2,313,005,000元(二零一二年:港幣1,731,693,000元)及持至到期日之債務證券總額為港幣806,273,000元(二零一二年:港幣900,850,000元),其信用風險來自中國。

18. 金融資產的轉移

以下為本集團於二零一三年六月三十日及二零一二年十二月三十一日已轉移至另一個體並同意在指定日期以指定價格回購的被分類為持至到期日及可供出售之債務證券。由於本集團沒有轉移有關這些債務證券之主要風險及報酬予該個體,這些債務證券的全數賬面值會繼續被確認。該轉移所收到的現金會被呈報為負債列於「於回購協議下出售之金融資產」下(參閱附註23)。已轉移的債務證券會被視作這些負債的抵押品。於所涉及的期間內,這些債務證券的法定權益已轉移給該個體,該個體可以不受限制地把這些抵押品出售或再抵押。這些債務證券會以攤銷成本或按公平值計量列於本集團的簡明綜合財務狀況表內。

17. INVESTMENTS IN SECURITIES - continued

Debt securities classified as held-to-maturity amounting to HK\$5,740,000 (2012: HK\$3,382,000) were issued by the Government of Hong Kong Special Administrative Region and the Government of the People's Republic of China ("PRC").

The convertible bonds and the debt securities classified as available-for-sale securities and held-to-maturity securities held by the Group are mainly guaranteed or issued by corporates and financial institutions from the PRC, Hong Kong and Australia.

The certificates of deposit classified as held-to-maturity securities held by the Group are mainly issued by banks from the PRC, Japan and Hong Kong. Of the above, held-to-maturity certificates of deposit amounting to HK\$2,313,005,000 (2012: HK\$1,731,693,000) and held-to-maturity debt securities amounting to HK\$806,273,000 (2012: HK\$900,850,000) held by the Group are with credit exposures to the PRC.

18. TRANSFER OF FINANCIAL ASSETS

The following were the Group's debt securities classified as held-to-maturity and available-for-sale as at 30 June 2013 and 31 December 2012 that were transferred to an entity with terms to repurchase these debt securities at the agreed dates and prices. As the Group has not transferred the significant risks and rewards relating to these debt securities to the entity, the full carrying amount of these debt securities continued to be recognised. The cash received on the transfer was reported as liabilities under "Financial assets sold under repurchase agreements" (see note 23). The transferred debt securities serve as collateral to secure these liabilities. During the covered period, the legal title of the debt securities is transferred to the counterparty entity and there is no restriction for the counterparty entity to sell or repledge the collateral. These debt securities are either measured at amortised cost or carried at fair value in the Group's condensed consolidated statement of financial position.

簡明綜合財務報表之附註
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月
for the six months ended 30 June 2013

18. 金融資產的轉移 - 續

18. TRANSFER OF FINANCIAL ASSETS - continued

		二零一三年六月三十日 30 June 2013		
		可供出售之 債務證券 Available- for-sale debt securities 港幣千元 HK\$'000	持至到期日 之債務證券 Held-to- maturity debt securities 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
轉移資產之賬面值	Carrying amount of transferred assets	378,479	117,528	496,007
相關負債之賬面值 (附註 23)	Carrying amount of associated liabilities (Note 23)	<u>329,313</u>	<u>108,036</u>	<u>437,349</u>
		二零一二年十二月三十一日 31 December 2012		
		可供出售之 債務證券 Available- for-sale debt securities 港幣千元 HK\$'000	持至到期日 之債務證券 Held-to- maturity debt securities 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
轉移資產之賬面值	Carrying amount of transferred assets	393,490	117,621	511,111
相關負債之賬面值 (附註 23)	Carrying amount of associated liabilities (Note 23)	<u>326,687</u>	<u>106,994</u>	<u>433,681</u>

19. 貸款及其他賬項

19. ADVANCES AND OTHER ACCOUNTS

		二零一三年 六月三十日 30 June 2013 港幣千元 HK\$'000	二零一二年 十二月三十一日 31 December 2012 港幣千元 HK\$'000
客戶貸款	Advances to customers		
應收票據	Bills receivable	449,920	373,401
貿易票據	Trade bills	660,579	453,669
其他客戶貸款	Other advances to customers	<u>41,514,016</u>	<u>38,365,119</u>
		42,624,515	39,192,189
應收利息	Interest receivable	182,128	232,270
減值準備	Impairment allowances		
- 個別評估	- Individually assessed	(26,339)	(24,054)
- 集體評估	- Collectively assessed	<u>(178,888)</u>	<u>(164,506)</u>
		42,601,416	39,235,899
同業及其他財務機構貸款	Advances to banks and other financial institutions	<u>418,371</u>	<u>2,164,842</u>
		43,019,787	41,400,741
其他賬項	Other accounts	<u>645,231</u>	<u>708,477</u>
		<u>43,665,018</u>	<u>42,109,218</u>

簡明綜合財務報表之附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月

for the six months ended 30 June 2013

19. 貸款及其他賬項 - 續

包含在本集團之「其他賬項」其中一筆為數約港幣246,957,000元(二零一二年:港幣246,484,000元)為本銀行汕頭分行存放中國之財務機構作為儲備金之款項。存放於中國人民銀行之法定存款準備金及額外存款準備金,分別為港幣50,629,000元(二零一二年:港幣64,861,000元)及港幣26,613,000元(二零一二年:港幣13,699,000元);法定存款準備金並不作為本集團的日常運作。以符合中國外資金融機構管理條例之規定,存放於中國其他財務機構的定期存款為港幣169,715,000元(二零一二年:港幣167,924,000元)。

本集團「其他賬項」的餘額為港幣398,274,000元(二零一二年:港幣461,993,000元)主要包括與客戶證券買賣之應收賬款為港幣230,854,000元(二零一二年:港幣200,377,000元)及若干存放於銀行的利率掉期合約之變動保證金,外匯遠期合約及回購協議為港幣21,015,000元(二零一二年:港幣94,479,000元)。

減值貸款詳情如下:

減值貸款總額

減:個別評估減值準備

淨減值貸款

減值貸款總額佔客戶貸款總額之百分比

抵押品之市值

除個別評估貸款減值準備外,本集團已就個別不重大貸款或其他未經個別作減值評估之貸款,作集體評估減值準備。

19. ADVANCES AND OTHER ACCOUNTS - continued

Included in the "Other Accounts" of the Group is an amount of approximately HK\$246,957,000 (2012: HK\$246,484,000) placed as reserve funds with the financial institutions in the PRC by the Shantou Branch of the Bank. Such reserve funds include the mandatory reserve deposits and surplus reserve deposits placed with the People's Bank of China, amounting to HK\$50,629,000 (2012: HK\$64,861,000) and HK\$26,613,000 (2012: HK\$13,699,000) respectively. The mandatory reserve deposits are not available for the Group's daily operation. The balance of HK\$169,715,000 (2012: HK\$167,924,000) comprises fixed deposits placed with other financial institutions in the PRC in compliance with the requirements of Regulations Governing Foreign Financial Institutions of the PRC.

The remaining balance of "Other Accounts" of the Group amounting to HK\$398,274,000 (2012: HK\$461,993,000) mainly comprised accounts receivable from customers in relation to securities dealing of HK\$230,854,000 (2012: HK\$200,377,000) and a variation margin of HK\$21,015,000 (2012: HK\$94,479,000) deposited in banks for certain interest rate swaps, foreign currency forward contracts and repurchase agreements.

Details of the impaired loans are as follows:

	二零一三年 六月三十日 30 June 2013	二零一二年 十二月三十一日 31 December 2012
	港幣千元 HK\$'000	港幣千元 HK\$'000
Gross impaired loans	32,200	24,194
Less: Impairment allowances under individual assessment	(26,339)	(24,054)
Net impaired loans	5,861	140
Gross impaired loans as a percentage of gross advances to customers	0.08%	0.06%
Market value of collateral pledged	64,524	76,635

In addition to the individually assessed loans impairment allowance, the Group has also provided collectively assessed loans impairment allowance for loans that are individually insignificant or advances where no impairment has been identified individually.

簡明綜合財務報表之附註
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月
for the six months ended 30 June 2013

20. 投資物業

20. INVESTMENT PROPERTIES

		2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
於一月一日	At 1 January	135,318	127,171
列入損益表之公平值淨增加	Net increase in fair value recognised in profit or loss	1,910	9,390
出售	Disposals	(1,600)	(1,500)
匯兌調整	Exchange difference	534	257
於六月三十日 / 十二月三十一日	At 30 June / 31 December	<u>136,162</u>	<u>135,318</u>

本集團所有以營運租賃形式收取租金及 / 或待價格升值的物業是以公平值模式計量，被確認為及以投資物業入賬。

All of the Group's property interests held under operating leases to earn rentals and / or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

出售投資物業及公平值調整之淨溢利：

Net gains on disposal of and fair value adjustments on investment properties:

		六月三十日止六個月 Six months ended 30 June 2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
出售投資物業之淨溢利	Net gains on disposal of investment properties	2,327	2,816
投資物業公平值調整之淨溢利	Net gains on fair value adjustments on investment properties	1,910	3,830
		<u>4,237</u>	<u>6,646</u>

本集團所擁有之投資物業經獨立專業測量師行威格斯資產評估顧問有限公司按二零一三年六月三十日以直接比較方法及參考同類物業最近的成交來重估。公平值是從相類物業的可比較市場交易獲得。

Investment properties owned by the Group were revalued at 30 June 2013 by adopting the direct comparison approach and which reference to the recent transactions for similar premises by Vigers Appraisal & Consulting Limited, independent professional qualified valuers. The fair value is mainly arrived at by reference to comparable market transactions for similar properties.

投資物業之公平值的評估是假設於報告期末時，在任何情況下，投資物業並沒有被強迫出售及其結構良好。

The fair value of investment properties were estimated based on assumptions that there would be no forced sale situation in any manner for these investment properties and the structure of these investment properties were in a reasonable condition at the end of the reporting period.

投資物業以經營租賃形式租出。

The investment properties are rented out under operating leases.

簡明綜合財務報表之附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月

for the six months ended 30 June 2013

21. 物業及設備

21. PROPERTY AND EQUIPMENT

		租賃土地 Leasehold land 港幣千元 HK\$'000	樓宇 Buildings 港幣千元 HK\$'000	設備 Equipment 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
成本	COST				
於二零一三年一月一日	At 1 January 2013	575,421	375,285	546,606	1,497,312
添置	Additions	–	–	14,479	14,479
出售	Disposals	–	–	(3,067)	(3,067)
匯兌調整	Exchange adjustments	–	–	79	79
於二零一三年六月三十日	At 30 June 2013	575,421	375,285	558,097	1,508,803
累積折舊	ACCUMULATED DEPRECIATION				
於二零一三年一月一日	At 1 January 2013	101,005	62,214	405,713	568,932
折舊	Depreciation	5,495	4,081	18,211	27,787
出售後註銷	Eliminated on disposals	–	–	(1,890)	(1,890)
匯兌調整	Exchange adjustments	–	–	35	35
於二零一三年六月三十日	At 30 June 2013	106,500	66,295	422,069	594,864
賬面淨值	CARRYING AMOUNTS				
於二零一三年六月三十日	At 30 June 2013	468,921	308,990	136,028	913,939
成本	COST				
於二零一二年一月一日	At 1 January 2012	562,418	372,392	505,334	1,440,144
添置	Additions	13,003	2,893	54,209	70,105
出售	Disposals	–	–	(13,308)	(13,308)
匯兌調整	Exchange adjustments	–	–	371	371
於二零一二年十二月三十一日	At 31 December 2012	575,421	375,285	546,606	1,497,312
累積折舊	ACCUMULATED DEPRECIATION				
於二零一二年一月一日	At 1 January 2012	90,078	53,963	377,135	521,176
折舊	Depreciation	10,927	8,251	40,031	59,209
出售後註銷	Eliminated on disposals	–	–	(11,441)	(11,441)
匯兌調整	Exchange adjustments	–	–	(12)	(12)
於二零一二年十二月三十一日	At 31 December 2012	101,005	62,214	405,713	568,932
賬面淨值	CARRYING AMOUNTS				
於二零一二年十二月三十一日	At 31 December 2012	474,416	313,071	140,893	928,380

簡明綜合財務報表之附註 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月
for the six months ended 30 June 2013

22. 預付土地租金

本集團的預付土地租金包括：

於一月一日及六月三十日 /
十二月三十一日

成本

於香港以外：

租約於十至五十年

賬面淨值於一月一日

預付經營租賃租金之釋放

匯兌調整

賬面淨值於六月三十日 /
十二月三十一日

分析：

流動部份

非流動部份

總額

22. PREPAID LEASE PAYMENTS FOR LAND

The Group's prepaid lease payments for land comprise:

	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
At 1 January and 30 June / 31 December		
COST		
Outside Hong Kong held on:		
Leases of between 10 to 50 years	2,850	2,850
Net book value at 1 January	2,423	2,483
Release of prepaid operating lease payments	(33)	(66)
Exchange adjustments	27	6
Net book value at 30 June / 31 December	2,417	2,423
Analysed as:		
Current portion	33	66
Non-current portion	2,384	2,357
Total	2,417	2,423

23. 於回購協議下出售之金融資產

以抵押品類別分析：

債務證券被分類為：

可供出售

持至到期日

於二零一三年六月三十日，被分類為可供出售之債務證券及持至到期日之債務證券的賬面值分別為港幣378,479,000元（二零一二年：港幣393,490,000元）及港幣117,528,000元（二零一二年：港幣117,621,000元），已根據回購協議售予其他銀行。所有回購協議於報告期末十二個月內到期。

23. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

二零一三年
六月三十日
30 June 2013
港幣千元
HK\$'000

二零一二年
十二月三十一日
31 December 2012
港幣千元
HK\$'000

Analysed by collateral type:

Debt securities classified as:

Available-for-sale

Held-to-maturity

329,313

326,687

108,036

106,994

437,349

433,681

As at 30 June 2013, debt securities which are classified as available-for-sale and held-to-maturity with carrying amounts of HK\$378,479,000 (2012: HK\$393,490,000) and HK\$117,528,000 (2012: HK\$117,621,000) respectively were sold under repurchase agreements with other banks. All repurchase agreements are due within 12 months from the end of the reporting period.

簡明綜合財務報表之附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月

for the six months ended 30 June 2013

24. 客戶存款

24. DEPOSITS FROM CUSTOMERS

		二零一三年 六月三十日 30 June 2013	二零一二年 十二月三十一日 31 December 2012
		港幣千元 HK\$'000	港幣千元 HK\$'000
活期存款及往來賬戶	Demand deposits and current accounts	5,434,970	5,238,918
儲蓄存款	Savings deposits	20,703,476	21,557,659
定期、即時及通知存款	Time, call and notice deposits	42,617,469	40,712,171
		<u>68,755,915</u>	<u>67,508,748</u>

25. 存款證

25. CERTIFICATES OF DEPOSIT

於二零一三年六月三十日，本集團已發行以攤銷成本計算之存款證，其賬面總值為港幣 177,511,000 元（二零一二年：港幣 667,636,000 元）。存款證中包含港幣 100,000,000 元（二零一二年：港幣 100,000,000 元）的存款證，其票面息率為三個月的香港銀行同業拆息加 1%，將於二零一三年八月到期。另外有港幣 77,511,000 元（二零一二年：港幣 567,636,000 元）的存款證，其年利率為 1%（二零一二年：1.0% 至 2.9%），將於二零一三年十月（二零一二年：二零一三年一月至二零一三年十月）到期。所有已發行的存款證均沒有以任何抵押品作抵押。

The Group has issued certificates of deposit which are measured at amortised cost with a total carrying amount of HK\$177,511,000 as at 30 June 2013 (2012: HK\$667,636,000). Included in certificates of deposit are certificates of deposit of HK\$100,000,000 (2012: HK\$100,000,000) issued at the rate of three-month HIBOR plus 1% which will mature in August 2013 and certificates of deposit of HK\$77,511,000 (2012: HK\$567,636,000) issued at interest rate of 1% (2012: 1.0% to 2.9%) per annum which will mature in October 2013 (2012: January 2013 to October 2013). All certificates of deposit issued are not secured by any collateral.

簡明綜合財務報表之附註 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月
for the six months ended 30 June 2013

26. 借貸資本

26. LOAN CAPITAL

	二零一三年 六月三十日 30 June 2013 港幣千元 HK\$'000	二零一二年 十二月三十一日 31 December 2012 港幣千元 HK\$'000
於2020年到期之2.25億美元 固定息率後償票據以公平值對沖 (已作利率風險對沖調整) (附註(a)及(b))	US\$225 million fixed rate subordinated note due 2020 under fair value hedge (after adjustment of hedged interest rate risk) (Notes (a) & (b))	
	1,794,150	1,898,957

附註：

(a) 於二零一三年六月三十日及二零一二年十二月三十一日，此票面值為225,000,000美元的后償票據於二零一零年十一月五日發行，被評定為次級資本，此票據將於二零二零年十一月四日到期。如於二零一三年一月一日或之後任何時間，由於監管機構規定轉變，此票據不再完全符合本銀行類別II - 附加資本中的后償票據，本銀行有權及在香港金融管理局書面預先批准下，對票據持有者發出「狀況轉變通知書」以轉變票據狀況。當「狀況轉變通知書」生效時，此票據從這時開始建立非后償票據條例及票據的年息率由6%下降至5.5%。由於在報告期內沒有發出「狀況轉變通知書」，票據的年息率保持為6%。

(b) 已發行的后償票據沒有以任何抵押品作抵押。

Notes:

(a) As at 30 June 2013 and 31 December 2012, this represents a subordinated note qualifying as tier 2 capital with face value of US\$225,000,000 issued on 5 November 2010. The note will mature on 4 November 2020. If at any time (on or) after 1 January 2013, the note no longer fully qualifies as term subordinated debt for inclusion in Category II - Supplementary Capital of the Bank upon changes to regulatory requirements, the Bank may, at its option and subject to the prior written approval of the HKMA, exercise a change of the status of the note by serving the "Change in Status Notice" to the noteholders. Upon a "Change in Status Notice" becoming effective, the note shall thereafter constitute unsubordinated obligations and the rate of interest on the note shall be reduced from 6% per annum to 5.5% per annum. As the "Change in Status Notice" has not been served during the reporting period, the rate of interest on the note remains at 6% per annum.

(b) The subordinated note issued is not secured by any collateral.

簡明綜合財務報表之附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月

for the six months ended 30 June 2013

27. 遞延稅項

以簡明綜合財務報表的呈列為由，部份遞延稅項資產及遞延稅項負債已被對銷。根據財務報告，遞延稅項總額分析如下：

遞延稅項資產

遞延稅項負債

27. DEFERRED TAXATION

For the purpose of presentation in the condensed consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

二零一三年 六月三十日 30 June 2013	二零一二年 十二月三十一日 31 December 2012
港幣千元 HK\$'000	港幣千元 HK\$'000
1,475	1,502
(11,832)	(23,574)
<u>(10,357)</u>	<u>(22,072)</u>

於本期度及上期度已確認之主要遞延稅項資產(負債)及其變動如下：

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior reporting periods:

	稅項折舊 Accelerated tax depreciation 港幣千元 HK\$'000	集體評估之 減值準備 Collectively assessed impairment allowance 港幣千元 HK\$'000	投資物業 Investment properties 港幣千元 HK\$'000	可供出售之 證券重估 Revaluation of available- for-sale securities 港幣千元 HK\$'000	退休福利 計劃重估 Remeasurement of retirement benefits 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於二零一三年一月一日	(11,387)	26,531	(2,909)	(32,613)	(1,694)	(22,072)
期內於損益表內(列入)回撥	(2,003)	1,912	(75)	-	-	(166)
期內於其他全面收益中回撥	-	-	-	11,881	-	11,881
於二零一三年六月三十日	<u>(13,390)</u>	<u>28,443</u>	<u>(2,984)</u>	<u>(20,732)</u>	<u>(1,694)</u>	<u>(10,357)</u>
於二零一二年一月一日	(10,540)	27,869	(2,874)	(2,797)	(1,694)	9,964
是年度於損益表內列入	(847)	(1,338)	(35)	-	-	(2,220)
是年度於其他全面收益中列入	-	-	-	(29,816)	-	(29,816)
於二零一二年十二月三十一日	<u>(11,387)</u>	<u>26,531</u>	<u>(2,909)</u>	<u>(32,613)</u>	<u>(1,694)</u>	<u>(22,072)</u>

簡明綜合財務報表之附註 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月
for the six months ended 30 June 2013

28. 到期情況

簡明綜合財務狀況表內金融資產及負債的到期日分析是根據提供給管理層並供其審閱的到期日資料，分析如下：

28. MATURITY PROFILES

The maturity analysis of financial assets and liabilities shown on the condensed consolidated statement of financial position are presented based on maturity information provided to and reviewed by management, is shown below:

	即時償還 Repayable on demand 港幣千元 HK\$'000	一個月 以內償還 (不包括 即時償還) Repayable within 1 month (except those repayable on demand) 港幣千元 HK\$'000	一個月 至三個月 以內償還 Repayable after 1 month but within 3 months 港幣千元 HK\$'000	三個月 至一年 以內償還 Repayable after 3 months but within 1 year 港幣千元 HK\$'000	一年 至五年 以內償還 Repayable after 1 year but within 5 years 港幣千元 HK\$'000	超過五年 償還 Repayable after 5 years 港幣千元 HK\$'000	無明確 日期 Undated 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
At 30 June 2013								
資產	Assets							
庫存現金及短期資金	3,651,708	8,109,998	19,418	179,073	-	-	-	11,960,197
存放同業及其他財務機構款項	-	-	5,389,761	3,033,872	-	-	-	8,423,633
衍生金融工具	-	123	43	623	16,798	90,082	-	107,669
按公平值列賬及列入損益賬之 金融資產	-	-	-	91,149	-	-	201	91,350
可供出售之證券	-	-	-	-	3,248,164	1,086,394	232,646	4,567,204
持至到期日之證券	-	1,817,246	2,494,888	3,938,535	2,567,225	739,080	-	11,556,974
客戶貸款	2,096,968	2,810,336	4,417,429	7,587,291	12,175,512	13,448,710	88,269	42,624,515
同業及其他財務機構貸款	-	-	418,371	-	-	-	-	418,371
其他金融資產	348,159	130,801	123,848	198,000	498	-	(179,174)	622,132
金融資產總額	6,096,835	12,868,504	12,863,758	15,028,543	18,008,197	15,364,266	141,942	80,372,045
負債	Liabilities							
同業及其他財務機構存款及 結餘	14,092	1,833,262	-	232,695	-	-	-	2,080,049
於回購協議下出售之金融資產	-	358,423	-	78,926	-	-	-	437,349
客戶存款	26,158,876	19,854,312	14,042,266	8,618,689	81,772	-	-	68,755,915
存款證	-	-	100,000	77,511	-	-	-	177,511
衍生金融工具	-	22,705	88,369	27,818	46,610	8,943	-	194,445
借貸資本	-	-	-	-	-	1,794,150	-	1,794,150
其他金融負債	381,841	41,664	87,639	177,311	19,073	-	-	707,528
金融負債總額	26,554,809	22,110,366	14,318,274	9,212,950	147,455	1,803,093	-	74,146,947
淨額	Net position							
- 金融資產及負債總額	(20,457,974)	(9,241,862)	(1,454,516)	5,815,593	17,860,742	13,561,173	141,942	6,225,098
存款證當中包括：	Of which certificates of deposit included in:							
持至到期日之證券	-	1,739,681	2,156,110	2,969,491	-	-	-	6,865,282
債務證券當中包括：	Of which debt securities included in:							
按公平值列賬及列入損益賬之 金融資產	Financial assets at fair value through profit or loss							
- 指定按公平值列賬	-	-	-	91,149	-	-	-	91,149
可供出售之證券	-	-	-	-	3,248,164	1,086,394	-	4,334,558
持至到期日之證券	-	1,817,246	2,494,888	3,938,535	2,567,225	739,080	-	11,556,974
	-	1,817,246	2,494,888	4,029,684	5,815,389	1,825,474	-	15,982,681

簡明綜合財務報表之附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月

for the six months ended 30 June 2013

28. 到期情況 - 續

28. MATURITY PROFILES - continued

	即時償還 Repayable on demand 港幣千元 HK\$'000	一個月 以內償還 (不包括 即時償還) Repayable within 1 month (except those repayable on demand) 港幣千元 HK\$'000	一個月 至三個月 以內償還 Repayable after 1 month but within 3 months 港幣千元 HK\$'000	三個月 至一年 以內償還 Repayable after 3 months but within 1 year 港幣千元 HK\$'000	一年 至五年 以內償還 Repayable after 1 year but within 5 years 港幣千元 HK\$'000	超過五年 償還 Repayable after 5 years 港幣千元 HK\$'000	無明確 日期 Undated 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於二零一二年十二月三十一日	At 31 December 2012							
資產	Assets							
庫存現金及短期資金	6,099,570	11,103,776	30,000	98,531	-	-	-	17,331,877
存放同業及其他財務機構款項								
other financial institutions	-	-	3,948,937	840,576	-	-	-	4,789,513
衍生金融工具	-	6,562	3,987	6,106	-	171,256	-	187,911
按公平值列賬及列入損益賬之 金融資產								
through profit or loss	-	-	-	216,196	996,953	-	261	1,213,410
可供出售之證券	-	-	-	-	2,625,897	1,367,643	228,677	4,222,217
持至到期日之證券	-	1,225,799	2,576,757	2,538,779	2,519,363	739,322	-	9,600,020
客戶貸款	1,634,953	2,284,996	2,398,222	7,369,363	12,717,092	12,619,406	168,157	39,192,189
同業及其他財務機構貸款								
Advances to banks and other financial institutions	-	105,497	1,364,831	694,514	-	-	-	2,164,842
其他金融資產	327,140	128,130	193,336	181,311	94,216	-	(171,946)	752,187
金融資產總額	8,061,663	14,854,760	10,516,070	11,945,376	18,953,521	14,897,627	225,149	79,454,166
負債	Liabilities							
同業及其他財務機構存款及 結餘								
Deposits and balances of banks and other financial institutions	35,287	803,806	659,900	344,484	-	-	-	1,843,477
於回購協議下出售之金融資產								
Financial assets sold under repurchase agreements	-	354,801	-	78,880	-	-	-	433,681
客戶存款	26,837,602	19,872,678	13,961,059	6,748,437	88,972	-	-	67,508,748
存款證	-	99,991	390,267	177,378	-	-	-	667,636
衍生金融工具								
Derivative financial instruments	-	3,131	17,943	27,942	142,985	56,655	-	248,656
借貸資本	-	-	-	-	-	1,898,957	-	1,898,957
其他金融負債	401,465	59,876	102,005	161,879	15,004	-	-	740,229
金融負債總額	27,274,354	21,194,283	15,131,174	7,539,000	246,961	1,955,612	-	73,341,384
淨額	Net position							
- 金融資產及負債總額	(19,212,691)	(6,339,523)	(4,615,104)	4,406,376	18,706,560	12,942,015	225,149	6,112,782
存款證當中包括：	Of which certificates of deposit included in:							
持至到期日之證券	-	225,243	2,110,648	1,357,430	-	-	-	3,693,321
債務證券當中包括：	Of which debt securities included in:							
按公平值列賬及列入損益賬之 金融資產								
Financial assets at fair value through profit or loss								
- 指定按公平值列賬	-	-	-	216,196	996,953	-	-	1,213,149
可供出售之證券	-	-	-	-	2,625,897	1,367,643	-	3,993,540
持至到期日之證券	-	1,225,799	2,576,757	2,538,779	2,519,363	739,322	-	9,600,020
	-	1,225,799	2,576,757	2,754,975	6,142,213	2,106,965	-	14,806,709

簡明綜合財務報表之附註 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月
for the six months ended 30 June 2013

29. 關聯方交易

期內，本集團與關聯方之重大交易
詳列如下：

29. RELATED PARTY TRANSACTIONS

During the period, the Group entered into the following material transactions
with related parties:

		利息、佣金及租金收入 Interest, commission and rental income		利息及租金支出 Interest and rental expenses	
		六月三十日止六個月 Six months ended 30 June		六月三十日止六個月 Six months ended 30 June	
		2013 港幣千元 HK \$'000	2012 港幣千元 HK \$'000	2013 港幣千元 HK \$'000	2012 港幣千元 HK \$'000
最終控股公司 / 直接控股公司 / 同系附屬公司	Ultimate holding company / immediate holding company / fellow subsidiaries	<u>3,764</u>	<u>3,318</u>	<u>5,172</u>	<u>10,481</u>
聯營公司	Associates	<u>14,339</u>	<u>9,316</u>	<u>1,391</u>	<u>1,414</u>
主要管理人員 (附註)	Key management personnel (Note)	<u>2,704</u>	<u>2,733</u>	<u>5,202</u>	<u>5,385</u>

於報告期末，本集團與關聯方之
重大結欠情況如下：

At the end of the reporting period, the Group had the following material
outstanding balances with related parties:

		貸款給關聯方 Loan to related parties		來自關聯方的存款 Deposit from related parties	
		二零一三年 六月三十日 30 June 2013	二零一二年 十二月三十一日 31 December 2012	二零一三年 六月三十日 30 June 2013	二零一二年 十二月三十一日 31 December 2012
		港幣千元 HK \$'000	港幣千元 HK \$'000	港幣千元 HK \$'000	港幣千元 HK \$'000
最終控股公司 / 直接控股公司 / 同系附屬公司	Ultimate holding company / immediate holding company / fellow subsidiaries	<u>32,752</u>	<u>34,592</u>	<u>236,786</u>	<u>159,663</u>
聯營公司	Associates	<u>14,337</u>	<u>14,337</u>	<u>153,153</u>	<u>97,147</u>
主要管理人員 (附註)	Key management personnel (Note)	<u>487,178</u>	<u>417,568</u>	<u>675,340</u>	<u>653,558</u>

以上結欠之利率與給予一般客戶之
計算方法相類。部份給予關聯方的
貸款以物業、證券及定期存款作
抵押。

The above outstanding balances bear interest at rates similar to those
made available to non-related parties. A portion of the loans to related
parties are secured with properties, securities and fixed deposits.

附註：主要管理人員包括其家屬及
主要管理人員有直接或間接
關係的投票權控制或共同
控制的個體。

Note: Includes key management personnel, close family members of key
management personnel and entities that are controlled or jointly
controlled, directly or indirectly, by key management personnel.

簡明綜合財務報表之附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年六月三十日止六個月

for the six months ended 30 June 2013

29. 關聯方交易 - 續

主要管理人員之補償

期內董事及其他管理層要員之薪酬如下：

29. RELATED PARTY TRANSACTIONS - continued

Compensation of key management personnel

The remuneration of directors and other members of the key management during the period are as follows:

		六月三十日止六個月 Six months ended 30 June	
		2013	2012
		港幣千元 HK\$'000	港幣千元 HK\$'000
短期僱員福利	Short-term benefits	33,717	30,044
退休福利	Post employment benefits	<u>2,532</u>	<u>2,308</u>
		<u>36,249</u>	<u>32,352</u>

董事及管理層之薪酬乃由薪酬委員會考慮到個別人士表現及市場標準釐定。

The remuneration of directors and key management is reviewed by Remuneration Committee having regard to the performance of individuals and market trends.

30. 比對數目

若干比對數目已重新分類以符合本期度的呈列。

30. COMPARATIVE AMOUNTS

Certain comparative figures have been reclassified to conform with the current period's presentation.

獨立核數師報告書 INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

致創興銀行有限公司股東
(於香港註冊成立的有限公司)：

本核數師（以下簡稱「我們」）已審核列載於第 81 頁至第 253 頁創興銀行有限公司（「本銀行」）及其附屬公司（「統稱「本集團」」）的綜合財務報表，此綜合財務報表包括於二零一三年十二月三十一日的綜合及銀行之財務狀況表與截至該日止年度的綜合損益表、綜合損益及其他全面收益表、綜合股東權益轉變表和綜合現金流動表，以及主要會計政策概要及其他附註解釋。

董事就綜合財務報表須承擔的責任

本銀行董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港《公司條例》編製及真實而公平地列報該等綜合財務報表，以及維持董事認為必要的有關內部控制，以確保編製綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

核數師的責任

我們的責任是根據我們審核工作的結果，對該等綜合財務報表表達獨立的意見，並按照香港《公司條例》第 141 條僅向整體股東作出報告，而本報告將不適用於其他用途，我們不會就本報告的內容向任何其他人士負上或承擔任何責任。我們已根據香港會計師公會頒佈的香港審計準則進行審核。這些準則要求我們遵守道德規範，並規劃及執行審核，以合理確定此等綜合財務報表是否不存有任何重大錯誤陳述。

TO THE MEMBERS OF CHONG HING BANK LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Chong Hing Bank Limited (the “Bank”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 81 to 253, which comprise the consolidated and the Bank’s statements of financial position as at 31 December 2013, the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors’ Responsibility for the Consolidated Financial Statements

The directors of the Bank are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

獨立核數師報告書 INDEPENDENT AUDITOR'S REPORT

審核涉及執行情序以獲取有關綜合財務報表所載金額及披露資料的審核憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存有重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製及真實而公平地列報綜合財務報表相關的內部控制，以設計適當的審核程序，但並非為對公司的內部控制的效能發表意見。審核亦包括評價董事所採用的會計政策的合適性及所作出的會計估計的合理性，以及評價綜合財務報表的整體列報方式。

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

我們相信，我們所獲得的審核憑證是充足和適當地為我們的審核意見提供基礎。

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映本銀行及本集團於二零一三年十二月三十一日的事務狀況及截至該日止年度的利潤及現金流量，並已按照香港《公司條例》妥為編製。

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Bank and of the Group as at 31 December 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

德勤·關黃陳方會計師行
執業會計師
香港

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

二零一四年二月二十六日

26 February 2014

綜合損益表 CONSOLIDATED STATEMENT OF PROFIT OR LOSS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

		附註 Notes	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
利息收入	Interest income		1,595,667	1,563,820
利息支出	Interest expense		(581,462)	(726,912)
淨利息收入	Net interest income	9	1,014,205	836,908
費用及佣金收入	Fee and commission income		283,196	253,949
費用及佣金支出	Fee and commission expenses		(73,263)	(64,584)
淨費用及佣金收入	Net fee and commission income	10	209,933	189,365
按公平值列賬及列入損益賬 之金融工具之淨（虧損）溢利	Net (losses) gains on financial instruments at fair value through profit or loss	11	(22,414)	57,473
公平值對沖之淨溢利	Net gains on fair value hedge	11	536	1,200
其他營業收入	Other operating income	12	239,745	237,835
營業支出	Operating expenses	13	(781,575)	(788,591)
			660,430	534,190
貸款減值準備淨（支出）回撥	Net (charge) reversal of impairment allowances on loans and advances	22	(35,237)	65,228
出售物業及設備之淨溢利（虧損）	Net gains (losses) on disposal of property and equipment		6,740	(1,861)
出售可供出售證券之淨溢利	Net gains on disposal of available-for-sale securities		1,582	594
出售投資物業及其公平值調整之 淨溢利	Net gains on disposal of and fair value adjustments on investment properties	26	4,237	12,206
所佔聯營公司之溢利	Share of profits of associates		32,103	36,028
除稅前溢利	Profit before taxation		669,855	646,385
稅項	Taxation	15	(112,437)	(103,045)
年度溢利	Profit for the year		557,418	543,340
- 屬於本銀行擁有人	- attributable to owners of the Bank		557,418	543,340
每股盈利 - 基本	Earnings per share - basic	17	HK1.28	HK\$1.25

綜合損益及其他全面收益表 CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

		2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
年度溢利	Profit for the year	<u>557,418</u>	<u>543,340</u>
其他全面收益	Other comprehensive income		
可隨後重新分類至損益表之項目：	Items that may be reclassified subsequently to profit or loss:		
因折算之外匯調整	Exchange differences arising on translation	18,022	4,588
本年度可供出售證券其公平值之 (虧損)溢利	Fair value (losses) gains of available-for-sale securities arising during the year	(4,061)	183,500
因出售可供出售證券而導致重新 分類到損益表之金額	Amount reclassified to the profit or loss upon disposal of available-for-sale securities	(1,582)	(594)
關於出售可供出售證券之所得稅 影響	Income tax effect relating to disposal of available-for-sale securities	261	98
關於可供出售證券公平值調整之 所得稅影響	Income tax effect relating to fair value change of available-for-sale securities	514	(29,914)
所佔聯營公司之其他全面收益	Share of other comprehensive income of associates	<u>464</u>	<u>430</u>
年度其他全面收益 (除稅後)	Other comprehensive income for the year (net of tax)	<u>13,618</u>	<u>158,108</u>
年度全面收益總額	Total comprehensive income for the year	<u>571,036</u>	<u>701,448</u>
全面收益總額屬於：	Total comprehensive income attributable to:		
本銀行擁有人	Owners of the Bank	<u>571,036</u>	<u>701,448</u>

綜合財務狀況表

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

於二零一三年十二月三十一日
at 31 December 2013

		附註 Notes	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
資產	Assets			
庫存現金及短期資金	Cash and short-term funds	18	16,145,437	17,331,877
存放同業及其他財務機構於 一至十二個月內到期之款項	Placements with banks and other financial institutions maturing between one to twelve months		7,920,502	4,789,513
衍生金融工具	Derivative financial instruments	19	170,135	187,911
按公平值列賬及列入損益賬之 金融資產	Financial assets at fair value through profit or loss	20	92,179	1,213,410
可供出售之證券	Available-for-sale securities	20	5,433,241	4,222,217
持至到期日之證券	Held-to-maturity securities	20	8,326,722	9,600,020
貸款及其他賬項	Advances and other accounts	22	45,803,583	42,109,218
應收稅項	Tax recoverable		796	—
待出售之資產	Assets held for sale	25	269,268	—
聯營公司權益	Interests in associates	24	199,437	182,970
投資物業	Investment properties	26	136,575	135,318
物業及設備	Property and equipment	27	635,702	928,380
預付土地租金	Prepaid lease payments for land	28	2,403	2,423
遞延稅項資產	Deferred tax assets	35	1,501	1,502
商譽	Goodwill	38	50,606	50,606
資產總額	Total assets		85,188,087	80,755,365
負債	Liabilities			
同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions		1,674,231	1,843,477
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements	29	1,256,657	433,681
客戶存款	Deposits from customers	30	71,164,904	67,508,748
存款證	Certificates of deposit	31	563,003	667,636
衍生金融工具	Derivative financial instruments	19	100,653	248,656
其他賬項及應付費用	Other accounts and accruals		852,430	740,229
應付稅款	Current tax liabilities		52,146	16,327
借貸資本	Loan capital	32	1,766,436	1,898,957
遞延稅項負債	Deferred tax liabilities	35	25,661	23,574
負債總額	Total liabilities		77,456,121	73,381,285
屬於本銀行擁有的資金	Equity attributable to owners of the Bank			
股本	Share capital	33	217,500	217,500
儲備	Reserves		7,514,466	7,156,580
資金總額	Total equity		7,731,966	7,374,080
負債及資金總額	Total liabilities and equity		85,188,087	80,755,365

董事會於二零一四年二月二十六日核准及授權發行，並承董事會命簽署。

張招興 主席
梁高美懿 副主席兼董事總經理
劉惠民 常務董事兼行政總裁
楊建華 公司秘書

Approved and authorised for issue by the Board of Directors on 26 February 2014 and signed on its behalf by:

Zhang Zhaoxing, Chairman
Leung Ko May Yee Margaret, Deputy Chairman and Managing Director
Lau Wai Man, Executive Director and Chief Executive Officer
Michael K W Yeung, Company Secretary

本銀行財務狀況表

STATEMENT OF FINANCIAL POSITION OF THE BANK

於二零一三年十二月三十一日

at 31 December 2013

		附註 Notes	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
資產	Assets			
庫存現金及短期資金	Cash and short-term funds	18	16,134,941	17,321,474
存放同業及其他財務機構於 一至十二個月內到期之款項	Placements with banks and other financial institutions maturing between one to twelve months		7,906,576	4,775,716
衍生金融工具	Derivative financial instruments	19	170,135	187,911
按公平值列賬及列入損益賬之 金融資產	Financial assets at fair value through profit or loss	20	91,968	1,213,149
可供出售之證券	Available-for-sale securities	20	5,326,882	4,130,090
持至到期日之證券	Held-to-maturity securities	20	8,326,722	9,600,020
貸款及其他賬項	Advances and other accounts	22	45,563,453	41,885,579
投資於附屬公司	Investments in subsidiaries	23(i)	261,984	261,984
附屬公司欠款	Amounts due from subsidiaries	23(ii) & 41	235,662	248,376
待出售之資產	Assets held for sale	25	790,930	—
聯營公司權益	Interests in associates	24	21,500	21,500
投資物業	Investment properties	26	102,300	101,990
物業及設備	Property and equipment	27	393,917	1,198,783
預付土地租金	Prepaid lease payments for land	28	2,403	2,423
遞延稅項資產	Deferred tax assets	35	1,316	1,502
資產總額	Total assets		85,330,689	80,950,497
負債	Liabilities			
同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions		1,674,231	1,843,477
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements	29	1,256,657	433,681
客戶存款	Deposits from customers	30	71,164,904	67,508,748
欠附屬公司款項	Amounts due to subsidiaries	41	834,696	846,080
存款證	Certificates of deposit	31	563,003	667,636
衍生金融工具	Derivative financial instruments	19	100,653	248,656
其他賬項及應付費用	Other accounts and accruals		624,977	502,201
應付稅款	Current tax liabilities		48,759	15,598
借貸資本	Loan capital	32	1,766,436	1,898,957
遞延稅項負債	Deferred tax liabilities	35	14,851	15,129
負債總額	Total liabilities		78,049,167	73,980,163
屬於本銀行擁有人的資金	Equity attributable to owners of the Bank			
股本	Share capital	33	217,500	217,500
儲備	Reserves	34	7,064,022	6,752,834
資金總額	Total equity		7,281,522	6,970,334
負債及資金總額	Total liabilities and equity		85,330,689	80,950,497

董事會於二零一四年二月二十六日核准及授權發行，並承董事會命簽署。

張招興 主席
梁高美懿 副主席兼董事總經理
劉惠民 常務董事兼行政總裁
楊建華 公司秘書

Approved and authorised for issue by the Board of Directors on 26 February 2014 and signed on its behalf by:

Zhang Zhaoxing, Chairman
Leung Ko May Yee Margaret, Deputy Chairman and Managing Director
Lau Wai Man, Executive Director and Chief Executive Officer
Michael K W Yeung, Company Secretary

綜合股東權益轉變表

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

附註 Note	股本 Share capital 港幣千元 HK\$'000	股本溢價 Share premium 港幣千元 HK\$'000	商譽 Goodwill 港幣千元 HK\$'000	投資重估儲備 Investment revaluation reserve 港幣千元 HK\$'000	公積金 General reserve 港幣千元 HK\$'000	換算儲備 Translation reserve 港幣千元 HK\$'000	法定儲備 Regulatory reserve 港幣千元 HK\$'000	保留溢利 Retained profits 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
集團 THE GROUP									
於二零一三年一月一日 At 1 January 2013	217,500	1,542,817	(182)	187,327	1,388,500	26,236	387,000	3,624,882	7,374,080
年度溢利 Profit for the year	-	-	-	-	-	-	-	557,418	557,418
因折算之外匯調整 Exchange differences arising on translation	-	-	-	-	-	18,022	-	-	18,022
本年度可供出售證券 其公平值調整之虧損 Fair value losses of available-for-sale securities arising during the year	-	-	-	(4,061)	-	-	-	-	(4,061)
因出售可供出售證券而導致 重新分類到損益表之金額 Amount reclassified to the profit or loss upon disposal of available-for-sale securities	-	-	-	(1,582)	-	-	-	-	(1,582)
關於出售可供出售證券之所得稅影響 Income tax effect relating to disposal of available-for-sale securities	-	-	-	261	-	-	-	-	261
關於可供出售證券公平值調整之 所得稅影響 Income tax effect relating to fair value change of available-for-sale securities	-	-	-	514	-	-	-	-	514
所佔聯營公司之儲備 Share of reserves of associates	-	-	-	464	-	-	-	-	464
其他全面（支出）收益 Other comprehensive (expense) income	-	-	-	(4,404)	-	18,022	-	-	13,618
年度全面（支出）收益總額 Total comprehensive (expense) income for the year	-	-	-	(4,404)	-	18,022	-	557,418	571,036
已派二零一三年度中期股息 Interim dividend paid for financial year 2013	16	-	-	-	-	-	-	(60,900)	(60,900)
已派二零一二年年度末期股息 Final dividend paid for financial year 2012	16	-	-	-	-	-	-	(152,250)	(152,250)
於保留溢利中特別指定之法定儲備 Earmark of retained profits as regulatory reserve	-	-	-	-	-	-	54,000	(54,000)	-
於二零一三年十二月三十一日 At 31 December 2013	217,500	1,542,817	(182)	182,923	1,388,500	44,258	441,000	3,915,150	7,731,966

綜合股東權益轉變表

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

集團	THE GROUP	股本 Share capital 港幣千元 HK\$'000	股本溢價 Share premium 港幣千元 HK\$'000	商譽 Goodwill 港幣千元 HK\$'000	投資重估儲備 Investment revaluation reserve 港幣千元 HK\$'000	公積金 General reserve 港幣千元 HK\$'000	換算儲備 Translation reserve 港幣千元 HK\$'000	法定儲備 Regulatory reserve 港幣千元 HK\$'000	保留溢利 Retained profits 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
附註 Note										
於二零一二年一月一日	At 1 January 2012	217,500	1,542,817	(182)	33,807	1,388,500	21,648	408,000	3,260,642	6,872,732
年度溢利	Profit for the year	-	-	-	-	-	-	-	543,340	543,340
因折算之外匯調整	Exchange differences arising on translation	-	-	-	-	-	4,588	-	-	4,588
本年度可供出售證券 其公平值調整之溢利	Fair value gains of available-for-sale securities arising during the year	-	-	-	183,500	-	-	-	-	183,500
因出售可供出售證券而導致 重新分類到損益表之金額	Amount reclassified to the profit or loss upon disposal of available-for-sale securities	-	-	-	(594)	-	-	-	-	(594)
關於出售可供出售證券之所得稅影響	Income tax effect relating to disposal of available-for-sale securities	-	-	-	98	-	-	-	-	98
關於可供出售證券公平值調整之 所得稅影響	Income tax effect relating to fair value change of available-for-sale securities	-	-	-	(29,914)	-	-	-	-	(29,914)
所佔聯營公司之儲備	Share of reserves of associates	-	-	-	430	-	-	-	-	430
其他全面收益	Other comprehensive income	-	-	-	153,520	-	4,588	-	-	158,108
年度全面收益總額	Total comprehensive income for the year	-	-	-	153,520	-	4,588	-	543,340	701,448
已派二零一二年中期股息	Interim dividend paid for financial year 2012	16	-	-	-	-	-	-	(47,850)	(47,850)
已派二零一一年度末期股息	Final dividend paid for financial year 2011	16	-	-	-	-	-	-	(152,250)	(152,250)
釋放特別指定之法定儲備至保留溢利	Release of regulatory reserve to retained profits	-	-	-	-	-	-	(21,000)	21,000	-
於二零一二年十二月三十一日	At 31 December 2012	217,500	1,542,817	(182)	187,327	1,388,500	26,236	387,000	3,624,882	7,374,080

本集團之保留溢利包括本集團聯營公司所保留一筆為數港幣 82,567,000 元之保留溢利（二零一二年：保留溢利為港幣 66,564,000 元）。

The retained profits of the Group included retained profits of HK\$82,567,000 (2012: retained profits of HK\$66,564,000) retained by the associates of the Group.

法定儲備之成立乃為符合香港金融管理局之要求及法定儲備派發予本銀行股東前須諮詢香港金融管理局之意見。

The regulatory reserve is set up in compliance with the Hong Kong Monetary Authority's requirements and is distributable to shareholders of the Bank subject to consultation with the Hong Kong Monetary Authority (the "HKMA").

公積金包括以往年度保留溢利之調撥。

The general reserve comprises transfers from previous years' retained profits.

綜合現金流動表

CONSOLIDATED STATEMENT OF CASH FLOWS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

		2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
經營業務	OPERATING ACTIVITIES		
除稅前溢利	Profit before taxation	669,855	646,385
調整：	Adjustments for:		
淨利息收入	Net interest income	(1,014,205)	(836,908)
貸款減值準備淨支出（回撥）	Net charge (reversal) of impairment allowances on loans and advances	35,237	(65,228)
出售物業及設備之淨（溢利）虧損	Net (gains) losses on disposal of property and equipment	(6,740)	1,861
出售可供出售證券之淨溢利	Net gains on disposal of available-for-sale securities	(1,582)	(594)
出售投資物業及其公平值調整之淨溢利	Net gains on disposal of and fair value adjustments on investment properties	(4,237)	(12,206)
所佔聯營公司之溢利	Share of profits of associates	(32,103)	(36,028)
公平值對沖之淨溢利	Net gains on fair value hedge	(536)	(1,200)
投資股息收入	Dividend income from investments	(10,991)	(10,799)
折舊	Depreciation	54,878	59,209
預付土地租金之釋放	Release of prepaid lease payments for land	66	66
匯兌調整	Exchange adjustments	17,697	818
營運資產及負債變動前之營運現金流	Operating cash flows before movements in operating assets and liabilities	(292,661)	(254,624)
營運資產之（增額）減額：	(Increase) decrease in operating assets:		
逾三個月到期之通知及短期存款	Money at call and short notice with original maturity over three months	249,906	(1,738,466)
逾三個月到期之外匯基金票據	Exchange fund bills with original maturity over three months	(509,278)	(50,061)
逾三個月到期之存放同業及其他財務機構款項	Placements with banks and other financial institutions with original maturity over three months	(2,663,657)	(1,975,578)
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss	1,121,231	632,179
客戶貸款	Advances to customers	(5,947,761)	2,187,309
同業及其他財務機構貸款	Advances to banks and other financial institutions	2,164,842	(659,433)
其他賬項	Other accounts	36,851	(254,426)
營運負債之增額（減額）：	Increase (decrease) in operating liabilities:		
逾三個月到期之同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions with original maturity over three months	(202,593)	1,003,864
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements	822,976	13,029
客戶存款	Deposits from customers	3,656,156	2,693,035
存款證	Certificates of deposit	(104,633)	(877,926)
衍生金融工具	Derivative financial instruments	(106,862)	(51,127)
其他賬項及應付費用	Other accounts and accruals	120,550	127,317
經營業務之現金（支出）收入	Cash (used in) generated from operations	(1,654,933)	795,092
已付香港利得稅稅款	Hong Kong Profits Tax paid	(51,501)	(99,265)
已付海外稅款	Overseas tax paid	(23,050)	(16,409)
已收利息	Interest received	1,309,623	1,219,979
已付利息	Interest paid	(526,091)	(605,553)
經營業務之現金（支出）收入淨額	NET CASH (USED IN) FROM OPERATING ACTIVITIES	(945,952)	1,293,844

綜合現金流動表

CONSOLIDATED STATEMENT OF CASH FLOWS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

		2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
投資業務	INVESTING ACTIVITIES		
收取可供出售之證券及持至到期日之證券利息	Interest received from available-for-sale securities and held-to-maturity securities	302,391	274,151
收取投資之股息	Dividends received on investments	10,991	10,799
收取由聯營公司之股息	Dividends received from associates	16,100	7,360
購入持至到期日之證券	Purchase of held-to-maturity securities	(18,738,706)	(20,184,070)
購入可供出售證券	Purchase of available-for-sale securities	(1,375,235)	(2,168,631)
購入物業及設備	Purchase of property and equipment	(33,142)	(70,105)
贖回持至到期之證券所得款項	Proceeds from redemption of held-to-maturity securities	20,012,004	18,872,132
出售及贖回可供出售證券所得款項	Proceeds from sale and redemption of available-for-sale securities	2,479	1,748
出售物業及設備所得款項	Proceeds from disposal of property and equipment	8,472	6
出售投資物業所得款項	Proceeds from disposal of investment properties	3,927	4,316
投資業務之現金收入（支出）淨額	NET CASH FROM (USED IN) INVESTING ACTIVITIES	209,281	(3,252,294)
融資業務	FINANCING ACTIVITIES		
借貸資本之利息支出	Interest paid on loan capital	(62,006)	(65,225)
支付股息	Dividends paid	(213,150)	(200,100)
融資業務之現金支出淨額	NET CASH USED IN FINANCING ACTIVITIES	(275,156)	(265,325)
淨現金及等同現金項目減額	NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,011,827)	(2,223,775)
一月一日之現金及等同現金項目	CASH AND CASH EQUIVALENTS AT 1 JANUARY	14,868,955	17,092,730
十二月三十一日之現金及等同現金項目	CASH AND CASH EQUIVALENTS AT 31 DECEMBER	13,857,128	14,868,955
代表：	Represented by:		
庫存現金及存放同業及其他財務機構款項	Cash and balances with banks and other financial institutions	3,248,318	6,060,810
原定期日少於三個月之通知及短期存款	Money at call and short notice with original maturity of three months or less	9,132,026	7,565,351
原定期日少於三個月之外匯基金票據	Exchange fund bills with original maturity of three months or less	300,000	499,995
原定期日少於三個月之存放同業及其他財務機構款項	Placements with banks and other financial institutions with original maturity of three months or less	1,776,448	1,309,116
原定期日少於三個月之同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions with original maturity of three months or less	(599,664)	(566,317)
		13,857,128	14,868,955

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

1. 概論

創興銀行有限公司（「本銀行」）為香港註冊成立之公眾有限公司，其股票於香港聯合交易所有限公司上市。於二零一三年十二月三十一日，本銀行之直接控股公司為廖創興置業有限公司及最終控股公司為廖創興企業有限公司，兩者皆於香港註冊成立。本銀行從事銀行業及有關之金融服務。本銀行之註冊辦事處地址及主要業務區域已披露於本年報內。

本綜合財務報表以港幣呈列，港幣是本銀行之本位幣。

2. 採用新頒佈及經修訂之香港財務報告準則

本年度，本集團及本銀行已採用由香港會計師公會頒佈之新頒佈及經修訂之香港財務報告準則，如下：

香港財務報告準則之修訂

香港財務報告準則第7條之修訂

香港財務報告準則第13條

香港會計準則第1條之修訂

Amendments to HKFRSs

Amendments to HKFRS 7

HKFRS 13

Amendments to HKAS 1

除下列敘述外，本年度採用新頒佈及經修訂之香港財務報告準則並未對本年度及之前年度的本集團財務表現和本集團及本銀行財務狀況及／或綜合財務報表的披露構成重大影響。

1. GENERAL

Chong Hing Bank Limited (the “Bank”) is a public limited company incorporated in Hong Kong and its shares are listed on the Stock Exchange of Hong Kong Limited. As at 31 December 2013, its immediate holding company was Liu Chong Hing Estate Company Limited and its ultimate holding company was Liu Chong Hing Investment Limited (“LCHI”), both of which are incorporated in Hong Kong. The Bank is engaged in the provision of banking and related financial services. The address of the registered office and principal place of business of the Bank is disclosed in the Annual Report.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Bank.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group and the Bank have applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), as follows:

香港財務報告準則年度改進二零零九年至二零一一年系列

披露 – 抵銷金融資產及金融負債

公平值計量

其他全面收益項目的呈列

Annual Improvements to HKFRSs 2009 - 2011 Cycle

Disclosures - Offsetting Financial Assets and Financial Liabilities

Fair Value Measurement

Presentation of Items of Other Comprehensive Income

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and the Group’s and the Bank’s financial positions for the current and prior years and / or on the disclosures set out in these consolidated financial statements.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

2. 採用新頒佈及經修訂之香港財務報告準則 - 續

香港財務報告準則第7條之修訂披露 - 抵銷金融資產及金融負債

本集團及本銀行已於本年度首次應用香港財務報告準則第7條之修訂「披露 - 抵銷金融資產及金融負債」。按照香港財務報告準則第7條之修訂要求企業披露關於：

(a) 確認根據香港會計準則第32條「金融工具：披露」而抵銷的金融工具；及

(b) 確認涉及可執行總互抵銷安排或類似協議的金融工具，不論此金融工具是否已根據香港會計準則第32條而抵銷。

香港財務報告準則第7條之修訂已追溯應用。有關修訂之應用對本集團的綜合財務報表中所公佈的金額並無重大影響，但會導致可執行總互抵銷安排或類似協議中的金融工具的抵銷權利及其相關的安排須作出更廣泛的披露。詳情列於附註8。

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) - continued

Amendments to HKFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities

The Group and the Bank have applied the amendments to HKFRS 7 “Disclosures - Offsetting Financial Assets and Financial Liabilities” for the first time in the current year. The amendments to HKFRS 7 require entities to disclose information about:

(a) recognised financial instruments that are set off in accordance with HKAS 32 “Financial Instruments: Presentation”; and

(b) recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The amendments to HKFRS 7 have been applied retrospectively. The application of the amendments has had no material impact on the amounts reported in the Group’s consolidated financial statements but has resulted in more disclosures about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement. Detailed disclosures are set out in note 8.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

2. 採用新頒佈及經修訂之香港財務報告準則 - 續

香港財務報告準則第13條公平值計量

本集團及本銀行已於本年度首次應用香港財務報告準則第13條。香港財務報告準則第13條就公平值的計量和披露建立了單一指引來源。香港財務報告準則第13條的應用範圍廣泛：此準則同時適用於金融與非金融工具項目，而其他香港財務報告準則則要求或准許公平值計量及披露，除香港財務報告準則第2條「股份基礎給付」內的股份基礎給付交易、香港會計準則第17條「租賃」內的租賃交易，及與公平值計量有些相似，但並非公平值（例如用作計算存貨之可變現淨值或用作減值評估的使用價值）。

香港財務報告準則第13條定義資產的公平值為在目前的市場條件下於主要（或最有利）的市場以有序交易於計量日出售資產時所收取的（或用作釐定負債的公平值作轉讓負債時所支付的）價格。根據香港財務報告準則第13條公平值是一個出口價格無論其是否能夠直接觀察或採用其他估值技術估計。此外，香港財務報告準則第13條包括廣泛的披露要求。

香港財務報告準則第13條需按未來適用法應用。按照香港財務報告準則第13條的過渡性規定，本集團及本銀行並未就香港財務報告準則第13條要求對二零一二年的比較期間作任何新披露。詳情列於附註7。除額外披露外，香港財務報告準則第13條之應用對本集團的綜合財務報表中所確認的金額並無重大影響。

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

- continued

HKFRS 13 Fair Value Measurement

The Group and the Bank have applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based Payment”, leasing transactions that are within the scope of HKAS 17 “Leases”, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group and the Bank have not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Disclosures of fair value information of financial instruments are set out in note 7. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

2. 採用新頒佈及經修訂之香港財務報告準則 - 續

香港會計準則第1條之修訂其他全面收益項目的呈列

本集團及本銀行已應用香港會計準則第1條之修訂其他全面收益項目的呈列。於採用香港會計準則第1條之修訂，本集團之「綜合全面收益表」重新命名為「綜合損益及其他全面收益表」，而「綜合損益賬」則重新命名為「綜合損益表」。香港會計準則第1條之修訂為損益及其他全面收益保留選擇權，可以單一報表或分開兩份但連續的報表呈列。此外，香港會計準則第1條之修訂要求其他全面收益部分作額外披露以令其他全面收益項目分為兩類：(一)隨後不會重新分類至損益表之項目；及(二)隨後在特定情況符合下可能重新分類至損益表之項目。其他全面收益項目相關之所得稅需以相同基準分配 - 新修訂對其他全面收益項目以除稅前或除稅後呈列的選擇權不變。有關修訂經已追溯應用，因此其他全面收益項目的呈列已修改以反映改變。除上述呈列的改變，香港會計準則第1條之修訂應用不會對損益、其他全面收益及全面收益總額造成任何影響。

比對數目

若干比對數目已重新分類以符合本年度的呈列。

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) - continued

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group and the Bank have applied the amendments to HKAS 1 Presentation of Items of Other Comprehensive Income. Upon the adoption of the amendments to HKAS 1, the Group’s “consolidated statement of comprehensive income” is renamed as the “consolidated statement of profit or loss and other comprehensive income” and the “consolidated income statement” is renamed as the “consolidated statement of profit or loss”. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Comparative amounts

Certain comparative figures have been reclassified to conform with the current year’s presentation.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

3. 新頒佈及經修訂但未生效之香港財務報告準則

本集團尚未提早採用下列適用於本集團之新頒佈及經修訂但未生效之香港財務報告準則：

香港財務報告準則之修訂

香港財務報告準則之修訂

香港財務報告準則第9條

香港財務報告準則第9條及

香港財務報告準則第7條之修訂

香港會計準則第19條之修訂

香港會計準則第32條之修訂

香港會計準則第36條之修訂

香港會計準則第39條之修訂

Amendments to HKFRSs

Amendments to HKFRSs

HKFRS 9

Amendments to HKFRS 9 and HKFRS 7

Amendments to HKAS 19

Amendments to HKAS 32

Amendments to HKAS 36

Amendments to HKAS 39

3. NEW AND REVISED HKFRSs ISSUED BUT NOT YET EFFECTIVE

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective which are applicable to the Group:

香港財務報告準則年度改進二零一零年至二零一二年系列²

香港財務報告準則年度改進二零一一年至二零一三年系列²

金融工具³

香港財務報告準則第9條之強制生效日期及過渡性披露³

既定福利計劃：員工供款²

抵銷金融資產及金融負債¹

非金融資產可收回金額披露¹

衍生工具的更替及對沖會計法的延續¹

Annual Improvements to HKFRSs 2010-2012 Cycle²

Annual Improvements to HKFRSs 2011-2013 Cycle²

Financial Instruments³

Mandatory Effective Date of HKFRS 9 and Transition Disclosures³

Defined Benefit Plans: Employee Contributions²

Offsetting Financial Assets and Financial Liabilities¹

Recoverable Amount Disclosures for Non-Financial Assets¹

Novation of Derivatives and Continuation of Hedge Accounting¹

¹ 生效於二零一四年一月一日或以後開始之年度期間並准許提早應用。

Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

² 生效於二零一四年七月一日或以後開始之年度期間，除下列披露外准許提早應用。

Effective for annual periods beginning on or after 1 July 2014, except as disclosed below. Early application is permitted.

³ 可供應用 - 當香港財務報告準則第9條餘下階段完成時強制生效日期將被確定。

Available for application - the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

3. 新頒佈及經修訂但未生效之香港財務報告準則 - 續

香港財務報告準則年度改進二零一零年至二零一二年系列

「香港財務報告準則年度改進二零一零年至二零一二年系列」包括多項香港財務報告準則之修訂並概述如下。

香港財務報告準則第2條之修訂(i)更改「既得條件」和「市場情況」的定義；及(ii)新增以往包括在「既得條件」定義內之「績效條件」及「服務條件」的定義。此修訂生效於授予日為二零一四年七月一日及以後之股份基礎給付交易。

香港財務報告準則第3條之修訂釐清被分類為資產或負債之或有對價應於每個報告日按公平值計量，不論或有對價是否為香港財務報告準則第9條或香港會計準則第39條範圍內之金融工具，或屬非金融資產或負債。公平值之變動（除計量期間內之調整外）應確認為損益表。香港財務報告準則第3條之修訂生效於收購日在二零一四年七月一日及以後之企業合併。

香港財務報告準則第8條之修訂(i)要求企業披露營業分項在應用會計準則時管理層所作出之判斷，包括已合計之營業分項的描述，及用於決定營業分項是否具有「相似經濟特性」之經濟指標；及(ii)釐清企業僅於分項資產於定期提供予主要營運決策人之情況下才將報告分項資產總額與企業資產總額達成一致。

3. NEW AND REVISED HKFRSs ISSUED BUT NOT YET EFFECTIVE - continued

Annual Improvements to HKFRSs 2010-2012 Cycle

The “Annual Improvements to HKFRSs 2010-2012 Cycle” include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of “vesting condition” and “market condition”; and (ii) add definitions for “performance condition” and “service condition” which were previously included within the definition of “vesting condition”. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have “similar economic characteristics”; and (ii) clarify that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

3. 新頒佈及經修訂但未生效之 香港財務報告準則 - 續

香港財務報告準則年度改進二零
一零年至二零一二年系列 - 續

香港財務報告準則第 13 條中結論基礎之修訂釐清香港財務報告準則第 13 條的頒佈及隨後香港會計準則第 39 條及香港財務報告準則第 9 條之修訂，在折算影響並不重大的情況下，並沒有消除在發票金額上沒有指定利率而不折算的短期應收款及應付款的計量能力。

香港會計準則第 16 條及第 38 條之修訂消除先前物業、廠房及設備或無形資產因重估引致累積折舊 / 攤銷在會計上之不一致。有關修訂釐清資產總賬面值與重估之賬面值以一致之方式調整，而其累積折舊 / 攤銷為總賬面值與考慮其累積減值損失後之賬面值差額。

香港財務報告準則第 24 條之修訂釐清為一個管理個體向一個報告個體提供主要管理人員服務，管理個體被視為報告個體之關聯方。因此，該報告個體應披露所支付的服務金額或應付予管理個體關於提供主要管理人員服務的金額為關聯方交易。然而，無需披露有關補償的項目。

本銀行董事並不預期應用「香港財務報告準則年度改進二零一零年至二零一二年系列」之修訂將會對本集團之綜合財務報表產生重大影響。

3. NEW AND REVISED HKFRSs ISSUED BUT NOT YET EFFECTIVE - continued

Annual Improvements to HKFRSs 2010-2012 Cycle - continued

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation / amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation / amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Bank do not anticipate that the application of the amendments included in the “Annual Improvements to HKFRSs 2010-2012 Cycle” will have a material effect on the Group’s consolidated financial statements.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

3. 新頒佈及經修訂但未生效之香港財務報告準則 - 續

香港財務報告準則年度改進二零一一年至二零一三年系列

「香港財務報告準則年度改進二零一一年至二零一三年系列」包括多項香港財務報告準則之修訂並概述如下。

香港財務報告準則第3條之修訂釐清準則並不適用於共同安排本身之財務報表中對所有類型的共同安排成立之會計處理。

香港財務報告準則第13條之修訂釐清包括所有合約符合香港會計準則第39條或香港財務報告準則第9條的金融資產及金融負債組合均以淨額基礎計量公平值的例外組合範圍，即使該等合約並不符合香港會計準則第32條中金融資產或金融負債之定義。

香港會計準則第40條之修訂釐清香港會計準則第40條及香港財務報告準則第3條並非互斥及可能需要同時應用兩個準則。因此，企業收購投資物業時必須確定：

- (a) 該物業是否符合香港會計準則第40條投資物業之定義；及
- (b) 該交易是否符合香港財務報告準則第3條中業務合併之定義。

本銀行董事並不預期應用「香港財務報告準則年度改進二零一一年至二零一三年系列」之修訂將會對本集團之綜合財務報表產生重大影響。

3. NEW AND REVISED HKFRSs ISSUED BUT NOT YET EFFECTIVE - continued

Annual Improvements to HKFRSs 2011-2013 Cycle

The “Annual Improvements to HKFRSs 2011-2013 Cycle” include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

- (a) the property meets the definition of investment property in terms of HKAS 40; and
- (b) the transaction meets the definition of a business combination under HKFRS 3.

The directors of the Bank do not anticipate that the application of the amendments included in the “Annual Improvements to HKFRSs 2011-2013 Cycle” will have a material effect on the Group’s consolidated financial statements.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

3. 新頒佈及經修訂但未生效之 香港財務報告準則 - 續

香港財務報告準則第9條金融工具

於二零零九年頒佈的香港財務報告準則第9條對金融資產的分類及計量提出新要求。隨後於二零一零年修訂之香港財務報告準則第9條對金融負債的分類及計量及終止確認提出要求，並於二零一三年進一步修訂包括對對沖會計法提出新要求。

香港財務報告準則第9條的主要要求敘述如下：

- 全部符合香港會計準則第39條「金融工具：確認及計量」所確認的金融資產會隨後以攤銷成本或公平值計量。此準則明確指出債券投資持作收取契約的現金流及契約中的現金流是唯一用來支付本金及未償還本金的利息一般在隨後的會計期末以攤銷成本計量。所有其他債券投資及證券投資均在隨後的報告期末以公平值計量。此外，根據香港財務報告準則第9條，個體有不可撤回的選擇權把證券投資（非持作買賣用途）隨後的公平值計量變動呈列於其他全面收益內，一般只有股息收入確認於損益表中。
- 對於指定按公平值列賬及列入損益賬之金融負債的計量，香港財務報告準則第9條要求，若金融負債的公平值變動是由於該金融負債的信用風險變動而產生，有關金額須於其他全面收益中呈列，除非負債信用風險變動的影響確認於其他全面收益會對損益表產生或擴大會計錯配。金融負債的信用風險變動所產生的公平值變動其後不會重新分類至損益表。根據香港會計準則第39條，指定按公平值列賬及列入損益賬之金融負債之全部公平值金額變動會於損益表內呈列。

3. NEW AND REVISED HKFRSs ISSUED BUT NOT YET EFFECTIVE - continued

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 “Financial Instruments: Recognition and Measurement” are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities’ credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

3. 新頒佈及經修訂但未生效之香港財務報告準則 - 續

香港財務報告準則第9條金融工具 - 續

新的一般對沖會計法要求保留三種對沖會計法。但對於合資格作對沖會計法的交易種類提供更大靈活性，尤其是放寬合資格作對沖工具的工具種類及可進行對沖會計法的非金融項目的風險要素種類。此外，有效性測試已經被修正及被「經濟關係」原則所取代。對沖的有效性已無需作追溯評估。並提出加強有關企業風險管理活動之披露要求。

本銀行董事預期將來應用香港財務報告準則第9條會對本集團的金融資產及金融負債所公佈的金額可能構成重大影響。但此影響是不可被合理地估計直至詳細審查完成為止。

香港會計準則第19條之修訂既定福利計劃：員工供款

香港會計準則第19條之修訂釐清企業應如何計算由員工或第三方所支付的既定福利計劃供款，有關供款是否以員工的服務年數決定。

與服務年數無關之供款，企業可確認有關供款以有關服務提供期間的服務成本減少，或以預計單位基數法來歸屬有關供款至員工的服務期間內；而與服務年數有關之供款，企業則需歸屬有關供款至員工的服務期間內。

本銀行董事並不預期應用香港會計準則第19條之修訂將會對本集團之綜合財務報表產生重大影響因沒有既定福利計劃的供款是來自員工或第三方。

3. NEW AND REVISED HKFRSs ISSUED BUT NOT YET EFFECTIVE - continued

HKFRS 9 Financial Instruments - continued

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an “economic relationship”. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

The directors of the Bank anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group’s financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions

The amendments to HKAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees’ periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees’ periods of service.

The directors of the Bank do not anticipate that the application of these amendments to HKAS 19 will have a significant impact on the Group’s consolidated financial statements as the defined benefit plan had no contribution made by employees or third parties.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

3. 新頒佈及經修訂但未生效之香港財務報告準則 - 續

香港會計準則第 32 條之修訂抵銷金融資產及金融負債

香港會計準則第 32 條之修訂釐清現行關於抵銷金融資產及金融負債的應用要求。修訂明確釐清「目前擁有法定執行之抵銷權利」及「同時兌現與結算」的界定。

本銀行董事預期應用香港會計準則第 32 條之修訂可能會導致將來須作更廣泛的披露。

香港會計準則第 36 條之修訂非金融資產可收回金額披露

香港會計準則第 36 條之修訂對商譽或無使用年期的其他無形資產當中的現金產生單位並沒有減值或減值回撥，現金賺取單位之可收回金額的披露要求被取消。此外，修訂提出當決定資產或現金產生單位的可收回金額是根據公平值減銷售成本釐定時所應用的公平值等級架構，主要假設及估值技術作額外的披露要求。

本銀行董事並不預期應用香港會計準則第 36 條之修訂將會對本集團之綜合財務報表產生重大影響。

香港會計準則第 39 條之修訂衍生工具的更替及對沖會計法的延續

香港會計準則第 39 條之修訂提供當衍生對沖工具在若干情況下被更替時可終止對沖會計法的豁免要求。該修訂亦釐清因更替而令衍生對沖工具的公平值產生任何變化時亦應包括在對沖有效性的評估內。

本銀行董事並不預期應用香港會計準則第 39 條之修訂將會對本集團之綜合財務報表產生任何影響因本集團並沒有任何須更替的衍生工具。

本銀行董事預期應用其他新頒佈及經修訂的準則、修訂或詮釋將不會對綜合財務報表產生重大影響。

3. NEW AND REVISED HKFRSs ISSUED BUT NOT YET EFFECTIVE - continued

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of “currently has a legally enforceable right of set-off” and “simultaneous realisation and settlement”.

The directors of the Bank anticipate that the application of the amendments to HKAS 32 may result in more disclosures being made in the future.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (“CGU”) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

The directors of the Bank do not anticipate that the application of these amendments to HKAS 36 will have a significant impact on the Group’s consolidated financial statements.

Amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative hedging instrument arising from the novation should be included in the assessment of hedge effectiveness.

The directors of the Bank do not anticipate that the application of these amendments to HKAS 39 will have any effect on the Group’s consolidated financial statements as the Group does not have any derivatives that are subject to novation.

The directors of the Bank anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

4. 主要會計政策

本綜合財務報表乃按照香港會計師公會頒佈之香港財務報告準則編製。此外，本綜合財務報表包含《香港聯合交易所有限公司證券上市規則》及香港《公司條例》要求之適用披露。

本綜合財務報表已根據歷史成本為基準編製，惟如下文所載之會計政策所解釋，若干物業及金融工具以公平值計量。歷史成本一般以換取貨物的公平值報酬計量。

公平值為市場參與者於計量日在有序交易中出售資產所收取的價格或轉讓負債所支付的價格，不管該價格是否可直接觀察得到或採用其他估值技術評估。於評估資產或負債的公平值時，本集團考慮該資產或負債的特點，若市場參與者於計量日定價資產或負債時考慮這些特點。公平值於本綜合財務報表作計量及 / 或披露是按此基準釐定，除非屬於香港財務報告準則第 2 條內之以股份基礎給付交易、屬於香港會計準則第 17 條內之租賃交易及計量與公平值有些相似，但並非公平值，例如香港會計準則第 2 條內的可變現淨值或香港會計準則第 36 條內的使用值。

此外，根據公平值計量之輸入變數的可觀察程度及其對整體公平值計量之重要性分為第一、第二或第三級別，以作財務報告之用，敘述如下：

- 第一級別的輸入變數是指個體能於計量日在活躍市場上得到相同的資產或負債的標價（不做任何調整）；
- 第二級別的輸入變數是指除包含在第一級別的標價以外，可直接或間接觀察得到的資產或負債的輸入變數；及
- 第三級別的輸入變數是指資產或負債不可觀察得到的輸入變數。

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

4. 主要會計政策 - 續

主要會計政策詳列如下：

綜合基準

綜合財務報表包括本銀行及由本銀行控制之個體及附屬公司之財務報表。控制權被定為擁有，當本銀行：

- 可對被投資者行使權力；
- 從參與被投資者之業務獲得或有權獲得可變回報；及
- 有能力藉對被投資者行使其權力而影響其回報。

因素中之一項或多項出現變化，本銀行將重新評估其是否對被投資者擁有控制權。

附屬公司之綜合由本銀行對附屬公司擁有控制權開始，並於本銀行失去對附屬公司的控制權時終止。尤其是對於年內所收購或出售一間附屬公司之收入及開支將由本銀行獲得控制權日期起直至本銀行終止控制附屬公司當日止計入收益表。

如有需要，會對附屬公司之財務報表作出調整，以使其會計政策與本集團會計政策一致。

有關本集團股東之間的所有集團內資產及負債、權益、收入、開支及現金流量均於綜合賬目時全面對銷。

投資於附屬公司

呈列於本銀行財務狀況表中投資於附屬公司是以成本扣除減值損失撥備計量。本銀行根據股息收入或應收以計算附屬公司的業績。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

The principal accounting policies are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank and its subsidiaries. Control is achieved when the Bank:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investments in subsidiaries

Investments in subsidiaries are stated in the Bank's statement of financial position at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Bank on the basis of dividends received or receivable.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

4. 主要會計政策 - 續

商譽

於二零零五年一月一日或之後，但於二零一一年一月一日之前因收購所產生的商譽

於二零零五年一月一日或之後，但於二零一一年一月一日之前因收購其他個體所產生之商譽，代表於收購日本集團應佔有關被收購的個體之可識別資產、負債及或有負債之公平值之權益，比收購成本值高出之差額。此商譽是以成本扣除累積減值損失計量。

收購其他個體所產生的資本化商譽於綜合財務狀況表內單獨呈列。

為進行減值測試，收購產生之商譽均被分配至預期從合併產生協同效應之每個相關現金賺取單位或多組現金賺取單位。

已被分配商譽之現金賺取單位將每年或更經常地進行減值測試，及一旦有跡象顯示該單位可能減值便立刻進行減值測試。對於在某一報告年度內收購產生之商譽，被分配商譽之現金賺取單位將於報告年度結算日前進行減值測試。假如該現金賺取單位的可回收金額低於該單位的賬面價值，則首先分配減值虧損以降低該單位所獲分配之任何商譽之賬面值，再以該單位每項資產之賬面值按比例分配予該單位之其他資產。任何商譽虧損均直接於綜合損益表內確認。任何商譽之減值虧損均不會於其後期間撥回。

出售有關現金賺取單位時，商譽應佔金額已包括在出售收益或虧損金額內。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Goodwill

Goodwill arising on acquisitions on or after 1 January 2005 but before 1 January 2011

Goodwill arising on an acquisition of a business on or after 1 January 2005 but before 1 January 2011 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a business is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment losses for goodwill is recognised directly in the consolidated statement of profit or loss. An impairment losses recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

4. 主要會計政策 - 續

聯營公司權益

聯營公司是指本集團對一個個體有重大影響。重大影響是指有權參與被投資者的財政及營運政策的決策但並不能夠控制或共同控制這些政策。

聯營公司之業績、資產及負債均採用權益會計法計入綜合財務報表。按照權益法，於聯營公司的投資初步在綜合財務狀況表按成本確認，並於其後就確認本集團應佔該等聯營公司之損益及其他全面收益作出調整。倘本集團對某一聯營公司所承擔之虧損超過對該聯營公司所享權益，(其中包括任何長期利息基本上成為本集團於聯營公司的淨投資的一部份)本集團停止確認其分佔之進一步虧損。僅當本集團招致司法或引申債務或代表聯營公司支付時，才對額外虧損額進行撥備。

投資聯營公司是由被投資者成為聯營公司當日起以權益會計法入賬。當收購投資聯營公司，任何投資成本比本集團應佔被投資者的可識別資產及負債之淨公平值高出之差額便確認為商譽，已包括在投資的賬面值中。任何本集團應佔的可識別資產及負債之淨公平值比投資成本高出之差額，於重新評估後，立即於收購投資時於損益表中確認。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Interests in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

4. 主要會計政策 - 續

聯營公司權益 - 續

香港會計準則第 39 條之規定予以應用，以釐定是否需要就本集團於聯營公司之投資確認任何減值虧損。於需要時，該項投資之全部賬面值（包括商譽）乃根據香港會計準則第 36 條「資產減值」以單一資產的方式進行減值測試，方法是比較其可收回金額（即使用價值與公平值減出售成本之較高者）與賬面值。任何已確認之減值虧損構成該項投資之賬面值的一部份。根據香港會計準則第 36 條，確認有關減值虧損之任何回撥，乃於該項投資之可收回金額於其後增加。

倘一集團個體與其聯營公司交易，只有在聯營公司之權益與本集團無關的情況下，此等與聯營公司交易所產生之損益才會於本集團之綜合財務報表中確認。

呈列於本銀行財務狀況表中聯營公司權益是以成本扣除減值損失撥備計量。本銀行根據股息收入或應收以計算聯營公司的業績。

利息收入與支出

利息收入和支出按時間比例基準以未付本金及現行之有效利率確認。有效利率乃指將金融工具之預計未來現金付款或收入於該工具的預計年內完全折算，或（如適用）於較短期間內確實折算至該金融資產或金融負債首次確認時的淨賬面值的利率。有關計算亦包括構成有效利率之重要收費及交易成本，及溢價或折讓。

當金融資產的減值虧損一經被確認為計量減值虧損而用以折算未來現金流之利率亦被用於確認其後利息收入。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Interests in associates - continued

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment losses with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment losses recognised forms part of the carrying amount of the investment. Any reversal of that impairment losses are recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Investments in associates are stated in the Bank's statement of financial position at cost less provision for impairment losses. The results of associates are accounted for by the Bank on the basis of dividends received or receivable.

Interest income and expenses

Interest income and expenses are recognised on a time-proportion basis by reference to the principal outstanding and at the effective interest rate applicable. 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, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability on initial recognition. The calculation includes significant fees and transaction costs that are an integral part of the effective interest rate, and premiums or discounts.

Once an impairment loss of a financial asset has been recognised, subsequent interest income is recognised using the rate of interest used to discount the future cash flows measuring the impairment losses.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

4. 主要會計政策 - 續

非利息收入確認

費用及佣金收入

倘費用及佣金收入是金融資產的有效利率的一部份，此費用及佣金收入會包含在計算有效利率內。

其他費用及佣金收入包括會計服務費、投資管理費、銷售佣金、存款費及銀團費，是提供有關服務時被確認的。

股息

當股東之收款權確立後，投資（包括按公平值列賬及列入損益賬之金融資產）之股息收入即被確認為收入（倘若本集團很大可能獲取經濟收益及有關收益金額能可靠地計量的情況下）。

服務收益

服務收益（包括保管箱租金及其他銀行服務收益）於提供服務時確認。

物業及設備

如有物業及設備包括土地及樓宇，主要包括於財務狀況表呈列之分行及辦公室，應按照其成本值扣除期後之累積折舊及累積減值虧損入賬，如有。

物業及設備之折舊確認乃按其估計可使用年期，並考慮其估算剩餘價值，以直線法將其成本撇銷。有關估計的可使用年期、剩餘價值及折舊方法於每個報告期末作出審查，並以預期基準下考慮有關估計的改變。

某項物業或設備出售時或未能透過繼續使用該項資產獲得未來經濟收益時即不再被確認。一項資產因出售或退役所導致之任何收益或虧損是按出售所得款項與其賬面值之差額計算，並確認於損益表內。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Non-interest income revenue recognition

Fees and commission income

Fees and commission income that are integral to the effective interest rate on a financial asset are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed.

Dividends

Dividend income from investments including financial assets at fair value through profit or loss is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Service income

Service income (including safe deposit box rentals and other banking services income) is recognised when services are provided.

Property and equipment

Property and equipment including land and buildings, which mainly comprise branches and offices are stated in the statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property and equipment over their estimated useful lives after taking into account their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gains or losses arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

4. 主要會計政策 - 續

待出售之非流動資產

當非流動資產的賬面值將以出售形式大部份地收回而非持續使用，此資產便分類為待出售。只有資產適用於以現狀即時出售並只取決於此資產的一般及習慣出售條款及有很大機會出售才被視為符合情況。管理層須致力於此出售，並應預期於分類後起一年內確認為完成出售。

非流動資產被分類為待出售是以此之前的賬面值及公平值減出售成本兩者較低者為準。

投資物業

投資物業是指持有作收租或待價格升值之物業。

投資物業初始以成本入賬並包括任何直接應佔開支。首次確認後，投資物業以公平值計量。投資物業公平值變動所產生之收益或虧損於產生之期間包括於損益表內。

當投資物業出售或永久停止使用及預計未來不會從出售該項物業中獲得經濟收益時，即不再被確認。資產不再被確認後所導致之任何收益或虧損（按出售所得款淨額與該資產之賬面值之差額計算），於不再確認資產年度計入損益表。

租賃

當合約實質上將業權所產生之大部份風險及得益轉移給承租人，該等合約被視為融資租賃。其他所有租賃均被視為營運租賃。

本集團為出租人

營運租賃產生之租金收入按有關租賃之期間以直線法於損益表內確認。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

Investment properties

Investment properties are properties held to earn rentals or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposals. Any gains or losses arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

4. 主要會計政策 - 續

租賃 - 續

本集團為承租人

支付營運租賃是根據租期內按直線法確認為支出。

土地及樓宇

當租賃包括土地及樓宇，本集團需要考慮其風險與報酬是否全部轉移至本集團並把每項資產劃分為融資租賃或營運租賃，如土地和樓宇皆明顯是營運租賃，整項租賃便視為營運租賃。尤其最少應付租金（包括任何一次性預付款）在租賃期開始時，需按出租方從租賃土地、樓宇所獲取利益的公平值的比例分派。

當租金能可靠地被分配時，除被確認為以公平值方式計量的投資物業外，營運租賃的土地利益應在綜合財務狀況表中「預付土地租金」，按直線基準在租賃期間攤銷。當租金不能可靠地分配到土地及樓宇時，整項租賃視為融資租賃，並列賬於物業及設備中。

外幣

本集團編製財務報表時，以非功能性貨幣（外幣）進行之交易以該個體之功能性貨幣換算（即該個體營運地區主要經濟體系所採用之貨幣），以交易日匯率折算入賬。於報告期末，以外幣為單位之貨幣性項目按報告日匯率折算。以公平值入賬並以非貨幣性項目，按公平值確定當日之匯率折算。以外幣歷史成本計量的非貨幣性項目不予再折算。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Leasing - continued

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the lease.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments for land" in the statements of financial position and is released over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property and equipment.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

4. 主要會計政策 - 續

外幣 - 續

結算及再折算貨幣性項目所產生之匯兌差額於產生之期間確認於損益表。以公平值入賬之非貨幣性資產重新折算所產生之匯兌差額計入當期損益表，重新折算之損益並直接於其他全面收益內確認之非貨幣性資產則例外，其匯兌差額亦直接於其他全面收益內確認。

為便於呈列綜合財務報表，本集團海外業務之資產及負債均按報告期末匯率折算成本集團之呈列貨幣（如：港幣），其收入及支出則按當年平均匯率折算，若期間匯率大幅波動則按交易日匯率折算。所產生之任何匯兌差額均於其他全面收益及累積於股東資金之換算儲備內確認。

出售海外業務（例如出售本集團海外業務的全部利益，或者出售因失去控制權的附屬公司，而其附屬公司包含海外業務），所有匯兌差額累計入權益內，可歸屬於本銀行擁有人並確認於損益表內。

退休福利成本

當員工已提供服務，本集團支付界定供款退休福利計劃之供款便視為支出。

界定利益退休福利計劃以預計單位基數法來計算提供退休福利之成本，定期（但最少三年一次）進行精算評估。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Foreign currencies - continued

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Bank are reclassified to profit or loss.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out periodically, but at least triennially.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

4. 主要會計政策 - 續

退休福利成本 - 續

資產上限（如適用）及計劃資產回報（不包括利息）重估改變之影響，構成精算損益，會立即反映於綜合財務狀況表中及於其發生期間列入或回撥於其他全面收益中。於其他全面收益中確認之重估將立即反映於保留溢利中並不會重新分類至損益表。過去服務成本於計劃修訂期間確認於損益表中。淨利息是以期初的貼現率應用於淨既定福利負債或資產計算的。既定福利成本分類如下：

- 服務成本（包括現服務成本、過去服務成本，以及削減及結算之收益及虧損）；
- 淨利息支出或收入；及
- 重估

財務狀況表內確認之退休福利權益責任代表本集團的退休福利計劃的實際赤字或盈餘。由此計算產生之任何盈餘將不多於以收回款項模式的經濟收益之現值或未來供款減額。

稅項

稅項開支是指當期應付稅項及遞延稅項之總額。

當期應付稅項是根據本年度之應課稅溢利計算。應課稅溢利與綜合損益表上呈報之除稅前溢利當中差異，源於應課稅溢利並不包括隨後年期才計稅之若干收入或支出項目，亦不包括不需課稅及不可扣稅之項目。本集團之應付當期稅項乃按於報告期末成立或接近成立之稅率計算。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Retirement benefit costs - continued

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained profits and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The retirement benefit obligation recognised in the statements of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

4. 主要會計政策 - 續

稅項 - 續

遞延稅項是指綜合財務報表資產及負債之賬面值及其用於計算應課稅溢利的相應稅基之間的臨時差額。一般情況之下，所有因應課稅臨時差額而產生之遞延稅項負債均予確認，而遞延稅項資產則按將來應課稅溢利可用作抵銷可扣稅之臨時差額之限額內計算。如暫時性差異是由商譽或因某交易初次確認（業務合併除外）其他資產及負債而產生，又不影響應課稅溢利及會計溢利，則不予以確認此等遞延資產及負債。

除非集團有權力回撥臨時差額及有很大可能有關臨時差額會於可預期之未來回撥，否則與投資於附屬公司及聯營公司之權益有關的應課稅臨時差額需確認為遞延稅項負債。因上述投資所產生的可扣稅之臨時差額則只在有足夠應課稅溢利可用作抵銷臨時差額所帶來的收益和可在預期的未來回撥有關臨時差額的情況下確認遞延稅項資產。

遞延稅項資產的賬面值會於報告期末進行評估並會降至沒有足夠應課稅溢利可用作收回全部或部份資產的限額內。

遞延稅項資產及負債是以預期資產兌現及負債償還時之稅率計算，並根據已頒佈或截至報告期間頒佈的稅率（及稅法）。遞延稅項負債及資產的計算反映本集團於報告期末期望資產及負債的賬面值之收回或結算方式所帶來的稅項後果。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Taxation - continued

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interest in associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

4. 主要會計政策 - 續

稅項 - 續

計量以公平值模式計量的投資物業之遞延稅項負債或遞延稅項資產時是假設其賬面淨值會透過出售而完全地回撥，除非有關假設被推翻。當投資物業不是通過出售，而是可折舊及屬於以消耗投資物業所產生之大部份經濟收益的模式持有，假設則被推翻。如假設被推翻，投資物業的遞延稅項負債及遞延稅項資產會按照上述載於香港會計準則第 12 條的一般原則計量（即基於物業預期的回撥方式）。

除非有關項目於全面收益或直接於股東資金中被確認，其當期稅項及遞延稅項便分別於全面收益或直接於股東資金中被確認，否則，當期稅項及遞延稅項於損益表中被確認。因業務合併初次確認而產生的當期稅項及遞延稅項影響需包括在業務合併的入賬內。

金融工具

當集團個體成為金融工具合約之訂約方，金融資產及金融負債於財務狀況表內確認。

金融資產及金融負債初步按公平值計量。應直接計入收購或發行金融資產及金融負債（按公平值列賬及列入損益賬之金融資產及金融負債除外）之交易成本，於首次確認時從金融資產或金融負債之公平值適當地加入或扣減。應直接計入收購或發行按公平值列賬及列入損益賬之金融資產或金融負債的交易成本，會立即於損益表內確認。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Taxation - continued

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Financial instruments

Financial assets and financial liabilities are recognised in the statements of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or issue of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

4. 主要會計政策 - 續

金融工具 - 續

金融資產

本集團之金融資產分為以下四類其中一類，包括按公平值列賬及列入損益賬之金融資產、貸款及應收款項、持至到期日之投資及可供出售之金融資產。其分類是根據該金融資產的性質和購買目的於初始入賬時決定。從所有一般渠道購買或出售金融資產以交易日基準確認及終止確認。從一般渠道之購買或出售是指須於規定或市場慣例訂立的期間內交付資產的金融資產購買或出售。

有效利息方法

有效利息方法是指計算金融資產的攤銷成本及在有關期內分配利息收入之方法。有效利率是由金融資產的預計年期或（如適用）由較短期間的首次確認的賬面淨值，真實地折算預計未來的現金收入（包括所有形成有效利率的所有費用支付或收取、交易成本及其他溢價或折讓）。

按公平值列賬及列入損益賬之金融資產

按公平值列賬及列入損益賬之金融資產可分成兩類，包括持作買賣用途的金融資產及初始入賬時被指定為按公平值列賬及列入損益賬之金融資產。

金融資產被分類為持作買賣用途如：

- 產生此金融資產的主要目的是在不久將來出售；或
- 此金融資產乃本集團集體管理及在近期有實際短期獲利買賣活動的獨立金融工具投資組合的一部份；或
- 此金融資產是衍生工具但不是被指定及有效的對沖工具。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial assets

The Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss have two subcategories, including financial assets held for trading and those designated at fair value through profit or loss on initial recognition.

