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BEA 東亞銀行

The Bank of East Asia, Limited

(Incorporated in Hong Kong with limited liability in 1918)
(Stock Code: 23)

INDEPENDENT AUDITOR'S REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2011

As at 2nd March, 2012, the Board of Directors of the Bank comprises Dr. the Hon. Sir David LI Kwok-po (Chairman & Chief Executive), Professor Arthur LI Kwok-cheung (Deputy Chairman), Dr. Allan WONG Chi-yun** (Deputy Chairman), Mr. WONG Chung-hin**, Dr. LEE Shau-kee**, Mr. Aubrey LI Kwok-sing*, Mr. Winston LO Yau-lai**, Tan Sri Dr. KHOO Kay-peng*, Dr. Thomas KWOK Ping-kwong**, Mr. Richard LI Tzar-kai*, Mr. Kenneth LO Chin-ming**, Mr. Eric LI Fook-chuen*, Mr. Stephen Charles LI Kwok-sze*, Mr. William DOO Wai-hoi**, Mr. KUOK Khoon-ean**, Mr. Valiant CHEUNG Kin-piu** and Dr. Isidro FAINÉ CASAS*.*

** Non-executive Directors*

*** Independent Non-executive Directors*

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INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF THE BANK OF EAST ASIA, LIMITED

(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of The Bank of East Asia, Limited ("the Bank") and its subsidiaries (together "the Group") set out on pages 3 to 140, which comprise the consolidated and the Bank's statements of financial position as at 31st December 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Bank are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Bank and of the Group as at 31st December, 2011 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

Hong Kong, 14th February, 2012

獨立核數師報告



致東亞銀行有限公司各股東：

(於香港註冊成立的有限公司)

本核數師(以下簡稱「我們」)已審計列載於第3頁至第140頁東亞銀行有限公司(「貴銀行」)及其附屬公司(統稱「集團」)的綜合財務報表，此綜合財務報表包括於2011年12月31日的綜合財務狀況表及 貴銀行的財務狀況表，截至該日止年度的綜合收益表、綜合全面收益表、綜合權益變動表和綜合現金流量表以及主要會計政策概要及其他附註解釋資料。

董事就綜合財務報表須承擔的責任

貴銀行的董事須負責根據香港會計師公會頒佈的《香港財務報告準則》及香港《公司條例》編製綜合財務報表，以令綜合財務表作出真實而公平的反映及落實其認為編製綜合財務報表所必要的內部控制，以使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

核數師的責任

我們的責任是根據我們的審計對該等綜合財務報表作出意見。我們是按照香港《公司條例》第141條的規定，僅向整體股東報告。除此以外，我們的報告不可用作其他用途。我們概不就本報告書的內容，對任何其他人士負責或承擔法律責任。

我們已根據香港會計師公會頒佈的《香港審計準則》進行審計。該等準則要求我們遵守道德規範，並規劃及執行審計，以合理確定綜合財務報表是否不存在重大錯誤陳述。

審計涉及執行政序以獲取有關綜合財務報表所載金額及披露資料的審計憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製綜合財務報表以作出真實而公平的反映相關的內部控制，以設計適當的審計程序。但目的並非對公司內部控制的有效性發表意見。審計亦包括評價董事所採用的會計政策的合適性及所作出的會計估計的合理性，以及評價綜合財務報表的整體列報方式。

我們相信，我們所獲得的審計憑證能充足和適當地為我們的審計意見提供基礎。

意見

我們認為，該等綜合財務報表已根據《香港財務報告準則》真實而公平地反映 貴銀行及 貴集團於2011年12月31日的事務狀況及截至該日止年度的集團利潤及現金流量，並已按照香港《公司條例》妥為編製。

畢馬威會計師事務所

執業會計師

香港中環

遮打道10號

太子大廈8樓

香港，2012年2月14日

CONSOLIDATED INCOME STATEMENT

綜合收益表

For the year ended 31st December, 2011 截至2011年12月31日止年度

		Notes 附註	2011 HK\$ Mn 港幣百萬元	2010 HK\$ Mn 港幣百萬元
Interest income	利息收入	4	20,868	13,626
Interest expense	利息支出	5	(11,605)	(6,083)
Net interest income	淨利息收入		9,263	7,543
Fee and commission income	服務費及佣金收入	6	4,105	3,649
Fee and commission expense	服務費及佣金支出		(763)	(707)
Net fee and commission income	服務費及佣金淨額		3,342	2,942
Net trading loss	交易溢利虧損	7	(117)	(146)
Net result from financial instruments designated at fair value through profit or loss	指定為通過損益以反映公平價值金融工具的淨表現	8	(354)	263
Net hedging loss	對沖虧損淨額	9	(5)	(5)
Other operating income	其他經營收入	10	586	529
Non-interest income	非利息收入		3,452	3,583
Operating income	經營收入		12,715	11,126
Operating expenses	經營支出	11	(7,992)	(6,904)
Operating profit before impairment losses	未扣除減值損失之經營溢利		4,723	4,222
Impairment losses on loans and advances	貸款及墊款減值損失	12	(75)	(285)
Impairment losses on held-to-maturity investments	持至到期投資減值損失	28	(11)	-
Impairment losses on available-for-sale financial assets	可供出售金融資產減值損失		(49)	(24)
Write back of impairment losses on associates	聯營公司減值損失回撥		-	1
Write back of impairment losses on bank premises	行址減值損失回撥	32	-	2
Impairment losses	減值損失		(135)	(306)
Operating profit after impairment losses	已扣除減值損失後之經營溢利		4,588	3,916
Net profit on sale of available-for-sale financial assets	出售可供出售金融資產之淨溢利	13	59	234
Net profit on sale of loans and receivables	出售貸款及應收賬項之淨溢利		3	1
Net profit on sale of subsidiaries/associates	出售附屬公司/聯營公司之淨溢利		122	238
Net profit/(loss) on sale of fixed assets	出售固定資產之淨溢利/(虧損)		140	(6)
Valuation gains on investment properties	重估投資物業溢利	32	404	426
Share of profits less losses of associates	應佔聯營公司溢利減虧損		435	341
Profit for the year before taxation	年度內除稅前溢利		5,751	5,150
Income tax	所得稅	14	(1,300)	(847)
Profit for the year after taxation	年度內除稅後溢利		4,451	4,303
Attributable to:	可歸屬於:			
Owners of the parent	本集團股東		4,358	4,224
Non-controlling interests	非控股權益	40	93	79
Profit after taxation	除稅後溢利		4,451	4,303
Earnings per share	每股盈利		HK\$港幣	HK\$港幣
Basic	基本	17	1.96	1.92
Diluted	攤薄	17	1.96	1.92

The notes on pages 11 to 140 form part of these accounts. Details of dividends payable to equity shareholders of the Bank attributable to the profit for the year are set out in Note 16.

第11至140頁之附註屬本賬項之一部分。有關屬年度內溢利應付予本行股東股息之詳情已詳載於附註16。

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

綜合全面收益表

For the year ended 31st December, 2011 截至2011年12月31日止年度

		2011		2010		
		Notes 附註	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元		
Net Profit	淨溢利		4,451		4,303	
Other comprehensive income for the year (after taxation and reclassification adjustments):	年內其他全面收益(經除稅及分類調整後):					
Premises:	行址:					
– unrealised surplus on revaluation of premises	– 重估行址所產生的未實現盈餘	39(c)	16		40	
– deferred taxes	– 遞延稅項	39(c)	3		(2)	
– exchange differences	– 匯兌差額	39(c)	(3)		3	
Available-for-sale investment revaluation reserve:	可供出售投資的重估儲備:					
– fair value changes recognised (from)/ to equity	– (轉自)/計入股東權益的公平價值變動	39(h)	(326)		91	
– fair value changes reclassified from/ (to) income statement:	– 轉自/(撥入)收益表的公平價值變動:					
– on impairment and amortisation	– 減值及攤銷	39(h)	55		24	
– on disposal	– 出售	39(h)	5		(200)	
– deferred taxes	– 遞延稅項	39(h)	35		57	
Share of changes in equity of associates	應佔聯營公司權益的變動	39(i)	7		36	
Exchange differences on other reserves	其他儲備所產生的匯兌差額	39(d)	82		50	
Exchange differences on translation of:	因折算產生的匯兌差額:					
– accounts of overseas branches, subsidiaries and associates	– 海外分行、附屬公司及聯營公司的賬項	39(f)	452		769	
Other comprehensive income	其他全面收益		326		868	
Total comprehensive income	全面收益總額		4,777		5,171	
Total comprehensive income attributable to:	全面收益總額可歸屬於:					
Owners of the parent	本集團股東		4,684		5,092	
Non-controlling interests	非控股權益	40	93		79	
			4,777		5,171	

The notes on pages 11 to 140 form part of these accounts.

第11至140頁之附註屬本賬項之一部分。

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

As at 31st December, 2011 2011年12月31日

		Notes 附註	2011 HK\$ Mn 港幣百萬元	2010 HK\$ Mn 港幣百萬元
ASSETS		資產		
Cash and balances with banks and other financial institutions	現金及在銀行和其他金融機構的結存	21	71,761	48,293
Placements with banks and other financial institutions	在銀行及其他金融機構的存款	22	62,057	58,197
Trade bills	貿易票據	23	36,823	18,548
Trading assets	交易用途資產	24	5,600	5,845
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融資產	25	16,663	16,192
Advances to customers and other accounts	客戶貸款及其他賬項	26	347,950	320,040
Available-for-sale financial assets	可供出售金融資產	27	44,910	40,779
Held-to-maturity investments	持至到期投資	28	4,587	5,714
Investments in associates	聯營公司投資	30	3,820	3,573
Fixed assets	固定資產	32	12,639	12,414
– Investment properties	– 投資物業		2,940	2,574
– Other property and equipment	– 其他物業及設備		9,699	9,840
Goodwill and intangible assets	商譽及無形資產	31	4,215	4,188
Deferred tax assets	遞延稅項資產	34(b)	377	410
Total Assets	資產總額		611,402	534,193
EQUITY AND LIABILITIES		股東權益及負債		
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘		15,923	9,994
Deposits from customers	客戶存款		467,354	419,833
Trading liabilities	交易用途負債	35(a)	4,548	3,101
Certificates of deposit issued	已發行存款證		11,483	5,586
– At fair value through profit or loss	– 通過損益以反映公平價值		5,272	2,754
– At amortised cost	– 攤銷成本		6,211	2,832
Current taxation	本期稅項	34(a)	473	618
Debt securities issued (at amortised cost)	已發行債務證券(攤銷成本)		6,393	4,950
Deferred tax liabilities	遞延稅項負債	34(b)	461	214
Other accounts and provisions	其他賬項及準備	35(b)	35,982	28,561
Loan capital	借貸資本	36	16,741	12,693
– At fair value through profit or loss	– 通過損益以反映公平價值		3,178	3,548
– At amortised cost	– 攤銷成本		13,563	9,145
Total Liabilities	負債總額		559,358	485,550
Share capital	股本	38	5,190	5,105
Reserves	儲備	39	42,426	39,138
Total equity attributable to owners of the parent	歸屬於本集團股東權益總額		47,616	44,243
Non-controlling interests	非控股權益	40	4,428	4,400
Total Equity	股東權益總額		52,044	48,643
Total Equity and Liabilities	股東權益及負債總額		611,402	534,193

Approved and authorised for issue by the Board of Directors on 14th February, 2012.

董事會於2012年2月14日核准及授權發佈。

Chairman and Chief Executive
Directors**David LI Kwok-po**
Allan WONG Chi-yun
WONG Chung-hin
Winston LO Yau-lai主席兼行政總裁
董事**李國寶**
黃子欣
黃頌顯
羅友禮

The notes on pages 11 to 140 form part of these accounts.