A financial asset is classified as held for trading if:

- it has been incurred principally for the purpose of selling in the near future; or
- it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

4. 主要會計政策 - 續

金融工具 - 續

金融資產 - 續

按公平值列賬及列入損益賬之金融資產 - 續

除了持作買賣用途之金融資產外，金融資產在初始入賬時可能被分類為指定按公平值列賬及列入損益賬之金融資產如：

- 此指定能抵銷或大幅減少計量或確認時之前後矛盾；或
- 此金融資產是一組金融資產或一組金融負債或同屬兩者之一部份，該組金融資產及負債是根據本集團之風險管理或投資策略文件來管理及按公平值衡量其表現，相關分類資料亦基於此於內部提供；或
- 此金融資產是包含一或多個嵌入衍生工具的合約的一部份。香港會計準則第39條允許整個結合式合約（資產或負債）被指定為按公平值列賬及列入損益賬。

按公平值列賬及列入損益賬之金融資產是以公平值計量，因再計量時產生的公平值轉變會於期內入賬於綜合損益表。於綜合損益表確認的淨溢利或虧損不包括任何金融資產的利息收入，並已包含在綜合損益表的利息收入中。

貸款及應收款項

貸款及應收款項乃非衍生金融資產並帶有固定或可議定之付款，及無交投活躍之市場報價。於初始入賬後，貸款及應收款項包括現金及短期資金、於銀行及其他財務機構之貸款及存款、應收利息、應收票據、貿易票據、其他客戶貸款、其他賬項及附屬公司借款均使用有效利息方法按攤銷成本入賬，並減去已確認之減值虧損（參閱會計政策中金融資產的減值如下）。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial assets - continued

Financial assets at fair value through profit or loss - continued

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any interest earned on the financial assets and is included in interest income in the consolidated statement of profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables including cash and short-term funds, placements with and advances to banks and other financial institutions, interest receivable, bills receivable, trade bills and other advances to customers, other accounts and amounts due from subsidiaries are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

4. 主要會計政策 - 續

金融工具 - 續

金融資產 - 續

持至到期日之投資

持至到期日之投資乃非衍生金融資產，有固定或可議定之付款及固定到期日，而本集團之管理層有積極意願及能力持有至到期日除那些符合貸款及應收款項的定義外。初始入賬後，持至到期日之投資是以有效利息方法按攤銷成本減除任何已識別的減值虧損計量（參閱會計政策中金融資產的減值如下）。

可供出售之金融資產

可供出售之金融資產乃指定或非分類為按公平值列賬及列入損益賬之金融資產、貸款及應收款項或持至到期日之投資之非衍生工具。

於每個報告期末，本集團所持有的被分類為可供出售之金融資產之股本及債務證券是於活躍市場交易並按公平值計量。有關運用有效利息方法所計算的利息收入以致可供出售之金融資產之賬面值的變動及可供出售之股本投資的股息會於損益表內確認。可供出售之金融資產之賬面值的其他變動會於其他全面收益內確認及累計在投資重估儲備內。當該投資被出售或被評定為減值時，之前累計在投資重估儲備中的累計溢利或虧損，會被重新分類到損益表內（參閱會計政策中金融資產的減值如下）。

當本集團收取股息權被確立時，被分類為可供出售之股本工具之股息會於損益表內確認。

可供出售之證券投資如沒有活躍的市場提供市場價格，而且其公平值不能準確計量，會以成本減任何可確定的減值虧損於報告期末計量（參閱會計政策中金融資產的減值如下）。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial assets - continued

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group's management has the positive intention and ability to hold to maturity other than those that meet the definition of loans and receivables. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Equity and debt securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment of financial assets below).

Dividends on equity instruments classified as available-for-sale are recognised in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment of financial assets below).

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

4. 主要會計政策 - 續

金融工具 - 續

金融資產的減值

除按公平值列賬及列入損益賬之金融資產外，金融資產會於報告期末進行減值提示測試。當有客觀的證據，於首次確認金融資產後，一件或更多的事件發生導致金融資產的估計未來現金流受影響，金融資產便要減值。

當可供出售之股本投資的公平值大幅地或長期地下降至低於其成本，這便視為客觀的減值證據。

所有其他金融資產的客觀減值證據包括：

- 發行人及對方有嚴重的財務困難；或
- 違反合約、不履行或拖欠利息或本金付款；或
- 借款人很有可能破產或進行財務重組；或
- 由於財務困難以致金融資產的活躍市場消失。

某些金融資產種類（例如客戶貸款），未經個別作減值評估，便作集體減值評估。

個別重大及有客觀減值證據的貸款之個別減值準備是以折算現金流方法評估。個別減值準備是按資產之賬面值及以原本有效利率折算估計未來現金流之現值之差額計量。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as advances to customers, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis.

Individual impairment allowances are assessed by a discounted cash flow method for loans and advances that are individually significant and have objective evidence of impairment. The individual impairment allowances are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

4. 主要會計政策 - 續

金融工具 - 續

金融資產的減值 - 續

並沒有發現需個別減值的個別不重要貸款會根據過往處理具備相類信用風險特點的貸款之虧損經驗為現況作基礎作出集體減值評估。

以攤銷成本入賬的金融資產，其確認的減值虧損為該金融資產的賬面值與以原本有效利率折算估計未來現金流之現值之差額。

以成本入賬的金融資產，減值虧損為該金融資產的賬面值與以相似的金融資產的現時市場回報率折算估計未來現金流之現值之差額計量。此減值虧損不會於期後回撥。

金融資產的賬面值是透過使用準備金削減。當金融資產被認為不能收回時，其金額便會在準備金內撇銷。以往已撇銷而其後收回之金額，會於損益表內列賬。

以攤銷成本入賬的金融資產，如在期後減值虧損減少及其減少是由於客觀事件發生於減值虧損確認後，以往已確認之減值虧損可在綜合損益表中回撥，但其金融資產的賬面值在回撥減值時不能超越減值未被確認時的攤銷成本。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Impairment of financial assets - continued

Individually insignificant advances or advances where no impairment has been identified individually are assessed for collective impairment by considering the historical loss experience of advances with similar credit risk characteristics adjusted for current conditions.

For financial assets carried at amortised cost, the amount of the impairment losses recognised is the difference between the financial asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment losses is measured as the difference between the financial asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced through the use of an allowance account. When the financial assets are considered to be uncollectible, the amounts are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decrease and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment losses are reversed through the consolidated statement of profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

4. 主要會計政策 - 續

金融工具 - 續

金融資產的減值 - 續

當按公平值列賬之可供出售之金融資產被確認為減值時，其於以前所累積確認在其他全面收益內的虧損會於減值發生的年度被重新分類到損益表內。

按公平值列賬之可供出售之證券投資減值虧損不會於期後回撥到損益表內。在減值虧損被確認後，任何公平值的增加會直接確認於其他全面收益及累積於投資重估儲備內。關於可供出售之債券投資，如投資的公平值增加是由於客觀事件發生於減值虧損確認後，減值虧損可在其後於損益表中回撥。

金融負債及股本工具

金融負債

本集團個體所發行之金融負債及股本工具乃根據所訂立合約安排之內容及金融負債和股本工具之定義予以分類為金融負債或股本工具。

股本工具

股本工具為以合約訂明於扣除集團個體所有負債後之剩餘資產權益。本銀行所發行的股本工具是以收益減去直接發行成本予以確認。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Impairment of financial assets - continued

When an available-for-sale financial asset carried at fair value is considered to be impaired, cumulative losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

Impairment losses on available-for-sale equity investments carried at fair value will not be reversed through profit or loss in subsequent periods. Any increase in fair value subsequent to impairment losses are recognised directly in other comprehensive income and accumulated in investment valuation reserve. For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment losses.

Financial liabilities and equity instruments

Financial liabilities

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or equity instruments in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

Equity instrument is any contract that evidences a residual interest in the assets of a group entity after deducting all of its liabilities. Equity instruments issued by the Bank are recognised at the proceeds received, net of direct issue costs.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

4. 主要會計政策 - 續

金融工具 - 續

金融負債及股本工具 - 續

有效利息方法

有效利息方法是指計算金融負債的攤銷成本及在有關期內分配利息支出之方法。有效利率是由金融負債的預計年期或（如適用）由較短期間的首次確認的淨賬面值，真實地折算預計未來的現金付款（包括所有形成有效利率的所有費用支付或收取、交易費及其他溢價或折讓）。

利息支出是根據有效利息基礎確認的。

按公平值列賬及列入損益賬之金融負債

按公平值列賬及列入損益賬之金融負債可分成兩類，包括持作買賣用途的金融負債及初始入賬時被指定為按公平值列賬及列入損益賬之金融負債。

金融負債被分類為持作買賣用途如：

- 產生此金融負債的主要目的是在不久將來回購；或
- 於初始確認時，此金融負債乃本集團集體管理及在近期有實際短期獲利買賣活動的獨立金融工具投資組合的一部份；或
- 此金融負債是衍生工具但不是被指定及有效的對沖工具。

按公平值列賬及列入損益賬之金融負債是以公平值計量，而再計量時所產生的公平值轉變會於發生期內直接入賬於損益表內。於損益表內確認的淨溢利或虧損並不包括任何金融負債的利息支出。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial liabilities and equity instruments - continued

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss has two subcategories, including financial liabilities held for trading and those designated at fair value through profit or loss on initial recognition.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- on initial recognition, it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gains or losses recognised in profit or loss excludes any interest paid on the financial liabilities.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

4. 主要會計政策 - 續

金融工具 - 續

金融負債及股本工具 - 續

其他金融負債

其他金融負債在初始入賬時，均以扣減交易成本後的公平值計量。而其他金融負債包括同業及其他財務機構存款及結餘、於回購協議下出售之金融資產、客戶存款、其他應付賬項、應付附屬公司款項、存款證及借貸資本，使用有效利息方法按攤銷成本入賬。

抵銷金融工具

當金融資產及金融負債之抵銷有法定執行權利，並有意以淨額基準結算，或同意同時變現金融資產及償還金融負債時，金融資產及金融負債予以抵銷，並以淨額於財務狀況表內報告。

衍生金融工具及對沖

衍生工具於初始訂立合約時按公平值入賬，期後於每個報告期末按公平值重新計量，其有關之溢利或虧損將即時確認於損益表內，除非該衍生工具被指定為有效的對沖工具，則其確認於損益表的時間乃根據對沖關係的性質決定。

嵌入衍生工具

當嵌入衍生工具符合衍生工具的定義，其風險及特點與主合約並無密切關係及主合約不會按公平值計量而其公平值變動不會確認於損益表時，在非衍生工具主合約中之嵌入衍生工具會被視為獨立的衍生工具。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial liabilities and equity instruments - continued

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities, including deposits and balances of banks and other financial institutions, financial assets sold under repurchase agreements, deposits from customers, other accounts payables, amounts due to subsidiaries, certificates of deposit and loan capital are subsequently measured at amortised cost, using the effective interest method.

Offsetting financial instruments

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

Derivative financial instruments and hedging

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gains or losses are recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

4. 主要會計政策 - 續

金融工具 - 續

對沖會計法

本集團會指定若干衍生工具為可供出售之證券及固定利率後償票據的公平值變動作對沖（公平值對沖）。

在對沖關係開始時，相關主體須記錄對沖工具及被對沖項目之間的關係，同時記錄進行各類對沖交易的風險管理目標及策略。此外，本集團亦須在對沖關係開始時及在進行對沖的持續期間，記錄對沖工具是否能高度有效地對沖被對沖項目的公平值變動。

公平值對沖

被指定為公平值對沖且符合公平值對沖條件的衍生工具的公平值變動，均會連同與其對沖風險有關的對沖資產或負債的公平值變動，一起立即確認在損益表中。對沖工具之公平值變動及與對沖風險有關的對沖項目之變動會於損益表內關於對沖項目一項中確認。

當本集團解除對沖關係、對沖工具已到期或被出售、被終止、被行使或者已不再符合對沖會計法的條件時，對沖會計法便會終止。

財務擔保合約

財務擔保合約指發行人須按合約償還特定款項予持保人，以補償持保人因特定債務人無法償還根據原來或經修改之債務條款於到期日之欠款。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Hedge accounting

The Group designates certain derivatives as hedges of the fair value of available-for-sale securities and fixed-rate subordinated notes (fair value hedges).

At the inception of the hedging relationship, the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values of the hedged item.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for losses it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

4. 主要會計政策 - 續

金融工具 - 續

財務擔保合約 - 續

本集團發行之財務擔保合約，如沒有指定為按公平值列賬及列入損益賬，則初始時按公平值減除發行財務擔保合約直接相關交易費用入賬。初始入賬後，本集團計量財務擔保合約是以：(i) 根據香港會計準則第37條「準備、或有負債和或有資產」決定之金額；及(ii) 初始入賬之金額減根據收入確認政策所確認之累計攤銷（如適用），兩者中較高者結算。

終止確認

當從金融資產收取現金流之合約權利屆滿，或金融資產已予轉讓或已轉讓擁有金融資產之幾乎全部風險及回報給另一個體，本集團會終止確認該金融資產。如本集團沒有轉讓也沒有保留擁有金融資產之幾乎全部風險及回報並繼續控制已轉讓之金融資產，本集團會繼續確認金融資產基於其繼續參與及會確認相關的負債。如本集團保留已轉讓擁有金融資產之幾乎全部風險及回報，本集團會繼續確認該金融資產並且確認另一抵押借款當收到該款項。

於完全終止確認金融資產時，金融資產之賬面值與已收及應收代價及已於其他全面收益和權益內確認之累計溢利或虧損總和之差額，於損益表內確認。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial guarantee contracts - continued

A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 "Provisions, contingent liabilities and contingent assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

Derecognition

The Group derecognises financial assets only when the contractual rights to the cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the risks and rewards of ownership of the financial asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred financial asset, the Group continues to recognise the financial asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the financial asset's carrying amount and the sum of the consideration received and receivable and the cumulative gains or losses that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

4. 主要會計政策 - 續

金融工具 - 續

終止確認 - 續

於非完全終止確認金融資產時，本集團會把該金融資產之前的賬面值根據各部份於轉讓日相對的公平值分配給繼續確認的部份及不再被確認的部份。分配給不再被確認的部份的賬面值與已收代價及已於其他全面收益內確認之累計溢利或虧損總和之差額，於損益表內確認。而確認於其他全面收益內的累計溢利或虧損則根據各部份相對的公平值分配給繼續確認的部份及不再被確認的部份。

只有當有關合約指定之本集團之債務被解除、註銷或屆滿時，本集團將終止確認金融負債。該被終止確認的金融負債的賬面值與已付及應付代價之差額，於損益表內確認。

回購協議

於回購協議下出售之金融資產繼續被適當地確認為可供出售之證券及持至到期日之證券。而相關的負債則包含在於回購協議下出售之金融資產內。

購買與出售價格之差額會以合約之年期用有效利息方法於損益表中的利息支出內確認。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Derecognition - continued

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when the Group's obligations specified in the relevant contract are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Repurchase agreements

Financial assets sold subject to repurchase agreements continue to be recognised and recorded as available-for-sale securities and held-to-maturity securities as appropriate. The corresponding liability is included in financial assets sold under repurchase agreements.

The difference between purchase and sale price is recognised as interest expense in profit or loss over the life of the agreements using the effective interest method.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

4. 主要會計政策 - 續

金融工具 - 續

準備

本集團因以往發生的事件而承擔的責任，本集團應就有可能引致之損失提撥準備金。準備金的計量是根據於報告期末對承擔現有責任價值的最佳估算，並考慮責任相關的風險及不確定因素。如準備金的計量是以估算的現金流支付現有的責任，賬面值便是其現金流的現值（如金錢時間值有重大的影響）。

非金融資產的減值（商譽除外）

於報告期末，本集團會評估非金融資產的賬面值去決定該資產有否遭受減值虧損的跡象。如這些跡象存在，該資產的可收回金額會被計量，從而決定減值虧損的程度（如有）。當單一資產的可收回金額不可能被計量，本集團會估計該資產所屬的現金賺取單位的可收回金額。在確認一個合理及一致的分配基礎後，企業的資產會分配給單一的現金賺取單位，或是根據其已確認的合理及一致的分配基礎，分配給最小組別的現金賺取單位。

可收回金額是公平值減出售成本與使用價值之較高者。當評估使用價值時，是使用稅前折算率把估計的未來現金流折算成現值，而該稅前折算率是能反映現時市場評估的金錢時間值及該資產的特定風險並且其對未來現金流的估計沒有作出調整。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Impairment of non-financial assets (other than goodwill)

At the end of the reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment losses, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

4. 主要會計政策 - 續

金融工具 - 續

非金融資產的減值(商譽除外) - 續

如資產的估計可收回值少於其賬面值，資產的賬面值會減低至其可收回值。減值虧損會立即被確認至損益表內。

當減值虧損於期後回撥，資產的賬面值便會升至經估計調整之可收回值。但上升之賬面值不會高於往年度未確認減值虧損前的資產的賬面值。減值虧損的回撥會立即被確認為收入。

現金及等同現金項目

就綜合現金流動表而言，現金及等同現金項目包括於購入日期起少於三個月內到期之結餘，包括現金、於同業及其他財務機構之結餘、通知及短期存放、存放同業及其他財務機構之存款和外匯基金票據。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Impairment on non-financial assets (other than goodwill) - continued

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised immediately in profit or loss.

Where impairment losses subsequently reverse, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment losses been recognised for the asset in prior years. A reversal of impairment losses is recognised as income immediately.

Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, 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, money at call and short notice, placements with and deposits of banks and other financial institutions as well as exchange fund bills.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

5. 關鍵會計判斷及估計不穩定因素之主要來源

敘述於附註4，管理層於應用本集團的會計政策時，需就沒有其他明顯消息來源的資產及負債之賬面值作出判斷、評估及假設。評估及潛在的假設乃根據從前的經驗及其他認為有關的因素。真實結果可能與此評估不同。

評估及潛在的假設會不斷進行回顧。如修正只影響評估修正期間，會計評估的修正會在評估修正期內被確認，或如修正影響該修正期間及將來，會計評估的修正會在期內及將來被確認。

估計不穩定因素之主要來源

於報告期末，因將來之假設及估計帶來之主要不穩定因素，可能對資產及負債之賬面值於下一財政年度內帶來重大調整之風險，討論如下。

(a) 貸款之減值準備

本集團就貸款所帶來之估計虧損提撥減值準備，並與溢利相減。此準備包括個別減值準備及集體減值準備。整體減值準備代表管理層認為貸款組合內必須撇減之數額，致使貸款組合可收回淨額準確地列於財務狀況表。

於釐定個別減值準備時，管理層考慮減值之客觀證據。當一項貸款出現減值時，以折算現金流方法評估個別減值準備，按資產之賬面值及原本有效利率折算估計未來現金流之現值之差額計量。準備數額亦受抵押品之價值所影響，在若干情況下，抵押品價值可能折讓，以反映強制出售或迅速套現之影響。

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Impairment allowances on loans and advances

The Group establishes, through charges against profit, impairment allowances in respect of estimated incurred losses in loans and advances. The allowances consist of individual impairment allowances and collective impairment allowances. The overall impairment allowances represent the aggregate amount by which management considers necessary to write down its loan portfolio in order to state it in the statements of financial position at its estimated net recoverable value.

In determining individual impairment allowances, management considers objective evidence of impairment. When a loan is impaired, an individual impairment allowance is assessed by a discounted cash flow method, measured at the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The quantum of the allowance is also impacted by the collateral value and this, in turn, may be discounted in certain circumstances to recognise the impact of forced sale or quick liquidation.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

5. 關鍵會計判斷及估計不確定因素之主要來源 - 續

估計不確定因素之主要來源 - 續

(a) 貸款之減值準備 - 續

在釐定集體減值準備時，管理層採用過往處理具備相類信用風險特點的集體貸款之虧損經驗為基礎作出減值虧損估計。更多資料詳列於附註7。

有關減值準備之變動，詳列於附註22。

(b) 衍生工具及其他金融工具的公平值

本集團的管理層利用其判斷來選擇適合未於交投活躍市場的金融工具之估值技術。其估值法是應用由市場從業員普遍採用的估值技術。至於衍生金融工具、可換股債券及擁有嵌入衍生工具的結構性工具，假設是根據公開市場價格再以工具的特性作調整而產生。

所使用的假設詳列於附註7。

(c) 對商譽減值估計

根據香港會計準則第36條「資產減值」，當一項資產的賬面值超出其可收回金額，便要確認減值虧損。可收回金額是以公平值減出售費用及使用值之兩者中的較高者計算。

管理層根據已分配商譽到有關被收購附屬公司（最少現金賺取單位）的賬面值及使用值作出比較，並檢討商譽減值。其被收購附屬公司是從事保險業務。

使用值的計算是根據附屬公司管理層審閱的三年財務預算中現金流動預測及三年期末評估終值預測。於已審閱預算所覆蓋期間，現金流動預測的準備是包括一些假設和評估。主要假設包括預期收入增長和折算率的選擇。

可收回金額的計算詳列於附註38。

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY - continued

Key sources of estimation uncertainty - continued

(a) Impairment allowances on loans and advances - continued

In determining collective impairment allowances, management uses estimates based on historical loss experience on a collective basis for loans and advances with similar credit risk characteristics to assess the impairment loss. More details are set out in note 7.

Details of the impairment allowance movements are disclosed in note 22.

(b) Fair value of derivatives and other financial instruments

The management of the Group uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, convertible bonds and structured products with embedded derivatives, assumptions are made based on quoted market rates adjusted for specific features of the instruments.

Details of the assumptions used are disclosed in note 7.

(c) Estimated impairment of goodwill

According to HKAS 36 "Impairment of Assets", impairment losses are made when the carrying amount of an asset exceeds its recoverable amount, which is calculated at the higher of the fair value less costs to sell and value in use.

Management has reviewed goodwill for impairment by comparing the carrying amount and value in use of an acquired subsidiary (the smallest cash-generating unit) to which the goodwill has been allocated. The acquired subsidiary is involved in insurance business.

The value in use calculations primarily use cash flow projections based on three year financial budgets approved by management of the subsidiary and estimated terminal value at the end of the three-year period. There are a number of assumptions and estimates involved for the preparation of cash flow projections for the period covered by the approved budget. Key assumptions include the expected growth in revenues and selection of discount rates.

Details of the recoverable amount calculation are disclosed in note 38.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

5. 關鍵會計判斷及估計不穩定因素之主要來源 - 續

應用個體的會計政策的關鍵性判斷

除關於評估的判斷之外，以下是管理層於應用對綜合財務報表有最重大影響個體會計政策之關鍵性判斷。

投資物業之遞延稅項

為計量以公平值模式計量的投資物業之遞延稅項負債或遞延稅項資產時，董事已對本集團於香港及中華人民共和國之投資物業組合進行檢討並總結本集團的投資物業並不屬於以消耗投資物業所產生之大部份經濟收益的模式持有。因此，在計量本集團投資物業之遞延稅項時，董事已確定以公平值模式計量的投資物業之賬面值會透過出售而完全地回撥的假設並未有被推翻。因此，本集團未有就位於香港的投資物業之公平值改變而確認遞延稅項因出售有關投資物業時並不會造成任何利得稅項。

於中華人民共和國之分行之累積溢利所產生的臨時差額所帶來之遞延稅項

董事已確定銀行有能力控制於中華人民共和國之分行之累積溢利所產生的臨時差額為港幣 274,804,000 元（二零一二年：港幣 209,801,000 元）及有關臨時差額很大可能不會於可預期的將來作出回撥。因此，並未對有關臨時差額作遞延稅項準備。

持至到期日之投資

本集團將某些具有固定或可議定付款及固定到期日之非衍生工具金融資產分類為持至到期日。此分類需要作出判斷。在作出此項判斷時，本集團評估其持有該項投資至到期日之意願及能力。倘若本集團在特別情況以外未能保留此等投資至到期日，舉例而言在臨近到期時出售不重大數額，則須重新分類整個類別為可供出售。該項投資因此按公平值而非攤銷成本計量。

此類資產詳列於附註 20。

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY - continued

Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations, that the management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios in Hong Kong and the Government of the People's Republic of China (the "PRC") and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties located in Hong Kong as the Group is not subject to any income taxes on disposal of these investment properties.

Deferred taxation in respect of temporary differences attributed to the accumulated profits of the PRC branch

The directors have determined that the Bank is able to control the timing of the reversal of the temporary differences attributable to accumulated profits of the PRC branch amounting to HK\$274,804,000 (2012: HK\$209,801,000) and that it is probable that the temporary differences will not reverse in the foreseeable future. Accordingly, deferred taxation relating to such temporary differences is not provided.

Held-to-maturity investments

The Group classified certain non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than for the specific circumstances - for example, selling an insignificant amount close to maturity - it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value instead of amortised cost.

Details of these assets are set out in note 20.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

6. 分項資料

(甲) 營業分項

本集團的營業分項亦是報告分項，是根據主要營運決策人（本集團的常務董事委員會）定期審閱的資料，以分配資源到該分項並按本集團的業務劃分評估其表現如下：

本集團提供之企業及零售銀行服務主要包括對客戶提供之借貸、貿易融資、汽車信貸、消費者信貸、透支、強積金服務、定期存款、往來及活期儲蓄戶口、信用卡及個人財富管理服務。本集團亦為客戶提供全面自動化之電話銀行服務及網上銀行服務。其他銀行服務包括匯款、外幣找換、保管箱、自動轉賬及直接付款服務。

財資業務主要包括銀行同業拆借、本集團統一利率風險及流動資金管理及中央現金管理。來自外匯業務的收入乃源於代客從事外匯交易、遠期合約買賣及源於利用外匯資金掉期合約以管理本銀行之現金活動。

本集團證券買賣活動包括證券交易、股票經紀及期貨經紀。

其他包括投資控股、保險、其他投資顧問服務及物業投資。

主要營運決策人確認並沒有營業分項是合計於本集團之報告分項內。

6. SEGMENT INFORMATION

(a) Operating segments

The Group's operating segments, which are also the reportable segments, based on information regularly reviewed by the chief operating decision maker (Executive Committee of the Group) for the purpose of allocating resources to segments and assessing their performance on business divisions of the Group, are as follows:

The corporate and retail banking services provided by the Group are principally lending and trade finance facilities, auto financing, consumer financing, overdraft facilities, mandatory provident fund services, provision of fixed deposits, current and savings accounts, credit cards and personal wealth management services. The Group also provides automated telephone and internet banking services to its customers. Other banking services offered include remittance and money exchange, safe deposit boxes, autopay and direct debit services.

Treasury activities mainly comprise inter-bank placement and deposit transactions, management of overall interest rate risk and liquidity of the Group and centralised cash management. Income from foreign exchange activities is generated from services provided to customers in the form of foreign exchange trading and forward contracts, and from the Bank's cash management activities through foreign currency funding swaps.

Securities dealing activities of the Group include securities trading, stockbroking and futures broking.

Others comprise investment holding, insurance, other investment advisory services and property investments.

No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

6. 分項資料 - 續

(甲) 營業分項 - 續

- (i) 截至二零一三年十二月三十一日止年度，營業分項資料如下：

營業分項收益及結果

源自外界客戶利息收入
給予外界客戶利息支出
跨業務利息收入 (附註 1)
跨業務利息支出 (附註 1)
淨利息收入
費用及佣金收入
費用及佣金支出
按公平值列賬及列入損益賬之
金融工具之淨溢利 (虧損)

公平值對沖淨溢利
其他營業收入 (附註 2)

分項收益
營業收入總額
包含：
- 源自外界客戶分項收益

- 跨業務交易
營業支出 (附註 3)
貸款減值準備

出售物業及設備之淨溢利
(虧損)
出售可供出售證券之淨溢利

出售投資物業及其公平值調整
之淨溢利

分項溢利
未分類企業支出
未分類企業收入

所佔聯營公司之溢利
除稅前溢利

附註：1. 跨業務資金交易之價格
是以客戶當前存款利率
計算。

2. 未分類企業收入是綜合
損益表內的其他營業
收入與營業分項內之
其他營業收入之差額。
3. 未分類企業支出是綜合
損益表內之營業支出與
營業分項內之營業支出
之差額。

6. SEGMENT INFORMATION - continued

(a) Operating segments - continued

- (i) Operating segment information for the year ended 31 December 2013 is presented below:

Operating segment revenues and results

企業及 零售銀行 Corporate and retail banking 港幣千元 HK\$'000	財務業務 Treasury activities 港幣千元 HK\$'000	證券業務 Securities business 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	抵銷 Eliminations 港幣千元 HK\$'000	綜合 Consolidated 港幣千元 HK\$'000
1,040,118	552,385	3,164	-	-	1,595,667
(491,452)	(90,010)	-	-	-	(581,462)
235,732	-	-	-	(235,732)	-
-	(235,732)	-	-	235,732	-
784,398	226,643	3,164	-	-	1,014,205
151,767	-	131,429	-	-	283,196
(72,881)	-	(382)	-	-	(73,263)
585	(22,965)	-	(34)	-	(22,414)
-	536	-	-	-	536
94,411	104,410	-	39,373	-	238,194
958,280	308,624	134,211	39,339	-	1,440,454
722,548	544,356	134,211	39,339	-	
235,732	(235,732)	-	-	-	
(437,781)	(29,989)	(66,087)	(11,075)	-	(544,932)
(35,237)	-	-	-	-	(35,237)
6,750	-	-	(10)	-	6,740
-	-	-	1,582	-	1,582
-	-	-	4,237	-	4,237
492,012	278,635	68,124	34,073	-	872,844
-	-	-	-	-	(236,643)
-	-	-	-	-	637,752
-	-	-	-	-	32,103
-	-	-	-	-	669,855

Notes: 1. Inter-segment pricing for funding transactions is charged at prevailing customer deposits interest rates.

2. The difference between the other operating income in the consolidated statement of profit or loss and other operating income in the operating segments is the unallocated corporate income.

3. The difference between the operating expenses in the consolidated statement of profit or loss and the operating expenses in the operating segments is the unallocated corporate expenses.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

6. 分項資料 - 續

(甲) 營業分項 - 續

- (i) 截至二零一三年十二月三十一日止年度，營業分項資料如下：- 續

於二零一三年十二月三十一日的營業分項資產及負債

資產
分項資產
聯營公司權益
未分類企業資產
綜合資產總額
負債
分項負債
未分類企業負債
綜合負債總額

其他資料 - 包括在分項結果及分項資產中計量的金額

本年度之資本開支

折舊
預付土地租金之釋放

營業分項的會計政策跟載於附註 4 的本集團的會計政策是相同的。

不同分項所產生的全部直接費用已歸類到個別的分項之下。非直接費用及後勤支援費用已根據所付出的努力及時間分類到不同的分項及產品，而分項的其他營業收入分類是依靠所產生的費用性質。關於不能分類到分項或產品的費用及收入及其後勤支援的企業業務費用及收入並已分別歸類於未分類企業支出及收入。這是給主要營運決策人衡量報告以用作資源分配和績效評估。

沒有單一的外界客戶達到或超過本集團百分之十之總營業收入。

未能分類到分項，產品及後勤支援的企業業務之資產及負債已歸類為未分類企業資產及負債，而所有直接分項資產及負債已分類到個別的分項。

6. SEGMENT INFORMATION - continued

(a) Operating segments - continued

- (i) Operating segment information for the year ended 31 December 2013 is presented below: - continued

Operating segment assets and liabilities as at 31 December 2013

	企業及 零售銀行 Corporate and retail banking 港幣千元 HK\$'000	財務業務 Treasury activities 港幣千元 HK\$'000	證券業務 Securities business 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	綜合 Consolidated 港幣千元 HK\$'000
Assets					
Segment assets	49,053,404	34,735,973	239,241	448,102	84,476,720
Interests in associates					199,437
Unallocated corporate assets					511,930
Consolidated total assets					85,188,087
Liabilities					
Segment liabilities	71,427,805	5,443,608	135,351	94,297	77,101,061
Unallocated corporate liabilities					355,060
Consolidated total liabilities					77,456,121

Other information - amounts included in the measure of segment results and segment assets

	企業及 零售銀行 Corporate and retail banking 港幣千元 HK\$'000	財務業務 Treasury activities 港幣千元 HK\$'000	證券業務 Securities business 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	未分類業務 Unallocated 港幣千元 HK\$'000	綜合 Consolidated 港幣千元 HK\$'000
Capital expenditure during the year	16,733	318	250	130	15,711	33,142
Depreciation	35,417	1,291	3,385	354	14,431	54,878
Release of prepaid lease payments for land	66	-	-	-	-	66

The accounting policies of the operating segments are the same as the Group's accounting policies in note 4.

All direct costs incurred by different segments are grouped under respective segments. Indirect costs and support functions' costs are allocated to various segments and products based on effort and time spent while segments' other operating income is allocated depending on the nature of costs incurred. Indirect costs and support functions' costs and income related to corporate activities that cannot be reasonably allocated to segments or products are grouped as unallocated corporate expenses and unallocated corporate income respectively. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of performance.

There is no operating income with a single external customer amounting to or exceeding 10% of the Group's and the Bank's total operating income.

Assets and liabilities related to corporate activities that cannot be reasonably allocated to segments, products and support functions are grouped as unallocated corporate assets and liabilities. All direct segment assets and liabilities are grouped under respective segments.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

6. 分項資料 - 續

(甲) 營業分項 - 續

- (ii) 截至二零一二年十二月三十一日止年度，營業分項資料如下：

營業分項收益及結果

6. SEGMENT INFORMATION - continued

(a) Operating segments - continued

- (ii) Operating segment information for the year ended 31 December 2012 is presented below:

Operating segment revenues and results

		企業及 零售銀行 Corporate and retail banking 港幣千元 HK\$'000	財務業務 Treasury activities 港幣千元 HK\$'000	證券業務 Securities business 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	抵銷綜合 Eliminations 港幣千元 HK\$'000	Consolidated 港幣千元 HK\$'000
源自外界客戶利息收入	Interest income from external customers	1,012,559	548,938	2,323	—	—	1,563,820
給予外界客戶利息支出	Interest expense to external customers	(567,076)	(159,836)	—	—	—	(726,912)
跨業務利息收入 (附註 1)	Inter-segment interest income (Note 1)	255,975	—	—	—	(255,975)	—
跨業務利息支出 (附註 1)	Inter-segment interest expense (Note 1)	—	(255,975)	—	—	255,975	—
淨利息收入	Net interest income	701,458	133,127	2,323	—	—	836,908
費用及佣金收入	Fee and commission income	137,194	—	116,755	—	—	253,949
費用及佣金支出	Fee and commission expenses	(64,006)	—	(578)	—	—	(64,584)
按公平值列賬及列入損益賬之 金融工具之淨溢利	Net gains on financial instruments at fair value through profit or loss	677	56,796	—	—	—	57,473
公平值對沖淨溢利	Net gains on fair value hedge	—	1,200	—	—	—	1,200
其他營業收入 (附註 2)	Other operating income (Note 2)	84,632	108,228	—	44,140	—	237,000
分項收益	Segment revenue						
營業收入總額	Total operating income	859,955	299,351	118,500	44,140	—	1,321,946
包含：	Comprising:						
- 源自客戶分項收益	- segment revenue from customers	603,980	555,326	118,500	44,140	—	
- 跨業務交易	- inter-segment transactions	255,975	(255,975)	—	—	—	
營業支出 (附註 3)	Operating expenses (Note 3)	(470,941)	(30,213)	(69,493)	(10,769)	—	(581,416)
貸款減值準備回撥	Reversal of impairment allowances on loans and advances	65,228	—	—	—	—	65,228
出售物業及設備之淨虧損	Net losses on disposal of property and equipment	(1,852)	—	—	(9)	—	(1,861)
出售可供出售證券之淨溢利	Net gains on disposal of available-for-sale securities	—	—	—	594	—	594
出售投資物業及其公平值調整 之淨溢利	Net gains on disposal of and fair value adjustments on investment properties	—	—	—	12,206	—	12,206
分項溢利	Segment profit	452,390	269,138	49,007	46,162	—	816,697
未分類企業支出	Unallocated corporate expenses						(207,175)
未分類企業收入	Unallocated corporate income						835
							610,357
所佔聯營公司之溢利	Share of profits of associates						36,028
除稅前溢利	Profit before taxation						646,385

附註：1. 跨業務資金交易之價格是以客戶當前存款利率計算。

2. 未分類企業收入是綜合損益表內的其他營業收入與營業分項內的其他營業收入之差額。

3. 未分類企業支出是綜合損益表內的營業支出與營業分項內的營業支出之差額。

Notes: 1. Inter-segment pricing for funding transactions is charged at prevailing customer deposits interest rates.

2. The difference between the other operating income in the consolidated statement of profit or loss and other operating income in the operating segments is the unallocated corporate income.

3. The difference between the operating expenses in the consolidated statement of profit or loss and the operating expenses in the operating segments is the unallocated corporate expenses.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

6. 分項資料 - 續

(甲) 營業分項 - 續

- (ii) 截至二零一二年十二月三十一日止年度，營業分項資料如下：- 續

於二零一二年十二月三十一日的營業分項資產及負債

資產
分項資產
聯營公司權益
未分類企業資產
綜合資產總額
負債
分項負債
未分類企業負債
綜合負債總額

其他資料 - 包括在分項結果及分項資產中計量的金額

本年度之資本開支
折舊
預付土地租金之釋放

6. SEGMENT INFORMATION - continued

(a) Operating segments - continued

- (ii) Operating segment information for the year ended 31 December 2012 is presented below: - continued

Operating segment assets and liabilities as at 31 December 2012

	企業及 零售銀行 Corporate and retail banking 港幣千元 HK\$'000	財資業務 Treasury activities 港幣千元 HK\$'000	證券業務 Securities business 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	綜合 Consolidated 港幣千元 HK\$'000
Assets					
Segment assets	48,290,655	31,156,460	232,982	437,396	80,117,493
Interests in associates					182,970
Unallocated corporate assets					454,902
Consolidated total assets					80,755,365
Liabilities					
Segment liabilities	67,818,689	5,172,703	174,138	65,204	73,230,734
Unallocated corporate liabilities					150,551
Consolidated total liabilities					73,381,285

Other information - amounts included in the measure of segment results and segment assets

	企業及 零售銀行 Corporate and retail banking 港幣千元 HK\$'000	財資業務 Treasury activities 港幣千元 HK\$'000	證券業務 Securities business 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	未分類業務 Unallocated 港幣千元 HK\$'000	綜合 Consolidated 港幣千元 HK\$'000
Capital expenditure during the year	35,531	1,178	243	508	32,645	70,105
Depreciation	36,227	1,475	5,295	179	16,033	59,209
Release of prepaid lease payments for land	66	-	-	-	-	66

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

6. 分項資料 - 續

(乙) 區域資料

區域資料(包括以區域分析之總分項收益)是按照本集團分行及附屬公司報告業績或資產入賬的主要營運地區作出分析。下列非流動資產是按照企業本身所定居的國家與非流動資產的位置相同。

區域資料的詳細資料如下：

香港
澳門及汕頭
- 中國大陸
美國
總額

6. SEGMENT INFORMATION - continued

(b) Geographical information

Geographical information (including geographical analysis of total segment revenue) is analysed by the Group based on the locations of the principal operations of the branches and subsidiaries which are responsible for reporting the results or booking the assets. Non-current assets presented below are based on the location of the entities' country of domicile which is the same as the location of the non-current assets.

Details of geographical information are set out below:

2013							
總營業收入 Total operating income 港幣千元 HK\$'000	除稅前 溢利 Profit before taxation 港幣千元 HK\$'000	資產總額 Total assets 港幣千元 HK\$'000	負債總額 Total liabilities 港幣千元 HK\$'000	或有負債及 承擔總額 Total contingent liabilities and commitments 港幣千元 HK\$'000	非流動 資產 Non- current assets 港幣千元 HK\$'000	年內 資本開支 Capital expenditure during the year 港幣千元 HK\$'000	
Hong Kong	1,314,319	569,639	82,966,678	76,813,803	18,064,831	1,009,636	29,579
Macau and Shantou, Mainland China	110,098	90,267	1,569,851	591,861	477,982	14,486	3,056
America	17,588	9,949	651,558	50,457	16,913	535	507
Total	1,442,005	669,855	85,188,087	77,456,121	18,559,726	1,024,657	33,142

2012							
總營業收入 Total operating income 港幣千元 HK\$'000	除稅前 溢利 Profit before taxation 港幣千元 HK\$'000	資產總額 Total assets 港幣千元 HK\$'000	負債總額 Total liabilities 港幣千元 HK\$'000	或有負債及 承擔總額 Total contingent liabilities and commitments 港幣千元 HK\$'000	非流動 資產 Non- current assets 港幣千元 HK\$'000	年內 資本開支 Capital expenditure during the year 港幣千元 HK\$'000	
Hong Kong	1,220,635	569,471	78,627,449	72,677,568	18,649,141	1,286,546	68,057
Macau and Shantou, Mainland China	85,984	67,172	1,533,533	631,873	376,181	12,915	2,004
America	16,162	9,742	594,383	71,844	15,215	170	44
Total	1,322,781	646,385	80,755,365	73,381,285	19,040,537	1,299,631	70,105

附註：總營業收入包括淨利息收入、淨費用及佣金收入、按公平值列賬及列入損益賬之金融工具之淨溢利(虧損)、公平值對沖淨溢利及其他營業收入。

非流動資產包括聯營公司權益、投資物業、物業及設備、預付土地租金(非流動部份)及商譽。

Note: Total operating income consists of net interest income, net fee and commission income, net gains (losses) on financial instruments at fair value through profit or loss, net gains on fair value hedge and other operating income.

Non-current assets consist of interests in associates, investment properties, property and equipment, prepaid lease payments for land (non-current portion) and goodwill.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理

本集團的營運活動面對多種不同的財務風險，而這些營運活動包括分析、評估、接受及管理不同程度的風險或混合的風險。本集團的目的是為適當地平衡風險及回報和減少對本集團在財務表現上潛在的不利因素。

本集團乃按確認及分析此類風險，建立適當的風險額度及監察，和以可靠及現代的資訊系統控制此風險和達至訂定之額度內，從而編製成風險管理政策。本集團定期審查此風險管理政策和系統，以反映市場、產品和新的最佳做法的改變。

資產及負債管理委員會（「資債管委會」）及放款審核委員會負責執行經董事會及風險管理及條例執行委員會審批後的風險管理政策。資債管委會與本集團內其他營運單位密切地合作，以確認、評估及減低財務風險。董事會及風險管理及條例執行委員會以書面方式編訂整體風險管理的原則，及涵蓋包括外匯風險、利率風險、信用風險、衍生金融工具及非衍生金融工具之使用的相關政策。同時，內部審計乃負責風險管理及監控環境的獨立審查。而運用金融工具的最主要風險為信用風險、市場風險及流動資金風險。市場風險則包括貨幣風險、利率風險及價目風險。

7. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management functions are carried out by the Asset and Liability Management Committee (the "ALCO") and the Loans Committee under policies approved by the Board of Directors and the Risk Management and Compliance Committee (the "RMCC"). The ALCO identifies, evaluates and mitigates financial risks in close co-operation with the Group's operating units. The Board and the RMCC provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, internal audit is responsible for the independent review of risk management and the control environment. The most important types of risks from the use of financial instruments are credit risk, market risk and liquidity risk. Market risk includes currency risk, interest rate risk and price risk.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

金融工具種類

金融資產

按公平值列賬及列入損益賬

- 指定按公平值列賬
- 持作買賣用途
- 衍生工具指定作對沖會計關係列賬

可供出售之證券

持至到期日之證券

貸款及應收款項

(包括現金及等同現金項目)

金融負債

按公平值列賬及列入損益賬

- 持作買賣用途
- 衍生工具指定作對沖會計關係列賬

攤銷成本

信用風險

本集團所承擔之信用風險，為對方於到期時未能全數支付貸款之風險。於報告期末已招致之虧損者已作出減值準備。因經濟或某行業之狀況發生重大改變，可能導致額外虧損，可能與報告期末已撥備之數額不同，管理層因此於管理信用風險時行事審慎。

信用風險管理

本集團根據自身經驗、香港《銀行業條例》、香港金融管理局所發出之指引及其他法定要求（即有關海外分行及附屬公司之相關的本地法例及規則）而編製成貸款政策。

7. FINANCIAL RISK MANAGEMENT - continued

Categories of financial instruments

	集團 THE GROUP		銀行 THE BANK	
	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
Financial assets				
Fair value through profit or loss				
- designated at fair value	91,968	1,213,149	91,968	1,213,149
- held for trading	11,273	21,407	11,062	21,146
- derivative instruments in designated hedge accounting relationship	159,073	166,765	159,073	166,765
Available-for-sale securities	5,433,241	4,222,217	5,326,882	4,130,090
Held-to-maturity securities	8,326,722	9,600,020	8,326,722	9,600,020
Loans and receivables (including cash and cash equivalents)	69,869,522	64,230,608	69,840,632	64,231,145
Financial liabilities				
Fair value through profit or loss				
- held for trading	53,070	118,154	53,070	118,154
- derivative instruments in designated hedge accounting relationship	47,583	130,502	47,583	130,502
Amortised cost	77,277,661	73,092,728	77,884,904	73,700,780

Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment allowances are made for losses that have been incurred at the end of the reporting period. Significant changes in the economy, or in the health of a particular industry segment, could result in losses that are different from those provided for at the end of the reporting period. Management therefore carefully manages its exposure to credit risk.

Management of credit risk

The Group's lending policies have been formulated on the basis of its own experience, the Hong Kong Banking Ordinance, the Hong Kong Monetary Authority guidelines and other statutory requirements (in the case of overseas branches and subsidiaries, the relevant local laws and regulations).

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

信用風險 - 續

信用風險管理 - 續

常務董事放款審核委員會及放款審核委員會為本集團的主要審批信用之組織。放款審核委員會由本銀行之高級管理人員組成；而常務董事放款審核委員會則由本銀行所有常務董事所組成。常務董事放款審核委員會全面負責本集團之信用政策及監督本集團之貸款組合信用質素。在常務董事放款審核委員會的監管下，本集團之管理人員根據貸款額度、提供之抵押品、借款人之信用級別及其他規定的信用指引，授權審批信用。

信貸評審部負責審核所有信用申請。當客戶填寫貸款申請書或信用額度之要求後，分行或貸款部門之客戶主任從約見客戶、收取文件、作可行性研究及以其他途徑獲得有關資料，繕寫及提交信用建議書予信用評審主任審核申請。信用評審主任則需要覆審提交資料之真確及信用建議書是否符合指定要求，同時，在允許或反對貸款申請及續期之建議時，需要提供獨立之信用評估作支持。

本集團之貸款政策授權放款審核委員會批核信用申請。放款審核委員會則根據客戶之貸款目的、財務優勢、還款能力、以往戶口表現及提供之抵押品（如適用）而作出批核。若貸款額度超越放款審核委員會獲授權批核之額度時，常務董事放款審核委員會則負責批核申請。

7. FINANCIAL RISK MANAGEMENT - continued

Credit risk - continued

Management of credit risk - continued

The Group's primary credit approval bodies are the Loans Committee, which comprises senior staff members of the Bank, and the Executive Loans Committee, comprising all the Executive Directors of the Bank. The Executive Loans Committee has overall responsibility for the Group's credit policies and oversees the credit quality of the Group's loan portfolio. Under the oversight of the Executive Loans Committee, officers of the Group are authorised to approve credit based on the size of the loan, the collateral provided, the credit standing of the applicant and other prescribed credit guidelines.

The Credit Assessment Department is responsible for reviewing all credit applications. When a customer fills out a loan application or requests a credit line, the branch or lending department account officer collects information through customer interviews, documentation requests and feasibility studies as well as other sources. The account officer then prepares and submits a credit proposal based on the information gathered for the review of the Credit Review Officers. Credit Review Officers are required to check the accuracy of the information submitted and that the credit proposal meets the underwriting standards required, and are required to provide an independent credit evaluation in support of a recommendation for granting or rejecting the loan and the subsequent renewal applications.

Credit approval is performed by the Loans Committee in accordance with the delegated lending authority from the Lending Policy of the Group with reference to a customer's objective of borrowing, financial strength, repayment ability, past account performance and collateral being offered as security, as appropriate. Approval from the Executive Loans Committee is required as and when the requested amount of the loan exceeds the delegated authority of the Loans Committee.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

信用風險 - 續

信用風險管理 - 續

本集團通過對單一貸款人、或多組貸款人，及對地區及行業設定可接受之風險限額，為所承受之風險水平設定限制。該等風險普遍以循環基準予以監察，並定期進行檢討。對產品、行業及國家之信用風險水平之限額每年經董事會批准。

信用風險之風險承擔乃通過定期分析借款人及潛在借款人應付償還利息及本金責任之能力，並於適當時候更改貸出限額予以控制。信用風險之風險承擔亦部份通過取得抵押品及公司和個人擔保控制。

減輕風險之政策

監察及減輕風險措施詳列如下：

(a) 抵押品

本集團對接受之抵押品種類或減輕信用風險作出指引。主要的貸款抵押品種類如下：

- 按揭之住宅及商用物業；
- 將商業資產如樓宇、存貨及應收賬項作押記；或
- 將金融工具如債務證券及股本作押記。

7. FINANCIAL RISK MANAGEMENT - continued

Credit risk - continued

Management of credit risk - continued

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are typically monitored on a revolving basis and are subject to periodic reviews. Limits on the level of credit risk by product, industry sector and by country are approved annually by the Board.

Exposure to credit risk is managed through regular reviews of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

Risk mitigation policies

Some specific control and mitigation measures are outlined below.

(a) Collateral

The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential and commercial properties;
- Charges over business assets such as premises, inventory and accounts receivable; or
- Charges over financial instruments such as debt securities and equities.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

信用風險 - 續

減輕風險之政策 - 續

(a) 抵押品 - 續

此外，若發現客戶之貸款出現減值訊號，本集團將盡快要求對方提供額外的抵押品以減輕信用風險。

抵押品之公平值評估是根據相關資產常用的估值技術於貸款時決定，除非個別貸款減值，否則一般不會更新。當貸款被確認減值時，其抵押品之公平值將參考市場價格例如最近物業交易價格以作更新。

(b) 其他減輕風險措施

本集團使用擔保將信用風險減輕。當本集團接受對方的擔保時，內部會對保證人設立上限以減輕信用之風險。

減值及減值準備政策

減值準備是基於報告期末已發現的損失及客觀的減值證據確認作財務報告之用。

7. FINANCIAL RISK MANAGEMENT - continued

Credit risk - continued

Risk mitigation policies - continued

(a) Collateral - continued

In addition, in order to minimise the credit losses, the Group will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Estimates of fair value of collateral are based on the fair value of collateral determined using valuation techniques commonly used for the corresponding assets at the time of borrowing, and generally not updated except when a loan is individually impaired. When a loan is identified as impaired, the corresponding fair value of collateral of that loan is updated by reference to market value such as recent transaction price of properties.

(b) Other risk mitigations

The Group uses guarantees as credit risk mitigations. Whilst the Group may accept guarantees from any counterparty, it sets a threshold internally for considering guarantors to be eligible for credit risk mitigation.

Impairment and provisioning policies

Impairment allowances are recognised for financial reporting purposes and only for losses that have been incurred at the end of each reporting period based on objective evidence of impairment.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

信用風險 - 續

減值及減值準備政策 - 續

按照借款人之借款用途或主要業務活動並適當地參考監管報告準則，本集團之客戶貸款總額（包括海外分行及附屬公司所貸出者）分析及報告如下：

在本港使用貸款

工業、商業及金融

- 物業發展
- 物業投資
- 與財務有關
- 證券經紀
- 批發及零售業
- 製造業
- 運輸及運輸設備
- 康樂活動
- 資訊科技
- 其他 (附註 2)

個別人士

- 購買「居者有其屋」、
「私人機構參與計劃」及
「租者置其屋計劃」單位之貸款
- 購買其他住宅樓宇之貸款
- 信用卡貸款
- 其他 (附註 3)

貿易融資

在本港以外使用之貸款

7. FINANCIAL RISK MANAGEMENT - continued

Credit risk - continued

Impairment and provisioning policies - continued

Based on the loan usage or the principal business activities of the borrowers, where applicable with reference to the regulatory reporting criteria, the Group's gross advances to customers (including advances booked in overseas branches and subsidiaries) are analysed and reported as follows:

Loans for use in Hong Kong

Industrial, commercial and financial

- Property development
- Property investment
- Financial concerns
- Stockbrokers
- Wholesale and retail trade
- Manufacturing
- Transport and transport equipment
- Recreational activities
- Information technology
- Others (Note 2)

Individuals

- Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme
- Loans for the purchase of other residential properties
- Credit card advances
- Others (Note 3)

Trade finance

Loans for use outside Hong Kong

二零一三年十二月三十一日 31 December 2013				
貸款總額	集體減值準備	個別減值準備	有抵押品 覆蓋之貸款 Loans and advances secured by collateral	減值貸款 總額 Gross impaired advances
港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
(附註 Note 1)				
1,479,980	2	-	642,248	-
8,307,110	-	2	8,272,041	2
2,407,128	-	-	1,853,502	-
773,195	10	-	609,550	-
1,934,329	5,616	5,158	1,581,434	5,158
1,923,830	-	-	1,172,244	-
755,028	-	-	654,770	-
1,296	1	-	1,297	-
21,067	29	-	17,231	-
7,770,364	6,055	4,448	4,555,683	6,684
469,597	-	-	469,597	-
7,058,570	287	-	7,057,313	-
109,166	9,136	484	-	516
2,082,372	-	283	1,510,997	474
35,093,032	21,136	10,375	28,397,907	12,834
3,287,545	60,643	3,592	610,909	3,592
6,739,637	107,646	788	2,926,781	2,308
45,120,214	189,425	14,755	31,935,597	18,734

附註：1. 有抵押品之貸款以抵押品市場價格或餘下貸款本金兩者較低者為準。

2. 包括在「其他」的主要項目是電力和天然氣、酒店、餐飲、保證金貸款及其他商業用途。

3. 主要項目包括專業人士貸款及個人貸款作其他私人用途。

Notes: 1. The amount of loans and advances secured by collateral is determined as the lower of the market value of collateral or outstanding loan principal.

2. Major items included in "Others" are for electricity and gas, hotels, catering, margin lending and other business purposes.

3. Major items mainly included loans to professionals and other individuals for various private purposes.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

信用風險 - 續

減值及減值準備政策 - 續

7. FINANCIAL RISK MANAGEMENT - continued

Credit risk - continued

Impairment and provisioning policies - continued

二零一二年十二月三十一日
31 December 2012

	貸款總額 Gross loans and advances 港幣千元 HK\$'000	集體 減值準備 Collective impairment allowances 港幣千元 HK\$'000	個別 減值準備 Individual impairment allowances 港幣千元 HK\$'000	有抵押品 覆蓋之貸款 Loans and advances secured by collateral 港幣千元 HK\$'000	減值貸款 總額 Gross impaired advances 港幣千元 HK\$'000
在本港使用貸款					
工業、商業及金融					
- 物業發展					
- 物業投資					
- 與財務有關					
- 證券經紀					
- 批發及零售業					
- 製造業					
- 運輸及運輸設備					
- 康樂活動					
- 資訊科技					
- 其他 (附註 2)					
個別人士					
- 購買「居者有其屋」、 「私人機構參與計劃」及 「租者置其屋計劃」單位之貸款					
- 購買其他住宅樓宇之貸款					
- 信用卡貸款					
- 其他 (附註 3)					
貿易融資					
在本港以外使用之貸款					
Loans for use in Hong Kong					
Industrial, commercial and financial					
- Property development	1,366,467	1,347	-	769,767	-
- Property investment	8,924,108	-	1,774	8,857,224	1,774
- Financial concerns	1,741,910	-	-	1,131,827	-
- Stockbrokers	594,689	150	-	438,481	-
- Wholesale and retail trade	1,460,007	5,157	3,273	1,085,418	3,273
- Manufacturing	1,677,166	557	1,098	994,699	1,098
- Transport and transport equipment	754,094	-	-	696,577	-
- Recreational activities	2,154	8	-	2,154	-
- Information technology	15,320	108	-	75	-
- Others (Note 2)	7,114,661	25,619	4,669	3,556,824	4,669
Individuals					
- Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	475,392	-	-	475,392	-
- Loans for the purchase of other residential properties	6,613,370	238	-	6,611,275	-
- Credit card advances	109,491	4,883	328	2,947	375
- Others (Note 3)	1,717,229	6,561	2,181	1,354,133	2,181
	32,566,058	44,628	13,323	25,976,793	13,370
Trade finance	1,246,727	29,924	8,516	427,959	8,516
Loans for use outside Hong Kong	5,379,404	89,954	2,215	2,564,067	2,308
	39,192,189	164,506	24,054	28,968,819	24,194

附註：1. 有抵押品之貸款以抵押品市場價格
或餘下貸款本金兩者較低者為準。

2. 包括在「其他」的主要項目是電力和
天然氣、酒店、餐飲、保證金貸款及
其他商業用途。

3. 主要項目包括專業人士貸款及個人
貸款作其他私人用途。

Notes: 1. The amount of loans and advances secured by collateral is determined as the lower of the
market value of collateral or outstanding loan principal.

2. Major items included in "Others" are for electricity and gas, hotels, catering, margin
lending and other business purposes.

3. Major items mainly included loans to professionals and other individuals for various private
purposes.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

信用風險 - 續

減值及減值準備政策 - 續

本集團之政策要求最少每年對個別重要的金融資產或當個別情況需要更頻密地作回顧。減值準備於個別評估戶口是根據於報告期末，按每個案件的評估已發現之損失決定。此方法適用於個別重大戶口。此評估一般包括個別戶口持有的抵押品及預期還款。

以集體形式進行的減值準備提供準備於：(i) 個別並非重要的同性質之資產組合；及(ii)考慮過往處理相類信用風險特點資產之虧損經驗以評估未確定但已發生之損失。管理層要視乎現時經濟及信貸情況去評估潛在損失的實際程度可能高於或低於過往經驗。

金融資產的信用風險集中性

當區域或業務因素轉變，相同地影響貸款客戶，其信用風險相對於本集團之整體風險為重大時，集中信用風險存在。

最能代表本集團及本銀行的金融資產之最高信用風險之區域及業務集中分析披露如下。

金融資產之區域位置是取決於對手最終信用風險之位置，並由董事評估。

7. FINANCIAL RISK MANAGEMENT - continued

Credit risk - continued

Impairment and provisioning policies - continued

The Group's policy requires the review of individual financial assets that are above materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred losses at the end of the reporting period on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses the fair value of collateral held and the anticipated receipts for that individual account.

Collectively assessed impairment allowances are provided for: (i) portfolios of homogenous assets that are individually below materiality thresholds; and (ii) losses that have been incurred but have not yet been identified by considering the historical loss experience in portfolios of similar credit risk characteristics. The management has also made judgement as to whether the current economic and credit conditions are such that the actual level of inherent losses is likely to be greater or less than that suggested by historical experience.

Concentration of risks of financial assets with credit risk exposure

Concentration of credit risk exists when changes in geographical or industry factors similarly affect counterparties whose aggregate credit exposure is material in relation to the Group's total exposures.

An analysis of geographical and industry sector concentration of the Group's and the Bank's financial assets that best represent the maximum exposure to credit risk is disclosed below.

The geographical locations of the financial assets are determined by the locations of the counterparties with the ultimate credit exposures, as assessed by the directors.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

信用風險 - 續

金融資產的信用風險集中性 - 續

區域位置

7. FINANCIAL RISK MANAGEMENT - continued

Credit risk - continued

Concentration of risks of financial assets with credit risk exposure - continued

Geographical locations

		集團 THE GROUP				銀行 THE BANK			
		亞太區 除香港以外 Asia Pacific			總額 Total 港幣千元 HK\$'000	亞太區 除香港以外 Asia Pacific			總額 Total 港幣千元 HK\$'000
		香港 Hong Kong 港幣千元 HK\$'000	excluding Hong Kong 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000		香港 Hong Kong 港幣千元 HK\$'000	excluding Hong Kong 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	
		(附註 Note 1)	(附註 Note 2)	(附註 Note 1)		(附註 Note 2)			
		於二零一三年十二月三十一日	At 31 December 2013						
短期資金	Short-term funds	4,277,143	7,729,872	3,451,017	15,458,032	4,266,688	7,729,872	3,451,017	15,447,577
存放同業及其他財務機構款項	Placements with banks and other financial institutions	563,486	7,320,599	36,417	7,920,502	549,560	7,320,599	36,417	7,906,576
衍生金融工具	Derivative financial instruments	6,037	91,284	72,814	170,135	6,037	91,284	72,814	170,135
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss	31,818	60,150	–	91,968	31,818	60,150	–	91,968
可供出售之債務證券	Available-for-sale debt securities	3,106,504	528,864	1,553,955	5,189,323	3,106,504	528,864	1,553,955	5,189,323
持至到期日之證券	Held-to-maturity securities	3,289,960	4,076,870	959,892	8,326,722	3,289,960	4,076,870	959,892	8,326,722
貸款及其他賬項	Advances and other accounts	42,643,698	1,704,098	1,455,787	45,803,583	42,409,053	1,698,613	1,455,787	45,563,453
附屬公司欠款	Amounts due from subsidiaries	–	–	–	–	235,662	–	–	235,662
		53,918,646	21,511,737	7,529,882	82,960,265	53,895,282	21,506,252	7,529,882	82,931,416
於二零一二年十二月三十一日	At 31 December 2012								
短期資金	Short-term funds	6,884,344	6,751,760	3,322,717	16,958,821	6,873,958	6,751,760	3,322,717	16,948,435
存放同業及其他財務機構款項	Placements with banks and other financial institutions	312,939	4,290,656	185,918	4,789,513	299,142	4,290,656	185,918	4,775,716
衍生金融工具	Derivative financial instruments	14,263	8,146	165,502	187,911	14,263	8,146	165,502	187,911
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss	555,726	238,322	419,101	1,213,149	555,726	238,322	419,101	1,213,149
可供出售之債務證券	Available-for-sale debt securities	2,203,479	327,725	1,462,336	3,993,540	2,203,479	327,725	1,462,336	3,993,540
持至到期日之證券	Held-to-maturity securities	2,291,716	6,128,890	1,179,414	9,600,020	2,291,716	6,128,890	1,179,414	9,600,020
貸款及其他賬項	Advances and other accounts	37,635,486	3,536,803	936,929	42,109,218	37,417,697	3,530,953	936,929	41,885,579
附屬公司欠款	Amounts due from subsidiaries	–	–	–	–	248,376	–	–	248,376
		49,897,953	21,282,302	7,671,917	78,852,172	49,904,357	21,276,452	7,671,917	78,852,726

附註：1. 報告在「亞太區除香港以外」內的國家主要包括中國、日本、澳洲及其他亞洲國家。

2. 報告在「其他」內的國家主要包括加拿大、美國及部份歐洲國家。

Notes: 1. The countries reported in "Asia Pacific excluding Hong Kong" mainly included the PRC, Japan, Australia and other Asian countries.

2. The countries reported in "Others" covered mainly Canada, United States and certain European countries.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

信用風險 - 續

金融資產的信用風險集中性 - 續

業務分析

7. FINANCIAL RISK MANAGEMENT - continued

Credit risk - continued

Concentration of risks of financial assets with credit risk exposure - continued

Industry sectors

		集團 THE GROUP					
		同業及其他 財務機構 Banks and other financial institutions 港幣千元 HK\$'000	中央政府及 中央銀行 Central governments and central banks 港幣千元 HK\$'000	公營機構 Public sector entities 港幣千元 HK\$'000	企業 Corporate entities 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於二零一三年十二月三十一日	At 31 December 2013						
短期資金	Short-term funds	14,252,813	1,205,219	-	-	-	15,458,032
存放同業及其他財務機構款項	Placements with banks and other financial institutions	7,920,502	-	-	-	-	7,920,502
衍生金融工具	Derivative financial instruments	168,804	-	-	1,331	-	170,135
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss	-	-	-	91,968	-	91,968
可供出售之債務證券	Available-for-sale debt securities	320,493	-	55,029	4,813,801	-	5,189,323
持至到期日之證券	Held-to-maturity securities	6,619,205	7,627	176,769	1,523,121	-	8,326,722
貸款及其他賬項	Advances and other accounts	480,437	100,183	76,721	32,898,092	12,248,150	45,803,583
		<u>29,762,254</u>	<u>1,313,029</u>	<u>308,519</u>	<u>39,328,313</u>	<u>12,248,150</u>	<u>82,960,265</u>
於二零一二年十二月三十一日	At 31 December 2012						
短期資金	Short-term funds	16,060,006	898,815	-	-	-	16,958,821
存放同業及其他財務機構款項	Placements with banks and other financial institutions	4,789,513	-	-	-	-	4,789,513
衍生金融工具	Derivative financial instruments	183,024	-	-	4,817	70	187,911
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss	419,101	-	-	794,048	-	1,213,149
可供出售之債務證券	Available-for-sale debt securities	323,709	-	56,016	3,613,815	-	3,993,540
持至到期日之證券	Held-to-maturity securities	7,809,345	3,382	196,401	1,590,892	-	9,600,020
貸款及其他賬項	Advances and other accounts	2,798,881	78,607	176,750	28,381,537	10,673,443	42,109,218
		<u>32,383,579</u>	<u>980,804</u>	<u>429,167</u>	<u>34,385,109</u>	<u>10,673,513</u>	<u>78,852,172</u>

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

信用風險 - 續

金融資產的信用風險集中性 - 續

業務分析 - 續

7. FINANCIAL RISK MANAGEMENT - continued

Credit risk - continued

Concentration of risks of financial assets with credit risk exposure - continued

Industry sectors - continued

		銀行 THE BANK					
		同業及其他 財務機構 Banks and other financial institutions 港幣千元 HK\$'000	中央政府及 中央銀行 Central governments and central banks 港幣千元 HK\$'000	公營機構 Public sector entities 港幣千元 HK\$'000	企業 Corporate entities 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於二零一三年十二月三十一日	At 31 December 2013						
短期資金	Short-term funds	14,242,358	1,205,219	-	-	-	15,447,577
存放同業及其他財務機構款項	Placements with banks and other financial institutions	7,906,576	-	-	-	-	7,906,576
衍生金融工具	Derivative financial instruments	168,804	-	-	1,331	-	170,135
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss	-	-	-	91,968	-	91,968
可供出售之債務證券	Available-for-sale debt securities	320,493	-	55,029	4,813,801	-	5,189,323
持至到期日之證券	Held-to-maturity securities	6,619,205	7,627	176,769	1,523,121	-	8,326,722
貸款及其他賬項	Advances and other accounts	479,807	100,183	76,721	32,658,592	12,248,150	45,563,453
附屬公司欠款	Amounts due from subsidiaries	-	-	-	235,662	-	235,662
		<u>29,737,243</u>	<u>1,313,029</u>	<u>308,519</u>	<u>39,324,475</u>	<u>12,248,150</u>	<u>82,931,416</u>
於二零一二年十二月三十一日	At 31 December 2012						
短期資金	Short-term funds	16,049,620	898,815	-	-	-	16,948,435
存放同業及其他財務機構款項	Placements with banks and other financial institutions	4,775,716	-	-	-	-	4,775,716
衍生金融工具	Derivative financial instruments	183,024	-	-	4,817	70	187,911
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss	419,101	-	-	794,048	-	1,213,149
可供出售之債務證券	Available-for-sale debt securities	323,709	-	56,016	3,613,815	-	3,993,540
持至到期日之證券	Held-to-maturity securities	7,809,345	3,382	196,401	1,590,892	-	9,600,020
貸款及其他賬項	Advances and other accounts	2,798,193	78,607	176,750	28,158,586	10,673,443	41,885,579
附屬公司欠款	Amounts due from subsidiaries	-	-	-	248,376	-	248,376
		<u>32,358,708</u>	<u>980,804</u>	<u>429,167</u>	<u>34,410,534</u>	<u>10,673,513</u>	<u>78,852,726</u>

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

信用風險 - 續

在沒有抵押品或其他信用改進前的
最高信用風險

財務狀況表以內的有關資產的最高
信用風險如下：

短期資金
存放同業及其他財務機構款項
衍生金融工具
按公平值列賬及列入損益賬之金融資產
可供出售之債務證券
持至到期日之證券
貸款及其他賬項
附屬公司欠款

有關財務狀況表以外的項目的最高
信用風險如下：

直接信用代替品
與貿易有關之或有項目
未動用之正式備用信貸、 信貸額度及其他承擔 不包括可無條件取消 而不需作事前通知者

7. FINANCIAL RISK MANAGEMENT - continued

Credit risk - continued

Maximum exposure to credit risk before collateral held or other
credit enhancements

Maximum exposure to credit risk relating to assets on the statements of
financial position are as follows:

	集團 THE GROUP		銀行 THE BANK	
	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
Short-term funds	15,458,032	16,958,821	15,447,577	16,948,435
Placements with banks and other financial institutions	7,920,502	4,789,513	7,906,576	4,775,716
Derivative financial instruments	170,135	187,911	170,135	187,911
Financial assets at fair value through profit or loss	91,968	1,213,149	91,968	1,213,149
Available-for-sale debt securities	5,189,323	3,993,540	5,189,323	3,993,540
Held-to-maturity securities	8,326,722	9,600,020	8,326,722	9,600,020
Advances and other accounts	45,803,583	42,109,218	45,563,453	41,885,579
Amounts due from subsidiaries	—	—	235,662	248,376
	<u>82,960,265</u>	<u>78,852,172</u>	<u>82,931,416</u>	<u>78,852,726</u>

Maximum exposure to credit risk relating to items unrecorded in the
statements of financial position are as follows:

	集團及銀行 THE GROUP AND THE BANK	
	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
Direct credit substitutes	1,041,747	1,077,350
Trade-related contingencies	479,056	425,309
Undrawn formal standby facilities, credit lines and other commitments excluding those that are unconditionally cancellable without prior notice	<u>10,111,868</u>	<u>10,557,895</u>
	<u>11,632,671</u>	<u>12,060,554</u>

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

信用風險 - 續

信用質素

客戶貸款之信用質素，除應收利息外，總結如下：

非逾期或非減值

已逾期但非減值

減值

減：減值準備

7. FINANCIAL RISK MANAGEMENT - continued

Credit risk - continued

Credit quality

Credit quality of loans and advances to customers, excluding interest receivable, are summarised as follows:

集團及銀行 THE GROUP AND THE BANK

		2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
Neither past due nor impaired		44,984,993	38,934,792
Past due but not impaired		116,487	233,203
Impaired		18,734	24,194
		45,120,214	39,192,189
Less: Allowances for impairment		(204,180)	(188,560)
		44,916,034	39,003,629

(i) 非逾期或非減值貸款

非逾期或非減值貸款的信用質素是參考本集團的內部評級系統所估計的，這也是應香港金融管理局要求採用的分類系統。

(i) Loans and advances neither past due nor impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group which is also the classification system required to be adopted for reporting to the Hong Kong Monetary Authority.

集團及銀行 THE GROUP AND THE BANK

		分期還 貸款 Instalment loans	定期 貸款 Term loans	銀團貸款 Syndication loans	外幣貸款 Foreign currency loans	貿易融資 Trade finance	個人貸款及 稅務貸款 Personal loans and tax loans	其他 Others	總額 Total	
	透支 Overdrafts	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	
於二零一三年十二月三十一日	At 31 December 2013									
評級：	GRADES:									
合格	Pass	1,999,583	20,281,023	13,804,574	4,318,438	115,965	3,127,699	215,870	633,977	44,497,129
特別監察	Special mention	10,789	169,308	63,078	-	-	-	-	-	243,175
次級或以下	Substandard or below	5,262	18,557	172,000	-	-	48,870	-	-	244,689
總額	Total	2,015,634	20,468,888	14,039,652	4,318,438	115,965	3,176,569	215,870	633,977	44,984,993
於二零一二年十二月三十一日	At 31 December 2012									
評級：	GRADES:									
合格	Pass	1,495,026	18,810,942	12,112,179	4,330,509	70,306	1,205,818	134,538	722,322	38,881,640
特別監察	Special mention	13,446	8,967	-	-	-	3,978	461	-	26,852
次級或以下	Substandard or below	603	21,853	-	-	-	3,844	-	-	26,300
總額	Total	1,509,075	18,841,762	12,112,179	4,330,509	70,306	1,213,640	134,999	722,322	38,934,792

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

信用風險 - 續

信用質素 - 續

(ii) 已逾期但非減值貸款

按客戶分類的已逾期但非減值的貸款總額分析如下：

7. FINANCIAL RISK MANAGEMENT - continued

Credit risk - continued

Credit quality - continued

(ii) Loans and advances past due but not impaired

Gross amount of loans and advances by class of customers that were past due but not impaired were as follows:

集團及銀行 THE GROUP AND THE BANK

	透支 Overdrafts 港幣千元 HK\$'000	分期還 貸款 Instalment loans 港幣千元 HK\$'000	定期 貸款 Term loans 港幣千元 HK\$'000	銀團貸款 Syndication loans 港幣千元 HK\$'000	貿易融資 Trade finance 港幣千元 HK\$'000	個人貸款及 稅務貸款 Personal loans and tax loans 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於二零一三年十二月三十一日	At 31 December 2013							
逾期三十日或以下	1,919	4,048	-	-	-	-	-	5,967
逾期三十一日至九十日	7,818	17,882	-	-	1,468	703	1,595	29,466
逾期九十日以上	3,339	2,309	-	75,406	-	-	-	81,054
總額	13,076	24,239	-	75,406	1,468	703	1,595	116,487
抵押品之公平值	81,706	88,371	-	1,372,549	-	-	-	1,542,626
有抵押品之貸款 (附註)	4,878	23,097	-	75,406	-	-	-	103,381
於二零一二年十二月三十一日	At 31 December 2012							
逾期三十日或以下	397	544	122,422	-	9,063	-	-	132,426
逾期三十一日至九十日	2,815	4,142	-	-	-	129	1,740	8,826
逾期九十日以上	2,088	14,449	-	75,406	-	8	-	91,951
總額	5,300	19,135	122,422	75,406	9,063	137	1,740	233,203
抵押品之公平值	20,573	96,049	308,434	1,276,692	29,412	370	-	1,731,530
有抵押品之貸款 (附註)	4,757	18,881	121,200	75,406	9,063	8	-	229,315

抵押品主要是物業及定期存款。

Collateral is mainly properties and fixed deposits.

附註：有抵押品之貸款值以抵押品市場價格或餘下貸款本金兩者較低者為準。

Note: The amount of loans and advances secured by collateral is determined as the lower of the market value of collateral or outstanding loan principal.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

信用風險 - 續

信用質素 - 續

(iii) 個別減值貸款

客戶貸款

按客戶性質分類的個別減值
貸款總額的明細如下：

於二零一三年十二月三十一日

個別減值貸款

抵押品之公平值

有抵押品之貸款 (附註)

於二零一二年十二月三十一日

個別減值貸款

抵押品之公平值

有抵押品之貸款 (附註)

抵押品主要是物業及定期存款。

附註：有抵押品之貸款值以抵押品
市場價格或餘下貸款本金兩者
較低者為準。

(iv) 銀行及其他財務機構貸款

於二零一三年十二月三十一日
及二零一二年十二月三十一
日，銀行貸款為非逾期或非
減值及沒有抵押品。

7. FINANCIAL RISK MANAGEMENT - continued

Credit risk - continued

Credit quality - continued

(iii) Loans and advances individually impaired

Loans and advances to customers

The breakdown of the gross amount of individually impaired loans
and advances by class of customers are as follows:

集團及銀行 THE GROUP AND THE BANK

	透支 Overdrafts	分期償還 貸款 Instalment loans	定期 貸款 Term loans	貿易融資 Trade finance	個人貸款及 稅務貸款 Personal loans and tax loans	其他 Others	總額 Total
	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
At 31 December 2013							
Individually impaired loans	7,358	5,259	-	5,672	226	219	18,734
Fair value of collateral	1,227	12,854	-	-	-	-	14,081
Loans and advances secured by collateral (Note)	1,226	3,647	-	-	-	-	4,873
At 31 December 2012							
Individually impaired loans	6,615	5,503	2,080	9,845	43	108	24,194
Fair value of collateral	49,989	26,646	-	-	-	-	76,635
Loans and advances secured by collateral (Note)	3,339	4,082	-	-	-	-	7,421

Collateral is mainly properties and fixed deposits.

Note: The amount of loans and advances secured by collateral is determined
as the lower of the market value of collateral or outstanding loan
principal.

(iv) Advances to banks and other financial institutions

As at 31 December 2013 and 31 December 2012, the advances to
banks are neither past due nor impaired and unsecured.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

信用風險 - 續

債務證券

按評級機構分類的金融投資

下表呈列本集團所持有的金融證券，除貸款以外，於報告期末根據穆迪之評級分析。沒有穆迪評級的金融證券會被當作沒有評級分類。

於二零一三年十二月三十一日

Aa1 至 Aa3

A1 至 A3

低於 A3

沒有評級

總額

於二零一二年十二月三十一日

Aa1 至 Aa3

A1 至 A3

低於 A3

沒有評級

總額

被收回的抵押品

於指出的年度，本集團及本銀行取得之抵押品資產，詳列如下：

資產種類

住宅物業

其他

在可行的情況下盡快出售被收回的資產，其收益會用來抵銷未償還債務。

7. FINANCIAL RISK MANAGEMENT - continued

Credit risk - continued

Debt securities

Financial investments by rating agency designation

The following table presents an analysis of financial securities, other than loans and advances, held by the Group by rating agency designation at the end of the reporting period, based on Moody's ratings. Financial securities not rated by Moody's are treated as unrated ones.

集團及銀行

THE GROUP AND THE BANK

	按公平值列賬及列入 損益賬之金融資產 Financial assets at fair value through profit or loss 港幣千元 HK\$'000	可供出售之 債務證券 Available-for-sale debt securities 港幣千元 HK\$'000	持至 到期日 之證券 Held-to- maturity securities 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
At 31 December 2013				
Aa1 to Aa3	60,150	375,523	2,975,433	3,411,106
A1 to A3	-	1,655,946	2,633,595	4,289,541
Lower than A3	-	1,870,491	1,050,984	2,921,475
Unrated	31,818	1,287,363	1,666,710	2,985,891
Total	<u>91,968</u>	<u>5,189,323</u>	<u>8,326,722</u>	<u>13,608,013</u>
At 31 December 2012				
Aa1 to Aa3	470,820	379,724	4,270,459	5,121,003
A1 to A3	186,603	1,200,355	3,970,694	5,357,652
Lower than A3	-	1,594,132	77,293	1,671,425
Unrated	555,726	819,329	1,281,574	2,656,629
Total	<u>1,213,149</u>	<u>3,993,540</u>	<u>9,600,020</u>	<u>14,806,709</u>

Reposessed collateral

During the years indicated, the Group and the Bank obtained assets by taking possession of collateral held as security, as follows:

集團及銀行

THE GROUP AND THE BANK

	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
Nature of assets		
Residential properties	-	31,000
Others	<u>16,040</u>	<u>17,320</u>

Reposessed assets are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

市場風險

本集團承擔市場風險。市場風險乃當市場價格變動，金融工具的公平值或將來的現金流會隨之波動。市場風險是從利息、貨幣及證券產品的未平盤額而產生，並受一般及特別的市場轉變及市場率或市場價格，例如利率、信用息差、外匯率及證券價格水平調整的轉變所影響。本集團分別於交易或非交易組合中承擔市場風險。

交易組合包括因做市商交易而產生的未平盤額，其中本集團為對客戶或市場之交易對手。

非交易組合主要來自零售及商業銀行的資產及負債之利息管理。非交易組合也包含由本集團的持至到期日及可供出售之投資而產生的外匯及資產風險。

市場風險管理

市場風險管理主要由資金管理職能承擔並在董事會或其指定之委員會批准的風險限額內進行。限額在每個組合、產品及風險類別分別設立，而市場的流動性是決定風險限額程度的主要因素。本集團致力確立準則、制度及程序來控制及監控市場風險。個別業務產生之市場風險是由資債管委會評估及管理。

此外，本集團利用衍生工具來減輕利率及外匯風險。

壓力測試是用來測試在極端情況下的潛在虧損之提示。每個業務單位的高級管理層及董事會會檢閱壓力測試之結果。壓力測試是因應業務類別而設計及一般採用情節分析。

貨幣風險

本集團有相當的交易是以外幣進行，所以會產生匯率浮動風險。此匯率風險是由經核准的政策限額利用外幣遠期合約管理。

7. FINANCIAL RISK MANAGEMENT - continued

Market risk

The Group takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Group separates exposures to market risk into either trading or non-trading portfolios.

Trading portfolios include those positions arising from market-making transactions where the Group acts as principal with clients or with the market.

Non-trading portfolios primarily arise from the interest rate management of the Bank's retail and commercial banking assets and liabilities. Non-trading portfolios also consist of foreign exchange and equity risks arising from the Group's held-to-maturity and available-for-sale investments.

Management of market risk

The management of market risk is principally undertaken in treasury function using risk limits approved by the Board of Directors or its designated committee. Limits are set for each portfolio, product and risk type, with market liquidity being a principal factor in determining the level of limits set. The Group has dedicated standards, policies and procedures in place to control and monitor the market risk. The market risks which arise on each business are assessed and managed under the supervision of the ALCO.

In addition, the Group uses derivatives to mitigate interest rate and foreign exchange risks.

Stress tests are carried out to provide an indication of the potential size of losses that could arise in extreme conditions. The results of the stress tests are reviewed by senior management in each business unit and by the Board of Directors. The stress-testing is tailored to the business segments and typically uses scenario analysis.

Currency risk

The Group undertakes certain transactions denominated in foreign currencies and, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising foreign currency forward contracts.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

市場風險 - 續

貨幣風險 - 續

由於外匯交易買賣額屬於中等，本集團並無任何重大之外匯風險。日常外匯管理工作由資金部負責，並維持在已核准的限額內。

本集團之財務狀況及現金流量因應當時匯率變動之影響而承擔風險。董事會或其指定之委員會對隔夜及即日持倉外幣及總額所承擔之風險水平設定限額，每日予以監察。

下表顯示於每個報告期末貨幣風險集中之分佈：

於二零一三年十二月三十一日

資產

庫存現金及短期資金
存放同業及其他財務機構款項

衍生金融工具
按公平值列賬及列入損益賬之金融資產

可供出售之證券
持至到期日之證券

客戶貸款
其他金融資產

金融資產總額

負債

同業及其他財務機構存款及結餘

於回購協議下出售之金融資產

客戶存款
存款證
衍生金融工具
借貸資本
其他金融負債

金融負債總額

淨額 - 金融資產及負債總額

7. FINANCIAL RISK MANAGEMENT - continued

Market risk - continued

Currency risk - continued

The Group does not have any significant foreign exchange risk as foreign exchange dealing is moderate. Day-to-day foreign exchange management is performed by the Treasury Department within approved limits.

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on their financial positions and cash flows. The Board of Directors or its designated committee sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

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

集團 THE GROUP						
港幣 HK\$	美元 US\$	澳門幣 MOP	人民幣 RMB	其他 Others	總額 Total	
港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	
(附註 Note)						
Assets						
Cash and short-term funds	8,198,638	2,690,598	95,222	1,724,197	3,436,782	16,145,437
Placements with banks and other financial institutions	937,465	3,551,653	—	2,289,634	1,141,750	7,920,502
Derivative financial instruments	984	159,697	—	—	9,454	170,135
Financial assets at fair value through profit or loss	92,179	—	—	—	—	92,179
Available-for-sale securities	204,161	5,194,884	—	31,973	2,223	5,433,241
Held-to-maturity securities	4,787,185	2,312,976	—	676,783	549,778	8,326,722
Advances to customers	41,292,388	1,447,942	24,901	2,293,259	61,724	45,120,214
Other financial assets	365,511	22,581	283	241,018	53,976	683,369
	55,878,511	15,380,331	120,406	7,256,864	5,255,687	83,891,799
Liabilities						
Deposits and balances of banks and other financial institutions	581,210	1,091,616	—	—	1,405	1,674,231
Financial assets sold under repurchase agreements	—	1,256,657	—	—	—	1,256,657
Deposits from customers	52,785,647	5,631,005	68,451	6,273,365	6,406,436	71,164,904
Certificates of deposit	—	563,003	—	—	—	563,003
Derivative financial instruments	19,941	43,857	—	—	36,855	100,653
Loan capital	—	1,766,436	—	—	—	1,766,436
Other financial liabilities	672,083	124,759	607	39,822	15,159	852,430
	54,058,881	10,477,333	69,058	6,313,187	6,459,855	77,378,314
	1,819,630	4,902,998	51,348	943,677	(1,204,168)	6,513,485

附註：包括在「其他」內的貨幣主要代表澳元及新西蘭元。

Note: Currencies included in "Others" mainly represented Australian dollars and New Zealand dollars.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

市場風險 - 續

貨幣風險 - 續

7. FINANCIAL RISK MANAGEMENT - continued

Market risk - continued

Currency risk - continued

		集團 THE GROUP					
		港幣	美元	澳門幣	人民幣	其他	總額
		HK\$	US\$	MOP	RMB	Others	Total
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(附註 Note)							
於二零一二年十二月三十一日	At 31 December 2012						
資產	Assets						
庫存現金及短期資金	Cash and short-term funds	11,201,394	2,510,425	77,404	1,521,510	2,021,144	17,331,877
存放同業及其他財務機構款項	Placements with banks and other financial institutions	2,266,032	1,008,613	–	749,387	765,481	4,789,513
衍生金融工具	Derivative financial instruments	5,071	167,381	–	–	15,459	187,911
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss	671,394	542,016	–	–	–	1,213,410
可供出售之證券	Available-for-sale securities	188,493	4,000,071	–	31,090	2,563	4,222,217
持至到期日之證券	Held-to-maturity securities	2,850,564	4,270,494	–	643,456	1,835,506	9,600,020
客戶貸款	Advances to customers	36,988,292	1,355,011	25,591	726,984	96,311	39,192,189
同業及其他財務機構貸款	Advances to banks and other financial institutions	30,614	–	–	2,134,228	–	2,164,842
其他金融資產	Other financial assets	272,626	142,257	2,372	325,344	9,588	752,187
金融資產總額	Total financial assets	54,474,480	13,996,268	105,367	6,131,999	4,746,052	79,454,166
負債	Liabilities						
同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions	882,850	510,438	–	422,824	27,365	1,843,477
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements	–	433,681	–	–	–	433,681
客戶存款	Deposits from customers	51,320,386	6,114,896	47,384	3,956,597	6,069,485	67,508,748
存款證	Certificates of deposit	465,927	77,378	–	124,331	–	667,636
衍生金融工具	Derivative financial instruments	118,451	129,581	–	–	624	248,656
借貸資本	Loan capital	–	1,898,957	–	–	–	1,898,957
其他金融負債	Other financial liabilities	633,795	44,931	604	33,671	27,228	740,229
金融負債總額	Total financial liabilities	53,421,409	9,209,862	47,988	4,537,423	6,124,702	73,341,384
淨額 - 金融資產及負債總額	Net position - total financial assets and liabilities	1,053,071	4,786,406	57,379	1,594,576	(1,378,650)	6,112,782

附註：包括在「其他」內的貨幣主要代表
澳元及新西蘭元。

Note: Currencies included in "Others" mainly represented Australian dollars and New Zealand dollars.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

市場風險 - 續

貨幣風險 - 續

7. FINANCIAL RISK MANAGEMENT - continued

Market risk - continued

Currency risk - continued

於二零一三年十二月三十一日

資產

庫存現金及短期資金
存放同業及其他財務機構款項
衍生金融工具
按公平值列賬及列入損益賬之金融資產

可供出售之證券

持至到期日之證券

客戶貸款

其他金融資產

金融資產總額

負債

同業及其他財務機構存款及結餘

於回購協議下出售之金融資產

客戶存款

存款證

衍生金融工具

借貸資本

其他金融負債

金融負債總額

淨額 - 金融資產及負債總額

At 31 December 2013

Assets

Cash and short-term funds
Placements with banks and other financial institutions
Derivative financial instruments
Financial assets at fair value through profit or loss

Available-for-sale securities

Held-to-maturity securities

Advances to customers

Other financial assets

Total financial assets

Liabilities

Deposits and balances of banks and other financial institutions

Financial assets sold under repurchase agreements

Deposits from customers

Certificates of deposit

Derivative financial instruments

Loan capital

Other financial liabilities

Total financial liabilities

Net position - total financial assets and liabilities

銀行 THE BANK					
港幣 HK\$	美元 US\$	澳門幣 MOP	人民幣 RMB	其他 Others	總額 Total
港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
(附註 Note)					
8,188,142	2,690,598	95,222	1,724,197	3,436,782	16,134,941
923,539	3,551,653	-	2,289,634	1,141,750	7,906,576
984	159,697	-	-	9,454	170,135
91,968	-	-	-	-	91,968
97,802	5,194,884	-	31,973	2,223	5,326,882
4,787,185	2,312,976	-	676,783	549,778	8,326,722
41,292,388	1,447,942	24,901	2,293,259	61,724	45,120,214
366,507	22,581	283	235,554	53,976	678,901
55,748,515	15,380,331	120,406	7,251,400	5,255,687	83,756,339
581,210	1,091,616	-	-	1,405	1,674,231
-	1,256,657	-	-	-	1,256,657
52,785,647	5,631,005	68,451	6,273,365	6,406,436	71,164,904
-	563,003	-	-	-	563,003
19,941	43,857	-	-	36,855	100,653
-	1,766,436	-	-	-	1,766,436
1,279,409	124,759	607	39,739	15,159	1,459,673
54,666,207	10,477,333	69,058	6,313,104	6,459,855	77,985,557
1,082,308	4,902,998	51,348	938,296	(1,204,168)	5,770,782

附註：包括在「其他」內的貨幣主要代表
澳元及新西蘭元。

Note: Currencies included in "Others" mainly represented Australian dollars and New Zealand dollars.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

市場風險 - 續

貨幣風險 - 續

於二零一二年十二月三十一日

資產

庫存現金及短期資金
存放同業及其他財務機構款項
衍生金融工具
按公平值列賬及列入損益賬之金融資產
可供出售之證券
持至到期日之證券
客戶貸款
同業及其他財務機構貸款
其他金融資產
金融資產總額

負債

同業及其他財務機構存款及結餘
於回購協議下出售之金融資產
客戶存款
存款證
衍生金融工具
借貸資本
其他金融負債
金融負債總額
淨額 - 金融資產及負債總額

附註：包括在「其他」內的貨幣主要代表
澳元及新西蘭元。

本集團及本銀行簽訂了多項外幣
遠期合約來管理貨幣風險，詳列於
附註 19。

7. FINANCIAL RISK MANAGEMENT - continued

Market risk - continued

Currency risk - continued

	銀行 THE BANK					
	港幣 HK\$ 港幣千元 HK\$'000	美元 US\$ 港幣千元 HK\$'000	澳門幣 MOP 港幣千元 HK\$'000	人民幣 RMB 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
	(附註 Note)					
At 31 December 2012						
Assets						
Cash and short-term funds	11,190,991	2,510,425	77,404	1,521,510	2,021,144	17,321,474
Placements with banks and other financial institutions	2,252,235	1,008,613	-	749,387	765,481	4,775,716
Derivative financial instruments	5,071	167,381	-	-	15,459	187,911
Financial assets at fair value through profit or loss	671,133	542,016	-	-	-	1,213,149
Available-for-sale securities	96,366	4,000,071	-	31,090	2,563	4,130,090
Held-to-maturity securities	2,850,564	4,270,494	-	643,456	1,835,506	9,600,020
Advances to customers	36,988,292	1,355,011	25,591	726,984	96,311	39,192,189
Advances to banks and other financial institutions	30,614	-	-	2,134,228	-	2,164,842
Other financial assets	303,212	142,257	2,372	319,495	9,588	776,924
Total financial assets	54,388,478	13,996,268	105,367	6,126,150	4,746,052	79,362,315
Liabilities						
Deposits and balances of banks and other financial institutions	882,850	510,438	-	422,824	27,365	1,843,477
Financial assets sold under repurchase agreements	-	433,681	-	-	-	433,681
Deposits from customers	51,320,386	6,114,896	47,384	3,956,597	6,069,485	67,508,748
Certificates of deposit	465,927	77,378	-	124,331	-	667,636
Derivative financial instruments	118,451	129,581	-	-	624	248,656
Loan capital	-	1,898,957	-	-	-	1,898,957
Other financial liabilities	1,241,847	44,931	604	33,671	27,228	1,348,281
Total financial liabilities	54,029,461	9,209,862	47,988	4,537,423	6,124,702	73,949,436
Net position - total financial assets and liabilities	359,017	4,786,406	57,379	1,588,727	(1,378,650)	5,412,879

Note: Currencies included in "Others" mainly represented Australian dollars and New Zealand dollars.

The Group and the Bank entered into a number of foreign currency forward contracts to manage the currency risk exposure, details of which are set out in note 19.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

市場風險 - 續

貨幣風險 - 續

外匯敏感度分析

本集團主要面對美元、人民幣及澳門幣匯率變動之風險。下表詳細列出本集團對百分之一美元及澳門幣匯率改變及百分之十人民幣匯率改變的敏感度。這百分率是應用於內部報告外匯風險給主要管理人員之準則及代表管理層對匯率的可能變化所作的評估。報告期末的敏感度分析是根據本集團於報告期末外匯調整而決定匯率風險。

7. FINANCIAL RISK MANAGEMENT - continued

Market risk - continued

Currency risk - continued

Foreign currency sensitivity

The Group is mainly exposed to US dollars, Renminbi and Macau Pataca. The following table details the Group's sensitivity to a 1 per cent change in Hong Kong dollars against the US dollars and Macau Pataca, and 10 percent change in Hong Kong dollars against Renminbi. The respective percentages are the rates used when reporting foreign currency risk internally to key management personnel and represent management's assessment of the possible change in foreign exchange rates. The sensitivity analyses of the Group's exposure to foreign currency risk at the end of the reporting period have been determined based on the foreign exchange rates adjusted at the end of the reporting period.

	匯率之改變 Change in currency rate					
	美元 US Dollars		人民幣 Renminbi		澳門幣 Macau Pataca	
	增值 Appreciate	貶值 Depreciate	增值 Appreciate	貶值 Depreciate	增值 Appreciate	貶值 Depreciate
	+1%	-1%	+10%	-10%	+1%	-1%
集團	THE GROUP					
港幣千元等值	Hong Kong dollars equivalents (HK\$'000)					
二零一三年	2013					
除稅後溢利	86	(86)	1,983	(1,983)	28	(28)
二零一二年	2012					
除稅後溢利	258	(258)	3,351	(3,351)	89	(89)
銀行	THE BANK					
二零一三年	2013					
除稅後溢利	86	(86)	1,445	(1,445)	28	(28)
二零一二年	2012					
除稅後溢利	258	(258)	2,766	(2,766)	89	(89)

括弧內的數字表示減少。

Numbers in bracket mean decrease.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

市場風險 - 續

利率風險

現金流動利率風險為金融工具之未來現金流動因應市場利率變動產生波動出現之風險。公平值利率風險為金融工具之價值因應市場利率變動產生之風險。本集團之公平值及現金流量風險因應市場利率現行水平波動之影響而承擔風險。息差可能因變動而上升，但可能因產生未能預計之波動而減少或出現虧損。利率重新訂價錯配之水平已設定限額，及予以定期監察。

本集團主要是以利率差距分析來計算其資產及負債對利率波動的反應。這反映本集團之利率風險是由生息資產及付息負債中契約到期日及重新定價的錯配而產生。

7. FINANCIAL RISK MANAGEMENT - continued

Market risk - continued

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. Limits are set on the level of mismatch of interest rate repricing that may be undertaken, which are monitored regularly.

The Group measures the exposure of its assets and liabilities to fluctuations in interest rates primarily by way of interest rate gap analysis which shows the Group's interest rate risk arising from the mis-matches between contractual maturities and re-pricing of interest-generating assets and interest-bearing liabilities.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

市場風險 - 續

利率風險 - 續

下表概述本集團之利率風險承擔。下表已包括按合約重新訂價或到期日（以較早發生者為準）分類本集團按賬面值列賬之資產及負債。有關可供出售之證券，本集團所顯示之風險承擔已經考慮本集團用作管理固定利率債務證券之利率風險所簽訂的利率掉期合約或跨貨幣利率掉期合約。

於二零一三年十二月三十一日

資產

庫存現金及短期資金

存放同業及其他財務機構款項

衍生金融工具

按公平值列賬及列入損益賬之金融資產

可供出售之證券

持至到期日之證券

客戶貸款

其他金融資產

金融資產總額

負債

同業及其他財務機構存款及結餘

於回購協議下出售之金融資產

客戶存款

存款證

衍生金融工具

借貸資本

其他金融負債

金融負債總額

淨額 - 金融資產及負債總額

7. FINANCIAL RISK MANAGEMENT - continued

Market risk - continued

Interest rate risk - continued

The tables below summarise the Group's exposure to interest rate risks. Included in the tables are the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. For available-for-sale securities, the Group's exposure is shown after taking into account interest rate swaps or cross-currency interest rate swaps that have been entered by the Group to manage the interest rate risk of the fixed rate debt securities.

At 31 December 2013

Assets

Cash and short-term funds

Placements with banks and other financial institutions

Derivative financial instruments

Financial assets at fair value through profit or loss

Available-for-sale securities

Held-to-maturity securities

Advances to customers

Other financial assets

Total financial assets

Liabilities

Deposits and balances of banks and other financial institutions

Financial assets sold under repurchase agreements

Deposits from customers

Certificates of deposit

Derivative financial instruments

Loan capital

Other financial liabilities

Total financial liabilities

Net position - total financial assets and liabilities

集團 THE GROUP

三個月 以內 Up to 3 months 港幣千元 HK\$'000	三個月 以上 一年以內 3 - 12 months 港幣千元 HK\$'000	一年以上 五年以內 1 - 5 years 港幣千元 HK\$'000	五年以上 Over 5 years 港幣千元 HK\$'000	不計利息 Non-interest bearing 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
14,621,793	757,797	-	-	765,847	16,145,437
3,970,639	3,949,863	-	-	-	7,920,502
-	-	-	-	170,135	170,135
60,150	31,818	-	-	211	92,179
5,182,952	-	-	-	250,289	5,433,241
5,104,993	2,443,279	537,908	238,542	2,000	8,326,722
41,726,113	3,021,376	187,185	12,477	173,063	45,120,214
155,872	114,734	-	-	412,763	683,369
70,822,512	10,318,867	725,093	251,019	1,774,308	83,891,799
1,592,700	65,000	-	-	16,531	1,674,231
945,074	311,583	-	-	-	1,256,657
56,812,230	8,384,573	76,348	-	5,891,753	71,164,904
154,946	408,057	-	-	-	563,003
-	-	-	-	100,653	100,653
1,766,436	-	-	-	-	1,766,436
-	-	-	-	852,430	852,430
61,271,386	9,169,213	76,348	-	6,861,367	77,378,314
9,551,126	1,149,654	648,745	251,019	(5,087,059)	6,513,485

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

市場風險 - 續

利率風險 - 續

7. FINANCIAL RISK MANAGEMENT - continued

Market risk - continued

Interest rate risk - continued

		集團 THE GROUP					
		三個月 以內 Up to 3 months 港幣千元 HK\$'000	三個月 以上 一年以內 3 - 12 months 港幣千元 HK\$'000	一年以上 五年以內 1 - 5 years 港幣千元 HK\$'000	五年以上 Over 5 years 港幣千元 HK\$'000	不計利息 Non-interest bearing 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於二零一二年十二月三十一日	At 31 December 2012						
資產	Assets						
庫存現金及短期資金	Cash and short-term funds	16,789,099	98,531	–	–	444,247	17,331,877
存放同業及其他財務機構款項	Placements with banks and other financial institutions	3,948,937	840,576	–	–	–	4,789,513
衍生金融工具	Derivative financial instruments	–	–	–	–	187,911	187,911
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss	1,182,407	–	30,742	–	261	1,213,410
可供出售之證券	Available-for-sale securities	3,990,868	–	–	–	231,349	4,222,217
持至到期日之證券	Held-to-maturity securities	7,061,580	1,837,563	459,439	239,438	2,000	9,600,020
客戶貸款	Advances to customers	37,923,395	975,072	102,911	24,158	166,653	39,192,189
同業及其他財務機構貸款	Advances to banks and other financial institutions	1,470,328	694,514	–	–	–	2,164,842
其他金融資產	Other financial assets	133,194	112,616	–	–	506,377	752,187
金融資產總額	Total financial assets	72,499,808	4,558,872	593,092	263,596	1,538,798	79,454,166
負債	Liabilities						
同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions	1,469,018	344,484	–	–	29,975	1,843,477
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements	354,801	78,880	–	–	–	433,681
客戶存款	Deposits from customers	55,432,728	6,748,130	88,972	–	5,238,918	67,508,748
存款證	Certificates of deposit	590,258	77,378	–	–	–	667,636
衍生金融工具	Derivative financial instruments	–	–	–	–	248,656	248,656
借貸資本	Loan capital	1,898,957	–	–	–	–	1,898,957
其他金融負債	Other financial liabilities	–	–	–	–	740,229	740,229
金融負債總額	Total financial liabilities	59,745,762	7,248,872	88,972	–	6,257,778	73,341,384
淨額 - 金融資產及負債總額	Net position - total financial assets and liabilities	12,754,046	(2,690,000)	504,120	263,596	(4,718,980)	6,112,782

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

市場風險 - 續

利率風險 - 續

7. FINANCIAL RISK MANAGEMENT - continued

Market risk - continued

Interest rate risk - continued

於二零一三年十二月三十一日

At 31 December 2013

資產

Assets

庫存現金及短期資金
存放同業及其他財務機構款項
衍生金融工具
按公平值列賬及列入損益賬之金融資產
可供出售之證券
持至到期日之證券
客戶貸款
其他金融資產

Cash and short-term funds
Placements with banks and other financial institutions
Derivative financial instruments
Financial assets at fair value through profit or loss
Available-for-sale securities
Held-to-maturity securities
Advances to customers
Other financial assets

金融資產總額

Total financial assets

負債

Liabilities

同業及其他財務機構存款及結餘
於回購協議下出售之金融資產
客戶存款
存款證
衍生金融工具
借貸資本
其他金融負債

Deposits and balances of banks and other financial institutions
Financial assets sold under repurchase agreements
Deposits from customers
Certificates of deposit
Derivative financial instruments
Loan capital
Other financial liabilities

金融負債總額

Total financial liabilities

淨額 - 金融資產及負債總額

Net position - total financial assets and liabilities

銀行 THE BANK					
三個月 以內 Up to 3 months 港幣千元 HK\$'000	三個月 以上 一年以內 3 - 12 months 港幣千元 HK\$'000	一年以上 五年以內 1 - 5 years 港幣千元 HK\$'000	五年以上 Over 5 years 港幣千元 HK\$'000	不計利息 Non-interest bearing 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
14,621,793	757,797	-	-	755,351	16,134,941
3,967,930	3,938,646	-	-	-	7,906,576
-	-	-	-	170,135	170,135
60,150	31,818	-	-	-	91,968
5,182,952	-	-	-	143,930	5,326,882
5,104,993	2,443,279	537,908	238,542	2,000	8,326,722
41,726,113	3,021,376	187,185	12,477	173,063	45,120,214
155,871	114,734	-	219,420	188,876	678,901
70,819,802	10,307,650	725,093	470,439	1,433,355	83,756,339
1,592,700	65,000	-	-	16,531	1,674,231
945,074	311,583	-	-	-	1,256,657
56,812,230	8,384,573	76,348	-	5,891,753	71,164,904
154,946	408,057	-	-	-	563,003
-	-	-	-	100,653	100,653
1,766,436	-	-	-	-	1,766,436
789,589	41,897	-	-	628,187	1,459,673
62,060,975	9,211,110	76,348	-	6,637,124	77,985,557
8,758,827	1,096,540	648,745	470,439	(5,203,769)	5,770,782

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

市場風險 - 續

利率風險 - 續

7. FINANCIAL RISK MANAGEMENT - continued

Market risk - continued

Interest rate risk - continued

		銀行 THE BANK					總額 Total 港幣千元 HK\$'000
		三個月 以內 Up to 3 months 港幣千元 HK\$'000	三個月 以上 一年以內 3 - 12 months 港幣千元 HK\$'000	一年以上 五年以內 1 - 5 years 港幣千元 HK\$'000	五年以上 Over 5 years 港幣千元 HK\$'000	不計利息 Non-interest bearing 港幣千元 HK\$'000	
於二零一二年十二月三十一日	At 31 December 2012						
資產	Assets						
庫存現金及短期資金	Cash and short-term funds	16,789,099	98,531	-	-	433,844	17,321,474
存放同業及其他財務機構款項	Placements with banks and other financial institutions	3,946,248	829,468	-	-	-	4,775,716
衍生金融工具	Derivative financial instruments	-	-	-	-	187,911	187,911
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss	1,182,407	-	30,742	-	-	1,213,149
可供出售之證券	Available-for-sale securities	3,990,868	-	-	-	139,222	4,130,090
持至到期日之證券	Held-to-maturity securities	7,061,580	1,837,563	459,439	239,438	2,000	9,600,020
客戶貸款	Advances to customers	37,923,395	975,072	102,911	24,158	166,653	39,192,189
同業及其他財務機構貸款	Advances to banks and other financial institutions	1,470,328	694,514	-	-	-	2,164,842
其他金融資產	Other financial assets	133,194	112,616	-	224,579	306,535	776,924
金融資產總額	Total financial assets	72,497,119	4,547,764	593,092	488,175	1,236,165	79,362,315
負債	Liabilities						
同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions	1,469,018	344,484	-	-	29,975	1,843,477
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements	354,801	78,880	-	-	-	433,681
客戶存款	Deposits from customers	55,432,728	6,748,130	88,972	-	5,238,918	67,508,748
存款證	Certificates of deposit	590,258	77,378	-	-	-	667,636
衍生金融工具	Derivative financial instruments	-	-	-	-	248,656	248,656
借貸資本	Loan capital	1,898,957	-	-	-	-	1,898,957
其他金融負債	Other financial liabilities	774,299	68,323	-	-	505,659	1,348,281
金融負債總額	Total financial liabilities	60,520,061	7,317,195	88,972	-	6,023,208	73,949,436
淨額 - 金融資產及負債總額	Net position - total financial assets and liabilities	11,977,058	(2,769,431)	504,120	488,175	(4,787,043)	5,412,879

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

市場風險 - 續

利率風險 - 續

利率敏感度分析

下列敏感度分析是根據報告期末時所面對的浮動利率風險及假設其規定的變動是由財政年度初已開始並於整個報告年度保持不變。此分析以100個基點向上改變及10個基點向下改變作為內部報告利率風險給主要管理人員之準則及代表管理層對利率的可能變化所作的評估。

集團

除稅後溢利

銀行

除稅後溢利

括弧內的數字表示減少。

價目風險

本集團對其上市股本證券投資承擔價目風險。除那些被分類為持作買賣用途的投資外，本集團對此類投資並沒有進行活躍的交易活動。以下的敏感度分析是根據投資價目轉變十個百分比計算。

價目敏感度分析

集團

除稅後溢利

其他全面收益

銀行

除稅後溢利

其他全面收益

括弧內的數字表示減少。

7. FINANCIAL RISK MANAGEMENT - continued

Market risk - continued

Interest rate risk - continued

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to floating interest rates at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis points change in upwards and 10 basis points change in downwards are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

THE GROUP

Profit after tax

THE BANK

Profit after tax

Numbers in bracket mean decrease.

Price risk

The Group is exposed to price risk arising from its listed investments in equity securities. Except for those classified as held for trading, the Group does not actively trade these investments. The sensitivity analysis below is determined based on 10% changes in the price of the underlying investments.

Price sensitivity

THE GROUP

Profit after tax

Other comprehensive income

THE BANK

Profit after tax

Other comprehensive income

Numbers in bracket mean decrease.

2013		2012	
基點之改變		基點之改變	
Change in basis points		Change in basis points	
+100	-10	+100	-10
港幣千元	港幣千元	港幣千元	港幣千元
HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP			
Profit after tax		99,020	(9,902)
THE BANK			
Profit after tax		100,780	(10,078)

2013		2012	
價目變動		價目變動	
Change in price		Change in price	
+10%	-10%	+10%	-10%
港幣千元	港幣千元	港幣千元	港幣千元
HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP			
Profit after tax		18	(18)
Other comprehensive income		17,317	(17,317)
THE BANK			
Profit after tax		-	-
Other comprehensive income		8,768	(8,768)

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

流動資金風險

流動資金風險是指本集團未能履行於金融負債到期時的付款責任及當資金被提取時未能取得替代資金之風險。其後果可能是未能償還存款給存款者及履行貸款承擔。

流動資金風險管理

主要目標

本集團流動資金風險管理框架的主要目標是為了每天維持流動資金於一穩健水平，以確保本集團有充足的現金流量如期支付正常業務中的短期債務、掌握貸款及投資機遇，以及符合法定流動資金比率之要求。本集團已根據香港金融管理局於二零一一年四月頒佈的監管政策手冊 LM-2「穩健的流動資金風險管理系統及管控措施」（「監管政策手冊 LM-2」）之規定，通過進行現金流量分析，進一步強化流動資金風險管理框架，以確保本集團有充足之流動資金及融資能力，以應付其日常的業務營運及能承受持續資金壓力。這些現金流量分析也為其他風險管理工具包括壓力測試及應變融資計劃提供了基礎。

組織結構

本集團在充分考慮本集團的組織結構、主要業務特點及監管政策基礎後，採用集中及分散二者相結合的流動資金風險管理模式。總行對管理本集團的整體流動資金風險負最終責任，而汕頭、三藩市及澳門海外分行在總行政策及授權範圍內則透過遞交管理月報表及現金流量狀況日報表予總行以管理自身的流動資金風險。

7. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

Management of liquidity risk

Principal objective

The principal objective of the Group's liquidity risk management framework is to maintain a conservative level of liquid funds on a daily basis so that the Group has sufficient cash flows to meet its current obligations when they fall due in the ordinary course of business, to make new loans and investments as opportunities arise and to satisfy statutory liquidity ratio requirements. The Group has enhanced its liquidity risk management framework by conducting cash flow analysis to ensure that the Group has adequate liquidity and funding capacity to meet its normal business operations and to withstand a prolonged period of liquidity stress in accordance with the requirements set out in the Supervisory Policy Manual LM-2 "Sound Systems and Controls for Liquidity Risk Management" ("SPM LM-2") published by the HKMA in April 2011. This also provides a foundation to other risk management tools including stress-testing and contingency funding plan.

Organisation structure

The Group adopts a liquidity risk management model that incorporates both centralised and decentralised elements based on the thorough consideration of the organisational structure and major business characteristics of the Group as well as regulatory policies. The Head Office is ultimately responsible for managing the Group's overall liquidity risk, while the overseas branches in Shantou, San Francisco and Macau manage their own liquidity risk pursuant to the Head Office's policies within authorised scope through submission of monthly management accounts and daily cash flow positions to the Head Office.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

流動資金風險 - 續

流動資金風險管理 - 續

組織結構 - 續

風險管理功能是由董事會所成立的資債管委會及風險管理及條例執行委員會負責執行。資債管委會與本集團各營運單位密切地合作，以確認、評估及減低流動資金風險。董事會及風險管理及條例執行委員會以書面方式提供整體風險管理的原則，及涵蓋特定範疇包括流動資金風險的書面政策。此外，稽核部會定期進行獨立審查，以確保風險管理功能得以有效地執行。

本集團的流動資金風險管理乃受到經資債管委會檢閱及經風險管理及條例執行委員會及董事會審批的流動資金風險管理政策所監管。該政策詳列流動資金狀況、適當的限額及觸發額的主要特點。資債管委會及風險管理及條例執行委員會獲董事會授權，負責監察本集團的流動資金風險管理。他們是負責監察及控制本集團的流動資金狀況，其監控是透過持續及定期檢閱不同流動資金的衡量標準，這些標準包括但不局限於法定流動資金比率、資產及負債的期限錯配、貸存比率、正常及壓力現金流量預測及同業交易。本集團運用各個行內開發及外來專家提供的管理資訊系統去準備及編製定期管理報表，以協助完成流動資金風險管理的職責。

資金部負責管理本集團即日及日常的現金流量及流動資金狀況。而風險管理部、財務及資金管理處及財務部負責確認、計量及監察流動資金風險、進行流動資金成本分析及壓力測試、處理有關流動資金風險的監管報告及組織編製貸款及存款的定期預測、流動資金比率、流動資金及融資。根據其嚴重程度，所有政策違規會由這些單位向資債管委會及 / 或風險管理及條例執行委員會匯報，尋求他們緩和措施的考慮或指示。

7. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk - continued

Management of liquidity risk - continued

Organisation structure - continued

Risk management functions are carried out by the ALCO and the RMCC established by the Board. The ALCO identifies, evaluates and mitigates liquidity risk in close co-operation with the Group's operating units. The Board and the RMCC provide written principles for overall risk management, as well as written policies covering specific areas, including liquidity risk. In addition, the Internal Audit Department performs independent periodic reviews to ensure the risk management functions are carried out effectively.

The management of the Group's liquidity risk is governed by the Liquidity Risk Management Policy which is reviewed by the ALCO and approved by the RMCC and the Board. Key features of liquidity position, appropriate limits and triggers are set in the Liquidity Risk Management Policy. The ALCO and the RMCC are delegated by the Board to oversee the Group's liquidity risk management. They are responsible for monitoring and controlling of the Group's liquidity position through ongoing and periodic review of different liquidity metrics, including but not limited to the statutory liquidity ratios, the maturity mismatch of assets and liabilities, loan-to-deposit ratios, normal and stressed cash flow projections and inter-bank transactions. The Group uses various management information systems developed in-house and provided by external experts to prepare and compile regular management reports to facilitate the liquidity risk management duties.

The Treasury Department is responsible for the Group's intraday and day-to-day management of cash flow and liquidity positions while the Risk Management Department, the Finance and Treasury Management Division and the Finance Department are responsible for the identification, measurement and monitoring of liquidity risk exposures, conducting liquidity cost analysis and stress-testing, handling regulatory reporting in relation to liquidity risk and coordinating the regular forecast of loans and deposits, liquidity ratio, liquidity and funding. Depending on the level of severity, any breach in policies will be reported by these units to the ALCO and / or the RMCC, whilst seeking their considerations or instructions on mitigating measures.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

流動資金風險 - 續

流動資金風險管理 - 續

本集團的非衍生金融負債合約剩餘到期日詳列於下表。下表是根據未折算的金融負債合約到期日，包括除本集團有資格及準備償還未到期之負債外所產生的有關負債利息，並參考有關合約利率包括於報告期末時合約內之有關浮動利率工具之現行市場利率。

7. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk - continued

Management of liquidity risk - continued

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables below have been drawn up based on the contractual maturities of the undiscounted financial liabilities including interest that will accrue, with reference to their respective contractual interest rate, and for those variable rate instruments, by using the appropriate prevailing market rates as at the end of the reporting period as stated in their contracts.

		集團 THE GROUP					
		一個月 至三個月 以內償還	三個月 至一年 以內償還	一年 至五年 以內償還	超過五年 償還		
		Repayable after 1 month but within 3 months	Repayable after 3 months but within 1 year	Repayable after 1 year but within 5 years	Repayable after 5 years	總額 Total	
		港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
未付利息負債調整	Liabilities adjusted with interest payable						
於二零一三年十二月三十一日	At 31 December 2013						
同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions	99,663	776,133	738,751	65,404	-	1,679,951
於回購協議下出售之金融資產	Financial assets sold under repurchase agreement	-	797,625	147,609	312,354	-	1,257,588
客戶存款	Deposits from customers	27,997,502	19,788,747	15,023,534	8,499,559	77,186	71,386,528
存款證	Certificates of deposit	-	-	-	571,381	-	571,381
借貸資本	Loan capital	-	-	-	104,688	418,754	1,954,184
其他金融負債	Other financial liabilities	337,767	6,517	103,596	166,092	119,948	733,920
未折算的金融負債總額	Total undiscounted financial liabilities	28,434,932	21,369,022	16,013,490	9,719,478	615,888	78,106,994
於二零一二年十二月三十一日	At 31 December 2012						
同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions	35,287	814,592	673,006	351,040	-	1,873,925
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements	-	354,818	-	79,452	-	434,270
客戶存款	Deposits from customers	26,837,810	19,923,589	14,023,223	6,844,017	90,110	67,718,749
存款證	Certificates of deposit	-	99,991	390,267	177,378	-	667,636
借貸資本	Loan capital	-	-	-	104,071	418,608	2,058,156
其他金融負債	Other financial liabilities	401,414	9,091	60,677	105,047	14,907	591,136
未折算的金融負債總額	Total undiscounted financial liabilities	27,274,511	21,202,081	15,147,173	7,661,005	523,625	73,866,551

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續 流動資金風險 - 續 流動資金風險管理 - 續

7. FINANCIAL RISK MANAGEMENT - continued Liquidity risk - continued Management of liquidity risk - continued

		銀行 THE BANK						
		一個月 至三個月 以內償還	一個月 至三個月 以內償還	三個月 至一年 以內償還	一年 至五年 以內償還	超過五年 償還	總額	
		Repayable after 1 month	Repayable within 1 month	Repayable but within 3 months	Repayable but within 1 year	Repayable after 5 years	Total	
		港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	
未付利息負債調整	Liabilities adjusted with interest payable							
於二零一三年十二月三十一日	At 31 December 2013							
同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions	99,663	776,133	738,751	65,404	–	1,679,951	
於回購協議下出售之金融資產	Financial assets sold under repurchase agreement	–	797,625	147,609	312,354	–	1,257,588	
客戶存款	Deposits from customers	27,997,502	19,788,747	15,023,534	8,499,559	77,186	71,386,528	
存款證	Certificates of deposit	–	–	–	571,381	–	571,381	
借貸資本	Loan capital	–	–	–	104,688	418,754	2,477,626	
其他金融負債	Other financial liabilities	433,268	498,264	165,776	144,130	99,725	1,341,163	
未折算的金融負債總額	Total undiscounted financial liabilities	28,530,433	21,860,769	16,075,670	9,697,516	595,665	78,714,237	
於二零一二年十二月三十一日	At 31 December 2012							
同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions	35,287	814,592	673,006	351,040	–	1,873,925	
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements	–	354,818	–	79,452	–	434,270	
客戶存款	Deposits from customers	26,837,810	19,923,589	14,023,223	6,844,017	90,110	67,718,749	
存款證	Certificates of deposit	–	99,991	390,267	177,378	–	667,636	
借貸資本	Loan capital	–	–	–	104,071	418,608	2,058,156	
其他金融負債	Other financial liabilities	451,389	508,792	109,249	129,758	–	1,199,188	
未折算的金融負債總額	Total undiscounted financial liabilities	27,324,486	21,701,782	15,195,745	7,685,716	508,718	74,474,603	

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

流動資金風險 - 續

流動資金風險管理 - 續

下表詳細列明本集團所持有的衍生金融工具的預計到期日。該表是根據衍生金融工具的未折算淨現金流入（流出）所決定如該衍生工具的交易是按淨額計算的。但如該衍生工具的交易是按總額計算，則須根據未折算總現金流入和（流出）作制定基礎。當應付或應收金額不是固定時，其披露金額則是根據以報告期末的孳息率曲線為參考的預算利率計算。

於二零一三年十二月三十一日

以淨額交易之衍生工具

利率掉期合約

- 流出

以總額交易之衍生工具

匯率合約

- 流入

- 流出

於二零一二年十二月三十一日

以淨額交易之衍生工具

利率掉期合約

- (流出) 流入

以總額交易之衍生工具

匯率合約

- 流入

- 流出

7. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk - continued

Management of liquidity risk - continued

The following tables detail the Group's expected maturity for its derivative financial instruments. The tables have been drawn up based on the undiscounted net cash inflows (outflows) on the derivative financial instruments that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period.

集團及銀行 THE GROUP AND THE BANK

	少於 一個月 Less than 1 month 港幣千元 HK\$'000	一個月至 三個月 1 - 3 months 港幣千元 HK\$'000	三個月 至一年 3 months to 1 year 港幣千元 HK\$'000	一年至 五年 1 - 5 years 港幣千元 HK\$'000	超過五年 Over 5 years 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
At 31 December 2013						
Derivatives settled net						
Interest rate contracts						
- outflow	(11,133)	(21,591)	(793)	(60,755)	(48,790)	(143,062)
Derivatives settled gross						
Exchange rate contracts						
- inflow	2,168,775	651,628	2,835,132	124,308	-	5,779,843
- outflow	(2,182,171)	(655,187)	(2,836,507)	(124,088)	-	(5,797,953)
	(13,396)	(3,559)	(1,375)	220	-	(18,110)
At 31 December 2012						
Derivatives settled net						
Interest rate contracts						
- (outflow) inflow	(44)	(20,829)	16,361	(7,943)	40,534	28,079
Derivatives settled gross						
Exchange rate contracts						
- inflow	2,198,901	2,514,355	1,324,502	-	-	6,037,758
- outflow	(2,196,427)	(2,530,816)	(1,309,173)	-	-	(6,036,416)
	2,474	(16,461)	15,329	-	-	1,342

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

流動資金風險 - 續

流動資金風險管理 - 續

關於本集團及本銀行未有記錄於財務狀況表的承擔及或有負債的合約金額按到期日計算用作提供客戶信用及作其他信用安排及財務擔保詳列於綜合財務報表之附註 39 並總結如下表：

7. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk - continued

Management of liquidity risk - continued

The dates of the contractual amounts of the Group's and the Bank's commitments and contingencies unrecorded in the statements of financial position that commit them to extending credit to customers and other facilities and financial guarantees are set out in note 39 to the consolidated financial statements and summarised in the table below:

		集團及銀行 THE GROUP AND THE BANK 不超過一年 No later than 1 year 港幣千元 HK\$'000
於二零一三年十二月三十一日	At 31 December 2013	
直接信用代替品	Direct credit substitutes	1,041,747
與貿易有關之或有項目	Trade-related contingencies	479,056
未動用之正式備用信貸、 信貸額度及其他承擔 不包括可無條件取消 而不需作事前通知者	Undrawn formal standby facilities, credit lines and other commitments excluding those that are unconditionally cancellable without prior notice	10,111,868
		<u>11,632,671</u>
於二零一二年十二月三十一日	At 31 December 2012	
直接信用代替品	Direct credit substitutes	1,077,350
與貿易有關之或有項目	Trade-related contingencies	425,309
未動用之正式備用信貸、 信貸額度及其他承擔 不包括可無條件取消 而不需作事前通知者	Undrawn formal standby facilities, credit lines and other commitments excluding those that are unconditionally cancellable without prior notice	10,557,895
		<u>12,060,554</u>

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

流動資金風險 - 續

流動資金風險的來源

流動資金風險可來自資產負債表內外的交易。本集團流動資金風險的主要來源包括資產及負債之間的期限錯配、客戶存款的支取及客戶提取貸款。在正常業務情況及壓力情況下，本集團分別會每天及每月透過對一系列適當時間內的資產負債表內外項目進行現金流量分析，以確認流動資金需要，從而管理流動資金風險。

本集團管理流動資金風險亦包括設置及觀察流動資金標準與其法定及內部限額，設計及實施早期預警指標從而將例外情況作出報告，及分配流動資金成本。最後防線是要確保本集團有良好的聲譽及流動資金緩衝去支持其融資能力。

本集團亦會計量及管理資產負債表外項目及或有資產義務所產生的流動資金風險，如貸款承諾、衍生工具及或有負債。這些風險取決於設定的限額，並會在本集團的壓力測試中反映。本集團並無從事任何會產生提供流動資金支援需求的交易，如證券。

7. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk - continued

Sources of liquidity risk

Liquidity risk can arise from both sides of the on-balance sheet and the off-balance sheet transactions. The major sources of liquidity risk include the maturity mismatches between the Group's assets and liabilities, withdrawal of customers' deposits and drawing of loans by customers. The Group manages liquidity risk by conducting cash flow analysis arising from on- and off-balance sheet items over an appropriate set of time horizons under normal business conditions and stress scenarios on a daily and monthly basis respectively to identify liquidity needs.

The Group's liquidity risk management process also includes the use of liquidity metrics against which statutory and internal limits are set and observed, the design and implementation of early warning indicators of which exceptions should be reported, and the allocation of liquidity costs. The last line of defense is to ensure that the Group has funding capacity supported by good reputation and liquidity cushion.

The Group also measures and manages liquidity risk arising from off-balance sheet exposures and contingent funding obligations such as loan commitments, derivatives and contingent liabilities. Such exposures are subject to the limits set and are also factored into the Group's stress-testing. The Group does not engage in any transactions, such as securitization, which give rise to the need of providing liquidity support.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

流動資金風險 - 續

融資策略

本集團擁有穩健的資本基礎及穩定的客戶存款，作為其主要的資金來源。內部透過對大額存戶的監察及外部透過銀行同業市場、發行存款證及透過於回購協議下出售之金融資產及掉期市場，以達到資金來源更多元化，這些都是本集團部份的融資策略。

本集團海外分行的主要資金來源是來自總行。本集團的政策是以總行來支持他們的流動資金需求。而給予海外分行的資金有預設的限額，用作鼓勵他們於其本地市場尋找他們自身的資金來源。但是，當存在流動資金轉移限制，如用於中國內地的人民幣，這些海外業務可能無法識別總行的流動資金過剩，反之亦然。

流動資金緩衝

為了能夠解決及減低市場流動資金風險，本集團維持充足的優質可隨時變現的流動資產，即使在資金受壓期間仍可出售或用作抵押品，從而提供流動資金。本集團投資於具市場深度及流通性高而且信貸質素良好的投資，以確保能在經審慎釐定的限額內符合短期資金要求。本集團會定期通過抵押借貸將一部份優質可隨時變現的流動資產貨幣化，以測試這些資產的可用性。維持流動資金來源及應變融資計劃能及早確認緊絀情況之預警指標，從而提供策略性的流動資金以應付未能預計及大量的資金流出，並且描述在出現危機的情況下應採取的補救行動。

7. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk - continued

Funding strategies

The Group has strong capital base and stable customer deposits which are its main funding sources. Funding diversification is achieved internally through surveillance on large depositors and externally by maintaining its access to the interbank market, issuance of certificates of deposit and through financial assets sold under repurchase agreements and swap markets. All of these are part of the Group's funding strategy.

The main funding source of the Group's overseas branches is from the Head Office. It is the Group's policy that the Head Office is to support their liquidity needs. The funding to overseas branches is subject to preset limits so as to encourage them to source their own funding in the local markets. However, when liquidity transfer restrictions exist, such as for Renminbi in Mainland China, these overseas operations may not recognise the excess liquidity held by the Head Office and vice versa.

Liquidity cushion

In order to address and mitigate market liquidity risk, the Group maintains a sufficient cushion of high quality readily liquefiable assets ("HQRLA") which can be sold or used as collateral to provide liquidity even under periods of stress. The Group invests in good credit quality investments with deep and liquid markets to ensure short term funding requirements are covered within prudent limits. The Group periodically monetises a proportion of these HQRLA through secured borrowing to test the usability of these assets. Liquidity sources and contingency funding plan are maintained to identify early warning indicators of stress conditions, provide strategic liquidity to meet unexpected and material cash outflows and to describe remedial actions to be taken under crisis scenarios.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

流動資金風險 - 續

流動資金緩衝 - 續

本集團持有優質可隨時變現的流動資產作為緩衝，即使於壓力期間，仍可把這些資產出售或用作抵押品以提供流動資金。合資格的資產主要包括本集團能不受任何限制地出售或抵押借款的債務證券。這些資產須不承擔錯向風險、有活躍市場及承擔低信貸風險及市場風險。結構性產品及集中的倉盤並不符合資格，以確保估值方法簡易及明確。流動資金緩衝整體上須由合適的合資格資產組成，並透過限制對單一信貸風險的承擔，確保充分分散風險。流動資金緩衝亦包括重大部份信貸風險加權值為0%（《新巴塞爾資本協定》信貸風險標準計算法下）的政府發行的債務證券以降低風險。

流動資金緩衝的規模須確保本集團在正常及壓力的市場情況下，能足夠滿足其即日支付責任及對日常流動資金的需求。倘本集團內個體信用評級下降，本集團仍不受限於特定抵押品安排或合約規定。

上述要求已詳列於本集團的投資指引內，該文件每年由資債管委會檢閱及審批。

7. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk - continued

Liquidity cushion - continued

The Group maintains a cushion of HQRLA which can be sold or used as collateral to provide liquidity even under periods of stress. The eligible assets are mainly debt securities which the Group is free of any restrictions to sell or collateralize them. The eligible assets are not exposed to wrong way risk, there are active markets and their credit risk and market risk are low. Structured products and concentrated positions are not allowed in order to ensure the ease and certainty of valuation. For the liquidity cushion as a whole, there is an appropriate mix of eligible assets to ensure a high degree of diversification by limiting the exposure to each single credit. The liquidity cushion also contains a significant proportion of 0% risk weight (under the Basel II standardised approach for credit risk) government issued debt securities to minimise risks.

The size of the liquidity cushion should be sufficient for the Group to meet its intraday payment obligations and to cover the day-to-day liquidity needs under both normal and stress market conditions. The Group is not subject to particular collateral arrangements or requirements in contracts if there is a credit rating downgrade of entities within the Group.

Such requirements are set out in details in the Group's Investment Guidelines which are reviewed and approved by the ALCO on an annual basis.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

流動資金風險 - 續

壓力測試

本集團以壓力測試輔助各項風險種類的分析工作。壓力測試是一種風險管理工具，用以評估當市場或宏觀經濟因素急劇變化所產生的壓力情況下風險暴露的情況。財務及資金管理處按照監管政策手冊 LM-2 及香港金融管理局於二零一二年五月所頒佈的監管政策手冊 IC-5「壓力測試」（「監管政策手冊 IC-5」）內的原則，按月進行壓力測試。如有必要時可結合監管要求及外部經營環境變化，進行特別壓力測試，如監管主導壓力測試。資債管委會、風險管理及條例執行委員會及董事會會定期檢閱及審批壓力測試的結果。

本集團採用現金流量分析以進行流動資金風險壓力測試，當中已充分考慮各種宏觀及微觀因素，並結合本集團業務的特點及其複雜程度。透過運用適當的虛擬、歷史及行為假設，資產負債表內外的項目均已列入考慮範圍，用以解決融資及市場流動資金風險。四個壓力情況（即個別銀行危機、調整後個別銀行危機、整體市場危機及綜合危機）均採用根據監管政策手冊 LM-2 界定的最短存活期。本集團會參照壓力測試結果，確認其流動資金狀況在受壓之市場情況下的潛在影響，及制定應變融資計劃，詳列處理流動資金問題的補救行動（如進行回購協議交易或變賣持作流動資金風險管理用途之資產）。

7. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk - continued

Stress-testing

The Group supplements the analysis of various types of risks with stress-testing. Stress-testing is a risk management tool for estimating risk exposures under stressed conditions arising from extreme but plausible market or macroeconomic movements. The Finance and Treasury Management Division performs stress-testing on a monthly basis in accordance with the principles stated in SPM LM-2 and the Supervisory Policy Manual IC-5 “Stress-testing” (“SPM IC-5”) published by the HKMA in May 2012, and when necessary, may carry out special stress-testing such as Supervisor-Driven Stress-Testing in accordance with regulatory requirements and changes in the external operating environment. The stress-test results are regularly reviewed by the ALCO, approved by the RMCC and the Board.

In performing the stress-testing on liquidity risk, the Group adopts the cash flow analysis which has taken full consideration of various macroscopic and microscopic factors in line with the characteristics and complexity of the Group's businesses. Both on- and off-balance sheet items with applicable hypothetical, historical and behavioral assumptions are considered to address both funding and market liquidity risks. Four stress scenarios, namely the institution-specific crisis, the modified institution-specific crisis, the general market crisis and the combined crisis are adopted with minimum survival periods defined according to SPM LM-2. With reference to the stress-testing results, the Group identifies potential vulnerabilities on its liquidity position under stressed market conditions and formulates the contingency funding plan that sets out remedial actions for dealing with liquidity problems (e.g. conducting repo transactions or liquidation of assets held for liquidity risk management purpose).

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

流動資金風險 - 續

壓力測試 - 續

本集團亦根據監管政策手冊 IC-5 進行反向壓力測試，反向壓力測試是一個反覆嚴謹的過程，協助本集團確認及評估一些可導致業務無法運作的極端壓力情況（如違反法定資本比率、流動資金不足及嚴重負利潤）。它是採用定性及計量的混合分析，由導致業務無法運作的事件作開始，反向推斷引起該事件的反向操作過程。本集團使用反向壓力測試的結果，藉以發出早期預警，用於制定管理行動及應變融資計劃，以減低本集團可能面對的潛在壓力及風險，從而加強其面對流動資金壓力的復原能力。

應變融資計劃

本集團將可能面對的流動資金危機劃分為不同的階段，分別為：融資壓力、流動資金流失及擠提。這種遞增階段反映流動資金的惡化情況，這包括由進行壓力測試所評估的流動資金短缺。

7. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk - continued

Stress-testing - continued

The Group also performs reverse stress-testing in accordance with SPM IC-5. Reverse stress-testing is an iterative process assisting the Group to identify and assess extreme stress scenarios that can cause business failures (e.g. breaches of regulatory capital ratios, illiquidity and severe negative profitability). It is a process of working backwards from the event causing business failures and involves a mix of qualitative and quantitative analyses. The Group uses results of reverse stress-testing to strengthen resilience to liquidity stress and serve as early-warning triggers for the formulation of management actions and contingency funding plan to mitigate potential stresses and vulnerabilities which the Group might face.

Contingency funding plan

The Group distinguishes between different stages of a liquidity crisis that the Group may face, namely: Funding Stress, Liquidity Drain and Bank Run. The escalation is to reflect the worsening liquidity conditions. This includes the liquidity shortfalls estimated from stress-testing performed.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

流動資金風險 - 續

應變融資計劃 - 續

本集團的應變融資計劃，包括流動資金風險管理政策及應變融資計劃的程序手冊，詳細說明本集團應對緊急情況的即時措施，當中包括三個主要部份：(1) 啟動計劃的預設條件；(2) 本集團應付不同危機情況的策略及潛在的融資方法；及(3) 可行的行動計劃及程序，當中清晰列明管理層及其支援團隊的責任。當情況惡化時，會成立由高級管理層領導的流動資金危機管理小組去處理情況，其主要目標是確保本集團能持續經營。

流動資金風險管理政策及應變融資計劃的程序手冊須最少每年作檢閱及更新，以應付要求的轉變及改進。此兩份文件的所有更新須由風險管理及條例執行委員會及董事會審批。

為確保應變融資計劃能維持其可行性及有效性，本集團每年會進行演習測試。

7. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk - continued

Contingency funding plan - continued

The Group's contingency funding plan, as stipulated in the Liquidity Risk Management Policy and the Procedures Manual for Contingency Funding Plan, details the Group's immediate action in order to react to emergency situation. It covers three major components: (1) Predefined conditions to activate the plan; (2) The Group's strategy and potential funding options to deal with different crisis scenarios; and (3) Practical action plans and procedures with clear responsibilities of management and its supporting teams. Once the situation gets worse, a Liquidity Crisis Management Team, which is led by senior management, is formed to handle the situation, with the main objective to ensure business continuity of the Group.

The Liquidity Risk Management Policy and the Procedures Manual for Contingency Funding Plan are reviewed and updated at least annually to cope with required changes and improvements. All changes to the two documents need approval from the RMCC and the Board.

To ensure the contingency funding plan remains practical and effective, drill test is conducted by the Group on an annual basis.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

流動資金風險 - 續

資產及負債按剩餘到期日分析

財務狀況表內金融資產及負債的到期日分析是以報告期末至合約到期日之剩餘期間作分析如下。

7. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk - continued

Analysis of assets and liabilities by remaining maturity

The maturity analysis of financial assets and liabilities shown on the statements of financial position, based on the remaining period at the end of the reporting period to the contractual maturity date is shown below.

於二零一三年十二月三十一日 At 31 December 2013

資產 Assets

庫存現金及短期資金	Cash and short-term funds
存放同業及其他財務機構款項	Placements with banks and other financial institutions
衍生金融工具	Derivative financial instruments
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss
可供出售之證券	Available-for-sale securities
持至到期日之證券	Held-to-maturity securities
客戶貸款	Advances to customers
其他金融資產	Other financial assets
金融資產總額	Total financial assets

集團 THE GROUP							
即時償還 Repayable on demand 港幣千元 HK\$'000	一個月 以內償還 (不包括 即時償還) Repayable within 1 month (except those on demand) 港幣千元 HK\$'000	一個月 至三個月 以內償還 Repayable after 1 month but within 3 months 港幣千元 HK\$'000	三個月 至一年 以內償還 Repayable after 3 months but within 1 year 港幣千元 HK\$'000	一年 至五年 以內償還 Repayable after 1 year but within 5 years 港幣千元 HK\$'000	超過五年 償還 Repayable after 5 years 港幣千元 HK\$'000	無明確 日期 Undated 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
3,287,091	12,100,549	19,418	738,379	-	-	-	16,145,437
-	-	3,970,639	3,949,863	-	-	-	7,920,502
-	-	5,011	4,708	13,476	146,940	-	170,135
-	-	-	91,968	-	-	211	92,179
-	-	-	55,029	3,340,570	1,793,724	243,918	5,433,241
-	822,978	1,316,401	2,832,052	2,616,651	738,640	-	8,326,722
2,142,672	2,933,084	3,162,690	9,988,186	12,944,831	13,779,423	169,328	45,120,214
338,511	177,076	146,994	180,902	17,425	-	(177,539)	683,369
5,768,274	16,033,687	8,621,153	17,841,087	18,932,953	16,458,727	235,918	83,891,799

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

流動資金風險 - 續

資產及負債按剩餘到期日分析 - 續

7. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk - continued

Analysis of assets and liabilities by remaining maturity - continued

		集團 THE GROUP						
		一個月 以內償還 (不包括 即時償還) Repayable within 1 month (except those on demand)	一個月 至三個月 以內償還 Repayable after 1 month but within 3 months	三個月 至一年 以內償還 Repayable after 3 months but within 1 year	一年 至五年 以內償還 Repayable after 1 year but within 5 years	超過五年 償還 Repayable after 5 years	無明確 日期 Undated	總額 Total
		港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
於二零一三年十二月三十一日	At 31 December 2013							
負債	Liabilities							
同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions	99,663	772,871	736,697	65,000	-	-	1,674,231
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements	-	797,541	147,533	311,583	-	-	1,256,657
客戶存款	Deposits from customers	27,994,659	19,741,663	14,959,437	8,392,797	76,348	-	71,164,904
存款證	Certificates of deposit	-	-	-	563,003	-	-	563,003
衍生金融工具	Derivative financial instruments	-	13,899	9,353	29,766	43,757	3,878	100,653
借貸資本	Loan capital	-	-	-	-	1,766,436	-	1,766,436
其他金融負債	Other financial liabilities	337,814	49,394	135,125	210,117	119,980	-	852,430
金融負債總額	Total financial liabilities	28,432,136	21,375,368	15,988,145	9,572,266	240,085	1,770,314	77,378,314
淨額 - 金融資產及負債總額	Net position - total financial assets and liabilities	(22,663,862)	(5,341,681)	(7,366,992)	8,268,821	18,692,868	14,688,413	6,513,485
存款證當中包括：	Of which certificates of deposit included in:							
持至到期日之證券	Held-to-maturity securities	-	822,979	1,252,354	2,426,319	173,969	-	4,675,621
債務證券當中包括：	Of which debt securities included in:							
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss							
- 指定按公平值列賬	- Designated at fair value	-	-	-	91,968	-	-	91,968
可供出售之證券	Available-for-sale securities	-	-	-	55,029	3,340,570	1,793,724	5,189,323
持至到期日之證券	Held-to-maturity securities	-	822,978	1,316,401	2,832,052	2,616,651	738,640	8,326,722
		-	822,978	1,316,401	2,979,049	5,957,221	2,532,364	13,608,013

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

流動資金風險 - 續

資產及負債按剩餘到期日分析 - 續

7. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk - continued

Analysis of assets and liabilities by remaining maturity - continued

		集團 THE GROUP							
		即時償還 Repayable on demand 港幣千元 HK\$'000	一個月 以內償還 (不包括 即時償還) Repayable within 1 month (except those on demand) 港幣千元 HK\$'000	一個月 至三個月 以內償還 Repayable after 1 month but within 3 months 港幣千元 HK\$'000	三個月 至一年 以內償還 Repayable after 3 months but within 1 year 港幣千元 HK\$'000	一年 至五年 以內償還 Repayable after 1 year but within 5 years 港幣千元 HK\$'000	超過五年 償還 Repayable after 5 years 港幣千元 HK\$'000	無明確 日期 Undated 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於二零一二年十二月三十一日	At 31 December 2012								
資產	Assets								
庫存現金及短期資金	Cash and short-term funds	6,099,570	11,103,776	30,000	98,531	-	-	-	17,331,877
存放同業及其他財務機構款項	Placements with banks and other financial institutions	-	-	3,948,937	840,576	-	-	-	4,789,513
衍生金融工具	Derivative financial instruments	-	6,562	3,987	6,106	-	171,256	-	187,911
按公平值列賬及列入損益賬之 金融資產	Financial assets at fair value through profit or loss	-	-	-	216,196	996,953	-	261	1,213,410
可供出售之證券	Available-for-sale securities	-	-	-	-	2,625,897	1,367,643	228,677	4,222,217
持至到期日之證券	Held-to-maturity securities	-	1,225,799	2,576,757	2,538,779	2,519,363	739,322	-	9,600,020
客戶貸款	Advances to customers	1,634,953	2,284,996	2,398,222	7,369,363	12,717,092	12,619,406	168,157	39,192,189
同業及其他財務機構貸款	Advances to banks and other financial institutions	-	105,497	1,364,831	694,514	-	-	-	2,164,842
其他金融資產	Other financial assets	327,140	128,130	193,336	181,311	94,216	-	(171,946)	752,187
金融資產總額	Total financial assets	8,061,663	14,854,760	10,516,070	11,945,376	18,953,521	14,897,627	225,149	79,454,166

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

流動資金風險 - 續

資產及負債按剩餘到期日分析 - 續

7. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk - continued

Analysis of assets and liabilities by remaining maturity - continued

		集團 THE GROUP							
		一個月 以內償還 (不包括 即時償還) Repayable within 1 month (except those on demand) 港幣千元 HK\$'000	一個月 至三個月 以內償還 Repayable after 1 month but within 3 months 港幣千元 HK\$'000	三個月 至一年 以內償還 Repayable after 3 months but within 1 year 港幣千元 HK\$'000	一年 至五年 以內償還 Repayable after 1 year but within 5 years 港幣千元 HK\$'000	超過五年 償還 Repayable after 5 years 港幣千元 HK\$'000	無明確 日期 Undated 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000	
於二零一二年十二月三十一日	At 31 December 2012								
負債	Liabilities								
同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions	35,287	803,806	659,900	344,484	—	—	1,843,477	
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements	—	354,801	—	78,880	—	—	433,681	
客戶存款	Deposits from customers	26,837,602	19,872,678	13,961,059	6,748,437	88,972	—	67,508,748	
存款證	Certificates of deposit	—	99,991	390,267	177,378	—	—	667,636	
衍生金融工具	Derivative financial instruments	—	3,131	17,943	27,942	142,985	56,655	248,656	
借貸資本	Loan capital	—	—	—	—	1,898,957	—	1,898,957	
其他金融負債	Other financial liabilities	401,465	59,876	102,005	161,879	15,004	—	740,229	
金融負債總額	Total financial liabilities	27,274,354	21,194,283	15,131,174	7,539,000	246,961	1,955,612	73,341,384	
淨額 - 金融資產及負債總額	Net position - total financial assets and liabilities	(19,212,691)	(6,339,523)	(4,615,104)	4,406,376	18,706,560	12,942,015	6,112,782	
存款證當中包括：	Of which certificates of deposit included in:								
持至到期日之證券	Held-to-maturity securities	—	225,243	2,110,648	1,357,430	—	—	3,693,321	
債務證券當中包括：	Of which debt securities included in:								
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss								
- 指定按公平值列賬	- Designated at fair value	—	—	—	216,196	996,953	—	1,213,149	
可供出售之證券	Available-for-sale securities	—	—	—	—	2,625,897	1,367,643	3,993,540	
持至到期日之證券	Held-to-maturity securities	—	1,225,799	2,576,757	2,538,779	2,519,363	739,322	9,600,020	
		—	1,225,799	2,576,757	2,754,975	6,142,213	2,106,965	14,806,709	

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

流動資金風險 - 續

資產及負債按剩餘到期日分析 - 續

7. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk - continued

Analysis of assets and liabilities by remaining maturity - continued

於二零一三年十二月三十一日 At 31 December 2013

資產 Assets

庫存現金及短期資金	Cash and short-term funds
存放同業及其他財務機構款項	Placements with banks and other financial institutions
衍生金融工具	Derivative financial instruments
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss
可供出售之證券	Available-for-sale securities
持至到期日之證券	Held-to-maturity securities
客戶貸款	Advances to customers
其他金融資產	Other financial assets
金融資產總額	Total financial assets

銀行 THE BANK							
一個月 以內償還 (不包括 即時償還)	一個月 至三個月 以內償還	三個月 至一年 以內償還	一年 至五年 以內償還	超過五年 償還	無明確 日期	總額	
Repayable within 1 month (except those on demand)	Repayable after 1 month but within 3 months	Repayable after 3 months but within 1 year	Repayable after 1 year but within 5 years	Repayable after 5 years	Undated	Total	
港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
3,276,595	12,100,549	19,418	738,379	-	-	-	16,134,941
-	-	3,967,930	3,938,646	-	-	-	7,906,576
-	-	5,011	4,708	13,476	146,940	-	170,135
-	-	-	91,968	-	-	-	91,968
-	-	-	55,029	3,340,570	1,793,724	137,559	5,326,882
-	822,978	1,316,401	2,832,052	2,616,651	738,640	-	8,326,722
2,142,672	2,933,084	3,162,690	9,988,186	12,944,831	13,779,423	169,328	45,120,214
129,238	175,503	145,333	179,613	17,425	219,420	(187,631)	678,901
5,548,505	16,032,114	8,616,783	17,828,581	18,932,953	16,678,147	119,256	83,756,339

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

流動資金風險 - 續

資產及負債按剩餘到期日分析 - 續

7. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk - continued

Analysis of assets and liabilities by remaining maturity - continued

		銀行 THE BANK						
		一個月 以內償還 (不包括 即時償還) Repayable within 1 month Repayable on demand 港幣千元 HK\$'000	一個月 至三個月 以內償還 Repayable after 1 month but within 3 months 港幣千元 HK\$'000	三個月 至一年 以內償還 Repayable after 3 months but within 1 year 港幣千元 HK\$'000	一年 至五年 以內償還 Repayable after 1 year but within 5 years 港幣千元 HK\$'000	超過五年 償還 Repayable after 5 years 港幣千元 HK\$'000	無明確 日期 Undated 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於二零一三年十二月三十一日	At 31 December 2013							
負債	Liabilities							
同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions	99,663	772,871	736,697	65,000	-	-	1,674,231
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements	-	797,541	147,533	311,583	-	-	1,256,657
客戶存款	Deposits from customers	27,994,659	19,741,663	14,959,437	8,392,797	76,348	-	71,164,904
存款證	Certificates of deposit	-	-	-	563,003	-	-	563,003
衍生金融工具	Derivative financial instruments	-	13,899	9,353	29,766	43,757	3,878	100,653
借貸資本	Loan capital	-	-	-	-	1,766,436	-	1,766,436
其他金融負債	Other financial liabilities	433,315	541,141	197,305	188,155	99,757	-	1,459,673
金融負債總額	Total financial liabilities	28,527,637	21,867,115	16,050,325	9,550,304	219,862	1,770,314	77,985,557
淨額 - 金融資產及負債總額	Net position - total financial assets and liabilities	(22,979,132)	(5,835,001)	(7,433,542)	8,278,277	18,713,091	14,907,833	5,770,782
存款證當中包括：	Of which certificates of deposit included in:							
持至到期日之證券	Held-to-maturity securities	-	822,979	1,252,354	2,426,319	173,969	-	4,675,621
債務證券當中包括：	Of which debt securities included in:							
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss							
- 指定按公平值列賬	- Designated at fair value	-	-	-	91,968	-	-	91,968
可供出售之證券	Available-for-sale securities	-	-	-	55,029	3,340,570	1,793,724	5,189,323
持至到期日之證券	Held-to-maturity securities	-	822,978	1,316,401	2,832,052	2,616,651	738,640	8,326,722
		-	822,978	1,316,401	2,979,049	5,957,221	2,532,364	13,608,013

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

流動資金風險 - 續

資產及負債按剩餘到期日分析 - 續

7. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk - continued

Analysis of assets and liabilities by remaining maturity - continued

		銀行 THE BANK							
		即時償還 Repayable on demand 港幣千元 HK\$'000	一個月 以內償還 (不包括 即時償還) Repayable within 1 month (except those repayable on demand) 港幣千元 HK\$'000	一個月 至三個月 以內償還 Repayable after 1 month but within 3 months 港幣千元 HK\$'000	三個月 至一年 以內償還 Repayable after 3 months but within 1 year 港幣千元 HK\$'000	一年 至五年 以內償還 Repayable after 1 year but within 5 years 港幣千元 HK\$'000	超過五年 償還 Repayable after 5 years 港幣千元 HK\$'000	無明確 日期 Undated 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於二零一二年十二月三十一日	At 31 December 2012								
資產	Assets								
庫存現金及短期資金	Cash and short-term funds	6,089,167	11,103,776	30,000	98,531	–	–	–	17,321,474
存放同業及其他財務機構款項	Placements with banks and other financial institutions	–	–	3,946,248	829,468	–	–	–	4,775,716
衍生金融工具	Derivative financial instruments	–	6,562	3,987	6,106	–	171,256	–	187,911
按公平值列賬及列入損益賬之 金融資產	Financial assets at fair value through profit or loss	–	–	–	216,196	996,953	–	–	1,213,149
可供出售之證券	Available-for-sale securities	–	–	–	–	2,625,897	1,367,643	136,550	4,130,090
持至到期日之證券	Held-to-maturity securities	–	1,225,799	2,576,757	2,538,779	2,519,363	739,322	–	9,600,020
客戶貸款	Advances to customers	1,634,953	2,284,996	2,398,222	7,369,363	12,717,092	12,619,406	168,157	39,192,189
同業及其他財務機構貸款	Advances to banks and other financial institutions	–	105,497	1,364,831	694,514	–	–	–	2,164,842
其他金融資產	Other financial assets	134,026	125,784	192,183	180,312	94,216	224,579	(174,176)	776,924
金融資產總額	Total financial assets	7,858,146	14,852,414	10,512,228	11,933,269	18,953,521	15,122,206	130,531	79,362,315

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

流動資金風險 - 續

資產及負債按剩餘到期日分析 - 續

7. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk - continued

Analysis of assets and liabilities by remaining maturity - continued

		銀行 THE BANK								
		即時償還 Repayable on demand 港幣千元 HK\$'000	一個月 以內償還 (不包括 即時償還) Repayable within 1 month (except those repayable on demand) 港幣千元 HK\$'000	一個月 至三個月 以內償還 Repayable after 1 month but within 3 months 港幣千元 HK\$'000	三個月 至一年 以內償還 Repayable after 3 months but within 1 year 港幣千元 HK\$'000	一年 至五年 以內償還 Repayable after 1 year but within 5 years 港幣千元 HK\$'000	超過五年 償還 Repayable after 5 years 港幣千元 HK\$'000	無明確 日期 Undated 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000	
於二零一二年十二月三十一日	At 31 December 2012									
負債	Liabilities									
同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions	35,287	803,806	659,900	344,484	—	—	—	1,843,477	
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements	—	354,801	—	78,880	—	—	—	433,681	
客戶存款	Deposits from customers	26,837,602	19,872,678	13,961,059	6,748,437	88,972	—	—	67,508,748	
存款證	Certificates of deposit	—	99,991	390,267	177,378	—	—	—	667,636	
衍生金融工具	Derivative financial instruments	—	3,131	17,943	27,942	142,985	56,655	—	248,656	
借貸資本	Loan capital	—	—	—	—	—	1,898,957	—	1,898,957	
其他金融負債	Other financial liabilities	451,440	559,577	150,577	186,590	97	—	—	1,348,281	
金融負債總額	Total financial liabilities	27,324,329	21,693,984	15,179,746	7,563,711	232,054	1,955,612	—	73,949,436	
淨額 - 金融資產及負債總額	Net position - total financial assets and liabilities	(19,466,183)	(6,841,570)	(4,667,518)	4,369,558	18,721,467	13,166,594	130,531	5,412,879	
存款證當中包括：	Of which certificates of deposit included in:									
持至到期日之證券	Held-to-maturity securities	—	225,243	2,110,648	1,357,430	—	—	—	3,693,321	
債務證券當中包括：	Of which debt securities included in:									
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss									
- 指定按公平值列賬	- Designated at fair value	—	—	—	216,196	996,953	—	—	1,213,149	
可供出售之證券	Available-for-sale securities	—	—	—	—	2,625,897	1,367,643	—	3,993,540	
持至到期日之證券	Held-to-maturity securities	—	1,225,799	2,576,757	2,538,779	2,519,363	739,322	—	9,600,020	
		—	1,225,799	2,576,757	2,754,975	6,142,213	2,106,965	—	14,806,709	

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

金融資產及負債之公平值

除下表詳述外，本集團及本銀行之董事認為於綜合財務報表內以攤銷成本入賬的金融資產及金融負債之賬面值與其公平值相若。

金融資產
- 持至到期日之證券
金融負債
- 借貸資本

下表提供於每個報告期末有關不按公平值計量的金融資產及金融負債的公平值披露資料。

於二零一三年十二月三十一日
持至到期日之證券
存款證
其他債務證券
借貸資本
總額

上市證券的公平值是根據相關的證券交易所的公開市場買入價來釐定的。

7. FINANCIAL RISK MANAGEMENT - continued

Fair value of financial assets and liabilities

Except as detailed in the following table, the directors of the Group and the Bank consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

集團及銀行 THE GROUP AND THE BANK			
賬面值 Carrying value		公平值 Fair value	
2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
Financial assets			
- Held-to-maturity securities	8,326,722	9,600,020	8,362,290
Financial liabilities			
- Loan capital	1,766,436	1,898,957	1,800,816

The following table gives information about financial assets and financial liabilities which are not measured at fair value at the end of each reporting period, but for which the fair value is disclosed.

集團及銀行 THE GROUP AND THE BANK			
第一級別 Level 1 港幣千元 HK\$'000	第二級別 Level 2 港幣千元 HK\$'000	第三級別 Level 3 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
At 31 December 2013			
Held-to-maturity securities			
Certificates of deposit	-	4,675,621	-
Other debt securities	-	3,651,101	-
Loan capital	-	1,766,436	-
Total	-	10,093,158	-

The fair values of listed securities are determined with reference to quoted market bid prices from relevant stock exchanges.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

金融資產及負債之公平值 - 續

指定按公平值列賬及列入損益賬之金融資產的可換股債券、被分類為可供出售之證券的債務證券、存款證及被分類為持至到期日之證券的其他債務證券及借貸資本的公平值是根據證券商及市場經紀所提供的參考價格來決定的。此外，本集團會將從價格服務提供者及其他服務提供者所得到的參考價格與其運用估價模式如折算現金流方法計算出來的價格作比較，從而核實債務證券的參考價格。估價模式所運用的主要輸入變數是於報告期末可觀察得到的利率資料。估價模式的目標是能得出一個可於報告日反映金融工具價格的公平值估計，而這價格是由市場參與者以公平原則來釐定的。

外幣遠期合約的公平值是根據比較約定的遠期匯率及於報告期末時可觀察的遠期匯率報價來計量的。

利率掉期合約及跨貨幣利率掉期合約的公平值是根據於報告期末時可觀察的利率報價所產生之適用孳息率曲線去估計未來的現金流，折算成現值來計量的。

7. FINANCIAL RISK MANAGEMENT - continued

Fair value of financial assets and liabilities - continued

The fair values of convertible bonds designated as financial assets at fair value through profit or loss, debt securities classified as available-for-sale securities, certificates of deposit and other debt securities classified as held-to-maturity securities and loan capital are determined based on indicative prices provided by the dealers and brokers. In addition, the Group makes comparison of the indicative prices with the prices obtained from pricing service providers and other service providers and with the values calculated using valuation models such as discounted cash flows method to substantiate the indicative prices of the debt securities. The key inputs used in the valuation models are the interest rate data, which are observable at the end of the reporting period. The objective of valuation models is to arrive at a fair value estimation that reflects the price of the financial instrument at the reporting date, which would have been determined by market participants acting at arm's length.

The fair value of foreign currency forward contracts is measured by comparing the contracted forward rates and the quoted forward exchange rates, which are observable at the end of the reporting period.

The fair value of interest rate swaps and cross-currency interest rate swaps are measured by the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates, which are observable at the end of the reporting period.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

在財務狀況表中確認的公平值計量

本集團及本銀行部份的金融資產及金融負債於每個報告期末是以公平值計量的。下表及段落提供資料關於如何釐定這些金融資產及金融負債的公平值（尤其所採用的估值技術及輸入變數），及公平值計量根據其輸入變數的可觀察程度分類到公平值等級架構的等級（第一級別至第三級別）。

- 第一級別公平值計量是指由活躍市場上相同資產或負債的標價（不做任何調整）得出的公平值計量。
- 第二級別公平值計量是指由除第一級別所含標價外，可直接（即價格）或間接（即由價格得出）由觀察得到的與資產或負債相關的輸入資料得出的公平值計量。
- 第三級別公平值計量是指由包含以不可觀察得到的市場資料為依據的與資產或負債相關的輸入變數（不可觀察輸入變數）的估值技術得出的公平值計量。

7. FINANCIAL RISK MANAGEMENT - continued

Fair value measurements recognised in the statements of financial position

Some of the Group's and the Bank's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table and paragraph give information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

在財務狀況表中確認的公平值計量
- 續

於二零一三年十二月三十一日

持作買賣用途之金融資產

指定按公平值列賬及

列入損益賬之金融資產

可供出售之證券

股本證券

其他債務證券

非用作對沖的衍生金融資產

用作對沖的衍生金融資產

非用作對沖的衍生金融負債

用作對沖的衍生金融負債

總額

7. FINANCIAL RISK MANAGEMENT - continued

Fair value measurements recognised in the statements of financial position - continued

At 31 December 2013

Financial assets held for trading

Financial assets designated at fair value through profit or loss

Available-for-sale securities

Equity securities

Other debt securities

Derivative financial assets not used for hedging

Derivative financial assets used for hedging

Derivative financial liabilities not used for hedging

Derivative financial liabilities used for hedging

Total

集團 THE GROUP			
公平值等級架構 Fair value hierarchy			
第一級別 Level 1 港幣千元 HK\$'000	第二級別 Level 2 港幣千元 HK\$'000	第三級別 Level 3 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
211	-	-	211
-	91,968	-	91,968
207,393	-	71	207,464
-	5,182,952	6,371	5,189,323
-	11,062	-	11,062
-	159,073	-	159,073
-	(53,070)	-	(53,070)
-	(47,583)	-	(47,583)
207,604	5,344,402	6,442	5,558,448

銀行 THE BANK

公平值等級架構
Fair value hierarchy

第一級別 Level 1 港幣千元 HK\$'000	第二級別 Level 2 港幣千元 HK\$'000	第三級別 Level 3 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
-	91,968	-	91,968
105,002	-	71	105,073
-	5,182,952	6,371	5,189,323
-	11,062	-	11,062
-	159,073	-	159,073
-	(53,070)	-	(53,070)
-	(47,583)	-	(47,583)
105,002	5,344,402	6,442	5,455,846

於二零一三年十二月三十一日

指定按公平值列賬及

列入損益賬之金融資產

可供出售之證券

股本證券

其他債務證券

非用作對沖的衍生金融資產

用作對沖的衍生金融資產

非用作對沖的衍生金融負債

用作對沖的衍生金融負債

總額

At 31 December 2013

Financial assets designated at fair value through profit or loss

Available-for-sale securities

Equity securities

Other debt securities

Derivative financial assets not used for hedging

Derivative financial assets used for hedging

Derivative financial liabilities not used for hedging

Derivative financial liabilities used for hedging

Total

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

在財務狀況表中確認的公平值計量
- 續

於二零一二年十二月三十一日

持作買賣用途之金融資產
指定按公平值列賬及
列入損益賬之金融資產
可供出售之證券
股本證券
其他債務證券
非用作對沖的衍生金融資產

用作對沖的衍生金融資產

非用作對沖的衍生金融負債

用作對沖的衍生金融負債

總額

7. FINANCIAL RISK MANAGEMENT - continued

Fair value measurements recognised in the statements of financial
position - continued

At 31 December 2012

Financial assets held for trading
Financial assets designated at
fair value through profit or loss
Available-for-sale securities
Equity securities
Other debt securities
Derivative financial assets not
used for hedging
Derivative financial assets used
for hedging
Derivative financial liabilities
not used for hedging
Derivative financial liabilities
used for hedging
Total

集團 THE GROUP			
公平值等級架構 Fair value hierarchy			
第一級別 Level 1 港幣千元 HK\$'000	第二級別 Level 2 港幣千元 HK\$'000	第三級別 Level 3 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
261	—	—	261
—	794,048	419,101	1,213,149
193,067	—	39	193,106
—	3,990,868	2,672	3,993,540
—	21,146	—	21,146
—	166,765	—	166,765
—	(118,154)	—	(118,154)
—	(130,502)	—	(130,502)
193,328	4,724,171	421,812	5,339,311

銀行 THE BANK

公平值等級架構 Fair value hierarchy

第一級別 Level 1 港幣千元 HK\$'000	第二級別 Level 2 港幣千元 HK\$'000	第三級別 Level 3 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
—	794,048	419,101	1,213,149
104,908	—	39	104,947
—	3,990,868	2,672	3,993,540
—	21,146	—	21,146
—	166,765	—	166,765
—	(118,154)	—	(118,154)
—	(130,502)	—	(130,502)
104,908	4,724,171	421,812	5,250,891

於二零一二年十二月三十一日

指定按公平值列賬及
列入損益賬之金融資產
可供出售之證券
股本證券
其他債務證券
非用作對沖的衍生金融資產

用作對沖的衍生金融資產

非用作對沖的衍生金融負債

用作對沖的衍生金融負債

總額

At 31 December 2012

Financial assets designated at
fair value through profit or loss
Available-for-sale securities
Equity securities
Other debt securities
Derivative financial assets not
used for hedging
Derivative financial assets used
for hedging
Derivative financial liabilities
not used for hedging
Derivative financial liabilities
used for hedging
Total

There were no transfers between Levels 1 and 2 in both years.

於上述兩年期間，第一級別及第二
級別兩者間並沒有發生任何轉移。

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

在財務狀況表中確認的公平值計量
- 續

金融資產第三級別公平值計量的
調節

7. FINANCIAL RISK MANAGEMENT - continued

Fair value measurements recognised in the statements of financial
position - continued

Reconciliation of Level 3 fair value measurements of financial assets

		集團及銀行 THE GROUP AND THE BANK		
		指定按公平值列賬 及列入損益賬 之金融資產 Financial assets designated at fair value through profit or loss 港幣千元 HK\$'000	可供出售 之證券 Available- for-sale securities 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於二零一二年一月一日結餘	Balance at 1 January 2012	417,647	1,076	418,723
於綜合損益表內確認之淨溢利總額	Total net gains recognised in consolidated statement of profit or loss	47,759	—	47,759
於投資重估儲備內確認之淨溢利總額	Total net gains recognised in the investment revaluation reserve	—	1,635	1,635
到期 / 出售	Matured / disposals	(45,506)	—	(45,506)
外幣匯率之變動	Foreign exchange rate movements	(799)	—	(799)
於二零一三年一月一日結餘	Balance at 1 January 2013	419,101	2,711	421,812
於綜合損益表內確認之淨虧損總額	Total net losses recognised in consolidated statement of profit or loss	(493)	—	(493)
於投資重估儲備內確認之淨溢利總額	Total net gains recognised in the investment revaluation reserve	—	3,731	3,731
到期 / 出售	Matured / disposals	(418,608)	—	(418,608)
於二零一三年十二月三十一日結餘	Balance at 31 December 2013	—	6,442	6,442

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

7. 財務風險管理 - 續

在財務狀況表中確認的公平值計量 - 續

本集團大部份的投資價值是根據公開市場的資訊或可觀察的市場數據所釐定。當中根據估計，以公平值入賬於第三級別內的投資只佔總資產的一小部份 (0.01%) (二零一二年：0.5%)。此估價對估計假設相當敏感，當一個或多個假設轉變至合理及有可能的代替假設時，相信不會對本集團及本銀行的財務狀況造成重大影響。

包含在綜合損益表內的是年度淨溢利或虧損總額，無 (二零一二年：港幣 47,759,000 元溢利) 是關於報告期末仍然持有的投資。這些投資的公平值的溢利或虧損是包含在按公平值列賬及列入損益賬之金融工具之淨溢利中。

包含在其他全面收益內的是年度淨溢利或虧損總額，其中港幣 3,731,000 元溢利 (二零一二年：港幣 1,635,000 元溢利) 是關於報告期末仍然持有的可供出售之證券。

7. FINANCIAL RISK MANAGEMENT - continued

Fair value measurements recognised in the statements of financial position - continued

The majority of the Group's investments are valued based on quoted market information or observable market data. A small percentage, 0.01% (2012: 0.5%), of total assets recorded at fair value, are based on estimates and recorded as Level 3 investments. Whilst such valuations are sensitive to estimates, it is believed that changing one or more of the assumptions to reasonably possible alternative assumptions would not have a big impact on the Group's and Bank's financial positions.

Of the total net gains or losses for the year included in consolidated statement of profit or loss, nil (2012: HK\$47,759,000 gains) are related to these investments held at the end of the reporting period. Fair value gains or losses of these investments are included in net gains on financial instruments at fair value through profit or loss.

Of the total net gains or losses for the year included in other comprehensive income, an amount of HK\$3,731,000 gains (2012: HK\$1,635,000 gains) relate to available-for-sale securities held at the end of the reporting period.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

8. 涉及抵銷、可執行總互抵銷安排及類似協議的金融資產及金融負債

下表所載的披露包括以下類別的金融資產及金融負債：

- 已於本集團及本銀行的財務狀況表內抵銷；或
- 涉及可執行總互抵銷安排或涵蓋同類金融工具的類似協議，不論其是否已於財務狀況表內抵銷。

本集團及本銀行是根據國際掉期與衍生工具協會（“ISDA”）總協議及全球性回購總協議（“GMRA”）來進行衍生工具及銷售及回購協議。

本集團及本銀行在交易所以外進行的衍生工具交易是根據 ISDA 總協議訂立的。本集團及本銀行的銷售及回購交易是受到與 ISDA 總協議相類似，而且包含淨額結算條款的 GMRA 所涵蓋。ISDA 總協議及 GMRA 並不符合於財務狀況表內抵銷的條件。可是，這些協議只有在本集團或交易對手發生違約、無力償債及破產事件後才會產生可執行抵銷不同合約的權利。在這些情況下，所有在協議下的未到期合約將會被終止，其終止價值會被評估，並只會以單一淨額作應收或應付來結算所有交易。

8. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group's and the Bank's statements of financial position; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statements of financial position.

The Group and the Bank entered into International Swaps and Derivatives Association (“ISDA”) Master Agreements and Global Master Repurchase Agreements (“GMRA”) for derivatives and sale and repurchase agreements.

The Group's and the Bank's derivative transactions that are not transacted on an exchange are entered into under ISDA Master Agreements. The Group's and the Bank's sale and repurchase transactions are covered by GMRA with netting terms similar to those of ISDA Master Agreements. The ISDA Master Agreements and GMRA do not meet the criteria for offsetting in the statements of financial position. However, they create a right of set-off of different contracts that is enforceable only following an event of default, insolvency and bankruptcy of the Group or the counterparties. In such circumstances, all outstanding contracts under the agreements are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all contracts.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

8. 涉及抵銷、可執行總互抵銷安排及類似協議的金融資產及金融負債 - 續

此外，本集團及本銀行以現金形式收取及給予與其衍生工具交易及銷售及回購協議相關的抵押品。該等抵押品是受到 ISDA 信用擔保附件或 GMRA 的行業標準條款所規限。所有收取或給予的抵押品必須在交易到期日歸還。

根據本集團與香港中央結算有限公司簽訂的持續淨額交收協議，於同日到期結算的應收及應付款項會以淨額結算。

本集團擁有合法權利抵銷經紀客戶於同日到期結算的應收及應付款項，而本集團擬將這些結餘作淨額結算。

8. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS - continued

In addition, the Group and the Bank received and pledged collateral in the form of cash in respect of its derivative transactions and sale and repurchase agreements. Such collateral is subject to the standard industry terms of ISDA Credit Support Annex or GMRA. Collateral received or pledged must be returned on maturity of the transactions.

Under the agreement of Continuous Net Settlement made between the Group and Hong Kong Securities Clearing Company Limited ("HKSCC"), money obligations receivable and payable with HKSCC on the same settlement date are settled on net basis.