第11至140頁之附註屬本賬項之一部分。

STATEMENT OF FINANCIAL POSITION

財務狀況表

As at 31st December, 2011 2011年12月31日

			2011	2010
	Notes 附註	HK\$ Mn 港幣百萬元	Restated 重報 HK\$ Mn 港幣百萬元	
ASSETS	資產			
Cash and balances with banks and other financial institutions	現金及在銀行和其他金融機構的結存	21	22,570	17,808
Placements with banks and other financial institutions	在銀行及其他金融機構的存款	22	33,370	39,974
Trade bills	貿易票據	23	35,876	17,491
Trading assets	交易用途資產	24	4,159	4,196
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融資產	25	16,453	16,192
Advances to customers and other accounts	客戶貸款及其他賬項	26	203,593	191,063
Amounts due from subsidiaries	附屬公司欠款	33	11,498	17,469
Available-for-sale financial assets	可供出售金融資產	27	28,629	21,162
Held-to-maturity investments	持至到期投資	28	2,880	3,766
Investments in subsidiaries	附屬公司投資	29	13,754	13,719
Investments in associates	聯營公司投資	30	2,466	2,390
Fixed assets	固定資產	32	6,878	6,691
– Investment properties	– 投資物業		2,433	2,173
– Other property and equipment	– 其他物業及設備		4,445	4,518
Goodwill and intangible assets	商譽及無形資產	31	1,460	1,460
Deferred tax assets	遞延稅項資產	34(b)	153	208
Total Assets	資產總額		383,739	353,589
EQUITY AND LIABILITIES	股東權益及負債			
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘		10,064	3,233
Deposits from customers	客戶存款		290,445	276,706
Trading liabilities	交易用途負債	35(a)	3,827	2,432
Certificates of deposit issued	已發行存款證		13,683	7,786
– At fair value through profit or loss	– 通過損益以反映公平價值		5,272	2,754
– At amortised cost	– 攤銷成本		8,411	5,032
Amounts due to subsidiaries	欠附屬公司款項	33	2,416	2,722
Current taxation	本期稅項	34(a)	297	441
Debt securities issued (at amortised cost)	已發行債務證券(攤銷成本)		241	241
Deferred tax liabilities	遞延稅項負債	34(b)	454	210
Other accounts and provisions	其他賬項及準備	35(b)	6,221	8,343
Loan capital	借貸資本	36	20,766	17,006
– At fair value through profit or loss	– 通過損益以反映公平價值		7,203	7,861
– At amortised cost	– 攤銷成本		13,563	9,145
Total Liabilities	負債總額		348,414	319,120
Share capital	股本	38	5,190	5,105
Reserves	儲備	39	30,135	29,364
Total equity attributable to owners of the Bank	歸屬於本行股東權益總額		35,325	34,469
Total Equity and Liabilities	股東權益及負債總額		383,739	353,589

Approved and authorised for issue by the Board of Directors on 14th February, 2012.

董事會於2012年2月14日核准及授權發佈。

Chairman and Chief Executive
DirectorsDavid LI Kwok-po
Allan WONG Chi-yun
WONG Chung-hin
Winston LO Yau-lai主席兼行政總裁
董事李國寶
黃子欣
黃頌顯
羅友禮

The notes on pages 11 to 140 form part of these accounts.

第11至140頁之附註屬本賬項之一部分。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31st December, 2011 截至2011年12月31日止年度

	Share capital	Share premium	Capital reserve – staff share options issued	Exchange revaluation reserve	Investment revaluation reserve	Revaluation reserve of bank premises	Capital reserve	General reserve	Other reserves	Retained profits	Total	Non-controlling interests	Total equity
	股本	股份溢價	資本儲備 – 已發行僱員認股權	匯兌重估儲備	投資重估儲備	行址重估儲備	資本儲備	一般儲備	其他儲備	留存溢利	總額	非控股權益	權益總額
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
At 1st January, 2011 於2011年1月1日													
– As previously reported – 如前報告	5,105	9,331	165	1,938	258	1,023	86	15,453	2,043	8,841	44,243	4,400	48,643
– Reclassification from general reserve to share premium – 由一般儲備重新分類至股份溢價	–	2,181	–	–	–	–	–	(2,181)	–	–	–	–	–
– As restated – 重報	5,105	11,512	165	1,938	258	1,023	86	13,272	2,043	8,841	44,243	4,400	48,643
Changes in equity 權益變動													
Profit for the year 年度內溢利	–	–	–	–	–	–	–	–	–	4,358	4,358	93	4,451
Other comprehensive income 其他全面收益	–	–	–	452	(231)	16	–	–	89	–	326	–	326
Total comprehensive income 全面收益總額	–	–	–	452	(231)	16	–	–	89	4,358	4,684	93	4,777
Shares issued in lieu of dividend 以股代息發行的股份	77	416	–	–	–	–	–	441	–	–	934	–	934
Shares issued under Staff Share Option Schemes 根據僱員認股計劃發行的股份	8	85	–	–	–	–	–	–	–	–	93	–	93
Equity settled share-based transaction 以股份為基礎作支付之交易	–	–	20	–	–	–	–	–	–	–	20	–	20
Transfer 轉賬	–	24	(45)	–	–	(7)	–	31	70	(73)	–	–	–
Dividends declared or approved during the year 年度內已宣佈或核准派發股息	–	–	–	–	–	–	–	–	–	(2,358)	(2,358)	(61)	(2,419)
Purchase of interests in businesses from non-controlling interests investors 向非控股權益投資者購入商業權益	–	–	–	–	–	–	–	–	–	–	–	2	2
Exchange adjustments 匯兌調整	–	–	–	–	–	–	–	–	–	–	–	(6)	(6)
At 31st December, 2011 於2011年12月31日	5,190	12,037	140	2,390	27	1,032	86	13,744	2,202	10,768	47,616	4,428	52,044

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

綜合權益變動表(續)

For the year ended 31st December, 2010 截至2010年12月31日止年度

	Share capital	Share premium	Capital reserve – staff share options issued	Exchange revaluation reserve	Investment revaluation reserve	Revaluation reserve of bank premises	Capital reserve	General reserve	Other reserves	Retained profits	Total	Non-controlling interests	Total equity
	股本	股份溢價	資本儲備—已發行僱員認股權	匯兌重估儲備	投資重估儲備	行址重估儲備	資本儲備	一般儲備	其他儲備	留存溢利	總額	非控股權益	權益總額
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
At 1st January, 2010 於2010年1月1日													
- As previously reported 如前報告	4,623	4,526	170	1,169	286	982	86	14,866	1,518	7,151	35,377	4,358	39,735
- Reclassification from general reserve to share premium 由一般儲備重新分類至股份溢價	-	1,930	-	-	-	-	-	(1,930)	-	-	-	-	-
- As restated 重報	4,623	6,456	170	1,169	286	982	86	12,936	1,518	7,151	35,377	4,358	39,735
Changes in equity 權益變動													
Profit for the year 年度內溢利	-	-	-	-	-	-	-	-	-	4,224	4,224	79	4,303
Other comprehensive income 其他全面收益	-	-	-	769	(28)	41	-	-	86	-	868	-	868
Total comprehensive income 全面收益總額	-	-	-	769	(28)	41	-	-	86	4,224	5,092	79	5,171
Shares issued in lieu of dividend 以股代息發行的股份													
- As previously reported 如前報告	47	(47)	-	-	-	-	-	557	-	-	557	-	557
- Reclassification from general reserve to share premium 由一般儲備重新分類至股份溢價	-	251	-	-	-	-	-	(251)	-	-	-	-	-
- As restated 重報	47	204	-	-	-	-	-	306	-	-	557	-	557
Subscription of new shares 認購新股	418	4,695	-	-	-	-	-	-	-	-	5,113	-	5,113
Shares issued under Staff Share Option Schemes 根據僱員認股計劃發行的股份	17	130	-	-	-	-	-	-	-	-	147	-	147
Equity settled share-based transaction 以股份為基礎作支付之交易	-	-	29	-	-	-	-	-	-	-	29	-	29
Transfer 轉賬	-	27	(34)	-	-	-	-	30	439	(462)	-	-	-
Dividends declared or approved during the year 年度內已宣佈或核准派發股息	-	-	-	-	-	-	-	-	-	(2,072)	(2,072)	(56)	(2,128)
Sale of interests in businesses to non-controlling interests investors 出售商業權益予非控股權益投資者	-	-	-	-	-	-	-	-	-	-	-	4	4
Exchange adjustments 匯兌調整	-	-	-	-	-	-	-	-	-	-	-	15	15
At 31st December, 2010 (as restated) 於2010年12月31日(重報)	5,105	11,512	165	1,938	258	1,023	86	13,272	2,043	8,841	44,243	4,400	48,643

The notes on pages 11 to 140 form part of these accounts.

第11至140頁之附註屬本賬項之一部分。

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

For the year ended 31st December, 2011 截至2011年12月31日止年度

		2011	2010
			Restated 重報
		HKS Mn 港幣百萬元	HKS Mn 港幣百萬元
	Notes 附註		
OPERATING ACTIVITIES	經營業務活動		
Profit for the year before taxation	年度內除稅前溢利	5,751	5,150
Adjustments for:	調整：		
Charge for impairment losses on loans and advances	貸款及墊款減值損失支銷	75	285
	12		
Charge for impairment allowances on held-to-maturity investments, available-for-sale financial assets and associates	持至到期投資、可供出售金融資產和聯營公司的減值準備支銷	60	23
Share of profits less losses of associates	應佔聯營公司溢利減虧損	(435)	(341)
Net profit on sale of available-for-sale financial assets	出售可供出售金融資產淨溢利	(59)	(234)
Net profit on sale of subsidiaries and associates	出售附屬公司及聯營公司淨溢利	(122)	(238)
Net (profit)/loss on sale of fixed assets	出售固定資產之淨(溢利)/虧損	(140)	6
Interest expense on loan capital and certificates of deposit	已發行借貸資本及存款證利息支出	978	679
Depreciation on fixed assets	固定資產折舊	636	581
	11, 32		
Write back of impairment loss on bank premises	行址減值損失回撥	-	(2)
Dividend income from available-for-sale financial assets	可供出售金融資產股息收入	(89)	(66)
Amortisation of intangible assets	無形資產攤銷	33	34
	11		
Amortisation of premium/discount on certificates of deposit and loan capital issued	已發行存款證及借貸資本的溢價/折扣攤銷	60	68
Revaluation losses on certificates of deposit and loan capital issued	重估已發行存款證及已發行借貸資本虧損	711	6
Valuation gains on investment properties	重估投資物業盈利	(404)	(426)
	32		
Equity-settled share-based payment expenses	以股份為基礎作支付費用	20	29
OPERATING PROFIT BEFORE CHANGES IN WORKING CAPITAL	營運資金變動前的經營溢利	7,075	5,554
(Increase)/decrease in operating assets:	經營資產(增)/減額：		
Cash and balances with banks with original maturity beyond three months	原本期限為3個月以上的現金及其他銀行存款的結存	(10,076)	(8,176)
Placements with banks and other financial institutions with original maturity beyond three months	原本期限為3個月以上的銀行及其他金融機構存款	(28,624)	21,616
Trade bills	貿易票據	(18,285)	(16,701)
Trading assets	交易用途資產	245	(191)
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融資產	(471)	(5,800)
Advances to customers	客戶貸款	(24,992)	(52,025)
Advances to banks and other financial institutions	銀行及其他金融機構貸款	1,127	(642)
Held-to-maturity debt securities	持至到期債務證券	1,276	1,467
Available-for-sale financial assets	可供出售金融資產	259	(7,112)
Other accounts and accrued interest	其他賬項及應計利息	(4,364)	(7,809)
Increase/(decrease) in operating liabilities:	經營負債增/(減)額：		
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	5,929	(1,671)
Deposits from customers	客戶存款	47,521	79,030
Trading liabilities	交易用途負債	1,447	1,655
Other accounts and provisions	其他賬項及準備	7,296	10,150
Exchange adjustments	匯兌調整	619	685
NET CASH (OUTFLOW)/INFLOW FROM OPERATIONS	經營活動現金(流出)/流入淨額	(14,018)	20,030
Income tax paid	已付所得稅		
Hong Kong profits tax paid	已付香港利得稅	(69)	(39)
Overseas profits tax paid	已付海外利得稅	(817)	(524)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(用於)/源自經營業務活動之現金淨額	(14,904)	19,467

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

綜合現金流量表(續)

For the year ended 31st December, 2011 截至2011年12月31日止年度

			2011	2010
		Notes 附註	HK\$ Mn 港幣百萬元	Restated 重報 HK\$ Mn 港幣百萬元
INVESTING ACTIVITIES	投資活動			
Dividends received from associates	收取聯營公司股息		117	78
Dividends received from available-for-sale equity securities	收取可供出售股份證券股息		89	66
Purchase of equity securities	購入股份證券		(606)	(937)
Proceeds from sale of equity securities	出售股份證券所得款項		988	433
Purchase of fixed assets	購入固定資產	32	(577)	(873)
Purchase of investment properties	購入投資物業		(8)	(16)
Proceeds from disposal of fixed assets	出售固定資產所得款項		519	56
Disposal/(purchase) of shareholding in associates	出售/(購入)聯營公司權益		116	(513)
Purchase of subsidiaries	購入附屬公司	44(a)	(75)	(54)
Proceeds from sale of interest in a subsidiary	出售一間附屬公司權益所得款項	44(b)	-	521
Sale of interests in business to non-controlling interests investors	出售商業權益予非控股權益投資者		-	4
Purchase of interests in business from non-controlling interests investors	向非控股權益投資者購入商業權益		2	-
NET CASH GENERATED FROM/ (USED IN) INVESTING ACTIVITIES	源自/(用於)投資活動之現金淨額		565	(1,235)
FINANCING ACTIVITIES	融資活動			
Ordinary dividends paid	支付普通股股息		(1,157)	(1,241)
Distribution to Hybrid Tier 1 issue holders	派發予混合一級資本工具持有人		(328)	(330)
Issue of ordinary share capital	發行普通股股本	38	93	147
Subscription for new shares	認購新股		-	5,113
Issue of certificates of deposit	發行存款證		19,380	4,111
Issue of debt securities	發行債務證券		6,148	411
Issue of loan capital	發行借貸資本		3,867	4,615
Redemption of certificates of deposit issued	贖回已發行存款證		(13,608)	(1,409)
Redemption of debt securities issued	贖回已發行債務證券		(4,929)	-
Redemption of loan capital	贖回已發行借貸資本		(449)	(4,290)
Interest paid on loan capital	支付借貸資本利息		(572)	(435)
Interest paid on certificates of deposit issued	支付已發行存款證利息		(129)	(88)
Interest paid on debt securities issued	支付已發行債務證券利息		(162)	-
NET CASH GENERATED FROM FINANCING ACTIVITIES	源自融資活動之現金淨額		8,154	6,604
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	現金及等同現金項目淨(減)/增額		(6,185)	24,836
CASH AND CASH EQUIVALENTS AT 1ST JANUARY	於1月1日之現金及等同現金項目	44(c)	85,366	60,530
CASH AND CASH EQUIVALENTS AT 31ST DECEMBER	於12月31日之現金及等同現金項目	44(c)	79,181	85,366
Cash flows from operating activities included:	源自經營業務活動的現金流量包括：			
Interest received	利息收入		19,938	12,733
Interest paid	利息支出		9,718	5,162
Dividend received	股息收入		129	97

The notes on pages 11 to 140 form part of these accounts.