The Group has a legally enforceable right to set off the trades receivable and payable with brokerage clients that are due to be settled on the same date and the Group intends to settle these balances on a net basis.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

8. 涉及抵銷、可執行總互抵銷安排及類似協議的金融資產及金融負債 - 續

8. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS
- continued

		集團 THE GROUP					
		綜合財務狀況表 內可被抵銷的 金融負債 總額 Gross amounts of recognised financial liabilities 確認為總額 Gross amounts of recognised financial assets	綜合財務狀況表 內呈列的金 融資產 淨額 Net amounts of financial assets presented in the consolidated statement of financial position	綜合財務狀況表 內沒有被抵銷的相關金額 Related amounts not offset in the consolidated statement of financial position	已收取的 現金 / 金融 抵押品 Cash / financial collateral received	淨額 Net amount	
金融資產類別	Types of financial assets	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	
		(附註 Note)					
於二零一三年十二月三十一日	At 31 December 2013						
衍生工具 - 利率掉期合約及跨貨幣利率掉期合約	Derivatives - interest rate swaps and cross-currency interest rate swaps	160,057	-	160,057	(34,448)	(102,738)	22,871
衍生工具 - 外幣遠期合約	Derivatives - foreign currency forward contracts	4,707	-	4,707	(4,707)	-	-
可供出售之債務證券	Available-for-sale debt securities	1,287,098	-	1,287,098	(1,115,597)	(3,335)	168,166
持至到期日之債務證券	Held-to-maturity debt securities	156,463	-	156,463	(141,060)	-	15,403
香港中央結算有限公司及經紀客戶應收款	Amount due from HKSCC and brokerage clients	462,551	(254,345)	208,206	-	(82,238)	125,968
總額	Total	2,070,876	(254,345)	1,816,531	(1,295,812)	(188,311)	332,408

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

8. 涉及抵銷、可執行總互抵銷安排及類似協議的金融資產及金融負債 - 續

8. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS

- continued

金融負債類別	Types of financial liabilities	集團 THE GROUP					
		綜合財務狀況表 內可被抵銷的 金融資產 總額	綜合財務狀況表 內呈列的金額	綜合財務狀況表 內沒有被抵銷的相關金額			
		Gross amounts of recognised financial assets	淨額 Net amounts of financial liabilities presented in the consolidated statement of	offset in the consolidated statement of	已抵押的 現金 / 金融 抵押品 Cash / Financial collateral pledged		
		financial liabilities financial position	financial position	financial position	financial position	financial position	淨額 Net amount
		港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
(附註 Note)							
於二零一三年十二月三十一日	At 31 December 2013						
衍生工具 - 利率掉期合約及跨貨幣利率掉期合約	Derivatives - interest rate swaps and cross-currency interest rate swaps	58,643	-	58,643	(34,448)	(15,382)	8,813
衍生工具 - 外幣遠期合約	Derivatives - foreign currency forward contracts	31,484	-	31,484	(4,707)	(1,835)	24,942
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements	1,256,657	-	1,256,657	(1,256,657)	-	-
香港中央結算有限公司及經紀客戶應付款	Amount due to HKSCC and brokerage clients	381,659	(254,345)	127,314	-	-	127,314
總額	Total	1,728,443	(254,345)	1,474,098	(1,295,812)	(17,217)	161,069

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

8. 涉及抵銷、可執行總互抵銷安排及類似協議的金融資產及金融負債 - 續 **8. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS**
- continued

集團 THE GROUP						
金融資產類別	Types of financial assets	綜合財務狀況表	綜合財務狀況表	綜合財務狀況表	綜合財務狀況表	綜合財務狀況表
		內可被抵銷的	內呈列的金額	內沒有被抵銷的相關金額	內沒有被抵銷的相關金額	內沒有被抵銷的相關金額
		金融負債	內呈列的金額	Related amounts not	Related amounts not	Related amounts not
		總額	淨額	offset in the consolidated	offset in the consolidated	offset in the consolidated
		Gross amounts	淨額	statement of financial position	statement of financial position	statement of financial position
金融資產	Net amounts of	現金 / 金融	現金 / 金融	現金 / 金融		
確認為總額	financial liabilities	抵押品	抵押品	抵押品		
Gross amounts	offset in the	Cash /	Cash /	Cash /		
of recognised	consolidated	financial	financial	financial		
financial assets	statement of	instruments	instruments	instruments		
financial position	financial position	received	received	received		
financial position	financial position	amount	amount	amount		
港幣千元	港幣千元	港幣千元	港幣千元	港幣千元		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
(附註 Note)						
於二零一二年十二月三十一日	At 31 December 2012					
衍生工具 - 利率掉期合約及跨貨幣利率掉期合約	Derivatives - interest rate swaps and cross-currency interest rate swaps	171,327	-	171,327	(17,029)	-
衍生工具 - 外幣遠期合約	Derivatives - foreign currency forward contracts	8,583	-	8,583	(5,479)	-
可供出售之債務證券	Available-for-sale debt securities	393,490	-	393,490	(326,687)	(502)
持至到期日之債務證券	Held-to-maturity debt securities	117,621	-	117,621	(106,994)	(164)
香港中央結算有限公司及經紀客戶應收款	Amount due from HKSCC and brokerage clients	444,937	(248,941)	195,996	-	(33,837)
總額	Total	1,135,958	(248,941)	887,017	(456,189)	(34,503)
						396,325

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

8. 涉及抵銷、可執行總互抵銷安排及類似協議的金融資產及金融負債 - 續

8. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS

- continued

集團 THE GROUP							
金融負債類別	Types of financial liabilities	綜合財務狀況表	綜合財務狀況表	綜合財務狀況表	綜合財務狀況表	綜合財務狀況表	
		內可被抵銷的	內呈列的金額	內沒有被抵銷的相關金額	內沒有被抵銷的相關金額	內沒有被抵銷的相關金額	
		金融資產	內呈列的金額	Related amounts not	Related amounts not	Related amounts not	
		總額	淨額	offset in the consolidated	offset in the consolidated	offset in the consolidated	
		Gross amounts	淨額	statement of financial position	statement of financial position	statement of financial position	
金融負債	金融負債	金融負債	金融負債	金融負債	金融負債		
確認總額	offset in the	presented in the	presented in the	presented in the	presented in the		
Gross amounts	consolidated	consolidated	consolidated	consolidated	consolidated		
of recognised	statement of	statement of	statement of	statement of	statement of		
financial liabilities	financial position	financial position	financial position	financial position	financial position		
港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
(附註 Note)							
於二零一二年十二月三十一日	At 31 December 2012						
衍生工具 - 利率掉期合約及跨貨幣利率掉期合約	Derivatives - interest rate swaps and cross-currency interest rate swaps	227,276	-	227,276	(17,029)	(75,817)	134,430
衍生工具 - 外幣遠期合約	Derivatives - foreign currency forward contracts	20,561	-	20,561	(5,479)	(15,082)	-
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements	433,681	-	433,681	(433,681)	-	-
香港中央結算有限公司及經紀客戶應付款	Amount due to HKSCC and brokerage clients	412,923	(248,941)	163,982	-	-	163,982
總額	Total	1,094,441	(248,941)	845,500	(456,189)	(90,899)	298,412

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

8. 涉及抵銷、可執行總互抵銷 安排及類似協議的金融資產 及金融負債 - 續

8. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS - continued

		銀行 THE BANK					
		綜合財務狀況表 內可被抵銷的 金融負債 總額		綜合財務狀況表 內呈列的金 融資產 淨額		綜合財務狀況表 內沒有被抵銷的相關金額 Related amounts not offset in the consolidated statement of financial position	
		Gross amounts of recognised financial liabilities offset in the consolidated statement of financial position		Net amounts of financial assets presented in the consolidated statement of financial position		已收取的 現金 / 金融 抵押品 Cash / Financial collateral received	
金融資產類別	Types of financial assets	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	淨額 Net amount 港幣千元 HK\$'000
(附註 Note)							
於二零一三年十二月三十一日	At 31 December 2013						
衍生工具 - 利率掉期合約及跨貨幣利率掉期合約	Derivatives - interest rate swaps and cross-currency interest rate swaps	160,057	-	160,057	(34,448)	(102,738)	22,871
衍生工具 - 外幣遠期合約	Derivatives - foreign currency forward contracts	4,707	-	4,707	(4,707)	-	-
可供出售之債務證券	Available-for-sale debt securities	1,287,098	-	1,287,098	(1,115,597)	(3,335)	168,166
持至到期日之債務證券	Held-to-maturity debt securities	156,463	-	156,463	(141,060)	-	15,403
總額	Total	1,608,325	-	1,608,325	(1,295,812)	(106,073)	206,440

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

8. 涉及抵銷、可執行總互抵銷安排及類似協議的金融資產及金融負債 - 續

8. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS

- continued

金融負債類別	Types of financial liabilities	銀行 THE BANK					
		綜合財務狀況表內可被抵銷的金融資產總額	綜合財務狀況表內呈列的金額	綜合財務狀況表內沒有被抵銷的相關金額			
		Gross amounts of recognised financial assets	淨額	offset in the consolidated statement of financial position	已抵押的現金 / 金融抵押品		
		financial assets offset in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	financial liabilities presented in the consolidated statement of financial position	Financial instruments pledged collateral	淨額	
		港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
(附註 Note)							
於二零一三年十二月三十一日	At 31 December 2013						
衍生工具 - 利率掉期合約及跨貨幣利率掉期合約	Derivatives - interest rate swaps and cross-currency interest rate swaps	58,643	-	58,643	(34,448)	(15,382)	8,813
衍生工具 - 外幣遠期合約	Derivatives - foreign currency forward contracts	31,484	-	31,484	(4,707)	(1,835)	24,942
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements	1,256,657	-	1,256,657	(1,256,657)	-	-
總額	Total	1,346,784	-	1,346,784	(1,295,812)	(17,217)	33,755

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

8. 涉及抵銷、可執行總互抵銷安排及類似協議的金融資產及金融負債 - 續

8. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS
- continued

銀行							
THE BANK							
金融資產類別	Types of financial assets	綜合財務狀況表	綜合財務狀況表	綜合財務狀況表	綜合財務狀況表		
		內可被抵銷的	內呈列的金額	內沒有被抵銷的相關金額	內沒有被抵銷的相關金額		
		金融負債	總額	已收取的	已收取的		
		總額	淨額	現金 / 金融	現金 / 金融		
		Gross amounts	of recognised	financial liabilities	financial assets	抵押品	
		金融資產	offset in the	presented in the	presented in the	Cash /	
		確認總額	consolidated	statement of	statement of	financial	
of recognised	statement of	financial position	financial position	instruments	received	淨額	
financial assets	financial position	financial position	financial position	financial position	financial position	Net	
港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	amount	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
(附註 Note)							
於二零一二年十二月三十一日		At 31 December 2012					
衍生工具 - 利率掉期合約及跨貨幣利率掉期合約		Derivatives - interest rate swaps and cross-currency interest rate swaps					
		171,327	-	171,327	(17,029)	-	154,298
衍生工具 - 外幣遠期合約		Derivatives - foreign currency forward contracts					
		8,583	-	8,583	(5,479)	-	3,104
可供出售之債務證券		Available-for-sale debt securities					
		393,490	-	393,490	(326,687)	(502)	66,301
持至到期日之債務證券		Held-to-maturity debt securities					
		117,621	-	117,621	(106,994)	(164)	10,463
總額		Total					
		691,021	-	691,021	(456,189)	(666)	234,166

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

8. 涉及抵銷、可執行總互抵銷安排及類似協議的金融資產及金融負債 - 續

8. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS

- continued

銀行 THE BANK								
金融負債類別	Types of financial liabilities	綜合財務狀況表	綜合財務狀況表	綜合財務狀況表				
		內可被抵銷的	內呈列的金額	內沒有被抵銷的相關金額				
		金融資產	內呈列的金額	Related amounts not				
		總額	內呈列的金額	offset in the consolidated				
		Gross amounts	內呈列的金額	statement of financial position				
		of recognised	內呈列的金額	已抵押的				
金融負債	金融負債	金融負債	金融負債	現金 / 金融				
確認總額	確認總額	確認總額	確認總額	抵押品				
Gross amounts	Gross amounts	Gross amounts	Gross amounts	Cash /				
of recognised	of recognised	of recognised	of recognised	collateral				
statement of	statement of	statement of	statement of	pledged				
financial liabilities	financial liabilities	financial liabilities	financial liabilities	amount				
港幣千元	港幣千元	港幣千元	港幣千元	港幣千元				
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000				
(附註 Note)								
於二零一二年十二月三十一日		At 31 December 2012						
衍生工具 - 利率掉期合約及跨貨幣利率掉期合約		Derivatives - interest rate swaps and cross-currency interest rate swaps						
	227,276	-	227,276	(17,029)	(75,817)		134,430	
衍生工具 - 外幣遠期合約		Derivatives - foreign currency forward contracts						
	20,561	-	20,561	(5,479)	(15,082)		-	
於回購協議下出售之金融資產		Financial assets sold under repurchase agreements						
	433,681	-	433,681	(433,681)	-		-	
總額		Total						
	681,518	-	681,518	(456,189)	(90,899)		134,430	

附註：於二零一三年及二零一二年十二月三十一日已收取 / 抵押的現金及金融抵押品代表其公平值。

Note: The cash and financial collateral received / pledged as at 31 December 2013 and 2012 represent their fair value.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

8. 涉及抵銷、可執行總互抵銷安排及類似協議的金融資產及金融負債 - 續

呈列於財務狀況表內並於上表中披露的金融資產及金融負債之總額及其淨額是以下列基準於財務狀況表內計量：

- 衍生金融資產及負債 - 公平值；
- 於回購協議下出售之金融資產 - 攤銷成本；
- 可供出售之債務證券 - 公平值；
- 持至到期日之債務證券 - 攤銷成本；
- 香港中央結算有限公司及經紀客戶應收款或應付款 - 攤銷成本

除了可供出售之債務證券是用不同於相關的於回購協議下出售之金融資產的計量基準外，於本集團及本銀行的財務狀況表內或涉及可執行總互抵銷安排或類似協議內的已抵銷相關金融資產及金融負債的金額是以相同於其確認的金融資產及金融負債的基準作計量。本銀行之董事認為不同的計量基準並沒有產生重大差異。

8. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS
- continued

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the statements of financial position that are disclosed in the above tables are measured in the statements of financial position on the following basis:

- derivative financial assets and liabilities - fair value;
- financial assets sold under repurchase agreements - amortised cost;
- available-for-sale debt securities - fair value;
- held-to-maturity debt securities - amortised cost;
- amounts due from / to HKSCC and brokerage clients - amortised cost

The amounts which have been offset against the related recognised financial assets and financial liabilities in the Group's and the Bank's statements of financial position or subject to enforceable master netting arrangements or similar agreements are measured on the same basis as the recognised financial assets and financial liabilities except for available-for-sale debt securities, which are measured on different basis as the related financial assets sold under repurchase agreements. The directors of the Bank consider there are no material differences arising from the measuring differences.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

8. 涉及抵銷、可執行總互抵銷安排及類似協議的金融資產及金融負債 - 續

下表調節由呈列於上述本集團及本銀行的財務狀況表內的金融資產及金融負債的淨額到其呈列於本集團及本銀行的財務狀況表內的相關項目。

8. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS - continued

The tables below reconcile the net amounts of financial assets and financial liabilities presented in the Group's and the Bank's statements of financial position, as set out above, to the line items presented in the Group's and the Bank's statements of financial position.

金融資產類別	Types of financial assets	集團 THE GROUP		銀行 THE BANK	
		2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
衍生工具 - 上述之利率掉期合約及 跨貨幣利率掉期合約	Derivatives - interest rate swaps and cross-currency interest rate swaps as stated above	160,057	171,327	160,057	171,327
衍生工具 - 上述之外幣遠期合約	Derivatives - foreign currency forward contracts as stated above	4,707	8,583	4,707	8,583
		164,764	179,910	164,764	179,910
衍生金融資產不在抵銷披露範疇	Derivative financial assets not in scope of offsetting disclosures	5,371	8,001	5,371	8,001
衍生金融資產總額列於附註 19	Total derivative financial assets stated in note 19	170,135	187,911	170,135	187,911
上述之可供出售之債務證券	Available-for-sale debt securities as stated above	1,287,098	393,490	1,287,098	393,490
可供出售之證券不在抵銷披露範疇	Available-for-sale securities not in scope of offsetting disclosures	4,146,143	3,828,727	4,039,784	3,736,600
可供出售之證券總額列於附註 20	Total available-for-sale securities stated in note 20	5,433,241	4,222,217	5,326,882	4,130,090
上述之持至到期日之債務證券	Held-to-maturity debt securities as stated above	156,463	117,621	156,463	117,621
持至到期日之證券不在抵銷披露範疇	Held-to-maturity securities not in scope of offsetting disclosures	8,170,259	9,482,399	8,170,259	9,482,399
持至到期日之證券總額列於附註 20	Total held-to-maturity securities stated in note 20	8,326,722	9,600,020	8,326,722	9,600,020
上述之香港中央結算有限公司及 經紀客戶應收款	Amount due from HKSCC and brokerage clients as stated above	208,206	195,996	-	-
其他賬項不在抵銷披露範疇	Other accounts not in scope of offsetting disclosures	463,420	512,481	-	-
其他賬項總額列於附註 22	Total other accounts stated in note 22	671,626	708,477	-	-

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

8. 涉及抵銷、可執行總互抵銷安排及類似協議的金融資產及金融負債 - 續

8. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS
- continued

金融負債類別	Types of financial liabilities	集團 THE GROUP		銀行 THE BANK	
		2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
衍生工具 - 上述之利率掉期合約及 跨貨幣利率掉期合約	Derivatives - interest rate swaps and cross-currency interest rate swaps as stated above	58,643	227,276	58,643	227,276
衍生工具 - 上述之外幣遠期合約	Derivatives - foreign currency forward contracts as stated above	31,484	20,561	31,484	20,561
		90,127	247,837	90,127	247,837
衍生金融負債不在抵銷披露範疇	Derivative financial liabilities not in scope of offsetting disclosures	10,526	819	10,526	819
衍生金融負債總額列於附註 19	Total derivative financial liabilities stated in note 19	100,653	248,656	100,653	248,656
上述及列於附註 29 之 於回購協議下出售之金融資產	Financial assets sold under repurchase agreements as stated above and in note 29	1,256,657	433,681	1,256,657	433,681
上述及包括在其他賬項內之 香港中央結算有限公司及 經紀客戶應付款	Amounts due to HKSCC and brokerage clients as stated above and included in other accounts	127,314	163,982	-	-
其他賬項及應付費用總額 不在抵銷披露範疇	Total other accounts and accruals not in scope of offsetting disclosures	725,116	576,247	-	-
呈列於本集團及本銀行的財務狀況表內之 其他賬項及應付費用總額	Total other accounts and accruals as stated in the Group's and the Bank's statements of financial position	852,430	740,229	-	-

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

9. 淨利息收入

9. NET INTEREST INCOME

		2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
利息收入	Interest income		
存放於同業及其他財務機構之 結餘及款項	Balances and placements with banks and other financial institutions	264,401	317,724
證券投資	Investments in securities	299,615	293,085
貸款及借貸	Loans and advances	1,014,332	890,160
利率掉期合約	Interest rate swaps	17,319	62,851
		<u>1,595,667</u>	<u>1,563,820</u>
利息支出	Interest expense		
同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions	(9,312)	(21,217)
客戶存款	Deposits from customers	(491,389)	(567,021)
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements	(3,028)	(4,640)
存款證	Certificates of deposit	(4,830)	(31,417)
發行借貸資本	Loan capital in issue	(63,725)	(66,910)
利率掉期合約	Interest rate swaps	(9,178)	(35,707)
		<u>(581,462)</u>	<u>(726,912)</u>
淨利息收入	Net interest income	<u>1,014,205</u>	<u>836,908</u>
已計入利息收益	Included within interest income		
減值貸款利息收入	Interest income on impaired loans and advances	238	374

包括在利息收入及利息支出中來自非按公平值列賬及列入損益賬之金融資產及金融負債中所獲得及產生的收入及支出分別為港幣1,580,167,000元(二零一二年:港幣1,484,940,000元)及港幣572,284,000元(二零一二年:港幣691,205,000元)。

Included within interest income and interest expense are HK\$1,580,167,000 (2012: HK\$1,484,940,000) and HK\$572,284,000 (2012: HK\$691,205,000) earned and incurred from financial assets and financial liabilities that are not at fair value through profit or loss, respectively.

以上金額包括來自非上市投資債務證券之利息收入為港幣299,615,000元(二零一二年:港幣293,085,000元)。

Included above is interest income from unlisted investments in debt securities of HK\$299,615,000 (2012: HK\$293,085,000).

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

10. 淨費用及佣金收入

10. NET FEE AND COMMISSION INCOME

		2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
費用及佣金收入	Fee and commission income		
證券買賣	Securities dealings	131,429	116,755
信貸限額	Credit lines	16,325	15,090
貿易融資	Trade finance	13,205	12,067
信用卡服務	Credit card services	76,947	68,880
代理服務	Agency services	29,153	25,085
其他	Others	16,137	16,072
費用及佣金收入總額	Total fee and commission income	283,196	253,949
減：費用及佣金支出	Less: Fee and commission expenses	(73,263)	(64,584)
淨費用及佣金收入	Net fee and commission income	209,933	189,365
其中：	of which:		
淨費用及佣金，不包括用作計算 實際利率之金額，關於不是 持作買賣用途或指定按公平值 列賬及列入損益賬之金融資產 及金融負債	Net fee and commission, other than amounts included in determining the effective interest rate, arising from financial assets or financial liabilities that are not held for trading nor designated at fair value through profit or loss		
- 費用收入	- fee income	114,121	104,855
- 費用支出	- fee expenses	(70,665)	(62,511)
		43,456	42,344

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

11. 按公平值列賬及列入損益賬之金融工具之淨（虧損）溢利 / 公平值對沖之淨溢利

11. NET (LOSSES) GAINS ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS / NET GAINS ON FAIR VALUE HEDGE

		2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
按公平值列賬及列入損益賬之金融工具之淨（虧損）溢利	Net (losses) gains on financial instruments at fair value through profit or loss		
- 指定按公平值列賬及列入損益賬（附註 1）	- designated at fair value through profit or loss (Note 1)	(75,739)	(28,721)
- 持作買賣用途（附註 2）	- held for trading (Note 2)	53,325	86,194
		<u>(22,414)</u>	<u>57,473</u>
公平值對沖之淨溢利	Net gains on fair value hedge		
- 與對沖風險有關的對沖項目之淨虧損	- net losses on hedged items attributable to the hedged risk	(22,829)	(23,068)
- 對沖工具之淨溢利	- net gains on hedging instruments	23,365	24,268
		<u>536</u>	<u>1,200</u>

附註：1. 兩年之指定按公平值列賬及列入損益賬之金融工具之淨虧損主要是來自結構性工具及可換股債券之公平值變動。

2. 淨溢利主要是和持作買賣用途的外幣遠期合約、利率掉期合約及跨貨幣利率掉期合約相關，剩餘合約詳列於附註 19。

Notes: 1. The net losses on financial instruments designated at fair value through profit or loss in both years were primarily attributable to the changes in fair value of the structured products and the convertible bonds.

2. The net gains mainly related to foreign currency forward contracts, interest rate swaps and a cross-currency interest rate swap held for trading. Details of the outstanding contracts are set out in note 19.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

12. 其他營業收入

12. OTHER OPERATING INCOME

		2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
股息收入	Dividend income		
- 上市投資	- Listed investments	6,136	6,214
- 非上市投資	- Unlisted investments	4,855	4,585
外匯交易及外幣合約所得收益淨額	Net exchange gains and net gains from foreign currency contracts	104,410	108,228
投資物業租金收入毛額	Gross rents from investment properties	16,979	16,447
減：開支	Less: Outgoings	(1,034)	(1,206)
租金收入淨額	Net rental income	15,945	15,241
保管箱租金收入	Safe deposit box rentals	42,461	36,136
除索償及佣金支出之保險承保溢價	Insurance underwriting premiums less claims and commission expense	12,436	18,100
其他銀行服務收入	Other banking services income	48,213	45,117
其他	Others	5,289	4,214
		<u>239,745</u>	<u>237,835</u>

13. 營業支出

13. OPERATING EXPENSES

		2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
核數師酬金	Auditor's remuneration	4,607	4,304
人事費用（包括董事酬金）	Staff costs (including directors' emoluments)		
- 薪金及其他費用	- Salaries and other costs	432,385	423,522
- 退休福利計劃供款	- Retirement benefits scheme contributions	31,655	30,846
人事費用總額	Total staff costs	464,040	454,368
折舊	Depreciation	54,878	59,209
預付土地租金之釋放	Release of prepaid lease payments for land	66	66
行址及設備支出， 折舊 / 預付土地租金之釋放 除外：	Premises and equipment expenses, excluding depreciation / release of prepaid lease payments for land		
- 物業租金及差餉	- Rentals and rates for premises	42,299	44,030
- 其他	- Others	23,313	26,367
其他營業支出	Other operating expenses	192,372	200,247
		<u>781,575</u>	<u>788,591</u>

營運租賃之最低租金支出為港幣35,007,000元（二零一二年：港幣37,220,000元）已包括於行址及設備支出中。

Included in the premises and equipment expenses are minimum lease payments under operating lease of HK\$35,007,000 (2012: HK\$37,220,000).

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

14. 董事、行政總裁及僱員薪酬

支付或應付予本銀行董事及行政總裁之薪酬總額如下：

14. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to each of the directors and the chief executive of the Bank were as follows:

		2013					2012				
		薪金及 其他福利 Salaries and other benefits	袍金 Fees	特別獎金 Discretionary bonus	退休福利 計劃供款 Contribution to retirement benefits scheme	總額 Total	薪金及 其他福利 Salaries and other benefits	袍金 Fees	特別獎金 Discretionary bonus	退休福利 計劃供款 Contribution to retirement benefits scheme	總額 Total
		港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
		(附註 Note 2)					(附註 Note 2)				
常務董事及行政總裁	Executive Directors and Chief Executive										
廖烈武	Liu Lit Mo	250	437	34	41	762	250	454	34	41	779
廖烈智 (附註 1)	Liu Lit Chi (Note 1)	150	7,980	280	336	8,746	150	7,515	280	318	8,263
劉惠民	Lau Wai Man	150	3,568	330	356	4,404	150	2,328	195	231	2,904
廖鐵城	Don Tit Shing Liu	150	4,013	329	395	4,887	150	4,337	329	395	5,211
廖俊寧	Wilfred Chun Ning Liu	150	2,433	135	162	2,880	150	2,047	135	161	2,493
曾昭永 (於二零一二年十二月 三十一日辭任常務 董事)	Tsang Chiu Wing (resigned from Executive Director on 31 December 2012)	-	-	-	-	-	150	2,186	182	215	2,733
王克嘉 (於二零一二年十二月 三十一日辭任常務 董事)	Wong Har Kar (resigned from Executive Director on 31 December 2012)	-	-	-	-	-	150	2,130	180	205	2,665
常務董事及行政總裁 薪酬總額	Total Executive Directors' and Chief Executive's emoluments	850	18,431	1,108	1,290	21,679	1,150	20,997	1,335	1,566	25,048
非常務董事	Non-executive Directors										
何家樂	He Jiale	170	-	-	-	170	104	-	-	-	104
廖駿倫 (於二零一二年十二月 三十一日辭任非常務 董事)	Andrew Liu (resigned as Non-executive Director on 31 December 2012)	-	-	-	-	-	170	23	-	-	193
堀越秀一	Hidekazu Horikoshi	170	-	-	-	170	68	-	-	-	68
廖坤城	Christopher Kwon Shing Liu	250	-	-	-	250	170	-	-	-	170
周卓如	Alfred Cheuk Yu Chow	250	-	-	-	250	250	-	-	-	250
孟慶惠	Meng Qinghui	170	-	-	-	170	170	-	-	-	170
王曉明 (於二零一二年五月 二十二日辭任非常務 董事)	Wang Xiaomeng (resigned from Non-executive Director on 22 May 2012)	-	-	-	-	-	66	-	-	-	66
大塚英充 (於二零一二年八月 八日辭任非常務 董事)	Hidemitsu Otsuka (resigned from Non-executive Director on 8 August 2012)	-	-	-	-	-	102	-	-	-	102
非常務董事薪酬總額	Total Non-executive Directors' emoluments	1,010	-	-	-	1,010	1,100	23	-	-	1,123
獨立非常務董事	Independent Non-executive Directors										
陳有慶	Robin Yau Hing Chan	250	-	-	-	250	250	-	-	-	250
范華達 (於二零一二年八月 八日調任為獨立 非常務董事)	Timothy George Freshwater (redesignated as Independent Non-executive Director on 8 August 2012)	250	80	-	-	330	250	80	-	-	330
謝德耀	Wanchai Chiranakhorn	250	-	-	-	250	250	-	-	-	250
鄭福和	Cheng Yuk Wo	250	-	-	-	250	250	-	-	-	250
馬照祥	Andrew Chiu Cheung Ma	250	-	-	-	250	250	-	-	-	250
獨立非常務董事薪酬	Total Independent Non-executive Directors' emoluments	1,250	80	-	-	1,330	1,250	80	-	-	1,330
總額	Total	3,110	18,511	1,108	1,290	24,019	3,500	21,100	1,335	1,566	27,501

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

14. 董事、行政總裁及僱員薪酬 - 續

附註：1. 本銀行之副主席兼董事總經理。

2. 特別獎金參照董事個人表現及由薪酬委員會批准。

劉惠民先生也是本銀行的行政總裁而以上披露之薪酬已包括其以行政總裁身份提供的服務。

本集團二零一三年及二零一二年分別四名及五名薪酬最高之僱員均為本銀行之董事，其薪酬詳列於上述附註。本集團二零一三年的五名薪酬最高之僱員中其餘者的薪酬範圍介乎港幣 2,500,001 元至港幣 3,500,000 元。截至二零一三年十二月三十一日及二零一二年十二月三十一日止年度，並沒有董事或行政總裁放棄薪酬。

14. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS - continued

Notes: 1. Being the Deputy Chairman and Managing Director.

2. The discretionary bonus is determined by reference to the individual performance of the directors and approved by the Remuneration Committee.

Mr Lau Wai Man is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

The four and five highest paid individuals in the Group in 2013 and 2012 respectively were the directors of the Bank and details of their emoluments are included above. The remaining in the five highest paid individuals in the Group in 2013 was the emolument band of HK\$2,500,001 - HK\$3,500,000. No directors nor the chief executive waived any emoluments in the years ended 31 December 2013 and 31 December 2012.

15. 稅項

稅項支出包括：

香港利得稅

- 是年度
- 往年度回撥差額

海外稅項

- 是年度
- 往年度撥備（回撥）差額

遞延稅項（附註 35）

香港利得稅乃依據本年度估計應課稅溢利稅率百分之十六點五計算（二零一二年：百分之十六點五）。

其他司法管轄地區之稅率乃根據其司法管轄地區之現行稅率計算。

15. TAXATION

The tax charge comprises:

Hong Kong Profits Tax

- current year
- over provision in prior years

Overseas taxation

- current year
- under (over) provision in prior years

Deferred tax (Note 35)

Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) of the estimated assessable profit for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
88,204	84,641
(1,728)	(229)
<u>86,476</u>	<u>84,412</u>
21,390	16,815
1,708	(402)
<u>2,863</u>	<u>2,220</u>
<u>112,437</u>	<u>103,045</u>

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

15. 稅項 - 續

本集團的綜合損益表中除稅前溢利與是年度之稅項支出之對賬如下：

除稅前溢利
按本地之利得稅稅率百分之十六點五（二零一二年：百分之十六點五）計算之稅項
所佔聯營公司之溢利之稅務影響
不可扣減支出之稅務影響
毋須課稅之收入之稅務影響
往年度回撥差額
在其他司法管轄地區經營之附屬公司及分行繳納不同稅率之稅務影響
其他
本年度稅項支出

15. TAXATION - continued

The tax charge for the year can be reconciled to the Group's profit before taxation per the consolidated statement of profit or loss as follows:

	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
Profit before taxation	669,855	646,385
Tax at the domestic income tax rate of 16.5% (2012: 16.5%)	110,526	106,654
Tax effect of share of profits of associates	(5,297)	(5,945)
Tax effect of expenses not deductible for tax purpose	68	64
Tax effect of income not taxable for tax purpose	(2,546)	(4,881)
Over provision in prior years	(20)	(631)
Effect of different tax rates of subsidiaries and branches operating in other jurisdictions	6,958	5,350
Others	2,748	2,434
Tax charge for the year	112,437	103,045

16. 股息

本年度被確認為派發之股息：

二零一三年年度中期， 每股港幣 0.14 元 (二零一二年：二零一二年 年度中期，每股港幣 0.11 元)
二零一二年年度末期， 每股港幣 0.35 元 (二零一二年：二零一一年 年度末期，每股港幣 0.35 元)

16. DIVIDENDS

Dividends recognised as distribution during the year:

2013 Interim - HK\$0.14 (2012: 2012 Interim - HK\$0.11) per share
2012 Final - HK\$0.35 (2012: 2011 Final - HK\$0.35) per share

2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
60,900	47,850
152,250	152,250
213,150	200,100

董事會建議擬派發本年度末期股息為每股港幣 0.33 元，合共港幣 143,550,000 元（二零一二年：港幣 0.35 元，合共港幣 152,250,000 元），並將於下次週年股東大會中由股東批核。

The final dividend of HK\$0.33 per share, totalling HK\$143,550,000, in respect of the current financial year (2012: HK\$0.35 per share, totalling HK\$152,250,000) has been proposed by the directors and is subject to approval by the shareholders in the next annual general meeting.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

16. 股息 - 續

於二零一三年十二月二十日召開的特別股東大會，批准於二零一四年二月四日已登記於本銀行的股東名冊內之股東獲得每股港幣4.5195元之中期特別股息，合共港幣1,965,982,500元。當最終控股公司及廣州越秀集團有限公司於二零一三年十月二十五日的部份出售（定義及規定見本銀行發出的聯合公告）成為無條件限制及物業轉讓（定義及規定見本銀行發出的聯合公告）已於二零一四年二月十九日完成，支付中期特別股息的附帶條件已於二零一四年二月五日被滿足。每股港幣4.5195元之中期特別股息已於二零一四年二月二十日支付。有關物業轉讓詳情，請參閱附註43。

16. DIVIDENDS - continued

At an extraordinary general meeting on 20 December 2013, a special interim dividend of HK\$4.5195 per share, totaling HK\$1,965,982,500 to shareholders on the Bank's register of members as of 4 February 2014 was approved. The conditions for payment of the special interim dividend were satisfied on 5 February 2014, when the Partial Disposal, as defined and stipulated in the joint announcement made by the Bank, the ultimate holding company and Guangzhou Yue Xiu Holdings Limited on 25 October 2013, became unconditional, and on 19 February 2014 when the completion of the Property Transfer, as defined and stipulated in this joint arrangement, took place. The special interim dividend of HK\$4.5195 per share was paid on 20 February 2014. Further details of the Property Transfer are set out in note 43.

17. 每股盈利 - 基本

每股基本盈利之計算乃根據本銀行擁有人應佔溢利港幣577,418,000元（二零一二年：港幣543,340,000元）及於年內已發行435,000,000股（二零一二年：435,000,000股）普通股計算。

17. EARNINGS PER SHARE - BASIC

The calculation of basic earnings per share is based on the profit attributable to owners of the Bank of HK\$577,418,000 (2012: HK\$543,340,000) and on 435,000,000 (2012: 435,000,000) ordinary shares in issue during the year.

因為截至二零一三年十二月三十一日止年度沒有發行潛在普通股，所以並沒有每股攤薄盈利（二零一二年：無）。

No diluted earnings per share is presented as no potential ordinary shares were in issue during the year ended 31 December 2013 (2012: nil).

18. 庫存現金及短期資金

18. CASH AND SHORT-TERM FUNDS

		集團 THE GROUP		銀行 THE BANK	
		2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
庫存現金及存放同業及 其他財務機構款項	Cash and balances with banks and other financial institutions	3,248,318	6,060,810	3,237,822	6,050,407
通知及短期存款	Money at call and short notice	11,789,323	10,472,554	11,789,323	10,472,554
外匯基金票據	Exchange fund bills	1,107,796	798,513	1,107,796	798,513
		<u>16,145,437</u>	<u>17,331,877</u>	<u>16,134,941</u>	<u>17,321,474</u>

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

19. 衍生金融工具

19. DERIVATIVE FINANCIAL INSTRUMENTS

集團及銀行 THE GROUP AND THE BANK

		2013			2012		
		公平值			公平值		
		名義金額	Fair values		名義金額	Fair values	
		Notional amount	資產	負債	Notional amount	資產	負債
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
持作買賣用途的衍生工具	Derivatives held for trading						
- 外幣遠期合約	- Foreign currency forward contracts	5,779,843	10,078	42,011	6,037,758	16,584	21,380
- 利率掉期合約	- Interest rate swaps	120,000	984	11,059	796,280	4,562	95,192
- 跨貨幣利率掉期合約	- Cross-currency interest rate swap	-	-	-	36,040	-	1,582
指定作對沖工具的衍生工具	Derivatives designated as hedging instruments						
- 利率掉期合約	- Interest rate swaps	6,700,061	159,073	42,499	5,286,864	166,765	120,792
- 跨貨幣利率掉期合約	- Cross-currency interest rate swaps	233,306	-	5,084	233,306	-	9,710
			170,135	100,653		187,911	248,656

於二零一三年十二月三十一日，外幣遠期合約的主要買入貨幣包括港幣及澳幣（二零一二年：港幣及澳幣），及主要賣出貨幣包括人民幣及美元（二零一二年：人民幣及美元）。於二零一三年及二零一二年十二月三十一日，所有這些合約的結算日均在報告期末一年內。

The currencies of foreign currency forward contracts as at 31 December 2013 mainly comprise buying Hong Kong dollars and Australian dollars (2012: Hong Kong dollars and Australian dollars), and selling Renminbi and United States dollars (2012: Renminbi and United States dollars). As at 31 December 2013 and 2012, all of these contracts have a settlement date within one year from the end of the reporting period.

持作買賣用途的利率掉期合約的剩餘到期日為一至七年（二零一二年：一至八年）。

The remaining maturity of interest rate swaps held for trading ranged from 1 to 7 years (2012: 1 to 8 years).

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

19. 衍生金融工具 - 續

於二零一三年十二月三十一日，持作買賣用途的利率掉期合約的名義金額為港幣 120,000,000 元（二零一二年：港幣 796,280,000 元），當中名義金額有港幣 35,000,000 元（二零一二年：港幣 60,000,000 元）為浮動利率換固定利率的掉期合約，餘下名義金額有港幣 85,000,000 元（二零一二年：港幣 736,280,000 元）為固定利率換浮動利率的掉期合約。

於二零一二年十二月三十一日，持作買賣用途的跨貨幣利率掉期合約為浮動利率換浮動利率的償還日圓收取美元的掉期合約。

衍生工具風險之加權信貸風險金額是根據香港《銀行業條例》下的《銀行業（資本）規則》計算如下：

19. DERIVATIVE FINANCIAL INSTRUMENTS - continued

Of the interest rate swaps held for trading with a notional amount of HK\$120,000,000 (2012: HK\$796,280,000) as at 31 December 2013, the notional amount of HK\$35,000,000 (2012: HK\$60,000,000) was floating-to-fixed rate swaps, the remaining notional amount of HK\$85,000,000 (2012: HK\$736,280,000) was fixed-to-floating rate swaps.

The cross-currency interest rate swap held for trading as at 31 December 2012 was a floating-to-floating rate swap paying Japanese yen receiving United States dollars.

The credit risk weighted amounts of derivative exposures calculated based on the Banking (Capital) Rules of the Hong Kong Banking Ordinance are as follows:

		集團及銀行 THE GROUP AND THE BANK					
		2013			2012		
		名義金額 Notional amount 港幣千元 HK\$'000	重置成本 Replacement cost 港幣千元 HK\$'000	加權信貸 風險金額 Credit risk weighted amount 港幣千元 HK\$'000	名義金額 Notional amount 港幣千元 HK\$'000	重置成本 Replacement cost 港幣千元 HK\$'000	加權信貸 風險金額 Credit risk weighted amount 港幣千元 HK\$'000
匯率合約	Exchange rate						
	contracts	6,013,149	10,078	19,515	6,307,104	16,584	22,865
利率合約	Interest rate						
	contracts	6,820,061	160,057	51,237	6,083,144	171,327	53,978
			170,135	70,752		187,911	76,843

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

19. 衍生金融工具 - 續

重置成本是指本集團為代替該現有交易或該現有合約而須與另一對手訂立另一項對本集團有大致相同經濟後果的合約的情況下，本集團會產生的成本及是藉將該現有交易或該現有合約按市價計值方式計算的。如所得值對本集團而言是正數，重置成本則為該現有交易或該現有合約的所得值。如所得值對本集團而言是負數，重置成本則為零。重置成本乃此等合約之信用風險於報告期末之接近的估計金額。

衍生金融工具包括匯率合約及利率合約以公平值於財務狀況表列賬。

衍生金融工具的公平值並不考慮雙邊淨額結算協議之影響。

固定利率債券的公平值對沖

本集團指定相當利率掉期合約及跨貨幣利率掉期合約作為公平值對沖，以對沖其可供出售之債務證券之公平值變動。於二零一三年十二月三十一日，這些可供出售之債務證券的眼面值為港幣 5,182,952,000 元（二零一二年：港幣 3,990,868,000 元）。目的是要減低因公平值變動所引致之風險，方法是透過把這些固定利率債券的利率由固定利率轉換為浮動利率。這些利率掉期合約及跨貨幣利率掉期合約及其相關的固定利率債券擁有相同的條款，本集團之管理層認為該等利率掉期合約及跨貨幣利率掉期合約是高度有效的對沖工具。這些利率掉期合約、跨貨幣利率掉期合約及債務證券的剩餘到期日為一至十年。

19. DERIVATIVE FINANCIAL INSTRUMENTS - continued

Replacement cost is the cost which would be incurred by the Group if it was required to enter into another contract to replace the existing transaction or existing contract with another counterparty with substantially the same economic consequences for the Group and is calculated by marking-to-market the existing transaction or contract. If the resultant value is positive for the Group, the replacement cost shall be the resultant value of the existing transaction or existing contract. If the resultant value is negative for the Group, the replacement cost shall be zero. Replacement cost is a close approximation of the credit risk for these contracts at the end of the reporting period.

The derivative financial instruments including exchange rate contracts and interest rate contracts have been recognised in the statements of financial position at fair value.

The fair values of the derivative financial instruments do not take into account the effect of any bilateral netting agreement.

Fair value hedge of fixed-rate bonds

The Group designates certain interest rate swaps and cross-currency interest rate swaps as fair value hedges of available-for-sale debt securities with carrying amounts of HK\$5,182,952,000 (2012: HK\$3,990,868,000) as at 31 December 2013. The purpose is to minimise its exposure to fair value changes of its fixed-rate bonds by swapping these fixed-rate bonds from fixed rates to floating rates. The interest rate swaps and cross-currency interest rate swaps and the corresponding fixed-rate bonds have the same terms. The management of the Group considers that the interest rate swaps and cross-currency interest rate swaps are highly effective hedging instruments. The remaining maturity of these interest rate swaps, cross-currency interest rate swaps and debt securities ranged from 1 to 10 years.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

19. 衍生金融工具 - 續

固定利率債券的公平值對沖 - 續

於二零一三年及二零一二年十二月三十一日止年度期間，上述公平值對沖能有效地對沖因利率變動所引致的公平值變動風險，於是，相關的債券之公平值的虧損為港幣 157,671,000 元（二零一二年：溢利為港幣 25,349,000 元）及利率掉期合約之公平值的溢利為港幣 153,490,000 元（二零一二年：虧損為港幣 25,759,000 元）及跨貨幣利率掉期合約之公平值的溢利為港幣 4,150,000 元（二零一二年：溢利為港幣 478,000 元），已包含於綜合損益表內。

已發行後償票據的公平值對沖

本集團指定利率掉期合約作為公平值對沖，以對沖其發行的 2.25 億美元後償票據之利率變動（詳細參閱附註 32）。目的是要減低因公平值變動所引致之風險，方法是透過把固定利率票據的利率由固定利率轉換為浮動利率。該利率掉期合約及被對沖的後償票據擁有相同的條款，本集團之管理層認為該利率掉期合約是高度有效的對沖工具。

此對沖能有效地對沖因利率變動所引致的公平值變動風險，於是，票據之公平值的減少為港幣 134,842,000 元（二零一二年：公平值的增加為港幣 48,417,000 元）及利率掉期合約之公平值的虧損為港幣 134,275,000 元（二零一二年：溢利為港幣 49,549,000 元），已包含於綜合損益表內。

19. DERIVATIVE FINANCIAL INSTRUMENTS - continued

Fair value hedge of fixed-rate bonds - continued

During the years ended 31 December 2013 and 2012, the above fair value hedges were effective in hedging the fair value exposures to interest rate movements and, as a result, both the losses in fair value of the bonds of HK\$157,671,000 (2012: gains of HK\$25,349,000) and gains in fair value of the interest rate swaps of HK\$153,490,000 (2012: losses of HK\$25,759,000) and gains in fair value of cross-currency interest rate swaps of HK\$4,150,000 (2012: gains of HK\$478,000) were included in the consolidated statement of profit or loss.

Fair value hedge of subordinated note issued

The Group designates an interest rate swap as fair value hedge of the interest rate movement of the US\$225 million subordinated note issued (see note 32 for details). The purpose is to minimise its exposure to fair value changes of its fixed-rate note by swapping fixed-rate note from fixed rates to floating rates. The interest rate swap and the hedged subordinated note have the same terms and management of the Group considers that the interest rate swap is a highly effective hedging instrument.

The hedge was effective in hedging the fair value exposure to interest rate movements and as a result, both the decrease in fair value of the note of HK\$134,842,000 (2012: increase in fair value of HK\$48,417,000) and losses in fair value of the interest rate swap of HK\$134,275,000 (2012: gains of HK\$49,549,000) were included in the consolidated statement of profit or loss.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

20. 證券投資

20. INVESTMENTS IN SECURITIES

二零一三年

股本證券：

香港上市

海外上市

非上市

債務證券：

存款證

可換股債券

其他債務證券
- 非上市

總額：

香港上市

海外上市

非上市

上市證券市值：

香港上市

海外上市

按發行人分類：

中央政府及中央銀行

公營機構

同業及其他財務機構

企業

其他

2013

Equity securities:

Listed in Hong Kong

Listed overseas

Unlisted

Debt securities:

Certificates of deposit

Convertible bonds

Other debt securities
- Unlisted

Total:

Listed in Hong Kong

Listed overseas

Unlisted

Market value of
listed securities:

Listed in Hong Kong

Listed overseas

As analysed by
issuing entities:

Central governments
and central banks

Public sector entities

Banks and other
financial institutions

Corporate entities

Others

集團 THE GROUP					銀行 THE BANK				
按公平值列賬及 列入損益賬之金融資產 Financial assets at fair value through profit or loss					按公平值列賬及 列入損益賬之金融資產 Financial assets at fair value through profit or loss				
持作 買賣用途 Held for trading 港幣千元 HK\$'000	指定按 公平值列賬 Designated at fair value 港幣千元 HK\$'000	可供出售 之證券 Available- for-sale securities 港幣千元 HK\$'000	持至到期 日之證券 Held-to- maturity securities 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000	持作 買賣用途 Held for trading 港幣千元 HK\$'000	指定按 公平值列賬 Designated at fair value 港幣千元 HK\$'000	可供出售 之證券 Available- for-sale securities 港幣千元 HK\$'000	持至到期 日之證券 Held-to- maturity securities 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
211	-	199,680	-	199,891	-	-	97,289	-	97,289
-	-	7,713	-	7,713	-	-	7,713	-	7,713
211	-	207,393	-	207,604	-	-	105,002	-	105,002
-	-	36,525	-	36,525	-	-	32,557	-	32,557
211	-	243,918	-	244,129	-	-	137,559	-	137,559
-	-	-	4,675,621	4,675,621	-	-	-	4,675,621	4,675,621
-	91,968	-	-	91,968	-	91,968	-	-	91,968
-	-	5,189,323	3,651,101	8,840,424	-	-	5,189,323	3,651,101	8,840,424
-	91,968	5,189,323	8,326,722	13,608,013	-	91,968	5,189,323	8,326,722	13,608,013
211	-	199,680	-	199,891	-	-	97,289	-	97,289
-	-	7,713	-	7,713	-	-	7,713	-	7,713
-	91,968	5,225,848	8,326,722	13,644,538	-	91,968	5,221,880	8,326,722	13,640,570
211	91,968	5,433,241	8,326,722	13,852,142	-	91,968	5,326,882	8,326,722	13,745,572
211	-	199,680	-	199,891	-	-	97,289	-	97,289
-	-	7,713	-	7,713	-	-	7,713	-	7,713
211	-	207,393	-	207,604	-	-	105,002	-	105,002
-	-	-	7,627	7,627	-	-	-	7,627	7,627
-	-	55,029	176,769	231,798	-	-	55,029	176,769	231,798
43	-	363,505	6,619,205	6,982,753	-	-	322,456	6,619,205	6,941,661
168	91,968	5,010,154	1,523,121	6,625,411	-	91,968	4,948,812	1,523,121	6,563,901
-	-	4,553	-	4,553	-	-	585	-	585
211	91,968	5,433,241	8,326,722	13,852,142	-	91,968	5,326,882	8,326,722	13,745,572

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

20. 證券投資 - 續

20. INVESTMENTS IN SECURITIES - continued

		集團 THE GROUP					銀行 THE BANK				
		按公平值列賬及 列入損益賬之金融資產 Financial assets at fair value through profit or loss					按公平值列賬及 列入損益賬之金融資產 Financial assets at fair value through profit or loss				
		持作 買賣用途 Held for trading 港幣千元 HK\$'000	指定按 公平值列賬 Designated at fair value 港幣千元 HK\$'000	可供出售 之證券 Available- for-sale securities 港幣千元 HK\$'000	持至到期 日之證券 Held-to- maturity securities 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000					
二零一二年	2012										
股本證券：	Equity securities:										
香港上市	Listed in Hong Kong	261	-	184,012	-	184,273	-	-	95,853	-	95,853
海外上市	Listed overseas	-	-	9,055	-	9,055	-	-	9,055	-	9,055
		261	-	193,067	-	193,328	-	-	104,908	-	104,908
非上市	Unlisted	-	-	35,610	-	35,610	-	-	31,642	-	31,642
		261	-	228,677	-	228,938	-	-	136,550	-	136,550
債務證券：	Debt securities:										
存款證	Certificates of deposit	-	-	-	3,693,321	3,693,321	-	-	-	3,693,321	3,693,321
結構性工具	Structured products	-	419,101	-	-	419,101	-	419,101	-	-	419,101
可換股債券	Convertible bonds	-	794,048	-	-	794,048	-	794,048	-	-	794,048
其他債務證券 - 非上市	Other debt securities - Unlisted	-	-	3,993,540	5,906,699	9,900,239	-	-	3,993,540	5,906,699	9,900,239
		-	1,213,149	3,993,540	9,600,020	14,806,709	-	1,213,149	3,993,540	9,600,020	14,806,709
總額：	Total:										
香港上市	Listed in Hong Kong	261	-	184,012	-	184,273	-	-	95,853	-	95,853
海外上市	Listed overseas	-	-	9,055	-	9,055	-	-	9,055	-	9,055
非上市	Unlisted	-	1,213,149	4,029,150	9,600,020	14,842,319	-	1,213,149	4,025,182	9,600,020	14,838,351
		261	1,213,149	4,222,217	9,600,020	15,035,647	-	1,213,149	4,130,090	9,600,020	14,943,259
上市證券市值：	Market value of listed securities:										
香港上市	Listed in Hong Kong	261	-	184,012	-	184,273	-	-	95,853	-	95,853
海外上市	Listed overseas	-	-	9,055	-	9,055	-	-	9,055	-	9,055
		261	-	193,067	-	193,328	-	-	104,908	-	104,908
按發行人分類：	As analysed by issuing entities:										
中央政府及中央銀行	Central governments and central banks	-	-	-	3,382	3,382	-	-	-	3,382	3,382
公營機構	Public sector entities	-	-	56,016	196,401	252,417	-	-	56,016	196,401	252,417
同業及其他財務機構	Banks and other financial institutions	43	419,101	353,885	7,809,345	8,582,374	-	419,101	325,618	7,809,345	8,554,064
企業	Corporate entities	218	794,048	3,807,796	1,590,892	6,192,954	-	794,048	3,747,904	1,590,892	6,132,844
其他	Others	-	-	4,520	-	4,520	-	-	552	-	552
		261	1,213,149	4,222,217	9,600,020	15,035,647	-	1,213,149	4,130,090	9,600,020	14,943,259

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

20. 證券投資 - 續

本集團及本銀行為被分類為可供出售的金融工具中的股本證券多年累計的減值損失分別為港幣 44,740,000 元 (二零一二年: 港幣 44,879,000 元) 及港幣 16,013,000 元 (二零一二年: 港幣 16,012,000 元)。

所有結構性工具已於二零一三年十二月三十一日年度期間出售。於二零一二年十二月三十一日, 包含在結構性工具的信貸掛鈎票據為港幣 419,101,000 元。本集團所持有的信貸掛鈎票據, 其票面年息率由三個月的倫敦銀行同業拆息加 1.3% 至 2.0% 不等, 並將於二零一五年至二零一六年到期。假如其參考機構 (於二零一二年十二月三十一日, 穆迪的信貸評級為 A1 或以上) 違約, 信貸掛鈎票據的發行商無須償還本集團票據的債務。

本集團及本銀行分別持有港幣 36,454,000 元 (二零一二年: 港幣 35,571,000 元) 及港幣 32,486,000 元 (二零一二年: 港幣 31,603,000 元) 被分類為可供出售的非上市股本證券是以成本扣除減值計量的。這些股本證券並沒有作任何減值。

20. INVESTMENTS IN SECURITIES - continued

For the equity securities classified as available-for-sale financial instruments, impairment losses accumulated through the years of HK\$44,740,000 (2012: HK\$44,879,000) and HK\$16,013,000 (2012: HK\$16,012,000) have been provided by the Group and the Bank respectively.

All structured products have been disposed during the year ended 31 December 2013. As at 31 December 2012, included in structured products were credit linked notes of HK\$419,101,000. The credit linked notes held by the Group bore three-month LIBOR with spreads ranging from 1.3% to 2.0% per annum and maturity dates ranging from 2015 to 2016. The note issuers were not obligated to repay the debt to the Group if the reference entities (rated A1 or above by Moody's as at 31 December 2012) defaulted.

Unlisted equity securities classified as available-for-sale held by the Group and the Bank amounting to HK\$36,454,000 (2012: HK\$35,571,000) and HK\$32,486,000 (2012: HK\$31,603,000) respectively are measured at cost less impairment. No impairment has been recognised.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

20. 證券投資 - 續

本銀行三藩市分行持有港幣17,060,000元(二零一二年:港幣17,054,000元)持至到期日之存款證,已遵照加利福尼亞州財務守則之要求,質押予美利堅合眾國加利福尼亞州。

由香港特別行政區及中國發行而被分類為持至到期日之債務證券總額為港幣7,627,000元(二零一二年:港幣3,382,000元)。

本集團及本銀行所持有的被分類為可供出售之證券及持至到期日之證券的可換股債券及債務證券主要是由來自中國、香港及澳洲的企業及財務機構作擔保或發行。

本集團及本銀行所持有的被分類為持至到期日證券的存款證主要是由中國、日本及香港銀行發行。本集團及本銀行持有上述持至到期日之存款證總額為港幣2,474,632,000元(二零一二年:港幣1,731,693,000元)及持至到期日之債務證券總額為港幣256,467,000元(二零一二年:港幣900,850,000元),其信用風險來自中國。

20. INVESTMENTS IN SECURITIES - continued

Certain held-to-maturity certificates of deposit of HK\$17,060,000 (2012: HK\$17,054,000) held by the San Francisco Branch of the Bank have been pledged to the State of California of the United States of America in compliance with the requirements of the California Financial Code.

Debt securities classified as held-to-maturity amounting to HK\$7,627,000 (2012: HK\$3,382,000) were issued by the Government of Hong Kong Special Administrative Region and the PRC.

The convertible bonds and the debt securities classified as available-for-sale securities and held-to-maturity securities held by the Group and the Bank are mainly guaranteed or issued by corporates and financial institutions from the PRC, Hong Kong and Australia.

The certificates of deposit classified as held-to-maturity securities held by the Group and the Bank are mainly issued by banks from the PRC, Japan and Hong Kong. Of the above, held-to-maturity certificates of deposit amounting to HK\$2,474,632,000 (2012: HK\$1,731,693,000) and held-to-maturity debt securities amounting to HK\$256,467,000 (2012: HK\$900,850,000) held by the Group and the Bank are credit exposures to the PRC.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

21. 金融資產的轉移

以下為本集團及本銀行於二零一三年十二月三十一日及二零一二年十二月三十一日已轉移至另一個體並同意在指定日期以指定價格回購的被分類為持至到期日及可供出售之債務證券。由於本集團沒有轉移有關這些債務證券之主要風險及報酬予該個體，這些債務證券的全數賬面值會繼續被確認。該轉移所收到的現金會被呈報為負債列於「於回購協議下出售之金融資產」項下（參閱附註29）。已轉移的債務證券會被視作這些負債的抵押品。於所涉及的期間內，這些債務證券的法定權益已轉移給該個體，該個體可以不受限制地把這些抵押品出售或再抵押。這些債務證券會以攤銷成本或按公平值計量列於本集團的綜合財務狀況表內。

轉移資產之賬面值

相關負債之賬面值
(附註29)

21. TRANSFER OF FINANCIAL ASSETS

The following were the Group's and the Bank's debt securities classified as held-to-maturity and available-for-sale as at 31 December 2013 and 31 December 2012 that were transferred to an entity with terms to repurchase these debt securities at agreed dates and prices. As the Group has not transferred the significant risks and rewards relating to these debt securities to the entity, the full carrying amount of these debt securities continued to be recognised. The cash received on the transfer was reported as liabilities under "Financial assets sold under repurchase agreements" (see note 29). The transferred debt securities serve as collateral to secure these liabilities. During the covered period, the legal title of the debt securities are transferred to the counterparty entity and there is no restriction for the counterparty entity to sell or repledge the collateral. These debt securities are either measured at amortised cost or carried at fair value in the statements of financial position.

Carrying amount of
transferred assets

Carrying amount of
associated liabilities
(Note 29)

於二零一三年十二月三十一日 As at 31 December 2013		
可供出售之 債務證券 Available- for-sale debt securities 港幣千元 HK\$'000	持至到期日 之債務證券 Held-to- maturity debt securities 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
1,287,098	156,463	1,443,561
<u>1,115,597</u>	<u>141,060</u>	<u>1,256,657</u>

於二零一二年十二月三十一日 As at 31 December 2012		
可供出售之 債務證券 Available- for-sale debt securities 港幣千元 HK\$'000	持至到期日 之債務證券 Held-to- maturity debt securities 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
393,490	117,621	511,111
<u>326,687</u>	<u>106,994</u>	<u>433,681</u>

轉移資產之賬面值

相關負債之賬面值
(附註29)

Carrying amount of
transferred assets

Carrying amount of
associated liabilities
(Note 29)

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

22. 貸款及其他賬項

22. ADVANCES AND OTHER ACCOUNTS

		集團 THE GROUP		銀行 THE BANK	
		2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
客戶貸款	Advances to customers				
應收票據	Bills receivable	406,924	373,401	406,924	373,401
貿易票據	Trade bills	2,164,983	453,669	2,164,983	453,669
其他客戶貸款	Other advances to customers	42,548,307	38,365,119	42,548,307	38,365,119
		45,120,214	39,192,189	45,120,214	39,192,189
應收利息	Interest receivable	215,923	232,270	215,578	231,965
減值準備	Impairment allowances				
- 個別評估	- Individually assessed	(14,755)	(24,054)	(14,755)	(24,054)
- 集體評估	- Collectively assessed	(189,425)	(164,506)	(189,425)	(164,506)
		45,131,957	39,235,899	45,131,612	39,235,594
同業及其他財務機構貸款	Advances to banks and other financial institutions	-	2,164,842	-	2,164,842
		45,131,957	41,400,741	45,131,612	41,400,436
其他賬項	Other accounts	671,626	708,477	431,841	485,143
		45,803,583	42,109,218	45,563,453	41,885,579

包含在本集團之「其他賬項」為若干存放於銀行的利率掉期合約之變動保證金，外匯遠期合約及回購協議為港幣 20,554,000 元（二零一二年：港幣 94,479,000 元）及其中一筆為數約港幣 271,049,000 元（二零一二年：港幣 246,484,000 元）為本銀行汕頭分行存放中國之財務機構作為儲備金之款項。存放於中國人民銀行之法定存款準備金及額外存款準備金，分別為港幣 55,791,000 元（二零一二年：港幣 64,861,000 元）及港幣 44,157,000 元（二零一二年：港幣 13,699,000 元）；法定存款準備金並不用作本集團的日常運作。以符合中國外資金融機構管理條例之規定，存放於中國其他財務機構的定期存款為港幣 171,101,000 元（二零一二年：港幣 167,924,000 元）。

本集團「其他賬項」的餘額為港幣 380,023,000 元（二零一二年：港幣 367,514,000 元）主要包括來自香港中央結算有限公司及與客戶證券買賣之應收賬款為港幣 208,206,000 元（二零一二年：港幣 195,996,000 元）。

Included in the “Other Accounts” of the Group and the Bank are variation margin of HK\$20,554,000 (2012: HK\$94,479,000) deposited in banks for certain interest rate swaps, foreign currency forward contracts and repurchase agreements and an amount of approximately HK\$271,049,000 (2012: HK\$246,484,000) placed as reserve funds with the financial institutions in the PRC by the Shantou Branch of the Bank. Among which, HK\$55,791,000 (2012: HK\$64,861,000) and HK\$44,157,000 (2012: HK\$13,699,000) are the mandatory reserve deposits and surplus reserve deposits placed with the People's Bank of China, respectively. The mandatory reserve deposits are not available for the Group's daily operation; HK\$171,101,000 (2012: HK\$167,924,000) are the fixed deposits placed with other financial institutions in the PRC in compliance with the requirements of Regulations Governing Foreign Financial Institutions of the PRC.

The remaining balance of “Other Accounts” of the Group amounting to HK\$380,023,000 (2012: HK\$367,514,000) mainly included account receivables from HKSCC and brokerage clients in relation to securities dealing of HK\$208,206,000 (2012: HK\$195,996,000).

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

22. 貸款及其他賬項 - 續

貸款之減值準備：

於二零一三年一月一日結餘
減值準備 (淨額)
- 增加減值準備
- 撥回額
註銷額
收回往年已註銷之貸款
折扣計算的效果
匯兌調整
於二零一三年十二月三十一日結餘

於二零一二年一月一日結餘
減值回撥準備 (淨額)
- 增加減值準備
- 撥回額
註銷額
收回往年已註銷之貸款
折扣計算的效果
匯兌調整
於二零一二年十二月三十一日結餘

減值貸款詳情如下：

22. ADVANCES AND OTHER ACCOUNTS - continued

Impairment allowances on advances:

	集團 THE GROUP			銀行 THE BANK		
	個別評估 Individual assessment	集體評估 Collective assessment	總額 Total	個別評估 Individual assessment	集體評估 Collective assessment	總額 Total
	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
Balance 1 January 2013	24,054	164,506	188,560	24,054	164,506	188,560
Charge of impairment allowances (net)	10,437	24,800	35,237	10,437	24,800	35,237
- Increase in impairment allowances	20,726	24,800	45,526	20,726	24,800	45,526
- Amounts reversed	(10,289)	-	(10,289)	(10,289)	-	(10,289)
Amounts written off	(20,055)	-	(20,055)	(20,055)	-	(20,055)
Recoveries of advances written off in previous years	557	-	557	557	-	557
Unwinding effect of discount rate	(238)	-	(238)	(238)	-	(238)
Exchange difference	-	119	119	-	119	119
Balance 31 December 2013	14,755	189,425	204,180	14,755	189,425	204,180
Balance 1 January 2012	40,553	172,015	212,568	40,553	172,015	212,568
Reversal of impairment allowances (net)	(57,513)	(7,715)	(65,228)	(57,513)	(7,715)	(65,228)
- Increase in impairment allowances	6,214	-	6,214	6,214	-	6,214
- Amounts reversed	(63,727)	(7,715)	(71,442)	(63,727)	(7,715)	(71,442)
Amounts written off	(3,709)	-	(3,709)	(3,709)	-	(3,709)
Recoveries of advances written off in previous years	45,097	-	45,097	45,097	-	45,097
Unwinding effect of discount rate	(374)	-	(374)	(374)	-	(374)
Exchange difference	-	206	206	-	206	206
Balance 31 December 2012	24,054	164,506	188,560	24,054	164,506	188,560

Details of the impaired loans are as follows:

	集團及銀行 THE GROUP AND THE BANK	
	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
減值貸款總額	18,734	24,194
減：個別評估減值準備	(14,755)	(24,054)
淨減值貸款	3,979	140
減值貸款總額佔客戶貸款總額之百分比	0.04%	0.06%
抵押品之市值	14,081	76,635

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

23. 投資於附屬公司 / 附屬公司欠款

(i) 投資於附屬公司

23. INVESTMENTS IN SUBSIDIARIES / AMOUNTS DUE FROM SUBSIDIARIES

(i) Investments in subsidiaries

		銀行 THE BANK	
		2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
非上市股票，成本值	Unlisted shares, at cost	261,984	261,984

於二零一三年及二零一二年十二月三十一日主要附屬公司之資料如下：

Details of the principal subsidiaries as at 31 December 2013 and 2012 are as follows:

公司名稱 Name of company	註冊成立 / 營業地點 Place of incorporation / operation	已發行及 繳足普通股股本 Issued and fully paid ordinary share capital	直接持有 已發行股本 百分比 Percentage of issued share capital directly held	主要業務 Principal activities
創興（代理）有限公司 Chong Hing (Nominees) Limited	香港 Hong Kong	港幣 HK\$ 100,000	100%	提供代理人服務 Provision of nominee services
創興財務有限公司 Chong Hing Finance Limited	香港 Hong Kong	港幣 HK\$ 25,000,000	100%	接受存款及貸款 Deposit-taking and lending
創興資訊科技有限公司 Chong Hing Information Technology Limited	香港 Hong Kong	港幣 HK\$ 100,000	100%	提供電子資料處理服務 Provision of electronic data processing services
創興證券有限公司 Chong Hing Securities Limited	香港 Hong Kong	港幣 HK\$ 10,000,000	100%	股票買賣 Stockbroking
創興商品期貨有限公司 Chong Hing Commodities and Futures Limited	香港 Hong Kong	港幣 HK\$ 5,000,000	100%	投資及商品期貨買賣 Investment holding and commodities and futures broking
高堡富有限公司 Gallbraith Limited	香港 Hong Kong	港幣 HK\$ 16,550,000	100%	物業投資 Property investment
高潤企業有限公司 Top Benefit Enterprise Limited	香港 Hong Kong	港幣 HK\$ 100,000	100%	物業投資 Property investment
卡聯有限公司 Card Alliance Company Limited	香港 Hong Kong	港幣 HK\$ 18,000,000	100%	信用卡管理 Credit card management
創興保險有限公司 Chong Hing Insurance Company Limited	香港 Hong Kong	港幣 HK\$ 85,000,000	100%	保險 Insurance underwriting
鴻強有限公司 Hero Marker Limited	香港 Hong Kong	港幣 HK\$ 100,000	100%	物業投資 Property investment

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

23. 投資於附屬公司 / 附屬公司欠款 - 續

(i) 投資於附屬公司 - 續

於年結日或本年度任何時間內所有附屬公司並無發行任何債務資本。

董事認為以上陳列集團的附屬公司是主要影響年度業績或佔集團的淨資產相當部份。董事認為詳細列出其他附屬公司會過於冗長。

(ii) 附屬公司欠款

附屬公司欠款

包括在附屬公司欠款為按揭貸款予附屬公司為港幣234,853,000元(二零一二年:港幣240,341,000元)。此貸款為有抵押及計算市場利息並於二零一四年十一月至二零一四年三月期間到期。

於二零一三年十二月三十一日及二零一二年十二月三十一日,餘下的附屬公司欠款為無抵押、不計利息,及按董事會意見,於三個月內還款。

24. 聯營公司權益

非上市股票,成本值

扣除已收股息,

應佔收購後溢利及其他全面收益

董事認為,本集團及本銀行於此等聯營公司擁有重大影響。

23. INVESTMENTS IN SUBSIDIARIES / AMOUNTS DUE FROM SUBSIDIARIES - continued

(i) Investments in subsidiaries - continued

None of the subsidiaries had any debt security subsisting at the end of the year or at any time during the year.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results of the year or form a substantial portion of the net assets of the Group. In the opinion of the directors, listing details of other subsidiaries would result in particulars of excessive length.

(ii) Amounts due from subsidiaries

	銀行 THE BANK	
	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
Amounts due from subsidiaries	235,662	248,376

Included in the amounts due from subsidiaries are mortgage loans to subsidiaries of HK\$234,853,000 (2012: HK\$240,341,000). The loans are secured and bear interest at prevailing market interest rate with maturities ranging from November 2041 to March 2042.

As at 31 December 2013 and 2012, the remaining amounts due from subsidiaries are unsecured, non-interest bearing and, in the opinion of the directors, are repayable within three months.

24. INTERESTS IN ASSOCIATES

	集團 THE GROUP		銀行 THE BANK	
	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
Unlisted shares, at cost	—	—	21,500	21,500
Share of post-acquisition profits and other comprehensive income net of dividends received	199,437	182,970	—	—
	199,437	182,970	21,500	21,500

The directors consider the Group and the Bank have significant influence over these entities.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

24. 聯營公司權益 - 續

24. INTERESTS IN ASSOCIATES - continued

於二零一三年及二零一二年十二月三十一日，本集團於下列聯營公司所佔權益如下：

As at 31 December 2013 and 2012, the Group had interests in the following associates:

公司名稱 Name of company	註冊成立及 營業地點 Place of incorporation and operation	所持股份 種類 Class of share held	所佔 擁有權 Ownership interest	所佔 投票權 Proportion of voting power (附註 Note)	業務性質 Nature of business
銀聯控股有限公司	香港	普通股			投資控股及退休計劃之信託、 管理與託管服務
Bank Consortium Holding Limited	Hong Kong	Ordinary	13.3%	14.3%	Investment holding and provision of trustee, administration and custodian services for retirement schemes
銀和再保險有限公司	香港	普通股			分保
BC Reinsurance Limited	Hong Kong	Ordinary	21.0%	21.0%	Reinsurance
香港人壽保險有限公司	香港	普通股			壽險服務
Hong Kong Life Insurance Limited	Hong Kong	Ordinary	16.7%	16.7%	Life insurance underwriting
網聯有限公司	香港	普通股			網上服務
Net Alliance Co., Limited	Hong Kong	Ordinary	17.6%	15.0%	Provision of internet services

附註：本集團能夠對所有有關個體行使重大影響，因本集團有權在公司股東協議中規定的條款下在有關公司從五名董事中委任一名至八名董事中委任的兩名董事。

Note: The Group is able to exercise significant influence over all of these entities because it has the power to appoint one out of five to two out of eight directors of these companies under the provisions stated in the shareholder's agreements.

所有有關的聯營公司於此綜合財務報表均以權益會計法入賬。

All of these associates are accounted for using the equity method in these consolidated financial statements.

本集團應佔其聯營公司權益之個別非重大總額之概括財務資料詳列如下：

The summarised financial information below represent the aggregate amount of the Group's share of its interests in associates which are not individually material:

		2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
其他全面收益	Other comprehensive income	464	430
全面收益總額	Total comprehensive income	32,567	36,458
除稅後溢利	Profit after tax	32,103	36,028

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

24. 聯營公司權益 - 續

對於聯營公司以現金股息的形式將資金轉移至本集團或由本集團償還貸款的能力並沒有重大限制，除了香港人壽保險需按照香港保險公司（償付準備金）規例要求維持淨資產不低於的償付能力充足率之 150% 會有可能引致資金轉移的限制。

24. INTERESTS IN ASSOCIATES - continued

There are no significant restrictions on the ability of the associates to transfer funds to the Group in the form of cash dividends, or to repay loans or advances made by the Group, except for Hong Kong Life Insurance Limited which has to maintain net assets of not less than 150% of the required margin of solvency which is determined in accordance with the Hong Kong Insurance Companies (Margin of Solvency) Regulations and which may trigger restrictions to fund transfer.

25. 待出售之資產

於二零一三年十月二十五日，本集團及本銀行就出售之前持有作自用的香港物業與最終控股公司達成買賣協議。有關出售詳情列於附註 43。於二零一三年十二月三十一日，本銀行董事會認為此出售有很大機會於一年內完成及確保確認為完成出售。買賣協議中的對價為港幣 22.3 億元並超過物業於二零一三年十二月三十一日的賬面值。

25. ASSETS HELD FOR SALE

On 25 October 2013, the Group and the Bank entered into a sale and purchase agreement with the ultimate holding company for disposal of a property in Hong Kong previously held for own use. Details of the disposal are set out in note 43. As at 31 December 2013, the directors of the Bank considered that it was highly probable that the sale would be completed and qualify for recognition as a completed sale within one year. The consideration in the sales and purchase agreement was HK\$2,230 million which exceeds the carrying value of the property as at 31 December 2013.

待出售之資產的賬面值包括：

The carrying amount of assets held for sale comprises:

		集團 THE GROUP		銀行 THE BANK	
		2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
於香港租賃土地	Leasehold land in Hong Kong				
長期租約（剩餘年期超過五十年）	Held on long-term lease (over 50 years unexpired)	82,271	—	603,933	—
於香港的租約物業（樓宇）	Leasehold properties (building) in Hong Kong				
長期租約（剩餘年期超過五十年）	Held on long-term lease (over 50 years unexpired)	186,997	—	186,997	—
		<u>269,268</u>	<u>—</u>	<u>790,930</u>	<u>—</u>

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

26. 投資物業

26. INVESTMENT PROPERTIES

		集團 THE GROUP		銀行 THE BANK	
		2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
於一月一日	At 1 January	135,318	127,171	101,990	94,100
列入損益表之公平值淨增加	Net increase in fair value recognised in profit or loss	1,910	9,390	1,910	9,390
出售	Disposals	(1,600)	(1,500)	(1,600)	(1,500)
匯兌調整	Exchange adjustments	947	257	–	–
於十二月三十一日	At 31 December	136,575	135,318	102,300	101,990

本集團所有以營運租賃形式收取租金及 / 或待價格升值的物業是以公平值模式計量，被確認為及以投資物業入賬。

All of the Group's property interests held under operating leases to earn rentals and / or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

出售投資物業及公平值調整之淨溢利：

Net gains on disposal of and fair value adjustments on investment properties:

		2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
出售投資物業之淨溢利	Net gains on disposal of investment properties	2,327	2,816
投資物業公平值調整之淨溢利	Net gains on fair value adjustments on investment properties	1,910	9,390
		4,237	12,206

本集團所擁有之投資物業經獨立專業測量師行威格斯資產評估顧問有限公司按二零一三年十二月三十一日以直接比較方法及參考同類物業最近的成交來重估。公平值是從相類物業的可比較市場交易獲得。

Investment properties owned by the Group were revalued at 31 December 2013 by adopting the direct comparison approach and with reference to the recent transactions for similar premises by Vigers Hong Kong Limited, independent professionally qualified valuers. The fair value is mainly arrived at by reference to comparable market transactions for similar properties.

投資物業之公平值的評估是假設於報告期末時，在任何情況下，投資物業並沒有被強迫出售及其結構良好。

The fair value of investment properties is estimated based on assumptions that there would be no forced sale situation in any manner for these investment properties and the structure of these investment properties were in a reasonable condition at the end of the reporting period.

在預計物業的公平值時，最高及最好的物業使用為當前的使用狀況。

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

在評定投資物業的價值時，其中主要投入包括考慮到時間、地點及個別因素（例如：樓宇的大小及層數）的銷售單位價格，每平方呎介附港幣2,500元至港幣16,920元。銷售單位價格會隨著投資物業公平值計量的減少以同一百分比而減值，相反也是對的。

One of the key inputs used in valuing the investment properties was the unit sale rate taking into account of time, location and individual factors such as size and levels of building, which ranged from HK\$2,500 to HK\$16,920 per square feet. A decrease in the unit sale rate would result in decrease in fair value measurement of the investment properties by the same percentage decrease and vice versa.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

26. 投資物業 - 續

本集團的管理層利用適用於市場可觀察的數據來評估本集團投資物業的公平值。當第1級輸入不適用時，本集團的管理層便會外聘合資格測量師來評估本集團的投資物業。於每個報告期末，本銀行董事會與外聘合資格測量師緊密合作，共同訂立及決定適合的評估方法及第2級及第3級公平值計量的輸入。本集團的管理層會首先考慮及採用第2級輸入，此輸入為來自活躍市場可觀察的公開價格。當第2級輸入不適用時，本集團的管理層便會採用包括在第3級輸入中的評估方法。當資產的公平值重大轉變時，變動的原因便會匯報本銀行董事會。

本集團的投資物業評估方法的資料及用於決定公平值的輸入已於上述披露。

於二零一三年十二月三十一日，所有投資物業獲分類為公平值架構第3級。在年內，並無轉撥至或轉出第3級。

投資物業以經營租賃形式租出。

本集團的投資物業之賬面淨值包括：

租約物業

在香港之中期租約
(剩餘年期於十至五十年內)

在香港以外之中期租約
(剩餘年期於十至五十年內)

26. INVESTMENT PROPERTIES - continued

In estimating the fair value of the Group's investment properties, the management of the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the management of the Group engages third party qualified valuers to perform the valuation of the Group's investment properties. At the end of each reporting period, the directors of the Bank works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurement. The management of the Group will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the management of the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the directors of the Bank.

Information about the valuation techniques and inputs in determining the fair value of the Group's investment properties are disclosed above.

Investment properties are classified as Level 3 under fair value hierarchy as at 31 December 2013. There were no transfers into or out of Level 3 during the year.

The investment properties are rented out under operating leases.

The carrying amount of investment properties of the Group comprises:

	集團 THE GROUP		銀行 THE BANK	
	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
Leasehold properties				
Held in Hong Kong on medium-term lease (10 - 50 years unexpired)	102,300	101,990	102,300	101,990
Held outside Hong Kong on medium-term lease (10 - 50 years unexpired)	34,275	33,328	—	—
	<u>136,575</u>	<u>135,318</u>	<u>102,300</u>	<u>101,990</u>

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

27. 物業及設備

27. PROPERTY AND EQUIPMENT

		集團 THE GROUP				銀行 THE BANK			
		租賃土地 Leasehold land 港幣千元 HK\$'000	樓宇 Buildings 港幣千元 HK\$'000	設備 Equipment 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000	租賃土地 Leasehold land 港幣千元 HK\$'000	樓宇 Buildings 港幣千元 HK\$'000	設備 Equipment 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
成本	COST								
於二零一三年一月一日	At 1 January 2013	575,421	375,285	546,606	1,497,312	911,671	312,863	494,401	1,718,935
添置	Additions	-	6,675	26,467	33,142	-	6,675	26,036	32,711
出售	Disposals	(419)	(141)	(7,726)	(8,286)	(419)	(141)	(7,550)	(8,110)
匯兌調整	Exchange adjustments	-	406	79	485	-	406	79	485
重新分類到待出售之資產	Reclassified to assets held for sale	(83,039)	(215,122)	-	(298,161)	(609,546)	(215,122)	-	(824,668)
於二零一三年十二月三十一日	At 31 December 2013	491,963	167,103	565,426	1,224,492	301,706	104,681	512,966	919,353
累積折舊	ACCUMULATED DEPRECIATION								
於二零一三年一月一日	At 1 January 2013	101,005	62,214	405,713	568,932	98,212	59,853	362,087	520,152
折舊	Depreciation	10,974	7,526	36,378	54,878	6,232	5,800	32,950	44,982
出售後註銷	Eliminated on disposals	(99)	(96)	(6,359)	(6,554)	(99)	(96)	(6,192)	(6,387)
匯兌調整	Exchange adjustments	-	359	68	427	-	359	68	427
重新分類到待出售之資產	Reclassified to assets held for sale	(768)	(28,125)	-	(28,893)	(5,613)	(28,125)	-	(33,738)
於二零一三年十二月三十一日	At 31 December 2013	111,112	41,878	435,800	588,790	98,732	37,791	388,913	525,436
賬面淨值	CARRYING AMOUNTS								
於二零一三年十二月三十一日	At 31 December 2013	380,851	125,225	129,626	635,702	202,974	66,890	124,053	393,917
於二零一三年一月一日	At 1 January 2013	474,416	313,071	140,893	928,380	813,459	253,010	132,314	1,198,783

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

27. 物業及設備 - 續

27. PROPERTY AND EQUIPMENT - continued

		集團 THE GROUP				銀行 THE BANK			
		租賃土地 Leasehold land 港幣千元 HK\$'000	樓宇 Buildings 港幣千元 HK\$'000	設備 Equipment 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000	租賃土地 Leasehold land 港幣千元 HK\$'000	樓宇 Buildings 港幣千元 HK\$'000	設備 Equipment 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
成本	COST								
於二零一二年一月一日	At 1 January 2012	562,418	372,392	505,334	1,440,144	911,671	312,863	452,382	1,676,916
添置	Additions	13,003	2,893	54,209	70,105	-	-	51,599	51,599
出售	Disposals	-	-	(13,308)	(13,308)	-	-	(9,949)	(9,949)
匯兌調整	Exchange adjustments	-	-	371	371	-	-	369	369
於二零一二年十二月三十一日	At 31 December 2012	575,421	375,285	546,606	1,497,312	911,671	312,863	494,401	1,718,935
累積折舊	ACCUMULATED DEPRECIATION								
於二零一二年一月一日	At 1 January 2012	90,078	53,963	377,135	521,176	91,860	53,314	336,169	481,343
折舊	Depreciation	10,927	8,251	40,031	59,209	6,352	6,539	34,624	47,515
出售後註銷	Eliminated on disposals	-	-	(11,441)	(11,441)	-	-	(8,694)	(8,694)
匯兌調整	Exchange adjustments	-	-	(12)	(12)	-	-	(12)	(12)
於二零一二年十二月三十一日	At 31 December 2012	101,005	62,214	405,713	568,932	98,212	59,853	362,087	520,152
賬面淨值	CARRYING AMOUNTS								
於二零一二年十二月三十一日	At 31 December 2012	474,416	313,071	140,893	928,380	813,459	253,010	132,314	1,198,783

以上的物業及設備是按以下
年率的直線折舊法計算：

The above items of property and equipment are depreciated on a straight-line basis at the following rates per annum:

租賃土地	租賃土地之租賃期 由三十三年至 九百二十九年	Leasehold land	Over the lease term of the leasehold land ranging from 33 to 929 years
樓宇	使用年期大約五十 年或樓宇位於的 土地之租賃期由 三十三年至九百 二十九年，兩者 中的較短者	Buildings	Over its estimated useful life of 50 years or the remaining lease period of the land which it is situated ranging from 33 to 929 years, whichever is the shorter
設備	10% - 20%	Equipment	10% - 20%

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

27. 物業及設備 - 續

上列的租賃土地之賬面淨值包括：

27. PROPERTY AND EQUIPMENT - continued

The carrying amounts of leasehold land shown above comprise:

		集團 THE GROUP		銀行 THE BANK	
		2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
於香港租賃土地：	Leasehold land in Hong Kong:				
長期租約 (剩餘年期超過五十年)	Held on long-term lease (over 50 years unexpired)	40,586	123,565	40,586	645,751
中期租約 (剩餘年期於十至五十年內)	Held on medium-term lease (10 - 50 years unexpired)	339,355	349,912	161,478	166,769
於香港以外租賃土地：	Leasehold land outside Hong Kong:				
中期租約 (剩餘年期於十至五十年內)	Held on medium-term lease (10 - 50 years unexpired)	910	939	910	939
		<u>380,851</u>	<u>474,416</u>	<u>202,974</u>	<u>813,459</u>

上列的樓宇之賬面淨值包括：

The carrying amounts of buildings shown above comprise:

		集團 THE GROUP		銀行 THE BANK	
		2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
租約物業 (樓宇)	Leasehold properties (building)				
在香港長期租約 (剩餘年期超過五十年)	Held in Hong Kong on long-term lease (over 50 years unexpired)	9,565	193,771	9,565	193,771
在香港中期租約 (剩餘年期於十至五十年內)	Held in Hong Kong on medium-term lease (10-50 years unexpired)	108,911	112,480	50,576	52,419
在香港以外中期租約 (剩餘年期於十至五十年內)	Held outside Hong Kong on medium-term lease (10-50 years unexpired)	6,749	6,820	6,749	6,820
		<u>125,225</u>	<u>313,071</u>	<u>66,890</u>	<u>253,010</u>

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

28. 預付土地租金

本集團的預付土地租金包括：

成本
於香港以外：
租約於十至五十年
賬面淨值於一月一日
預付經營租賃租金之釋放
匯兌調整
賬面淨值於十二月三十一日
分析：
流動部份
非流動部份
總額

28. PREPAID LEASE PAYMENTS FOR LAND

The Group's prepaid lease payments for land comprise:

集團及銀行 THE GROUP AND THE BANK	
2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
COST	
Outside Hong Kong held on:	
Leases of between 10 to 50 years	2,850
Net book value at 1 January	2,423
Release of prepaid operating lease payments	(66)
Exchange adjustments	46
Net book value at 31 December	2,403
Analysed as:	
Current portion	66
Non-current portion	2,337
Total	2,403

29. 於回購協議下出售之金融資產

以抵押品類別分析：
債務證券被分類為：
可供出售（附註 21）
持至到期日（附註 21）

29. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

集團及銀行 THE GROUP AND THE BANK	
2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
Analysed by collateral type:	
Debt securities classified as:	
Available-for-sale (Note 21)	1,115,597
Held-to-maturity (Note 21)	141,060
	1,256,657

於二零一三年十二月三十一日，被分類為可供出售之債務證券及持至到期日之債務證券的賬面值分別為港幣 1,287,098,000 元（二零一二年：港幣 393,490,000 元）及港幣 156,463,000 元（二零一二年：港幣 117,621,000 元），已根據回購協議售予其他銀行。所有回購協議於報告期末十二個月內到期。

As at 31 December 2013, debt securities which are classified as available-for-sale and held-to-maturity with carrying amount of HK\$1,287,098,000 (2012: HK\$393,490,000) and HK\$156,463,000 (2012: HK\$117,621,000) respectively were sold under repurchase agreements with other banks. All repurchase agreements are due within 12 months from the end of the reporting period.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

30. 客戶存款

30. DEPOSITS FROM CUSTOMERS

		集團及銀行 THE GROUP AND THE BANK	
		2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
活期存款及往來賬戶	Demand deposits and current accounts	5,891,753	5,238,918
儲蓄存款	Savings deposits	22,064,051	21,557,659
定期、即時及通知存款	Time, call and notice deposits	43,209,100	40,712,171
		<u>71,164,904</u>	<u>67,508,748</u>

31. 存款證

31. CERTIFICATES OF DEPOSIT

於二零一三年十二月三十一日，本集團及本銀行發行以攤銷成本計算之存款證，其賬面總值為港幣563,003,000元（二零一二年：港幣667,636,000元）。此等存款證的年利率由1.24585%至1.65%不等，將於二零一四年到期。所有已發行的存款證均沒有以抵押品作抵押。

The Group and the Bank have issued certificates of deposit which are measured at amortised cost with a total carrying amount of HK\$563,003,000 as at 31 December 2013 (2012: HK\$667,636,000). Certificates of deposit bear interest at rates between 1.24585% to 1.65% per annum and will mature in 2014. All certificates of deposit issued are not secured by any collateral.

32. 借貸資本

32. LOAN CAPITAL

		集團及銀行 THE GROUP AND THE BANK	
		2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
於2020年到期之2.25億美元 固定息率後償票據以公平值對沖 (已作利率風險對沖調整) (附註(a)及(b))	US\$225 million fixed rate subordinated note due 2020 under fair value hedge (after adjustment of hedged interest rate risk) (Notes (a) & (b))	<u>1,766,436</u>	<u>1,898,957</u>

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

32. 借貸資本 - 續

附註：

(a) 此票面值為 225,000,000 美元
的後償票據於二零一零年十一月
五日發行，被評定為次級資本。
此票據將於二零二零年十一月
四日到期。如於二零一三年
一月一日或之後任何時間，
由於監管機構規定轉變，此票
據不再完全符合本銀行類別 II
- 附加資本中的後償票據，本
銀行有權及在香港金融管理局
書面預先批准下，對票據持有
者發出「狀況轉變通知書」以
轉變票據狀況。當「狀況轉變
通知書」生效時，此票據從這
時開始建立非後償票據條例
及票據的年息率由 6% 下降至
5.5%。由於沒有發出「狀況轉
變通知書」，票據的年息率保
持為 6%。

(b) 已發行的後償票據沒有以任何
抵押品作抵押。

32. LOAN CAPITAL - continued

Notes:

(a) This represented a subordinated note qualifying as tier 2 capital with face value of US\$225,000,000 issued on 5 November 2010. The note will mature on 4 November 2020. If at any time (on or) after 1 January 2013, the note no longer fully qualifies as term subordinated debt for inclusion in Category II - Supplementary Capital of the Bank upon changes to regulatory requirements, the Bank may, at its option and subject to the prior written approval of the HKMA, exercise a change of the status of the note by serving the "Change in Status Notice" to the noteholders. Upon a "Change in Status Notice" becoming effective, the note shall thereafter constitute unsubordinated obligations and the rate of interest on the note shall be reduced from 6% per annum to 5.5% per annum. As "Change in Status Notice" has not been served, the rate of interest on the note remains at 6% per annum.

(b) The subordinated note issued is not secured by any collateral.

33. 股本

法定股本：

600,000,000 股，
每股面值港幣 0.50 元

發行及已繳足股本：

435,000,000 股，
每股面值港幣 0.50 元

33. SHARE CAPITAL

Authorised:

600,000,000 shares of HK\$0.50 each

Issued and fully paid:

435,000,000 shares of HK\$0.50 each

2013 & 2012
港幣千元
HK\$'000

300,000

217,500

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

34. 儲備

34. RESERVES

銀行	THE BANK	股本溢價 Share premium 港幣千元 HK\$'000	投資 重估儲備 Investment revaluation reserve 港幣千元 HK\$'000	公積金 General reserve 港幣千元 HK\$'000	換算儲備 Translation reserve 港幣千元 HK\$'000	法定儲備 Regulatory reserve 港幣千元 HK\$'000	保留溢利 Retained profits 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於二零一三年一月一日	At 1 January 2013	1,542,817	143,607	1,378,500	22,526	387,000	3,278,384	6,752,834
年度溢利	Profit for the year	-	-	-	-	-	515,945	515,945
可隨後重新分類至損益表之項目：	Items that may be reclassified subsequently to profit or loss:							
因折算之外匯調整	Exchange differences arising from translation	-	-	-	13,850	-	-	13,850
本年度可供出售證券其公平值調整之虧損	Fair value losses on available-for-sale securities during the year	-	(6,348)	-	-	-	-	(6,348)
關於可供出售證券公平值調整之所得稅影響	Income tax effect relating to fair value change of available-for-sale securities	-	891	-	-	-	-	891
其他全面（支出）收益	Other comprehensive (expense) income	-	(5,457)	-	13,850	-	-	8,393
年度全面（支出）收益總額	Total comprehensive (expense) income for the year	-	(5,457)	-	13,850	-	515,945	524,338
已派中期股息	Interim dividend paid	-	-	-	-	-	(60,900)	(60,900)
已派末期股息	Final dividend paid	-	-	-	-	-	(152,250)	(152,250)
於保留溢利中特別指定之法定儲備	Earmark of retained profits as regulatory reserve	-	-	-	-	54,000	(54,000)	-
於二零一三年十二月三十一日	At 31 December 2013	1,542,817	138,150	1,378,500	36,376	441,000	3,527,179	7,064,022

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

34. 儲備 - 續

34. RESERVES - continued

銀行	THE BANK	股本溢價 Share premium 港幣千元 HK\$'000	投資 重估儲備 Investment revaluation reserve 港幣千元 HK\$'000	公積金 General reserve 港幣千元 HK\$'000	換算儲備 Translation reserve 港幣千元 HK\$'000	法定儲備 Regulatory reserve 港幣千元 HK\$'000	保留溢利 Retained profits 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於二零一二年一月一日	At 1 January 2012	1,542,817	253	1,378,500	18,195	408,000	2,959,661	6,307,426
年度溢利	Profit for the year	-	-	-	-	-	497,823	497,823
可隨後重新分類至損益表之項目：	Items that may be reclassified subsequently to profit or loss:							
因折算之外匯調整	Exchange differences arising from translation	-	-	-	4,331	-	-	4,331
本年度可供出售證券其公平值調整之溢利	Fair value gains on available-for-sale securities during the year	-	171,714	-	-	-	-	171,714
因出售可供出售證券而導致重新分類到損益表之金額	Amount reclassified to the profit or loss upon disposal of available-for-sale securities	-	(468)	-	-	-	-	(468)
關於出售可供出售證券之所得稅影響	Income tax effect relating to disposal of available-for-sale securities	-	77	-	-	-	-	77
關於可供出售證券公平值調整之所得稅影響	Income tax effect relating to fair value change of available-for-sale securities	-	(27,969)	-	-	-	-	(27,969)
其他全面收益	Other comprehensive income	-	143,354	-	4,331	-	-	147,685
年度全面收益總額	Total comprehensive income for the year	-	143,354	-	4,331	-	497,823	645,508
已派中期股息	Interim dividend paid	-	-	-	-	-	(47,850)	(47,850)
已派末期股息	Final dividend paid	-	-	-	-	-	(152,250)	(152,250)
釋放特別指定之法定儲備至保留溢利	Release of regulatory reserve to retained profits	-	-	-	-	(21,000)	21,000	-
於二零一二年十二月三十一日	At 31 December 2012	1,542,817	143,607	1,378,500	22,526	387,000	3,278,384	6,752,834

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

34. 儲備 - 續

本銀行於二零一三年十二月三十一日之可派發予擁有人之儲備包括保留溢利為港幣 3,232,105,000 元(二零一二年:港幣 2,807,472,000 元)及公積金為港幣 1,378,500,000 元(二零一二年:港幣 1,378,500,000 元)。

法定儲備之成立乃為符合香港金融管理局之要求及法定儲備派發予本銀行擁有人前須諮詢香港金融管理局之意見。

公積金包括以往年度保留溢利之調撥。

投資重估儲備代表於其他全面收益中確認之可供出售投資的重估累積溢利及虧損。當出售此可供出售投資或此可供出售投資確定被減值時，其淨額便會重新分類至損益表。

因本集團海外業務之淨資產由本位幣折算至呈列貨幣(即港幣)而產生之外匯調整，會直接於其他全面收益中確認及於換算儲備中累積。當出售海外業務時，此累積在換算儲備中的外匯調整便會重新分類至損益表。

34. RESERVES - continued

The Bank's reserves available for distribution to owners as at 31 December 2013 comprised retained profits of HK\$3,232,105,000 (2012: HK\$2,807,472,000) and general reserve of HK\$1,378,500,000 (2012: HK\$1,378,500,000).

The regulatory reserve is set up in compliance with the HKMA's requirements and is distributable to owners of the Bank subject to consultation with the HKMA.

The general reserve is comprised of transfers from previous years' retained profits.

The investment revaluation reserve represents cumulative gains and losses arising on the revaluation of available-for-sale investments that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those available-for sale investments are disposed of or are determined to be impaired.