第11至140頁之附註屬本賬項之一部分。

NOTES ON THE ACCOUNTS

賬項附註

1. PRINCIPAL ACTIVITIES 主要業務

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

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

2. SIGNIFICANT ACCOUNTING POLICIES 主要會計政策

(a) Statement of Compliance

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

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Bank. Note 3 provides information on the changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these accounts.

(b) Basis of Preparation of the Accounts

The accounts for the year ended 31st December, 2011 comprise the Group and the Group's interest in associates.

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

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

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

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

(a) 符合指引聲明

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

香港會計師公會已頒佈數項新增及經修訂的《香港財務報告準則》，並於本年度本集團及本行的會計期首次生效或可被提早採納。附註3提供因首次應用該等準則而引致會計政策變動的資料，而該等資料只包括與本集團有關而需反映在本期及去年會計期的賬項。

(b) 賬項編製基準

截至2011年12月31日止年度的賬項包括本集團及其應佔聯營公司之權益。

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

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

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

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

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

Details of judgements made by management in the application of HKFRSs that have significant effect on the accounts and major sources of estimation uncertainty are discussed in Note 50.

(c) Basis of Consolidation

These consolidated accounts cover the consolidated position of the Bank and all subsidiaries unless otherwise stated and the Group's interest in associates. For information required to be reported in accordance with the Banking (Disclosures) Rules, the basis of consolidation is set out in the Notes (1) and (2) in the Unaudited Supplementary Financial Information.

(i) Subsidiaries and Non-controlling interests

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

An investment in a subsidiary is consolidated into the consolidated accounts from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated accounts. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests (previously known as "minority interests") represent the equity in a subsidiary not attributable directly or indirectly to the company, and in respect of which the Group has not agreed any additional terms with the holders of these interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity, separately from equity attributable to equity shareholders of the Group. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the net profit and total comprehensive income for the year between non-controlling interests and equity shareholders of the Bank.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

在附註50內，管理層已解釋實施對賬項有重大影響的《香港財務報告準則》所作的詳細判斷及不明朗估計的主要來源。

(c) 綜合基準

本綜合賬項包括本行及其所有附屬公司(除另外陳述外)及本集團所佔聯營公司之權益的綜合狀況。提據《銀行業(披露)規則》所要求匯報的資料，所採納的綜合基準已在未經審核補充財務資料附註(1)及附註(2)列載。

(i) 附屬公司及非控股權益

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

附屬公司之投資由控制權生效日起至控制權失效日止在綜合賬項內計算。在編製綜合賬項時，集團之間的結餘及交易及任何因集團之間交易所產生的未實現溢利均被抵銷。跟未實現盈利相同，因集團之間交易所產生的未實現虧損亦同樣被抵銷，但只局限於未有減值證據。

非控股權益(以往稱為「少數權益」)指無論是直接或間接並不歸屬於公司之附屬公司的權益部份，及本集團並未與該等權益持有者達成附加協議，致令本集團整體上對該等權益產生符合金融負債定義的法定義務。就每一業務合併而言，本集團可選擇按公平價值或應佔該附屬公司的可辨別淨資產以計量非控股權益。

非控股權益在綜合財務狀況表及綜合股東權益變動表內的股東權益列示，但與可歸屬於本集團股東權益分開。非控股權益佔本集團之業績，在綜合收益表內以分配年度溢利之形式列示，而在綜合全面收益表則以分配年度全面收益總額予非控股權益與及可歸屬於本集團股東權益之形式列示。

本集團將不導致喪失控股權之附屬公司權益的變動按權益交易方式入賬，即只調整在綜合權益內之控股及非控股權益的金額以反映其相關權益的變動，但不調整商譽及確認盈虧。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (Note 2(f)) or, when appropriate, the cost on initial recognition of an investment in an associate (Note 2(c)(ii)).

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

(ii) Associates

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

An investment in an associate is accounted for in the consolidated accounts under the equity method and is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the associate's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the associate's net assets and any impairment loss relating to the investment (Note 2(j) and 2(k)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the associates and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the associate's other comprehensive income is recognised in the consolidated statement of comprehensive income.

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

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

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former associate at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (Note 2(f)) or, when appropriate, the cost on initial recognition of an investment in an associate.

當本集團喪失對一附屬公司之控股權，將按出售該附屬公司之所有權益入賬，而所產生的盈虧確認為損益。任何在喪失控股權日仍保留該前度附屬公司之權益按公平價值確認，而此金額被視為初始確認一金融資產(附註2(f))的公平價值，或(如適用)按成本初始確認一聯營公司投資(附註2(c)(ii))。

在本行的財務狀況表中，附屬公司投資是以成本減除減值損失(附註2(k))列賬。

(ii) 聯營公司

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

聯營公司投資是以權益會計法在綜合賬內入賬。入賬方法是先以成本另調整本集團於購入後應佔該聯營公司的可辨別淨資產所超出成本之任何金額。往後，需調整在收購後本集團應佔聯營公司淨資產之變動及在附註2(j)和附註2(k)所載有關投資的減值損失。任何超出於收購日之成本、本集團應佔聯營公司收購後和已除稅的業績及年度內的任何減值損失均在綜合收益表內確認，而本集團應佔聯營公司收購後和已除稅之其他全面收益項目則在綜合全面收益表內確認。

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

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

當本集團喪失對一聯營公司之重大影響力，將按出售該聯營公司之所有權益入賬，而所產生的盈虧確認為損益。任何在喪失控股權日仍保留該前度聯營公司之權益按公平價值確認，而此金額被視為初始確認一金融資產(附註2(f))的公平價值，或(如適用)按成本初始確認一聯營公司投資。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

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

(d) Translation of Foreign Currencies

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

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

Exchange differences relating to investments at fair value through profit or loss and derivative financial instruments are included in gains less losses from trading securities or financial instruments designated at fair value through profit or loss. All other exchange differences relating to monetary items are presented as gains less losses from dealing in foreign currencies in the income statement. Differences arising on translation of available-for-sale equity instruments are recognised in other comprehensive income and accumulated separately in equity.

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

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

(e) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

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

(d) 外幣換算

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

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

有關通過損益以反映公平價值投資及衍生金融工具的匯兌差額分別包括於交易用途證券淨盈虧或指定通過損益以反映公平價值投資淨盈虧。其他有關貨幣性資產及負債的匯兌差額則於收益表之外幣買賣溢利項下列示。因折算可供出售股份證券而產生的差額則於其他全面收益內確認，並在股東權益內分開累計。

海外業務之業績按交易日相約的匯率折算為港幣。資產負債表項目，包括於2005年1月1日或以後因收購海外業務而在綜合時所產生的商譽，按結算日的匯率折算為港幣。產生的匯兌差額直接在其他全面收益內確認，並分別累計在股東權益之匯兌儲備內。由於2005年1月1日以前收購海外業務而在綜合時所產生的商譽按收購海外業務日的匯率折算。

計算出售海外企業的損益包括截至出售日因該海外企業產生的累計匯兌差額。

(e) 收入確認

收入按已收或應收價款的公平價值釐定。假設經濟利益有可能流向本集團及收入和支出(如適用)屬可靠計量的，在收益表內確認收入的方法如下：

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

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

(f) Financial Instruments

(i) Initial recognition

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

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

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

(ii) Categorisation

Fair value through profit or loss

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

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

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

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

(f) 金融工具

(i) 初始確認

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

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

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

(ii) 分類

通過損益以反映公平價值

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

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

在以下情況於初始確認為指定為通過損益以反映公平價值的金融工具：

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

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

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

Loans and receivables

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

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

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

Held-to-maturity investments

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

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

Available-for-sale financial assets

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

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

貸款和應收賬款

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

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

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

持至到期投資

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

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

可供出售金融資產

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

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

Available-for-sale financial assets are carried at fair value. Unrealised gains and losses arising from changes in the fair value are recognised in other comprehensive income and accumulated separately in equity, except for impairment losses and foreign exchange gains and losses on monetary items such as debt securities which are recognised in the income statement.

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be measured reliably, and derivatives that are linked to and must be settled by delivery of such unquoted equity securities are carried at cost less impairment losses, if any (Note 2(k)).

When the available-for-sale financial assets are sold, gains or losses on disposal include the difference between the net sale proceeds and the carrying value, and the accumulated fair value adjustments which are previously recognised in other comprehensive income shall be reclassified from equity to the income statement.

Other financial liabilities

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

(iii) Fair value measurement principles

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

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

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

(iv) Derecognition

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

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

The Group uses the weighted average method to determine realised gains and losses to be recognised in the income statement on derecognition.

可供出售金融資產按公平價值列賬。除減值損失和貨幣性資產之外匯盈虧(如債務證券)在收益表內確認外，因公平價值的變動所產生的未實現盈虧於其他全面收益內確認，並在股東權益內分開累計。

在活躍市場中沒有市場報價而其公平價值是不能夠可靠計量的股份證券投資，及與之掛勾及在結算時須交出該無報價股份證券的衍生工具，按成本減除任何減值損失(附註2(k))列賬。

當出售可供出售金融資產時，出售盈虧包括出售所得款項淨額與賬面值的差額，以及曾經確認為其他全面收益之累計公平價值調整須由股東權益重新分類而轉入收益表。

其他金融負債

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

(iii) 計量公平價值之原則

金融工具的公平價值是於結算日根據其市場報價但未減除將來的估計出售成本。

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

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

(iv) 終止確認

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

當合約的義務已被履行、取消或期滿，本集團終止確認金融負債。

本集團採用加權平均法以釐定在終止確認時須在收益表確認的已實現盈利和虧損。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

(v) Offsetting

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

(vi) Embedded derivatives

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

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

(g) Hedging

(i) Cash flow hedges

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

(ii) Fair value hedge

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

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

(h) Properties

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

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

(v) 抵銷

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

(vi) 嵌入衍生工具

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

當嵌入衍生工具被分開處理，主合約根據上述附註(ii)入賬。

(g) 對沖

(i) 現金流量對沖

當衍生金融工具被指定對沖已確認資產或負債的不既定現金流量，或是甚有可能發生及有法律約束力的預計交易，衍生金融工具產生的盈利和虧損與被對沖風險有關者在其他全面收益內確認，並在股東權益中的對沖儲備內分開累計。

(ii) 公平價值對沖

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

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

(h) 物業

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

當重估出現虧損時，於收益表支銷的金額，只限於超過以往因重估相同行址而存入行址重估儲備的結餘；當重估出現盈餘時，存入收益表內的金額不可超過以往因重估相同行址曾於收益表支銷的重估虧損。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

(i) Amortisation and Depreciation

(i) Bank premises

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

Investment properties are not depreciated.

(ii) Other fixed assets

Other fixed assets are stated in the statement of financial position at cost less accumulated depreciation and impairment losses, which is calculated on a straight line basis to write off the assets over their estimated useful lives from 4 to 20 years.

(j) Goodwill

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

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

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

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

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

(i) 攤銷及折舊

(i) 行址

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

投資物業是不予折舊。

(ii) 其他固定資產

其他固定資產是按成本減累計折舊及減值損失於財務狀況表中列賬。該等資產是以直線法按照由4年至20年的預計使用年期計算折舊。

(j) 商譽

商譽指

- (i) 對價轉讓的公平價值、任何被購入者的非控股權益金額及以往本集團曾經持有該被購入者的股東權益公平價值的總和；超出
- (ii) 本集團在收購日計量應佔該被購入者之可辨別資產及負債的公平價值淨額。

當(ii)是大於(i)時，此超出金額立即在損益賬確認為一項議價收購的盈利。

商譽按成本減除累計減值損失列賬。因商業合併而產生的商譽被分配予每一現金生產單位，或一組合之現金生產單位，而預計該現金生產單位是可從商業合併中獲得協同效應，以及須每年接受減值測試(附註2(k))。在聯營公司方面，商譽的賬面值已包括在聯營公司權益的賬面值內，以及顯示有客觀減值證據時須對該整體投資作減值測試(附註2(k))。

就商業合併或聯營公司投資而言，若本集團應佔被收購者的可辨別資產、負債及或有負債的公平淨值高於該成本價，超出的金額立即在收益表內入賬。

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

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

(k) Impairment of Assets

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

(i) Loans and receivables

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

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

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

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

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

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

(k) 資產減值損失

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

(i) 貸款和應收賬款

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

減值損失準備總額包括兩部分：個別減值準備，及整體減值準備。

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

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

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

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

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

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

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

Loans and receivables with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group has made concessions that it would not otherwise consider. Renegotiated loans and receivables are subject to ongoing monitoring to determine whether they remain impaired or past due.

(ii) Held-to-maturity investments

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

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

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

(iii) Available-for-sale financial assets

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

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

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

倘再無實際機會收回時，則貸款及相關的應收利息會被撇銷。

經重訂條款的貸款和應收賬款是因借款人的財政狀況惡化而須重組的貸款，而本集團已顧及借款人的財政狀況而有所讓步，否則會不作此考慮。經重訂的貸款和應收賬款須持續受監控以判斷它們是否仍然已減值或逾期。

(ii) 持至到期投資

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

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

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

(iii) 可供出售金融資產

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

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

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

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

(iv) Other assets

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

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

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

Calculation of recoverable amount

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

Recognition of impairment losses

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

已確認於收益表之可供出售股份證券的減值損失是不能轉回收益表。其後該資產之公平價值增加則直接確認在其他全面收益。

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

(iv) 其他資產

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

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

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

可收回金額之計算

可收回金額是公平價值減出售成本及使用值二者中之較高者。在評估使用值時，會採用一項當時市場評估的時間值及相對於該資產的風險的稅前折扣率將估計未來現金流量折實為現在價值。當某資產未能大部分地獨立於其他資產產生現金流量，其可收回金額取決於可獨立地產生現金流量的最小資產組合(即單一現金生產單位)。

減值損失之確認

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

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

Reversals of impairment losses

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

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years.

Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

(v) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the year (Note 2(k)(i) to (iv)).

Impairment losses recognised in an interim period in respect of goodwill, available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not the income statement.

(l) Leased Assets

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

(i) Assets held under finance leases

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

(ii) Assets held for use in operating leases

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

減值損失之轉回

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

減值損失轉回只局限於該資產的賬面值，猶如該等減值損失從未在往年被確認。

減值損失轉回在該被確認的年度計入收益表內。

(v) 中期財務報告及減值

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

就商譽、可供出售股份證券及無報價的股份證券所確認於中期期間的減值損失，均不能在較後期間轉回。就算假如該減值只在與該中期期間有關之年底作評估而該減值損失是不會發生、或損失之金額會較小，在此情況下亦不可轉回。因此，如可供出售股份證券的公平價值在每年餘下期間、或後期的其他任何期間增加，增加的金額只能在其他全面收益而非收益表內確認。

(l) 租賃資產

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

(i) 以融資租賃購入的資產

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

(ii) 用作經營租賃的資產

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

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

(iii) Operating lease charges

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

(m) Repossession of Assets

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

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

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

(n) Income Tax

(i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

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

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

(iii) 經營租賃費用

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

(m) 收回資產

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

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

在初始期分類及後期再計量所引致的減值損失於收益表確認。

(n) 所得稅

(i) 本年度所得稅包括本期及遞延稅項資產和負債的變動。除該稅款與其他全面收益或股東權益有關而須在其他全面收益或股東權益確認的金額外，本期稅項及遞延稅項資產和負債的變動計入收益表內。

(ii) 本期稅項為年度應課稅收入按結算日已生效或基本上已生效的稅率計算的預計應付稅項，並已包括以往年度的應付稅項的任何調整。

(iii) 遞延稅項資產及負債是因納稅基礎計算的資產及負債與其賬面值之間的差異而分別產生的可扣稅及應課稅的暫時性差異。遞延稅項資產也包括未使用的稅損及稅項抵免。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

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

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

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(h)(ii), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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

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

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

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

當投資物業根據附註2(h)(ii)所載按公平價值列賬，除該物業是需折舊的及以一商業模式持有，而其目的是要透過時間使用而並非出售該物業以獲取隱合於該物業之重大經濟利益，確認遞延稅項的金額按該物業於結算日假設以賬面值出售的稅率計算。在其他情況下，確認遞延稅項的金額是根據該資產及負債的賬面值之預期收回及結算的方式，按在結算日已生效或基本上已生效的稅率計算。遞延稅項資產及負債不作折讓。

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

由派發股息引起的額外所得稅在有關股息的支付責任獲確立時確認。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

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

(o) Insurance Reserves and Provisions for Outstanding Claims

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

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

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

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

(p) Provisions and Contingent Liabilities

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

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

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

(o) 保險基金及未付索償準備

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

長期業務的保險基金是按精算估值。

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

此等基金及準備分類為其他賬項及準備。

(p) 準備及或然負債

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

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

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

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

(q) Employee Benefits

(i) Salaries, bonuses and leave benefits

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

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

(q) 僱員福利

(i) 薪酬、花紅及假期福利

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

僱員應享有的病假及分娩假於發生時確認。

(ii) Performance-related bonus plan

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

(ii) 表現獎勵花紅計劃

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

(iii) Retirement benefits

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

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

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

(iii) 退休福利

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

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

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

(iv) Share based payments

The option exercise price is equal to the higher of:

- the closing price of the Bank's shares in the Stock Exchange's daily quotations sheet on the date of grant of the relevant options;

(iv) 以股份為基礎作支付

認股權的行使價為以下三者之最高者：

- 於授出認股權當日日本行股份在聯交所日報表的收市價；

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

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

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

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

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

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

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

屬股東權益金額確認為資本儲備內，直至當認股權被行使時(轉入股份溢價)，或當認股權之有效期屆滿時(轉入留存溢利)。

(r) Related Parties

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

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(r) 關聯人士

在編製本賬項時，與本集團關聯人士是指：

- (a) 個人或該個人之近親家庭成員，如該個人在以下情況下視為與本集團有關聯：
- (i) 可控制或共同控制本集團；
- (ii) 對本集團有重大影響力；或
- (iii) 是本集團或本集團之母公司的主要管理人員之成員。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
- (iii) Both entities are joint venture of the same third entity.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (b) 在以下任何情況下，一實體會視為與本集團有關聯：
- (i) 該實體及本集團皆是同一集團成員（即每一間母公司、附屬公司及同系附屬公司與其他有關聯）。
- (ii) 一實體是另一實體的聯營公司或合營公司（或該聯營公司或合營公司與該另一實體均屬同一集團）。
- (iii) 兩個實體是同一第三者的合營公司。
- (iv) 一實體是一第三者的合營公司而另一實體則是該第三者的聯營公司。
- (v) 該實體是提供福利予本集團或與本集團有關聯之實體的僱員離職後之福利計劃。
- (vi) 該實體受在(a)項中所辨別的個人所控制或共同控制。
- (vii) 在(a)(i)項中所辨別的個人而該個人對該實體有重大影響力，或該個人是該實體（或是該實體的母公司）的主要管理人員之成員。

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

個人的近親家庭成員指可影響，或受該個人影響，他們與該實體交易的家庭成員。

(s) Segment Reporting

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

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

(s) 分部報告

營運分部，及在賬項列報的每一分部項目金額，是從財務資料中辨識出來的，並定期地提供予本集團的最高行政管理層作為資源分配，以及評核本集團各業務部份和區域所在地的表現。

除非分部有相同經濟特性及在產品和服務之性質、生產程序之性質、客戶類別和等級、用作銷售產品和提供服務之方法、及監管環境之性質是相同的，個別重大的營運分部不會在財務報表內合計。如它們擁有以上大部份的標準，並非個別重大的營運分部可能會被合計。

(t) Cash and Cash Equivalents

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

(t) 現金及等同現金項目

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

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

3. CHANGES IN ACCOUNTING POLICIES 會計政策之變動

The HKICPA has issued a number of amendments to HKFRSs and one new interpretation that are first effective for the current accounting period of the Group and the Bank. Of these, the following developments are relevant to the Group's accounts:

- HKAS 24 (revised 2009), *Related party disclosures*
- Improvements to HKFRSs (2010)
- HK(IFRIC) 19, *Extinguishing financial liabilities with equity instruments*
- Amendments to HK(IFRIC) 14, HKAS 19 – *The limit on a defined benefit asset, minimum funding requirements and their interaction – Prepayments of a minimum funding requirement*

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

The amendments to HK(IFRIC) 14 have had no material impact on the Group's financial accounts as they were consistent with policies already adopted by the Group. HK(IFRIC) 19 has not yet had a material impact on the Group's accounts as these changes will first be effective as and when the Group enters a relevant transaction (for example, a debt for equity swap).

The impacts of other developments are discussed below:

- HKAS 24 (revised 2009) revises the definition of a related party. As a result, the Group has re-assessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous period. HKAS 24 (revised 2009) also introduces modified disclosure requirements for government-related entities. This does not impact the Group because the Group is not a government-related entity.
- Improvements to HKFRSs (2010) omnibus standard introduces a number of amendments to the disclosure requirements in HKFRS 7, *Financial instruments: Disclosures*. The disclosures about the Group's financial instruments in Notes 41 and 46 have been conformed to the amended disclosure requirements. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the accounts in the current and previous periods.

香港會計師公會頒佈多項對本集團及本行本會計年度首次生效的經修訂之《香港財務報告準則》及一項新詮釋。下列為其中對本集團財務賬項相關之最新發展：

- 《香港會計準則》(2009年修訂)第24號「關聯人士交易」
- 優化《香港財務報告準則》(2010)
- 香港(國際財務報告詮釋委員會)第19條詮釋「註銷有附帶股份工具的金融負債」
- 修訂香港(國際財務報告詮釋委員會)第14條詮釋、《香港會計準則》第19號—定額利益資產、最低資金要求及其相互作用之限額—預繳最低資金要求

本集團並未採納任何於本年度尚未生效的新準則或詮釋。

因本集團已採納相同的政策，經修訂香港(國際財務報告詮釋委員會)第14條詮釋對本集團的財務賬項未有重大影響。由於該等變動只在本集團進行有關的交易(例如，附帶股份交換的債務)時才第一次生效，香港(國際財務報告詮釋委員會)第19條詮釋對本集團的財務賬項暫時未有重大影響。

有關其他發展的影響如下：

- 《香港會計準則》(2009年修訂)第24號修訂關聯人士的定義。因此，本集團已重新辨別關聯人士及確定該定義之修改對本集團之本期及往期的關聯人士披露未有重大影響。《香港會計準則》(2009年修訂)第24號亦引入對與政府有關聯之實體的修訂披露要求。因本集團並不是與政府有關聯之實體，此修訂對本集團沒有影響。
- 因優化《香港財務報告準則》(2010年)的多項準則修訂而導致需修訂《香港財務報告準則》第7號「金融工具之披露」。於附註41及46所載有關本集團的金融工具之披露已符合經修訂的披露要求。該修訂對已確認在本期及往期財務賬項之分類、確認及衡量的金額未有重大影響。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

4. INTEREST INCOME 利息收入

		2011	2010
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Listed securities classified as held-to-maturity or available-for-sale	分類為持至到期或可供出售的上市證券	388	381
Trading assets	交易用途資產		
– listed	– 上市	27	22
– unlisted	– 非上市	73	66
Interest rate swaps	利率掉期合約	3,327	1,382
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值金融資產		
– listed	– 上市	473	431
– unlisted	– 非上市	229	197
Loans, deposits with banks and financial institutions, trade bills, and other unlisted securities that are not at fair value through profit or loss	非按通過損益以反映公平價值列賬的貸款、在銀行和其他金融機構的存款、貿易票據、及其他非上市證券	16,351	11,147
Total interest income	利息收入總額	20,868	13,626

Included above is interest income accrued on impaired financial assets of HK\$62 million (2010: HK\$74 million) which includes interest income on unwinding of discount on loan impairment losses of HK\$17 million (2010: HK\$21 million) (Note 26(b)) for the year ended 31st December, 2011.