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Hong Kong dollars) are recognised directly in other comprehensive income and accumulated in the translation reserve. Such exchange differences accumulated in the translation reserve are reclassified to profit or loss on the disposal of the foreign operations.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

35. 遞延稅項

以綜合財務報表的呈列為由，部份遞延稅項資產及遞延稅項負債已被對銷。根據財務報告，遞延稅項總額分析如下：

35. DEFERRED TAXATION

For the purpose of presentation in the statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

		集團 THE GROUP	
		2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
遞延稅項資產	Deferred tax assets	1,501	1,502
遞延稅項負債	Deferred tax liabilities	(25,661)	(23,574)
		<u>(24,160)</u>	<u>(22,072)</u>

		銀行 THE BANK	
		2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
遞延稅項資產	Deferred tax assets	1,316	1,502
遞延稅項負債	Deferred tax liabilities	(14,851)	(15,129)
		<u>(13,535)</u>	<u>(13,627)</u>

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

35. 遞延稅項 - 續

本年度及上年度已確認之主要遞延稅項資產（負債）及其變動如下：

35. DEFERRED TAXATION - continued

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior reporting year:

集團	THE GROUP	稅項折舊 Accelerated tax depreciation 港幣千元 HK\$'000	集體評估之 減值準備 Collectively assessed impairment allowance 港幣千元 HK\$'000	投資物業 Investment properties 港幣千元 HK\$'000	可供出售之 證券重估 Revaluation of available- for-sale securities 港幣千元 HK\$'000	退休福利 計劃重估 Remeasurement of retirement benefits 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於二零一三年一月一日	At 1 January 2013	(11,387)	26,531	(2,909)	(32,613)	(1,694)	(22,072)
是年度於損益表內（列入）回撥 （附註 15）	(Charge) credit to profit or loss for the year (Note 15)	(4,188)	3,253	(1,928)	-	-	(2,863)
是年度於其他全面收益中回撥	Credit to other comprehensive income for the year	-	-	-	775	-	775
於二零一三年十二月三十一日	At 31 December 2013	<u>(15,575)</u>	<u>29,784</u>	<u>(4,837)</u>	<u>(31,838)</u>	<u>(1,694)</u>	<u>(24,160)</u>
於二零一二年一月一日	At 1 January 2012	(10,540)	27,869	(2,874)	(2,797)	(1,694)	9,964
是年度於損益表內列入 （附註 15）	Charge to profit or loss for the year (Note 15)	(847)	(1,338)	(35)	-	-	(2,220)
是年度於其他全面收益中列入	Charge to other comprehensive income for the year	-	-	-	(29,816)	-	(29,816)
於二零一二年十二月三十一日	At 31 December 2012	<u>(11,387)</u>	<u>26,531</u>	<u>(2,909)</u>	<u>(32,613)</u>	<u>(1,694)</u>	<u>(22,072)</u>

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

35. 遞延稅項 - 續

35. DEFERRED TAXATION - continued

	稅項折舊 Accelerated tax depreciation 港幣千元 HK\$'000	集體評估之 減值準備 Collectively assessed impairment allowance 港幣千元 HK\$'000	可供出售之 證券重估 Revaluation of available- for-sale securities 港幣千元 HK\$'000	退休福利 計劃重估 Remeasurement of retirement benefits 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
銀行					
於二零一三年一月一日					
是年度於損益表內(列入)回撥					
是年度於其他全面收益中回撥					
於二零一三年十二月三十一日					
於二零一二年一月一日					
是年度於損益表內列入					
是年度於其他全面收益中列入					
於二零一二年十二月三十一日					
THE BANK					
At 1 January 2013	(11,188)	26,531	(27,276)	(1,694)	(13,627)
(Charge) credit to profit or loss for the year	(4,052)	3,253	-	-	(799)
Credit to other comprehensive income for the year	-	-	891	-	891
At 31 December 2013	(15,240)	29,784	(26,385)	(1,694)	(13,535)
At 1 January 2012	(9,930)	27,869	616	(1,694)	16,861
Charge to consolidated statement of profit or loss for the year	(1,258)	(1,338)	-	-	(2,596)
Charge to other comprehensive income for the year	-	-	(27,892)	-	(27,892)
At 31 December 2012	(11,188)	26,531	(27,276)	(1,694)	(13,627)

在中華人民共和國企業所得稅法下，由二零零八年一月一日起，需就於中華人民共和國的銀行分行的分配溢利徵收預提稅。因為本集團有能力控制於中華人民共和國的分行之累積溢利所產生的臨時差額為港幣 274,804,000 元(二零一二年：港幣 209,801,000 元)，及有關臨時差額很大可能不會於可預期的將來作出回撥，所以有關的遞延稅項並沒有於綜合財務報表中作準備。

Under the Enterprise Income Tax Law of the PRC, withholding tax is imposed on profits distributed by the Bank's PRC branch from 1 January 2008 onwards. Deferred taxation has not been provided in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC branch amounting to HK\$274,804,000 (2012: HK\$209,801,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

36. 股份期權計劃

本銀行已根據二零一二年五月九日通過之決議案採納新的股份期權計劃（「新股份期權計劃」），主要旨在為董事及合資格僱員提供激勵及獎賞，以及取代於二零一二年四月二十四日屆滿的股份期權計劃。新股份期權計劃的條款與該已屆滿的股份期權計劃相似。根據新股份期權計劃，本銀行董事會可向合資格人士（包括本銀行及其附屬公司之董事及僱員）授出股份期權，以供認購本銀行股份。

未經本銀行股東核准，根據新股份期權計劃授出之股份期權所涉股份，不得超過新股份期權計劃採納當日本銀行已發行股份的10%。在截至新股份期權的授出日期（包括該日）止之十二個月期間內，向任何人士授出或將予授出之股份期權（包括已行使、已註銷及尚未行使之股份期權，但不包括已失效之股份期權）獲悉數行使後而發行或將予發行的股份總數，不得超過本銀行授出新股份期權當日已發行股份的1%。本銀行可授出超逾該限額的股份期權，除其他事項外，有關擬授出的股份期權應於另行召開的股東大會尋求股東批准，而於會上該名擬獲授股份期權的承授人及其聯繫人士（定義見《香港聯合交易所證券上市規則》）必須放棄投票。

授出的股份期權須於要約日期起計二十八天內接納，對價為每份股份期權港幣十元，而其行使期不得超過有關股份期權授出日期起計十年。股份期權的行使價由本銀行董事會根據本銀行股份於要約日期的收市價、緊接要約日期前五個營業日的股份平均收市價及股份面值三者之最高者釐定。

新股份期權計劃在採納以來並未授出任何股份期權。

36. SHARE OPTION SCHEME

The Bank adopted a new share option scheme (the "New Scheme") pursuant to a resolution passed on 9 May 2012 for the primary purpose of providing incentives to directors and eligible employees and to replace the share option scheme which expired on 24 April 2012. The terms of the New Scheme are similar to those of the expired scheme. Under the New Scheme, the Board of Directors of the Bank may grant options to eligible persons, including directors and employees of the Bank and its subsidiaries, to subscribe for shares in the Bank.

The total number of shares in respect of which options may be granted under the New Scheme is not permitted to exceed 10% of the shares of the Bank in issue at the date of approval of the Scheme, without prior approval from the Bank's shareholders. No option may be granted to any person which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of the option already granted and to be granted to such person (including exercised, cancelled and outstanding options but excluding lapsed options) in the 12-month period up to and including the date of such new grant exceeding 1% of the shares in issue as at the date of such new grant, provided that options may be issued in excess of such limit if, among other things, such grant shall have been separately approved by shareholders of the Bank in a general meeting at which that proposed grantee and his associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) shall have abstained for voting.

Options granted must be taken up within 28 days of the date of offer, upon payment of HK\$10 per option, and the exercise period shall not in any event be longer than 10 years from the date of grant of the relevant options. The exercise price is determined by the Board of Directors of the Bank, and will be the highest of the closing price of the Bank's shares on the date of offer, the average closing price of the shares for the five business days immediately preceding the date of offer and the nominal value of the shares.

No options have been granted under the New Scheme since it was adopted.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

37. 高級人員之貸款

茲依據香港《公司條例》第161B條之規定，公佈有關高級人員之貸款結餘總額（已包含在附註22「客戶貸款」中）：

二零一三年

此等貸款的利率由百分之零至最優惠利率加百分之十不等。董事及行政人員之貸款中有為數港幣82,487,000元是有抵押貸款。這些抵押品主要有物業、證券及定期存款。

37. LOANS TO OFFICERS

The aggregate relevant loans to officers, included in “advances to customers” in note 22, and disclosure pursuant to Section 161B of the Hong Kong Companies Ordinance are as follows:

集團及銀行 THE GROUP AND THE BANK		
全部有關貸款戶口之 結餘總額 Aggregate balance of all relevant loans outstanding	年內有關貸款戶口之 最高結餘總額 Maximum aggregate balance of relevant loans during the year	
於一月一日 at January 1	於十二月三十一日 at December 31	
港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
<u>94,318</u>	<u>184,092</u>	<u>199,228</u>

The loans bear interest at rates ranging from 0% to prime rate plus 10%. Included in the loans to officers are loans of HK\$82,487,000 secured by collateral. The collateral consists mainly of properties, securities and fixed deposits.

38. 商譽

成本
於一月一日及十二月三十一日
減值
於一月一日及十二月三十一日
賬面淨值
於十二月三十一日

38. GOODWILL

COST
At 1 January and 31 December
IMPAIRMENT
At 1 January and 31 December
CARRYING VALUES
At 31 December

2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
<u>110,606</u>	<u>110,606</u>
<u>60,000</u>	<u>60,000</u>
<u>50,606</u>	<u>50,606</u>

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

38. 商譽 - 續

本集團購買創興保險有限公司全部發行股本。因為收購而產生的商譽為港幣 110,606,000 元。

截至二零一三年十二月三十一日止年度，管理層已檢討商譽的減值測試。檢討內容包括比較被購買的附屬公司之賬面值及使用值（最少之現金賺取單位），以分配商譽。該被購買的附屬公司是從事保險業務的。

使用值的計算是根據附屬公司的管理層已審閱的三年財務預算中現金流動預測和三年期末的評估終值。於已審閱預測和評估終值所覆蓋期間，現金流動預測的準備是包括一些假設和評估。主要假設包括預期收入增長（增長率 3.5% 至 4%）和折算率的選擇（12%）。

使用值是折算預期未來的現金流動計算所得的。

截至二零一三年及二零一二年十二月三十一日止年度，本集團的管理層決定無商譽減值。

38. GOODWILL - continued

The Group acquired 100% of issued share capital of Chong Hing Insurance Company Limited. The amount of goodwill arising as a result of acquisition was HK\$110,606,000.

For the year ended 31 December 2013, management has reviewed goodwill for impairment testing purpose. The review comprised a comparison of the carrying amount and value in use of an acquired subsidiary (the smallest cash-generating unit) to which the goodwill has been allocated. The acquired subsidiary is involved in insurance business.

The value in use calculations primarily use cash flow projections based on three-year financial budgets approved by management of the subsidiary and estimated terminal value at the end of the three year period. There are a number of assumptions and estimates involved for the preparation of cash flow projections for the period covered by the approved budget and the estimated terminal value. Key assumptions include the expected growth in revenues (growth rate at 3.5% to 4%) and selection of discount rate (12%).

Value in use is derived at by discounting the expected future cash flows.

The management of the Group determines that there is no impairment loss on the goodwill for the year ended 31 December 2013 and 2012.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

39. 或有負債及承擔

39. CONTINGENT LIABILITIES AND COMMITMENTS

		集團 THE GROUP		銀行 THE BANK	
		2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
或有負債及承擔 - 約定數額	Contingent liabilities and commitments - contractual amounts				
直接信用代替品	Direct credit substitutes	1,041,747	1,077,350	1,041,747	1,077,350
與貿易有關之或有項目	Trade-related contingencies	479,056	425,309	479,056	425,309
遠期資產買入	Forward asset purchases	7,049	7,864	7,049	7,864
未動用之正式備用信貸、 信貸額度及其他承擔：	Undrawn formal standby facilities, credit lines and other commitments:				
可無條件取消而不需作事前通知者	Which are unconditionally cancellable without prior notice	6,864,582	6,913,604	6,864,582	6,913,604
原到期日於一年與一年以下	With an original maturity of one year and under	8,212,601	8,137,008	8,212,601	8,137,008
原到期日於一年以上	With an original maturity of over one year	1,899,267	2,420,887	1,899,267	2,420,887
租金承擔	Lease commitments	55,424	58,515	103,266	118,569
		<u>18,559,726</u>	<u>19,040,537</u>	<u>18,607,568</u>	<u>19,100,591</u>

或有負債及承擔之加權信貸風險金額為港幣 3,196,283,000 元（二零一二年：港幣 3,507,559,000 元）。

The credit risk weighted amount of contingent liabilities and commitments is HK\$3,196,283,000 (2012: HK\$3,507,559,000).

加權信貸風險金額是按照「標準計算法」計算。計算加權信貸風險金額所採用之風險比重為 0% 至 100%（二零一二年：0% 至 100%）並按照《銀行業（資本）規則》作評估。

The credit risk weighted amount is calculated based on “standardised approach”. The risk weights used in the computation of credit risk weighted amounts range from 0% to 100% (2012: 0% to 100%) which is assessed in accordance with the Banking (Capital) Rules.

直接信用代替品包括由本集團及本銀行發出之融資擔保。

Direct credit substitutes include financial guarantees given by the Group and the Bank.

大部份的或有負債及承擔是以港幣作為單位。

Most of contingent liabilities and commitments are denominated in Hong Kong dollars.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

39. 或有負債及承擔 - 續

於報告期末，本集團不可撤銷之租賃物業營運租約之未來最低租金支出根據到期情況分析如下：

一年內
第二至第五年內
(包括首尾兩年)
五年以上

39. CONTINGENT LIABILITIES AND COMMITMENTS - continued

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

集團 THE GROUP		銀行 THE BANK	
2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
26,614	24,416	38,825	36,628
28,810	33,627	64,441	81,469
—	472	—	472
<u>55,424</u>	<u>58,515</u>	<u>103,266</u>	<u>118,569</u>

營運租約租金指本集團部份辦公室之應付租金。租約內租金固定不變及平均長達三年。

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of three years and rentals are fixed.

於報告期末，資本承擔結餘如下：

Capital commitments outstanding at the end of the reporting period are as follows:

已簽約但未於綜合財務賬上撥備之物業及設備的資本承擔

Capital expenditure contracted for but not provided in the consolidated financial statements in respect of property and equipment

集團及銀行 THE GROUP AND THE BANK	
2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
<u>7,049</u>	<u>7,864</u>

於報告期末，本集團以出租人身份與租戶簽訂之租約，未來應收最低租金列明如下：

At the end of the reporting period, the Group as lessor had contracted with tenants for the following future minimum lease payments:

一年內
第二至第五年內
(包括首尾兩年)
五年以後

Within one year
In the second to fifth years
inclusive
After five years

集團 THE GROUP		銀行 THE BANK	
2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
16,077	14,881	23,767	23,051
1,901	15,954	3,716	24,557
2,730	—	—	—
<u>20,708</u>	<u>30,835</u>	<u>27,483</u>	<u>47,608</u>

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

40. 退休福利計劃

本集團於報告期末共實行兩個退休計劃，包括自一九九五年起根據《職業退休計劃條例》登記之供款計劃（「原有計劃」）及免供款既定福利退休計劃（「原有計劃（既定福利）」）。而自二零零零年十二月起根據《強制性公積金計劃條例》成立之強制性公積金計劃（「強積金計劃」）。在強積金計劃成立前，原有計劃成員之員工可留在原有計劃或轉為加入強積金計劃，然而所有在二零零零年十二月或以後加入本集團之新員工則須參加強積金計劃。大部份員工均選擇參與強積金計劃以取代原有計劃（「參與人士」）。強積金計劃之資產由獨立信託人控制之基金持有，並與本集團之資產分開。作為強積金計劃成員，員工須按其有關入息供款百分之五，而本集團之供款則視乎員工服務年資而按其有關入息計算百分之五至十。

本集團為所有合資格員工提供原有計劃（既定福利）。在原有計劃（既定福利）下，員工年屆五十五歲退休年齡，有權提取之退休福利金額為其銀行供款總額百分之零至一百。員工於退休時根據服務年資計算其有權每月提取直至死亡之退休金的幅度為最後薪酬比例百分之零至一百。

精算師韋睿惠悅顧問有限公司最近於二零一一年十二月三十一日對原有計劃（既定福利）作出精算估值。精算估值會定期（但最少三年一次）進行。於二零一三年十二月三十一日無估值作出。評估方式以預計單位基數法來計算既定福利責任的現值及現服務成本。

於二零一一年十二月三十一日，本銀行最近已正式完成獨立精算評估。其原有計劃（既定福利）的淨退休資產為港幣 10,747,000 元。

40. RETIREMENT BENEFITS SCHEME

At the end of the reporting period, the Group had two retirement schemes in operation including a defined contribution plan (the “ORSO Scheme”) and a defined benefit plan (the “ORSO (Defined benefit) Scheme”), which were both registered under the Occupational Retirement Scheme Ordinance in 1995, and a Mandatory Provident Fund Scheme (the “MPF Scheme”) established under the Mandatory Provident Fund Ordinance in December 2000. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme could stay within the ORSO Scheme or switch to the MPF Scheme, whereas all new employees joining the Group on or after December 2000 are required to join the MPF Scheme. Most of the employees enrolled in the MPF Scheme in replacement of the ORSO Scheme (the “participating members”). The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Under the MPF Scheme, the employee contributes 5% of the relevant payroll to the MPF Scheme while the Group contributes from 5% to 10% of the relevant payroll to the MPF Scheme depending on the years of service completed.

The Group operates the ORSO (Defined benefit) Scheme for qualifying employees. Under the ORSO (Defined benefit) Scheme, the employees are entitled to retirement benefits varying between 0 and 100 percent of total contributions on attainment of a retirement age of 55. Upon retirement, the employees are entitled to monthly pension until death varying between 0 and 100 percent of final salary depending on years of service completed at the time of retirement.

The most recent actuarial valuation of the ORSO (Defined benefit) Scheme was carried out as at 31 December 2011 by the qualified actuaries of Towers Watson Hong Kong Limited. The actuarial valuation is carried out periodically, but at least triennially. No valuation is carried out as at 31 December 2013. The present value of the defined benefit obligation and the current service cost have been measured using the Projected Unit Credit method.

At the date of the latest formal independent actuarial valuation made on 31 December 2011, the net retirement asset of the ORSO (Defined benefit) Scheme was HK\$10,747,000.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

40. 退休福利計劃 - 續

40. RETIREMENT BENEFITS SCHEME - continued

		2011 港幣千元 HK\$'000
於綜合損益表中確認的既定福利計劃詳列如下：	Amounts recognised in consolidated statement of profit or loss in respect of the defined benefit plans are as follow:	
福利責任的利息支出	Interest cost on benefit obligation	(610)
計劃資產的利息收入	Interest income on plan assets	1,096
淨利息收入	Net interest income	486
現服務成本	Current service cost	(59)
		<u>427</u>
於綜合損益及其他全面收益表中確認的既定福利計劃詳列如下：	Amount recognised in consolidated statement of profit or loss and other comprehensive income in respect of the defined benefit plans is as follow:	
計劃及利息中的實際回報與精算虧損的差額	Difference between actual return on plan assets and interest, and actuarial losses	<u>10,268</u>
在綜合財務狀況中本集團的既定福利計劃詳列如下：	The amount included in the consolidated statement of financial position arising from the Group's defined benefit retirement benefit plan is as follows:	
		2011 港幣千元 HK\$'000
既定福利責任的現值	Present value of defined benefit obligation	(24,073)
計劃資產的公平值	Fair value of plan assets	34,820
		<u>10,747</u>
既定福利責任的現值之轉變詳列如下：	Changes in the present value of the defined benefit obligation are as follow:	
		2011 港幣千元 HK\$'000
期初既定福利責任	Opening defined benefit obligation	25,450
利息支出	Interest cost	610
現服務成本	Current service cost	59
精算虧損 (由於財務假設轉變)	Actuarial losses (resulting from changes of financial assumptions)	502
支付福利	Benefits paid	(2,548)
期末既定福利責任	Closing defined benefit obligation	<u>24,073</u>

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

40. 退休福利計劃 - 續

計劃資產的公平值之轉變詳列如下：

期初計劃資產的公平值
利息收入
計劃資產的回報
支付福利
期末計劃資產公平值

計劃資產的主要類別以總計劃資產的公平值作百分比詳列如下：

現金
股票（附註）

附註：股票包括投資於香港聯合交易所上市的香港中華煤氣有限公司及廖創興企業有限公司的股票。

於二零一一年十二月三十一日，計劃資產中每個類別詳列如下：

存放在本銀行的存款
應收利息
於香港上市的股本證券：
香港中華煤氣有限公司
廖創興企業有限公司

股本工具的公平值是根據活躍市場中的公開價格來決定。

40. RETIREMENT BENEFITS SCHEME - continued

Changes in fair value of plan assets are as follow:

	2011 港幣千元 HK\$'000
Opening fair value of plan assets	25,502
Interest income	1,096
Return on plan assets	10,770
Benefits paid	(2,548)
Closing fair value of plan assets	<u>34,820</u>

The major categories of plan assets as a percentage of the fair value of total plan assets are as follow:

	2011 %
Cash	20
Equities (Note)	80

Note: The equities represented investments in two equity securities which are securities of The Hong Kong & China Gas Limited and Liu Chong Hing Investment Limited, which are both listed on the Hong Kong Stock Exchange.

The fair value of the plan assets as at 31 December 2011 for each category, are as follow:

	2011 港幣千元 HK\$'000
Deposits with the Bank	6,814
Interest receivable	99
Equity securities listed in Hong Kong:	
The Hong Kong & China Gas Limited	15,044
Liu Chong Hing Investment Limited	<u>12,863</u>
	<u>34,820</u>

The fair values of the equity instruments are determined based on quoted market prices in active markets.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

40. 退休福利計劃 - 續

於二零一一年十二月三十一日，此原有計劃（既定福利）的資產金額在本銀行擁有的存款戶口詳列如下：

存放在本銀行的存款

截至二零一一年十二月三十一日，原有計劃（既定福利）使本集團承擔利率風險、長壽風險及價目風險。

利率風險

既定福利計劃負債之現值乃參照香港政府外匯基金票據之收益率而決定之貼現率計算的。貼現率下跌將增加計劃負債。

長壽風險

既定福利計劃負債之現值乃參考合資格僱員就職期間及離職後死亡率之最佳估值計算的。合資格僱員之預期壽命增加將增加計劃負債。

價目風險

如上所述，於二零一一年十二月三十一日，百分之八十之資產已作兩項股本證券投資。此高集中可能使本集團於股票價格波動時承擔價格風險。

用於決定既定福利責任的主要假設如下：

貼現率（每年）

預期薪酬遞增率（每年）

預期年金遞增率（每年）

福利餘額利息（每年）

40. RETIREMENT BENEFITS SCHEME - continued

The amounts of assets of the ORSO (Defined benefit) Scheme invested in the Bank's own deposit account as at 31 December 2011 were:

Deposits with the Bank

The ORSO (Defined benefit) Scheme exposes the Group to the interest rate risk, longevity risk and price risk as at 31 December 2011.

Interest rate risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the yields of the Hong Kong Government Exchange Fund Notes. A decrease in the discount rate would increase the plan liability.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of qualifying employees both during and after their employment. An increase in the life expectancy of the qualifying employees will increase the plan's liability.

Price risk

As stated above, 80% of the assets were invested into two equity securities as at 31 December 2011. Such high concentration may expose to the Group to price risk when the equity prices fluctuate.

The significant assumptions used in determining the defined benefit obligations are shown below:

	2011 %
Discount rate (per annum)	1.5
Expected rate of salary increase (per annum)	3.0
Expected rate of pension increase (per annum)	0.0
Interest credited on welfare balance (per annum)	2.0

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

40. 退休福利計劃 - 續

當既定福利責任的重大假設轉變而產生的潛在影響，詳列如下：

貼現率
預期薪酬遞增率
預期年金遞增率
福利餘額利息

40. RETIREMENT BENEFITS SCHEME - continued

The table below indicates the potential effect of change of the significant assumptions on the defined benefit obligation:

		2011 假設的轉變 Change in assumption	
		+0.25% 港幣千元 HK\$'000	-0.25% 港幣千元 HK\$'000
貼現率	Discount rate	(547)	572
預期薪酬遞增率	Expected rate of salary increase	65	(63)
預期年金遞增率	Expected rate of pension increase	404	—
福利餘額利息	Interest credited on welfare balance	9	8

於二零一一年十二月三十一日，既定福利責任的加權平均時間為 9.3 年。

As at 31 December 2011, the weighted average duration of the defined benefit obligation is approximately 9.3 years.

本集團負責提供原有計劃（既定福利）成員中利益的成本。根據《職業退休計劃條例》，週期性基金估值是用決定本集團提供多少成本以達致供款要求。

The costs for providing benefits to the members of the ORSO (Defined benefit) Scheme are funded by the Group. The contributions required by the Group to fund the costs are determined by periodic funding valuations in accordance with the Occupational Retirement Scheme Ordinance.

根據上次於二零一一年十二月三十一日完成的原有計劃（既定福利）法定估值，於二零一一年十二月三十一日，本集團並未就原有計劃（既定福利）中的成員被提出供款要求。當下次於二零一四年十二月三十一日的原有計劃（既定福利）法定基金估值完成後，本集團的供款率或有可能改變。

As of 31 December 2011, the Group is not required to contribute to the ORSO (Defined benefit) Scheme with respect to the members of the ORSO (Defined benefit) Scheme according to the results of the last statutory funding valuation of the ORSO (Defined benefit) Scheme as at 31 December 2011. The Group's contribution rate may be subject to change when the results of the next statutory funding valuation of the ORSO (Defined benefit) Scheme as at 31 December 2014 become available.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

41. 關聯方交易

是年度本集團及本銀行與關聯方之重大交易詳列如下：

41. RELATED PARTY TRANSACTIONS

During the year, the Group and the Bank entered into the following material transactions with related parties:

		利息、佣金及租金收入 Interest, commission and rental income		利息及租金支出 Interest and rental expenses	
		2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
最終控股公司	Ultimate holding company	2,920	8,760	11,836	16,618
同系附屬公司	Fellow subsidiaries	1,641	1,175	–	–
聯營公司	Associates	24,303	19,852	3,262	3,260
主要管理人員 (附註)	Key management personnel (Note)	6,914	5,513	10,615	10,960

於報告期末，本集團及本銀行與關聯方之重大結欠情況如下：

At the end of reporting period, the Group and the Bank had the following material outstanding balances with related parties:

		貸款給關聯方 Loan to related parties		來自關聯方的存款 Deposit from related parties	
		2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
最終控股公司	Ultimate holding company	–	–	254,745	159,663
同系附屬公司	Fellow subsidiaries	36,800	34,592	–	–
聯營公司	Associates	11,503	14,337	110,166	97,147
主要管理人員 (附註)	Key management personnel (Note)	507,899	417,568	786,463	653,558

以上結欠之利息與給予一般客戶之計算方法相類。部份給予關聯方的貸款以物業、證券及定期存款作抵押。

The above outstanding balances bear interest at rates similar to those made available to non-related parties. A portion of the loans to related parties are secured with properties, securities and fixed deposits.

附註：主要管理人員包括其家屬及主要管理人員有直接或間接關係的投票權控制或共同控制的個體。

Note: Includes key management personnel, close family members of key management personnel and entity that is controlled or jointly controlled, directly or indirectly, by key management personnel.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

41. 關聯方交易 - 續

關聯方所欠款項已包括在財務狀況表中的貸款及其他賬項內。

欠關聯方款項已包括在財務狀況表中的客戶存款內。

是年度本銀行與附屬公司之重大交易詳列如下：

附屬公司

於報告期末，本銀行與附屬公司有以下之重大結欠：

附屬公司

欠附屬公司款項已包括為數港幣221,639,000元的往來賬戶（二零一二年：港幣210,175,000元）。此往來賬戶並無抵押，非利息及要求即時付還的。

41. RELATED PARTY TRANSACTIONS - continued

Amounts due from related parties are included in advances and other accounts on the statements of financial position.

Amounts due to related parties are included in deposits from customers on the statements of financial position.

During the year, the Bank entered into the following material transactions with its subsidiaries:

	利息、佣金及租金收入 Interest, commission and rental income		利息及租金支出 Interest and rental expenses		電腦服務支出 Computer service expense		股息收入 Dividend income	
	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
Subsidiaries	16,694	15,885	26,567	27,723	16,520	17,195	40,000	39,000

At the end of reporting period, the Bank had the following material outstanding balances with subsidiaries:

	附屬公司所欠款項 Amounts due from		欠附屬公司款項 Amounts due to	
	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
Subsidiaries	235,662	248,376	834,696	846,080

Included in the amounts due to subsidiaries are bank current accounts of approximately HK\$221,639,000 (2012: HK\$210,175,000). The current accounts are unsecured, non-interest bearing and repayable on demand.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

41. 關聯方交易 - 續

欠附屬公司款項已包括為數港幣14,199,000元的儲蓄存款(二零一二年:港幣13,672,000元)。此儲蓄存款並無抵押,附息以市場息率計算及要求即時付還的。

餘下的欠附屬公司款項為數港幣598,858,000元的定期存款(二零一二年:港幣622,233,000元),此定期存款並無抵押,附息以市場息率計算及一年內到期。

主要管理人員之補償

年內董事及其他管理層要員之薪酬如下:

短期僱員福利

退休福利

董事及主要管理層之薪酬乃由薪酬委員會考慮到個別人士表現及市場標準釐定。

41. RELATED PARTY TRANSACTIONS - continued

Included in the amounts due to subsidiaries are saving accounts of approximately HK\$14,199,000 (2012: HK\$13,672,000). The saving accounts are unsecured, bear interest at prevailing market interest rates and repayable on demand.

The remaining amounts due to subsidiaries are fixed deposits of approximately HK\$598,858,000 (2012: HK\$622,233,000). The fixed deposits are unsecured, bearing interest at prevailing market interest rates and mature within one year.

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

集團及銀行 THE GROUP AND THE BANK	
2013 港幣千元 HK\$'000	2012 港幣千元 HK\$'000
短期僱員福利	66,103
退休福利	4,740
	<u>70,843</u>
	<u>70,875</u>

The remuneration of directors and key management is reviewed by Remuneration Committee having regard to the performance of individuals and market trends.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

42. 資本管理

本集團採取維持雄厚資本之政策，以：

- 符合香港《銀行業條例》下《銀行業（資本）規則》下之資本要求；及
- 支持本集團之穩定及商業增長，並替股東賺取合理回報。

於二零一三年十二月三十一日及二零一二年十二月三十一日之資本充足比率，乃依據香港金融管理局法定要求以本銀行及部份附屬公司綜合計算。此規則乃根據香港《銀行業條例》下之《銀行業（資本）規則》而制定。

本集團已建立一套資本規劃程序，藉以評估資本是否足夠支持現有及未來之業務，並於考慮相關風險及本集團之策略重點及業務計劃後訂定資本充足目標。主要考慮因素包括：未來業務擴充所需之額外資本、定期執行之壓力測試結果、股息政策、收入確認及撥備政策等。

42. CAPITAL MANAGEMENT

The Group has adopted a policy of maintaining a strong capital base to:

- comply with the capital requirements under the Banking (Capital) Rules of the Hong Kong Banking Ordinance; and
- support the Group's stability and business growth so as to provide reasonable returns for shareholders.

The capital adequacy ratios as at 31 December 2013 and 31 December 2012 are computed on the consolidated basis, which includes the Bank and certain of its subsidiaries as specified by the Hong Kong Monetary Authority for its regulatory purposes, and are in accordance with the Banking (Capital) Rules of the Hong Kong Banking Ordinance.

The Group has established a capital planning process to assess the adequacy of its capital to support current and future activities and to set the Group's capital adequacy goals in relation to risk, taking into account its strategic focus and business plan. Key factors to consider in this process include additional capital required for future expansion, results of the stress test programme regularly conducted, dividend policy, income recognition and provisioning policies.

綜合財務報表之附註 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一三年十二月三十一日止年度
for the year ended 31 December 2013

43. 報告日後之事項

於二零一三年十月二十五日本銀行合資格股東接受由越秀金融控股有限公司（「越秀金融」）提出收購要約，按要約價每股港幣 35.69 元收購最多 326,250,000 股本銀行股份（佔已發行股份的 75%）。同時，本銀行與廖創興企業有限公司（「廖創興企業」）就有關創興銀行中心（「該物業」）之轉讓和租賃達成協議，本銀行中環總行大廈，根據協議，該物業以港幣 22.3 億元由本銀行轉讓予廖創興企業，而該物業的地下和其他十八樓層由廖創興企業租賃給本銀行，為期五年，而本銀行亦享有再將租賃續展五年的選擇權。本銀行以每股港幣 4.5195 元之特別中期現金股息之方式分派由物業轉讓所得的款項減去物業於二零一三年六月三十日的未經審計賬面值（此未經審計賬面值約為港幣 2.64 億元）予其股東。

於二零一四年一月八日香港金融管理局批准授予廣州越秀集團有限公司（「廣州越秀集團」），越秀企業（集團）有限公司（「越秀企業」）和越秀金融（下文統稱為「越秀」）成為本銀行股東控權人。越秀金融為越秀企業之全資附屬公司。越秀企業為廣州越秀集團之全資附屬公司。廣州越秀集團為一家在中國註冊成立、由廣州市政府實益全資擁有之國有有限責任公司。

越秀收購本銀行之控股股權，相當於本銀行已發行股本的 75%，已於二零一四年二月十四日完成。出售該物業已於二零一四年二月十九日完成及特別中期股息亦已於二零一四年二月二十日支付。

43. EVENT AFTER THE REPORTING PERIOD

On 25 October 2013, qualifying shareholders of the Bank received an acquisition offer from Yuexiu Financial Holdings Limited (“Yuexiu Financial”) for a maximum of 326,250,000 shares of the Bank (representing 75% of its shares in issue) at an offer price of HK\$35.69 per share. At the same time, the Bank and LCHI entered into an agreement in respect of the transfer and the lease of Chong Hing Bank Centre (the “Property”), the Bank’s head office building in Central, pursuant to which the Property would be transferred by the Bank to LCHI at HK\$2,230 million, and the ground floor and 18 other floors of the Property would then be leased by LCHI to the Bank for a term of five years with the option for the Bank to renew the lease for a further term of five years. The Bank would distribute the proceeds of the transfer of the Property less the unaudited carrying value of the Property as at 30 June 2013 (such unaudited carrying value being approximately HK\$264 million) to its shareholders by way of a special interim dividend of HK\$4.5195 per share in cash.

Approval was granted by the Hong Kong Monetary Authority on 8 January 2014 for each of 廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited) (“Guangzhou Yue Xiu Holdings”), Yue Xiu Enterprises (Holdings) Limited (“Yue Xiu Enterprises”) and Yuexiu Financial (hereinafter collectively referred to as “Yue Xiu”) to become a controlling shareholder of the Bank. Yuexiu Financial is a wholly-owned subsidiary of Yue Xiu Enterprises. Yue Xiu Enterprises is a wholly-owned subsidiary of Guangzhou Yue Xiu Holdings, which is a state-owned limited liability company established in the PRC beneficially wholly-owned by the Guangzhou Municipal People’s Government of the PRC.

The acquisition by Yue Xiu of a controlling shareholding interest in the Bank, amounting to 75% of the Bank’s issued share capital, was completed on 14 February 2014. On 19 February 2014, the sale of the Property was completed, and on 20 February 2014, the special interim dividend was paid.



致創興銀行有限公司股東
(於香港註冊成立的有限公司)：

本核數師(以下簡稱「我們」)已審核列載於第71頁至第214頁創興銀行有限公司(「本銀行」)及其附屬公司(統稱「本集團」)的綜合財務報表，此綜合財務報表包括於二零一二年十二月三十一日的綜合及銀行之財務狀況表與截至該日止年度的綜合損益賬、綜合全面收益表、綜合股東權益轉變表和綜合現金流動表，以及主要會計政策概要及其他附註解釋。

董事就綜合財務報表須承擔的責任

本銀行董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港《公司條例》編製及真實而公平地列報該等綜合財務報表，以及維持董事認為必要的有關內部控制，以確保編製綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

核數師的責任

我們的責任是根據我們審核工作的結果，對該等綜合財務報表表達獨立的意見，並按照香港《公司條例》第141條僅向整體股東作出報告，而本報告將不適用於其他用途，我們不會就本報告的內容向任何其他人士負上或承擔任何責任。我們已根據香港會計師公會頒佈的香港審計準則進行審核。這些準則要求我們遵守道德規範，並規劃及執行審核，以合理確定此等綜合財務報表是否不存有任何重大錯誤陳述。

TO THE MEMBERS OF CHONG HING BANK LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Chong Hing Bank Limited (the “Bank”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 71 to 214, which comprise the consolidated and the Bank’s statements of financial position as at 31 December 2012, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors’ Responsibility for the Consolidated Financial Statements

The directors of the Bank are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

獨立核數師報告書 INDEPENDENT AUDITOR'S REPORT

審核涉及執行情序以獲取有關綜合財務報表所載金額及披露資料的審核憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存有重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製及真實而公平地列報綜合財務報表相關的內部控制，以設計適當的審核程序，但並非為對公司的內部控制的效能發表意見。審核亦包括評價董事所採用的會計政策的合適性及所作出的會計估計的合理性，以及評價綜合財務報表的整體列報方式。

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

我們相信，我們所獲得的審核憑證是充足和適當地為我們的審核意見提供基礎。

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映本銀行及本集團於二零一二年十二月三十一日的事務狀況及截至該日止年度的利潤及現金流量，並已按照香港《公司條例》妥為編製。

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Bank and of the Group as at 31 December 2012 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

德勤·關黃陳方會計師行
執業會計師
香港

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

二零一三年三月七日

7 March 2013

綜合損益賬

CONSOLIDATED INCOME STATEMENT

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

		附註 Notes	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000 (重申) (Restated)
利息收入	Interest income		1,563,820	1,369,989
利息支出	Interest expense		(726,912)	(554,668)
淨利息收入	Net interest income	8	836,908	815,321
費用及佣金收入	Fee and commission income		253,949	276,257
費用及佣金支出	Fee and commission expenses		(64,584)	(58,534)
淨費用及佣金收入	Net fee and commission income	9	189,365	217,723
按公平值列賬及列入損益賬 之金融工具之淨溢利(虧損)	Net gains (losses) on financial instruments at fair value through profit or loss	10	57,473	(102,418)
公平值對沖之淨溢利(虧損)	Net gains (losses) on fair value hedge	10	1,200	(20,679)
其他營業收入	Other operating income	11	237,835	404,855
營業支出	Operating expenses	12	(788,591)	(773,555)
			534,190	541,247
貸款減值撥備	Reversal of impairment allowances on loans and advances	21	65,228	107,188
出售物業及設備之淨虧損	Net losses on disposal of property and equipment		(1,861)	(4,128)
出售可供出售證券之淨溢利	Net gains on disposal of available-for-sale securities		594	697
出售投資物業及其公平值調整 之淨溢利	Net gains on disposal of and fair value adjustments on investment properties	24	12,206	9,065
可供出售證券減值損失	Impairment loss on available-for-sale securities		-	(4,473)
所佔聯營公司之溢利	Share of profits of associates		36,028	18,056
除稅前溢利	Profit before taxation		646,385	667,652
稅項	Taxation	14	(103,045)	(106,936)
年度溢利	Profit for the year			
- 屬於本銀行擁有人	- attributable to owners of the Bank		543,340	560,716
每股盈利 - 基本	Earnings per share - basic	16	HK\$1.25	HK\$1.29

綜合全面收益表

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

		2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000 (重申) (Restated)
年度溢利	Profit for the year	543,340	560,716
其他全面收益	Other comprehensive income		
因折算之外匯調整	Exchange differences arising on translation	4,588	6,547
重估退休福利計劃之盈餘	Surplus on remeasurement of retirement benefits	—	10,268
關於退休福利計劃之所得稅影響	Income tax effect relating to retirement benefits	—	(1,694)
本年度可供出售證券其公平值調整之溢利(虧損)	Fair value gains (losses) of available-for-sale securities arising during the year	183,500	(89,234)
因出售可供出售證券而導致重新分類到損益賬之金額	Amount reclassified to the profit or loss upon disposal of available-for-sale securities	(594)	(697)
因可供出售證券之減值而導致重新分類到損益賬之金額	Amount reclassified to the profit or loss upon impairment of available-for-sale securities	—	4,473
關於出售可供出售證券之所得稅影響	Income tax effect relating to disposal of available-for-sale securities	98	12
關於可供出售證券公平值調整之所得稅影響	Income tax effect relating to fair value change of available-for-sale securities	(29,914)	13,086
所佔聯營公司之其他全面收益(支出)	Share of other comprehensive income (expense) of associates	430	(53)
年度其他全面收益(支出)(除稅後)	Other comprehensive income (expense) for the year (net of tax)	158,108	(57,292)
年度全面收益總額	Total comprehensive income for the year	701,448	503,424
全面收益總額屬於：	Total comprehensive income attributable to:		
本銀行擁有人	Owners of the Bank	701,448	503,424

綜合財務狀況表

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

於二零一二年十二月三十一日
as at 31 December 2012

			二零一二年 十二月三十一日 31 December 2012	二零一一年 十二月三十一日 31 December 2011	二零一一年 一月一日 1 January 2011
	附註 Notes		港幣千元 HK\$'000	港幣千元 HK\$'000 (重申) (Restated)	港幣千元 HK\$'000 (重申) (Restated)
資產		Assets			
庫存現金及短期資金		Cash and short-term funds	17	17,331,877	18,659,276
存放同業及其他財務機構於 一至十二個月內到期之款項		Placements with banks and other financial institutions maturing between one to twelve months		4,789,513	2,169,007
衍生金融工具		Derivative financial instruments	18	187,911	129,556
按公平值列賬及列入損益賬之 金融資產		Financial assets at fair value through profit or loss	19	1,213,410	1,845,589
可供出售之證券		Available-for-sale securities	19	4,222,217	1,846,485
持至到期日之證券		Held-to-maturity securities	19	9,600,020	8,288,082
貸款及其他賬項		Advances and other accounts	21	42,109,218	43,247,956
應收稅項		Tax recoverable		–	6
聯營公司權益		Interests in associates	23	182,970	153,872
投資物業		Investment properties	24	135,318	127,171
物業及設備		Property and equipment	25	928,380	918,968
預付土地租金		Prepaid lease payments for land	26	2,423	2,483
遞延稅項資產		Deferred tax assets	33	1,502	16,861
商譽		Goodwill	36	50,606	50,606
資產總額		Total assets		80,755,365	77,455,912
負債		Liabilities			
同業及其他財務機構存款及結餘		Deposits and balances of banks and other financial institutions		1,843,477	1,086,836
於回購協議下出售之金融資產		Financial assets sold under repurchase agreements	27	433,681	420,652
客戶存款		Deposits from customers	28	67,508,748	64,815,713
存款證		Certificates of deposit	29	667,636	1,545,562
衍生金融工具		Derivative financial instruments	18	248,656	265,696
其他賬項及應付費用		Other accounts and accruals		740,229	558,495
應付稅款		Current tax liabilities		16,327	31,176
借貸資本		Loan capital	30	1,898,957	1,852,153
遞延稅項負債		Deferred tax liabilities	33	23,574	6,897
負債總額		Total liabilities		73,381,285	70,583,180
屬於本銀行擁有人的資金		Equity attributable to owners of the Bank			
股本		Share capital	31	217,500	217,500
儲備		Reserves		7,156,580	6,655,232
資金總額		Total equity		7,374,080	6,872,732
負債及資金總額		Total liabilities and equity		80,755,365	74,289,013

董事會於二零一三年三月七日核准及授權發行，並承董事會命簽署。

廖烈武 主席
廖烈智 副主席兼董事總經理
劉惠民 常務董事兼行政總裁
楊建華 公司秘書

Approved and authorised for issue by the Board of Directors on 7 March 2013 and signed on its behalf by:

Liu Lit Mo, Chairman
Liu Lit Chi, Deputy Chairman and Managing Director
Lau Wai Man, Executive Director and Chief Executive Officer
Michael K W Yeung, Company Secretary

本銀行財務狀況表

STATEMENT OF FINANCIAL POSITION OF THE BANK

於二零一二年十二月三十一日

as at 31 December 2012

			二零一二年 十二月三十一日 31 December 2012	二零一一年 十二月三十一日 31 December 2011	二零一一年 一月一日 1 January 2011
		附註 Notes	港幣千元 HK\$'000	港幣千元 HK\$'000 (重申) (Restated)	港幣千元 HK\$'000 (重申) (Restated)
資產	Assets				
庫存現金及短期資金	Cash and short-term funds	17	17,321,474	18,648,729	18,204,225
存放同業及其他財務機構於 一至十二個月內到期之款項	Placements with banks and other financial institutions maturing between one to twelve months		4,775,716	2,134,819	2,282,122
衍生金融工具	Derivative financial instruments	18	187,911	129,556	20,542
按公平值列賬及列入損益賬之 金融資產	Financial assets at fair value through profit or loss	19	1,213,149	1,845,282	1,773,880
可供出售之證券	Available-for-sale securities	19	4,130,090	1,765,800	1,126,117
持至到期日之證券	Held-to-maturity securities	19	9,600,020	8,288,082	10,878,046
貸款及其他賬項	Advances and other accounts	21	41,885,579	43,130,035	38,627,701
投資於附屬公司	Investments in subsidiaries	22(i)	261,984	261,884	261,784
附屬公司欠款	Amounts due from subsidiaries	22(ii) & 39	248,376	230,891	1,241
聯營公司權益	Interests in associates	23	21,500	21,500	21,500
投資物業	Investment properties	24	101,990	94,100	86,450
物業及設備	Property and equipment	25	1,198,783	1,195,573	1,222,974
預付土地租金	Prepaid lease payments for land	26	2,423	2,483	2,535
遞延稅項資產	Deferred tax assets	33	1,502	16,861	—
資產總額	Total assets		80,950,497	77,765,595	74,509,117
負債	Liabilities				
同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions		1,843,477	1,086,836	1,039,991
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements	27	433,681	420,652	—
客戶存款	Deposits from customers	28	67,508,748	64,815,582	63,499,301
欠附屬公司款項	Amounts due to subsidiaries	39	846,080	793,690	700,918
存款證	Certificates of deposit	29	667,636	1,545,562	—
衍生金融工具	Derivative financial instruments	18	248,656	265,696	256,426
其他賬項及應付費用	Other accounts and accruals		502,201	427,644	265,625
應付稅款	Current tax liabilities		15,598	32,854	46,674
借貸資本	Loan capital	30	1,898,957	1,852,153	2,401,151
遞延稅項負債	Deferred tax liabilities	33	15,129	—	3,318
負債總額	Total liabilities		73,980,163	71,240,669	68,213,404
屬於本銀行擁有人的資金	Equity attributable to owners of the Bank				
股本	Share capital	31	217,500	217,500	217,500
儲備	Reserves	32	6,752,834	6,307,426	6,078,213
資金總額	Total equity		6,970,334	6,524,926	6,295,713
負債及資金總額	Total liabilities and equity		80,950,497	77,765,595	74,509,117

董事會於二零一三年三月七日核准及授權發行，並承董事會命簽署。

廖烈武 主席
廖烈智 副主席兼董事總經理
劉惠民 常務董事兼行政總裁
楊建華 公司秘書

Approved and authorised for issue by the Board of Directors on 7 March 2013 and signed on its behalf by:

Liu Lit Mo, Chairman
Liu Lit Chi, Deputy Chairman and Managing Director
Lau Wai Man, Executive Director and Chief Executive Officer
Michael K W Yeung, Company Secretary

綜合股東權益轉變表
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

集團	THE GROUP	附註 Note	股本 Share capital 港幣千元 HK\$'000	股本溢價 Share premium 港幣千元 HK\$'000	商譽 Goodwill 港幣千元 HK\$'000	投資重估儲備 Investment revaluation reserve 港幣千元 HK\$'000	公積金 General reserve 港幣千元 HK\$'000	換算儲備 Translation reserve 港幣千元 HK\$'000	法定儲備 Regulatory reserve 港幣千元 HK\$'000	保留溢利 Retained profits 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於二零一二年一月一日 (重申)	At 1 January 2012 (as restated)		217,500	1,542,817	(182)	33,807	1,388,500	21,648	408,000	3,260,642	6,872,732
年度溢利	Profit for the year		-	-	-	-	-	-	-	543,340	543,340
因折算之外匯調整	Exchange differences arising on translation		-	-	-	-	-	4,588	-	-	4,588
本年度可供出售證券 其公平值調整之溢利	Fair value gains of available-for-sale securities arising during the year		-	-	-	183,500	-	-	-	-	183,500
因出售可供出售證券而導致 重新分類到損益賬之金額	Amount reclassified to the profit or loss upon disposal of available-for-sale securities		-	-	-	(594)	-	-	-	-	(594)
關於出售可供出售證券之所得稅影響	Income tax effect relating to disposal of available-for-sale securities		-	-	-	98	-	-	-	-	98
關於可供出售證券公平值調整之 所得稅影響	Income tax effect relating to fair value change of available-for-sale securities		-	-	-	(29,914)	-	-	-	-	(29,914)
所佔聯營公司之儲備	Share of reserves of associates		-	-	-	430	-	-	-	-	430
其他全面收益	Other comprehensive income		-	-	-	153,520	-	4,588	-	-	158,108
年度全面收益總額	Total comprehensive income for the year		-	-	-	153,520	-	4,588	-	543,340	701,448
已派二零一二年年度中期股息	Interim dividend paid for financial year 2012	15	-	-	-	-	-	-	-	(47,850)	(47,850)
已派二零一一年年度末期股息	Final dividend paid for financial year 2011	15	-	-	-	-	-	-	-	(152,250)	(152,250)
釋放特別指定之法定儲備至保留溢利	Release of regulatory reserve to retained profits		-	-	-	-	-	-	(21,000)	21,000	-
於二零一二年十二月三十一日	At 31 December 2012		217,500	1,542,817	(182)	187,327	1,388,500	26,236	387,000	3,624,882	7,374,080

綜合股東權益轉變表

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

		附註	股本 Share capital 港幣千元 HK\$'000	股本溢價 Share premium 港幣千元 HK\$'000	商譽 Goodwill 港幣千元 HK\$'000	投資重估儲備 Investment revaluation reserve 港幣千元 HK\$'000	公積金 General reserve 港幣千元 HK\$'000	換算儲備 Translation reserve 港幣千元 HK\$'000	法定儲備 Regulatory reserve 港幣千元 HK\$'000	保留溢利 Retained profits 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於二零一一年一月一日 (原本價值)	At 1 January 2011 (as originally stated)		217,500	1,542,817	(182)	106,220	1,388,500	15,101	331,000	2,976,973	6,577,929
會計政策轉變之影響	Effect of change in accounting policy	2	—	—	—	—	—	—	—	8,879	8,879
於二零一一年一月一日 (重申)	At 1 January 2011 (as restated)		217,500	1,542,817	(182)	106,220	1,388,500	15,101	331,000	2,985,852	6,586,808
年度溢利	Profit for the year		—	—	—	—	—	—	—	560,716	560,716
因折算之外匯調整	Exchange differences arising on translation		—	—	—	—	—	6,547	—	—	6,547
重估退休福利計劃之盈餘	Surplus on remeasurement of retirement benefits		—	—	—	—	—	—	—	10,268	10,268
關於退休福利計劃之所得稅影響	Income tax effect relating to retirement benefits		—	—	—	—	—	—	—	(1,694)	(1,694)
本年度可供出售證券 其公平值調整之虧損	Fair value losses of available-for-sale securities arising during the year		—	—	—	(89,234)	—	—	—	—	(89,234)
因出售可供出售證券而導致 重新分類到損益賬之金額	Amount reclassified to the profit or loss upon disposal of available-for-sale securities		—	—	—	(697)	—	—	—	—	(697)
因可供出售證券之減值而導致 重新分類到損益賬之金額	Amount reclassified to the profit or loss upon impairment of available-for-sale securities		—	—	—	4,473	—	—	—	—	4,473
所佔聯營公司之儲備	Share of reserves of associates		—	—	—	(53)	—	—	—	—	(53)
關於出售可供出售證券之所得稅影響	Income tax effect relating to disposal of available-for-sale securities		—	—	—	12	—	—	—	—	12
關於可供出售證券公平值調整之 所得稅影響	Income tax effect relating to fair value change of available-for-sale securities		—	—	—	13,086	—	—	—	—	13,086
其他全面(支出)收益	Other comprehensive (expense) income		—	—	—	(72,413)	—	6,547	—	8,574	(57,292)
年度全面(支出)收益總額	Total comprehensive (expense) income for the year		—	—	—	(72,413)	—	6,547	—	569,290	503,424
已派二零一一年度中期股息	Interim dividend paid for financial year 2011	15	—	—	—	—	—	—	—	(65,250)	(65,250)
已派二零一零年度末期股息	Final dividend paid for financial year 2010	15	—	—	—	—	—	—	—	(152,250)	(152,250)
於保留溢利中特別指定之法定儲備	Earmark of retained profits as regulatory reserve		—	—	—	—	—	—	77,000	(77,000)	—
於二零一一年十二月三十一日 (重申)	At 31 December 2011 (as restated)		217,500	1,542,817	(182)	33,807	1,388,500	21,648	408,000	3,260,642	6,872,732

本集團之保留溢利包括本集團聯營公司所保留一筆為數港幣 66,564,000 元之保留溢利(二零一一年：保留溢利為港幣 37,896,000 元)。

法定儲備之成立乃為符合香港金融管理局之要求及法定儲備派發予本銀行擁有人前須諮詢香港金融管理局之意見。

公積金包括以往年度保留溢利之調撥。

The retained profits of the Group included retained profits of HK\$66,564,000 (2011: retained profits of HK\$37,896,000) retained by the associates of the Group.

The regulatory reserve is set up in compliance with the Hong Kong Monetary Authority's requirements and is distributable to owners of the Bank subject to consultation with the Hong Kong Monetary Authority.

The general reserve comprises transfers from previous years' retained profits.

綜合現金流動表
CONSOLIDATED STATEMENT OF CASH FLOWS
 截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

		2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
經營業務	OPERATING ACTIVITIES		
除稅前溢利	Profit before taxation	646,385	667,652
調整：	Adjustments for:		
淨利息收入	Net interest income	(836,908)	(815,321)
貸款減值撥備	Reversal of impairment allowances on loans and advances	(65,228)	(107,188)
出售物業及設備之淨虧損	Net losses on disposal of property and equipment	1,861	4,128
出售可供出售證券之淨溢利	Net gains on disposal of available-for-sale securities	(594)	(697)
出售投資物業及其公平值調整之淨溢利	Net gains on disposal of and fair value adjustments on investment properties	(12,206)	(9,065)
可供出售證券減值損失	Impairment loss on available-for-sale securities	–	4,473
所佔聯營公司之溢利	Share of profits of associates	(36,028)	(18,056)
公平值對沖之淨(溢利)虧損	Net (gains) losses on fair value hedge	(1,200)	20,679
投資股息收入	Dividend income from investments	(10,799)	(9,820)
折舊	Depreciation	59,209	54,742
預付土地租金之釋放	Release of prepaid lease payments for land	66	66
匯兌調整	Exchange adjustments	818	2,204
營運資產及負債變動前之營運現金流	Operating cash flows before movements in operating assets and liabilities	(254,624)	(206,203)
營運資產之(增額)減額：	(Increase) decrease in operating assets:		
逾三個月到期之通知及短期存款	Money at call and short notice with original maturity over three months	(1,738,466)	(987,888)
逾三個月到期之外匯基金票據	Exchange fund bills with original maturity over three months	(50,061)	299,500
逾三個月到期之存放同業及其他財務機構款項	Placements with banks and other financial institutions with original maturity over three months	(1,975,578)	506,294
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss	632,179	(71,136)
客戶貸款	Advances to customers	2,187,309	(3,237,766)
同業及其他財務機構貸款	Advances to banks and other financial institutions	(659,433)	(980,509)
其他賬項	Other accounts	(254,426)	(41,491)
營運負債之增額(減額)：	Increase (decrease) in operating liabilities:		
逾三個月到期之同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions with original maturity over three months	1,003,864	(581)
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements	13,029	420,652
客戶存款	Deposits from customers	2,693,035	1,315,494
存款證	Certificates of deposit	(877,926)	1,545,562
衍生金融工具	Derivative financial instruments	(51,127)	54,607
其他賬項及應付費用	Other accounts and accruals	127,317	64,126
經營業務之現金收入(支出)	Cash generated from (used in) operations	795,092	(1,319,339)
已付香港利得稅稅款	Hong Kong Profits Tax paid	(99,265)	(118,437)
已付海外稅款	Overseas tax paid	(16,409)	(17,461)
已收利息	Interest received	1,219,979	1,112,206
已付利息	Interest paid	(605,553)	(436,416)
經營業務之現金收入(支出)淨額	NET CASH FROM (USED IN) OPERATING ACTIVITIES	1,293,844	(779,447)

綜合現金流動表

CONSOLIDATED STATEMENT OF CASH FLOWS

截至二零一二年十二月三十一日止年度

for the year ended 31 December 2012

		2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
投資業務	INVESTING ACTIVITIES		
收取可供出售之證券及持至到期日之證券利息	Interest received from available-for-sale securities and held-to-maturity securities	274,151	222,805
收取投資之股息	Dividends received on investments	10,799	9,820
收取由聯營公司之股息	Dividends received from associates	7,360	1,050
購入持至到期日之證券	Purchase of held-to-maturity securities	(20,184,070)	(6,786,192)
購入可供出售證券	Purchase of available-for-sale securities	(2,168,631)	(703,916)
購入物業及設備	Purchase of property and equipment	(70,105)	(247,951)
贖回持至到期之證券所得款項	Proceeds from redemption of held-to-maturity securities	18,872,132	9,376,156
出售及贖回可供出售證券所得款項	Proceeds from sale and redemption of available-for-sale securities	1,748	39,972
出售物業及設備所得款項	Proceeds from disposal of property and equipment	6	—
出售投資物業所得款項	Proceeds from disposal of investment properties	4,316	—
投資業務之現金(支出)收入淨額	NET CASH (USED IN) FROM INVESTING ACTIVITIES	(3,252,294)	1,911,744
融資業務	FINANCING ACTIVITIES		
借貸資本之利息支出	Interest paid on loan capital	(65,225)	(64,325)
回購借貸資本	Repurchase of loan capital	—	(783,196)
支付股息	Dividends paid	(200,100)	(217,500)
融資業務之現金支出淨額	NET CASH USED IN FINANCING ACTIVITIES	(265,325)	(1,065,021)
淨現金及等同現金項目(減額)增額	NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,223,775)	67,276
一月一日之現金及等同現金項目	CASH AND CASH EQUIVALENTS AT 1 JANUARY	17,092,730	17,025,454
十二月三十一日之現金及等同現金項目	CASH AND CASH EQUIVALENTS AT 31 DECEMBER	14,868,955	17,092,730
代表：	Represented by:		
庫存現金及存放同業及其他財務機構款項	Cash and balances with banks and other financial institutions	6,060,810	6,393,092
原定到期日少於三個月之通知及短期存款	Money at call and short notice with original maturity of less than three months	7,565,351	7,549,078
原定到期日少於三個月之外匯基金票據	Exchange fund bills with original maturity of less than three months	499,995	3,299,912
原定到期日少於三個月之存放同業及其他財務機構款項	Placements with banks and other financial institutions with original maturity of less than three months	1,309,116	664,188
原定到期日少於三個月之同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions with original maturity of less than three months	(566,317)	(813,540)
		14,868,955	17,092,730

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

1. 概論

創興銀行有限公司(「本銀行」)為香港註冊成立之公眾有限公司，其股票於香港聯合交易所有限公司上市。本銀行之直接控股公司為廖創興置業有限公司及最終控股公司為廖創興企業有限公司，兩者皆於香港註冊成立。本銀行從事銀行業及有關之金融服務。本銀行之註冊辦事處地址及主要業務區域已披露於本年報內。

本綜合財務報表以港幣呈列，港幣是本銀行之本位幣。

2. 採用新頒佈及經修訂之香港財務報告準則

本年度，本集團及本銀行已採用由香港會計師公會頒佈之(一)已生效之新頒佈及經修訂之香港財務報告準則及(二)於開始生效前之新頒佈及經修訂之香港財務報告準則，如下：

本年度已生效之香港財務報告準則

香港會計準則第12條之修訂
香港財務報告準則第7條之修訂

本年度提早應用之香港財務報告準則

香港財務報告準則第10條
香港財務報告準則第11條
香港財務報告準則第12條
香港財務報告準則第10條之修訂，
香港財務報告準則第11條之修訂及
香港財務報告準則第12條之修訂
香港會計準則第27條
(經修訂於二零一一年)
香港會計準則第28條
(經修訂於二零一一年)

HKFRSs that have become effective for the year

Amendments to HKAS 12
Amendments to HKFRS 7

HKFRSs that have been early applied for the year

HKFRS 10
HKFRS 11
HKFRS 12
Amendments to HKFRS 10,
HKFRS 11 and HKFRS 12
HKAS 27 (as revised in 2011)
HKAS 28 (as revised in 2011)

1. GENERAL

Chong Hing Bank Limited (the “Bank”) is a public limited company incorporated in Hong Kong and its shares are listed on the Stock Exchange of Hong Kong Limited. Its immediate holding company is Liu Chong Hing Estate Company, Limited and ultimate holding company is Liu Chong Hing Investment Limited, both of which are incorporated in Hong Kong. The Bank is engaged in the provision of banking and related financial services. The address of the registered office and principal place of business of the Bank is disclosed in the Annual Report.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Bank.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group and the Bank have applied (i) the new and revised HKFRSs that have become effective and (ii) certain new and revised HKFRSs in advance of their effective date issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), as follows:

遞延稅項 - 恢復潛在的資產
披露 - 金融資產的轉移

綜合財務報表
共同安排
披露於其他個體之權益
綜合財務報表，共同安排及披露於其他個體之權益：
過渡性指引

獨立財務報表

於聯營公司及合營公司之投資

Deferred tax - Recovery of underlying assets
Disclosures - Transfers of financial assets

Consolidated financial statements
Joint arrangements
Disclosure of interests in other entities
Consolidated financial statements, joint arrangements and
disclosure of interests in other entities: Transition guidance
Separate financial statements
Investments in associates and joint ventures

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

2. 採用新頒佈及經修訂之香港財務報告準則 - 續

除非下列陳述，本年度採用上述新頒佈及經修訂之香港財務報告準則並未對本年度及之前年度的本集團財務表現和本集團及本銀行的財務狀況及 / 或綜合財務報表的披露構成重大影響。

香港會計準則第12條之修訂遞延稅項 - 恢復潛在的資產

本集團及本銀行於本年度首次應用香港會計準則第12條之修訂遞延稅項 - 恢復潛在的資產。此修訂指出，根據香港會計準則第40條投資物業中以公平值模式計量的投資物業，其遞延稅項的計量是假設物業會透過出售而完全地回撥，除非有相當的事實推翻這假設。

本集團及本銀行採用公平值模式計量其投資物業。對於香港會計準則第12條之修訂的應用，董事已對本集團及本銀行於香港及中華人民共和國（「中國」）的投資物業組合進行檢討並總結本集團及本銀行全部的投資物業並不屬於以消耗投資物業所產生之大部份經濟收益的模式持有，因此，董事已確定香港會計準則第12條之修訂所載之「出售」假設並未有被推翻。

因採用香港會計準則第12條之修訂，本集團及本銀行未有就位於香港的投資物業之公平值改變而確認遞延稅項，而本集團及本銀行出售有關投資物業時，亦不會造成任何利得稅項。早前，本集團及本銀行就投資物業之公平值改變按其物業之全部賬面值會透過使用而回撥來確認遞延稅項。

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

- continued

Except as described below, the application of the above new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and the Group’s and the Bank’s financial positions for the current and prior years and / or on the disclosures set out in the consolidated financial statements.

Amendments to HKAS 12 Deferred tax: Recovery of underlying assets

The Group and the Bank have applied for the first time the amendments to HKAS 12 “Deferred tax: Recovery of underlying assets” in the current year. Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 “Investment property” are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group and the Bank measure their investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors reviewed the Group’s and the Bank’s investment property portfolios in Hong Kong and the People’s Republic of China (the “PRC”) and concluded that all of the Group’s and the Bank’s investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, the directors have determined that the ‘sale’ presumption set out in the amendments to HKAS 12 is not rebutted.

The application of the amendments to HKAS 12 has resulted in the Group and the Bank not recognising any deferred taxes on changes in fair value of the investment properties located in Hong Kong as the Group and the Bank are not subject to any income taxes on disposal of these investment properties. Previously, the Group and the Bank recognised deferred taxes on changes in fair value of investment properties on the basis that the entire carrying amounts of the properties were recovered through use.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

2. 採用新頒佈及經修訂之香港財務報告準則 - 續

香港會計準則第12條之修訂遞延稅項 - 恢復潛在的資產 - 續

香港會計準則第12條之修訂的應用下，本集團根據因出售位於中國的投資物業所產生的利得稅項及土地增值稅項以確認其投資物業之公平值改變的遞延稅項。

香港會計準則第12條之修訂已追溯至有關年度，本集團的遞延稅項負債於二零一一年一月一日減少港幣8,879,000元而有關修改已確認於保留溢利中。同樣地，新修訂之應用令本集團截至二零一一年十二月三十一日的遞延稅項負債減少港幣10,140,000元。

本年度，沒有遞延稅項因本集團位於香港的投資物業之公平值改變而被確認。會計政策的改變令本集團截至二零一二年十二月三十一日止年度及截至二零一一年十二月三十一日止年度的稅項開支分別減少港幣1,340,000元及港幣1,261,000元，而因此截至二零一二年十二月三十一日止年度及截至二零一一年十二月三十一日止年度的溢利分別增加港幣1,340,000元及港幣1,261,000元。

上述會計政策轉變的影響概況

上述會計政策轉變對本年度及之前年度的項目影響概況如下：

稅項之減額
年度溢利之增額

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

- continued

Amendments to HKAS 12 Deferred tax: Recovery of underlying assets - continued

Upon the application of the amendments to HKAS 12, the Group recognises deferred tax on changes in fair value of its investment property in the PRC on the basis that the Group is subject to income taxes and land appreciation tax on disposal of this investment property.

The amendments to HKAS 12 have been applied retrospectively, resulting in the Group's deferred tax liabilities being decreased by HK\$8,879,000 as at 1 January 2011, with the corresponding credit being recognised in retained profits. Similarly, the deferred tax liabilities have been decreased by HK\$10,140,000 as at 31 December 2011.

In the current year, no deferred taxes have been provided for changes in fair value of the Group's investment properties located in Hong Kong. The change in accounting policy has resulted in the Group's income tax expense for the years ended 31 December 2012 and 31 December 2011 being reduced by HK\$1,340,000 and HK\$1,261,000 respectively and hence resulted in profit for the years ended 31 December 2012 and 31 December 2011 being increased by HK\$1,340,000 and HK\$1,261,000 respectively.

Summary of the effects of the above change in accounting policy

The effects of change in accounting policy described above on the results for the current and prior years by line items are as follows:

	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
Decrease in taxation	1,340	1,261
Increase in profit for the year	<u>1,340</u>	<u>1,261</u>

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

2. 採用新頒佈及經修訂之香港財務報告準則 - 續

上述會計政策轉變對本集團及本銀行的財務狀況於二零一一年一月一日及二零一一年十二月三十一日的影響如下：

集團

THE GROUP

	於二零一一年 一月一日		於二零一一年 一月一日	於二零一一年 十二月三十一日		於二零一一年 十二月三十一日
	As at		As at	As at		As at
	1 January	調整	1 January	31 December	調整	31 December
	2011	Adjustments	2011	2011	Adjustments	2011
	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(原來價值)		(重申)	(原來價值)		(重申)
	(originally stated)		(restated)	(originally stated)		(restated)
遞延稅項 (負債) 資產	Deferred tax					
	(liabilities) assets					
	(20,357)	8,879	(11,478)	6,721	10,140	16,861
淨資產之影響	Total effects on					
	net assets					
	6,577,929	8,879	6,586,808	6,862,592	10,140	6,872,732
保留溢利	Retained earnings					
	2,976,973	8,879	2,985,852	3,250,502	10,140	3,260,642
資金之影響	Total effects on equity					
	6,577,929	8,879	6,586,808	6,862,592	10,140	6,872,732

銀行

THE BANK

	於二零一一年 一月一日		於二零一一年 一月一日	於二零一一年 十二月三十一日		於二零一一年 十二月三十一日
	As at		As at	As at		As at
	1 January	調整	1 January	31 December	調整	31 December
	2011	Adjustments	2011	2011	Adjustments	2011
	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(原來價值)		(重申)	(原來價值)		(重申)
	(originally stated)		(restated)	(originally stated)		(restated)
遞延稅項 (負債) 資產	Deferred tax					
	(liabilities) assets					
	(12,197)	8,879	(3,318)	6,721	10,140	16,861
淨資產之影響	Total effects on					
	net assets					
	6,286,834	8,879	6,295,713	6,514,786	10,140	6,524,926
保留溢利	Retained earnings					
	2,738,447	8,879	2,747,326	2,949,521	10,140	2,959,661
資金之影響	Total effects on equity					
	6,286,834	8,879	6,295,713	6,514,786	10,140	6,524,926

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

2. 採用新頒佈及經修訂之香港財務報告準則 - 續

上述會計政策轉變對本集團及本銀行的財務狀況於二零一二年十二月三十一日的影響如下：

遞延稅項負債之減額
 淨資產之影響
 保留溢利之增額
 資金之影響

上述會計政策轉變對本年度及之前年度本集團的每股基本盈利並未有重大影響。

香港財務報告準則第7條之修訂披露 - 金融資產的轉移

本集團於本年度首次應用香港財務報告準則第7條之修訂披露 - 金融資產的轉移。新修訂增加對金融資產轉移交易的披露要求，以提高金融資產轉移時所涉及之風險承擔的透明度。

本集團與個體就出售持至到期日之證券及可供出售之證券簽訂回購協議，並根據原定協議，於協定日期以協定的價格回購有關證券。由於本集團並未有轉移有關持至到期日之證券及可供出售之證券的重大風險及回報，因此仍然確認持至到期日之證券及可供出售之證券的全部賬面值及已確認於回購協議下出售的金融資產的已收現金（參閱附註27）。香港財務報告準則第7條之修訂的應用下（參閱附註20），有關出售持至到期日之證券及可供出售之證券的轉讓已作出披露。按照香港財務報告準則第7號之修訂中所載的過渡性條文，本集團並未有就修訂要求對比較資料作出披露。

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")
 - continued

The effects of the above change in accounting policy on the financial positions of the Group and the Bank as at 31 December 2012 is as follows:

Decrease in deferred tax liabilities
 Total effects on net assets
 Increase in retained earnings
 Total effects on equity

集團及銀行 THE GROUP AND THE BANK	
於二零一二年 十二月三十一日 港幣千元 As at 31 December 2012 HK\$'000 (重申) (restated)	
	<u>1,340</u>
	<u>1,340</u>
	<u>1,340</u>
	<u>1,340</u>

The effects of the above change in accounting policy on the Group's basic earnings per share for the current and prior years are insignificant.

Amendments to HKFRS 7 Disclosures - Transfers of financial assets

The Group has applied for the first time the amendments to HKFRS 7 Disclosures - Transfers of financial assets in the current year. The amendments increase the disclosure requirements for transactions involving the transfer of financial assets in order to provide greater transparency around risk exposures when financial assets are transferred.

The Group entered into repurchase agreements with an entity to sell held-to-maturity securities and available-for-sale securities subject to a master agreement to repurchase these securities at the agreed dates and prices. As the Group has not transferred the significant risks and rewards relating to these held-to-maturity securities and available-for-sale securities, it continues to recognise the full carrying amounts of the held-to-maturity securities and available-for-sale securities, and has recognised the cash received on the transfer as financial assets sold under repurchase agreements (see note 27). The relevant disclosures have been made regarding the transfer of these held-to-maturity securities and available-for-sale securities, on application of the amendments to HKFRS 7 (see note 20). In accordance with the transitional provisions set out in the amendments to HKFRS 7, the Group has not provided comparative information for the disclosures required by the amendments.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

2. 採用新頒佈及經修訂之香港財務報告準則 - 續

新頒佈及經修訂之綜合、共同安排、聯營公司及披露準則

於二零一一年六月，有一套包含五項有關綜合、共同安排、聯營公司及披露的準則頒佈，當中包括香港財務報告準則第10條、香港財務報告準則第11條、香港財務報告準則第12條、香港會計準則第27條（經修訂於二零一一年）及香港會計準則第28條（經修訂於二零一一年）。為遵循最終控股公司的會計政策，本集團已提早應用有關於二零一三年一月一日開始生效的新頒佈及經修訂的準則。

以上五項準則的主要要求敘述如下：

香港財務報告準則第10條取代香港會計準則第27條綜合及獨立財務報表中針對綜合財務報表的有關部份。香港（會計準則解釋委員會）- 詮釋第12條綜合 - 特別目的個體將於香港財務報告準則第10條生效日起被取消。按照香港財務報告準則第10條，綜合基準只有控制權一個基準。此外，香港財務報告準則第10條包括控制權的新定義，包含三部份：（一）對被投資者之權力，（二）從參與被投資者活動中所涉及不同形式的回報之風險或權益，及（三）利用對被投資者的權力影響投資者回報的金額。香港財務報告準則第10條就複雜的情況提供更廣泛指引。

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

- continued

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011). To follow the accounting policies of the ultimate holding company, the Group has early adopted these new and revised standards in advance of its effective date of 1 January 2013.

Key requirements of these five standards are described below:

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. HK(SIC) - INT 12 Consolidation - Special purpose entities will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

2. 採用新頒佈及經修訂之香港財務報告準則 - 續

新頒佈及經修訂之綜合、共同安排、聯營公司及披露準則 - 續

香港財務報告準則第11條取代香港會計準則第31條合營公司權益。香港財務報告準則第11條針對將兩個或以上擁有合營控制權的團體之共同安排作分類。香港(會計準則解釋委員會) - 詮釋第13條共同控制個體 - 非貨幣性投入的合營公司，將於香港財務報告準則第11條生效日起被取消。按照香港財務報告準則第11條，共同安排是根據其安排中團體的權利和義務分類為合營經營或合營公司兩種。相反，按照香港會計準則第31條，共同安排分為共同控制個體，共同控制資產及共同控制經營三類。此外，按照香港財務報告準則第11條，合營公司需採用權益會計法入賬。然而按照香港會計準則第31條，合營公司可以權益會計法或比例會計法入賬。

香港財務報告準則第12條是一項披露的準則並生效於個體對其持有的附屬公司、共同安排、聯營公司及 / 或未綜合結構性個體。一般而言，香港財務報告準則第12條比現行的準則提出更廣泛的披露要求。於二零一二年十二月三十一日，本集團及本銀行並未持有任何未綜合結構性個體。

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")
- continued

New and revised standards on consolidation, joint arrangements, associates and disclosures - continued

HKFRS 11 replaces HKAS 31 Interests in joint ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK(SIC) - INT 13 Jointly controlled entities - Non-monetary contributions by venturers will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas joint ventures under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and / or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards. As at 31 December 2012, the Group and the Bank did not have interests in any unconsolidated structured entities.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

2. 採用新頒佈及經修訂之香港財務報告準則 - 續

新頒佈及經修訂之綜合、共同安排、聯營公司及披露準則 - 續

於二零一二年七月，頒佈新修訂之香港財務報告準則第10條、香港財務報告準則第11條及香港財務報告準則第12條以釐清首次應用以上五項準則的一些過渡性指引。

以上五項準則及修訂的過渡性指引皆生效於二零一三年一月一日或以後開始之年度期間，並允許提前應用，但必須五項準則均同時提前應用。

以上新頒佈及經修訂的準則要求除指定例外下應用追溯法。董事已就應用有關修訂所帶來的影響作出分析並確定在提早應用有關新頒佈及經修訂的準則時已考慮所有事實及情況，而早前確認於財務報表中的共同控制個體權益應分類為關聯公司權益。往年度的分類已被修改。應用有關新頒佈及經修訂的準則將不會對今年度及往年度的綜合財務報表產生重大影響。

比對數目

若干比對數目已重新分類以符合本年度的賬項編排。

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) - continued

New and revised standards on consolidation, joint arrangements, associates and disclosures - continued

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

The above new and revised standards require retrospective application with certain exceptions. The directors have performed analysis of the impact of the application of the amendments and determined that the interests in jointly controlled entities previously recorded in the financial statements should be classified as interests in associates when all facts and circumstances are considered upon the early adoption of these new and revised standards. The prior year's classification has been amended. It had no material impact on the consolidated financial statements for the current and prior years.

Comparative amounts

Certain comparative figures have been reclassified to conform with the current year's presentation.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

3. 新頒佈及經修訂但未生效之香港財務報告準則

本集團尚未提早應用下列已頒佈但未生效之新頒佈及經修訂之香港財務報告準則：

香港財務報告準則第7條之修訂
 香港財務報告準則第9條之修訂及
 香港財務報告準則第7條之修訂
 香港財務報告準則第10條之修訂、
 香港財務報告準則第12條之修訂及
 香港會計準則第27條之修訂
 香港會計準則第1條之修訂
 香港財務報告準則第9條
 香港財務報告準則第13條
 香港會計準則第1條之修訂
 香港會計準則第32條之修訂
 香港（國際財務報告準則解釋委員會）
 - 詮釋第20條

Amendments to HKFRS 7
 Amendments to HKFRS 9
 and HKFRS 7
 Amendments to HKFRS 10,
 HKFRS 12 and HKAS 27
 Amendments to HKAS 1
 HKFRS 9
 HKFRS 13
 Amendments to HKAS 1
 Amendments to HKAS 32
 HK(IFRIC) - INT 20

3. NEW AND REVISED HKFRSs ISSUED BUT NOT YET EFFECTIVE

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

披露 - 金融資產及金融負債之對銷¹
 香港財務報告準則第9條之強制生效日期及過渡性披露³
 投資實體²
 香港財務報告準則年度改進二零零九年至二零一一年系列¹
 金融工具³
 公平值計量¹
 其他全面收益項目的呈列⁴
 金融資產及金融負債之對銷²
 地表礦藏生產階段之回復成本¹

Disclosures - Offsetting financial assets and financial liabilities¹
 Mandatory effective date of HKFRS 9 and transition disclosures³
 Investment entities²
 Annual improvements to HKFRSs 2009-2011 cycle¹
 Financial instruments³
 Fair value measurement¹
 Presentation of items of other comprehensive income⁴
 Offsetting financial assets and financial liabilities²
 Stripping costs in the production phase of a surface mine¹

¹ 生效於二零一三年一月一日或以後開始之年度期間。
 Effective for annual periods beginning on or after 1 January 2013.

² 生效於二零一四年一月一日或以後開始之年度期間。
 Effective for annual periods beginning on or after 1 January 2014.

³ 生效於二零一五年一月一日或以後開始之年度期間。
 Effective for annual periods beginning on or after 1 January 2015.

⁴ 生效於二零一二年七月一日或以後開始之年度期間。
 Effective for annual periods beginning on or after 1 July 2012.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

3. 新頒佈及經修訂但未生效之香港財務報告準則 - 續

香港會計準則第32條之修訂金融資產及金融負債之對銷及香港財務報告準則第7條之修訂披露 - 金融資產及金融負債之對銷

新修訂之香港會計準則第32條釐清現行對金融資產及金融負債對銷要求的應用。新修訂明確釐清「目前有法律上可執行之權利對銷權」及「同時兌現與清償」的界定。

新修訂之香港財務報告準則第7條要求個體披露關於金融工具在執行總淨額計算協議或類似安排下之對銷權及相關安排之資料。

新修訂之香港財務報告準則第7條於二零一三年一月一日或以後開始之年度期間及該年度期間內之中期間生效及所有比較期間均需追溯該等揭露。但新修訂之香港會計準則第32條生效於二零一四年一月一日或以後開始之年度期間，生效時亦需追溯該等揭露。

董事預計香港會計準則第32條及香港財務報告準則第7條修訂本之應用可能會令本集團將來作更廣泛披露。

3. NEW AND REVISED HKFRSs ISSUED BUT NOT YET EFFECTIVE - continued

Amendments to HKAS 32 Offsetting financial assets and financial liabilities and amendments to HKFRS 7 Disclosures - Offsetting financial assets and financial liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of “currently has a legally enforceable right of set-off” and “simultaneous realisation and settlement”.

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made in the future.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

3. 新頒佈及經修訂但未生效之香港財務報告準則 - 續

香港財務報告準則第9條金融工具

於二零零九年頒佈的香港財務報告準則第9條對金融資產的分類及計量提出新要求。於二零一零年修訂之香港財務報告準則第9條對金融負債的分類及計量及撤銷確認提出要求。

香港財務報告準則第9條的主要要求敘述如下：

香港會計準則第39條「金融工具：確認及計量」中全部確認的金融資產隨後以攤銷成本或公平值計量。此準則明確指出債券投資持作收取契約的現金流及契約中的現金流是唯一用來支付本金及未償還本金的利息一般在隨後的會計期末以攤銷成本計量。其他債券投資及證券投資均在隨後的報告期末以公平值計量。此外，根據香港財務報告準則第9條，個體有不可撤回的選擇權把證券投資（非持作買賣用途）隨後的公平值計量轉變呈列於其他全面收益內，一般只有投資股息收入列賬於損益賬中。

經修訂之香港財務報告準則第9條於二零一五年一月一日或以後開始之年度期間生效，並准許提早應用。

董事預期應用香港財務報告準則第9條對集團的金融資產及金融負債所公佈的數字可能構成重大影響。但有關集團的金融資產是不可行合理地估計有關轉變的影響直至詳細審查完成為止。

3. NEW AND REVISED HKFRSs ISSUED BUT NOT YET EFFECTIVE - continued

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

All recognised financial assets that are within the scope of HKAS 39 “Financial instruments: Recognition and measurement” are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group’s financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

3. 新頒佈及經修訂但未生效之
香港財務報告準則 - 續

香港財務報告準則第13條公平值計量

香港財務報告準則第13條就公平值的計量和披露建立了單一指引來源。此準則界定公平值的定義，制定計量公平值的架構及公平值計量的披露規定。香港財務報告準則第13條的應用範圍廣泛；除指定情況下，此準則皆生效於金融與非金融工具項目，而其他香港財務報告準則則要求或准許公平值計量及披露。一般而言，香港財務報告準則第13條下的披露要求較現有的準則更廣泛。例如現時計量及定性披露只要求香港財務報告準則第7條「金融工具披露」下的金融工具根據三個公平值價值層披露，這將會覆蓋至香港財務報告準則第13條範圍下所有資產及負債。

香港財務報告準則第13條於二零一三年一月一日或以後開始之年度期間生效，並允許提前應用。

董事預期新準則之應用可能對綜合財務報表所公佈的數字產生影響，因此於綜合財務報表內需作更廣泛披露。

3. NEW AND REVISED HKFRSs ISSUED BUT NOT YET
EFFECTIVE - continued

HKFRS 13 Fair value measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 “Financial instruments: Disclosures” will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that the application of the new standard may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

3. 新頒佈及經修訂但未生效之香港財務報告準則 - 續

香港會計準則第1條之修訂其他全面收益項目的呈列

香港會計準則第1條之修訂「其他全面收益項目的呈列」就「全面收益表」和「損益賬」引入新用詞。根據香港會計準則第1條之修訂，「全面收益表」重新命名為「損益及其他全面收益表」及「損益賬」重新命名為「損益表」。香港會計準則第1條之修訂為損益及其他全面收益保留選擇權，可以單一報表或分開兩份但連續的報表呈列。但香港會計準則第1條之修訂要求其他全面收益項目分為兩類：(一)隨後不會重新分類至損益賬之項目；及(二)隨後在特定情況符合下可能重新分類至損益賬之項目。其他全面收益項目相關之所得稅需以相同基準分配 - 新修訂對其他全面收益項目以除稅前或除稅後呈列的選擇權不變。

香港會計準則第1條之修訂會於二零一二年七月一日或以後開始之年度期間生效。其他全面收益項目的呈列亦會隨未來會計期內修訂本之應用而作出修改。

董事預期採用其他新頒佈及經修訂的準則、修訂本及詮釋將不會對綜合財務報表產生任何重要影響。

3. NEW AND REVISED HKFRSs ISSUED BUT NOT YET EFFECTIVE - continued

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 "Presentation of items of other comprehensive income" introduce new terminology for the "statement of comprehensive income" and "income statement". Under the amendments to HKAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income" and an "income statement" is renamed as a "statement of profit or loss". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.

The directors anticipate that the application of the other new and revised standards, amendments or interpretation will have no material impact on the consolidated financial statements.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度

for the year ended 31 December 2012

4. 主要會計政策

本綜合財務報表乃按照香港會計師公會頒佈之香港財務報告準則編製。此外，本綜合財務報表包含《香港聯合交易所有限公司證券上市規則》及香港《公司條例》要求之適用披露。

本綜合財務報表以根據歷史成本為基準編製，惟如下文所載之會計政策所解釋，若干物業及金融工具以公平值計量。歷史成本一般以換取貨物的公平值報酬計量。

主要會計政策詳列如下：

綜合基準

綜合財務報表包括本銀行及由本銀行（其附屬公司）控制之個體（包括結構性個體，如有）之財務報表。

當本銀行因參與被投資者營運所得浮動回報之承擔或權利，且有能力藉對被投資者行使其權力而影響被投資者之回報時，即屬擁有控制權。特別是本銀行僅可於下列情況下控制被投資者：

- 可對被投資者行使權力（即給予目前能夠指揮被投資者相關活動之現有權利）；
- 從參與被投資者之業務獲得或有權獲得可變回報；及
- 有能力藉對被投資者行使其權力而影響其回報。

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and entities (including structured entities, if any) controlled by the Bank (its subsidiaries).

Control is achieved when the Bank is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Bank controls an investee if and only if the Bank has all the following:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

4. 主要會計政策 - 續

綜合基準 - 續

倘本銀行於被投資者之投票權未能佔大多數，則當投票權足以賦予本銀行實際能力單方面指揮被投資者之相關活動時即對被投資者擁有權力。本銀行在評估本銀行對被投資者之投票權是否足以賦予其權力時考慮所有相關事實及情況，包括：

- 本銀行所持之投票權規模相對於其他投票權持有人之投票權規模及股權分散程度；
- 本銀行、其他投票權持有人或其他人士持有之潛在投票權；
- 其他合約安排產生之權利；及
- 表明於需要作出決定時，本銀行目前能夠或不能夠指揮相關活動之任何其他事實及情況（包括於之前股東會議上之投票方式）。

倘有事實及情況顯示上述三項控制因素中之一項或多項出現變化，本銀行將重新評估其是否對被投資者擁有控制權。

附屬公司之綜合由本銀行對附屬公司擁有控制權開始，並於本銀行失去對附屬公司的控制權時終止。尤其是對於年內所收購或出售一間附屬公司之收入及開支將由本銀行獲得控制權日期起直至本銀行終止控制附屬公司當日止計入收益表。

如有需要，會對附屬公司之財務報表作出調整，以使其會計政策與本集團會計政策一致。

有關本集團股東之間的所有集團內資產及負債、權益、收入、開支及現金流量均於綜合賬目時全面對銷。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of consolidation - continued

When the Bank has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

- the size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Bank, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

4. 主要會計政策 - 續

綜合基準 - 續

當本集團失去附屬公司控制權，本集團會(i)於失去控制權當日終止確認該附屬公司之資產(包括任何商譽)和負債之賬面值，(ii)於失去控制權當日終止確認於前附屬公司內之任何非控股權益之賬面值(包括任何於其他全面收益內與此有關的項目)，及(iii)確認所收總代價之公平值及任何保留權益之公平值，連同任何被確認歸屬於本集團的溢利或虧損之差額。倘該附屬公司之資產是按重估金額或公平值計量，而相關累計損益已於其他全面收益中確認並累計入權益中，則先前於其他全面收益確認並累計入權益之款額，會按猶如本公司已直接出售相關資產入賬(即根據相關香港財務報告準則重新分類至損益賬或直接轉撥至保留溢利)。於失去控制權當日在前附屬公司保留之任何投資的公平值，會根據香港會計準則第39條中「金融工具：確認及計量」在其後入賬時被列作首次確認之公平值，或(如適用)首次確認於聯營公司之投資成本。

投資於附屬公司

呈列於本銀行財務狀況表中投資於附屬公司是以成本扣除減值損失撥備計量。本銀行根據股息收入或應收以計算附屬公司的業績。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of consolidation - continued

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as gains or losses in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gains or losses have been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained profits as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "Financial instruments: Recognition and measurement" or, when applicable, the cost on initial recognition of an investment in an associate.