以上包括截至2011年12月31日止年度減值金融資產的應計利息港幣62,000,000元(2010年：港幣74,000,000元)，其中包括釋放貸款減值損失之折扣的利息收入港幣17,000,000元(2010年：港幣21,000,000元)(附註26(b))。

5. INTEREST EXPENSE 利息支出

		2011	2010
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Customer deposits, deposits of banks and other financial institutions and certificates of deposit issued which are stated at amortised cost	按攤銷成本列賬的客戶存款、銀行及其他金融機構的存款及已發行存款證	5,744	3,074
Debt securities issued	已發行債務證券	209	140
Subordinated notes carried at amortised cost	按攤銷成本列賬的後償票據	373	174
Interest rate swaps	利率掉期合約	4,920	2,185
Financial instruments designated at fair value through profit or loss	指定為通過損益以反映公平價值金融工具	341	500
Other borrowings	其他借款	18	10
Total interest expense	利息支出總額	11,605	6,083

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

6. FEE AND COMMISSION INCOME 服務費及佣金收入

Fee and commission income arises from the following services:

源自下列服務的服務費及佣金收入：

		2011		2010	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Corporate services	企業服務	979		856	
Credit cards	信用卡	793		674	
Loans, overdrafts and guarantees	貸款、透支及擔保	502		463	
Trade finance	貿易融資	409		252	
Securities and brokerage	證券及經紀	385		456	
Derivatives transactions	衍生工具業務	292		289	
Other retail banking services	其他零售銀行服務	273		237	
Trust and other fiduciary activities	信託及其他代理業務	122		100	
Others	其他	350		322	
Total fee and commission income	服務費及佣金收入總額	4,105		3,649	
of which:	其中：				
Net fee income, other than amounts included in determining the effective interest rate, arising from financial assets or financial liabilities that are not held for trading nor designated at fair value through profit or loss	由非持作交易用途或指定為通過損益以反映公平價值列賬之金融資產或負債所產生之淨服務費收入(不包括用作計算有效利率之金額)	3,066		2,808	
Fee income	服務費收入	3,818		3,370	
Fee expenses	服務費支出	(752)		(562)	

7. NET TRADING LOSS 交易虧損淨額

		2011		2010	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Profit on dealing in foreign currencies	外幣買賣溢利	326		311	
(Loss)/Profit on trading securities	交易用途證券(虧損)/溢利	(290)		133	
Net loss on derivatives	衍生工具淨虧損	(193)		(620)	
Loss on other dealing activities	其他買賣活動虧損	-		(1)	
Dividend income from listed trading securities	交易用途上市證券的股息收入	40		31	
Total net trading loss	淨交易虧損總額	(117)		(146)	

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

		2011	2010
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Revaluation loss on debts issued	重估已發行債務虧損	(158)	(140)
Net loss on sale of other financial assets designated at fair value through profit or loss	出售其他指定為通過損益以反映公平價值金融資產的淨虧損	(103)	(35)
(Loss)/Profit on redemption of subordinated notes issued	贖回後償票據(虧損)/盈利	(4)	8
Revaluation (loss)/gain on other financial assets designated at fair value through profit or loss	重估其他指定為通過損益以反映公平價值金融資產的(虧損)/盈利	(94)	430
Dividend income from financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值金融資產的股息收入	5	–
Total net result from financial instruments designated at fair value through profit or loss	指定為通過損益以反映公平價值金融工具的淨表現總額	(354)	263

9. NET HEDGING LOSS 對沖虧損淨額

		2011	2010
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Fair value hedges	公平價值對沖		
– Net (loss)/gain on hedged items attributable to the hedged risk	– 可歸屬於被對沖項目之對沖風險產生的淨(虧損)/盈利	(553)	134
– Net gain/(loss) on hedging instruments	– 用作對沖工具的淨盈利/(虧損)	548	(139)
		(5)	(5)

10. OTHER OPERATING INCOME 其他經營收入

		2011	2010
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Dividend income from available-for-sale financial assets	可供出售金融資產股息收入		
– listed	– 上市	36	35
– unlisted	– 非上市	53	31
Rental from safe deposit boxes	保險箱租金收入	80	78
Net revenue from insurance activities	保險業務淨收入	199	221
Rental income on properties	物業租金收入	129	92
Others	其他	89	72
Total other operating income	其他經營收入總額	586	529

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

11. OPERATING EXPENSES 經營支出

		2011	2010
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Contributions to defined contribution plan*	定額供款公積金供款*	318	248
Equity-settled share-based payment expenses	以股份為基礎作支付的費用	21	29
Salaries and other staff costs	薪金及其他員工成本	4,045	3,338
Total staff costs	員工成本總額	4,384	3,615
Premises and equipment expenses excluding depreciation	不包括折舊的物業及設備支出		
– Rental of premises	– 物業租金	549	492
– Maintenance, repairs and others	– 保養、維修及其他	549	488
Total premises and equipment expenses excluding depreciation	不包括折舊的物業及設備支出總額	1,098	980
Depreciation on fixed assets (Note 32)	固定資產折舊(附註32)	636	581
Amortisation of intangible assets (Note 31(b))	無形資產攤銷(附註31(b))	33	34
Other operating expenses	其他經營支出		
– Stamp duty, overseas and PRC** business taxes, and value added taxes	– 印花稅、海外及中華人民共和國營業稅，及增值稅	491	346
– Communications, stationery and printing	– 通訊、文具及印刷	299	286
– Advertising expenses	– 廣告費	252	311
– Legal and professional fees	– 法律及專業服務費	251	219
– Business promotions and business travel	– 業務推廣及商務旅遊	158	148
– Card related expenses	– 有關信用卡支出	69	113
– Insurance expenses	– 保險費	35	43
– Audit fee	– 核數師酬金	15	11
– Administration expenses of corporate services	– 企業服務的行政費	14	9
– Membership fees	– 會員費	12	10
– Bank charges	– 銀行收費	11	7
– Donations	– 捐款	8	8
– Bank licence	– 銀行牌照費	4	4
– Others	– 其他	222	179
Total other operating expenses	其他經營支出總額	1,841	1,694
Total operating expenses***	經營支出總額***	7,992	6,904

* Forfeited contributions totalling HK\$18 million (2010: HK\$9 million) were utilised to reduce the Group's contribution during the year. There were no forfeited contributions available for reducing future contributions at the year end (2010: Nil).

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

*** Included in operating expenses are direct operating expenses of HK\$19 million (2010: HK\$20 million) in respect of investment properties which generated rental income during the year.

* 年內沒收之供款共港幣18,000,000元(2010年：港幣9,000,000元)已被用作減少本集團的供款。於年末並無任何被沒收而可用作減低將來之供款(2010年：無)。

*** 年度內經營支出包括有租金收益的投資物業直接引起的經營支出，金額為港幣19,000,000元(2010年：港幣20,000,000元)。

NOTES ON THE ACCOUNTS (CONTINUED)
賬項附註(續)

12. IMPAIRMENT LOSSES ON LOANS AND ADVANCES 貸款及墊款減值損失

		2011	2010
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Net charge for impairment losses on loans and advances	貸款及墊款減值損失支銷淨額		
Individual impairment loss	個別減值損失		
– new provisions	– 新撥備	247	463
– releases	– 回撥	(125)	(206)
– recoveries	– 收回	(74)	(51)
		48	206
Collective impairment loss	整體減值損失		
– new provisions (Note 26(b))	– 新撥備(附註26(b))	27	79
Net charge to income statement	於收益表支銷淨額	75	285

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

		2011	2010
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Net revaluation (loss)/gain transferred from reserves (Note 39(h))	由儲備轉撥的重估盈利虧損/淨額(附註39(h))	(5)	200
Profit arising in current year	年度內產生的溢利	64	34
		59	234

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

14. INCOME TAX 所得稅

(a) Taxation in the consolidated income statement represents:

(a) 綜合收益表內的稅項指：

		2011		2010	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Current tax – Hong Kong (Note 34(a))	本期稅項–香港(附註34(a))				
Tax for the year	本年度稅項		250		359
(Write back of over-provision)/ Under-provision in respect of prior years	(撥備過剩的回撥)/往年度 撥備不足		(122)		57
			128		416
Current tax – outside Hong Kong	本期稅項–香港以外				
Tax for the year	本年度稅項		744		589
Under-provision/(Write back of over-provision) in respect of prior years	往年度撥備不足/(撥備過剩 的回撥)		111		(32)
			855		557
Deferred tax (Note 34(b))	遞延稅項(附註34(b))				
Origination and reversal of temporary differences	暫時性差異的產生及轉回		317		(126)
			1,300		847

The provision for Hong Kong profits tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profits for the year.

香港利得稅稅款是以年度預計應課稅溢利按稅率16.5%(2010年: 16.5%)計算。

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

海外分行及附屬公司的稅款亦按其經營所在國家現行稅率計算。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

14. INCOME TAX (CONTINUED) 所得稅(續)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

(b) 稅項支出與會計溢利按適用稅率計算稅項的對賬：

		2011	2010
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Profit before tax	除稅前溢利	5,751	5,150
Notional tax on profit before tax, calculated at the rates applicable to profits in the tax jurisdictions concerned	根據相關國家適用之利得稅稅率按除稅前溢利計算的名義稅款	1,168	939
Tax effect of non-deductible expenses	不可扣減支出的稅項影響	317	304
Tax effect of non-taxable revenue	毋須課稅收入的稅項影響	(305)	(377)
Tax effect of tax losses not recognised	未確認的稅損的稅項影響	15	9
Recognition of deferred tax assets on prior year tax losses	往年稅損確認為遞延稅項資產	(4)	(12)
(Write back of over-provision)/Under-provision in respect of prior years	(撥備過剩的回撥)/往年度撥備不足	(11)	25
Others	其他	120	(41)
Actual tax expense	實際稅項支出	1,300	847

15. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT 可歸屬於本集團股東溢利

The consolidated profit attributable to owners of the parent includes a profit of HK\$1,881 million (2010 (restated): HK\$1,939 million) which has been dealt with in the accounts of the Bank.

可歸屬於本集團股東綜合溢利包括已計入本行賬項內的溢利港幣1,881,000,000元(2010年(重報): 港幣1,939,000,000元)。

Reconciliation of the above amount to the Bank's profit for the year

本行年度內溢利與上述金額之對賬

		2011	2010
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Amount of consolidated profit attributable to equity holders dealt with in the Bank's accounts	已計入本行賬項之可歸屬於本集團股東綜合溢利	1,881	1,939
Final dividends from subsidiaries and associates attributable to the profits of the previous financial year and general reserves, approved and paid during the year	來自往年度附屬公司及聯營公司溢利及一般儲備之末期股息，並在年度內核准及派發	93	14
Bank's profit for the year	本行年度內溢利	1,974	1,953

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

16. DIVIDENDS 股息

(a) Dividends attributable to the year

(a) 應屬本年度股息

		2011		2010	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Interim dividend declared and paid of HK\$0.43 per share on 2,059 million shares (2010: HK\$0.38 per share on 2,034 million shares) (Note 39(j))	已宣佈派發及支付中期股息予 2,059,000,000股每股港幣0.43元(2010年: 2,034,000,000股每股港幣0.38元)(附註39(j))	885		772	
Final dividend paid in respect of the previous financial year on shares issued under the share option schemes subsequent to the balance sheet date and before the close of the Register of Members of the Bank, of HK\$0.56 per share (2010: HK\$0.48 per share)	已支付在結算日後及本行股票過戶登記截止日前根據認股計劃發行股份屬上年度每股港幣0.56元的末期股息(2010年: 每股港幣0.48元)	1		2	
Final dividend proposed after the balance sheet date of HK\$0.56 per share on 2,042 million shares	擬於結算日期後派發末期股息 2,042,000,000股每股港幣0.56元	-		1,144	
Second interim dividend in lieu of the final dividend of HK\$0.51 per share on 2,076 million shares	代替末期股息之第二次中期股息予2,076,000,000股每股港幣0.51元	1,059		-	
		1,945		1,918	

The second interim dividend in lieu of the final dividend and the final dividend proposed after the balance sheet date have not been recognised as a liability at the balance sheet date.

於結算日期後擬派發代替末期股息之第二次中期股息及末期股息在結算日並未確認為負債。

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

(b) 於年度核准及支付屬上年度股息

		2011		2010	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$0.56 per share on 2,042 million shares (2010: HK\$0.48 per share on 2,016 million shares)	於年度核准及支付予 2,042,000,000股每股港幣0.56元的上年度末期股息(2010年: 2,016,000,000股每股港幣0.48元)	1,144		968	

(c) Distribution to holders of Hybrid Tier 1 capital instruments

(c) 派發予混合一級資本工具持有人

		2011		2010	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Interest payable on the Hybrid Tier 1 capital instruments, the details of which are disclosed in Note 36 and Note 39(j)	應付予混合一級資本工具持有人的利息·詳情已在附註36及附註39(j)內披露	328		330	

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

17. EARNINGS PER SHARE 每股盈利

(a) Basic earnings per share

The calculation of basic earnings per share is based on earnings of HK\$4,030 million (2010: HK\$3,894 million) after the distribution of HK\$328 million (2010: HK\$330million) to Hybrid Tier 1 issue holders and on the weighted average of 2,059 million (2010: 2,024 million) ordinary shares outstanding during the year, calculated as follows:

Weighted average number of ordinary shares

		2011 Number of Shares 股份數目 million 百萬	2010 Number of Shares 股份數目 million 百萬
Issued ordinary shares at 1st January	於1月1日的已發行普通股	2,042	1,849
Effect of share options exercised and shares issued in lieu of dividends	已行使認股權及以股代息發行新股的影響	17	175
Weighted average number of ordinary shares at 31st December	於12月31日普通股份的加權平均數	2,059	2,024

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on earnings of HK\$4,030 million (2010: HK\$3,894 million) after the distribution of HK\$328 million (2010: HK\$330 million) to Hybrid Tier 1 issue holders and on 2,060 million (2010: 2,026 million) ordinary shares, being the weighted average number of ordinary shares outstanding during the year, adjusted for the effects of all dilutive potential shares.

Weighted average number of ordinary shares (diluted)

		2011 Number of Shares 股份數目 million 百萬	2010 Number of Shares 股份數目 million 百萬
Weighted average number of ordinary shares at 31st December	於12月31日普通股份的加權平均數	2,059	2,024
Effect of deemed issue of ordinary shares under the Bank's share option schemes for nil consideration	假設按認股權計劃發行但不計價款的普通股份之影響	1	2
Weighted average number of ordinary shares (diluted) at 31st December	於12月31日普通股份的加權平均數(攤薄)	2,060	2,026

(a) 每股基本盈利

每股基本盈利乃按照已派發予混合一級資本工具持有人港幣328,000,000元(2010年:港幣330,000,000元)後之溢利港幣4,030,000,000元(2010年:港幣3,894,000,000元)及年度內已發行普通股份的加權平均數2,059,000,000股(2010年:2,024,000,000股)計算之方法如下:

普通股份的加權平均數

(b) 每股攤薄盈利

每股攤薄盈利乃按照已派發予混合一級資本工具持有人港幣328,000,000元(2010年:港幣330,000,000元)後之溢利港幣4,030,000,000元(2010年:港幣3,894,000,000元)及就所有具備潛在攤薄影響的普通股作出調整得出的普通股份的加權平均數2,060,000,000股(2010年:2,026,000,000股)計算。

普通股份的加權平均數(攤薄)

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

18. DIRECTORS' REMUNERATION 董事酬金

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

根據香港《公司條例》第161條規定公佈董事酬金如下：

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Share options	Retirement scheme contributions	2011 Total
	袍金	薪金、津貼及實物收益	酌情花紅	認股權	退休計劃供款	總額
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Chairman and Chief Executive 主席兼行政總裁						
Dr. the Hon. Sir David Li Kwok-po 李國寶爵士	0.4	9.0	15.0	7.0	0.8	32.2
Non-executive Directors 非執行董事						
Prof. Arthur Li Kwok-cheung 李國章教授	0.2	-	-	-	-	0.2
Mr. Aubrey Li Kwok-sing 李國星先生	0.3	-	-	-	-	0.3
Tan Sri Dr. KHOO Kay-peng 丹斯里邱繼炳博士	0.2	-	-	-	-	0.2
Mr. Richard Li Tzar-kai 李澤楷先生	0.2	-	-	-	-	0.2
Mr. Eric Li Fook-chuen 李福全先生	0.3	-	-	-	-	0.3
Mr. Stephen Charles Li Kwok-sze 李國仕先生	0.2	-	-	-	-	0.2
Dr. Isidro FAINÉ CASAS 范禮賢博士	0.3	-	-	-	-	0.3
Independent Non-executive Directors 獨立非執行董事						
Dr. Allan WONG Chi-yun 黃子欣博士	0.4	-	-	-	-	0.4
Mr. WONG Chung-hin 黃頌顯先生	0.3	-	-	-	-	0.3
Dr. LEE Shau-kee 李兆基博士	0.3	-	-	-	-	0.3
Mr. Winston LO Yau-lai 羅友禮先生	0.4	-	-	-	-	0.4
Dr. Thomas KWOK Ping-kwong 郭炳江博士	0.3	-	-	-	-	0.3
Mr. Kenneth LO Chin-ming 駱錦明先生	0.3	-	-	-	-	0.3
Mr. William DOO Wai-hoi 杜惠愷先生	0.3	-	-	-	-	0.3
Mr. KUOK Khooon-ean 郭孔濱先生	0.3	-	-	-	-	0.3
Mr. Valiant CHEUNG Kin-piu 張建標先生	0.5	-	-	-	-	0.5
	5.2	9.0	15.0	7.0	0.8	37.0

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

18. DIRECTORS' REMUNERATION (CONTINUED) 董事酬金(續)

		Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Share options	Retirement scheme contributions	2010 Total
		袍金	薪金、津貼及實物收益	酌情花紅	認股權	退休計劃供款	總額
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Chairman and Chief Executive 主席兼行政總裁							
Dr. the Hon. Sir David Li Kwok-po	李國寶爵士	0.6	8.6	11.1	9.2	0.7	30.2
Non-executive Directors 非執行董事							
Prof. Arthur Li Kwok-cheung	李國章教授	0.2	–	–	–	–	0.2
Mr. Aubrey Li Kwok-sing	李國星先生	0.3	–	–	–	–	0.3
Dr. William MONG Man-wai	蒙民偉博士	0.1	–	–	–	–	0.1
Tan Sri Dr. KHOO Kay-peng	丹斯里邱繼炳博士	0.2	–	–	–	–	0.2
Mr. Richard Li Tzar-kai	李澤楷先生	0.2	–	–	–	–	0.2
Mr. Eric Li Fook-chuen	李福全先生	0.3	–	–	–	–	0.3
Mr. Stephen Charles Li Kwok-sze	李國仕先生	0.2	–	–	–	–	0.2
Dr. Isidro FAINÉ CASAS	范禮賢博士	0.3	–	–	–	–	0.3
Independent Non-executive Directors 獨立非執行董事							
Dr. Allan WONG Chi-yun	黃子欣博士	0.4	–	–	–	–	0.4
Mr. WONG Chung-hin	黃頌顯先生	0.3	–	–	–	–	0.3
Dr. LEE Shau-kee	李兆基博士	0.3	–	–	–	–	0.3
Mr. Winston LO Yau-lai	羅友禮先生	0.4	–	–	–	–	0.4
Dr. Thomas KWOK Ping-kwong	郭炳江博士	0.3	–	–	–	–	0.3
Mr. Kenneth LO Chin-ming	駱錦明先生	0.3	–	–	–	–	0.3
Mr. William DOO Wai-hoi	杜惠愷先生	0.3	–	–	–	–	0.3
Mr. KUOK Khoo-ean	郭孔演先生	0.3	–	–	–	–	0.3
Mr. Valiant CHEUNG Kin-piu	張建標先生	0.4	–	–	–	–	0.4
		5.4	8.6	11.1	9.2	0.7	35.0

Included in the above remuneration were share options granted to Executive Directors under the Bank's Staff Share Option Schemes. The details of these benefits in kind are disclosed under the paragraph "Information on Share Options" in the Report of the Directors and Note 37.

上述酬金包括執行董事根據本行的僱員認股計劃獲授予認股權。有關此等實物收益的詳情載於董事會報告書的「認股權資料」及賬項附註37內。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

19. FIVE TOP-PAID EMPLOYEES 5名薪酬最高的僱員

		2011 HK\$ Mn 港幣百萬元	2010 HK\$ Mn 港幣百萬元
Salaries and other emoluments	薪金及其他酬金	23	21
Performance-related bonuses	表現獎勵花紅	28	20
Share options	認股權	16	21
Pension contributions	退休金供款	2	2
		69	64

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

5名薪酬最高的僱員的金額範圍如下：

	2011 Number of employees 僱員人數	2010 Number of employees 僱員人數
<i>HK\$港幣</i>		
8,500,001 – 9,000,000	–	4
9,000,001 – 9,500,000	4	–
30,000,001 – 30,500,000	–	1
32,000,001 – 32,500,000	1	–

Included in the emoluments of the five top-paid employees were the emoluments of 1 (2010: 1) Director. Their respective directors' emoluments have been included in Note 18 above.

5名薪酬最高的僱員中包括1位(2010年：1位)董事。他們的薪酬已包括於上述附註18。

20. SEGMENT REPORTING 分部報告

The Group manages its businesses by divisions, which are organised by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior management for the purposes of resource allocation and performance assessment, the Group has presented the following eight reportable segments. No operating segments have been aggregated to form the following reportable segments.

本集團按分處管理其業務，而分處則由業務及地區混合組成。分部資料的列報與內部匯報予本集團的最高管理層作為資源分配及表現評核的方式是一致的。本集團列報以下八個可匯報分部。營運分部並未包括在以下的可匯報分部內。

(a) Business segments

The Group has identified the following eight reportable segments.

Personal banking, which includes branch operations, personal internet banking, consumer finance, property loans and credit card business in Hong Kong.

Corporate banking, which includes corporate lending and loan syndication, asset based lending, commercial lending and securities lending in Hong Kong.

(a) 營業分部

本集團已辨識以下八個可匯報分部。

個人銀行包括在香港之分行營運、個人電子網絡銀行、消費貸款、按揭貸款及信用卡業務。

企業銀行包括在香港之企業借貸及銀團貸款、資產融資、商業貸款及證券業務貸款。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

20. SEGMENT REPORTING (CONTINUED) 分部報告(續)

(a) Business segments (continued)

Treasury markets, which include treasury operations and securities dealing in Hong Kong.

Wealth management, which includes private banking business and related assets in Hong Kong.

Financial institutions, which includes trade financing activities with correspondent banks in Hong Kong.

China operations include the back office unit for China operations in Hong Kong, all branches and subsidiaries in China, except those subsidiaries carrying out corporate services, data processing and other back office operations and associates operated in China.

Overseas operations include the back office unit for overseas banking operations in Hong Kong, overseas branches and subsidiaries, except those subsidiaries carrying out corporate services and associates operated in overseas.

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

Other businesses include insurance business, property-related business, supporting units of Hong Kong operations, investment properties, bank premises, the net results of associates and other subsidiaries in Hong Kong.

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets, intangible assets and financial assets with the exception of interests in associates, deferred tax assets and other corporate assets. Segment liabilities include deposits, financial liabilities and other liabilities attributable to the individual segments.

Revenue and expenses are allocated to the reportable segments with reference to interest and fee and commission income generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment revenue and expenses do not include the Group's share of revenue and expenses arising from the activities of the Group's associates. Other than reporting inter-segment income, assistance provided by one segment to another, including sharing of assets, is not measured.

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

(a) 營業分部(續)

財資市場包括在香港之財資運作及證券買賣。

財富管理包括提供予在香港之私人銀行業務及相關資產。

金融機構包括全球同業間的銀行代理行及金融貿易業務。

中國業務包括在香港支援中國業務的後勤單位、在中國的分行及附屬公司，但不包括在中國經營企業服務、資料處理及其他後勤支援之附屬公司，以及在中國經營的聯營公司。

國際業務包括在香港支援國際業務的後勤單位、海外分行及附屬公司，但不包括在海外經營企業服務之附屬公司，以及在海外經營的聯營公司。

企業服務包括公司秘書服務、股票登記及商業服務、及離岸企業及信託服務。

其他業務包括保險業務、與地產有關的業務、香港業務之後勤單位、投資物業、行址、聯營公司的淨表現及其他在香港之附屬公司。

在評估分部表現及分配分部間的資源時，集團的高級行政管理層根據以下基準監控可歸屬於每一可匯報分部之業績、資產及負債：

分部資產包括所有有形資產、無形資產及金融資產(聯營公司之權益除外)、遞延稅項資產及其他企業資產。分部負債包括存款、金融負債及可歸屬於個別分部的其他負債。

收入與支出按有關分部所產生的利息及費用和佣金收入、及由有關分部引致的支出或可歸屬於有關分部產生之折舊或攤銷來分配予可匯報分部。分部收入與支出並不包括集團之聯營公司的活動所產生集團應佔之收入與支出。除匯報分部間的收入外，由一分部提供協助予另一分部，包括分享資產，並未計算在內。

除接收有關稅前溢利的分部資料外，有關分部收入(包括分部間之借款)、利息支出、折舊、攤銷及減值損失和提供予分部營運之非流動分部資產的增置等資料亦提供予管理層。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