Investments in subsidiaries

Investments in subsidiaries are stated in the Bank's statement of financial position at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Bank on the basis of dividends received or receivable.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

4. 主要會計政策 - 續

商譽

於二零零五年一月一日或之後，但於二零一零年一月一日以前由收購產生的商譽

二零零五年一月一日或之後，但於二零一零年一月一日之前因收購其他個體所產生之商譽，代表於收購日本集團應佔有關被收購的個體之可識別資產及負債之公平值之權益，比收購成本值高出之差額。此商譽是以成本扣除累積減值損失計量。

收購其他個體所產生的資本化商譽於綜合財務狀況表內單獨呈列。

為進行減值測試，收購產生之商譽均被分配至預期從合併產生協同效應之每個相關現金賺取單位或多組現金賺取單位。

已被分配商譽之現金賺取單位將每年或更經常地進行減值測試，及一旦有跡象顯示該單位可能減值便立刻進行減值測試。對於在某一報告年度內收購產生之商譽，被分配商譽之現金賺取單位將於報告年度結算日前進行減值測試。假如該現金賺取單位的可回收金額低於該單位的賬面價值，則首先分配減值虧損以降低該單位所獲分配之任何商譽之賬面價值，再以該單位每項資產之賬面值按比例分配予該單位之其他資產。任何商譽虧損均直接於綜合損益賬內確認。任何商譽之減值虧損均不會於其後期間撥回。

出售有關現金賺取單位時，商譽應佔金額已包括在出售收益或虧損金額內。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Goodwill

Goodwill arising on acquisitions on or after 1 January 2005 but before 1 January 2010

Goodwill arising on an acquisition of a business on or after 1 January 2005 but before 1 January 2010 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a business is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment losses for goodwill is recognised directly in the consolidated income statement. An impairment losses recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

4. 主要會計政策 - 續

聯營公司權益

聯營公司是指本集團對一個個體有重大影響但並非其附屬公司或合營公司之權益。重大影響是指有權參與被投資者的財政及營運政策的決策但並不能夠控制或共同控制這些政策。

聯營公司之業績、資產及負債均採用權益會計法計入綜合財務報表。按照權益法，於聯營公司的投資初步在綜合財務狀況表按成本確認，並於其後就確認本集團應佔該等聯營公司之損益及其他全面收益作出調整。倘本集團對某一聯營公司所承擔之虧損超過對該聯營公司所享權益，(其中包括任何長期利息基本上成為本集團於聯營公司的淨投資的一部份)本集團停止確認其分佔之進一步虧損。僅當本集團招致司法或引申債務或代表聯營公司支付時，才對額外虧損額進行撥備。

本集團應佔的可識別資產及負債之公平值之權益比購買成本值高出之差額，經重新評估後立即被確認至損益賬。

香港會計準則第39條之規定予以應用，以釐定是否需要就本集團於聯營公司之投資確認任何減值虧損。於需要時，該項投資之全部賬面值(包括商譽)乃根據香港會計準則第36條以單一項資產的方式進行減值測試，方法是比較其可收回金額(即使用價值與公平值減出售成本之較高者)與賬面值。任何已確認之減值虧損構成該項投資之賬面值的一部份。根據香港會計準則第36條，確認有關減值虧損之任何回撥，乃於該項投資之可收回金額於其後增加。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Interests in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment losses with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment losses recognised forms part of the carrying amount of the investment. Any reversal of that impairment losses are recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

4. 主要會計政策 - 續

聯營公司權益 - 續

若出售聯營公司而導致本集團失去對該聯營公司之重大影響，任何保留之投資會於當日以公平值計量，並根據香港會計準則第39條首次確認為金融資產之公平值作其公平值。先前已保留權益應佔聯營公司賬面值與其公平值之間的差額，乃計入出售該聯營公司之損益。此外，本集團會將先前在其他全面收益就該聯營公司確認之所有金額入賬，基準與該聯營公司直接出售相關資產或負債的基準相同。因此，若該聯營公司之損益先前已確認於其他全面收益內，則會於出售相關資產或負債時重新分類至損益賬中，當本集團失去對該聯營公司之重大影響時，本集團將溢利或虧損由權益重新分類至損益賬中（作為重新分類調整）。

倘一集團個體與其聯營公司交易，只有在聯營公司之權益與本集團無關的情況下，此等與聯營公司交易所產生之損益才會於本集團之綜合財務報表中確認。

呈列於本銀行財務狀況表中聯營公司權益是以成本扣除減值損失撥備計量。本銀行根據股息收入或應收以計算聯營公司的業績。

利息收入與支出

利息收入和支出按時間比例基準以未付本金及現行之有效利率確認。有效利率乃指將金融工具之預計未來現金付款或收入於該工具的預計年內完全折算，或（如適用）於較短期間內確實折算至該金融資產或金融負債首次確認時的淨賬面值的利率。有關計算亦包括構成有效利率之重要收費及交易成本，及溢價或折讓。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Interests in associates - continued

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or losses on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if gains or losses previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gains or losses from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Investments in associates are stated in the Bank's statement of financial position at cost less provision for impairment losses. The results of associates are accounted for by the Bank on the basis of dividends received or receivable.

Interest income and expenses

Interest income and expenses are recognised on a time-proportion basis by reference to the principal outstanding and at the effective interest rate applicable. 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, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability on initial recognition. The calculation includes significant fees and transaction costs that are an integral part of the effective interest rate, and premiums or discounts.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度

for the year ended 31 December 2012

4. 主要會計政策 - 續

利息收入與支出 - 續

當金融資產的減值虧損一經被確認為計量減值虧損而用以折算未來現金流之利率亦被用於確認其後利息收入。

非利息收入確認

費用及佣金收入

倘費用及佣金收入是金融資產的有效利率的一部份，此費用及佣金收入會包含在計算有效利率內。

其他費用及佣金收入包括會計服務費、投資管理費、銷售佣金、存款費及銀團費，是提供有關服務時被確認的。

股息

當股東之收款權確立後，投資(包括按公平值列賬及列入損益賬之金融資產)之股息收入即被確認為收入(倘若本集團很大可能能獲取經濟收益及有關收益金額能可靠地計量的情況下)。

服務收益

服務收益(包括保管箱租金及其他銀行服務收益)於提供服務時確認。

物業及設備

如有物業及設備包括土地及樓宇(主要包括於財務狀況表呈列之分行及辦公室)，應按照其成本值扣除期後之累積折舊及累積減值虧損入賬。

物業及設備之折舊確認乃按其估計可使用年期，並考慮其估算剩餘價值，以直線法將其成本撇銷。有關估計的可使用年期、剩餘價值及折舊方法於每個報告期末作出審查，並以預期基準下考慮有關估計的改變。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Interest income and expenses - continued

Once an impairment loss of a financial asset has been recognised, subsequent interest income is recognised using the rate of interest used to discount the future cash flows measuring the impairment losses.

Non-interest income revenue recognition

Fees and commission income

Fees and commission income that are integral to the effective interest rate on a financial asset are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed.

Dividends

Dividend income from investments including financial assets at fair value through profit or loss is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Service income

Service income (including safe deposit box rentals and other banking services income) is recognised when services are provided.

Property and equipment

Property and equipment including land and buildings, which mainly comprise branches and offices are stated in the statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property and equipment over their estimated useful lives after taking into account their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

4. 主要會計政策 - 續

物業及設備 - 續

某項物業或設備出售時或未能透過繼續使用該項資產獲得未來經濟收益時即不再被確認。一項資產因出售或退役所導致之任何收益或虧損是按出售所得款項與其賬面值之差額計算，並確認於損益賬內。

投資物業

投資物業是指持有作收租或待價格升值之物業。

投資物業初始以成本入賬並包括任何直接應佔開支。首次確認後，投資物業以公平值計量。投資物業公平值變動所產生之收益或虧損於產生之期間包括於損益賬內。

當投資物業出售或永久停止使用及預計未來不會從出售該項物業中獲得經濟收益時，即不再被確認。資產不再被確認後所導致之任何收益或虧損（按出售所得款淨額與該資產之賬面值之差額計算），於不再確認資產年度計入損益賬。

租賃

當合約實質上將業權所產生之大部份風險及得益轉移給承租人，該等合約被視為融資租賃。其他所有租賃均被視為營運租賃。

本集團為出租人

營運租賃產生之租金收入按有關租賃之期間以直線法於損益賬內確認。

本集團為承租人

支付營運租賃是根據租期內按直線法確認為支出。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Property and equipment - continued

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gains or losses arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposals. Any gains or losses arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the lease.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

4. 主要會計政策 - 續

租賃 - 續

土地及樓宇

當租賃包括土地及樓宇，本集團需要考慮其風險與報酬是否全部轉移至本集團並把每項資產劃分為融資租賃或經營租賃，如土地和樓宇皆明顯是經營租賃，整項租賃便視為經營租賃。尤其最少應付租金（包括任何一次性預付款）在租賃期開始時，需按出租方從租賃土地、樓宇所獲取利益的公平值的比例分派。

當租金能可靠地被分配時，除被確認為以公平值方式計量的投資物業，經營租賃的土地利益應在綜合財務狀況表中「預付土地租金」，按直線基準在租賃期間攤銷。當租金不能可靠地分配到土地及樓宇時，整項租賃視為融資租賃，並列賬於物業及設備中。

外幣

本集團編製財務報表時，以非功能性貨幣（外幣）進行之交易以該個體之功能性貨幣換算（該個體營運地區主要經濟體系所採用之貨幣），以交易日匯率折算入賬。於報告期末，以外幣為單位之貨幣性項目按報告日匯率折算。以公平值入賬並以外幣為單位的非貨幣性項目，按公平值確定當日之匯率折算。以外幣歷史成本計量的非貨幣性項目不予再折算。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Leasing - continued

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments for land” in the statements of financial position and is released over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property and equipment.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

4. 主要會計政策 - 續

外幣 - 續

結算及再折算貨幣性項目所產生之匯兌差額於產生之期間確認於損益賬。以公平值入賬之非貨幣性資產重新折算所產生之匯兌差額計入當期損益賬，重新折算之損益並直接於其他全面收益內確認之非貨幣性資產則例外，其匯兌差額亦直接於其他全面收益內確認。

為便於呈列綜合財務報表，本集團海外業務之資產及負債均按報告期末匯率折算成本集團之呈列貨幣（如：港幣），其收入及支出則按當年平均匯率折算，若期間匯率大幅波動則按交易日匯率折算。所產生之任何匯兌差額均於其他全面收益及累積於股東資金之換算儲備內確認。

出售海外業務（例如出售本集團海外業務的全部利益，或者出售因失去控制權的附屬公司，而其附屬公司包含海外業務），所有匯兌差額累計入權益內，可歸屬於本銀行擁有人並確認於損益賬內。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Foreign currencies - continued

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Bank are reclassified to profit or loss.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

4. 主要會計政策 - 續

退休福利成本

當員工已提供服務，本集團支付界定供款退休福利計劃之供款便視為支出。

界定利益退休福利計劃以預計單位基數法來計算提供退休福利之成本，定期（但最少三年一次）進行精算評估。所有精算損益需於產生之期間立即確認於其他全面收益表。過去服務成本包括未歸屬之權益則立即被確認於損益賬內。

財務狀況表內確認之退休福利權益責任代表界定權益責任之現值減除計劃資產之公平值。由此計算產生之資產將不多於以收回款項模式的經濟收益之現值或未來供款減額。

稅項

稅項開支是指當期應付稅項及遞延稅項之總額。

當期應付稅項是根據本年度之應課稅溢利計算。應課稅溢利與綜合損益賬上呈報之溢利當中差異，源於應課稅溢利並不包括隨後年期才計稅之若干收入或支出項目，亦不包括不需課稅及不可扣稅之項目。本集團之應付當期稅項乃按於報告期末成立或接近成立之稅率計算。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out periodically, but at least triennially. All actuarial gains and losses of defined benefit plans are recognised immediately in other comprehensive income in the period in which they occur. Past service cost, including the unvested benefits, is recognised immediately in profit or loss.

The retirement benefit obligation recognised in the statements of financial position represents the present value of the defined benefit obligation as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4. 主要會計政策 - 續

稅項 - 續

遞延稅項是指綜合財務報表資產及負債之賬面值及其用於計算應課稅溢利的相應稅基之間的臨時差額。一般情況之下，所有因應課稅臨時差額而產生之遞延稅項負債均予確認，而遞延稅項資產則按將來應課稅溢利可用作抵銷可扣稅之臨時差額之限額內計算。如暫時性差異是由商譽或因某交易初次確認（業務合併除外）其他資產及負債而產生，又不影響應課稅溢利及會計溢利，則不予以確認此等遞延資產及負債。

除非集團有權力回撥臨時差額及有很大可能有關臨時差額會於可預期之未來回撥，否則與投資於附屬公司及聯營公司之權益有關的應課稅臨時差額需確認為遞延稅項負債。因上述投資所產生的可扣稅之臨時差額則只有在有足夠應課稅溢利可用作抵銷臨時差額所帶來的收益和可在預期的未來回撥有關臨時差額的情況下確認遞延稅項資產。

遞延稅項資產的賬面值會於報告期末進行評估並會降至沒有足夠應課稅溢利可用作收回全部或部份資產的限額內。

遞延稅項資產及負債是以預期資產兌現及負債償還時之稅率計算，並根據已頒佈或截至報告期間頒佈的稅率（及稅法）。遞延稅項負債及資產的計算反映本集團於報告期末期望資產及負債的賬面值之收回或結算方式所帶來的稅項後果。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Taxation - continued

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interest in associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度

for the year ended 31 December 2012

4. 主要會計政策 - 續

稅項 - 續

計量以公平值模式計量的投資物業之遞延稅項負債或遞延稅項資產時是假設其賬面淨值會透過出售而完全地回撥，除非有關假設被推翻。當投資物業不是通過出售，而是可折舊及屬於以消耗投資物業所產生之大部份經濟收益的模式持有，假設則被推翻。如假設被推翻，投資物業的遞延稅項負債及遞延稅項資產會按照上述載於香港會計準則第12條的一般原則計量（即基於物業預期的回撥方式）。

除非有關項目於全面收益或直接於股東資金中被確認，其當期稅項及遞延稅項便分別於全面收益或直接於股東資金中被確認，否則，當期稅項及遞延稅項於損益賬中被確認。因業務合併初次確認而產生的當期稅項及遞延稅項影響需包括在業務合併的入賬內。

金融工具

當本集團個體成為金融工具合約之訂約方，金融資產及金融負債於財務狀況表內確認。

金融資產及金融負債初步按公平值計量。應直接計入收購或發行金融資產及金融負債（按公平值列賬及列入損益賬之金融資產及金融負債除外）之交易成本，於首次確認時從金融資產或金融負債之公平值適當地加入或扣減。應直接計入收購或發行按公平值列賬及列入損益賬之金融資產或金融負債的交易成本，應立即於損益賬內確認。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Taxation - continued

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Financial instruments

Financial assets and financial liabilities are recognised in the statements of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or issue of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4. 主要會計政策 - 續

金融工具 - 續

金融資產

本集團之金融資產分為以下四類其中一類，包括按公平值列賬及列入損益賬之金融資產、貸款及應收款、持至到期日之投資及可供出售之金融資產。其分類是根據該金融資產的性質和購買目的於初始入賬時決定。從所有一般渠道購買或出售金融資產以交易日基準確認及終止確認。從一般渠道之購買或出售是指須於規定或市場慣例訂立的期間內交付資產的金融資產購買或出售。

有效利息方法

有效利息方法是指計算金融資產的攤銷成本及在有關期內分配利息收入之方法。有效利率是由金融資產的預計年期或(如適用)由較短期間的首次確認的淨賬面值，真實地折算預計未來的現金收入(包括所有形成有效利率的所有費用支付或收取、交易費及其他溢價或折讓)。

按公平值列賬及列入損益賬之金融資產

按公平值列賬及列入損益賬之金融資產可分成兩類：持作買賣用途的金融資產及初始入賬時為指定按公平值列賬及列入損益賬之金融資產。

金融資產被分類為持作買賣用途如：

- 此金融資產在購買時已預算主要是在不久將來出售；或
- 此金融資產是其中由本集團集團管理及在近期有實際短期獲利買賣活動的獨立金融工具投資組合；或
- 此金融資產是衍生工具但不是被指定及有效的對沖工具。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial assets

The Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss have two subcategories, including financial assets held for trading and those designated at fair value through profit or loss on initial recognition.

A financial asset is classified as held for trading if:

- it has been incurred principally for the purpose of selling in the near future; or
- it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度

for the year ended 31 December 2012

4. 主要會計政策 - 續

金融工具 - 續

金融資產 - 續

按公平值列賬及列入損益賬之金融資產 - 續

除了持作買賣用途之金融資產外，金融資產在初始入賬時可能被分類為指定按公平值列賬及列入損益賬之金融資產如：

- 此指定能抵銷或大幅減少計量或確認時之前後矛盾；或
- 此金融資產是一組金融資產或一組金融負債或同屬兩者之一部份，該組金融資產及負債是根據本集團之風險管理或投資策略文件來管理及按公平值衡量其表現，相關分類資料亦基於此於內部提供；或
- 此金融資產是包含一或多個嵌入衍生工具的合約的一部份。香港會計準則第39條准許整個結合式合約（資產或負債）被指定為按公平值列賬及列入損益賬。

按公平值列賬及列入損益賬之金融資產是以公平值計量，因再計量時產生的公平值轉變會於期內入賬於綜合損益賬。於綜合損益賬確認的淨溢利或虧損不包括任何金融資產的利息收入，並已包含在綜合損益賬的利息收入中。

貸款及應收款

貸款及應收款乃非衍生金融資產並帶有固定或可議定之付款，及無交投活躍之市場報價。於初始入賬後，貸款及應收款包括現金及短期資金、於銀行及其他財務機構之貸款及存款、應收利息、應收票據、貿易票據、其他客戶貸款及附屬公司借款均按有效利率攤銷法攤銷後之成本入賬，並減去已確認之減值虧損（參閱會計政策中金融資產的減值如下）。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial assets - continued

Financial assets at fair value through profit or loss - continued

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any interest earned on the financial assets and is included in interest income in the consolidated income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables including cash and short-term funds, placements with and advances to banks and other financial institutions, interest receivable, bills receivable, trade bills and other advances to customers, and amounts due from subsidiaries are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

4. 主要會計政策 - 續

金融工具 - 續

金融資產 - 續

持至到期日之投資

持至到期日之投資乃非衍生金融資產，有固定或可議定之付款及固定到期日，而本集團之管理層有積極意願及能力持有至到期日除那些符合貸款及應收款的定義外。初始入賬後，持至到期日之投資以有效利率法按攤銷成本減除任何已識別的減值虧損計量（參閱會計政策中金融資產的減值如下）。

可供出售之金融資產

可供出售之金融資產乃指定或非分類為按公平值列賬及列入損益賬之金融資產、貸款及應收款或持至到期日之投資之非衍生工具。

於每個報告期末，本集團所持有的被分類為可供出售之金融資產之股本及債務證券是於活躍市場交易並按公平值計量。有關運用有效利息方法所計算的利息收入以致可供出售之金融資產之賬面值的變動及可供出售之股本投資的股息會於損益賬內確認。可供出售之金融資產之賬面值的其他變動會於其他全面收益內確認及累計在投資重估儲備內。當該投資被出售或被評定為減值時，之前累計在投資重估儲備中的累計溢利或虧損，會被重新分類到損益賬內（參閱會計政策中金融資產的減值如下）。

當本集團收取股息權被確立時，被分類為可供出售之股本工具之股息會於損益賬內確認。

可供出售之證券投資如沒有活躍的市場提供市場價格，而且其公平值不能準確計量，會以成本減任何可確定的減值虧損於報告期末計量（參閱會計政策中金融資產的減值如下）。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial assets - continued

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group's management has the positive intention and ability to hold to maturity other than those that meet the definition of loans and receivables. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Equity and debt securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment of financial assets below).

Dividends on equity instruments classified as available-for-sale are recognised in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment of financial assets below).

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

4. 主要會計政策 - 續

金融工具 - 續

金融資產的減值

除了按公平值列賬及列入損益賬之金融資產，金融資產會於報告期末進行減值提示測試。當有客觀的證據，於首次確認金融資產後，一件或更多的事件發生導致金融資產的預期現金流受影響，金融資產便要減值。

當可供出售之證券投資的公平值大幅地或長期地下降至低於其成本，這便視為客觀的減值證據。

其他金融資產的客觀減值證據包括：

- 發行人及對方有嚴重的財務困難；或
- 違反合約、不履行或拖欠利息或本金付款；或
- 借款人很有可能破產或進行財務重組；或
- 由於財務困難以致金融資產的活躍市場消失。

某些金融資產種類(例如客戶貸款)，未經個別作減值評估，便作集體減值評估。

個別重大及有客觀減值證據的貸款之個別減值準備是以折算現金方法評估。個別減值準備是按資產之賬面值及以原本有效利率折算估計未來現金流之現值之差額計量。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as advances to customers, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis.

Individual impairment allowances are assessed by a discounted cash flow method for loans and advances that are individually significant and have objective evidence of impairment. The individual impairment allowances are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

4. 主要會計政策 - 續

金融工具 - 續

金融資產的減值 - 續

並沒有發現需個別減值的個別不重要貸款會根據過往處理具備相類信用風險特色的貸款之虧損經驗為現況作基礎作出集體減值評估。

以攤銷成本入賬的金融資產，其確認的減值虧損為該金融資產的賬面值與以原本有效利率折算估計未來現金流之現值之差額。

以成本入賬的金融資產，減值虧損為該金融資產的賬面值與以相似的金金融資產的現時市場回報率折算估計未來現金流之現值之差額計量。此減值虧損不會於期後回撥。

金融資產的賬面值是透過使用準備金削減。當金融資產被認為不能收回時，便會在準備金內撇銷。以往已撇銷而其後收回之金額，會於損益賬內列賬。

以攤銷成本入賬的金融資產，如在期後減值虧損減少及其減少是由於客觀事件發生於減值虧損確認後，以往已確認之減值虧損可在綜合損益賬中回撥，但其金融資產的賬面值在回撥減值時不能超越減值未被確認時的攤銷成本。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Impairment of financial assets - continued

Individually insignificant advances or advances where no impairment has been identified individually are assessed for collective impairment by considering the historical loss experience of advances with similar credit risk characteristics adjusted for current conditions.

For financial assets carried at amortised cost, the amount of the impairment losses recognised is the difference between the financial asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment losses is measured as the difference between the financial asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced through the use of an allowance account. When the financial assets are considered to be uncollectible, the amounts are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decrease and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment losses are reversed through the consolidated income statement to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

4. 主要會計政策 - 續

金融工具 - 續

金融資產的減值 - 續

當按公平值列賬之可供出售之金融資產被確認為減值時，其於以前所累積確認在其他全面收益內的虧損會於減值發生的年度被重新分類到損益賬內。

按公平值列賬之可供出售之證券投資減值虧損不會於期後回撥到損益賬內。在減值虧損被確認後，任何公平值的增加會直接確認於其他全面收益及累積於投資重估儲備內。關於可供出售之債券投資，如投資的公平值增加是由於客觀事件發生於減值虧損確認後，減值虧損可在其後於損益賬中回撥。

金融負債及股本工具

金融負債

本集團個體所發行之金融負債及股本工具乃根據所訂立合約安排之內容及金融負債和股本工具之定義予以分類為金融負債或股本工具。

股本工具

股本工具為以合約訂明於扣除集團個體所有負債後之剩餘資產權益。集團個體所發行的股本工具是以收益減去直接發行成本予以確認。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Impairment of financial assets - continued

When an available-for-sale financial asset carried at fair value is considered to be impaired, cumulative losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

Impairment losses on available-for-sale equity investments carried at fair value will not be reversed through profit or loss in subsequent periods. Any increase in fair value subsequent to impairment losses are recognised directly in other comprehensive income and accumulated in investment valuation reserve. For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment losses.

Financial liabilities and equity instruments

Financial liabilities

Financial liabilities and equity instruments issued by the Group entity are classified as either financial liabilities or equity instruments in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

Equity instrument is any contract that evidences a residual interest in the assets of a group entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

4. 主要會計政策 - 續

金融工具 - 續

金融負債及股本工具 - 續

有效利息方法

有效利息方法是指計算金融負債的攤銷成本及在有關期內分配利息支出之方法。有效利率是由金融負債的預計年期或(如適用)由較短期間的首次確認的淨賬面值，真實地折算預計未來的現金付款(包括所有形成有效利率的所有費用支付或收取、交易費及其他溢價或折讓)。

利息支出是根據有效利息基礎確認的。

按公平值列賬及列入損益賬之金融負債

按公平值列賬及列入損益賬之金融負債可分成兩類：持作買賣用途的金融負債及初始入賬時為指定按公平值列賬及列入損益賬之金融負債。

金融負債被分類為持作買賣用途如：

- 產生此金融負債時已預算主要在不久將來回購；或
- 於初始確認時，此金融負債是其中由本集團集體管理及在近期有實際短期獲利買賣活動的獨立金融工具投資組合；或
- 此金融負債是衍生工具但不是被指定及有效的對沖工具。

按公平值列賬及列入損益賬之金融負債是以公平值計量，因再計量時所產生的公平值轉變會於發生期內直接入賬於綜合損益賬內。於損益賬內確認的淨溢利或虧損不包括任何金融負債的利息支出。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial liabilities and equity instruments - continued

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss has two subcategories, including financial liabilities held for trading and those designated at fair value through profit or loss on initial recognition.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- on initial recognition, it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gains or losses recognised in profit or loss excludes any interest paid on the financial liabilities.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

4. 主要會計政策 - 續

金融工具 - 續

金融負債及股本工具 - 續

其他金融負債

其他金融負債在初始入賬時，均以扣減交易成本後的公平值計量。而其他金融負債包括同業及其他財務機構存款及結餘、於回購協議下出售之金融資產、客戶存款、其他應付賬項、應付附屬公司款項、存款證及借貸資本，使用有效利率法按攤銷成本入賬。

對銷金融工具

當金融資產及金融負債之對銷有法定執行權利，並有意以淨額基準結算，或同意同時變現金融資產及償還金融負債時，金融資產及金融負債予以對銷，並於財務狀況表內記錄淨額。

衍生金融工具及對沖

衍生金融工具於初始訂立合約時按公平值入賬，期後於每個報告期末按公平值重新計量，其有關之溢利或虧損將即時計入損益賬內。如衍生工具被指定為有效的對沖工具，其確認於損益賬的時間則根據對沖關係的性質。

嵌入衍生工具

當嵌入衍生工具符合衍生工具的定義，其風險及特色與主合約並無密切關係及主合約不會按公平值計量而其公平值變動不會計入損益賬時，在非衍生工具主合約中嵌入之衍生工具會被當作為獨立的衍生工具。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial liabilities and equity instruments - continued

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities, including deposits and balances of banks and other financial institutions, financial assets sold under repurchase agreements, deposits from customers, other accounts payables, amounts due to subsidiaries, certificates of deposit and loan capital are subsequently measured at amortised cost, using the effective interest method.

Offsetting financial instruments

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

Derivative financial instruments and hedging

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gains or losses are recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

4. 主要會計政策 - 續

金融工具 - 續

對沖會計法

本集團會指定若干衍生工具為可供出售之證券及固定利率後償票據的公平值變動作對沖(公平值對沖)。

在對沖關係開始時,相關主體須記錄對沖工具及被對沖項目之間的關係,同時記錄進行各類對沖交易的風險管理目標及策略。此外,本集團亦須在對沖關係開始時及在進行對沖的持續期間,記錄對沖工具是否能高度有效地對沖被對沖項目的公平值變動。

公平值對沖

被指定為公平值對沖且符合公平值對沖條件的衍生工具的公平值變動,均會連同與其對沖風險有關的對沖資產或負債的公平值變動,一起立即確認為損益賬中。對沖工具之公平值變動及與對沖風險有關的對沖項目之變動會於損益賬內關於對沖項目一項中確認。

當本集團解除對沖關係、對沖工具已到期或被出售、被終止、被行使或者已不再符合對沖會計法的條件時,對沖會計法便會終止。由對沖風險所產生的對沖項目之賬面值之公平值調整會由當日起攤銷在損益賬內。

財務擔保合約

財務擔保合約指發行人須按合約償還特定款項予持保人,以補償持保人因特定債務人無法償還根據原來或經修改之債務條款於到期日之欠款。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Hedge accounting

The Group designates certain derivatives as hedges of the fair value of available-for-sale securities and fixed-rate subordinated notes (fair value hedges).

At the inception of the hedging relationship, the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values of the hedged item.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedge item attributable to the hedge risk are recognised in profit or loss in the line item relating to hedge item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for losses it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

4. 主要會計政策 - 續

金融工具 - 續

財務擔保合約 - 續

本集團發行之財務擔保合約，如沒有指定為按公平值列賬及列入損益賬，則初始時按公平值減除發行財務擔保合約直接相關交易費用入賬。初始入賬後，本集團計量財務擔保合約是以(i)根據香港會計準則第37條「準備、或有負債和或有資產」決定之金額及(ii)初始入賬之金額減根據收入確認政策所確認之累計攤銷(如適用)，兩者中較高者結算。

終止確認

當從金融資產收取現金流之合約權利屆滿，或金融資產已予轉讓或已轉讓擁有金融資產之幾乎全部風險及回報給另一個體，本集團會終止確認該金融資產。如本集團沒有轉讓也沒有保留擁有金融資產之幾乎全部風險及回報並繼續控制已轉讓之金融資產，本集團會繼續確認金融資產基於其繼續參與及會確認相關的負債。如本集團保留已轉讓擁有金融資產之幾乎全部風險及回報，本集團會繼續確認該金融資產並且確認另一抵押借款當收到該款項。

於完全終止確認金融資產時，金融資產之賬面值與已收及應收代價及已於其他全面收益和權益內確認之累計溢利或虧損總和之差額，於損益賬內確認。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial guarantee contracts - continued

A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 "Provisions, contingent liabilities and contingent assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

Derecognition

The Group derecognises financial assets only when the contractual rights to the cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the risks and rewards of ownership of the financial asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred financial asset, the Group continues to recognise the financial asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the financial asset's carrying amount and the sum of the consideration received and receivable and the cumulative gains or losses that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

4. 主要會計政策 - 續

金融工具 - 續

終止確認 - 續

於非完全終止確認金融資產時，本集團會把該金融資產之前的賬面值根據各部份於轉讓日相對的公平值分配給繼續確認的部份及不再被確認的部份。分配給不再被確認的部份的賬面值與已收代價及已於其他全面收益內確認之累計溢利或虧損總和之差額，於損益賬內確認。而確認於其他全面收益內的累計溢利或虧損則根據各部份相對的公平值分配給繼續確認的部份及不再被確認的部份。

只有當有關合約指定之本集團之債務被解除、註銷或屆滿時，本集團將終止確認金融負債。該被終止確認的金融負債的賬面值與已付及應付代價之差額，於損益賬內確認。

回購協議

於回購協議下出售之金融資產繼續被適當地確認為可供出售之證券及持至到期日之證券。而相關的負債則包含在於回購協議下出售之金融資產內。

購買與出售價格之差額會以合約之年期用有效利息方法於損益賬中的利息支出內確認。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Derecognition - continued

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when the Group's obligations specified in the relevant contract are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Repurchase agreements

Financial assets sold subject to repurchase agreements continue to be recognised and recorded as available-for-sale securities and held-to-maturity securities as appropriate. The corresponding liability is included in financial assets sold under repurchase agreements.

The difference between purchase and sale price is recognised as interest expense in profit or loss over the life of the agreements using the effective interest method.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

4. 主要會計政策 - 續

金融工具 - 續

準備

本集團因以往發生的事件而承擔的責任，本集團應就有可能引致之損失提撥準備金。準備金的計量是根據於報告期末對承擔現有責任價值的最佳估算，並考慮責任相關的風險及不確定因素。如準備金的計量是以估算的現金流支付現有的責任，賬面值便是其現金流的現值（如金錢時間值有重大的影響）。

非金融資產的減值（商譽除外）

於報告期末，本集團會評估非金融資產的賬面值去決定該資產有否遭受減值虧損的跡象。如這些跡象存在，該資產的可收回金額會被計量，從而決定減值虧損的程度（如有）。當單一資產的可收回金額不可能被計量，本集團會估計該資產所屬的現金賺取單位的可收回金額。在確認一個合理及一致的分配基礎後，企業的資產會分配給單一的現金賺取單位，或是根據其已確認的合理及一致的分配基礎，分配給最小組別的現金賺取單位。

可收回金額是公平值減出售成本與使用價值之較高者。當評估使用價值時，是使用稅前折算率把估計的未來現金流折算成現值，而該稅前折算率是能反映現時市場評估的金錢時間值及該資產的特定風險並且其對未來現金流的估計沒有作出調整。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Impairment of non-financial assets (other than goodwill)

At the end of the reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment losses, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

4. 主要會計政策 - 續

金融工具 - 續

非金融資產的減值(商譽除外) - 續

如資產的估計可收回值少於其賬面值，資產的賬面值會減低至其可收回值。減值虧損會立即被確認至損益賬內。

當減值虧損於期後回撥，資產的賬面值便會升至經估計調整之可收回值。但上升之賬面值不會高於往年度末確認減值虧損前的資產的賬面值。減值虧損的回撥會立即被確認為收入。

現金及等同現金項目

就綜合現金流動表而言，現金及等同現金項目包括於購入日期起少於三個月內到期之結餘，包括現金、於同業及其他財務機構之結餘、通知及短期存放、存放同業及其他財務機構之存款和外匯基金票據。

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Impairment on non-financial assets (other than goodwill) - continued

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised immediately in profit or loss.

Where impairment losses subsequently reverse, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment losses been recognised for the asset in prior years. A reversal of impairment losses is recognised as income immediately.

Cash and cash equivalents

For the purposes of the consolidated 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, money at call and short notice, placements with and deposits of banks and other financial institutions as well as exchange fund bills.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

5. 關鍵會計估計及估計不穩定因素之主要來源

敘述於附註4，管理層於應用本集團的會計政策時，需就沒有任何明顯消息來源的資產及負債之賬面值作出判斷、評估及假設。評估及潛在的假設乃根據從前的經驗及其他認為有關的原因。真實結果可能與此評估不同。

評估及潛在的假設會不斷進行回顧。如修正只影響評估修正期間，會計評估的修正會在評估修正期內被確認，或如修正影響該修正期間及將來，會計評估的修正會在期內及將來被確認。

估計不穩定因素之主要來源

於報告期末，因將來之假設及估計帶來之主要不穩定因素，可能對資產及負債之賬面值於下一財政年度內帶來重大調整之風險，討論如下：

(a) 貸款之減值準備

本集團就貸款所帶來之估計虧損撥減值準備，並與溢利相減。此準備包括個別減值準備及集體減值準備。整體減值準備相當於管理層認為貸款組合內必須撇減之數額，致使貸款組合可收回淨額準確地列於財務狀況表。

於釐定個別減值準備時，管理層考慮減值之客觀證據。當一項貸款出現減值時，以折算現金流方法評估個別減值準備，按資產之賬面值及原本有效利率折算估計未來現金流之現值之差額計量。準備數額亦受抵押品之價值所影響，在若干情況下，抵押品價值可能折讓，以反映強制出售或迅速套現之影響。

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Impairment allowances on loans and advances

The Group establishes, through charges against profit, impairment allowances in respect of estimated incurred losses in loans and advances. The allowances consist of individual impairment allowances and collective impairment allowances. The overall impairment allowances represent the aggregate amount by which management considers necessary to write down its loan portfolio in order to state it in the statements of financial position at its estimated net recoverable value.

In determining individual impairment allowances, management considers objective evidence of impairment. When a loan is impaired, an individual impairment allowance is assessed by a discounted cash flow method, measured at the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The quantum of the allowance is also impacted by the collateral value and this, in turn, may be discounted in certain circumstances to recognise the impact of forced sale or quick liquidation.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

5. 關鍵會計估計及估計不穩定因素之主要來源 - 續

估計不穩定因素之主要來源 - 續

(a) 貸款之減值準備 - 續

在釐定集體減值準備時，管理層採用過往處理具備相類信用風險特色的集體貸款之虧損經驗為基礎作出減值虧損估計。更多資料詳列於附註7。

有關減值準備之變動，詳列於附註21。

(b) 衍生工具及其他金融工具的公平值

本集團的管理層利用其判斷來選擇適合未於交投活躍市場的金融工具之估值法。其估值法是應用由市場從業員普遍採用的估值法。至於衍生金融工具、可換股債券及內含衍生工具的結構性工具，假設是根據公開市場價格再以工具的特性作調整而產生。

所使用的假設詳列於附註7。

(c) 對商譽減值估計

根據香港會計準則第36條「資產減值」，當一項資產的賬面值超出其可收回金額，便要確認減值虧損。可收回金額是以公平值減出售費用及使用值之兩者中的較高者計算。

管理層根據已分配商譽到有關被收購附屬公司（最少賺取現金單位）的賬面值及使用值作出比較，並檢討商譽減值。其被收購附屬公司是從事保險業務。

使用值的計算是根據附屬公司管理層審閱的三年財務預算中現金流動預測及三年期末評估終值預測。於已審閱預算所覆蓋期間，現金流動預測的準備是包括一些假設和評估。主要假設包括預期收入增長和折算率的選擇。

可收回金額的計算詳列於附註36。

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY - continued

Key sources of estimation uncertainty - continued

(a) Impairment allowances on loans and advances - continued

In determining collective impairment allowances, management uses estimates based on historical loss experience on a collective basis for loans and advances with similar credit risk characteristics to assess the impairment loss. More details are set out in Note 7.

Details of the impairment allowances movements are disclosed in Note 21.

(b) Fair value of derivatives and other financial instruments

The management of the Group uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, convertible bonds and structured products with embedded derivatives, assumptions are made based on quoted market rates adjusted for specific features of the instruments.

Details of the assumptions used are disclosed in Note 7.

(c) Estimated impairment of goodwill

According to HKAS 36 "Impairment of Assets", impairment losses are made when the carrying amount of an asset exceeds its recoverable amount, which is calculated at the higher of the fair value less costs to sell and value in use.

Management has reviewed goodwill for impairment by comparing the carrying amount and value in use of an acquired subsidiary (the smallest cash-generating unit) to which the goodwill has been allocated. The acquired subsidiary is involved in insurance business.

The value in use calculations primarily use cash flow projections based on three year financial budgets approved by management of the subsidiary and estimated terminal value at the end of the three-year period. There are a number of assumptions and estimates involved for the preparation of cash flow projections for the period covered by the approved budget. Key assumptions include the expected growth in revenues and selection of discount rates.

Details of the recoverable amount calculation are disclosed in Note 36.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

5. 關鍵會計估計及估計不確定因素之主要來源 - 續

應用個體的會計政策的關鍵性判斷

除關於評估的判斷之外，以下是管理層於應用對綜合財務報表有最重大影響個體會計政策之關鍵性判斷。

投資物業之遞延稅項

為計量以公平值模式計量的投資物業之遞延稅項負債或遞延稅項資產時，董事已對本集團於香港及中華人民共和國之投資物業組合進行檢討並總結本集團的投資物業並不屬於以消耗投資物業所產生之大部份經濟收益的模式持有。因此，在計量本集團投資物業之遞延稅項時，董事已確定以公平值模式計量的投資物業之賬面值會透過出售而完全地回撥的假設並未有被推翻。因此，本集團未有就位於香港的投資物業之公平值改變而確認遞延稅項因出售有關投資物業時並不會造成任何利得稅項。

於中華人民共和國之分行之累積溢利所產生的臨時差額所帶來之遞延稅項

董事已確定銀行有能力控制於中華人民共和國之分行之累積溢利所產生的臨時差額為港幣209,801,000元(二零一一年:港幣159,590,000元)及有關臨時差額很大可能不會於可預期的將來作出回撥。因此，並未對有關臨時差額作遞延稅項準備。

持至到期日之投資

本集團將某些具有固定或可議定付款及固定到期日之非衍生工具金融資產分類為持至到期日。此分類需要作出判斷。在作出此項判斷時，本集團評估其持有該項投資至到期日之意願及能力。倘若本集團在特別情況以外未能保留此等投資至到期日，舉例而言在臨近到期時出售不重大數額，則須重新分類整個類別為可供出售。該項投資因此按公平值而非攤銷成本計量。

此類資產詳列於附註19。

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY - continued

Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations, that the management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios in Hong Kong and the PRC and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties located in Hong Kong as the Group is not subject to any income taxes on disposal of these investment properties.

Deferred taxation in respect of temporary differences attributed to the accumulated profits of the PRC branch

The directors have determined that the Bank is able to control the timing of the reversal of the temporary differences attributable to accumulated profits of the PRC branch amounting to HK\$209,801,000 (2011: HK\$159,590,000) and that it is probable that the temporary differences will not reverse in the foreseeable future. Accordingly, deferred taxation relating to such temporary differences is not provided.

Held-to-maturity investments

The Group classified certain non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than for the specific circumstances - for example, selling an insignificant amount close to maturity - it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value instead of amortised cost.

Details of these assets are set out in Note 19.

6. 分項資料

(甲) 營業分項

本集團的營業分項亦是報告分項，是根據本集團的主要營運決策人（常務董事委員會）定期審閱的資料，以分配資源到該分項並按本集團的業務劃分評估其表現如下：

本集團提供之企業及零售銀行服務主要包括對客戶提供之借貸、貿易融資、汽車信貸、消費者信貸、透支、強積金服務、定期存款、往來及活期儲蓄戶口、信用卡及個人財富管理服務。本集團亦為客戶提供自動化之電話銀行服務及網上銀行服務。其他銀行服務包括匯款、外幣找換、保管箱、自動轉賬及直接付款服務。

財資業務主要包括銀行同業拆借、本集團統一利率風險及流動資金管理及中央現金管理。來自外匯業務的收入乃源於代客從事外匯交易、遠期合約買賣及源於利用外匯資金掉期合約以管理本銀行之現金活動。

本集團證券買賣活動包括證券交易、股票經紀及期貨經紀。

其他包括投資控股、保險、其他投資顧問服務及物業投資。

主要營運決策人確認並沒有營業分項是合計於本集團之報告分項內。

6. SEGMENT INFORMATION

(a) Operating segments

The Group's operating segments, which are also the reportable segments, based on information regularly reviewed by the chief operating decision maker (Executive Committee) of the Group for the purpose of allocating resources to segments and assessing their performance on business divisions of the Group, are as follows:

The corporate and retail banking services provided by the Group are principally lending and trade finance facilities, auto financing, consumer financing, overdraft facilities, mandatory provident fund services, provision of fixed deposits, current and savings accounts, credit cards and personal wealth management services. The Group also provides automated telephone and internet banking services to its customers. Other banking services offered include remittance and money exchange, safe deposit boxes, autopay and direct debit services.

Treasury activities mainly comprise inter-bank placement and deposit transactions, management of overall interest rate risk and liquidity of the Group and centralised cash management. Income from foreign exchange activities is generated from services provided to customers in the form of foreign exchange trading and forward contracts, and from the Bank's cash management activities through foreign currency funding swaps.

Securities dealing activities of the Group include securities trading, stockbroking and futures broking.

Others comprise investment holding, insurance, other investment advisory services and property investments.

No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

6. 分項資料 - 續

(甲) 營業分項 - 續

- (i) 截至二零一二年十二月三十一日止年度，營業分項資料如下：

營業分項收益及結果

源自外界客戶利息收入

給予外界客戶利息支出

跨業務利息收入 (附註1)

跨業務利息支出 (附註1)

淨利息收入

費用及佣金收入

費用及佣金支出

按公平值列賬及列入

損益賬之金融工具

之淨溢利

公平值對沖淨溢利

其他營業收入 (附註2)

分項收益

營業收入總額

包含：

- 源自客戶分項收益

- 跨業務交易

營業支出 (附註3)

貸款減值撥備

出售物業及設備之淨虧損

出售可供出售證券之淨溢利

出售投資物業及其公平值調整
之淨溢利

分項溢利

未分類企業支出

未分類企業收入

所佔聯營公司之溢利

除稅前溢利

附註：1. 跨業務資金交易之價格是以客戶當前存款利率計算。

2. 未分類企業收入是綜合損益賬內的其他營業收入與營業分項內的其他營業收入之差額。

3. 未分類企業支出是綜合損益賬內的營業支出與營業分項內的營業支出之差額。

6. SEGMENT INFORMATION - continued

(a) Operating segments - continued

- (i) Operating segment information for the year ended 31 December 2012 is presented below:

Operating segment revenues and results

企業及 零售銀行 Corporate and retail banking 港幣千元 HK\$'000	財務業務 Treasury activities 港幣千元 HK\$'000	證券業務 Securities business 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	抵銷 Eliminations 港幣千元 HK\$'000	綜合 Consolidated 港幣千元 HK\$'000
Interest income from external customers	1,012,559	548,938	2,323	-	1,563,820
Interest expense to external customers	(567,076)	(159,836)	-	-	(726,912)
Inter-segment interest income (Note 1)	255,975	-	-	(255,975)	-
Inter-segment interest expense (Note 1)	-	(255,975)	-	255,975	-
Net interest income	701,458	133,127	2,323	-	836,908
Fee and commission income	137,194	-	116,755	-	253,949
Fee and commission expenses	(64,006)	-	(578)	-	(64,584)
Net gains on financial instruments at fair value through profit or loss	677	56,796	-	-	57,473
Net gains on fair value hedge	-	1,200	-	-	1,200
Other operating income (Note 2)	84,632	108,228	-	44,140	237,000
Segment revenue	859,955	299,351	118,500	44,140	1,321,946
Total operating income					
Comprising:					
- segment revenue from customers	603,980	555,326	118,500	44,140	
- inter-segment transactions	255,975	(255,975)	-	-	
Operating expenses (Note 3)	(470,941)	(30,213)	(69,493)	(10,769)	(581,416)
Reversal of impairment allowances on loans and advances	65,228	-	-	-	65,228
Net losses on disposal of property and equipment	(1,852)	-	-	(9)	(1,861)
Net gains on disposal of available-for-sale securities	-	-	-	594	594
Net gains on disposal of and fair value adjustments on investment properties	-	-	-	12,206	12,206
Segment profit	452,390	269,138	49,007	46,162	816,697
Unallocated corporate expenses					(207,175)
Unallocated corporate income					835
Share of profits of associates					610,357
Profit before taxation					36,028
					646,385

Note: 1. Inter-segment pricing for funding transactions is charged at prevailing customer deposit interest rates.

2. The difference between the other operating income in the consolidated income statement and the other operating income in the operating segments is the unallocated corporate income.

3. The difference between the operating expenses in the consolidated income statement and the operating expenses in the operating segments is the unallocated corporate expenses.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

6. 分項資料 - 續

(甲) 營業分項 - 續

- (i) 截至二零一二年十二月三十一日止年度，營業分項資料如下：- 續

於二零一二年十二月三十一日的營業分項資產及負債

資產
分項資產
聯營公司權益
未分類企業資產
綜合資產總額
負債
分項負債
未分類企業負債
綜合負債總額

其他資料 - 包括在分項結果及分項資產中計量的金額

本年度之資本開支
折舊
預付土地租金之釋放

營業分項的會計政策跟載於附註4的本集團會計政策是相同的。

不同分項所產生的全部直接費用已歸類到個別的分項之下。非直接費用及後勤支援費用已根據所付出的努力及時間分類到不同的分項及產品，而分項的其他營業收入分類是依靠所產生的費用性質。關於不能分類到分項或產品的費用及收入及其後勤支援的企業業務費用及收入並已分別歸類於未分類企業支出及收入。

未能分類到分項，產品及後勤支援的企業業務之資產及負債已歸類於未分類企業資產及負債，而所有直接分項資產及負債已分類到個別的分項。

6. SEGMENT INFORMATION - continued

(a) Operating segments - continued

- (i) Operating segment information for the year ended 31 December 2012 is presented below: - continued

Operating segment assets and liabilities as at 31 December 2012

	企業及 零售銀行 Corporate and retail banking 港幣千元 HK\$'000	財資業務 Treasury activities 港幣千元 HK\$'000	證券業務 Securities business 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	綜合 Consolidated 港幣千元 HK\$'000
Assets					
Segment assets	48,290,655	31,156,460	232,982	437,396	80,117,493
Interests in associates					182,970
Unallocated corporate assets					454,902
Consolidated total assets					<u>80,755,365</u>
Liabilities					
Segment liabilities	67,818,689	5,172,703	174,138	65,204	73,230,734
Unallocated corporate liabilities					150,551
Consolidated total liabilities					<u>73,381,285</u>

Other information - amounts included in the measure of segment results and segment assets

	企業及 零售銀行 Corporate and retail banking 港幣千元 HK\$'000	財資業務 Treasury activities 港幣千元 HK\$'000	證券業務 Securities business 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	未分類業務 Unallocated 港幣千元 HK\$'000	綜合 Consolidated 港幣千元 HK\$'000
Capital expenditure during the year	35,531	1,178	243	508	32,645	70,105
Depreciation	36,227	1,475	5,295	179	16,033	59,209
Release of prepaid lease payments for land	66	-	-	-	-	66

The accounting policies of the operating segments are the same as the Group's accounting policies in Note 4.

All direct costs incurred by different segments are grouped under respective segments. Indirect costs and support functions' costs are allocated to various segments and products based on effort and time spent while segments' other operating income is allocated depending on the nature of costs incurred. Costs and support functions' costs and income related to corporate activities that cannot be reasonably allocated to segments or products are grouped as unallocated corporate expenses and unallocated corporate income respectively.

Assets and liabilities related to corporate activities that cannot be reasonably allocated to segments, products and support functions are grouped as unallocated corporate assets and liabilities. All direct segment assets and liabilities are grouped under respective segments.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

6. 分項資料 - 續

(甲) 營業分項 - 續

(ii) 截至二零一一年十二月三十一日止年度，營業分項資料如下：

營業分項收益及結果

源自外界客戶利息收入
給予外界客戶利息支出
跨業務利息收入 (附註1)
跨業務利息支出 (附註1)
淨利息收入
費用及佣金收入
費用及佣金支出
按公平值列賬及列入損益賬之
金融工具之淨溢利 (虧損)

公平值對沖淨虧損
其他營業收入 (支出)

分項收益
營業收入總額
包含：
- 源自客戶分項收益

- 跨業務交易

營業支出 (附註2)
貸款減值撥備

出售物業及設備之淨虧損

出售可供出售證券之淨溢利

出售投資物業及其公平值調整
之淨溢利

可供出售證券減值損失

分項溢利
未分類企業支出

所佔聯營公司之溢利
除稅前溢利

附註：1. 跨業務資金交易之價格是以客戶當前存款利率計算。
2. 未分類企業支出是綜合損益賬內的營業支出與營業分項內的營業支出之差額。

6. SEGMENT INFORMATION - continued

(a) Operating segments - continued

(ii) Operating segment information for the year ended 31 December 2011 is presented below:

Operating segment revenues and results

企業及 零售銀行 Corporate and retail banking 港幣千元 HK\$'000	財務業務 Treasury activities 港幣千元 HK\$'000	證券業務 Securities business 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	抵銷 Eliminations 港幣千元 HK\$'000	綜合 Consolidated 港幣千元 HK\$'000
Interest income from external customers	827,367	540,008	2,614	-	1,369,989
Interest expense to external customers	(442,555)	(112,113)	-	-	(554,668)
Inter-segment interest income (Note 1)	179,437	-	-	-	(179,437)
Inter-segment interest expense (Note 1)	-	(179,437)	-	-	179,437
Net interest income	564,249	248,458	2,614	-	815,321
Fee and commission income	124,152	-	152,105	-	276,257
Fee and commission expenses	(58,219)	-	(315)	-	(58,534)
Net gains (losses) on financial instruments at fair value through profit or loss	183	(100,692)	-	(1,909)	(102,418)
Net losses on fair value hedge	-	(20,679)	-	-	(20,679)
Other operating income (expenses)	316,206	54,168	(2)	34,483	404,855
Segment revenue	946,571	181,255	154,402	32,574	1,314,802
Total operating income	946,571	181,255	154,402	32,574	1,314,802
Comprising:					
- segment revenue from customers	767,134	360,692	154,402	32,574	
- inter-segment transactions	179,437	(179,437)	-	-	
Operating expenses (Note 2)	(467,071)	(30,618)	(71,234)	(8,706)	(577,629)
Reversal of impairment allowances on loans and advances	107,188	-	-	-	107,188
Net losses on disposal of property and equipment	(4,127)	-	-	(1)	(4,128)
Net gains on disposal of available-for-sale securities	-	-	-	697	697
Net gains on disposal of and fair value adjustments on investment properties	-	-	-	9,065	9,065
Impairment loss on available-for-sale securities	-	-	-	(4,473)	(4,473)
Segment profit	582,561	150,637	83,168	29,156	845,522
Unallocated corporate expenses					(195,926)
Share of profits of associates					649,596
Profit before taxation					18,056
					667,652

Note: 1. Inter-segment pricing for funding transactions is charged at prevailing customer deposit interest rates.

2. The difference between the operating expenses in the consolidated income statement and the operating expenses in the operating segments is the unallocated corporate expenses.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

6. 分項資料 - 續

(甲) 營業分項 - 續

(ii) 截至二零一一年十二月三十一日止年度，營業分項資料如下：- 續

於二零一一年十二月三十一日的營業分項資產及負債

資產
分項資產
聯營公司權益
其他未分類企業資產
綜合資產總額
負債
分項負債
未分類企業負債
綜合負債總額

其他資料 - 包括在分項結果及分項資產中計量的金額

6. SEGMENT INFORMATION - continued

(a) Operating segments - continued

(ii) Operating segment information for the year ended 31 December 2011 is presented below: - continued

Operating segment assets and liabilities as at 31 December 2011

	企業及 零售銀行 Corporate and retail banking 港幣千元 HK\$'000	財資業務 Treasury activities 港幣千元 HK\$'000	證券業務 Securities business 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	綜合 Consolidated 港幣千元 HK\$'000
Assets					
Segment assets	50,025,308	26,405,590	130,014	408,662	76,969,574
Interests in associates					153,872
Unallocated corporate assets					322,326
Consolidated total assets					77,445,772
Liabilities					
Segment liabilities	65,096,187	5,212,929	69,744	56,972	70,435,832
Unallocated corporate liabilities					147,348
Consolidated total liabilities					70,583,180

Other information - amounts included in the measure of segment results and segment assets

	企業及 零售銀行 Corporate and retail banking 港幣千元 HK\$'000	財資業務 Treasury activities 港幣千元 HK\$'000	證券業務 Securities business 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	未分類業務 Unallocated 港幣千元 HK\$'000	綜合 Consolidated 港幣千元 HK\$'000
本年度之資本開支						
Capital expenditure during the year	10,084	666	1,287	63	235,851	247,951
折舊	31,287	1,616	5,818	108	15,913	54,742
預付土地租金之釋放	66	-	-	-	-	66
可供出售證券之減值損失	-	-	-	(4,473)	-	(4,473)

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

6. 分項資料 - 續

(乙) 區域資料

區域資料(包括以區域分析之總分項收益)是按照本集團分行及附屬公司報告業績或資產入賬的主要營運地區作出分析。下列的非流動資產是按照企業本身所定居的國家與非流動資產的位置相同。

區域資料的詳細資料如下：

香港
澳門及汕頭 - 中國大陸
美國
總額

6. SEGMENT INFORMATION - continued

(b) Geographical information

Geographical information (including geographical analysis of total segment revenue) is analysed by the Group based on the locations of the principal operations of the branches and subsidiaries which are responsible for reporting the results or booking the assets. Non-current assets presented below are based on the location of the entities' country of domicile which is the same as the location of the non-current assets.

Details of geographical information are set out below:

2012							
總營業收入 Total operating income	除稅前 溢利 Profit before taxation	資產總額 Total assets	負債總額 Total liabilities	或有負債及 承擔總額 Total contingent liabilities and commitments	非流動 資產 Non- current assets	年內 資本開支 Capital expenditure during the year	
港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
Hong Kong	1,220,635	569,471	78,627,449	72,677,568	22,673,877	1,286,546	68,057
Macau and Shantou, Mainland China	85,984	67,172	1,533,533	631,873	376,181	12,915	2,004
America	16,162	9,742	594,383	71,844	15,215	170	44
Total	1,322,781	646,385	80,755,365	73,381,285	23,065,273	1,299,631	70,105

2011							
總營業收入 Total operating income	除稅前 溢利 Profit before taxation	資產總額 Total assets	負債總額 Total liabilities	或有負債及 承擔總額 Total contingent liabilities and commitments	非流動 資產 Non- current assets	年內 資本開支 Capital expenditure during the year	
港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
Hong Kong (restated)	1,211,607	588,642	75,418,775	69,606,383	17,496,575	1,239,949	247,621
Macau and Shantou, Mainland China	89,786	72,124	1,490,218	889,429	263,082	12,913	234
America	13,409	6,886	546,919	87,368	37,677	172	96
Total (restated)	1,314,802	667,652	77,455,912	70,583,180	17,797,334	1,253,034	247,951

附註：總營業收入包括淨利息收入、淨費用及佣金收入、按公平值列賬及列入損益賬之金融工具之淨溢利(虧損)、公平值對沖淨溢利(虧損)及其他營業收入。

非流動資產包括聯營公司權益、投資物業、物業及設備、預付土地租金(非流動部份)及商譽。

Note: Total operating income consists of net interest income, net fee and commission income, net gains (losses) on financial instruments at fair value through profit or loss, net gains (losses) on fair value hedge and other operating income.

Non-current assets consist of interests in associates, investment properties, property and equipment, prepaid lease payments for land (non-current portion) and goodwill.

7. 財務風險管理

本集團的營運活動面對多種不同的財務風險，而此營運活動包括分析、評估、接受及管理不同程度的風險或混合的風險。本集團的目的是為適當地平衡風險及回報和減少對本集團在財務表現上潛在的不利因素。

本集團乃按確認及分析此類風險，建立適當的風險額度及監察，和以可靠及現代的資訊系統控制此風險和達至訂定之額度內，從而編製成風險管理政策。本集團定期審查此風險管理政策和系統，以反映市場、產品的改變和新的最佳做法的改變。

資產及負債管理委員會（「資債管委會」）及放款審核委員會負責執行經董事會及風險管理及條例執行委員會審批後的風險管理政策。資債管委會與本集團內其他營運單位密切地合作，以確認、評估及對沖財務風險。董事會及風險管理及條例執行委員會以書面方式編訂整體風險管理的原則，及涵蓋包括外匯風險、利率風險、信用風險、衍生金融工具及非衍生金融工具之使用的相關政策。同時，內部審計乃負責風險管理及監控環境的獨立審查。而運用金融工具的最主要風險為信用風險、市場風險及流動資金風險。市場風險則包括貨幣風險、利率風險及其他價目風險。

7. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by the Asset and Liability Management Committee (the "ALCO") and the Loans Committee under policies approved by the Board of Directors and the Risk Management and Compliance Committee (the "RMCC"). The ALCO identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board and the RMCC provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, internal audit is responsible for the independent review of risk management and the control environment. The most important types of risks from the use of financial instruments are credit risk, market risk and liquidity risk. Market risk includes currency risk, interest rate and other price risk.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

7. 財務風險管理 - 續

金融工具種類

金融資產

按公平值列賬及列入損益賬

- 指定按公平值列賬
- 持作買賣用途
- 衍生工具指定作對沖會計關係列賬

可供出售之證券

持至到期日之證券

貸款及應收款項

(包括現金及等同現金項目)

金融負債

按公平值列賬及列入損益賬

- 持作買賣用途
- 衍生工具指定作對沖會計關係列賬

攤銷成本

信用風險

本集團所承擔之信用風險，為對方於到期時未能全數支付貸款之風險。於報告期末已招致之虧損者已作出減值準備。因經濟或某行業之狀況發生重大改變，可能導致額外虧損，可能與報告期末已撥備之數額不同，管理層因此於管理信用風險時行事審慎。

信用風險管理

本集團根據經驗、香港《銀行業條例》、香港金融管理局所發出之指引及其他法定要求（即有關海外分行及附屬公司之相關的本地法例及規則）而編製成貸款政策。

7. FINANCIAL RISK MANAGEMENT - continued

Categories of financial instruments

	集團 THE GROUP		銀行 THE BANK	
	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
Financial assets				
Fair value through profit or loss				
- designated at fair value	1,213,149	1,845,282	1,213,149	1,845,282
- held for trading	21,407	13,808	21,146	13,501
- derivative instruments in designated hedge accounting relationship	166,765	116,055	166,765	116,055
Available-for-sale securities	4,222,217	1,846,485	4,130,090	1,765,800
Held-to-maturity securities	9,600,020	8,288,082	9,600,020	8,288,082
Loans and receivables (including cash and cash equivalents)	64,230,608	64,076,239	64,231,145	64,144,474
Financial liabilities				
Fair value through profit or loss				
- held for trading	118,154	203,110	118,154	203,110
- derivative instruments in designated hedge accounting relationship	130,502	62,586	130,502	62,586
Amortised cost	73,092,728	70,279,411	73,700,780	70,942,119

Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment allowances are made for losses that have been incurred at the end of the reporting period. Significant changes in the economy, or in the health of a particular industry segment, could result in losses that are different from those provided for at the end of the reporting period. Management therefore carefully manages its exposure to credit risk.

Management of credit risk

The Group's lending policies have been formulated on the basis of its own experience, the Hong Kong Banking Ordinance, the Hong Kong Monetary Authority guidelines and other statutory requirements (in the case of overseas branches and subsidiaries, the relevant local laws and regulations).

7. 財務風險管理 - 續

信用風險 - 續

信用風險管理 - 續

常務董事放款審核委員會及放款審核委員會為本集團的主要審批信用之組織。放款審核委員會由本銀行之高級管理人員組成；而常務董事放款審核委員會則由本銀行所有常務董事所組成。常務董事放款審核委員會全面負責本集團之信用政策及監督本集團之貸款組合信用質素。在常務董事放款審核委員會的監管下，本集團之管理人員根據貸款額度、提供之抵押品、借款人之信用級別及其他規定的信用指引，授權審批信用。

信貸評審部負責審核所有信用申請。當客戶填寫貸款申請書或信用額度之要求後，分行或貸款部門之客戶主任從約見客戶、收取文件、作可行性研究及以其他途徑獲得有關資料，繕寫及提交信用建議書予信用評審主任審核申請。信用評審主任則需要覆審提交資料之真確及信用建議書是否符合指定要求，同時，在允許或反對貸款申請及續期之建議時，需要提供獨立之信用評估作支持。

本集團之貸款政策授權放款審核委員會批核信用申請。放款審核委員會則根據客戶之貸款目的、財務優勢、還款能力、以往戶口表現、及提供之抵押品（如適用）而作出批核。若貸款額度超越放款審核委員會獲授權批核之額度時，常務董事放款審核委員會則負責批核申請。

本集團通過對單一貸款人、或多組貸款人，及對地區及行業設定可接受之風險限額，為所承受之風險水平設定限制。該等風險普遍以循環基準予以監察，並定期進行檢討。對產品、行業及國家之信用風險水平之限額每年經董事會批准。

7. FINANCIAL RISK MANAGEMENT - continued

Credit risk - continued

Management of credit risk - continued

The Group's primary credit approval bodies are the Loans Committee, which comprises senior staff members of the Bank, and the Executive Loans Committee, comprising all the Executive Directors of the Bank. The Executive Loans Committee has overall responsibility for the Group's credit policies and oversees the credit quality of the Group's advance portfolio. Under the oversight of the Executive Loans Committee, officers of the Group are authorised to approve credit based on the size of the advance, the collateral provided, the credit standing of the applicant and other prescribed credit guidelines.

The Credit Assessment Department is responsible for reviewing all credit applications. When a customer fills out an advance application or requests a credit line, the branch or lending department account officer collects information through customer interviews, documentation requests and feasibility studies as well as other sources. The account officer then prepares and submits a credit proposal based on the information gathered for the review of the Credit Review Officers. Credit Review Officers are required to check the accuracy of the information submitted and that the credit proposal meets the underwriting standards required, and are required to provide an independent credit evaluation in support of a recommendation for granting or rejecting the advance and the subsequent renewal applications.

Credit approval is performed by the Loans Committee in accordance with the delegated lending authority from the Lending Policy of the Group with reference to a customer's objective of borrowing, financial strength, repayment ability, past account performance and collateral being offered as security, as appropriate. Approval from the Executive Loans Committee is required as and when the requested amount of the advance exceeds the delegated authority of the Loans Committee.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are typically monitored on a revolving basis and are subject to periodic reviews. Limits on the level of credit risk by product, industry sector and by country are approved annually by the Board.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

7. 財務風險管理 - 續

信用風險 - 續

信用風險管理 - 續

信用風險之風險承擔乃通過定期分析借款人及潛在借款人應付償還利息及本金責任之能力，並於適當時候更改貸出限額予以控制。信用風險之風險承擔亦部份通過取得抵押品及公司和個人擔保控制。

減輕風險之政策

監察及減輕風險措施詳列如下：

(a) 抵押品

本集團對接受之抵押品種類或減輕信用風險作出指引。主要的貸款抵押品種類如下：

- 按揭之住宅及商用物業；
- 將商業資產如樓宇、存貨及應收賬項作押記；或
- 將金融工具如債務證券及股本作押記。

此外，若發現客戶之貸款出現減值訊號，本集團將盡快要求對方提供額外的抵押品以減輕信用風險。

抵押品之公平值評估是根據相關資產常用的估值技術於貸款時決定，除非個別貸款減值，否則一般不會更新。當貸款被確認減值時，其抵押品之公平值將參考市場價格例如最近物業交易價格以作更新。

(b) 其他減輕風險措施

本集團使用擔保將信用風險減輕。當本集團接受對方的擔保時，內部會對保證人設立上限以減輕信用之風險。

減值及減值準備政策

減值準備是基於報告期末已發現的損失及客觀的減值證據確認作財務報告之用。

7. FINANCIAL RISK MANAGEMENT - continued

Credit risk - continued

Management of credit risk - continued

Exposure to credit risk is managed through regular reviews of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

Risk mitigation policies

Some specific control and mitigation measures are outlined below:

(a) Collateral

The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential and commercial properties;
- Charges over business assets such as premises, inventory and accounts receivable; or
- Charges over financial instruments such as debt securities and equities.

In addition, in order to minimise the credit losses, the Group will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Estimates of fair value of collateral are based on the fair value of collateral determined using valuation techniques commonly used for the corresponding assets at the time of borrowing, and generally not updated except when a loan is individually impaired. When a loan is identified as impaired, the corresponding fair value of collateral of that loan is updated by reference to market value such as recent transaction price of properties.

(b) Other risk mitigations

The Group uses guarantees as credit risk mitigations. Whilst the Group may accept guarantees from any counterparty, it sets a threshold internally for considering guarantors to be eligible for credit risk mitigation.

Impairment and provisioning policies

Impairment allowances are recognised for financial reporting purposes and only for losses that have been incurred at the end of each reporting period based on objective evidence of impairment.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

7. 財務風險管理 - 續

信用風險 - 續

減值及減值準備政策 - 續

財務狀況表中的減值準備是根據香港金融管理局採納的五個級別而取得，而其中大部份的減值準備是來自最低的三個級別。

按照借款人之借款用途或主要業務活動並適用地參考監管報告準則，本集團之客戶貸款總額（包括海外分行及附屬公司所貸出者）分析及報告如下：

在本港使用貸款

工業、商業及金融

- 物業發展
- 物業投資
- 與財務有關
- 證券經紀
- 批發及零售業
- 製造業
- 運輸及運輸設備
- 康樂活動
- 資訊科技
- 其他（附註2）

個別人士

- 購買「居者有其屋」、
「私人機構參與計劃」及
「租者置其屋計劃」單位之貸款

- 購買其他住宅樓宇之貸款

- 信用卡貸款
- 其他（附註3）

貿易融資

在本港以外使用之貸款

附註1：有抵押品之貸款以抵押品市場價格或餘下貸款本金兩者較低者為準。

附註2：包括在「其他」的主要項目是電力和天然氣、酒店、餐飲、保證金貸款及其他商業用途。

附註3：主要項目包括專業人士貸款及個人貸款作其他私人用途。

7. FINANCIAL RISK MANAGEMENT - continued

Credit risk - continued

Impairment and provisioning policies - continued

The impairment allowances shown in the statements of financial position is based on the five rating grades adopted by the Hong Kong Monetary Authority, with the majority of the impairment allowances arising from the bottom three gradings.

Based on the loan usage or the principal business activities of the borrowers, where applicable with reference to the regulatory reporting criteria, the Group's gross advances to customers (including advances booked in overseas branches and subsidiaries) are analysed and reported as follows:

二零一二年十二月三十一日 31 December 2012				
貸款總額 Gross loans and advances 港幣千元 HK\$'000	集體 減值準備 Collective impairment allowances 港幣千元 HK\$'000	個別 減值準備 Individual impairment allowances 港幣千元 HK\$'000	有抵押品 覆蓋之貸款 Loans and advances secured by collateral 港幣千元 HK\$'000	減值貸款 總額 Gross impaired advances 港幣千元 HK\$'000
(附註 Note 1)				
Loans for use in Hong Kong				
Industrial, commercial and financial				
- Property development	1,366,467	1,347	769,767	-
- Property investment	8,924,108	-	8,857,224	1,774
- Financial concerns	1,741,910	-	1,131,827	-
- Stockbrokers	594,689	150	438,481	-
- Wholesale and retail trade	1,460,007	5,157	1,085,418	3,273
- Manufacturing	1,677,166	557	994,699	1,098
- Transport and transport equipment	754,094	-	696,577	-
- Recreational activities	2,154	8	2,154	-
- Information technology	15,320	108	75	-
- Others (Note 2)	7,114,661	25,619	3,556,824	4,669
Individuals				
- Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	475,392	-	475,392	-
- Loans for the purchase of other residential properties	6,613,370	238	6,611,275	-
- Credit card advances	109,491	4,883	2,947	375
- Others (Note 3)	1,717,229	6,561	1,354,133	2,181
Trade finance	32,566,058	44,628	13,323	25,976,793
Loans for use outside Hong Kong	1,246,727	29,924	8,516	427,959
	5,379,404	89,954	2,215	2,564,067
	39,192,189	164,506	24,054	28,968,819
				24,194

Note 1: The amount of loans and advances secured by collateral is determined as the lower of the market value of collateral or outstanding loan principal.

Note 2: Major items included in "Others" are for electricity and gas, hotels, catering, margin lending and other business purposes.

Note 3: Major items mainly included loans to professionals and other individuals for various private purpose.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度

for the year ended 31 December 2012

7. 財務風險管理 - 續

信用風險 - 續

減值及減值準備政策 - 續

在本港使用貸款

工業、商業及金融

- 物業發展
- 物業投資
- 與財務有關
- 證券經紀
- 批發及零售業
- 製造業
- 運輸及運輸設備
- 康樂活動
- 資訊科技
- 其他 (附註2)

個人人士

- 購買「居者有其屋」、
「私人機構參與計劃」及
「租者置其屋計劃」單位之貸款

- 購買其他住宅樓宇之貸款

- 信用卡貸款
- 其他 (附註3)

貿易融資

在本港以外使用之貸款

附註1：有抵押品之貸款以抵押品市場價格或餘下貸款本金兩者較低者為準。

附註2：包括在「其他」的主要項目是電力和天然氣、酒店、餐飲、保證金貸款及其他商業用途。

附註3：主要項目包括專業人士貸款及個人貸款作其他私人用途。

本集團之政策要求最少每年對個別重要的金融資產或當個別情況需要更頻密地作回顧。減值準備於個別評估戶口是根據於報告期末，按每個案件的評估已發現之損失決定。此方法適用於個別重大戶口。此評估一般包括個別戶口持有的抵押品及預期還款。

以集體形式進行的減值準備提供準備於：(i) 個別並非重要的同性質之資產組合及，(ii) 考慮過往處理相類信用風險特色資產之虧損經驗以評估未確定但已發生之損失。管理層要視乎現時經濟及信貸情況去評估潛在損失的實際程度可能高於或低於過往經驗。

7. FINANCIAL RISK MANAGEMENT - continued

Credit risk - continued

Impairment and provisioning policies - continued

二零一一年十二月三十一日

31 December 2011

貸款總額 Gross loans and advances 港幣千元 HK\$'000	集體 減值準備 Collective impairment allowances 港幣千元 HK\$'000	個別 減值準備 Individual impairment allowances 港幣千元 HK\$'000	有抵押品 覆蓋之貸款 Loans and advances secured by collateral 港幣千元 HK\$'000	減值貸款 總額 Gross impaired advances 港幣千元 HK\$'000
(附註 Note 1)				
Loans for use in Hong Kong				
Industrial, commercial and financial				
- Property development	2,320,064	2,531	725,399	-
- Property investment	8,865,657	-	2,120	8,761,108
- Financial concerns	2,429,291	-	-	1,285,610
- Stockbrokers	577,841	179	-	518,642
- Wholesale and retail trade	1,562,043	6,081	5,284	802,006
- Manufacturing	1,616,168	590	5,452	816,796
- Transport and transport equipment	881,549	-	-	469,532
- Recreational activities	1,089	5	-	1,089
- Information technology	424	52	-	178
- Others (Note 2)	8,015,559	31,083	6,324	3,393,053
Individuals				
- Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	527,447	-	-	527,443
- Loans for the purchase of other residential properties	6,459,070	257	-	6,456,622
- Credit card advances	76,156	5,507	228	6,698
- Others (Note 3)	1,686,550	7,117	5,914	1,323,649
	35,018,908	53,402	25,322	25,087,825
Trade finance	1,183,074	31,055	12,243	405,584
Loans for use outside Hong Kong	5,136,502	87,558	2,988	2,285,455
	41,338,484	172,015	40,553	27,778,864

Note 1: The amount of loans and advances secured by collateral is determined as the lower of the market value of collateral or outstanding loan principal.

Note 2: Major items included in "Others" are for electricity and gas, hotels, catering, margin lending and other business purposes.

Note 3: Major items mainly included loans to professionals and other individuals for various private purpose.

The Group's policy requires the review of individual financial assets that are above materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred losses at the end of the reporting period on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses the fair value of collateral held and the anticipated receipts for that individual account.

Collectively assessed impairment allowances are provided for: (i) portfolios of homogenous assets that are individually below materiality thresholds; and (ii) losses that have been incurred but have not yet been identified by considering the historical loss experience in portfolios of similar credit risk characteristics. The management has also made judgement as to whether the current economic and credit conditions are such that the actual level of inherent losses is likely to be greater or less than that suggested by historical experience.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

7. 財務風險管理 - 續

信用風險 - 續

金融資產的信用風險集中性

當區域或業務因素轉變，相同地影響貸款客戶，其信用風險相對於本集團之整體風險為重大時，集中信用風險存在。

最能代表本集團及本銀行之金融資產之最高信用風險之區域及業務集中分析披露如下：

金融資產之區域位置是取決於對手最終信用風險之位置，由董事評估。

區域位置

7. FINANCIAL RISK MANAGEMENT - continued

Credit risk - continued

Concentration of risks of financial assets with credit risk exposure

Concentration of credit risk exists when changes in geographical or industry factors similarly affect counterparties whose aggregate credit exposure is material in relation to the Group's total exposures.

An analysis of geographical and industry sector concentration of the Group's and the Bank's financial assets that best represent the maximum exposure to credit risk is disclosed below.

The geographical locations of the financial assets are determined by the locations of the counterparties with the ultimate credit exposures, as assessed by the directors.

Geographical locations

於二零一二年十二月三十一日

At 31 December 2012

短期資金	Short-term funds
存放同業及其他財務機構款項	Placements with banks and other financial institutions
衍生金融工具	Derivative financial instruments
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss
可供出售之債務證券	Available-for-sale debt securities
持至到期日之證券	Held-to-maturity securities
貸款及其他賬項	Advances and other accounts
附屬公司欠款	Amounts due from subsidiaries

集團 THE GROUP				銀行 THE BANK			
香港 Hong Kong	亞太區 除香港以外 Asia Pacific excluding	其他 Others	總額 Total	香港 Hong Kong	亞太區 除香港以外 Asia Pacific excluding	其他 Others	總額 Total
港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
(附註 Note 1)	(附註 Note 2)			(附註 Note 1)	(附註 Note 2)		
6,884,344	6,751,760	3,322,717	16,958,821	6,873,958	6,751,760	3,322,717	16,948,435
312,939	4,290,656	185,918	4,789,513	299,142	4,290,656	185,918	4,775,716
14,263	8,146	165,502	187,911	14,263	8,146	165,502	187,911
555,726	238,322	419,101	1,213,149	555,726	238,322	419,101	1,213,149
2,203,479	327,725	1,462,336	3,993,540	2,203,479	327,725	1,462,336	3,993,540
2,291,716	6,128,890	1,179,414	9,600,020	2,291,716	6,128,890	1,179,414	9,600,020
37,635,486	3,536,803	936,929	42,109,218	37,417,697	3,530,953	936,929	41,885,579
-	-	-	-	248,376	-	-	248,376
49,897,953	21,282,302	7,671,917	78,852,172	49,904,357	21,276,452	7,671,917	78,852,726

附註 1：報告在「亞太區除香港以外」內的國家主要包括中國、日本、澳洲及其他亞洲國家。

Note 1: The countries reported in "Asia Pacific excluding Hong Kong" mainly included the PRC, Japan, Australia and other Asian countries.

附註 2：報告在「其他」內的國家主要包括加拿大、美國及部份歐洲國家。

Note 2: The countries reported in "Others" covered mainly Canada, United States and certain European countries.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度

for the year ended 31 December 2012

7. 財務風險管理 - 續

信用風險 - 續

金融資產的信用風險集中性 - 續

區域位置 - 續

7. FINANCIAL RISK MANAGEMENT - continued

Credit risk - continued

Concentration of risks of financial assets with credit risk exposure - continued

Geographical locations - continued

		集團 THE GROUP				銀行 THE BANK			
		亞太區 除香港以外 Asia Pacific				亞太區 除香港以外 Asia Pacific			
		香港 Hong Kong	excluding Hong Kong	其他 Others	總額 Total	香港 Hong Kong	excluding Hong Kong	其他 Others	總額 Total
		港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
		(附註 Note 1) (附註 Note 2)				(附註 Note 1) (附註 Note 2)			
於二零一一年十二月三十一日	At 31 December 2011								
短期資金	Short-term funds	9,838,507	7,133,830	1,162,969	18,135,306	9,827,998	7,133,830	1,162,969	18,124,797
存放同業及其他財務機構款項	Placements with banks and other financial institutions	172,066	1,996,941	-	2,169,007	137,878	1,996,941	-	2,134,819
衍生金融工具	Derivative financial instruments	6,157	5,321	118,078	129,556	6,157	5,321	118,078	129,556
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss	1,012,867	228,820	603,595	1,845,282	1,012,867	228,820	603,595	1,845,282
可供出售之債務證券	Available-for-sale debt securities	901,640	310,891	427,115	1,639,646	901,640	310,891	427,115	1,639,646
持至到期日之證券	Held-to-maturity securities	1,779,492	3,970,768	2,537,822	8,288,082	1,779,492	3,970,768	2,537,822	8,288,082
貸款及其他賬項	Advances and other accounts	39,830,076	2,521,798	896,082	43,247,956	39,717,983	2,515,970	896,082	43,130,035
附屬公司欠款	Amounts due from subsidiaries	-	-	-	-	230,891	-	-	230,891
		53,540,805	16,168,369	5,745,661	75,454,835	53,614,906	16,162,541	5,745,661	75,523,108

附註1：報告在「亞太區除香港以外」內的國家主要包括中國、澳洲、台灣及其他亞洲國家。

Note 1: The countries reported in "Asia Pacific excluding Hong Kong" mainly included the PRC, Australia, Taiwan and other Asian countries.

附註2：報告在「其他」內的國家主要包括加拿大、美國及部份歐洲國家。

Note 2: The countries reported in "Others" covered mainly Canada, United States and certain European countries.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
 for the year ended 31 December 2012

7. 財務風險管理 - 續

信用風險 - 續

金融資產的信用風險集中性 - 續

業務分析

7. FINANCIAL RISK MANAGEMENT - continued

Credit risk - continued

Concentration of risks of financial assets with credit risk exposure - continued

Industry sectors

		集團 THE GROUP					
		同業及其他 財務機構 Banks and other financial institutions 港幣千元 HK\$'000	中央政府和 中央銀行 Central government and central banks 港幣千元 HK\$'000	公營機構 Public sector entities 港幣千元 HK\$'000	企業 Corporate entities 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於二零一二年十二月三十一日	At 31 December 2012						
短期資金	Short-term funds	16,060,006	898,815	-	-	-	16,958,821
存放同業及其他財務機構款項	Placements with banks and other financial institutions	4,789,513	-	-	-	-	4,789,513
衍生金融工具	Derivative financial instruments	183,024	-	-	4,817	70	187,911
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss	419,101	-	-	794,048	-	1,213,149
可供出售之債務證券	Available-for-sale debt securities	323,709	-	56,016	3,613,815	-	3,993,540
持至到期日之證券	Held-to-maturity securities	7,809,345	3,382	196,401	1,590,892	-	9,600,020
貸款及其他賬項	Advances and other accounts	2,798,881	78,607	176,750	28,381,537	10,673,443	42,109,218
		<u>32,383,579</u>	<u>980,804</u>	<u>429,167</u>	<u>34,385,109</u>	<u>10,673,513</u>	<u>78,852,172</u>
於二零一一年十二月三十一日	At 31 December 2011						
短期資金	Short-term funds	14,440,981	3,694,325	-	-	-	18,135,306
存放同業及其他財務機構款項	Placements with banks and other financial institutions	2,169,007	-	-	-	-	2,169,007
衍生金融工具	Derivative financial instruments	123,860	-	-	5,517	179	129,556
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss	417,647	-	-	1,427,635	-	1,845,282
可供出售之債務證券	Available-for-sale debt securities	232,475	-	56,566	1,350,605	-	1,639,646
持至到期日之證券	Held-to-maturity securities	6,823,243	130,797	185,187	1,148,855	-	8,288,082
貸款及其他賬項	Advances and other accounts	1,855,605	110,201	144,935	30,462,988	10,674,227	43,247,956
		<u>26,062,818</u>	<u>3,935,323</u>	<u>386,688</u>	<u>34,395,600</u>	<u>10,674,406</u>	<u>75,454,835</u>

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

7. 財務風險管理 - 續

信用風險 - 續

金融資產的信用風險集中性 - 續

業務分析 - 續

7. FINANCIAL RISK MANAGEMENT - continued

Credit risk - continued

Concentration of risks of financial assets with credit risk exposure - continued

Industry sectors - continued

銀行 THE BANK

	同業及其他 財務機構 Banks and other financial institutions 港幣千元 HK\$'000	中央政府和 中央銀行 Central government and central banks 港幣千元 HK\$'000	公營機構 Public sector entities 港幣千元 HK\$'000	企業 Corporate entities 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於二零一二年十二月三十一日	At 31 December 2012					
短期資金	16,049,620	898,815	-	-	-	16,948,435
存放同業及其他財務機構款項	4,775,716	-	-	-	-	4,775,716
衍生金融工具	183,024	-	-	4,817	70	187,911
按公平值列賬及列入損益賬之金融資產	419,101	-	-	794,048	-	1,213,149
可供出售之債務證券	323,709	-	56,016	3,613,815	-	3,993,540
持至到期日之證券	7,809,345	3,382	196,401	1,590,892	-	9,600,020
貸款及其他賬項	2,798,193	78,607	176,750	28,158,586	10,673,443	41,885,579
附屬公司欠款	-	-	-	248,376	-	248,376
	32,358,708	980,804	429,167	34,410,534	10,673,513	78,852,726
於二零一一年十二月三十一日	At 31 December 2011					
短期資金	14,430,472	3,694,325	-	-	-	18,124,797
存放同業及其他財務機構款項	2,134,819	-	-	-	-	2,134,819
衍生金融工具	123,860	-	-	5,517	179	129,556
按公平值列賬及列入損益賬之金融資產	417,647	-	-	1,427,635	-	1,845,282
可供出售之債務證券	232,475	-	56,566	1,350,605	-	1,639,646
持至到期日之證券	6,823,243	130,797	185,187	1,148,855	-	8,288,082
貸款及其他賬項	1,854,672	110,201	144,935	30,346,000	10,674,227	43,130,035
附屬公司欠款	-	-	-	230,891	-	230,891
	26,017,188	3,935,323	386,688	34,509,503	10,674,406	75,523,108

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
 for the year ended 31 December 2012

7. 財務風險管理 - 續

信用風險 - 續

在沒有抵押品或其他信用改進前的
最高信用風險

財務狀況表以內的有關資產的最高
信用風險如下：

短期資金
存放同業及其他財務機構款項
衍生金融工具
按公平值列賬及列入損益賬之 金融資產
可供出售之債務證券
持至到期日之證券
貸款及其他賬項
附屬公司欠款

有關財務狀況表以外的項目的最高
信用風險如下：

7. FINANCIAL RISK MANAGEMENT - continued

Credit risk - continued

**Maximum exposure to credit risk before collateral held or other credit
enhancements**

Maximum exposure to credit risk relating to assets on the statements of
financial position are as follows:

		集團 THE GROUP		銀行 THE BANK	
		2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
短期資金	Short-term funds	16,958,821	18,135,306	16,948,435	18,124,797
存放同業及其他財務機構款項	Placements with banks and other financial institutions	4,789,513	2,169,007	4,775,716	2,134,819
衍生金融工具	Derivative financial instruments	187,911	129,556	187,911	129,556
按公平值列賬及列入損益賬之 金融資產	Financial assets at fair value through profit or loss	1,213,149	1,845,282	1,213,149	1,845,282
可供出售之債務證券	Available-for-sale debt securities	3,993,540	1,639,646	3,993,540	1,639,646
持至到期日之證券	Held-to-maturity securities	9,600,020	8,288,082	9,600,020	8,288,082
貸款及其他賬項	Advances and other accounts	42,109,218	43,247,956	41,885,579	43,130,035
附屬公司欠款	Amounts due from subsidiaries	-	-	248,376	230,891
		<u>78,852,172</u>	<u>75,454,835</u>	<u>78,852,726</u>	<u>75,523,108</u>

Maximum exposure to credit risk relating to items unrecorded in the
statements of financial position are as follows:

		集團及銀行 THE GROUP AND THE BANK	
		2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
直接信用代替品	Direct credit substitutes	1,077,350	1,163,474
與貿易有關之或有項目	Trade-related contingencies	425,309	373,802
未動用之正式備用信貸、 信貸額度及其他承擔 不包括可無條件取消 而不需作事前通知者	Undrawn formal standby facilities, credit lines and other commitments excluding those that are unconditionally cancellable without prior notice	<u>10,557,895</u>	<u>9,303,915</u>
		<u>12,060,554</u>	<u>10,841,191</u>

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

7. 財務風險管理 - 續

信用風險 - 續

信用質素

客戶貸款之信用質素，除應收利息外，總結如下：

非逾期或非減值

已逾期但非減值

減值

減：減值準備

7. FINANCIAL RISK MANAGEMENT - continued

Credit risk - continued

Credit quality

Credit quality of loans and advances to customers, excluding interest receivable, are summarised as follows:

集團及銀行 THE GROUP AND THE BANK	
2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
38,934,792	41,081,600
233,203	178,695
24,194	78,189
39,192,189	41,338,484
(188,560)	(212,568)
39,003,629	41,125,916

(i) 非逾期或非減值貸款

非逾期或非減值貸款的信用質素是參考本集團的內部評級系統所估計的，這也是應香港金融管理局要求採用的分類系統。

(i) Loans and advances neither past due nor impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group which is also the classification system required to be adopted for reporting to the Hong Kong Monetary Authority.

集團及銀行 THE GROUP AND THE BANK

分期還 透支 Overdrafts	定期貸款 Term loans	銀團貸款 Syndication loans	外幣貸款 Foreign currency loans	貿易融資 Trade finance	個人貸款及 稅務貸款 Personal loans and tax loans	其他 Others	總額 Total
港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
1,495,026	18,810,942	12,112,179	4,330,509	70,306	1,205,818	134,538	38,881,640
13,446	8,967	-	-	-	3,978	461	26,852
603	21,853	-	-	-	3,844	-	26,300
1,509,075	18,841,762	12,112,179	4,330,509	70,306	1,213,640	134,999	38,934,792

於二零一二年十二月三十一日

評級：

合格

特別監察

次級或以下

總額

於二零一一年十二月三十一日

評級：

合格

特別監察

次級或以下

總額

At 31 December 2012

GRADES:

Pass

Special mention

Substandard or below

Total

At 31 December 2011

GRADES:

Pass

Special mention

Substandard or below

Total

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

7. 財務風險管理 - 續

信用風險 - 續

信用質素 - 續

(ii) 已逾期但非減值貸款

按客戶分類的已逾期但非減值的
貸款總額分析如下：

於二零一二年十二月三十一日

逾期三十日或以下

逾期三十一日至九十日

逾期九十日以上

總額

抵押品之公平值

有抵押品之貸款 (附註)

於二零一一年十二月三十一日

逾期三十日或以下

逾期三十一日至九十日

逾期九十日以上

總額

抵押品之公平值

有抵押品之貸款 (附註)

抵押品主要是物業及定期存款。

附註：有抵押品之貸款值以抵押品
市場價格或餘下貸款本金兩者
較低者為準。

7. FINANCIAL RISK MANAGEMENT - continued

Credit risk - continued

Credit quality - continued

(ii) Loans and advances past due but not impaired

Gross amount of loans and advances by class of customers that were
past due but not impaired were as follows:

集團及銀行
THE GROUP AND THE BANK

	分期償還 貸款	定期貸款	銀團貸款	貿易融資	個人貸款及 稅務貸款	其他	總額
透支 Overdrafts	Instalment loans	Term loans	Syndication loans	Trade finance	Personal loans and tax loans	Others	Total
港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
At 31 December 2012							
Past due up to 30 days	397	544	122,422	-	9,063	-	132,426
Past due from 31 to 90 days	2,815	4,142	-	-	-	129	8,826
Past due more than 90 days	2,088	14,449	-	75,406	-	8	91,951
Total	5,300	19,135	122,422	75,406	9,063	137	233,203
Fair value of collateral	20,573	96,049	308,434	1,276,692	29,412	370	1,731,530
Loans and advances secured by collateral (Note)	4,757	18,881	121,200	75,406	9,063	8	229,315
At 31 December 2011							
Past due up to 30 days	508	3,725	-	-	5,181	245	9,659
Past due from 31 to 90 days	136	9,548	120,422	-	3,354	106	134,941
Past due more than 90 days	22,113	11,982	-	-	-	-	34,095
Total	22,757	25,255	120,422	-	8,535	351	178,695
Fair value of collateral	59,512	136,619	251,313	-	21,979	370	469,793
Loans and advances secured by collateral (Note)	22,620	25,251	120,422	-	8,535	41	176,869

Collateral is mainly properties and fixed deposits.

Note: The amount of loans and advances secured by collateral is determined as the lower of the market value of collateral or outstanding loan principal.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

7. 財務風險管理 - 續

信用風險 - 續

信用質素 - 續

(iii) 個別減值貸款

客戶貸款

按客戶性質分類的個別減值
貸款總額的明細如下：

於二零一二年十二月三十一日

個別減值貸款

抵押品之公平值

有抵押品之貸款 (附註)

於二零一一年十二月三十一日

個別減值貸款

抵押品之公平值

有抵押品之貸款 (附註)

抵押品主要是物業及定期存款。

附註：有抵押品之貸款值以抵押品
市場價格或餘下貸款本金兩者
較低者為準。

(iv) 銀行及其他財務機構貸款

於二零一二年十二月三十一日
及二零一一年十二月三十一
日，銀行貸款為非逾期或非
減值及沒有抵押品。

7. FINANCIAL RISK MANAGEMENT - continued

Credit risk - continued

Credit quality - continued

(iii) Loans and advances individually impaired

Loans and advances to customers

The breakdown of the gross amount of individually impaired loans
and advances by class of customers are as follows:

集團及銀行 THE GROUP AND THE BANK

透支 Overdrafts	分期償還 貸款 Instalment loans	定期貸款 Term loans	貿易融資 Trade finance	個人貸款及 稅務貸款 Personal loans and tax loans		其他 Others	總額 Total
				港幣千元 HK\$'000	港幣千元 HK\$'000		

At 31 December 2012

Individually
impaired loans

Fair value of collateral

Loans and advances
secured by collateral
(Note)

6,615	5,503	2,080	9,845	43	108	24,194
49,989	26,646	-	-	-	-	76,635
3,339	4,082	-	-	-	-	7,421

At 31 December 2011

Individually
impaired loans

Fair value of collateral

Loans and advances
secured by collateral
(Note)

24,647	17,878	13,012	22,426	61	165	78,189
55,342	20,739	19,448	11,549	-	-	107,078
14,526	7,027	13,012	10,741	-	-	45,306

Collateral is mainly properties and fixed deposits.

Note: The amount of loans and advances secured by collateral is determined as
the lower of the market value of collateral or outstanding loan principal.

(iv) Advances to banks and other financial institutions

As at 31 December 2012 and 31 December 2011, the advances to
banks are neither past due nor impaired and unsecured.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

7. 財務風險管理 - 續

信用風險 - 續

債務證券

按評級機構分類的金融投資

下表呈列本集團所持有的金融證券，除貸款以外，於報告期末根據穆迪之評級分析。沒有穆迪評級的金融證券會被當作沒有評級分類。

於二零一二年十二月三十一日

Aaa
Aa1 至 Aa3
A1 至 A3
低於 A3
沒有評級
總額

於二零一一年十二月三十一日

Aaa
Aa1 至 Aa3
A1 至 A3
低於 A3
沒有評級
總額

被收回的抵押品

於指出的年度，本集團及本銀行取得之抵押品資產，詳列如下：

資產種類

住宅物業
其他

在可行的情況下盡快出售被收回的資產，其收益會用來抵銷未償還債務。

7. FINANCIAL RISK MANAGEMENT - continued

Credit risk - continued

Debt securities

Financial investments by rating agency designation

The following table presents an analysis of financial securities, other than loans and advances, held by the Group by rating agency designation at the end of the reporting period, based on Moody's ratings. Financial securities not rated by Moody's are treated as unrated ones.

	集團及銀行 THE GROUP AND THE BANK			
	按公平值列賬及列入 損益賬之金融資產 Financial assets at fair value through profit or loss 港幣千元 HK\$'000	可供出售之 債務證券 Available-for-sale debt securities 港幣千元 HK\$'000	持至 到期日 之證券 Held-to- maturity securities 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
At 31 December 2012				
Aaa	-	-	-	-
Aa1 to Aa3	470,820	379,724	4,270,459	5,121,003
A1 to A3	186,603	1,200,355	3,970,694	5,357,652
Lower than A3	-	1,594,132	77,293	1,671,425
Unrated	555,726	819,329	1,281,574	2,656,629
Total	1,213,149	3,993,540	9,600,020	14,806,709
At 31 December 2011				
Aaa	-	-	374,419	374,419
Aa1 to Aa3	210,434	328,647	5,494,492	6,033,573
A1 to A3	207,213	472,162	2,057,243	2,736,618
Lower than A3	132,193	755,665	23,301	911,159
Unrated	1,295,442	83,172	338,627	1,717,241
Total	1,845,282	1,639,646	8,288,082	11,773,010

Reposessed collateral

During the years indicated, the Group and the Bank obtained assets by taking possession of collateral held as security, as follows:

Nature of assets	集團及銀行 THE GROUP AND THE BANK	
	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
Residential properties	31,000	52,100
Others	17,320	10,950

Reposessed assets are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

7. 財務風險管理 - 續

市場風險

本集團承擔市場風險。市場風險乃當市場價格變動，金融工具的公平值或將來的現金流會隨之波動。市場風險是從利息、貨幣及證券產品的未平盤額而產生，並受一般及特別的市場轉變及市場率或市場價格，例如利率、信用息差、外匯率及證券價格水平調整的轉變所影響。本集團分別於交易或非交易組合中承擔市場風險。

交易組合包括因做市商交易而產生的未平盤額，其中本集團為對客戶或市場之交易對手。

非交易組合主要來自零售及商業銀行的資產及負債之利息管理。非交易組合也包含由本集團的持至到期日及可供出售之投資而產生的外匯及資產風險。

市場風險管理

市場風險管理主要由資金管理職能承擔並在董事會或其指定之委員會批准的風險限額內進行。限額在每個組合、產品及風險類別分別設立，而市場的流動性是決定風險限額程度的主要因素。本集團致力確立準則、制度及程序來控制及監控市場風險。個別業務產生之市場風險是由資產及負債管理委員會評估及管理。

此外，本集團利用衍生工具來減輕利率及外匯風險。

壓力測試是用來測試在極端情況下的潛在虧損之提示。每個業務單位的高級管理層及董事會會檢閱壓力測試之結果。壓力測試是因應業務類別而設計及一般採用情節分析。

貨幣風險

本集團有相當的交易是以外幣進行，所以會受匯率浮動影響。此匯率的影響是由經核准的政策限額利用遠期外匯合約管理。

7. FINANCIAL RISK MANAGEMENT - continued

Market risk

The Group takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Group separates exposures to market risk into either trading or non-trading portfolios.

Trading portfolios include those positions arising from market-making transactions where the Group acts as principal with clients or with the market.

Non-trading portfolios primarily arise from the interest rate management of the Bank's retail and commercial banking assets and liabilities. Non-trading portfolios also consist of foreign exchange and equity risks arising from the Group's held-to-maturity and available-for-sale investments.

Management of market risk

The management of market risk is principally undertaken in treasury function using risk limits approved by the Board of Directors or its designated committee. Limits are set for each portfolio, product and risk type, with market liquidity being a principal factor in determining the level of limits set. The Group has dedicated standards, policies and procedures in place to control and monitor the market risk. The market risks which arise on each business are assessed and managed under the supervision of ALCO.

In addition, the Group uses derivatives to mitigate interest rate and foreign exchange risks.

Stress tests are carried out to provide an indication of the potential size of losses that could arise in extreme conditions. The results of the stress tests are reviewed by senior management in each business unit and by the Board of Directors. The stress testing is tailored to the business segments and typically uses scenario analysis.

Currency risk

The Group undertakes certain transactions denominated in foreign currencies and, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
 for the year ended 31 December 2012

7. 財務風險管理 - 續

市場風險 - 續

貨幣風險 - 續

由於外匯交易買賣額屬於中等，本集團並無任何重大之外匯風險。日常外匯管理工作由資金部負責，並維持在管理層所訂下之限額內。

本集團之財務狀況及現金流量因應當時匯率變動之影響而承擔風險。董事會或其指定之委員會對隔夜及即日持倉外幣及總額所承擔之風險水平設定限額，每日予以監察。

下表顯示於每個報告期末貨幣風險集中之分佈：

於二零一二年十二月三十一日

資產

庫存現金及短期資金
 存放同業及其他財務機構款項

 衍生金融工具
 按公平值列賬及列入損益賬之金融資產

 可供出售之證券
 持至到期日之證券
 客戶貸款
 同業及其他財務機構貸款

其他金融資產

金融資產總額

負債

同業及其他財務機構存款及結餘

於回購協議下出售之金融資產

客戶存款

存款證

衍生金融工具

借貸資本

其他金融負債

金融負債總額

淨額 - 金融資產及負債總額

附註：包括在「其他」內的貨幣主要代表澳元及新西蘭元。

7. FINANCIAL RISK MANAGEMENT - continued

Market risk - continued

Currency risk - continued

The Group does not have any significant foreign exchange risk as foreign exchange dealing is moderate. Day-to-day foreign exchange management is performed by the Treasury Department within approved limits.

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on their financial positions and cash flows. The Board of Directors or its designated committee sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

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

	集團 THE GROUP					
	港幣 HK\$	美元 US\$	澳門幣 MOP	人民幣 RMB	其他 Others	總額 Total
	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
	(附註 Note)					
At 31 December 2012						
Assets						
Cash and short-term funds	11,201,394	2,510,425	77,404	1,521,510	2,021,144	17,331,877
Placements with banks and other financial institutions	2,266,032	1,008,613	-	749,387	765,481	4,789,513
Derivative financial instruments	5,071	167,381	-	-	15,459	187,911
Financial assets at fair value through profit or loss	671,394	542,016	-	-	-	1,213,410
Available-for-sale securities	188,493	4,000,071	-	31,090	2,563	4,222,217
Held-to-maturity securities	2,850,564	4,270,494	-	643,456	1,835,506	9,600,020
Advances to customers	36,988,292	1,355,011	25,591	726,984	96,311	39,192,189
Advances to banks and other financial institutions	30,614	-	-	2,134,228	-	2,164,842
Other financial assets	272,626	142,257	2,372	325,344	9,588	752,187
Total financial assets	54,474,480	13,996,268	105,367	6,131,999	4,746,052	79,454,166
Liabilities						
Deposits and balances of banks and other financial institutions	882,850	510,438	-	422,824	27,365	1,843,477
Financial assets sold under repurchase agreements	-	433,681	-	-	-	433,681
Deposits from customers	51,320,386	6,114,896	47,384	3,956,597	6,069,485	67,508,748
Certificates of deposit	465,927	77,378	-	124,331	-	667,636
Derivative financial instruments	118,451	129,581	-	-	624	248,656
Loan capital	-	1,898,957	-	-	-	1,898,957
Other financial liabilities	633,795	44,931	604	33,671	27,228	740,229
Total financial liabilities	53,421,409	9,209,862	47,988	4,537,423	6,124,702	73,341,384
Net position - total financial assets and liabilities	1,053,071	4,786,406	57,379	1,594,576	(1,378,650)	6,112,782

Note: Currencies included in "Others" mainly represented Australian dollars and New Zealand dollars.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

7. 財務風險管理 - 續

市場風險 - 續

貨幣風險 - 續

於二零一一年十二月三十一日

資產

庫存現金及短期資金

存放同業及其他財務機構款項

衍生金融工具

按公平值列賬及列入損益賬之金融資產

可供出售之證券

持至到期日之證券

客戶貸款

同業及其他財務機構貸款

其他金融資產

金融資產總額

負債

同業及其他財務機構存款及結餘

於回購協議下出售之金融資產

客戶存款

存款證

衍生金融工具

借貸資本

其他金融負債

金融負債總額

淨額 - 金融資產及負債總額

7. FINANCIAL RISK MANAGEMENT - continued

Market risk - continued

Currency risk - continued

集團 THE GROUP

	港幣 HK\$ 港幣千元 HK\$'000	美元 US\$ 港幣千元 HK\$'000	澳門幣 MOP 港幣千元 HK\$'000	人民幣 RMB 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
					(附註 Note)	
At 31 December 2011						
Assets						
Cash and short-term funds	9,636,360	1,443,909	101,355	3,304,445	4,173,207	18,659,276
Placements with banks and other financial institutions	1,258,367	93,202	-	391,720	425,718	2,169,007
Derivative financial instruments	6,886	116,341	-	1,385	4,944	129,556
Financial assets at fair value through profit or loss	936,072	909,517	-	-	-	1,845,589
Available-for-sale securities	171,315	1,643,956	-	28,493	2,721	1,846,485
Held-to-maturity securities	3,097,832	3,608,463	-	528,129	1,053,658	8,288,082
Advances to customers	38,356,717	1,422,300	2,289	1,370,495	186,683	41,338,484
Advances to banks and other financial institutions	884,888	428,984	-	191,537	-	1,505,409
Other financial assets	41,449	135,399	4,729	185,357	37,129	404,063
Total financial assets	54,389,886	9,802,071	108,373	6,001,561	5,884,060	76,185,951
Liabilities						
Deposits and balances of banks and other financial institutions	727,594	277,051	-	-	82,191	1,086,836
Financial assets sold under repurchase agreements	-	420,652	-	-	-	420,652
Deposits from customers	47,477,776	5,980,154	55,381	5,069,501	6,232,901	64,815,713
Certificates of deposit	853,518	86,207	-	605,837	-	1,545,562
Derivative financial instruments	121,913	138,847	-	534	4,402	265,696
Loan capital	-	1,852,153	-	-	-	1,852,153
Other financial liabilities	478,960	48,918	312	14,508	15,797	558,495
Total financial liabilities	49,659,761	8,803,982	55,693	5,690,380	6,335,291	70,545,107
Net position - total financial assets and liabilities	4,730,125	998,089	52,680	311,181	(451,231)	5,640,844

附註：包括在「其他」內的貨幣主要代表
澳元及新西蘭元。

Note: Currencies included in "Others" mainly represented Australian dollars and New Zealand dollars.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

7. 財務風險管理 - 續

市場風險 - 續

貨幣風險 - 續

7. FINANCIAL RISK MANAGEMENT - continued

Market risk - continued

Currency risk - continued

於二零一二年十二月三十一日

At 31 December 2012

資產

Assets

庫存現金及短期資金

Cash and short-term funds

存放同業及其他財務機構款項

Placements with banks and other financial institutions

衍生金融工具

Derivative financial instruments

按公平值列賬及列入損益賬之金融資產

Financial assets at fair value through profit or loss

可供出售之證券

Available-for-sale securities

持至到期日之證券

Held-to-maturity securities

客戶貸款

Advances to customers

同業及其他財務機構貸款

Advances to banks and other financial institutions

其他金融資產

Other financial assets

金融資產總額

Total financial assets

負債

Liabilities

同業及其他財務機構存款及結餘

Deposits and balances of banks and other financial institutions

於回購協議下出售之金融資產

Financial assets sold under repurchase agreements

客戶存款

Deposits from customers

存款證

Certificates of deposit

衍生金融工具

Derivative financial instruments

借貸資本

Loan capital

其他金融負債

Other financial liabilities

金融負債總額

Total financial liabilities

淨額 - 金融資產及負債總額

Net position - total financial assets and liabilities

銀行 THE BANK					
港幣 HK\$	美元 US\$	澳門幣 MOP	人民幣 RMB	其他 Others	總額 Total
港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
(附註 Note)					
11,190,991	2,510,425	77,404	1,521,510	2,021,144	17,321,474
2,252,235	1,008,613	-	749,387	765,481	4,775,716
5,071	167,381	-	-	15,459	187,911
671,133	542,016	-	-	-	1,213,149
96,366	4,000,071	-	31,090	2,563	4,130,090
2,850,564	4,270,494	-	643,456	1,835,506	9,600,020
36,988,292	1,355,011	25,591	726,984	96,311	39,192,189
30,614	-	-	2,134,228	-	2,164,842
303,212	142,257	2,372	319,495	9,588	776,924
54,388,478	13,996,268	105,367	6,126,150	4,746,052	79,362,315
882,850	510,438	-	422,824	27,365	1,843,477
-	433,681	-	-	-	433,681
51,320,386	6,114,896	47,384	3,956,597	6,069,485	67,508,748
465,927	77,378	-	124,331	-	667,636
118,451	129,581	-	-	624	248,656
-	1,898,957	-	-	-	1,898,957
1,241,847	44,931	604	33,671	27,228	1,348,281
54,029,461	9,209,862	47,988	4,537,423	6,124,702	73,949,436
359,017	4,786,406	57,379	1,588,727	(1,378,650)	5,412,879

附註：包括在「其他」內的貨幣主要代表
 澳元及新西蘭元。

Note: Currencies included in "Others" mainly represented Australian dollars and New Zealand dollars.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

7. 財務風險管理 - 續

市場風險 - 續

貨幣風險 - 續

於二零一一年十二月三十一日

資產

庫存現金及短期資金

存放同業及其他財務機構款項

衍生金融工具

按公平值列賬及列入損益賬之金融資產

可供出售之證券

持至到期日之證券

客戶貸款

同業及其他財務機構貸款

其他金融資產

金融資產總額

負債

同業及其他財務機構存款及結餘

於回購協議下出售之金融資產

客戶存款

存款證

衍生金融工具

借貸資本

其他金融負債

金融負債總額

淨額 - 金融資產及負債總額

附註：包括在「其他」內的貨幣主要代表
澳元及新西蘭元。

本集團及本銀行簽訂了多項外幣
遠期合約來管理貨幣風險，詳列於
附註 18。

7. FINANCIAL RISK MANAGEMENT - continued

Market risk - continued

Currency risk - continued

銀行 THE BANK

	港幣 HK\$ 港幣千元 HK\$'000	美元 US\$ 港幣千元 HK\$'000	澳門幣 MOP 港幣千元 HK\$'000	人民幣 RMB 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
					(附註 Note)	
At 31 December 2011						
Assets						
Cash and short-term funds	9,625,813	1,443,909	101,355	3,304,445	4,173,207	18,648,729
Placements with banks and other financial institutions	1,224,179	93,202	-	391,720	425,718	2,134,819
Derivative financial instruments	6,886	116,341	-	1,385	4,944	129,556
Financial assets at fair value through profit or loss	935,765	909,517	-	-	-	1,845,282
Available-for-sale securities	90,630	1,643,956	-	28,493	2,721	1,765,800
Held-to-maturity securities	3,097,832	3,608,463	-	528,129	1,053,658	8,288,082
Advances to customers	38,356,717	1,422,300	2,289	1,370,495	186,683	41,338,484
Advances to banks and other financial institutions	884,888	428,984	-	191,537	-	1,505,409
Other financial assets	160,248	135,399	4,729	179,528	37,129	517,033
Total financial assets	54,382,958	9,802,071	108,373	5,995,732	5,884,060	76,173,194
Liabilities						
Deposits and balances of banks and other financial institutions	727,594	277,051	-	-	82,191	1,086,836
Financial assets sold under repurchase agreements	-	420,652	-	-	-	420,652
Deposits from customers	47,477,645	5,980,154	55,381	5,069,501	6,232,901	64,815,582
Certificates of deposit	853,518	86,207	-	605,837	-	1,545,562
Derivative financial instruments	121,913	138,847	-	534	4,402	265,696
Loan capital	-	1,852,153	-	-	-	1,852,153
Other financial liabilities	1,141,799	48,918	312	14,508	15,797	1,221,334
Total financial liabilities	50,322,469	8,803,982	55,693	5,690,380	6,335,291	71,207,815
Net position - total financial assets and liabilities	4,060,489	998,089	52,680	305,352	(451,231)	4,965,379

Note: Currencies included in "Others" mainly represented Australian dollars and New Zealand dollars.

The Group and the Bank entered into a number of foreign currency forward contracts to manage the currency risk exposure, details of which are set out in Note 18.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

7. 財務風險管理 - 續

市場風險 - 續

貨幣風險 - 續

外匯敏感度分析

本集團主要面對美元、人民幣及澳門幣匯率變動之風險。下表詳細列出本集團對百分之一美元及澳門幣匯率改變及百分之十人民幣匯率改變的敏感度。這百分率是應用於內部報告外匯風險給主要管理人員之準則及代表管理層對匯率的可能變化所作的評估。報告期末的敏感度分析是根據本集團於報告期末外匯調整而決定匯率風險。

集團

港幣千元等值

二零一二年

除稅後溢利

二零一一年

除稅後溢利

銀行

二零一二年

除稅後溢利

二零一一年

除稅後溢利

括弧內的數字表示減少。

7. FINANCIAL RISK MANAGEMENT - continued

Market risk - continued

Currency risk - continued

Foreign currency sensitivity

The Group is mainly exposed to US dollars, Renminbi and Macau Pataca. The following table details the Group's sensitivity to a 1 per cent change in Hong Kong dollars against the US dollars and Macau Pataca, and 10 percent change in Hong Kong dollars against Renminbi. The respective percentages are the rates used when reporting foreign currency risk internally to key management personnel and represent management's assessment of the possible change in foreign exchange rates. The sensitivity analyses of the Group's exposure to foreign currency risk at the end of the reporting period have been determined based on the foreign exchange rates adjusted at the end of the reporting period.

	匯率之改變 Change in currency rate					
	美元 US Dollars		人民幣 Renminbi		澳門幣 Macau Pataca	
	增值 Appreciate	貶值 Depreciate	增值 Appreciate	貶值 Depreciate	增值 Appreciate	貶值 Depreciate
	+1%	-1%	+10%	-10%	+1%	-1%
THE GROUP						
Hong Kong dollars equivalents (HK\$'000)						
2012						
Profit after tax	<u>258</u>	<u>(258)</u>	<u>3,351</u>	<u>(3,351)</u>	<u>89</u>	<u>(89)</u>
2011						
Profit after tax	<u>102</u>	<u>(102)</u>	<u>3,691</u>	<u>(3,691)</u>	<u>42</u>	<u>(42)</u>
THE BANK						
2012						
Profit after tax	<u>258</u>	<u>(258)</u>	<u>2,766</u>	<u>(2,766)</u>	<u>89</u>	<u>(89)</u>
2011						
Profit after tax	<u>102</u>	<u>(102)</u>	<u>3,109</u>	<u>(3,109)</u>	<u>42</u>	<u>(42)</u>

Numbers in bracket mean decrease.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

7. 財務風險管理 - 續

市場風險 - 續

利率風險

現金流動利率風險為金融工具之未來現金流動因應市場利率變動產生波動出現之風險。公平值利率風險為金融工具之價值因應市場利率變動產生之風險。本集團之公平值及現金流量風險因應市場利率現行水平波動之影響而承擔風險。息差可能因變動而上升，但可能因產生未能預計之波動而減少或出現虧損。利率重新訂價錯配之水平已設定限額，及予以定期監察。

本集團主要是以利率差距分析來計算其資產及負債對利率波動的反應。這反映本集團之利率風險是由生息資產及付息負債中契約到期日及重新定價的錯配而產生。

7. FINANCIAL RISK MANAGEMENT - continued

Market risk - continued

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. Limits are set on the level of mismatch of interest rate repricing that may be undertaken, which are monitored regularly.

The Group measures the exposure of its assets and liabilities to fluctuations in interest rates primarily by way of interest rate gap analysis which shows the Group's interest rate risk arising from the mis-matches between contractual maturities and re-pricing of interest-generating assets and interest-bearing liabilities.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

7. 財務風險管理 - 續

市場風險 - 續

利率風險 - 續

下表概述本集團之利率風險承擔。下表已包括按合約重新訂價或到期日(以較早發生者為準)分類本集團按賬面值列賬之資產及負債。

7. FINANCIAL RISK MANAGEMENT - continued

Market risk - continued

Interest rate risk - continued

The tables below summarise the Group's exposure to interest rate risks. Included in the tables are the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

於二零一二年十二月三十一日

資產

庫存現金及短期資金

存放同業及其他財務機構款項

衍生金融工具

按公平值列賬及列入損益賬之金融資產

可供出售之證券

持至到期日之證券

客戶貸款

同業及其他財務機構貸款

其他金融資產

金融資產總額

負債

同業及其他財務機構存款及結餘

於回購協議下出售之金融資產

客戶存款

存款證

衍生金融工具

借貸資本

其他金融負債

金融負債總額

淨額 - 金融資產及負債總額

At 31 December 2012

Assets

Cash and short-term funds

Placements with banks and other financial institutions

Derivative financial instruments

Financial assets at fair value through profit or loss

Available-for-sale securities

Held-to-maturity securities

Advances to customers

Advances to banks and other financial institutions

Other financial assets

Total financial assets

Liabilities

Deposits and balances of banks and other financial institutions

Financial assets sold under repurchase agreements

Deposits from customers

Certificates of deposit

Derivative financial instruments

Loan capital

Other financial liabilities

Total financial liabilities

Net position- total financial assets and liabilities

集團 THE GROUP					
三個月 以內 Up to 3 months 港幣千元 HK\$'000	三個月 以上 一年以內 3 - 12 months 港幣千元 HK\$'000	一年以上 五年以內 1 - 5 years 港幣千元 HK\$'000	五年以上 Over 5 years 港幣千元 HK\$'000	不計利息 Non-interest bearing 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
Assets					
16,789,099	98,531	-	-	444,247	17,331,877
3,948,937	840,576	-	-	-	4,789,513
-	-	-	-	187,911	187,911
1,182,407	-	30,742	-	261	1,213,410
3,990,868	-	-	-	231,349	4,222,217
7,061,580	1,837,563	459,439	239,438	2,000	9,600,020
37,923,395	975,072	102,911	24,158	166,653	39,192,189
1,470,328	694,514	-	-	-	2,164,842
133,194	112,616	-	-	506,377	752,187
72,499,808	4,558,872	593,092	263,596	1,538,798	79,454,166
Liabilities					
1,469,018	344,484	-	-	29,975	1,843,477
354,801	78,880	-	-	-	433,681
55,432,728	6,748,130	88,972	-	5,238,918	67,508,748
590,258	77,378	-	-	-	667,636
-	-	-	-	248,656	248,656
1,898,957	-	-	-	-	1,898,957
-	-	-	-	740,229	740,229
59,745,762	7,248,872	88,972	-	6,257,778	73,341,384
12,754,046	(2,690,000)	504,120	263,596	(4,718,980)	6,112,782

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

7. 財務風險管理 - 續

市場風險 - 續

利率風險 - 續

7. FINANCIAL RISK MANAGEMENT - continued

Market risk - continued

Interest rate risk - continued

		集團 THE GROUP					總額 Total 港幣千元 HK\$'000
		三個月 以內 Up to 3 months 港幣千元 HK\$'000	三個月 以上 一年以內 3 - 12 months 港幣千元 HK\$'000	一年以上 五年以內 1 - 5 years 港幣千元 HK\$'000	五年以上 Over 5 years 港幣千元 HK\$'000	不計利息 Non-interest bearing 港幣千元 HK\$'000	
於二零一一年十二月三十一日	At 31 December 2011						
資產	Assets						
庫存現金及短期資金	Cash and short-term funds	18,043,971	—	—	—	615,305	18,659,276
存放同業及其他財務機構款項	Placements with banks and other financial institutions	1,596,870	572,137	—	—	—	2,169,007
衍生金融工具	Derivative financial instruments	—	—	—	—	129,556	129,556
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss	1,772,526	—	27,250	—	45,813	1,845,589
可供出售之證券	Available-for-sale securities	1,638,649	—	—	—	207,836	1,846,485
持至到期日之證券	Held-to-maturity securities	5,647,050	2,091,586	306,564	240,882	2,000	8,288,082
客戶貸款	Advances to customers	40,277,961	878,726	77,692	2,091	102,014	41,338,484
同業及其他財務機構貸款	Advances to banks and other financial institutions	745,720	759,689	—	—	—	1,505,409
其他金融資產	Other financial assets	161,943	38,000	—	—	204,120	404,063
金融資產總額	Total financial assets	69,884,690	4,340,138	411,506	242,973	1,306,644	76,185,951
負債	Liabilities						
同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions	1,075,361	—	—	—	11,475	1,086,836
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements	420,652	—	—	—	—	420,652
客戶存款	Deposits from customers	55,068,090	4,489,411	714,783	—	4,543,429	64,815,713
存款證	Certificates of deposit	279,792	1,265,770	—	—	—	1,545,562
衍生金融工具	Derivative financial instruments	—	—	—	—	265,696	265,696
借貸資本	Loan capital	1,852,153	—	—	—	—	1,852,153
其他金融負債	Other financial liabilities	—	—	—	—	558,495	558,495
金融負債總額	Total financial liabilities	58,696,048	5,755,181	714,783	—	5,379,095	70,545,107
淨額 - 金融資產及負債總額	Net position- total financial assets and liabilities	11,188,642	(1,415,043)	(303,277)	242,973	(4,072,451)	5,640,844

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

7. 財務風險管理 - 續

市場風險 - 續

利率風險 - 續

7. FINANCIAL RISK MANAGEMENT - continued

Market risk - continued

Interest rate risk - continued

於二零一二年十二月三十一日

At 31 December 2012

資產

Assets

庫存現金及短期資金

Cash and short-term funds

16,789,099 98,531 - - 433,844 17,321,474

存放同業及其他財務機構款項

Placements with banks and other financial institutions

3,946,248 829,468 - - - 4,775,716

衍生金融工具

Derivative financial instruments

- - - - 187,911 187,911

按公平值列賬及列入損益賬之金融資產

Financial assets at fair value through profit or loss

1,182,407 - 30,742 - - 1,213,149

可供出售之證券

Available-for-sale securities

3,990,868 - - - 139,222 4,130,090

持至到期日之證券

Held-to-maturity securities

7,061,580 1,837,563 459,439 239,438 2,000 9,600,020

客戶貸款

Advances to customers

37,923,395 975,072 102,911 24,158 166,653 39,192,189

同業及其他財務機構貸款

Advances to banks and other financial institutions

1,470,328 694,514 - - - 2,164,842

其他金融資產

Other financial assets

133,194 112,616 - 224,579 306,535 776,924

金融資產總額

Total financial assets

72,497,119 4,547,764 593,092 488,175 1,236,165 79,362,315

負債

Liabilities

同業及其他財務機構存款及結餘

Deposits and balances of banks and other financial institutions

1,469,018 344,484 - - 29,975 1,843,477

於回購協議下出售之金融資產

Financial assets sold under repurchase agreements

354,801 78,880 - - - 433,681

客戶存款

Deposits from customers

55,432,728 6,748,130 88,972 - 5,238,918 67,508,748

存款證

Certificates of deposit

590,258 77,378 - - - 667,636

衍生金融工具

Derivative financial instruments

- - - - 248,656 248,656

借貸資本

Loan capital

1,898,957 - - - - 1,898,957

其他金融負債

Other financial liabilities

774,299 68,323 - - 505,659 1,348,281

金融負債總額

Total financial liabilities

60,520,061 7,317,195 88,972 - 6,023,208 73,949,436

淨額 - 金融資產及負債總額

Net position - total financial assets and liabilities

11,977,058 (2,769,431) 504,120 488,175 (4,787,043) 5,412,879

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度

for the year ended 31 December 2012

7. 財務風險管理 - 續

市場風險 - 續

利率風險 - 續

7. FINANCIAL RISK MANAGEMENT - continued

Market risk - continued

Interest rate risk - continued

		銀行 THE BANK					總額 Total 港幣千元 HK\$'000
		三個月 以內 Up to 3 months 港幣千元 HK\$'000	三個月 以上 一年以內 3 - 12 months 港幣千元 HK\$'000	一年以上 五年以內 1 - 5 years 港幣千元 HK\$'000	五年以上 Over 5 years 港幣千元 HK\$'000	不計利息 Non-interest bearing 港幣千元 HK\$'000	
於二零一一年十二月三十一日	At 31 December 2011						
資產	Assets						
庫存現金及短期資金	Cash and short-term funds	18,043,971	—	—	—	604,758	18,648,729
存放同業及其他財務機構款項	Placements with banks and other financial institutions	1,585,940	548,879	—	—	—	2,134,819
衍生金融工具	Derivative financial instruments	—	—	—	—	129,556	129,556
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss	1,772,526	—	27,250	—	45,506	1,845,282
可供出售之證券	Available-for-sale securities	1,638,649	—	—	—	127,151	1,765,800
持至到期日之證券	Held-to-maturity securities	5,647,050	2,091,586	306,564	240,882	2,000	8,288,082
客戶貸款	Advances to customers	40,277,961	878,726	77,692	2,091	102,014	41,338,484
同業及其他財務機構貸款	Advances to banks and other financial institutions	745,720	759,689	—	—	—	1,505,409
其他金融資產	Other financial assets	161,942	38,000	—	229,581	87,510	517,033
金融資產總額	Total financial assets	69,873,759	4,316,880	411,506	472,554	1,098,495	76,173,194
負債	Liabilities						
同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions	1,075,361	—	—	—	11,475	1,086,836
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements	420,652	—	—	—	—	420,652
客戶存款	Deposits from customers	55,067,959	4,489,411	714,783	—	4,543,429	64,815,582
存款證	Certificates of deposit	279,792	1,265,770	—	—	—	1,545,562
衍生金融工具	Derivative financial instruments	—	—	—	—	265,696	265,696
借貸資本	Loan capital	1,852,153	—	—	—	—	1,852,153
其他金融負債	Other financial liabilities	777,470	12,400	—	—	431,464	1,221,334
金融負債總額	Total financial liabilities	59,473,387	5,767,581	714,783	—	5,252,064	71,207,815
淨額 - 金融資產及負債總額	Net position - total financial assets and liabilities	10,400,372	(1,450,701)	(303,277)	472,554	(4,153,569)	4,965,379

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

7. 財務風險管理 - 續

市場風險 - 續

利率風險 - 續

利率敏感度分析

下列敏感度分析是根據報告期末時所面對的浮動利率風險及假設其規定的變動是由財政年度初已開始並於整個報告年度保持不變。此分析以100個基點向上改變及10個基點向下改變作為內部報告利率風險給主要管理人員之準則及代表管理層對利率的可能變化所作的評估。

集團

除稅後溢利

其他全面收益

銀行

除稅後溢利

其他全面收益

括弧內的數字表示減少。

價目風險

本集團對其上市股本證券投資承擔價目風險。除那些被分類為持作買賣用途的投資外，本集團對此類投資並沒有進行活躍的交易活動。以下的敏感度分析是根據投資價目轉變十個百分比計算：

價目敏感度分析

集團

除稅後溢利

其他全面收益

銀行

除稅後溢利

其他全面收益

括弧內的數字表示減少。

7. FINANCIAL RISK MANAGEMENT - continued

Market risk - continued

Interest rate risk - continued

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to floating interest rates at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis point change in upwards and 10 basis point change in downwards are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

THE GROUP

Profit after tax

Other comprehensive income

THE BANK

Profit after tax

Other comprehensive income

2012 基點之改變 Change in basis points		2011 基點之改變 Change in basis points	
+100	-10	+100	-10
港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
99,020	(9,902)	85,685	(8,569)
—	—	—	—
100,780	(10,078)	87,318	(8,732)
—	—	—	—

Numbers in bracket mean decrease.

Price risk

The Group is exposed to price risk arising from its listed investments in equity securities. Except for those classified as held for trading, the Group does not actively trade these investments. The sensitivity analysis below is determined based on 10% changes in the price of the underlying investments.

Price sensitivity

THE GROUP

Profit after tax

Other comprehensive income

THE BANK

Profit after tax

Other comprehensive income

2012 價目變動 Change in price		2011 價目變動 Change in price	
+10%	-10%	+10%	-10%
港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
22	(22)	26	(26)
16,121	(16,121)	14,511	(14,511)
—	—	—	—
8,760	(8,760)	8,105	(8,105)

Numbers in bracket mean decrease.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

7. 財務風險管理 - 續

流動資金風險

流動資金風險是指本集團未能履行於金融負債到期日的付款責任，及當資金被提取時，未能取得有關替代資金。其結果可能是未能償還存款給存款者及履行貸款承擔。

流動資金風險管理

資債管委會是負責監督本集團的流動資金狀況，其監督是透過定期檢討法定流動資金比率、資產及負債的到期情況、貸存比率及同業交易。流動資金風險管理政策是由資債管委會監控及由本集團之風險管理及條例執行委員會審批，而流動資金狀況的主要特性會由本集團之董事會及風險管理及條例執行委員會定期檢討。本集團的政策是每日維持穩當的流動現金水平以應付日常營運的到期付款責任及合乎法定流動資金的要求。該政策為其他風險管理工具包括壓力測試及應急融資計劃提供了基礎。

本集團之風險管理及條例執行委員會建議流動資金比率及貸款對存款比率的內部目標水平。本集團之資金部主管是負責監督此比率及當流動資金情況長期緊張，資金部主管向資債管委會及風險管理及條例執行委員會報告，在諮詢常務董事委員會成員後，決定適當的糾正行動。位於汕頭、三藩市及澳門之海外分行的流動資金情況是透過每月向本銀行總部遞交的管理賬目及每日流動資金狀況表監督。本銀行擁有雄厚的資本基礎及穩定的客戶存款作為其主要的資金來源，本銀行亦有分散到其他資金來源包括同業拆借、存款證計劃及透過回購協議下出售金融資產。

7. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

Management of liquidity risk

The ALCO is responsible for monitoring the Group's liquidity position, and does so through the periodic review of the statutory liquidity ratio, the maturity profile of assets and liabilities, loan-to-deposit ratio and inter-bank transactions. Liquidity Risk Management Policy is reviewed by the ALCO and approved by the RMCC of the Group, and key features of liquidity position are reviewed regularly by the Board of Directors and the RMCC of the Group. The Group's policy is to maintain a conservative level of liquid funds on a daily basis so that the Group is prepared to meet its obligations when they fall due in the normal course of business and to satisfy statutory liquidity ratio requirements. The policy provides a foundation to other risk management tools including stress-testing and contingency funding plan.

The Group's RMCC recommends internal target levels in respect of the liquidity ratios and loan to deposit ratios. The Group's Head of Treasury Department is responsible for monitoring these ratios and, where a tight liquidity position remains for a prolonged period, the Head of Treasury Department reports his findings to the ALCO and RMCC who, after consultation with members of the Executive Committee, decide the appropriate corrective actions to be taken. The liquidity positions of the overseas branches in Shantou, San Francisco and Macau are monitored through the submission of monthly management accounts and daily cash flow positions to the Bank's head office. The Bank has strong capital base and stable customer deposits which are its main funding sources. The Bank has also diversified to other funding sources including inter-bank deposit takings, certificates of deposit programme and through financial assets sold under repurchase agreements.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

7. 財務風險管理 - 續

流動資金風險 - 續

流動資金風險管理 - 續

本集團的非衍生金融負債合約剩餘到期日詳列於下表。下表是根據未折算的金融負債合約到期日，包括除本集團有資格及準備償還未到期之負債外所產生的有關負債利息，並參考有關合約利率包括於報告期末時合約內之有關浮動利率工具之現行市場利率。

7. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk - continued

Management of liquidity risk - continued

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables below have been drawn up based on the contractual maturities of the undiscounted financial liabilities including interest that will accrue, with reference to their respective contractual interest rate including those variable rate instrument by using the appropriate prevailing market rates as at the end of the reporting period as stated in their contracts, to those liabilities except where the Group is contractually entitled and intends to repay the liability before its maturity.

		集團 THE GROUP					
		一個月 至三個月 以內償還	三個月 至一年 以內償還	一年 至五年 以內償還	超過五年 償還		
		Repayable after 1 month but within 3 months	Repayable after 3 months but within 1 year	Repayable after 1 year but within 5 years	Repayable after 5 years	總額	
		Repayable within 1 month 港幣千元 HK\$'000	Repayable within 3 months 港幣千元 HK\$'000	Repayable within 1 year 港幣千元 HK\$'000	Repayable within 5 years 港幣千元 HK\$'000	Repayable within 5 years 港幣千元 HK\$'000	總額 港幣千元 HK\$'000
未付利息負債調整	Liabilities adjusted with interest payable						
於二零一二年十二月三十一日	At 31 December 2012						
同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions	35,287	814,592	673,006	351,040	-	1,873,925
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements	-	354,818	-	79,452	-	434,270
客戶存款	Deposits from customers	26,837,810	19,923,589	14,023,223	6,844,017	90,110	67,718,749
存款證	Certificates of deposit	-	99,991	390,267	177,378	-	667,636
借貸資本	Loan capital	-	-	-	104,071	418,608	2,058,156
其他金融負債	Other financial liabilities	401,414	9,091	60,677	105,047	14,907	591,136
未折算的金融負債總額	Total undiscounted financial liabilities	27,274,511	21,202,081	15,147,173	7,661,005	523,625	73,866,551
於二零一一年十二月三十一日	At 31 December 2011						
同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions	18,820	1,004,156	70,145	3	-	1,093,124
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements	-	-	138,480	284,671	-	423,151
客戶存款	Deposits from customers	22,875,781	24,551,615	12,311,218	4,539,343	750,198	65,028,155
存款證	Certificates of deposit	-	100,000	80,323	1,278,215	101,052	1,559,590
借貸資本	Loan capital	-	-	-	104,269	419,407	2,166,937
其他金融負債	Other financial liabilities	339,237	5,993	32,576	44,280	21,601	443,687
未折算的金融負債總額	Total undiscounted financial liabilities	23,233,838	25,661,764	12,632,742	6,250,781	1,292,258	71,238,320

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

7. 財務風險管理 - 續

流動資金風險 - 續

流動資金風險管理 - 續

7. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk - continued

Management of liquidity risk - continued

	銀行 THE BANK						總額 Total
	一個月 至三個月 以內償還 Repayable within 1 month 港幣千元 HK\$'000	一個月 以內償還 Repayable after 1 month 港幣千元 HK\$'000	三個月 至一年 以內償還 Repayable but within 3 months 港幣千元 HK\$'000	三個月 至一年 以內償還 Repayable after 3 months 港幣千元 HK\$'000	一年 至五年 以內償還 Repayable but within 1 year 5 years 港幣千元 HK\$'000	超過五年 償還 Repayable after 5 years 港幣千元 HK\$'000	
未付利息負債調整	Liabilities adjusted with interest payable						
於二零一二年十二月三十一日	At 31 December 2012						
同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions						
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements						
客戶存款	Deposits from customers						
存款證	Certificates of deposit						
借貸資本	Loan capital						
其他金融負債	Other financial liabilities						
未折算的金融負債總額	Total undiscounted financial liabilities						
於二零一一年十二月三十一日	At 31 December 2011						
同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions						
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements						
客戶存款	Deposits from customers						
存款證	Certificates of deposit						
借貸資本	Loan capital						
其他金融負債	Other financial liabilities						
未折算的金融負債總額	Total undiscounted financial liabilities						

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

7. 財務風險管理 - 續

流動資金風險 - 續

流動資金風險管理 - 續

下表詳細列明本集團所持有的衍生金融工具的預計到期日。該表是根據衍生金融工具的未折算淨現金流入(流出)所決定如該衍生工具的交易是按淨額計算的。但如該衍生工具的交易是按總額計算,則須根據未折算總現金流入和(流出)作制定基礎。當應付或應收金額不是固定時,其披露金額則是根據以報告日的孳息率曲線為參考的預算利率計算。

於二零一二年十二月三十一日

以淨額交易之衍生工具
利率掉期合約

- 流入(流出)

以總額交易之衍生工具
匯率合約

- 流入

- 流出

於二零一一年十二月三十一日

以淨額交易之衍生工具
利率掉期合約

- 流入(流出)

以總額交易之衍生工具
匯率合約

- 流入

- 流出

7. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk - continued

Management of liquidity risk - continued

The following tables detail the Group's expected maturity for its derivative financial instruments. The tables have been drawn up based on the undiscounted net cash inflows (outflows) on the derivative financial instruments that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

集團及銀行
THE GROUP AND THE BANK

	少於 一個月 Less than 1 month 港幣千元 HK\$'000	一個月至 三個月 1 - 3 months 港幣千元 HK\$'000	三個月 至一年 3 months to 1 year 港幣千元 HK\$'000	一年至 五年 1 - 5 years 港幣千元 HK\$'000	超過五年 Over 5 years 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
At 31 December 2012						
Derivatives settled net						
Interest rate contracts						
- inflow (outflow)	(44)	(20,829)	16,361	(7,943)	40,534	28,079
Derivatives settled gross						
Exchange rate contracts						
- inflow	2,198,901	2,514,355	1,324,502	-	-	6,037,758
- outflow	(2,196,427)	(2,530,816)	(1,309,173)	-	-	(6,036,416)
	2,474	(16,461)	15,329	-	-	1,342
At 31 December 2011						
Derivatives settled net						
Interest rate contracts						
- inflow (outflow)	5,814	(41,132)	21,355	(30,191)	125,586	81,432
Derivatives settled gross						
Exchange rate contracts						
- inflow	431,043	473,846	413,555	-	-	1,318,444
- outflow	(430,557)	(469,590)	(411,731)	-	-	(1,311,878)
	486	4,256	1,824	-	-	6,566

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

7. 財務風險管理 - 續

流動資金風險 - 續

流動資金風險管理 - 續

關於本集團及本銀行未有記錄於財務狀況表的承擔及或有負債的合約金額按到期日計算用作提供客戶信用及作其他信用安排及財務擔保詳列於綜合財務報表之附註 37 並總結如下表：

7. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk - continued

Management of liquidity risk - continued

The dates of the contractual amounts of the Group's and the Bank's commitments and contingencies unrecorded in the statements of financial position that commit them to extending credit to customers and other facilities and financial guarantees are set out in note 37 to the consolidated financial statements and summarised in the table below:

集團及銀行
THE GROUP AND THE BANK
不超過一年
No later than 1 year
港幣千元
HK\$'000

於二零一二年十二月三十一日	At 31 December 2012	
直接信用代替品	Direct credit substitutes	1,077,350
與貿易有關之或有項目	Trade-related contingencies	425,309
未動用之正式備用信貸、 信貸額度及其他承擔 不包括可無條件取消 而不需作事前通知者	Undrawn formal standby facilities, credit lines and other commitments excluding those that are unconditionally cancellable without prior notice	10,557,895
		<u>12,060,554</u>
於二零一一年十二月三十一日	At 31 December 2011	
直接信用代替品	Direct credit substitutes	1,163,474
與貿易有關之或有項目	Trade-relate contingencies	373,802
未動用之正式備用信貸、 信貸額度及其他承擔 不包括可無條件取消 而不需作事前通知者	Undrawn formal standby facilities, credit lines and other commitments excluding those that are unconditionally cancellable without prior notice	9,303,915
		<u>10,841,191</u>

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

7. 財務風險管理 - 續

流動資金風險 - 續

資產及負債按剩餘到期日分析

財務狀況表內金融資產及負債的到期日分析是以報告期末至合約到期日之剩餘期間作分析如下：

7. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk - continued

Analysis of assets and liabilities by remaining maturity

The maturity analysis of financial assets and liabilities shown on the statements of financial position, based on the remaining period at the end of the reporting period to the contractual maturity date is shown below:

		集團 THE GROUP						
		一個月 以內償還 (不包括 即時償還) Repayable within 1 month Repayable on demand 港幣千元 HK\$'000	一個月 至三個月 以內償還 Repayable after 1 month but within 3 months 港幣千元 HK\$'000	三個月 至一年 以內償還 Repayable after 3 months but within 1 year 港幣千元 HK\$'000	一年 至五年 以內償還 Repayable after 1 year but within 5 years 港幣千元 HK\$'000	超過五年 償還 Repayable after 5 years 港幣千元 HK\$'000	無明確 日期 Undated 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於二零一二年十二月三十一日	At 31 December 2012							
資產	Assets							
庫存現金及短期資金	Cash and short-term funds	6,099,570	11,103,776	30,000	98,531	-	-	17,331,877
存放同業及其他財務機構款項	Placements with banks and other financial institutions	-	-	3,948,937	840,576	-	-	4,789,513
衍生金融工具	Derivative financial instruments	-	6,562	3,987	6,106	-	171,256	187,911
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss	-	-	-	216,196	996,953	261	1,213,410
可供出售之證券	Available-for-sale securities	-	-	-	2,625,897	1,367,643	228,677	4,222,217
持至到期日之證券	Held-to-maturity securities	-	1,225,799	2,576,757	2,538,779	2,519,363	739,322	9,600,020
客戶貸款	Advances to customers	1,634,953	2,284,996	2,398,222	7,369,363	12,717,092	12,619,406	39,192,189
同業及其他財務機構貸款	Advances to banks and other financial institutions	-	105,497	1,364,831	694,514	-	-	2,164,842
其他金融資產	Other financial assets	327,140	128,130	193,336	181,311	94,216	(171,946)	752,187
金融資產總額	Total financial assets	8,061,663	14,854,760	10,516,070	11,945,376	18,953,521	225,149	79,454,166

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

7. 財務風險管理 - 續

流動資金風險 - 續

資產及負債按剩餘到期日分析 - 續

7. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk - continued

Analysis of assets and liabilities by remaining maturity - continued

於二零一二年十二月三十一日

負債

同業及其他財務機構存款及結餘

於回購協議下出售之金融資產

客戶存款

存款證

衍生金融工具

借貸資本

其他金融負債

金融負債總額

淨額 - 金融資產及負債總額

存款證當中包括：

持至到期日之證券

債務證券當中包括：

按公平值列賬及列入損益賬之金融資產

- 指定按公平值列賬

可供出售之證券

持至到期日之證券

At 31 December 2012

Liabilities

Deposits and balances of banks
and other financial institutions

Financial assets sold under
repurchase agreements

Deposits from customers

Certificates of deposit

Derivative financial instruments

Loan capital

Other financial liabilities

Total financial liabilities

Net position - total financial
assets and liabilities

Of which certificates of deposit
included in:

Held-to-maturity securities

Of which debt securities
included in:

Financial assets at fair value
through profit or loss

- Designated at fair value

Available-for-sale securities

Held-to-maturity securities

集團 THE GROUP

一個月 以內償還 (不包括 即時償還)	一個月 至三個月 以內償還	三個月 至一年 以內償還	一年 至五年 以內償還	超過五年 償還	無明確 日期	總額
Repayable within 1 month (except those on demand)	Repayable after 1 month but within 3 months	Repayable after 3 months but within 1 year	Repayable after 1 year but within 5 years	Repayable after 5 years	Undated	Total
港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
35,287	803,806	659,900	344,484	-	-	1,843,477
-	354,801	-	78,880	-	-	433,681
26,837,602	19,872,678	13,961,059	6,748,437	88,972	-	67,508,748
-	99,991	390,267	177,378	-	-	667,636
-	3,131	17,943	27,942	142,985	56,655	248,656
-	-	-	-	-	1,898,957	1,898,957
401,465	59,876	102,005	161,879	15,004	-	740,229
27,274,354	21,194,283	15,131,174	7,539,000	246,961	1,955,612	73,341,384
(19,212,691)	(6,339,523)	(4,615,104)	4,406,376	18,706,560	12,942,015	225,149
-	225,243	2,110,648	1,357,430	-	-	3,693,321
-	-	-	216,196	996,953	-	1,213,149
-	-	-	-	2,625,897	1,367,643	3,993,540
-	1,225,799	2,576,757	2,538,779	2,519,363	739,322	9,600,020
-	1,225,799	2,576,757	2,754,975	6,142,213	2,106,965	14,806,709

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
 for the year ended 31 December 2012

7. 財務風險管理 - 續

流動資金風險 - 續

資產及負債按剩餘到期日分析 - 續

7. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk - continued

Analysis of assets and liabilities by remaining maturity - continued

		集團 THE GROUP							
		即時償還 Repayable on demand 港幣千元 HK\$'000	一個月 以內償還 (不包括 即時償還) Repayable within 1 month (except those on demand) 港幣千元 HK\$'000	一個月 至三個月 以內償還 Repayable after 1 month but within 3 months 港幣千元 HK\$'000	三個月 至一年 以內償還 Repayable after 3 months but within 1 year 港幣千元 HK\$'000	一年 至五年 以內償還 Repayable after 1 year but within 5 years 港幣千元 HK\$'000	超過五年 償還 Repayable after 5 years 港幣千元 HK\$'000	無明確 日期 Undated 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於二零一一年十二月三十一日	At 31 December 2011								
資產	Assets								
庫存現金及短期資金	Cash and short-term funds	6,470,760	11,849,802	338,714	-	-	-	-	18,659,276
存放同業及其他財務機構款項	Placements with banks and other financial institutions	-	-	1,596,870	572,137	-	-	-	2,169,007
衍生金融工具	Derivative financial instruments	-	2,603	3,985	3,719	281	118,968	-	129,556
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss	-	-	185,947	371,556	1,287,779	-	307	1,845,589
可供出售之證券	Available-for-sale securities	-	-	-	-	1,258,736	380,910	206,839	1,846,485
持至到期日之證券	Held-to-maturity securities	-	1,490,948	193,197	3,597,047	2,764,008	242,882	-	8,288,082
客戶貸款	Advances to customers	1,767,331	2,856,018	3,991,951	6,718,317	14,051,611	11,766,665	186,591	41,338,484
同業及其他財務機構貸款	Advances to banks and other financial institutions	-	-	745,720	759,689	-	-	-	1,505,409
其他金融資產	Other financial assets	238,966	132,095	69,612	158,736	667	-	(196,013)	404,063
金融資產總額	Total financial assets	<u>8,477,057</u>	<u>16,331,466</u>	<u>7,125,996</u>	<u>12,181,201</u>	<u>19,363,082</u>	<u>12,509,425</u>	<u>197,724</u>	<u>76,185,951</u>

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度

for the year ended 31 December 2012

7. 財務風險管理 - 續

流動資金風險 - 續

資產及負債按剩餘到期日分析 - 續

7. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk - continued

Analysis of assets and liabilities by remaining maturity - continued

		集團 THE GROUP						
		一個月 以內償還 (不包括 即時償還) Repayable within 1 month (except those on demand)	一個月 至三個月 以內償還 Repayable after 1 month but within 3 months	三個月 至一年 以內償還 Repayable after 3 months but within 1 year	一年 至五年 以內償還 Repayable after 1 year but within 5 years	超過五年 償還 Repayable after 5 years	無明確 日期 Undated	總額 Total
		港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
於二零一一年十二月三十一日	At 31 December 2011							
負債	Liabilities							
同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions	18,820	998,016	70,000	-	-	-	1,086,836
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements	-	-	137,940	282,712	-	-	420,652
客戶存款	Deposits from customers	22,875,493	24,488,399	12,247,213	4,489,832	714,776	-	64,815,713
存款證	Certificates of deposit	-	99,948	79,844	1,265,770	100,000	-	1,545,562
衍生金融工具	Derivative financial instruments	-	4,097	27,364	25,606	184,459	24,170	265,696
借貸資本	Loan capital	-	-	-	-	1,852,153	-	1,852,153
其他金融負債	Other financial liabilities	339,419	56,814	62,330	75,793	24,139	-	558,495
金融負債總額	Total financial liabilities	23,233,732	25,647,274	12,624,691	6,139,713	1,023,374	1,876,323	70,545,107
淨額 - 金融資產及負債總額	Net position - total financial assets and liabilities	(14,756,675)	(9,315,808)	(5,498,695)	6,041,488	18,339,708	10,633,102	5,640,844
存款證當中包括：	Of which certificates of deposit included in:							
持至到期日之證券	Held-to-maturity securities	-	879,341	12,340	661,043	18,520	-	1,571,244
債務證券當中包括：	Of which debt securities included in:							
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss							
- 指定按公平值列賬	- Designated at fair value	-	-	185,947	371,556	1,287,779	-	1,845,282
可供出售之證券	Available-for-sale securities	-	-	-	-	1,258,736	380,910	1,639,646
持至到期日之證券	Held-to-maturity securities	-	1,490,948	193,197	3,597,047	2,764,008	242,882	8,288,082
		-	1,490,948	379,144	3,968,603	5,310,523	623,792	11,773,010

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

7. 財務風險管理 - 續

流動資金風險 - 續

資產及負債按剩餘到期日分析 - 續

7. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk - continued

Analysis of assets and liabilities by remaining maturity - continued

		銀行 THE BANK						
		一個月 以內償還 (不包括 即時償還) Repayable within 1 month (except those on demand)	一個月 至三個月 以內償還 Repayable after 1 month but within 3 months	三個月 至一年 以內償還 Repayable after 3 months but within 1 year	一年 至五年 以內償還 Repayable after 1 year but within 5 years	超過五年 償還 Repayable after 5 years	無明確 日期 Undated	總額 Total
		港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
於二零一二年十二月三十一日	At 31 December 2012							
資產	Assets							
庫存現金及短期資金	Cash and short-term funds	6,089,167	11,103,776	30,000	98,531	-	-	17,321,474
存放同業及其他財務機構款項	Placements with banks and other financial institutions	-	3,946,248	829,468	-	-	-	4,775,716
衍生金融工具	Derivative financial instruments	-	6,562	3,987	6,106	-	171,256	187,911
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss	-	-	216,196	996,953	-	-	1,213,149
可供出售之證券	Available-for-sale securities	-	-	-	2,625,897	1,367,643	136,550	4,130,090
持至到期日之證券	Held-to-maturity securities	-	1,225,799	2,576,757	2,538,779	739,322	-	9,600,020
客戶貸款	Advances to customers	1,634,953	2,284,996	7,369,363	12,717,092	12,619,406	168,157	39,192,189
同業及其他財務機構貸款	Advances to banks and other financial institutions	-	105,497	694,514	-	-	-	2,164,842
其他金融資產	Other financial assets	134,026	125,784	180,312	94,216	224,579	(174,176)	776,924
金融資產總額	Total financial assets	7,858,146	14,852,414	11,933,269	18,953,521	15,122,206	130,531	79,362,315

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度

for the year ended 31 December 2012

7. 財務風險管理 - 續

流動資金風險 - 續

資產及負債按剩餘到期日分析 - 續

7. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk - continued

Analysis of assets and liabilities by remaining maturity - continued

於二零一二年十二月三十一日

At 31 December 2012

負債

Liabilities

同業及其他財務機構存款及結餘

Deposits and balances of banks and other financial institutions

於回購協議下出售之金融資產

Financial assets sold under repurchase agreements

客戶存款

Deposits from customers

存款證

Certificates of deposit

衍生金融工具

Derivative financial instruments

借貸資本

Loan capital

其他金融負債

Other financial liabilities

金融負債總額

Total financial liabilities

淨額 - 金融資產及負債總額

Net position - total financial assets and liabilities

存款證當中包括：

Of which certificates of deposit included in:

持至到期日之證券

Held-to-maturity securities

債務證券當中包括：

Of which debt securities included in:

按公平值列賬及列入損益賬之金融資產

Financial assets at fair value through profit or loss

- 指定按公平值列賬

- Designated at fair value

可供出售之證券

Available-for-sale securities

持至到期日之證券

Held-to-maturity securities

銀行

THE BANK

一個月 以內償還 (不包括 即時償還)	一個月 至三個月 以內償還	三個月 至一年 以內償還	一年 至五年 以內償還	超過五年 償還	無明確 日期	總額
Repayable within 1 month (except those on demand)	Repayable after 1 month but within 3 months	Repayable after 3 months but within 1 year	Repayable after 1 year but within 5 years	Repayable after 5 years	Undated	Total
港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
35,287	803,806	659,900	344,484	-	-	1,843,477
-	354,801	-	78,880	-	-	433,681
26,837,602	19,872,678	13,961,059	6,748,437	88,972	-	67,508,748
-	99,991	390,267	177,378	-	-	667,636
-	3,131	17,943	27,942	142,985	56,655	248,656
-	-	-	-	1,898,957	-	1,898,957
451,440	559,577	150,577	186,590	97	-	1,348,281
27,324,329	21,693,984	15,179,746	7,563,711	232,054	1,955,612	73,949,436
(19,466,183)	(6,841,570)	(4,667,518)	4,369,558	18,721,467	13,166,594	130,531
-	225,243	2,110,648	1,357,430	-	-	3,693,321
-	-	-	216,196	996,953	-	1,213,149
-	-	-	-	2,625,897	1,367,643	3,993,540
-	1,225,799	2,576,757	2,538,779	2,519,363	739,322	9,600,020
-	1,225,799	2,576,757	2,754,975	6,142,213	2,106,965	14,806,709

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

7. 財務風險管理 - 續

流動資金風險 - 續

資產及負債按剩餘到期日分析 - 續

7. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk - continued

Analysis of assets and liabilities by remaining maturity - continued

		銀行							
		THE BANK							
		一個月 以內償還 (不包括 即時償還)	一個月 至三個月 以內償還	三個月 至一年 以內償還	一年 至五年 以內償還	超過五年 償還	無明確 日期	總額	
		Repayable within 1 month (except those repayable on demand)	Repayable after 1 month but within 3 months	Repayable after 3 months but within 1 year	Repayable after 1 year but within 5 years	Repayable after 5 years	Undated	Total	
		港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	
於二零一一年十二月三十一日	At 31 December 2011								
資產	Assets								
庫存現金及短期資金	Cash and short-term funds	6,460,213	11,849,802	338,714	-	-	-	-	18,648,729
存放同業及其他財務機構款項	Placements with banks and other financial institutions	-	-	1,585,940	548,879	-	-	-	2,134,819
衍生金融工具	Derivative financial instruments	-	2,603	3,985	3,719	281	118,968	-	129,556
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss	-	-	185,947	371,556	1,287,779	-	-	1,845,282
可供出售之證券	Available-for-sale securities	-	-	-	-	1,258,736	380,910	126,154	1,765,800
持至到期日之證券	Held-to-maturity securities	-	1,490,948	193,197	3,597,047	2,764,008	242,882	-	8,288,082
客戶貸款	Advances to customers	1,767,331	2,856,018	3,991,951	6,718,317	14,051,611	11,766,665	186,591	41,338,484
同業及其他財務機構貸款	Advances to banks and other financial institutions	-	-	745,720	759,689	-	-	-	1,505,409
其他金融資產	Other financial assets	129,496	129,916	68,060	157,486	667	229,581	(198,173)	517,033
金融資產總額	Total financial assets	8,357,040	16,329,287	7,113,514	12,156,693	19,363,082	12,739,006	114,572	76,173,194

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度

for the year ended 31 December 2012

7. 財務風險管理 - 續

流動資金風險 - 續

資產及負債按剩餘到期日分析 - 續

7. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk - continued

Analysis of assets and liabilities by remaining maturity - continued

	銀行							
	THE BANK							
	一個月 以內償還 (不包括 即時償還)	一個月 至三個月 以內償還	三個月 至一年 以內償還	一年 至五年 以內償還	超過五年 償還	無明確 日期	總額	
	Repayable within 1 month (except those repayable on demand)	Repayable after 1 month but within 3 months	Repayable after 3 months but within 1 year	Repayable after 1 year but within 5 years	Repayable after 5 years	Undated	Total	
	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	
於二零一一年十二月三十一日	At 31 December 2011							
負債	Liabilities							
同業及其他財務機構存款及結餘	Deposits and balances of banks and other financial institutions							
	18,820	998,016	70,000	-	-	-	-	1,086,836
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements							
	-	-	137,940	282,712	-	-	-	420,652
客戶存款	Deposits from customers							
	22,875,362	24,488,399	12,247,213	4,489,832	714,776	-	-	64,815,582
存款證	Certificates of deposit							
	-	99,948	79,844	1,265,770	100,000	-	-	1,545,562
衍生金融工具	Derivative financial instruments							
	-	4,097	27,364	25,606	184,459	24,170	-	265,696
借貸資本	Loan capital							
	-	-	-	-	-	1,852,153	-	1,852,153
其他金融負債	Other financial liabilities							
	496,177	553,364	110,741	58,514	2,538	-	-	1,221,334
金融負債總額	Total financial liabilities							
	23,390,359	26,143,824	12,673,102	6,122,434	1,001,773	1,876,323	-	71,207,815
淨額 - 金融資產及負債總額	Net position - total financial assets and liabilities							
	(15,033,319)	(9,814,537)	(5,559,588)	6,034,259	18,361,309	10,862,683	114,572	4,965,379
存款證當中包括：	Of which certificates of deposit included in:							
持至到期日之證券	Held-to-maturity securities							
	-	879,341	12,340	661,043	18,520	-	-	1,571,244
債務證券當中包括：	Of which debt securities included in:							
按公平值列賬及列入損益賬之金融資產	Financial assets at fair value through profit or loss							
- 指定按公平值列賬	- Designated at fair value							
	-	-	185,947	371,556	1,287,779	-	-	1,845,282
可供出售之證券	Available-for-sale securities							
	-	-	-	-	1,258,736	380,910	-	1,639,646
持至到期日之證券	Held-to-maturity securities							
	-	1,490,948	193,197	3,597,047	2,764,008	242,882	-	8,288,082
	-	1,490,948	379,144	3,968,603	5,310,523	623,792	-	11,773,010

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

7. 財務風險管理 - 續

金融資產及負債之公平值

除下表詳述外，本集團及本銀行之董事認為於綜合財務報表內以攤銷成本入賬的金融資產及金融負債之賬面值與其公平值相若。

金融資產
- 持至到期日之證券
金融負債
- 借貸資本

上市證券的公平值是根據相關的證券交易所的公開市場買入價來釐定的。

指定按公平值列賬及列入損益賬之金融資產的可換股債券及結構性工具、被分類為可供出售之債務證券、持至到期日之債務證券及借貸資本的公平值是根據價格服務提供者、證券商、市場經紀及其他服務提供者所提供的參考價格來計算的。債務證券的公平值已運用估價模式核實。估價模式的輸入變數是盡可能由可觀察的市場資料所釐定的。

衍生金融工具的公平值是以公開價格來計算的。當這些價格不存在時，衍生金融工具便會以外匯報價或以利率報價產生的孳息率曲線去估計未來的現金流，折算成現值來計量的。

其他金融資產及金融負債(衍生金融工具除外)的公平值是根據一般市場接受的計價方法去釐定的，即根據折算現金流分析。

在財務狀況表中確認的公平值計量

下表對在初始確認後以公平值計量並根據公平值的可觀察程度分為第一級別至第三級別之金融工具進行了分析。

- 第一級別公平值計量是指由活躍市場上相同資產或負債的標價(不做任何調整)得出的公平值計量。

7. FINANCIAL RISK MANAGEMENT - continued

Fair value of financial assets and liabilities

Except as detailed in the following table, the directors of the Group and the Bank consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

		集團及銀行 THE GROUP AND THE BANK	
		賬面值 Carrying value	公平值 Fair value
		2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
Financial assets			
- Held-to-maturity securities		9,600,020	8,288,082
Financial liabilities			
- Loan capital		1,898,957	1,852,153
		9,634,003	8,279,329
		1,927,742	1,715,830

The fair value of listed securities is determined with reference to quoted market bid price from relevant stock exchange.

The fair values of convertible bonds and structured products designated as financial assets at fair value through profit or loss, debt securities classified as available-for-sale securities, held-to-maturity securities and loan capital are calculated based on indicative prices provided by pricing service provider, dealers, brokers and other service providers. Valuation models are used to substantiate the fair value of the debt securities. Inputs to valuation models are determined from observable market data, wherever possible.

The fair value of derivative financial instruments is calculated using quoted prices. Where such prices are not available, the derivatives are measured using quoted forward exchange rates or the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates, as appropriate.

The fair value of other financial assets and financial liabilities (excluding derivative financial instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Fair value measurements recognised in the statements of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

7. 財務風險管理 - 續

在財務狀況表中確認的公平值計量 - 續

- 第二級別公平值計量是指由除第一級別所含標價之外的，可直接（即價格）或間接（即由價格得出）觀察的與資產或負債相關的輸入資料得出的公平值計量。
- 第三級別公平值計量是指由包含以不可觀察市場資料為依據的與資產或負債相關的輸入變數（不可觀察輸入變數）的估價技術得出的公平值計量。

於二零一二年十二月三十一日

持作買賣用途之金融資產
指定按公平值列賬及
列入損益賬之金融資產
可供出售之證券
非用作對沖的衍生金融資產

用作對沖的衍生金融資產

非用作對沖的衍生金融負債

用作對沖的衍生金融負債

總額

於二零一二年十二月三十一日

指定按公平值列賬及
列入損益賬之金融資產
可供出售之證券
非用作對沖的衍生金融資產

用作對沖的衍生金融資產

非用作對沖的衍生金融負債

用作對沖的衍生金融負債

總額

7. FINANCIAL RISK MANAGEMENT - continued

Fair value measurements recognised in the statements of financial position - continued

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 31 December 2012

Financial assets held for trading
Financial assets designated at
fair value through profit or loss
Available-for-sale securities
Derivative financial assets not
used for hedging
Derivative financial assets used
for hedging
Derivative financial liabilities
not used for hedging
Derivative financial liabilities
used for hedging
Total

集團 THE GROUP			
公平值等級架構 Fair value hierarchy			
第一級別 Level 1 港幣千元 HK\$'000	第二級別 Level 2 港幣千元 HK\$'000	第三級別 Level 3 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
261	–	–	261
–	794,048	419,101	1,213,149
193,067	3,990,868	2,711	4,186,646
–	21,146	–	21,146
–	166,765	–	166,765
–	(118,154)	–	(118,154)
–	(130,502)	–	(130,502)
193,328	4,724,171	421,812	5,339,311

銀行 THE BANK			
公平值等級架構 Fair value hierarchy			
第一級別 Level 1 港幣千元 HK\$'000	第二級別 Level 2 港幣千元 HK\$'000	第三級別 Level 3 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
–	794,048	419,101	1,213,149
104,908	3,990,868	2,711	4,098,487
–	21,146	–	21,146
–	166,765	–	166,765
–	(118,154)	–	(118,154)
–	(130,502)	–	(130,502)
104,908	4,724,171	421,812	5,250,891

At 31 December 2012

Financial assets designated at
fair value through profit or loss
Available-for-sale securities
Derivative financial assets not
used for hedging
Derivative financial assets used
for hedging
Derivative financial liabilities
not used for hedging
Derivative financial liabilities
used for hedging
Total

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
 for the year ended 31 December 2012

7. 財務風險管理 - 續

在財務狀況表中確認的公平值計量 - 續

7. FINANCIAL RISK MANAGEMENT - continued

Fair value measurements recognised in the statements of financial position - continued

		集團 THE GROUP			
		公平值等級架構 Fair value hierarchy			
		第一級別 Level 1 港幣千元 HK\$'000	第二級別 Level 2 港幣千元 HK\$'000	第三級別 Level 3 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於二零一一年十二月三十一日	At 31 December 2011				
持作買賣用途之金融資產	Financial assets held for trading	307	—	—	307
指定按公平值列賬及 列入損益賬之金融資產	Financial assets designated at fair value through profit or loss	—	1,427,635	417,647	1,845,282
可供出售之證券	Available-for-sale securities	173,786	1,638,649	1,076	1,813,511
非用作對沖的衍生金融資產	Derivative financial assets not used for hedging	—	13,501	—	13,501
用作對沖的衍生金融資產	Derivative financial assets used for hedging	—	116,055	—	116,055
非用作對沖的衍生金融負債	Derivative financial liabilities not used for hedging	—	(203,110)	—	(203,110)
用作對沖的衍生金融負債	Derivative financial liabilities used for hedging	—	(62,586)	—	(62,586)
總額	Total	174,093	2,930,144	418,723	3,522,960

		銀行 THE BANK			
		公平值等級架構 Fair value hierarchy			
		第一級別 Level 1 港幣千元 HK\$'000	第二級別 Level 2 港幣千元 HK\$'000	第三級別 Level 3 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於二零一一年十二月三十一日	At 31 December 2011				
指定按公平值列賬及 列入損益賬之金融資產	Financial assets designated at fair value through profit or loss	—	1,427,635	417,647	1,845,282
可供出售之證券	Available-for-sale securities	97,069	1,638,649	1,076	1,736,794
非用作對沖的衍生金融資產	Derivative financial assets not used for hedging	—	13,501	—	13,501
用作對沖的衍生金融資產	Derivative financial assets used for hedging	—	116,055	—	116,055
非用作對沖的衍生金融負債	Derivative financial liabilities not used for hedging	—	(203,110)	—	(203,110)
用作對沖的衍生金融負債	Derivative financial liabilities used for hedging	—	(62,586)	—	(62,586)
總額	Total	97,069	2,930,144	418,723	3,445,936

於上述兩年期間，第一級別及第二級別兩者間並沒有發生任何轉移。

There were no transfers between Levels 1 and 2 in both years.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

7. 財務風險管理 - 續

在財務狀況表中確認的公平值計量 - 續

金融資產第三級別公平值計量的
調節：

7. FINANCIAL RISK MANAGEMENT - continued

Fair value measurements recognised in the statements of financial position - continued

Reconciliation of Level 3 fair value measurements of financial assets

		集團及銀行 THE GROUP AND THE BANK		
		指定按公平值列賬 及列入損益賬 之金融資產 Financial assets designated at fair value through profit or loss 港幣千元 HK\$'000	可供出售 之證券 Available- for-sale securities 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於二零一一年一月一日結餘	Balance at 1 January 2011	305,385	41,328	346,713
於綜合損益賬內確認之淨虧損總額	Total net losses recognised in consolidated income statement	(42,430)	—	(42,430)
於重估儲備內確認之淨溢利總額	Total net losses recognised in the revaluation reserve	—	(1,670)	(1,670)
購買	Purchases	155,336	—	155,336
到期 / 出售	Matured / disposals	—	(38,582)	(38,582)
外幣匯率之變動	Foreign exchange rate movements	(644)	—	(644)
於二零一一年十二月三十一日結餘	Balance at 31 December 2011	417,647	1,076	418,723
於綜合損益賬內確認之淨溢利總額	Total net gains recognised in consolidated income statement	47,759	—	47,759
於重估儲備內確認之淨溢利總額	Total net gains recognised in the revaluation reserve	—	1,635	1,635
購買	Purchases	—	—	—
到期 / 出售	Matured / disposals	(45,506)	—	(45,506)
外幣匯率之變動	Foreign exchange rate movements	(799)	—	(799)
於二零一二年十二月三十一日結餘	Balance at 31 December 2012	419,101	2,711	421,812

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

7. 財務風險管理 - 續

在財務狀況表中確認的公平值計量 - 續

本集團大部份的投資價值是根據活躍市場的標價或可觀察的市場數據所釐定。當中根據估計以公平值入賬於第三級別內的投資只佔總資產的一小部份 (0.5%) (二零一一年：0.5%)。此估價對估計假設相當敏感，當一個或多個假設轉變至合理及有可能的代替假設時，相信不會對本集團及本銀行的財務狀況造成重大影響。

包含在綜合損益賬內的是年度淨溢利或虧損總額，其中港幣47,759,000元溢利 (二零一一年：港幣42,430,000元虧損) 是關於報告期末仍然持有的投資。這些投資的公平值的溢利或虧損是包含在按公平值列賬及列入損益賬之金融工具之淨溢利中。

包含在其他全面收益內的是年度淨溢利或虧損總額，其中港幣1,635,000元溢利 (二零一一年：港幣1,670,000元虧損) 是關於報告期末仍然持有的可供出售之證券。

7. FINANCIAL RISK MANAGEMENT - continued

Fair value measurements recognised in the statements of financial position - continued

The majority of the Group's investments are valued based on quoted market information or observable market data. A small percentage, 0.5% (2011: 0.5%), of total assets recorded at fair value, are based on estimates and recorded as Level 3 investments. Whilst such valuations are sensitive to estimates, it is believed that changing one or more of the assumptions to reasonably possible alternative assumptions would not have a big impact on the Group's and Bank's financial positions.

Of the total net gains or losses for the year included in consolidated income statement, HK\$47,759,000 gains (2011: HK\$42,430,000 losses) are related to these investments held at the end of the reporting period. Fair value gains or losses of these investments are included in net gains on financial instruments at fair value through profit or loss.

Of the total net gains or losses for the year included in other comprehensive income, an amount of HK\$1,635,000 gains (2011: HK\$1,670,000 losses) relate to available-for-sale securities held at the end of the reporting period.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

8. 淨利息收入

8. NET INTEREST INCOME

		2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
利息收入	Interest income		
存放於同業及其他財務機構之 結餘及款項	Balances and placements with banks and other financial institutions	317,724	281,526
證券投資	Investments in securities	293,085	260,547
貸款及借貸	Loans and advances	890,160	797,409
利率掉期合約	Interest rate swaps	62,851	30,507
		<u>1,563,820</u>	<u>1,369,989</u>
利息支出	Interest expense		
同業及客戶之存款及結餘	Deposits and balances from banks and customers	(588,238)	(449,237)
於回購協議下出售之金融資產	Financial assets sold under repurchase agreements	(4,640)	(4,084)
存款證	Certificates of deposit	(31,417)	(7,126)
發行借貸資本	Loan capital in issue	(66,910)	(73,635)
利率掉期合約	Interest rate swaps	(35,707)	(20,586)
		<u>(726,912)</u>	<u>(554,668)</u>
淨利息收入	Net interest income	<u>836,908</u>	<u>815,321</u>
已計入利息收益	Included within interest income		
減值貸款利息收入	Interest income on impaired loans and advances	374	1,214

包括在利息收入及利息支出中來自非按公平值列賬及列入損益賬之金融資產及金融負債中所獲得及產生的收入及支出分別為港幣1,484,940,000元(二零一一年：港幣1,297,997,000元)及港幣691,205,000元(二零一一年：港幣534,082,000元)。

Included within interest income and interest expense are HK\$1,484,940,000 (2011: HK\$1,297,997,000) and HK\$691,205,000 (2011: HK\$534,082,000) for financial assets and financial liabilities that are not at fair value through profit or loss, respectively.

以上金額包括來自非上市投資證券之利息收入為港幣293,085,000元(二零一一年：港幣260,547,000元)。

Included above is interest income from unlisted investments in securities of HK\$293,085,000 (2011: HK\$260,547,000).

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
 for the year ended 31 December 2012

9. 淨費用及佣金收入

費用及佣金收入
證券買賣
信貸限額
貿易融資
信用卡服務
代理服務
其他
費用及佣金收入總額
減：費用及佣金支出
淨費用及佣金收入
其中：
淨費用收入，不包括用作計算實際利率之金額，關於不是持作買賣用途或指定按公平值列賬及列入損益賬之金融資產及金融負債
- 費用收入
- 費用支出

9. NET FEE AND COMMISSION INCOME

	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
Fee and commission income		
Securities dealings	116,755	152,105
Credit lines	15,090	13,364
Trade finance	12,067	11,381
Credit card services	68,880	63,620
Agency services	25,085	22,262
Others	16,072	13,525
Total fee and commission income	253,949	276,257
Less: Fee and commission expense	(64,584)	(58,534)
Net fee and commission income	189,365	217,723
of which:		
Net fee income, other than amounts included in determining the effective interest rate, arising from financial assets or financial liabilities that are not held for trading nor designated at fair value through profit or loss		
- fee income	104,855	96,043
- fee expenses	(62,511)	(57,547)
	42,344	38,496

10. 按公平值列賬及列入損益賬之金融工具之淨溢利(虧損)/公平值對沖之淨溢利(虧損)

按公平值列賬及列入損益賬之金融工具之淨溢利(虧損)
- 指定按公平值列賬及列入損益賬(附註1)
- 持作買賣用途(附註2)
公平值對沖之淨溢利(虧損)
- 與對沖風險有關的對沖項目之淨虧損
- 對沖工具之淨溢利

附註1：兩年之指定按公平值列賬及列入損益賬之金融工具之淨溢利(虧損)主要是來自結構性工具及可換股債券之信貸風險變動。

附註2：淨溢利(虧損)主要是和持作買賣用途的利率掉期合約及持作買賣用途的跨貨幣利率掉期合約相關，於二零一二年及二零一一年十二月三十一日的剩餘合約詳列於附註18。

10. NET GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS / NET GAINS (LOSSES) ON FAIR VALUE HEDGE

	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
Net gains (losses) on financial instruments at fair value through profit or loss		
- designated at fair value through profit or loss (Note 1)	(28,721)	(47,833)
- held for trading (Note 2)	86,194	(54,585)
	57,473	(102,418)
Net gains (losses) on fair value hedge		
- net losses on hedged items attributable to the hedged risk	(23,068)	(175,030)
- net gains on hedging instruments	24,268	154,351
	1,200	(20,679)

Note 1: The net gains (losses) on financial instruments designated at fair value through profit or loss in both years were primarily attributable to the changes in credit risk of the structured products and the convertible bonds.

Note 2: The net gains (losses) mainly related to interest rate swaps held for trading and cross-currency interest rate swap held for trading. Details of the outstanding contracts as at 31 December 2012 and 2011 are set out in note 18.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

11. 其他營業收入

11. OTHER OPERATING INCOME

		2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
股息收入	Dividend income		
- 上市投資	- Listed investments	6,214	6,128
- 非上市投資	- Unlisted investments	4,585	3,692
外匯交易及外幣合約所得收益淨額	Net exchange gains and net gains from foreign currency contracts	108,228	54,168
投資物業租金收入毛額	Gross rents from investment properties	16,447	14,424
減：開支	Less: Outgoings	(1,206)	(1,133)
租金收入淨額	Net rental income	15,241	13,291
保管箱租金收入	Safe deposit box rentals	36,136	32,181
除索償及佣金支出之保險承保溢價	Insurance underwriting premium less claims and commission expense	18,100	11,372
其他銀行服務收入	Other banking services income	45,117	44,154
於先前已被註銷的迷你債券回購 計劃而其後收回之金額 (附註)	Recovery of amounts previously written-off in relation to Minibonds Repurchase Scheme (Note)	—	234,632
其他	Others	4,214	5,237
		<u>237,835</u>	<u>404,855</u>

附註：於二零一一年三月二十八日，本銀行宣佈與雷曼兄弟、雷曼迷你債券（「迷你債券」）接管人、信託人及其他15間分銷銀行就恢復迷你債券相關抵押品（「抵押品」）簽訂協議（「協議」）。根據有關協議，扣除給予持有迷你債券的客戶之特惠金後，本銀行在期內從抵押品收回之前於二零零九年及二零一零年（已包括在二零零九年及二零一零年綜合財務報表內的「關於迷你債券回購計劃的支出」）被註銷關於迷你債券回購計劃之金額合共港幣234,632,000元。

Note: The Bank announced on 28 March 2011 that it has entered into an agreement ("Agreement") with the Lehman Brothers, the trustee and the receiver for the Lehman Brothers Minibonds ("Minibonds"), and fifteen other distributing banks in relation to the recovery of the Minibonds' underlying collateral ("Collateral"). Pursuant to the Agreement, the Bank received recoveries of amounts previously written-off in the years 2009 and 2010 (included in "Expenses relating to Minibonds Repurchase Scheme" in the consolidated financial statements for the years 2009 and 2010) from the Collateral during the period, net of ex-gratia payments to customers who held the Minibonds, amounting to HK\$234,632,000.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

12. 營業支出

12. OPERATING EXPENSES

		2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
核數師酬金	Auditor's remuneration	4,304	4,141
人事費用 (包括董事酬金)	Staff costs (including directors' emoluments)		
- 薪金及其他費用	- Salaries and other costs	423,522	401,432
- 退休福利計劃供款	- Retirement benefits scheme contributions	30,846	28,672
人事費用總額	Total staff costs	454,368	430,104
折舊	Depreciation	59,209	54,742
預付土地租金之釋放	Release of prepaid lease payments for land	66	66
行址及設備支出， 折舊 / 預付土地租金之釋放 除外：	Premises and equipment expenses, excluding depreciation / release of prepaid lease payments for land:		
- 物業租金及差餉	- Rentals and rates for premises	44,030	47,540
- 其他	- Others	26,367	21,085
其他營業支出	Other operating expenses	200,247	215,877
		<u>788,591</u>	<u>773,555</u>

營運租賃之最低租金支出為港幣37,220,000元(二零一一年：港幣41,243,000元)已包括於行址及設備支出中。

Included in the premises and equipment expenses are minimum lease payments under operating lease of HK\$37,220,000 (2011: HK\$41,243,000).

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

13. 董事、行政總裁及僱員薪酬

支付或應付予本銀行董事及行政總裁之薪酬總額如下：

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to each of the directors and the chief executive of the Bank were as follows:

		2012					2011				
		薪金及 其他福利 Salaries and other benefits	特別獎金 Discretionary bouns	退休福利 計劃供款 Contribution to retirement benefits	總額 Total	港幣千元 HK\$'000	薪金及 其他福利 Salaries and other benefits	特別獎金 Discretionary bouns	退休福利 計劃供款 Contribution to retirement benefits	總額 Total	港幣千元 HK\$'000
		港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
		(附註 Note 2)					(附註 Note 2)				
常務董事及行政總裁	Executive Directors and Chief Executive										
廖烈武	Liu Lit Mo	250	454	34	41	779	250	433	34	41	758
廖烈智 (附註 1)	Liu Lit Chi (Note 1)	150	7,515	280	318	8,263	150	6,076	220	255	6,701
劉惠民	Lau Wai Man	150	2,328	195	231	2,904	150	2,205	185	219	2,759
廖鐵城	Don Tit Shing Liu	150	4,337	329	395	5,211	150	4,990	329	392	5,861
廖俊寧	Wilfred Chun Ning Liu	150	2,047	135	161	2,493	150	2,132	130	154	2,566
曾昭永 (於二零一二年十二月 三十一日辭任為常務董事)	Tsang Chiu Wing (resigned as Executive Director on 31 December 2012)	150	2,186	182	215	2,733	150	2,059	172	203	2,584
王克嘉 (於二零一二年十二月 三十一日辭任為常務董事)	Wong Har Kar (resigned as Executive Director on 31 December 2012)	150	2,130	180	205	2,665	150	1,994	170	182	2,496
常務董事及行政總裁 薪酬總額	Total Executive Directors' and Chief Executive's emoluments	1,150	20,997	1,335	1,566	25,048	1,150	19,889	1,240	1,446	23,725
非常務董事	Non-executive Directors										
何家樂 (於二零一二年五月 二十二日獲委任為 非常務董事)	He Jiale (appointed as Non-executive Director on 22 May 2012)	104	-	-	-	104	-	-	-	-	-
廖駿倫 (於二零一二年十二月 三十一日辭任為 非常務董事)	Andrew Liu (resigned as Non-executive Director on 31 December 2012)	170	23	-	-	193	150	27	-	-	177
堀越秀一 (於二零一二年八月八日 獲委任為非常務董事)	Hidekazu Horikoshi (appointed as Non-executive Director on 8 August 2012)	68	-	-	-	68	-	-	-	-	-
廖坤城	Christopher Kwun Shing Liu	170	-	-	-	170	150	-	-	-	150
周卓如	Alfred Cheuk Yu Chow	250	-	-	-	250	200	-	-	-	200
孟慶惠	Meng Qinghui	170	-	-	-	170	150	-	-	-	150
王曉明 (於二零一二年五月 二十二日辭任為 非常務董事)	Wang Xiaoming (resigned as Non-executive Director on 22 May 2012)	66	-	-	-	66	150	-	-	-	150
大塚英充 (於二零一二年八月八日 辭任為非常務董事)	Hidemitsu Otsuka (resigned as Non-executive Director on 8 August 2012)	102	-	-	-	102	150	-	-	-	150
非常務董事薪酬總額	Total Non-executive Directors' emoluments	1,100	23	-	-	1,123	950	27	-	-	977
獨立非常務董事	Independent Non-executive Directors										
陳有慶	Robin Yau Hing Chan	250	-	-	-	250	200	-	-	-	200
范華達 (於二零一二年八月八日 調任為獨立非常務董事)	Timothy George Freshwater (redesignated as Independent Non-executive Director on 8 August 2012)	250	80	-	-	330	200	80	-	-	280
謝德耀	Wanchai Chiranakhorn	250	-	-	-	250	200	-	-	-	200
鄭毓和	Cheng Yuk Wo	250	-	-	-	250	200	-	-	-	200
馬照祥	Andrew Chiu Cheung Ma	250	-	-	-	250	200	-	-	-	200
獨立非常務董事薪酬總額	Total Independent Non-executive Directors' emoluments	1,250	80	-	-	1,330	1,000	80	-	-	1,080
總額	Total	3,500	21,100	1,335	1,566	27,501	3,100	19,996	1,240	1,446	25,782

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

13. 董事、行政總裁及僱員薪酬 - 續

附註1：本銀行之董事總經理兼行政總裁。

附註2：特別獎金參照董事個人表現及薪酬委員會的准許。

本集團二零一二年及二零一一年五名薪酬最高之僱員均為本銀行之董事，其薪酬詳列於上述附註。截至二零一二年十二月三十一日及二零一一年十二月三十一日，沒有董事或行政總裁放棄薪酬。

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS - continued

Note 1: Being the Bank's Managing Director and Chief Executive Officer.

Note 2: The discretionary bonus is determined by reference to the individual performance of the directors and approved by the Remuneration Committee.

The five highest paid individuals in the Group in 2012 and 2011 were all directors of the Bank and details of their emoluments are included above. No directors nor the chief executive waived any emoluments in the years ended 31 December 2012 and 31 December 2011.

14. 稅項

稅項支出包括：

香港利得稅

- 是年度
- 往年度回撥差額

海外稅項

- 是年度
- 往年度回撥差額

遞延稅項 (附註 33)

香港利得稅乃依據本年度估計應課稅溢利稅率百分之十六點五計算 (二零一一年：百分之十六點五)。

其他司法管轄地區之稅率乃根據其司法管轄地區之現行稅率計算。

14. TAXATION

The tax charge comprises:

Hong Kong Profits Tax

- Current year
- Over provision in prior years

Overseas taxation

- Current year
- Over provision in prior years

Deferred tax (Note 33)

Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) of the estimated assessable profit for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
84,641	99,708
(229)	(299)
84,412	99,409
16,815	17,983
(402)	(418)
2,220	(10,038)
103,045	106,936

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
 for the year ended 31 December 2012

14. 稅項 - 續

本集團的綜合損益賬中除稅前溢利與是年度之稅項支出之對賬如下：

除稅前溢利
按本地之利得稅稅率百分之十六點五(二零一一年：百分之十六點五)計算之稅項
所佔聯營公司之溢利之稅務影響
不可扣減支出之稅務影響
毋須課稅之收入之稅務影響
往年度回撥差額
在其他司法管轄地區經營之附屬公司及分行繳納不同稅率之稅務影響
其他
本年度稅項支出

14. TAXATION - continued

The tax charge for the year can be reconciled to the Group's profit before taxation per the consolidated income statement as follows:

	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
Profit before taxation	646,385	667,652
Tax at the domestic income tax rate of 16.5% (2011: 16.5%)	106,654	110,163
Tax effect of share of profits of associates	(5,945)	(2,979)
Tax effect of expenses not deductible for tax purpose	64	3,610
Tax effect of income not taxable for tax purpose	(4,881)	(3,933)
Over provision in prior years	(631)	(717)
Effect of different tax rates of subsidiaries and branches operating in other jurisdictions	5,350	1,630
Others	2,434	(838)
Tax charge for the year	103,045	106,936

15. 股息

本年度被確認為派發之股息：

二零一二年年度中期， 每股港幣0.11元(二零一一年： 二零一一年年度中期， 每股港幣0.15元)
二零一一年年度末期， 每股港幣0.35元(二零一一年： 二零一零年年度末期， 每股港幣0.35元)

15. DIVIDENDS

Dividends recognised as distribution during the year:

	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
2012 Interim - HK\$0.11 (2011: 2011 Interim - HK\$0.15) per share	47,850	65,250
2011 Final - HK\$0.35 (2011: 2010 Final - HK\$0.35) per share	152,250	152,250
	200,100	217,500

董事會建議擬派發本年度末期股息為每股港幣0.35元，合共港幣152,250,000元(二零一一年：港幣0.35元，合共港幣152,250,000元)，並將於下次週年股東大會中由股東批核。

The final dividend of HK\$0.35 per share, totalling HK\$152,250,000, in respect of the current financial year (2011: HK\$0.35 per share, totalling HK\$152,250,000) has been proposed by the directors and is subject to approval by the shareholders in the next annual general meeting.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

16. 每股盈利 - 基本

每股基本盈利之計算乃根據本銀行擁有人應佔溢利港幣543,340,000元(二零一一年: 港幣560,716,000元)及於年內已發行435,000,000股(二零一一年: 435,000,000股)普通股計算。

因為截至二零一二年十二月三十一日止年度沒有發行潛在普通股, 所以並沒有每股攤薄盈利(二零一一年: 無)。

17. 庫存現金及短期資金

庫存現金及存放同業及其他財務機構款項

通知及短期存款

外匯基金票據

16. EARNINGS PER SHARE - BASIC

The calculation of basic earnings per share is based on the profit attributable to owners of the Bank of HK\$543,340,000 (2011: HK\$560,716,000) and on 435,000,000 (2011: 435,000,000) ordinary shares in issue during the year.