		2011											
		Hong Kong banking operations 香港銀行業務								Total reportable segments 可匯報分部總額	Inter-segment		Total 總額
		Personal banking	Corporate banking	Treasury markets	Wealth management	Financial Institutions	China operations	Overseas operations	Corporate services		Others	elimination	
		個人銀行	企業銀行	財資市場	財富管理	金融機構	中國業務	國際業務	企業服務	其他	交易抵銷		
		HKS Mn	HKS Mn	HKS Mn	HKS Mn	HKS Mn	HKS Mn	HKS Mn	HKS Mn	HKS Mn	HKS Mn		
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元		
Net interest income/(expense)	淨利息收入/(支出)	1,762	2,024	(787)	279	111	4,921	833	3	9,146	117	-	9,263
Non-interest income/(expense)	非利息收入/(支出)	603	429	(704)	276	12	822	303	981	2,722	1,057	(327)	3,452
Operating income/(expense)	經營收入/(支出)	2,365	2,453	(1,491)	555	123	5,743	1,136	984	11,868	1,174	(327)	12,715
Operating expenses	經營支出	(1,321)	(165)	(119)	(153)	(12)	(3,298)	(587)	(664)	(6,319)	(2,000)	327	(7,992)
Operating profit/(loss) before impairment losses	未扣除減值損失之經營溢利/(虧損)	1,044	2,288	(1,610)	402	111	2,445	549	320	5,549	(826)	-	4,723
Impairment losses on loans and advances and other accounts	貸款及墊款及其他賬項的減值損失支銷	(63)	34	4	15	-	(161)	113	(7)	(65)	(10)	-	(75)
Impairment losses on available-for-sale financial assets and associates	可供出售金融資產及持至到期投資之減值損失	-	-	-	-	-	-	(11)	-	(11)	(49)	-	(60)
Operating profit/(loss) after impairment losses	已扣除減值損失後之經營溢利/(虧損)	981	2,322	(1,606)	417	111	2,284	651	313	5,473	(885)	-	4,588
Profit/(Loss) on sale of fixed assets, available-for-sale financial assets, loans and receivable and subsidiaries/associates	出售固定資產、可供出售金融資產、貸款和應收賬項及附屬公司/聯營公司之溢利/(虧損)	1	-	39	-	-	112	3	(2)	153	49	-	202
Profit on sale of associates	出售聯營公司之溢利	-	-	-	-	-	-	15	-	15	107	-	122
Valuation gains on investment properties	重估投資物業盈利	-	-	-	-	-	48	4	-	52	352	-	404
Share of profits less losses of associates	應佔聯營公司溢利減虧損	-	-	-	-	-	-	-	-	-	435	-	435
Profit/(Loss) before taxation	除稅前溢利/(虧損)	982	2,322	(1,567)	417	111	2,444	673	311	5,693	58	-	5,751
Depreciation for the year	年內折舊	(68)	(1)	(5)	(2)	(1)	(325)	(26)	(19)	(447)	(189)	-	(636)
Segment assets	分部資產	47,797	124,066	113,204	19,133	12,345	278,152	58,935	2,881	656,513	22,954	(71,885)	607,582
Investments in associates	聯營公司投資	-	-	-	-	-	-	-	-	-	3,820	-	3,820
Total assets	資產總額	47,797	124,066	113,204	19,133	12,345	278,152	58,935	2,881	656,513	26,774	(71,885)	611,402
Total liabilities	負債總額	245,027	1,026	44,395	17,199	-	256,450	50,175	762	615,034	10,496	(66,172)	559,358
Capital expenditure incurred during the year	年度內資本開支	66	8	8	6	1	313	2	89	493	142	-	635

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

20. SEGMENT REPORTING (CONTINUED) 分部報告(續)

		2010 Restated 重報											
		Hong Kong banking operations 香港銀行業務								Total reportable segments 可匯報分部總額 HK\$ Mn 港幣百萬元	Inter-segment elimination 分部間之交易抵銷		Total 總額 HK\$ Mn 港幣百萬元
		Personal banking 個人銀行 HK\$ Mn 港幣百萬元	Corporate banking 企業銀行 HK\$ Mn 港幣百萬元	Treasury markets 財資市場 HK\$ Mn 港幣百萬元	Wealth management 財富管理 HK\$ Mn 港幣百萬元	Financial Institutions 金融機構 HK\$ Mn 港幣百萬元	China operations 中國業務 HK\$ Mn 港幣百萬元	Overseas operations 國際業務 HK\$ Mn 港幣百萬元	Corporate services 企業服務 HK\$ Mn 港幣百萬元		Others 其他 HK\$ Mn 港幣百萬元	Inter-segment 交易抵銷 HK\$ Mn 港幣百萬元	
Net interest income/(expense)	淨利息收入/(支出)	2,011	1,129	276	192	27	3,462	716	2	7,815	(272)	-	7,543
Non-interest income/(expense)	非利息收入/(支出)	529	270	19	259	9	535	232	864	2,717	1,116	(250)	3,583
Operating income	經營收入	2,540	1,399	295	451	36	3,997	948	866	10,532	844	(250)	11,126
Operating expenses	經營支出	(1,343)	(138)	(108)	(125)	(8)	(2,566)	(508)	(566)	(5,362)	(1,792)	250	(6,904)
Operating profit/(loss) before impairment losses	未扣除減值損失之經營溢利/(虧損)	1,197	1,261	187	326	28	1,431	440	300	5,170	(948)	-	4,222
Impairment losses on loans and advances and other accounts	貸款及墊款及其他賬項的減值損失支銷	(25)	(53)	-	(6)	-	(12)	(184)	(4)	(284)	(1)	-	(285)
Impairment losses on available-for-sale financial assets and associates	可供出售金融資產及持至到期投資之減值損失	-	-	-	-	-	-	-	-	-	(23)	-	(23)
Write back of impairment losses on bank premises	行址減值損失回撥	-	-	-	-	-	-	-	-	-	2	-	2
Operating profit/(loss) after impairment losses	已扣除減值損失後之經營溢利/(虧損)	1,172	1,208	187	320	28	1,419	256	296	4,886	(970)	-	3,916
Profit/(Loss) on sale of fixed assets, available-for-sale financial assets, loans and receivable and subsidiaries/associates	出售固定資產、可供出售金融資產、貸款和應收賬項及附屬公司/聯營公司之溢利/(虧損)	(5)	(1)	145	-	-	8	1	9	157	310	-	467
Valuation gains on investment properties	重估投資物業盈利	-	-	-	-	-	2	2	-	4	422	-	426
Share of profits less losses of associates	應佔聯營公司溢利減虧損	-	-	-	-	-	-	-	-	-	341	-	341
Profit before taxation	除稅前溢利	1,167	1,207	332	320	28	1,429	259	305	5,047	103	-	5,150
Depreciation for the year	年內折舊	(67)	(1)	(4)	(2)	-	(268)	(30)	(17)	(389)	(192)	-	(581)
Segment assets	分部資產	50,433	107,211	125,742	13,168	5,493	220,419	45,975	2,765	571,206	22,262	(62,848)	530,620
Investments in associates	聯營公司投資	-	-	-	-	-	-	-	-	-	3,573	-	3,573
Total assets	資產總額	50,433	107,211	125,742	13,168	5,493	220,419	45,975	2,765	571,206	25,835	(62,848)	534,193
Total liabilities	負債總額	243,264	4,761	30,315	15,827	-	201,609	37,427	726	533,929	9,255	(57,634)	485,550
Capital expenditure incurred during the year	年度內資本開支	68	2	6	4	2	553	29	29	693	254	-	947

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

(b) Geographical segments

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

(b) 地區分部

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

		2011					
		Hong Kong	People's Republic of China	Other Asian Countries	Others	Inter-segment elimination	Consolidated
		香港	中華人民共和國	其他亞洲國家	其他	分部間之交易抵銷	綜合總額
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
The Group	集團						
Operating income	經營收入	6,699	5,822	745	1,014	(1,565)	12,715
Profit before taxation	除稅前溢利	1,919	2,540	733	559	-	5,751
Total assets	資產總額	356,479	278,624	33,283	37,161	(94,145)	611,402
Total liabilities	負債總額	318,237	256,498	28,665	29,256	(73,298)	559,358
Contingent liabilities and commitments	或然負債及承擔	56,617	84,176	4,554	3,134	-	148,481
Capital expenditure during the year	年度內資本開支	253	313	69	-	-	635

		2010					
		Hong Kong	People's Republic of China	Other Asian Countries	Others	Inter-segment elimination	Consolidated
		香港	中華人民共和國	其他亞洲國家	其他	分部間之交易抵銷	綜合總額
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
The Group	集團						
Operating income	經營收入	6,573	4,054	577	906	(984)	11,126
Profit before taxation	除稅前溢利	2,891	1,506	581	172	-	5,150
Total assets	資產總額	341,115	220,761	22,633	31,407	(81,723)	534,193
Total liabilities	負債總額	303,551	201,658	18,393	23,496	(61,548)	485,550
Contingent liabilities and commitments	或然負債及承擔	56,882	52,544	3,875	4,577	-	117,878
Capital expenditure during the year	年度內資本開支	352	553	14	28	-	947

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

21. CASH AND BALANCES WITH BANKS AND OTHER FINANCIAL INSTITUTIONS (NOTE 44(c))
現金及在銀行和其他金融機構的結存(附註44(c))

		The Group 集團		The Bank 銀行	
		2011	2010	2011	2010
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Cash in hand	現金	1,828	1,213	1,237	699
Balances with central banks	在中央銀行的結存	45,315	24,638	984	1,114
Balances with banks and other financial institutions	在銀行和其他金融機構的結存	24,618	22,442	20,349	15,995
		71,761	48,293	22,570	17,808

22. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS (NOTE 44(c))
在銀行及其他金融機構的存款(附註44(c))

		The Group 集團		The Bank 銀行	
		2011	2010	2011	2010
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Placements with banks and authorised institutions	在銀行及認可金融機構的存款	60,830	57,955	32,570	39,810
Placements with other financial institutions	在其他金融機構的存款	1,227	242	800	164
		62,057	58,197	33,370	39,974
Maturing	到期期限				
– within one month	– 1個月內	18,440	49,548	13,603	37,232
– between one month and one year	– 1個月至1年內	43,617	8,649	19,767	2,742
		62,057	58,197	33,370	39,974

23. TRADE BILLS 貿易票據

		The Group 集團		The Bank 銀行	
		2011	2010	2011	2010
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	Restated 重報 HK\$ Mn 港幣百萬元
Gross trade bills	貿易票據總額	36,835	18,548	35,880	17,491
Less: individual impairment allowance	減: 個別減值準備	(12)	–	(4)	–
		36,823	18,548	35,876	17,491

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

Movement of individual impairment allowances for 2011

2011年個別減值準備的變動

		The Group 集團		The Bank 銀行	
		2011	2010	2011	2010
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
At 1st January	於1月1日	-	-	-	-
New provisions charged to income statement	收益表內支銷的新準備	12	-	4	-
Net provisions released back to income statement	撥回收益表的準備淨額	(2)	-	(2)	-
Recoveries	收回額	2	-	2	-
At 31st December	於12月31日	12	-	4	-

24. TRADING ASSETS 交易用途資產

		The Group 集團		The Bank 銀行	
		2011	2010	2011	2010
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Debt securities (Note 44(c))	債務證券(附註44(c))	1,317	2,411	715	1,295
Equity securities	股份證券	1,051	1,502	1,051	1,502
Investment funds	投資基金	17	194	17	193
Trading securities	交易用途證券	2,385	4,107	1,783	2,990
Positive fair values of derivatives (Note 43(b))	衍生工具的正公平值(附註 43(b))	3,215	1,738	2,376	1,206
		5,600	5,845	4,159	4,196
Issued by:	發行機構:				
Central governments and central banks	中央政府和中央銀行	551	596	11	289
Public sector entities	公營機構	10	22	10	10
Banks and other financial institutions	銀行及其他金融機構	374	1,066	374	855
Corporate entities	企業實體	1,433	2,229	1,371	1,643
Other entities	其他實體	17	194	17	193
		2,385	4,107	1,783	2,990
Analysed by place of listing:	按上市地區分析:				
Listed in Hong Kong	在香港上市	854	1,484	854	1,484
Listed outside Hong Kong	在香港以外地區上市	717	1,071	717	1,071
		1,571	2,555	1,571	2,555
Unlisted	非上市	814	1,552	212	435
		2,385	4,107	1,783	2,990

NOTES ON THE ACCOUNTS (CONTINUED)
賬項附註(續)