No dilution earnings per share is presented as no potential ordinary shares were in issue for the year ended 31 December 2012 (2011: nil).

17. CASH AND SHORT-TERM FUNDS

	集團 THE GROUP		銀行 THE BANK	
	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
Cash and balances with banks and other financial institutions	6,060,810	6,393,092	6,050,407	6,382,545
Money at call and short notice	10,472,554	8,717,815	10,472,554	8,717,815
Exchange fund bills	798,513	3,548,369	798,513	3,548,369
	<u>17,331,877</u>	<u>18,659,276</u>	<u>17,321,474</u>	<u>18,648,729</u>

18. 衍生金融工具

持作買賣用途的衍生工具

- 外幣遠期合約

- 利率掉期合約

- 跨貨幣利率掉期合約

指定作對沖工具的衍生工具

- 利率掉期合約

- 跨貨幣利率掉期合約

18. DERIVATIVE FINANCIAL INSTRUMENTS

	集團及銀行 THE GROUP AND THE BANK					
	2012 公平值 名義金額 Notional amount 港幣千元 HK\$'000			2011 公平值 名義金額 Notional amount 港幣千元 HK\$'000		
	資產 Assets 港幣千元 HK\$'000	負債 Liabilities 港幣千元 HK\$'000		資產 Assets 港幣千元 HK\$'000	負債 Liabilities 港幣千元 HK\$'000	
Derivatives held for trading						
- Foreign currency forward contracts	6,037,758	16,584	21,380	1,318,444	8,181	5,783
- Interest rate swaps	796,280	4,562	95,192	1,359,407	5,320	190,608
- Cross-currency interest rate swap	36,040	-	1,582	40,360	-	6,719
Derivatives designated as hedging instruments						
- Interest rate swaps	5,286,864	166,765	120,792	3,161,088	116,055	51,907
- Cross-currency interest rate swaps	233,306	-	9,710	233,306	-	10,679
	<u>187,911</u>	<u>248,656</u>		<u>129,556</u>	<u>265,696</u>	

於二零一二年十二月三十一日所持有的外幣遠期買入合約的貨幣主要包括港幣及澳幣(二零一一年: 港幣、人民幣及澳幣), 及遠期賣出合約的貨幣主要包括人民幣及美元(二零一一年: 人民幣及美元)。於二零一二年及二零一一年十二月三十一日, 所有這些合約的結算日均在報告期末一年內。

The currencies of foreign currency forward buy contracts as at 31 December 2012 mainly comprise Hong Kong dollars and Australian dollars (2011: Hong Kong dollars, Renminbi and Australian dollars), and the currencies in the forward sale contracts mainly comprise Renminbi and United States dollars (2011: Renminbi and United States dollars). As at 31 December 2012 and 2011, all of these contracts have a settlement date within one year from the end of the reporting period.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

18. 衍生金融工具 - 續

持作買賣用途的利率掉期合約及跨貨幣利率掉期合約的剩餘到期日為一至八年（二零一一年：一至九年）。

於二零一二年及二零一一年十二月三十一日，持作買賣用途的利率掉期合約的名義金額合共港幣796,280,000元（二零一一年：港幣1,359,407,000元），當中名義金額合共港幣60,000,000元（二零一一年：港幣60,000,000元）為浮動利率換固定利率的掉期合約，餘下名義金額合共港幣736,280,000元（二零一一年：港幣1,299,407,000元）為固定利率換浮動利率的掉期合約。

於二零一二年及二零一一年十二月三十一日，持作買賣用途的跨貨幣利率掉期合約為浮動利率換浮動利率的償還日圓收取美元的掉期合約。

衍生工具風險之重置成本及加權信貸風險金額是根據香港《銀行業條例》下的《銀行業（資本）規則》計算如下：

匯率合約

利率合約

重置成本是指本集團為代替該現有交易或該現有合約而須與另一對手訂立另一項對本集團有大致相同經濟後果的合約的情況下，本集團會產生的成本及是藉將該現有交易或該現有合約按市價計值方式計算的。如所得值對本集團而言是正數，重置成本則為該現有交易或該現有合約的所得值。如所得值對本集團而言是負數，重置成本則為零。重置成本乃此等合約之信用風險於報告期末之接近的估計金額。

衍生金融工具包括匯率合約及利率合約以公平值於財務狀況表列賬。

衍生金融工具的公平值並不考慮雙邊淨額結算協議之影響。

18. DERIVATIVE FINANCIAL INSTRUMENTS - continued

The remaining maturity of interest rate swaps and cross-currency interest rate swap held for trading ranged from 1 to 8 years (2011: 1 to 9 years).

Of the interest rate swaps held for trading with a notional amount of HK\$796,280,000 (2011: HK\$1,359,407,000) as at 31 December 2012 and 2011, the notional amount of HK\$60,000,000 (2011: HK\$60,000,000) was floating-to-fixed rate swaps, the remaining notional amount of HK\$736,280,000 (2011: HK\$1,299,407,000) was fixed-to-floating rate swaps.

The cross-currency interest rate swap held for trading as at 31 December 2012 and 2011 was a floating-to-floating rate swap paying Japanese yen receiving United States dollars.

The replacement costs and credit risk weighted amounts of derivative exposures calculated based on the Banking (Capital) Rules of the Hong Kong Banking Ordinance are as follows:

集團及銀行
THE GROUP AND THE BANK

	2012			2011		
	名義金額 Notional amount	重置成本 Replacement cost	加權信貸 風險金額 Credit risk weighted amount	名義金額 Notional amount	重置成本 Replacement cost	加權信貸 風險金額 Credit risk weighted amount
	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
匯率合約	6,307,104	16,584	22,865	1,592,110	8,181	14,662
利率合約	6,083,144	171,327	53,978	4,520,495	121,375	38,601
		187,911	76,843		129,556	53,263

Replacement cost is the cost which would be incurred by the Group if it was required to enter into another contract to replace the existing transaction or existing contract with another counterparty with substantially the same economic consequences for the Group and is calculated by marking-to-market the existing transaction or contract. If the resultant value is positive for the Group, the replacement cost shall be the resultant value of the existing transaction or existing contract. If the resultant value is negative for the Group, the replacement cost shall be zero. Replacement cost is a close approximation of the credit risk for these contracts at the end of the reporting period.

The derivative financial instruments including exchange rate contracts and interest rate contracts have been recognised in the statements of financial position at fair value.

The fair values of the derivative financial instruments do not take into account the effect of any bilateral netting agreement.

18. 衍生金融工具 - 續

固定利率債券的公平值對沖

本集團指定相當利率掉期合約及跨貨幣利率掉期合約作為公平值對沖，以對沖其可供出售之債務證券之公平值變動。於二零一二年十二月三十一日，這些可供出售之債務證券的賬面值為港幣3,990,868,000元（二零一一年：港幣1,638,649,000元）。目的是要減低因公平值變動所引致之風險，方法是透過把這些固定利率債券的利率由固定利率轉換為浮動利率。這些利率掉期合約及跨貨幣利率掉期合約及其相關的固定利率債券擁有相同的條款，本集團之管理層認為該利率掉期合約及跨貨幣利率掉期合約是高度有效的對沖工具。這些利率掉期合約、跨貨幣利率掉期合約及債務證券的剩餘到期日為二至十年。

於二零一二年及二零一一年十二月三十一日年度期間，上述公平值對沖能有效地對沖因利率變動所引致的公平值變動風險，於是，相關的債券之公平值的溢利為港幣25,349,000元（二零一一年：溢利為港幣59,347,000元）及利率掉期合約之公平值的虧損為港幣25,759,000元（二零一一年：虧損為港幣50,107,000元）及跨貨幣利率掉期合約之公平值的溢利為港幣478,000元（二零一一年：虧損為港幣8,354,000元），已包含於綜合損益賬內。

已發行後償票據的公平值對沖

本集團指定利率掉期合約作為公平值對沖，以對沖其發行的2.25億美元後償票據之利率公平值變動（詳細參閱附註30）。目的是要減低因公平值變動所引致之風險，方法是透過把固定利率票據的利率由固定利率轉換為浮動利率。該利率掉期合約及被對沖的後償票據擁有相同的條款，本集團之管理層認為該利率掉期合約是高度有效的對沖工具。

此對沖能有效地對沖因利率變動所引致的公平值變動風險，於是，票據之公平值的增加為港幣48,417,000元（二零一一年：公平值的增加為港幣234,377,000元）及利率掉期合約之公平值的溢利為港幣49,549,000元（二零一一年：溢利為港幣212,812,000元），已包含於綜合損益賬內。

18. DERIVATIVE FINANCIAL INSTRUMENTS - continued

Fair value hedge of fixed-rate bonds

The Group designates certain interest rate swaps and cross-currency interest rate swaps as fair value hedges of the fair value of available-for-sale debt securities with carrying amounts of HK\$3,990,868,000 (2011: HK\$1,638,649,000) as at 31 December 2012. The purpose is to minimise its exposure to fair value changes of its fixed-rate bonds by swapping these fixed-rate bonds from fixed rates to floating rates. The interest rate swaps and cross-currency interest rate swaps and the corresponding fixed-rate bonds have the same terms and management of the Group considers that the interest rate swaps and cross-currency interest rate swaps are highly effective hedging instruments. The remaining maturity of these interest rate swaps, cross-currency interest rate swaps and debt securities ranged from 2 to 10 years.

During the years ended 31 December 2012 and 2011, the above fair value hedges were effective in hedging the fair value exposures to interest rate movements and as a result, both the gains in fair value of the bonds of HK\$25,349,000 (2011: gains of HK\$59,347,000) and losses in fair value of the interest rate swaps of HK\$25,759,000 (2011: losses of HK\$50,107,000) and gains in fair value of cross-currency interest rate swaps of HK\$478,000 (2011: losses of HK\$8,354,000) were included in the consolidated income statement.

Fair value hedge of subordinated note issued

The Group designates an interest rate swap as fair value hedge of the fair value change of the interest rate movement of the US\$225 million subordinated note issued (see note 30 for details). The purpose is to minimise its exposure to fair value changes of its fixed-rate note by swapping fixed-rate note from fixed rates to floating rates. The interest rate swap and the hedged subordinated note have the same terms and management of the Group considers that the interest rate swap is a highly effective hedging instrument.

The hedge was effective in hedging the fair value exposure to interest rate movements and as a result, both the increase in fair value of the note of HK\$48,417,000 (2011: increase in fair value of HK\$234,377,000) and gains in fair value of the interest rate swap of HK\$49,549,000 (2011: gains of HK\$212,812,000) were included in the consolidated income statement.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

19. 證券投資

19. INVESTMENTS IN SECURITIES

二零一二年

股本證券：

香港上市

海外上市

非上市

債務證券：

存款證

結構性工具

可換股債券

其他債務證券

- 非上市

總額：

香港上市

海外上市

非上市

上市證券市值：

香港上市

海外上市

按發行人分類：

中央政府和中央銀行

公營機構

同業及其他財務機構

企業

其他

2012

Equity securities:

Listed in Hong Kong

Listed overseas

Unlisted

Debt securities:

Certificates of deposit

Structured products

Convertible bonds

Other debt securities

- Unlisted

Total:

Listed in Hong Kong

Listed overseas

Unlisted

Market value of

listed securities:

Listed in Hong Kong

Listed overseas

As analysed by

issuing entities:

Central government

and central banks

Public sector entities

Banks and other

financial institutions

Corporate entities

Others

集團 THE GROUP					銀行 THE BANK				
按公平值列賬及 列入損益賬之金融資產 Financial assets at fair value through profit or loss					按公平值列賬及 列入損益賬之金融資產 Financial assets at fair value through profit or loss				
持作 買賣用途 Held for trading	指定按 公平值列賬 Designated at fair value	可供出售 之證券 Available- for-sale securities	持至到期 日之證券 Held-to- maturity securities	總額 Total	持作 買賣用途 Held for trading	指定按 公平值列賬 Designated at fair value	可供出售 之證券 Available- for-sale securities	持至到期 日之證券 Held-to- maturity securities	總額 Total
港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
261	-	184,012	-	184,273	-	-	95,853	-	95,853
-	-	9,055	-	9,055	-	-	9,055	-	9,055
261	-	193,067	-	193,328	-	-	104,908	-	104,908
-	-	35,610	-	35,610	-	-	31,642	-	31,642
261	-	228,677	-	228,938	-	-	136,550	-	136,550
-	-	-	3,693,321	3,693,321	-	-	-	3,693,321	3,693,321
-	419,101	-	-	419,101	-	419,101	-	-	419,101
-	794,048	-	-	794,048	-	794,048	-	-	794,048
-	-	3,993,540	5,906,699	9,900,239	-	-	3,993,540	5,906,699	9,900,239
-	1,213,149	3,993,540	9,600,020	14,806,709	-	1,213,149	3,993,540	9,600,020	14,806,709
261	-	184,012	-	184,273	-	-	95,853	-	95,853
-	-	9,055	-	9,055	-	-	9,055	-	9,055
-	1,213,149	4,029,150	9,600,020	14,842,319	-	1,213,149	4,025,182	9,600,020	14,838,351
261	1,213,149	4,222,217	9,600,020	15,035,647	-	1,213,149	4,130,090	9,600,020	14,943,259
261	-	184,012	-	184,273	-	-	95,853	-	95,853
-	-	9,055	-	9,055	-	-	9,055	-	9,055
261	-	193,067	-	193,328	-	-	104,908	-	104,908
-	-	-	3,382	3,382	-	-	-	3,382	3,382
-	-	56,016	196,401	252,417	-	-	56,016	196,401	252,417
43	419,101	353,885	7,809,345	8,582,374	-	419,101	325,618	7,809,345	8,554,064
218	794,048	3,807,796	1,590,892	6,192,954	-	794,048	3,747,904	1,590,892	6,132,844
-	-	4,520	-	4,520	-	-	552	-	552
261	1,213,149	4,222,217	9,600,020	15,035,647	-	1,213,149	4,130,090	9,600,020	14,943,259

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

19. 證券投資 - 續

19. INVESTMENTS IN SECURITIES - continued

	集團 THE GROUP					銀行 THE BANK					
	按公平值列賬及 列入損益賬之金融資產 Financial assets at fair value through profit or loss					按公平值列賬及 列入損益賬之金融資產 Financial assets at fair value through profit or loss					
	持作 買賣用途 Held for trading 港幣千元 HK\$'000	指定按 公平值列賬 Designated at fair value 港幣千元 HK\$'000	可供出售 之證券 Available- for-sale securities 港幣千元 HK\$'000	持至到期 日之證券 Held-to- maturity securities 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000	持作 買賣用途 Held for trading 港幣千元 HK\$'000	指定按 公平值列賬 Designated at fair value 港幣千元 HK\$'000	可供出售 之證券 Available- for-sale securities 港幣千元 HK\$'000	持至到期 日之證券 Held-to- maturity securities 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000	
二零一一年	2011										
股本證券：	Equity securities:										
香港上市	Listed in Hong Kong	307	—	166,834	—	167,141	—	—	90,117	—	90,117
海外上市	Listed overseas	—	—	6,952	—	6,952	—	—	6,952	—	6,952
		307	—	173,786	—	174,093	—	—	97,069	—	97,069
非上市	Unlisted	—	—	33,053	—	33,053	—	—	29,085	—	29,085
		307	—	206,839	—	207,146	—	—	126,154	—	126,154
債務證券：	Debt securities:										
存款證	Certificates of deposit	—	—	—	1,571,244	1,571,244	—	—	—	1,571,244	1,571,244
結構性工具	Structured products	—	417,647	—	—	417,647	—	417,647	—	—	417,647
可換股債券	Convertible bonds	—	1,427,635	—	—	1,427,635	—	1,427,635	—	—	1,427,635
其他債務證券	Other debt securities										
- 非上市	- Unlisted	—	—	1,639,646	6,716,838	8,356,484	—	—	1,639,646	6,716,838	8,356,484
		—	1,845,282	1,639,646	8,288,082	11,773,010	—	1,845,282	1,639,646	8,288,082	11,773,010
總額：	Total:										
香港上市	Listed in Hong Kong	307	—	166,834	—	167,141	—	—	90,117	—	90,117
海外上市	Listed overseas	—	—	6,952	—	6,952	—	—	6,952	—	6,952
非上市	Unlisted	—	1,845,282	1,672,699	8,288,082	11,806,063	—	1,845,282	1,668,731	8,288,082	11,802,095
		307	1,845,282	1,846,485	8,288,082	11,980,156	—	1,845,282	1,765,800	8,288,082	11,899,164
上市證券市值：	Market value of listed securities:										
香港上市	Listed in Hong Kong	307	—	166,834	—	167,141	—	—	90,117	—	90,117
海外上市	Listed overseas	—	—	6,952	—	6,952	—	—	6,952	—	6,952
		307	—	173,786	—	174,093	—	—	97,069	—	97,069
按發行人分類：	As analysed by issuing entities:										
中央政府和中央銀行	Central government and central banks	—	—	—	130,797	130,797	—	—	—	130,797	130,797
公營機構	Public sector entities	—	—	56,566	185,187	241,753	—	—	56,566	185,187	241,753
同業及其他財務機構	Banks and other financial institutions	58	417,647	255,574	6,823,243	7,496,522	—	417,647	234,048	6,823,243	7,474,938
企業	Corporate entities	249	1,427,635	1,529,784	1,148,855	4,106,523	—	1,427,635	1,474,593	1,148,855	4,051,083
其他	Others	—	—	4,561	—	4,561	—	—	593	—	593
		307	1,845,282	1,846,485	8,288,082	11,980,156	—	1,845,282	1,765,800	8,288,082	11,899,164

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

19. 證券投資 - 續

本集團及本銀行為被分類為可供出售的金融工具中的股本證券多年累積確認的減值損失分別為港幣 44,879,000 元 (二零一一年: 港幣 65,583,000 元) 及港幣 16,012,000 元 (二零一一年: 港幣 36,262,000 元)。

結構性工具中包含港幣 419,101,000 元 (二零一一年: 港幣 372,141,000 元) 的信貸掛鈎票據及無 (二零一一年: 港幣 45,506,000 元) 的指數掛鈎票據。本集團及本銀行所持有的信貸掛鈎票據, 其票面年息率由三個月的倫敦銀行同業拆息加 1.3% 至 2.0% 不等, 並將於二零一五年至二零一六年到期。假如其參考機構 (於二零一二年及二零一一年十二月三十一日, 穆迪的信貸評級為 A1 或以上) 有信貸事件發生, 信貸掛鈎票據的發行商無須償還本集團及本銀行票據的債務。本集團及本銀行所持有的指數掛鈎票據為零息票據, 並於二零一二年到期, 於到期日, 票據的本金獲發行商擔保 (於二零一一年十二月三十一日, 穆迪的信貸評級為 A1), 及其收益率與發行商自營的指數表現掛鈎。

本集團及本銀行所持有的被分類為可供出售的非上市股本證券是以成本扣除減值虧損計量的, 分別為港幣 35,571,000 元 (二零一一年: 港幣 32,974,000 元) 及港幣 31,603,000 元 (二零一一年: 港幣 29,006,000 元)。這些股本證券並沒有作任何減值。

本銀行三藩市分行持有港幣 17,054,000 元 (二零一一年: 港幣 15,534,000 元) 持至到期日之存款證, 已遵照加利福尼亞州財務守則 (California Financial Code) 之規定, 質押予美利堅合眾國加利福尼亞州。

由香港特別行政區及中華人民共和國 (「中國」) 發行而被分類為持至到期日之債務證券總額為港幣 3,382,000 元 (二零一一年: 港幣 130,797,000 元)。

19. INVESTMENTS IN SECURITIES - continued

For the equity securities classified as available-for-sale financial instruments, impairment losses accumulated through the years of HK\$44,879,000 (2011: HK\$65,583,000) and HK\$16,012,000 (2011: HK\$36,262,000) have been provided by the Group and the Bank respectively.

Included in structured products are credit linked notes of HK\$419,101,000 (2011: HK\$372,141,000) and fund linked note of nil (2011: HK\$45,506,000). The credit linked notes held by the Group and the Bank bear three-month LIBOR with spreads ranging from 1.3% to 2.0% per annum and maturity dates ranging from 2015 to 2016. The note issuers are not obligated to repay the debt to the Group and the Bank if the reference entities (rated A1 or above by Moody's as at 31 December 2012 and 2011) default. The fund linked note held by the Group and the Bank bears zero coupon rate with a maturity in 2012. On its maturity date, the principal of the note is guaranteed by the issuer (rated A1 by Moody's as at 31 December 2011) and the return is linked with the performance of an index developed by the issuer.

Unlisted equity securities classified as available-for-sale held by the Group and the Bank amounting to HK\$35,571,000 (2011: HK\$32,974,000) and HK\$31,603,000 (2011: HK\$29,006,000) respectively are measured at cost less impairment. No impairment has been recognised.

Certain held-to-maturity certificates of deposit of HK\$17,054,000 (2011: HK\$15,534,000) held by the San Francisco Branch of the Bank have been pledged to the State of California of the United States of America in compliance with the requirements of the California Financial Code.

Debt securities classified as held-to-maturity amounting to HK\$3,382,000 (2011: HK\$130,797,000) were issued by the Government of Hong Kong Special Administrative Region and the Government of the People's Republic of China ("PRC").

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

19. 證券投資 - 續

本集團及本銀行所持有的被分類為可供出售之證券及持至到期日之證券的可換股債券及債務證券主要是由來自中國、香港及澳洲的企業及財務機構擔保或發行。

本集團及本銀行所持有的被分類為持至到期日證券的存款證主要是由中國、日本及香港銀行發行。本集團及本銀行持有上述持至到期日之存款證總額為港幣1,731,693,000元(二零一一年:港幣333,072,000元)及持至到期日之債務證券總額為港幣900,850,000元(二零一一年:港幣320,808,000元),其信用風險來自中國。

20. 金融資產的轉移

以下為本集團及本銀行於二零一二年十二月三十一日已轉移至另一個體並同意在指定日期以指定價格回購的被分類為持至到期日及可供出售之債務證券。由於本集團沒有轉移有關這些債務證券之主要風險及報酬予該個體,這些債務證券的全數賬面值會繼續被確認。該轉移所收到的現金會被呈報為負債列於「於回購協議下出售之金融資產」項下(參閱附註27)。已轉移的債務證券會被視作這些負債的抵押品。於所涉及的期間內,這些債務證券的法定權益已轉移給該個體,該個體可以不受限制地把這些抵押品出售或再抵押。這些債務證券會以攤銷成本或按公平值計量列於本集團的綜合財務狀況表內。

轉移資產之賬面值

相關負債之賬面值(附註27)

19. INVESTMENTS IN SECURITIES - continued

The convertible bonds and the debt securities classified as available-for-sale securities and held-to-maturity securities held by the Group and the Bank are mainly guaranteed or issued by corporates and financial institutions from the PRC, Hong Kong and Australia.

The certificates of deposit classified as held-to-maturity securities held by the Group and the Bank are mainly issued by banks from the PRC, Japan and Hong Kong. Of the above, held-to-maturity certificates of deposit amounting to HK\$1,731,693,000 (2011: HK\$333,072,000) and held-to-maturity debt securities amounting to HK\$900,850,000 (2011: HK\$320,808,000) held by the Group and the Bank are credit exposures to the PRC.

20. TRANSFER OF FINANCIAL ASSETS

The following were the Group's and the Bank's debt securities classified as held-to-maturity and available-for-sale as at 31 December 2012 that were transferred to an entity with terms to repurchase these debt securities at the agreed dates and prices. As the Group has not transferred the significant risks and rewards relating to these debt securities to the entity, the full carrying amount of these debt securities continued to be recognised. The cash received on the transfer was reported as liabilities under "Financial assets sold under repurchase agreements" (see note 27). The transferred debt securities serve as collateral to secure these liabilities. During the covered period, the legal title of the debt securities are transferred to the counterparty entity and there is no restriction for the counterparty entity to sell or repledge the collateral. These debt securities are either measured at amortised cost or carried at fair value in the Group's consolidated statement of financial position.

於二零一二年十二月三十一日 As at 31 December 2012		
可供出售之 債務證券 Available -for-sale debt securities 港幣千元 HK\$'000	持至到期日 之債務證券 Held-to- maturity debt securities 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
Carrying amount of transferred assets	393,490	117,621 511,111
Carrying amount of associated liabilities (Note 27)	326,687	106,994 433,681

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

21. 貸款及其他賬項

21. ADVANCES AND OTHER ACCOUNTS

		集團 THE GROUP		銀行 THE BANK	
		2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
客戶貸款	Advances to customers				
應收票據	Bills receivable	373,401	403,729	373,401	403,729
貿易票據	Trade bills	453,669	302,481	453,669	302,481
其他客戶貸款	Other advances to customers	38,365,119	40,632,274	38,365,119	40,632,274
		39,192,189	41,338,484	39,192,189	41,338,484
應收利息	Interest receivable	232,270	162,580	231,965	162,045
減值準備	Impairment allowances				
- 個別評估	- Individually assessed	(24,054)	(40,553)	(24,054)	(40,553)
- 集體評估	- Collectively assessed	(164,506)	(172,015)	(164,506)	(172,015)
		39,235,899	41,288,496	39,235,594	41,287,961
同業及其他財務機構貸款	Advances to banks and other financial institutions	2,164,842	1,505,409	2,164,842	1,505,409
		41,400,741	42,793,905	41,400,436	42,793,370
其他賬項	Other accounts	708,477	454,051	485,143	336,665
		42,109,218	43,247,956	41,885,579	43,130,035

包含在本集團及本銀行之「其他賬項」其中一筆為數約港幣246,484,000元(二零一一年：港幣200,762,000元)為本銀行汕頭分行存放中國之財務機構作為儲備金之款項。存放於中國人民銀行之法定存款準備金及額外存款準備金，分別為港幣64,861,000元(二零一一年：港幣88,493,000元)及港幣13,699,000元(二零一一年：港幣19,249,000元)；法定存款準備金並不用作本集團的日常運作。以符合中國外資金融機構管理條例之規定，存放於中國其他財務機構的定期存款為港幣167,924,000元(二零一一年：港幣93,020,000元)。

本集團「其他賬戶」的餘額為港幣461,993,000元(二零一一年：港幣253,289,000元)主要包括與客戶證券買賣之應收賬款為港幣200,377,000元(二零一一年：港幣90,528,000元)及若干存放於銀行的利率掉期合約之變動保證金，外匯遠期合約及回購協議為港幣94,479,000元(二零一一年：港幣1,952,000元)。

Included in the "Other Accounts" of the Group and the Bank is an amount of approximately HK\$246,484,000 (2011: HK\$200,762,000) placed as reserve funds with the financial institutions in the PRC by the Shantou Branch of the Bank. Among which, HK\$64,861,000 (2011: HK\$88,493,000) and HK\$13,699,000 (2011: HK\$19,249,000) is the mandatory reserve deposits and surplus reserve deposits placed with the People's Bank of China respectively. The mandatory reserve deposits are not available for the Group's daily operation; HK\$167,924,000 (2011: HK\$93,020,000) is the fixed deposits placed with other financial institutions in the PRC in compliance with the requirements of Regulations Governing Foreign Financial Institutions of the PRC.

The remaining balance of "Other Accounts" of the Group amounting to HK\$461,993,000 (2011: HK\$253,289,000) mainly included account receivables from customers in relation to securities dealing of HK\$200,377,000 (2011: HK\$90,528,000) and a variation margin of HK\$94,479,000 (2011: HK\$1,952,000) deposited in a bank for certain interest rate swaps, foreign currency forward contracts and repurchase agreements.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

21. 貸款及其他賬項 - 續

貸款之減值準備：

於二零一二年一月一日結餘
減值回撥準備 (淨額)
- 增加減值準備
- 撥回額
註銷額
收回往年已註銷之貸款
折扣計算的效果
匯兌調整
於二零一二年十二月三十一日結餘
於二零一一年一月一日結餘
減值回撥準備 (淨額)
- 增加減值準備
- 撥回額
註銷額
收回往年已註銷之貸款
折扣計算的效果
匯兌調整
於二零一一年十二月三十一日結餘

減值貸款詳情如下：

減值貸款總額
減：個別評估減值準備
淨減值貸款
減值貸款總額佔客戶貸款總額之百分比
抵押品之市值

21. ADVANCES AND OTHER ACCOUNTS - continued

Impairment allowances on advances:

	集團 THE GROUP			銀行 THE BANK		
	個別評估 Individual assessment	集體評估 Collective assessment	總額 Total	個別評估 Individual assessment	集體評估 Collective assessment	總額 Total
	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance 1 January 2012	40,553	172,015	212,568	40,553	172,015	212,568
Reversal of impairment allowances (net)	(57,513)	(7,715)	(65,228)	(57,513)	(7,715)	(65,228)
- Increase in impairment allowances	6,214	-	6,214	6,214	-	6,214
- Amounts reversed	(63,727)	(7,715)	(71,442)	(63,727)	(7,715)	(71,442)
Amounts written off	(3,709)	-	(3,709)	(3,709)	-	(3,709)
Recoveries of advances written off in previous years	45,097	-	45,097	45,097	-	45,097
Unwinding effect of discount rate	(374)	-	(374)	(374)	-	(374)
Exchange difference	-	206	206	-	206	206
Balance 31 December 2012	24,054	164,506	188,560	24,054	164,506	188,560
Balance at 1 January 2011	21,564	125,089	146,653	21,564	125,089	146,653
Reversal of impairment allowances (net)	(154,050)	46,862	(107,188)	(154,050)	46,862	(107,188)
- Increase in impairment allowances	29,575	46,862	76,437	29,575	46,862	76,437
- Amounts reversed	(183,625)	-	(183,625)	(183,625)	-	(183,625)
Amounts written off	(1,847)	-	(1,847)	(1,847)	-	(1,847)
Recoveries of advances written off in previous years	176,100	-	176,100	176,100	-	176,100
Unwinding effect of discount rate	(1,214)	-	(1,214)	(1,214)	-	(1,214)
Exchange difference	-	64	64	-	64	64
Balance at 31 December 2011	40,553	172,015	212,568	40,553	172,015	212,568

Details of the impaired loans are as follows:

	集團及銀行 THE GROUP AND THE BANK	
	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
Gross impaired loans	24,194	78,189
Less: Impairment allowances under individual assessment	(24,054)	(40,553)
Net impaired loans	140	37,636
Gross impaired loans as a percentage of gross advances to customers	0.06%	0.19%
Market value of collateral pledged	76,635	107,078

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

22. 投資於附屬公司 / 附屬公司欠款

(i) 投資於附屬公司

22. INVESTMENTS IN SUBSIDIARIES / AMOUNTS DUE FROM SUBSIDIARIES

(i) Investments in subsidiaries

銀行 THE BANK

2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
261,984	261,884

非上市股票，成本值

Unlisted shares, at cost

於二零一二年及二零一一年十二月三十一日主要附屬公司之資料如下：

Details of the principal subsidiaries as at 31 December 2012 and 2011 are as follows:

公司名稱 Name of company	註冊成立 / 營業地點 Place of incorporation / operation	已發行及繳足普通股股本 Issued and fully paid ordinary share capital	直接持有已發行股本百分比 Percentage of issued share capital directly held	主要業務 Principal activities
創興(代理)有限公司 Chong Hing (Nominees) Limited	香港 Hong Kong	港幣 100,000 HK\$ 100,000	100%	提供代理人服務 Provision of nominee services
創興財務有限公司 Chong Hing Finance Limited	香港 Hong Kong	港幣 25,000,000 HK\$ 25,000,000	100%	接受存款及貸款 Deposit-taking and lending
創興資訊科技有限公司 Chong Hing Information Technology Limited	香港 Hong Kong	港幣 100,000 HK\$ 100,000	100%	提供電子資料處理服務 Provision of electronic data processing services
創興證券有限公司 Chong Hing Securities Limited	香港 Hong Kong	港幣 10,000,000 HK\$ 10,000,000	100%	股票買賣 Stockbroking
創興商品期貨有限公司 Chong Hing Commodities and Futures Limited	香港 Hong Kong	港幣 5,000,000 HK\$ 5,000,000	100%	投資及商品期貨買賣 Investment holding and commodities and futures broking
高堡富有限公司 Gallbraith Limited	香港 Hong Kong	港幣 16,550,000 HK\$ 16,550,000	100%	物業投資 Property investment
高潤企業有限公司 Top Benefit Enterprise Limited	香港 Hong Kong	港幣 100,000 HK\$ 100,000	100%	物業投資 Property investment
卡聯有限公司 Card Alliance Company Limited	香港 Hong Kong	港幣 18,000,000 HK\$ 18,000,000	100%	信用卡管理 Credit card management
創興保險有限公司 Chong Hing Insurance Company Limited	香港 Hong Kong	港幣 85,000,000 HK\$ 85,000,000	100%	保險 Insurance underwriting
鴻強有限公司 ⁺ Hero Marker Limited ⁺	香港 Hong Kong	港幣 100,000 HK\$ 100,000	100%	物業投資 Property investment

⁺ 此附屬公司以港幣 1 元作價於二零一二年一月十九日新購入。本銀行於收購後注入港幣 99,999 元予此公司。

⁺ The subsidiary was newly acquired on 19 January 2012 for consideration of HK\$1. Subsequent to the acquisition, the Bank injected HK\$99,999 to the Company.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

22. 投資於附屬公司 / 附屬公司欠款 - 續

(i) 投資於附屬公司 - 續

於年結日或本年度任何時間內所有附屬公司並無發行任何債務資本。

董事認為以上陳列集團的附屬公司是主要影響年度業績或佔集團的淨資產相當部份。董事認為詳細列出其他附屬公司會過於冗長。

(ii) 附屬公司欠款

附屬公司欠款

包括在附屬公司欠款為按揭貸款予附屬公司為港幣240,341,000元(二零一一年:港幣229,581,000元)。此貸款為有抵押及計算市場利息並於二零四一年十一月至二零四二年三月期間到期。

於二零一二年十二月三十一日及二零一一年十二月三十一日,餘下的附屬公司欠款為無抵押、不計利息,及按董事會意見,於三個月內還款。

23. 聯營公司權益

非上市股票,成本值
 扣除已收股息,
 應佔收購後溢利及其他全面收益

董事認為,本集團及本銀行於此等聯營公司擁有重大影響。

22. INVESTMENTS IN SUBSIDIARIES / AMOUNTS DUE FROM SUBSIDIARIES - continued

(i) Investments in subsidiaries - continued

None of the subsidiaries had any debt security subsisting at the end of the year or at any time during the year.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results of the year or form a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

(ii) Amounts due from subsidiaries

Amounts due from subsidiaries

Included in the amounts due from subsidiaries are mortgage loans to subsidiaries of HK\$240,341,000 (2011: HK\$229,581,000). The loans are secured and bear interest at prevailing market interest rate with maturities ranging from November 2041 to March 2042.

As at 31 December 2012 and 31 December 2011, the remaining amounts due from subsidiaries are unsecured, non-interest bearing and, in the opinion of the directors, are repayable within three months.

23. INTERESTS IN ASSOCIATES

	集團 THE GROUP		銀行 THE BANK	
	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
Unlisted shares, at cost	—	—	21,500	21,500
Share of post-acquisition profits and other comprehensive income net of dividends received	182,970	153,872	—	—
	<u>182,970</u>	<u>153,872</u>	<u>21,500</u>	<u>21,500</u>

The directors consider the Group and the Bank have significant influence over these entities.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

23. 聯營公司權益 - 續

於二零一二年十二月三十一日，本集團於下列聯營公司所佔權益如下：

公司名稱 Name of company	註冊成立及 營業地點 Place of incorporation and operation	所持股份 種類 Class of share held	所佔 擁有權 Ownership interest	所佔 投票權 Proportion of voting power (附註 Note)	業務性質 Nature of business
銀聯控股有限公司 Bank Consortium Holding Limited	香港 Hong Kong	普通股 Ordinary	13.3%	14.3%	投資控股及退休計劃之信託、 管理與託管服務 Investment holding and provision of trustee, administration and custodian services for retirement schemes
銀和再保險有限公司 BC Reinsurance Limited	香港 Hong Kong	普通股 Ordinary	21.0%	21.0%	分保 Reinsurance
香港人壽保險有限公司 Hong Kong Life Insurance Limited	香港 Hong Kong	普通股 Ordinary	16.7%	16.7%	壽險服務 Life insurance underwriting
網聯有限公司 Net Alliance Co., Limited	香港 Hong Kong	普通股 Ordinary	17.6%	15.0%	網上服務 Provision of internet services

附註：本集團能夠對所有有關個體行使重大影響，因本集團有權在公司股東協議中規定的條款下在有關公司的五至八名董事中委任一名或兩名董事。

本集團應佔其聯營公司權益之個別非重大總額之概括財務資料詳列如下：

其他全面收益
全面收益總額
除稅後溢利

對於聯營公司以現金股息的形式將資金轉移至本集團或由本集團償還貸款的能力並沒有重大限制，除了香港人壽保險需按照香港保險公司（償付準備金）規例要求維持淨資產不低於的償付能力充足率之 150% 會有可能引致資金轉移的限制。

23. INTERESTS IN ASSOCIATES- continued

As at 31 December 2012, the Group had interests in the following associates:

Note: The Group is able to exercise significant influence over all of these entities because it has the power to appoint one or two directors out of five to eight directors of these companies under the provisions stated in the shareholder's agreements.

The summarised financial information below represent the aggregate amount of the Group's share of its interests in associates which are not individually material:

	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
Other comprehensive income	430	(53)
Total comprehensive income	36,458	18,003
Profit after tax	36,028	18,056

There are no significant restrictions on the ability of the associates to transfer funds to the Group in the form of cash dividends, or to repay loans or advances made by the Group, except for Hong Kong Life Insurance which has to maintain net assets of not less than 150% of the required margin of solvency which is determined in accordance with the Hong Kong Insurance Companies (Margin of Solvency) Regulations and which may trigger restrictions to fund transfer.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

24. 投資物業

24. INVESTMENT PROPERTIES

於一月一日
 列入損益賬之公平值淨增加

出售
 匯兌調整
 於十二月三十一日

本集團所有以營運租賃形式收取租金及 / 或待價格升值的物業是以公平值模式計量，被確認為及以投資物業入賬。

出售投資物業及公平值調整之淨溢利：

出售投資物業之淨溢利

投資物業公平值調整之淨溢利

本集團所擁有之投資物業經獨立專業測量師行香港威格斯有限公司按二零一二年十二月三十一日以直接比較方法及參考同類物業最近的成交來重估。公平值是從相類物業的可比較市場交易獲得。

投資物業之公平值的評估是假設於報告期末時，在任何情況下，投資物業並沒有被強迫出售及其結構良好。

投資物業以經營租賃形式租出。

本集團的投資物業之賬面淨值包括：

租約物業

在香港之中期租約
 (剩餘年期於十至五十年內)

在香港以外之中期租約
 (剩餘年期於十至五十年內)

At 1 January
 Net increase in fair value recognised
 in the income statement
 Disposals
 Exchange adjustments
 At 31 December

集團 THE GROUP		銀行 THE BANK	
2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
127,171	116,400	94,100	86,450
9,390	9,065	9,390	7,650
(1,500)	—	(1,500)	—
257	1,706	—	—
135,318	127,171	101,990	94,100

All of the Group's property interests held under operating leases to earn rentals and / or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

Net gains on disposal of and fair value adjustments on investment properties:

	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
Net gains on disposal of investment properties	2,816	—
Net gains on fair value adjustments on investment properties	9,390	9,065
	12,206	9,065

Investment properties owned by the Group were revalued at 31 December 2012 by adopting the direct comparison approach and with reference to the recent transactions for similar premises by Vigers Hong Kong Limited, independent professionally qualified valuers. The fair value is mainly arrived at by reference to comparable market transactions for similar properties.

The fair value of investment properties were estimated based on assumptions that there would be no forced sale situation in any manner for these investment properties and the structure of these investment properties were in a reasonable condition at the end of the reporting period.

The investment properties are rented out under operating leases.

The carrying amount of investment properties of the Group comprises:

集團 THE GROUP		銀行 THE BANK	
2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
Leasehold properties			
Held in Hong Kong on medium-term lease (10 - 50 years unexpired)	101,990	94,100	101,990
Held outside Hong Kong on medium-term lease (10 - 50 years unexpired)	33,328	33,071	—
	135,318	127,171	94,100

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度

for the year ended 31 December 2012

25. 物業及設備

25. PROPERTY AND EQUIPMENT

集團 THE GROUP					銀行 THE BANK				
		租賃土地 Leasehold land 港幣千元 HK\$'000	樓宇 Buildings 港幣千元 HK\$'000	設備 Equipment 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000	租賃土地 Leasehold land 港幣千元 HK\$'000	樓宇 Buildings 港幣千元 HK\$'000	設備 Equipment 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
成本	COST								
於二零一二年一月一日	At 1 January 2012	562,418	372,392	505,334	1,440,144	911,671	312,863	452,382	1,676,916
添置	Additions	13,003	2,893	54,209	70,105	-	-	51,599	51,599
出售	Disposals	-	-	(13,308)	(13,308)	-	-	(9,949)	(9,949)
匯兌調整	Exchange adjustments	-	-	371	371	-	-	369	369
於二零一二年十二月三十一日	At 31 December 2012	575,421	375,285	546,606	1,497,312	911,671	312,863	494,401	1,718,935
累積折舊	ACCUMULATED DEPRECIATION								
於二零一二年一月一日	At 1 January 2012	90,078	53,963	377,135	521,176	91,860	53,314	336,169	481,343
折舊	Depreciation	10,927	8,251	40,031	59,209	6,352	6,539	34,624	47,515
出售後註銷	Eliminated on disposals	-	-	(11,441)	(11,441)	-	-	(8,694)	(8,694)
匯兌調整	Exchange adjustments	-	-	(12)	(12)	-	-	(12)	(12)
於二零一二年十二月三十一日	At 31 December 2012	101,005	62,214	405,713	568,932	98,212	59,853	362,087	520,152
賬面淨值	CARRYING AMOUNTS								
於二零一二年十二月三十一日	At 31 December 2012	474,416	313,071	140,893	928,380	813,459	253,010	132,314	1,198,783
成本	COST								
於二零一一年一月一日	At 1 January 2011	396,264	316,663	515,369	1,228,296	911,671	312,863	455,403	1,679,937
添置	Additions	166,154	55,729	26,068	247,951	-	-	24,180	24,180
出售	Disposals	-	-	(36,330)	(36,330)	-	-	(27,428)	(27,428)
匯兌調整	Exchange adjustments	-	-	227	227	-	-	227	227
於二零一一年十二月三十一日	At 31 December 2011	562,418	372,392	505,334	1,440,144	911,671	312,863	452,382	1,676,916
累積折舊	ACCUMULATED DEPRECIATION								
於二零一一年一月一日	At 1 January 2011	83,303	47,266	367,956	498,525	85,501	46,970	324,492	456,963
折舊	Depreciation	6,775	6,697	41,270	54,742	6,359	6,344	34,869	47,572
出售後註銷	Eliminated on disposals	-	-	(32,202)	(32,202)	-	-	(23,303)	(23,303)
匯兌調整	Exchange adjustments	-	-	111	111	-	-	111	111
於二零一一年十二月三十一日	At 31 December 2011	90,078	53,963	377,135	521,176	91,860	53,314	336,169	481,343
賬面淨值	CARRYING AMOUNTS								
於二零一一年十二月三十一日	At 31 December 2011	472,340	318,429	128,199	918,968	819,811	259,549	116,213	1,195,573
以上的物業及設備是按以下年率的直線折舊法計算：		The above items of property and equipment are depreciated on a straight-line basis at the following rates per annum:							
租賃土地	租賃土地之租賃期由三十三年至九百二十九年	Leasehold land		Over the lease term of the leasehold land ranging from 33 to 929 years					
樓宇	樓宇位於的土地之租賃期由三十三年至九百二十九年或2%，兩者中的較短者	Buildings		Over the shorter of the lease term of the land upon which the buildings are situated ranging from 33 to 929 years or 2%					
設備	10% - 20%	Equipment		10% -20%					

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
 for the year ended 31 December 2012

25. 物業及設備 - 續

上列的租賃土地之賬面淨值包括：

25. PROPERTY AND EQUIPMENT - continued

The carrying amount of leased land shown above comprise:

		集團 THE GROUP		銀行 THE BANK	
		2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
於香港租賃土地	Leasehold land in Hong Kong:				
長期租約 (剩餘年期超過五十年)	Held on long-term lease (over 50 years unexpired)	123,565	121,490	645,751	644,305
中期租約 (剩餘年期於十至五十年內)	Held on medium-term lease (10 - 50 years unexpired)	349,912	347,400	166,769	172,056
於香港以外租賃土地	Leasehold land outside Hong Kong:				
中期租約 (剩餘年期於十至五十年內)	Held on medium-term lease (10 - 50 years unexpired)	939	3,450	939	3,450
		<u>474,416</u>	<u>472,340</u>	<u>813,459</u>	<u>819,811</u>

上列的樓宇之賬面淨值包括：

The carrying amounts of buildings shown above comprise:

		集團 THE GROUP		銀行 THE BANK	
		2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
租約物業(樓宇)	Leasehold properties (building)				
在香港長期租約 (剩餘年期超過五十年)	Held in Hong Kong on long-term lease (over 50 years unexpired)	193,771	198,308	193,771	198,308
在香港中期租約 (剩餘年期於十至五十年內)	Held in Hong Kong on medium-term lease (10-50 years unexpired)	112,480	113,144	52,419	54,264
在香港以外中期租約 (剩餘年期於十至五十年內)	Held outside Hong Kong on medium-term lease (10-50 years unexpired)	6,820	6,977	6,820	6,977
		<u>313,071</u>	<u>318,429</u>	<u>253,010</u>	<u>259,549</u>

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

26. 預付土地租金

本集團的預付土地租金包括：

成本

於香港以外：

租約於十至五十年

賬面淨值於一月一日

預付經營租賃租金之釋放

匯兌調整

賬面淨值於十二月三十一日

分析：

流動部份

非流動部份

總額

26. PREPAID LEASE PAYMENTS FOR LAND

The Group's prepaid lease payments for land comprise:

COST

Outside Hong Kong held on:

Leases of between 10 to 50 years

Net book value at 1 January

Release of prepaid

operating lease payments

Exchange adjustments

Net book value at 31 December

Analysed as:

Current portion

Non-current portion

Total

集團及銀行 THE GROUP AND THE BANK

2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
2,850	2,850
2,483	2,535
(66)	(66)
6	14
2,423	2,483
66	66
2,357	2,417
2,423	2,483

27. 於回購協議下出售之金融資產

以抵押品類別分析：

債務證券被分類為：

可供出售

持至到期日

27. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

Analysed by collateral type:

Debt securities classified as:

Available-for-sale

Held-to-maturity

集團及銀行 THE GROUP AND THE BANK

2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
326,687	228,439
106,994	192,213
433,681	420,652

於二零一二年十二月三十一日，被分類為可供出售之債務證券及持至到期日之債務證券的賬面值分別為港幣393,490,000元（二零一一年：港幣295,717,000元）及港幣117,621,000元（二零一一年：港幣240,883,000元），已根據回購協議售予其他銀行。所有回購協議於報告期末十二個月內到期。

As at 31 December 2012, debt securities which are classified as available-for-sale and held-to-maturity with carrying amount of HK\$393,490,000 (2011: HK\$295,717,000) and HK\$117,621,000 (2011: HK\$240,883,000) respectively were sold under repurchase agreements with other banks. All repurchase agreements are due within 12 months from the end of the reporting period.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

28. 客戶存款

28. DEPOSITS FROM CUSTOMERS

		集團 THE GROUP		銀行 THE BANK	
		2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
活期存款及往來賬戶	Demand deposits and current accounts	5,238,918	4,501,674	5,238,918	4,501,674
儲蓄存款	Savings deposits	21,557,659	18,357,575	21,557,659	18,357,575
定期、即時及通知存款	Time, call and notice deposits	40,712,171	41,956,464	40,712,171	41,956,333
		<u>67,508,748</u>	<u>64,815,713</u>	<u>67,508,748</u>	<u>64,815,582</u>

29. 存款證

於二零一二年十二月三十一日，本集團及本銀行發行以攤銷成本計算之存款證，其賬面總值為港幣667,636,000元（二零一一年：港幣1,545,562,000元）。存款證中包含港幣100,000,000元的存款證，其票面息率為三個月的香港銀行同業拆息加1%，將於二零一三年到期。另外有港幣567,636,000元的存款證，其年利率介乎1.0%至2.9%之間，將於二零一三年到期。所有已發行的存款證均沒有以抵押品作抵押。

29. CERTIFICATES OF DEPOSIT

The Group and the Bank have issued certificates of deposit which are measured at amortised cost with a total carrying amount of HK\$667,636,000 as at 31 December 2012 (2011: HK\$1,545,562,000). Included in certificates of deposit are certificates of deposit of HK\$100,000,000 issued at the rate of three-month HIBOR plus 1% which will mature in 2013 and certificates of deposit of HK\$567,636,000 issued at interest rate between 1.0% to 2.9% per annum which will mature in 2013. All certificates of deposit issued are not secured by any collateral.

30. 借貸資本

30. LOAN CAPITAL

		集團及銀行 THE GROUP AND THE BANK	
		2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
於2020年到期之2.25億美元 固定息率後償票據以公平值對沖 (已作利率風險對沖調整) (附註(a)及(b))	US\$225 million fixed rate subordinated note due 2020 under fair value hedge (after adjustment of hedged interest rate risk) (Notes (a) & (b))	<u>1,898,957</u>	<u>1,852,153</u>

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

30. 借貸資本 - 續

附註：

- (a) 此票面值為 225,000,000 美元的后償票據於二零一零年十一月五日發行，被評定為次級資本，此票據將於二零二零年十一月四日到期。如於二零一三年一月一日或之後任何時間，由於監管機構規定轉變，此票據不再完全符合本銀行類別II - 附加資本中的后償票據，本銀行有權及在香港金融管理局書面預先批准下，對票據持有者發出「狀況轉變通知書」以轉變票據狀況。當「狀況轉變通知書」生效時，此票據從這時開始建立非后償票據條例及票據的年息率由 6% 下降至 5.5%。由於沒有發出「狀況轉變通知書」，票據的年息率保持為 6%。

- (b) 已發行的后償票據均沒有以抵押品作抵押。

30. LOAN CAPITAL - continued

Notes:

- (a) This represented a subordinated note qualifying as tier 2 capital with face value of US\$225,000,000 issued on 5 November 2010. The note will mature on 4 November 2020. If at any time (on or) after 1 January 2013, the note no longer fully qualifies as term subordinated debt for inclusion in Category II - Supplementary Capital of the Bank upon changes to regulatory requirements, the Bank may, at its option and subject to the prior written approval of the HKMA, exercise a change of the status of the note by serving the "Change in Status Notice" to the noteholders. Upon a "Change in Status Notice" becoming effective, the note shall thereafter constitute unsubordinated obligations and the rate of interest on the note shall be reduced from 6% per annum to 5.5% per annum. As the "Change in Status Notice" has not been served, the rate of interest on the note remains at 6% per annum.

- (b) The subordinated note issued is not secured by any collateral.

31. 股本

法定股本：
600,000,000 股，
每股面值港幣 0.50 元

發行及已繳足股本：
435,000,000 股，
每股面值港幣 0.50 元

31. SHARE CAPITAL

Authorised:
600,000,000 shares of HK\$0.50 each

Issued and fully paid:
435,000,000 shares of HK\$0.50 each

2012 & 2011
港幣千元
HK\$'000

300,000

217,500

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

32. 儲備

32. RESERVES

		股本溢價 Share premium 港幣千元 HK\$'000	投資 重估儲備 Investment revaluation reserve 港幣千元 HK\$'000	公積金 General reserve 港幣千元 HK\$'000	換算儲備 Translation reserve 港幣千元 HK\$'000	法定儲備 Regulatory reserve 港幣千元 HK\$'000	保留溢利 Retained profits 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
銀行	THE BANK							
於二零一二年一月一日 (重申)	At 1 January 2012 (as restated)	1,542,817	253	1,378,500	18,195	408,000	2,959,661	6,307,426
年度溢利	Profit for the year	-	-	-	-	-	497,823	497,823
因折算之外匯調整	Exchange differences arising from translation	-	-	-	4,331	-	-	4,331
本年度可供出售證券其公平值調整之 溢利	Fair value gains on available-for-sale securities during the year	-	171,714	-	-	-	-	171,714
因出售可供出售證券而導致重新分類到 損益賬之金額	Amount reclassified to the profit or loss upon disposal of available-for-sale securities	-	(468)	-	-	-	-	(468)
關於出售可供出售證券之所得稅影響	Income tax effect relating to disposal of available-for-sale securities	-	77	-	-	-	-	77
關於可供出售證券公平值調整之所得稅 影響	Income tax effect relating to fair value change of available-for-sale securities	-	(27,969)	-	-	-	-	(27,969)
其他全面收益	Other comprehensive income	-	143,354	-	4,331	-	-	147,685
年度全面收益總額	Total comprehensive income for the year	-	143,354	-	4,331	-	497,823	645,508
已派中期股息	Interim dividend paid	-	-	-	-	-	(47,850)	(47,850)
已派末期股息	Final dividend paid	-	-	-	-	-	(152,250)	(152,250)
釋放特別指定之法定儲備至保留溢利	Release of regulatory reserve to retained profits	-	-	-	-	(21,000)	21,000	-
於二零一二年十二月三十一日	At 31 December 2012	1,542,817	143,607	1,378,500	22,526	387,000	3,278,384	6,752,834

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度

for the year ended 31 December 2012

32. 儲備 - 續

32. RESERVES - continued

		股本溢價 Share premium 港幣千元 HK\$'000	投資 重估儲備 Investment revaluation reserve 港幣千元 HK\$'000	公積金 General reserve 港幣千元 HK\$'000	換算儲備 Translation reserve 港幣千元 HK\$'000	法定儲備 Regulatory reserve 港幣千元 HK\$'000	保留溢利 Retained profits 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
銀行	THE BANK							
於二零一一年一月一日 (原本價值)	At 1 January 2011 (as originally stated)	1,542,817	65,215	1,378,500	13,355	331,000	2,738,447	6,069,334
會計政策轉變之影響 (附註2)	Effect of change in accounting policy (Note 2)	—	—	—	—	—	8,879	8,879
於二零一一年一月一日 (重申)	At 1 January 2011 (as restated)	1,542,817	65,215	1,378,500	13,355	331,000	2,747,326	6,078,213
年度溢利	Profit for the year	—	—	—	—	—	498,261	498,261
因折算之外匯調整	Exchange differences arising from translation	—	—	—	4,840	—	—	4,840
本年度可供出售證券 其公平值調整之虧損	Fair value losses on available-for-sale securities during the year	—	(76,598)	—	—	—	—	(76,598)
重估退休福利計劃之盈餘	Surplus on remeasurement of retirement benefits	—	—	—	—	—	10,268	10,268
關於退休福利計劃之所得稅影響	Income tax effect relating to retirement benefits	—	—	—	—	—	(1,694)	(1,694)
關於出售可供出售證券之所得稅影響	Income tax effect relating to fair value change of available-for-sale securities	—	11,636	—	—	—	—	11,636
其他全面收益 (支出)	Other comprehensive income (expense)	—	(64,962)	—	4,840	—	8,574	(51,548)
年度全面收益 (支出) 總額	Total comprehensive income (expense) for the year	—	(64,962)	—	4,840	—	506,835	446,713
已派中期股息	Interim dividend paid	—	—	—	—	—	(65,250)	(65,250)
已派末期股息	Final dividend paid	—	—	—	—	—	(152,250)	(152,250)
於保留溢利中特別指定之法定儲備	Earmark of retained profits as regulatory reserve	—	—	—	—	77,000	(77,000)	—
於二零一一年十二月三十一日 (重申)	At 31 December 2011 (as restated)	1,542,817	253	1,378,500	18,195	408,000	2,959,661	6,307,426

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

32. 儲備 - 續

本銀行於二零一二年十二月三十一日之可派發予擁有人之儲備包括保留溢利為港幣 2,807,472,000 元 (二零一一年：港幣 2,541,015,000 元) 及公積金為港幣 1,378,500,000 元 (二零一一年：港幣 1,378,500,000 元)。

法定儲備之成立乃為符合香港金融管理局之要求及法定儲備派發予本銀行擁有人前須諮詢香港金融管理局之意見。

公積金包括以往年度保留溢利之調撥。

32. RESERVES - continued

The Bank's reserves available for distribution to owners as at 31 December 2012 comprised retained profits of HK\$2,807,472,000 (2011: HK\$2,541,015,000) and general reserve of HK\$1,378,500,000 (2011: HK\$1,378,500,000).

The regulatory reserve is set up in compliance with the HKMA's requirements and is distributable to owners of the Bank subject to consultation with the HKMA.

The general reserve is comprised of transfers from previous years' retained profits.

33. 遞延稅項

以綜合財務報表的呈列為由，部份遞延稅項資產及遞延稅項負債已被對銷。根據財務報告，遞延稅項總額分析如下：

33. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

遞延稅項資產

Deferred tax assets

遞延稅項負債

Deferred tax liabilities

集團
THE GROUP

2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000 (重申) (Restated)	2010 港幣千元 HK\$'000 (重申) (Restated)
1,502	16,861	—
(23,574)	(6,897)	(11,478)
<u>(22,072)</u>	<u>9,964</u>	<u>(11,478)</u>

銀行
THE BANK

2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000 (重申) (Restated)	2010 港幣千元 HK\$'000 (重申) (Restated)
1,502	16,861	—
(15,129)	—	(3,318)
<u>(13,627)</u>	<u>16,861</u>	<u>(3,318)</u>

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

33. 遞延稅項 - 續

本年度及上年度已確認之主要遞延稅項資產（負債）及其變動如下：

33. DEFERRED TAXATION - continued

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior reporting year:

集團	THE GROUP	稅項折舊 Accelerated tax depreciation 港幣千元 HK\$'000	集體評估之 減值準備 Collectively assessed impairment allowance 港幣千元 HK\$'000	投資物業 Investment properties 港幣千元 HK\$'000	可供出售之 證券重估 Revaluation of available- for-sale securities 港幣千元 HK\$'000	退休福利 計劃重估 Remeasurement of retirement benefits 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於二零一二年一月一日（原本價值）	At 1 January 2012 (as originally stated)	(10,540)	27,869	(13,014)	(2,797)	(1,694)	(176)
會計政策轉變之影響（附註2）	Effect of changes in accounting policy (Note 2)	-	-	10,140	-	-	10,140
於二零一二年一月一日（重申）	At 1 January 2012 (as restated)	(10,540)	27,869	(2,874)	(2,797)	(1,694)	9,964
是年度於綜合損益賬內列入（附註14）	Charge to profit or loss for the year (Note 14)	(847)	(1,338)	(35)	-	-	(2,220)
是年度於其他全面收益中列入	Charge to other comprehensive income for the year	-	-	-	(29,816)	-	(29,816)
於二零一二年十二月三十一日	At 31 December 2012	(11,387)	26,531	(2,909)	(32,613)	(1,694)	(22,072)
於二零一一年一月一日（原本價值）	At 1 January 2011 (as originally stated)	(13,302)	20,031	(11,191)	(15,895)	-	(20,357)
會計政策轉變之影響（附註2）	Effect of changes in accounting policy (Note 2)	-	-	8,879	-	-	8,879
於二零一一年一月一日（重申）	At 1 January 2011 (as restated)	(13,302)	20,031	(2,312)	(15,895)	-	(11,478)
是年度於綜合損益賬內回撥（列入 附註14）	Credit (charge) to profit for the year (Note 14)	2,762	7,838	(562)	-	-	10,038
是年度於其他全面收益中回撥（列入）	Credit (charge) to other comprehensive income for the year	-	-	-	13,098	(1,694)	11,404
於二零一一年十二月三十一日	At 31 December 2011	(10,540)	27,869	(2,874)	(2,797)	(1,694)	9,964

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

33. 遞延稅項 - 續

在中華人民共和國企業所得稅法下，由二零零八年一月一日起，需就於中華人民共和國的銀行分行的分配溢利徵收預提稅。因為本集團有能力控制於中華人民共和國的分行之累積溢利所產生的臨時差額為港幣 209,801,000 元（二零一一年：港幣 159,590,000 元），及有關臨時差額很大可能不會於可預期的將來作出回撥，所以有關的遞延稅項並沒有於綜合財務報表中作準備。

33. DEFERRED TAXATION - continued

Under the Enterprise Income Tax Law of the PRC, withholding tax is imposed on profits distributed by the Bank's PRC branch from 1 January 2008 onwards. Deferred taxation has not been provided in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC branch amounting to HK\$209,801,000 (2011: HK\$159,590,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

銀行

於二零一二年一月一日（原本價值）

會計政策之影響（附註2）

於二零一二年一月一日（重申）

是年度於綜合損益賬內列入

是年度其他全面收益中列入

於二零一二年十二月三十一日

於二零一一年一月一日（原本價值）

會計政策之影響（附註2）

於二零一一年一月一日（重申）

是年度於綜合損益賬內回撥

是年度其他全面收益中回撥（列入）

於二零一一年十二月三十一日

THE BANK

At 1 January 2012
(as originally stated)

Effect of changes in
accounting policy (Note 2)

At 1 January 2012
(as restated)

Charge to profit for the year

Charge to other
comprehensive income
for the year

At 31 December 2012

At 1 January 2011
(as originally stated)

Effect of changes in
accounting policy (Note 2)

At 1 January 2011
(as restated)

Credit to profit for the year

Credit (charge) to other
comprehensive income
for the year

At 31 December 2011

稅項折舊 Accelerated tax depreciation 港幣千元 HK\$'000	集體評估之 減值準備 Collectively assessed impairment allowance 港幣千元 HK\$'000	投資物業 Investment properties 港幣千元 HK\$'000	可供出售之 證券重估 Revaluation of available- for-sale securities 港幣千元 HK\$'000	退休福利 計劃重估 Remeasurement of retirement benefits 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
(9,930)	27,869	(10,140)	616	(1,694)	6,721
-	-	10,140	-	-	10,140
(9,930)	27,869	-	616	(1,694)	16,861
(1,258)	(1,338)	-	-	-	(2,596)
-	-	-	(27,892)	-	(27,892)
(11,188)	26,531	-	(27,276)	(1,694)	(13,627)
(12,329)	20,031	(8,879)	(11,020)	-	(12,197)
-	-	8,879	-	-	8,879
(12,329)	20,031	-	(11,020)	-	(3,318)
2,399	7,838	-	-	-	10,237
-	-	-	11,636	(1,694)	9,942
(9,930)	27,869	-	616	(1,694)	16,861

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度

for the year ended 31 December 2012

34. 股份期權計劃

本銀行已根據二零一二年五月九日通過之決議案採納新的股份期權計劃(「新股份期權計劃」)，主要旨在為董事及合資格僱員提供激勵及獎賞，以及取代於二零一二年四月二十四日屆滿的股份期權計劃。新股份期權計劃的條款與該已屆滿的股份期權計劃相似。根據新股份期權計劃，本銀行董事會可向合資格人士(包括本銀行及其附屬公司之董事及僱員)授出股份期權，以供認購本銀行股份。

未經本銀行股東核准，根據新股份期權計劃授出之股份期權所涉股份，不得超過新股份期權計劃採納當日本銀行已發行股份的10%。在截至新股份期權的授出日期(包括該日)止之十二個月期間內，向任何人士授出或將予授出之股份期權(包括已行使、已註銷及尚未行使之股份期權，但不包括已失效之股份期權)獲悉數行使後而發行或將予發行的股份總數，不得超過本銀行授出新股份期權當日已發行股份的1%。本銀行可授出超過該限額的股份期權，除其他事項外，有關擬授出的股份期權應於另行召開的股東大會尋求股東批准，而於會上該名擬獲授股份期權的承授人及其聯繫人士(定義見《香港聯合交易所證券上市規則》)必須放棄投票。

授出的股份期權須於要約日期起計二十八天內接納，對價為每份股份期權港幣十元，而其行使期不得超過有關股份期權授出日期起計十年。股份期權的行使價由本銀行董事會根據本銀行股份於要約日期的收市價、緊接要約日期前五個營業日的股份平均收市價及股份面值三者之最高者釐定。

新股份期權計劃在採納以來並未授出任何股份期權。

34. SHARE OPTION SCHEME

The Bank has adopted a new share option scheme (the “New Scheme”) pursuant to a resolution passed on 9 May 2012 for the primary purpose of providing incentives to directors and eligible employees to replace the share option scheme which expired on 24 April 2012. The terms of the New Scheme are similar to those of the expired scheme. Under the New Scheme, the Board of Directors of the Bank may grant options to eligible persons, including directors and employees of the Bank and its subsidiaries, to subscribe for shares in the Bank.

The total number of shares in respect of which options may be granted under the New Scheme is not permitted to exceed 10% of the shares of the Bank in issue at the date of approval of the Scheme, without prior approval from the Bank’s shareholders. No option may be granted to any person which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of the option already granted and to be granted to such person (including exercised, cancelled and outstanding options but excluding lapsed options) in the 12-month period up to and including the date of such new grant exceeding 1% of the shares in issue as at the date of such new grant, provided that options may be issued in excess of such limit if, among other things, such grant shall have been separately approved by shareholders of the Bank in a general meeting at which that proposed grantee and his associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) shall have abstained for voting.

Options granted must be taken up within 28 days of the date of offer, upon payment of HK\$10 per option, and the exercise period shall not in any event be longer than 10 years from the date of grant of the relevant options. The exercise price is determined by the Board of Directors of the Bank, and will be the highest of the closing price of the Bank’s shares on the date of offer, the average closing price of the shares for the five business days immediately preceding the date of offer and the nominal value of the shares.

No options have been granted under the New Scheme since it was adopted.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

35. 高級人員之貸款

茲依據香港《公司條例》第161B條之規定，公佈有關高級人員之貸款結餘總額(已包含在附註21「客戶貸款」中)：

35. LOANS TO OFFICERS

The aggregate relevant loans to officers, included in “advances to customers” in Note 21, and disclosure pursuant to Section 161B of the Hong Kong Companies Ordinance are as follows:

		集團及銀行 THE GROUP AND THE BANK		
		二零一二年 十二月三十一日 31 December 2012	二零一一年 十二月三十一日 31 December 2011	二零一一年 一月一日 1 January 2011
		港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
全部有關貸款戶口於報告日之結餘總額	Aggregate balance of all relevant loans outstanding at the end of the reporting period	<u>62,648</u>	<u>74,369</u>	<u>76,965</u>

年內有關貸款戶口之最高結餘總額

Maximum aggregate balance of relevant loans during the year

集團及銀行 THE GROUP AND THE BANK	
2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
<u>79,610</u>	<u>85,881</u>

此等貸款的利率由百分之零至最優惠利率加百分之十不等。董事及行政人員之貸款中有為數港幣61,805,000元(二零一一年：港幣72,931,000元)是有抵押貸款。這些抵押品主要有物業、證券及定期存款。

The loans bear interest at rates ranging from 0% to prime rate plus 10%. Included in the loans to officers are loans of HK\$61,805,000 (2011: HK\$72,931,000) secured by collateral. These collaterals are mainly properties, securities and fixed deposits.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

36. 商譽

36. GOODWILL

成本

於一月一日及十二月三十一日

減值

於一月一日及十二月三十一日

賬面淨值

於十二月三十一日

COST

At 1 January and 31 December

IMPAIRMENT

At 1 January and 31 December

CARRYING VALUES

At 31 December

2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
110,606	110,606
60,000	60,000
50,606	50,606

本集團購買創興保險有限公司全部發行股本。因為收購而產生的商譽為港幣 110,606,000 元。

The Group acquired 100% of issued share capital of Chong Hing Insurance Company Limited. The amount of goodwill arising as a result of acquisition was HK\$110,606,000.

截至二零一二年十二月三十一日止年度，管理層已檢討商譽的減值測試。檢討內容包括比較被購買的附屬公司之賬面值及使用值（最少之現金賺取單位），以分配商譽。該附屬公司是從事保險業務的。

For the year ended 31 December 2012, management has reviewed goodwill for impairment testing purpose. The review comprised a comparison of the carrying amount and value in use of an acquired subsidiary (the smallest cash-generating unit) to which the goodwill has been allocated. The acquired subsidiary is involved in insurance business.

使用值的計算是根據附屬公司的管理層已審閱的三年財務預算中現金流動預測和三年期末評估終值。於已審閱預測和評估終值所覆蓋期間，現金流動預測的準備是包括一些假設和評估。主要假設包括預期收入增長（增長率 3.5% 至 4%）和折算率 12% 的選擇。

The value in use calculations primarily use cash flow projections based on three-year financial budgets approved by management of the subsidiary and estimated terminal value at the end of the three year period. There are a number of assumptions and estimates involved for the preparation of cash flow projections for the period covered by the approved budget and the estimated terminal value. Key assumptions include the expected growth in revenues (growth rate at 3.5% to 4%) and selection of discount rate (12%).

使用值是折算預期未來的現金流動計算所得的。

Value in use is derived at by discounting the expected future cash flows.

於二零一二年及二零一一年十二月三十一日年度止，本集團的管理層確定並無商譽減值。

The management of the Group determines that there was no impairment loss on the goodwill for the year ended 31 December 2012 and 2011.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
 for the year ended 31 December 2012

37. 或有負債及承擔

37. CONTINGENT LIABILITIES AND COMMITMENTS

		集團 THE GROUP		銀行 THE BANK	
		2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
或有負債及承擔 - 約定數額	Contingent liabilities and commitments - contractual amounts				
直接信用代替品	Direct credit substitutes	1,077,350	1,163,474	1,077,350	1,163,474
與貿易有關之或有項目	Trade-related contingencies	425,309	373,802	425,309	373,802
遠期資產買入	Forward asset purchases	7,864	8,550	7,864	8,550
未動用之正式備用信貸、 信貸額度及其他承擔：	Undrawn formal standby facilities, credit lines and other commitments:				
可無條件取消而不需作事前通知者	Which are unconditionally cancellable without prior notice	10,938,340	6,880,736	10,938,340	6,880,736
原到期日於一年與一年以下	With an original maturity of one year and under	8,137,008	7,093,803	8,137,008	7,093,803
原到期日於一年以上	With an original maturity of over one year	2,420,887	2,210,112	2,420,887	2,210,112
租金承擔	Lease commitments	58,515	66,857	118,569	138,228
		23,065,273	17,797,334	23,125,327	17,868,705

或有負債及承擔之加權信貸風險金額為港幣 3,507,559,000 元（二零一一年：港幣 3,235,547,000 元）。

The credit risk weighted amount of contingent liabilities and commitments is HK\$3,507,559,000 (2011: HK\$3,235,547,000).

加權信貸風險金額是按照「標準計算法」計算。計算加權信貸風險金額所採用之風險比重為 0% 至 100%（二零一一年：0% 至 100%）並按照《銀行業（資本）規則》作評估。

The credit risk weighted amount is calculated based on “standardised approach”. The risk weights used in the computation of credit risk weighted amounts range from 0% to 100% (2011: 0% to 100%) which is assessed in accordance with the Banking (Capital) Rules.

直接信用代替品包括由本集團及本銀行發出之融資擔保。

Direct credit substitutes include financial guarantees given by the Group and the Bank.

大部份的或有負債及承擔是以港幣作為單位。

Most of contingent liabilities and commitments are denominated in Hong Kong dollars.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

37. 或有負債及承擔 - 續

於報告期末，本集團不可撤銷之租賃物業營運租約之未來最低租金支出根據到期情況分析如下：

一年內
第二至第五年內 (包括首尾兩年)
五年以上

營運租約租金指本集團部份辦公室之應付租金。租約內租金固定不變及平均長達三年。

於報告期末，資本承擔結餘如下：

已簽約但未於綜合財務賬上撥備之物業及設備的資本承擔

於報告期末，本集團以出租人身份與租戶簽訂之租約，未來應收最低租金列明如下：

一年內
第二至第五年內 (包括首尾兩年)

37. CONTINGENT LIABILITIES AND COMMITMENTS - continued

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

集團 THE GROUP		銀行 THE BANK	
2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
24,416	32,258	36,628	43,542
33,627	33,998	81,469	82,844
472	601	472	11,842
<u>58,515</u>	<u>66,857</u>	<u>118,569</u>	<u>138,228</u>

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of three years and rentals are fixed.

Capital commitments outstanding at the end of the reporting period are as follows:

集團及銀行 THE GROUP AND THE BANK	
2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
7,864	8,550

Capital expenditure contracted for but not provided in the consolidated financial statements in respect of property and equipment

At the end of the reporting period, the Group as lessor had contracted with tenants for the following future minimum lease payments:

集團 THE GROUP		銀行 THE BANK	
2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
23,051	2,827	23,051	2,048
24,557	640	24,557	640
<u>47,608</u>	<u>3,467</u>	<u>47,608</u>	<u>2,688</u>

38. 退休福利計劃

本集團於報告期末共實行兩個退休計劃，包括自一九九五年起根據《職業退休計劃條例》登記之供款計劃（「原有計劃」）及免供款既定福利退休計劃（「原有計劃（既定福利）」）。而自二零零零年十二月起根據《強制性公積金計劃條例》成立之強制性公積金計劃（「強積金計劃」）。在強積金計劃成立前，原有計劃成員之員工可留在原有計劃或轉為加入強積金計劃，然而所有在二零零零年十二月或以後加入本集團之新員工則須參加強積金計劃。大部份員工均選擇參與強積金計劃以取代原有計劃（「參與人士」）。強積金計劃之資產由獨立信託人控制之基金持有，並與本集團之資產分開。作為強積金計劃成員，員工須按其有關入息供款百分之五，而本集團之供款則視乎員工服務年資而按其有關入息計算百分之五至十。

本集團為所有合資格員工提供原有計劃（既定福利）。在原有計劃（既定福利）下，員工年屆五十五歲退休年齡，有權提取之退休福利金額為其銀行供款總額百分之零至一百。員工於退休時根據服務年資計算其有權每月提取直至死亡之退休金的幅度為最後薪酬比例百分之零至一百。

精算師韜睿惠悅顧問有限公司最近於二零一一年十二月三十一日對原有計劃（既定福利）作出精算估值。精算估值會定期（但最少三年一次）進行。於二零一二年十二月三十一日無估值作出。評估方式以預計單位基數法來計算既定福利責任的現值及現服務成本。

於二零一一年十二月三十一日，本銀行最近已正式完成獨立精算評估。其原有計劃（既定福利）的淨退休資產為港幣10,747,000元。

38. RETIREMENT BENEFITS SCHEME

At the end of the reporting period, the Group had two retirement schemes in operation including a defined contribution plan (the "ORSO Scheme") and a defined benefit plan (the "ORSO (Defined benefit) Scheme") which were both registered under the Occupational Retirement Scheme Ordinance in 1995 and a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Ordinance in December 2000. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme could stay within the ORSO Scheme or switch to the MPF Scheme, whereas all new employees joining the Group on or after December 2000 are required to join the MPF Scheme. Most of the employees enrolled in the MPF Scheme in replacement of the ORSO Scheme (the "participating members"). The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Under the MPF Scheme, the employee contributes 5% of the relevant payroll to the MPF Scheme while the Group contributes from 5% to 10% of the relevant payroll to the MPF Scheme depending on the years of service completed.

The Group operates the ORSO (Defined benefit) Scheme for qualifying employees. Under the ORSO (Defined benefit) Scheme, the employees are entitled to retirement benefits varying between 0 and 100 percent of total contributions on attainment of a retirement age of 55. Upon retirement, the employees are entitled to monthly pension until death varying between 0 and 100 percent of final salary depending on years of service completed at the time of retirement.

The most recent actuarial valuation of the ORSO (Defined benefit) Scheme was carried out as at 31 December 2011 by the qualified actuaries of Towers Watson Hong Kong Limited. The actuarial valuation is carried out periodically, but at least triennially. No valuation is carried out as at 31 December 2012. The present value of the defined benefit obligation and the current service cost have been measured using the Projected Unit Credit method.

At the date of the latest formal independent actuarial valuation made on 31 December 2011, the net retirement asset of the ORSO (Defined benefit) Scheme was HK\$10,747,000.

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

38. 退休福利計劃 - 續

38. RETIREMENT BENEFITS SCHEME - continued

2011
港幣千元
HK\$'000

於損益賬中確認的既定福利計劃
詳列如下：

Amounts recognised in profit or loss in respect of
the defined benefit plans are as follow:

現服務成本

Current service cost (59)

福利責任的利息支出

Interest cost on benefit obligation (610)

計劃資產的利息收入

Interest income on plan assets 1,096

427

於其他全面收益中確認的既定福利
退休福利計劃詳列如下：

Amount recognised in other comprehensive income in
respect of the defined benefit plans is as follow:

計劃及利息中的實際回報與精算
虧損的差額

Difference between actual return on plan assets
and interest, and actuarial losses 10,268

在綜合財務狀況中本集團的既定
福利退休福利計劃詳列如下：

The amount included in the consolidated statement of financial position
arising from the Group's defined benefit retirement benefit plan is as
follows:

2011
港幣千元
HK\$'000

既定福利責任的現值

Present value of defined benefit obligation (24,073)

計劃資產的公平值

Fair value of plan assets 34,820

10,747

既定福利責任的現值之轉變詳列
如下：

Changes in the present value of the defined benefit obligation are as follows:

2011
港幣千元
HK\$'000

期初既定福利責任

Opening defined benefit obligation 25,450

利息支出

Interest cost 610

現服務成本

Current service cost 59

精算虧損

Actuarial losses

(由於財務假設轉變)

(resulting from changes of financial assumptions) 502

支付福利

Benefits paid (2,548)

期末既定福利責任

Closing defined benefit obligation 24,073

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

38. 退休福利計劃 - 續

計劃資產的公平值之轉變詳列如下：

期初計劃資產的公平值
利息收入
計劃資產的回報
支付福利
期末計劃資產公平值

計劃資產的主要類別以總計劃資產
的公平值作百分比詳列如下：

現金

股票 (附註)

附註：股票包括投資於香港聯合
交易所上市的香港中華煤氣
有限公司及廖創興企業有限
公司的股票。

於二零一一年十二月三十一日，
此計劃 (既定福利) 的資產金額在
本銀行擁有的存款戶口詳列如下：

存放在本銀行的存款

用於決定退休福利責任的主要假設
如下：

貼現率 (每年)

預期薪酬遞增率 (每年)

預期年金遞增率 (每年)

福利餘額利息 (每年)

38. RETIREMENT BENEFITS SCHEME - continued

Changes in fair value of plan assets are as follows:

Opening fair value of plan assets
Interest income
Return on plan assets
Benefits paid
Closing fair value of plan assets

The major categories of plan assets as a percentage of the fair value of
total plan assets are as follows:

Cash

Equities (Note)

Note: The equities represented investments in two equity securities
which are securities of The Hong Kong & China Gas Limited
and Liu Chong Hing Investment Limited, which are both listed on
the Hong Kong Stock Exchange.

The amounts of assets of the ORSO (Defined benefit) Scheme invested in
the Bank's own deposit account as at 31 December 2011 are as follows:

Deposits with the Bank

The significant assumptions used in determining the defined benefit
obligations are shown below:

Discount rate (per annum)

Expected rate of salary increase (per annum)

Expected rate of pension increase (per annum)

Interest credited on welfare balance (per annum)

2011
港幣千元
HK\$'000

25,502
1,096
10,770
(2,548)
34,820

2011
%

20
80

2011
港幣千元
HK\$'000

6,814

2011
%

1.5
3.0
0.0
2.0

綜合財務報表之附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

38. 退休福利計劃 - 續

當既定福利責任的重大假設轉變而產生的潛在影響，詳列如下：

貼現率

預期薪酬遞增率

預期年金遞增率

福利餘額利息

於二零一一年十二月三十一日，既定福利責任的加權平均時間為9.3年。

本集團負責提供原有計劃（既定福利）成員中利益的成本。根據《職業退休計劃條例》，週期性基金估值是用決定本集團提供多少成本以達致供款要求。

根據上次於二零一一年十二月三十一日完成的原有計劃（既定福利）法定估值，於二零一一年十二月三十一日，本集團並未就原有計劃（既定福利）中的成員被提出供款要求。當下次於二零一四年十二月三十一日的原有計劃（既定福利）法定基金估值完成後，本集團的供款率或有可能改變。

38. RETIREMENT BENEFITS SCHEME - continued

The table below indicates the potential effect of change of the significant assumptions on the defined benefit obligation:

		2011 假設的轉變 Change in assumption	
		+0.25 % 港幣千元 HK\$'000	-0.25 % 港幣千元 HK\$'000
Discount rate		(547)	572
Expected rate of salary increase		65	(63)
Expected rate of pension increase		404	—
Interest credited on welfare balance		<u>9</u>	<u>8</u>

As at 31 December 2011, the weighted average duration of the defined benefit obligation is approximately 9.3 years.

The costs for providing benefits to the members of the ORSO (Defined benefit) Scheme are funded by the Group. The contributions required by the Group to fund the costs are determined by periodic funding valuations in accordance with the Occupational Retirement Scheme Ordinance.

As of 31 December 2011, the Group is not required to contribute to the ORSO (Defined benefit) Scheme with respect to the members of the ORSO (Defined benefit) Scheme according to the results of the last statutory funding valuation of the ORSO (Defined benefit) Scheme as at 31 December 2011. The Group's contribution rate may be subject to change when the results of the next statutory funding valuation of the ORSO (Defined benefit) Scheme as at 31 December 2014 become available.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
 for the year ended 31 December 2012

39. 關聯方交易

是年度本集團及本銀行與關聯方之重大交易詳列如下：

最終控股公司 / 直接控股公司 /
同系附屬公司

聯營公司

主要管理人員 (附註)

於報告期末，本集團及本銀行與關聯方之重大結欠情況如下：

最終控股公司 / 直接控股公司 /
同系附屬公司

聯營公司

主要管理人員 (附註)

以上結欠之利息與給予一般客戶之計算方法相類。部份給予關聯方的貸款以物業、證券及定期存款作抵押。

39. RELATED PARTY TRANSACTIONS

During the year, the Group and the Bank entered into the following material transactions with related parties:

	利息、佣金及租金收入 Interest, commission and rental income		利息及租金支出 Interest and rental expenses	
	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
Ultimate holding company / immediate holding company / fellow subsidiaries	9,935	7,777	16,618	25,205
Associates	19,852	16,757	3,260	3,317
Key management personnel (Note)	5,513	6,514	10,960	9,524

At the end of reporting period, the Group and the Bank had the following material outstanding balances with related parties:

	貸款給關聯方 Loan to related parties		來自關聯方的存款 Deposit from related parties	
	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
Ultimate holding company / immediate holding company / fellow subsidiaries	34,592	36,800	159,663	159,138
Associates	14,337	37,599	97,147	75,730
Key management personnel (Note)	417,568	969,505	653,558	651,396

The above outstanding balances bear interest at rates similar to those made available to non-related parties. A portion of the loans to related parties are secured with properties, securities and fixed deposit.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 截至二零一二年十二月三十一日止年度
 for the year ended 31 December 2012

39. 關聯方交易 - 續

關聯方所欠款項已包括在財務狀況表中的貸款及其他賬項內。

欠關聯方款項已包括在財務狀況表中的客戶存款內。

是年度本銀行與附屬公司之重大交易詳列如下：

39. RELATED PARTY TRANSACTIONS - continued

Amounts due from related parties are included in advances and other accounts on the statements of financial position.

Amounts due to related parties are included in deposits from customers on the statements of financial position.

During the year, the Bank entered into the following material transactions with its subsidiaries:

	利息、佣金及租金收入 Interest, commission and rental income		利息及租金支出 Interest and rental expenses		電腦服務支出 Computer service expense		股息收入 Dividend income	
	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
附屬公司	15,885	7,045	27,723	14,101	17,195	19,371	39,000	35,000

於報告期末，本銀行與附屬公司之重大結欠情況詳列於附註 22：

At the end of reporting period, the Bank had the following material outstanding balances with its subsidiaries as set out in note 22:

	附屬公司所欠款項 Amounts due from		欠附屬公司款項 Amounts due to	
	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000	2012 港幣千元 HK\$'000	2011 港幣千元 HK\$'000
附屬公司	248,376	230,891	846,080	793,690

欠附屬公司款項已包括為數港幣 210,175,000 元的往來賬戶 (二零一一年：港幣 221,024,000 元)。此往來賬戶並無抵押，非附息及要求即時付還的。

Included in the amounts due to subsidiaries are current accounts of approximately HK\$210,175,000 (2011: HK\$221,024,000). The current accounts are unsecured, non-interest bearing and repayable on demand.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

39. 關聯方交易 - 續

欠附屬公司款項已包括為數港幣13,672,000元的儲蓄存款(二零一一年:港幣13,355,000元)。此儲蓄存款並無抵押,附息以市場息率計算及要求即時付還的。

餘下的欠附屬公司款項為數港幣622,233,000元的定期存款(二零一一年:港幣559,311,000元),此定期存款並無抵押,附息以市場息率計算及一年內到期。

主要管理人員之補償

年內董事及其他管理層要員之薪酬如下:

短期僱員福利

退休福利

董事及管理層之薪酬乃由薪酬委員會考慮到個別人士表現及市場標準釐定。

附註: 主要管理人員包括其家屬及主要管理人員有直接或間接關係的投票權控制或共同控制的個體。

39. RELATED PARTY TRANSACTIONS - continued

Included in the amounts due to subsidiaries are saving accounts of approximately HK\$13,672,000 (2011: HK\$13,355,000). The saving accounts are unsecured and bearing interest at prevailing market interest rates and repayable on demand.

The remaining amounts due to subsidiaries are fixed deposits of approximately HK\$622,233,000 (2011: HK\$559,311,000). The fixed deposits are unsecured, bearing interest at prevailing market interest rates and mature within one year.

Compensation of key management personnel

The remuneration of directors and other members of key management during the year are as follows:

集團及銀行 THE GROUP AND THE BANK	
	2012 港幣千元 HK\$'000
	2011 港幣千元 HK\$'000
Short-term benefits	66,002
Post employment benefits	4,873
	<u>70,875</u>
	<u>66,012</u>

The remuneration of directors and key management is reviewed by Remuneration Committee having regard to the performance of individuals and market trends.

Note: Includes key management personnel, close family members of key management personnel and entity that is controlled or jointly controlled, directly or indirectly, by key management personnel.

綜合財務報表之附註
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
截至二零一二年十二月三十一日止年度
for the year ended 31 December 2012

40. 資本管理

本集團採取維持雄厚資本之政策，以：

- 符合香港《銀行業條例》下《銀行業（資本）規則》下之資本要求；及
- 支持本集團之穩定及商業增長，並替股東賺取合理回報。

於二零一二年十二月三十一日及二零一一年十二月三十一日之資本充足比率，乃依據香港金融管理局法定要求以本銀行及部份附屬公司綜合計算。此規則乃根據香港《銀行業條例》下之《銀行業（資本）規則》而制定。

本集團已建立一套資本規劃程序，藉以評估資本是否足夠支持現有及未來之業務。該程序於考慮相關風險及本集團之策略重點及業務計劃後訂定資本充足目標。主要考慮因素包括：未來業務擴充所需之額外資本、定期執行之壓力測試結果、股息政策、收入確認及撥備政策等。

40. CAPITAL MANAGEMENT

The Group has adopted a policy of maintaining a strong capital base to:

- comply with the capital requirements under the Banking (Capital) Rules of the Hong Kong Banking Ordinance; and
- support the Group's stability and business growth so as to provide reasonable returns for shareholders.

The capital adequacy ratios as at 31 December 2012 and 31 December 2011 are computed on the consolidated basis of the Bank and certain of its subsidiaries as specified by the Hong Kong Monetary Authority for its regulatory purposes, and are in accordance with the Banking (Capital) Rules of the Hong Kong Banking Ordinance.

The Group has established a capital planning process to assess the adequacy of its capital to support current and future activities. The process states the Group's capital adequacy goals in relation to risk, taking into account its strategic focus and business plan. Key factors to consider in this process include additional capital required for future expansion, results of the stress test programme regularly conducted, dividend policy, income recognition and provisioning policies.

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