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

		The Group 集團		The Bank 銀行	
		2011	2010	2011	2010
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Debt securities (Note 44(c))	債務證券(附註44(c))	16,330	15,989	16,330	15,989
Equity securities	股份證券	329	203	123	203
Investment funds	投資基金	4	-	-	-
		16,663	16,192	16,453	16,192
Issued by:	發行機構:				
Central governments and central banks	中央政府和中央銀行	452	531	452	531
Public sector entities	公營機構	-	175	-	175
Banks and other financial institutions	銀行及其他金融機構	8,036	8,032	8,020	8,032
Corporate entities	企業實體	8,171	7,454	7,981	7,454
Other entities	其他實體	4	-	-	-
		16,663	16,192	16,453	16,192
Analysed by place of listing:	按上市地區分析:				
Listed in Hong Kong	在香港上市	3,689	3,695	3,618	3,695
Listed outside Hong Kong	在香港以外地區上市	7,572	7,171	7,438	7,171
		11,261	10,866	11,056	10,866
Unlisted	非上市	5,402	5,326	5,397	5,326
		16,663	16,192	16,453	16,192

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

(a) Advances to customers and other accounts

(a) 客戶貸款及其他賬項

		The Group 集團		The Bank 銀行	
		2011	2010	2011	2010
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
(i)	Advances to customers 客戶貸款	321,890	297,044	197,923	185,213
	Less: Impairment allowances 減：減值準備				
	– Individual – 個別	(205)	(282)	(130)	(226)
	– Collective – 整體	(763)	(819)	(535)	(654)
		320,922	295,943	197,258	184,333
(ii)	Other accounts 其他賬項				
	Advances to banks and other financial institutions * 銀行及其他金融機構貸款*	193	1,320	192	844
	Less: Impairment allowances				
	– Individual 減：減值準備- 個別	(3)	–	(3)	–
		190	1,320	189	844
	Certificates of deposit held (Note 44(c)) 持有的存款證(附註44(c))	39	39	39	39
	Accrued interest 應計利息	3,136	2,206	1,790	1,294
	Bankers acceptances 銀行承兌匯票	18,381	14,583	219	253
	Other accounts 其他賬項	5,374	5,990	4,101	4,303
		26,930	22,818	6,149	5,889
	Less: Impairment allowances 減：減值準備				
	– Individual – 個別	(88)	(38)	(3)	(3)
	– Collective – 整體	(4)	(3)	–	–
		26,838	22,777	6,146	5,886
		347,950	320,040	203,593	191,063

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

Receivables from reverse repurchase agreements under which the Group obtains securities on terms which permit it to re-pledge or resell securities to others in the absence of default. At 31st December, 2011, the fair value of financial assets accepted as collateral that the Group is permitted to sell or re-pledge under such terms is Nil (2010: Nil).

* 以上銀行及其他金融機構貸款包括：

返售回購協議之應收賬款，根據該協議本集團可獲得證券及依條款在沒有違約之情況下可再抵押或重售證券予其他人士。於2011年12月31日，根據該條款本集團可出售或再抵押的金融資產之公平價值為無(2010年：無)。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

(b) Impairment allowances against advances and other accounts for 2011 (b) 2011年貸款及其他賬項之減值準備

		The Group 集團							
		Advances to customers 客戶貸款		Advances to banks 銀行貸款		Other accounts 其他賬項		Total 總額	
		Individual 個別	Collective 整體	Individual 個別	Collective 整體	Individual 個別	Collective 整體	Individual 個別	Collective 整體
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
At 1st January	於1月1日	282	819	-	-	38	3	320	822
New provisions charged to income statement	收益表內支銷的新準備	171	26	3	-	61	1	235	27
Net provisions released back to income statement	撥回收益表的準備淨額	(172)	-	-	-	(8)	-	(180)	-
Amounts written off	撇銷額	(131)	(87)	-	-	(3)	-	(134)	(87)
Recoveries	收回額	72	-	-	-	-	-	72	-
Effect of discounting (Note 4)	計算折扣的影響(附註4)	(17)	-	-	-	-	-	(17)	-
Exchange adjustments	匯兌調整	-	5	-	-	-	-	-	5
At 31st December	於12月31日	205	763	3	-	88	4	296	767

		The Bank 銀行							
		Advances to customers 客戶貸款		Advances to banks 銀行貸款		Other accounts 其他賬項		Total 總額	
		Individual 個別	Collective 整體	Individual 個別	Collective 整體	Individual 個別	Collective 整體	Individual 個別	Collective 整體
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
At 1st January	於1月1日	226	654	-	-	3	-	229	654
New provisions charged to income statement	收益表內支銷的新準備	78	-	3	-	-	-	81	-
Net provisions released back to income statement	撥回收益表的準備淨額	(129)	(39)	-	-	-	-	(129)	(39)
Amounts written off	撇銷額	(95)	(79)	-	-	-	-	(95)	(79)
Recoveries	收回額	60	-	-	-	-	-	60	-
Effect of discounting	計算折扣的影響	(9)	-	-	-	-	-	(9)	-
Exchange adjustments	匯兌調整	(1)	(1)	-	-	-	-	(1)	(1)
At 31st December	於12月31日	130	535	3	-	3	-	136	535

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

(b) Impairment allowances against advances and other accounts for 2010 (b) 2010年貸款及其他賬項之減值準備

		The Group 集團					
		Advances to customers 客戶貸款		Other accounts 其他賬項		Total 總額	
		Individual 個別	Collective 整體	Individual 個別	Collective 整體	Individual 個別	Collective 整體
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
At 1st January	於1月1日	534	811	31	9	565	820
New provisions charged to income statement	收益表內支銷的新準備	451	86	12	(7)	463	79
Net provisions released back to income statement	撥回收益表的準備淨額	(235)	–	(1)	–	(236)	–
Amounts written off	撇銷額	(507)	(84)	(6)	–	(513)	(84)
Recoveries	收回額	51	–	–	–	51	–
Effect of discounting (Note 4)	計算折扣的影響 (附註4)	(21)	–	–	–	(21)	–
Exchange adjustments	匯兌調整	9	6	2	1	11	7
At 31st December	於12月31日	282	819	38	3	320	822

		The Bank 銀行					
		Advances to customers 客戶貸款		Other accounts 其他賬項		Total 總額	
		Individual 個別	Collective 整體	Individual 個別	Collective 整體	Individual 個別	Collective 整體
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
At 1st January	於1月1日	499	678	3	–	502	678
New provisions charged to income statement	收益表內支銷的新準備	378	49	–	–	378	49
Net provisions released back to income statement	撥回收益表的準備淨額	(207)	–	–	–	(207)	–
Amounts written off	撇銷額	(481)	(80)	–	–	(481)	(80)
Recoveries	收回額	46	–	–	–	46	–
Effect of discounting	計算折扣的影響	(20)	–	–	–	(20)	–
Exchange adjustments	匯兌調整	11	7	–	–	11	7
At 31st December	於12月31日	226	654	3	–	229	654

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註 (續)

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

(c) Advances to customers – by industry sectors

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

(c) 客戶貸款– 按行業分類

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

		2011		2010	
		Gross advances	% of secured advances	Gross advances	% of secured advances
		貸款總額 HK\$ Mn 港幣百萬元	有抵押貸款的 百分比 百分率	貸款總額 HK\$ Mn 港幣百萬元	有抵押貸款的 百分比 百分率
The Group	集團				
Loans for use in Hong Kong	在香港使用的貸款				
Industrial, commercial and financial	工商金融				
– Property development	– 物業發展	10,946	69.03	10,245	60.04
– Property investment	– 物業投資	41,747	89.63	40,697	92.44
– Financial concerns	– 金融企業	9,430	78.35	6,169	75.47
– Stockbrokers	– 股票經紀	422	85.95	453	84.53
– Wholesale and retail trade	– 批發與零售業	7,790	33.58	4,710	40.62
– Manufacturing	– 製造業	5,392	42.40	4,876	50.28
– Transport and transport equipment	– 運輸與運輸設備	4,642	76.38	4,461	77.56
– Recreational activities	– 娛樂活動	272	26.60	88	16.47
– Information technology	– 資訊科技	589	60.57	566	57.15
– Others	– 其他	5,758	44.02	4,885	55.71
– Sub-total	– 小計	86,988	73.73	77,150	77.37
Individuals	個人				
– Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	– 購買「居者有其屋計劃」 「私人參建居屋計劃」及 「租者置其屋計劃」樓宇 的貸款	1,379	100.00	1,611	100.00
– Loans for the purchase of other residential properties	– 購買其他住宅物業的貸款	27,246	99.97	30,130	99.99
– Credit card advances	– 信用卡貸款	3,649	0.00	3,087	0.00
– Others	– 其他	14,457	70.71	13,570	73.38
– Sub-total	– 小計	46,731	83.11	48,398	86.15
Total loans for use in Hong Kong	在香港使用的貸款總額	133,719	77.01	125,548	80.76
Trade finance	貿易融資	9,707	51.23	9,554	46.03
Loans for use outside Hong Kong*	在香港以外使用的貸款*	178,464	71.37	161,942	72.16
Total advances to customers	客戶貸款總額	321,890	73.10	297,044	74.95

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

* 在香港以外使用的貸款包括以下在中華人民共和國使用的貸款。

		2011		2010	
		Gross advances	% of secured advances	Gross advances	% of secured advances
		貸款總額 HK\$ Mn 港幣百萬元	有抵押貸款的 百分比 百分率	貸款總額 HK\$ Mn 港幣百萬元	有抵押貸款的 百分比 百分率
Property development	物業發展	26,038	50.83	24,732	52.19
Property investment	物業投資	23,123	92.69	22,722	89.55
Wholesale and retail trade	批發與零售業	24,619	81.17	17,835	88.23
Manufacturing	製造業	11,352	61.57	9,731	51.77
Others	其他	52,711	68.02	47,628	73.16
		137,843	70.73	122,648	72.46

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

		2011		2010	
		Gross advances	% of secured advances	Gross advances	% of secured advances
		貸款總額	有抵押貸款的百分比	貸款總額	有抵押貸款的百分比
		HK\$ Mn	%	HK\$ Mn	%
		港幣百萬元	百分率	港幣百萬元	百分率
The Bank	銀行				
Loans for use in Hong Kong	在香港使用的貸款				
Industrial, commercial and financial	工商金融				
– Property development	– 物業發展	10,933	69.11	10,235	60.10
– Property investment	– 物業投資	41,640	89.61	40,572	92.42
– Financial concerns	– 金融企業	9,429	78.35	6,168	75.48
– Stockbrokers	– 股票經紀	422	85.95	452	84.53
– Wholesale and retail trade	– 批發與零售業	7,701	32.82	4,652	39.88
– Manufacturing	– 製造業	5,341	41.85	4,831	49.82
– Transport and transport equipment	– 運輸與運輸設備	4,642	76.38	4,461	77.56
– Recreational activities	– 娛樂活動	272	26.60	88	16.47
– Information technology	– 資訊科技	586	60.35	563	56.87
– Others	– 其他	5,327	39.48	4,212	48.63
– Sub-total	– 小計	86,293	73.54	76,234	77.12
Individuals	個人				
– Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	– 購買「居者有其屋計劃」、「私人參建居屋計劃」及「租者置其屋計劃」樓宇的貸款	1,379	100.00	1,611	100.00
– Loans for the purchase of other residential properties	– 購買其他住宅物業的貸款	27,190	99.97	30,077	99.99
– Credit card advances	– 信用卡貸款	3,649	0.0	3,087	0.00
– Others	– 其他	13,134	70.53	12,396	73.06
– Sub-total	– 小計	45,352	83.40	47,171	86.37
Total loans for use in Hong Kong	在香港使用的貸款總額	131,645	76.94	123,405	80.65
Trade finance	貿易融資	5,352	39.07	7,798	38.22
Loans for use outside Hong Kong*	在香港以外使用的貸款*	60,926	53.96	54,010	53.59
Total advances to customers	客戶貸款總額	197,923	68.84	185,213	70.98

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

* 在香港以外使用的貸款包括以下在中華人民共和國使用的貸款。

		2011		2010	
		Gross advances	% of secured advances	Gross advances	% of secured advances
		貸款總額	有抵押貸款的百分比	貸款總額	有抵押貸款的百分比
		HK\$ Mn	%	HK\$ Mn	%
		港幣百萬元	百分率	港幣百萬元	百分率
Property development	物業發展	11,064	6.87	10,122	6.95
Property investment	物業投資	1,193	67.46	1,893	70.86
Wholesale and retail trade	批發與零售業	2,187	63.26	830	95.31
Manufacturing	製造業	2,889	51.72	1,893	52.64
Others	其他	3,748	15.73	3,080	8.42
		21,081	23.87	17,818	22.97

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註 (續)

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

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

以下按行業分類並佔客戶貸款總額百分之十或以上的貸款中，已個別減值的貸款、以及相關資料如下：

		The Group 集團		The Bank 銀行	
		2011	2010	2011	2010
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
(i)	Property development	(i)	物業發展		
a.	Individually impaired loans	a.	已個別減值的貸款	274	528
b.	Individual impairment allowance	b.	個別減值準備	39	58
c.	Collective impairment allowance	c.	整體減值準備	61	64
d.	Provision charged to income statement	d.	於收益表支銷的準備		
	– individual impairment loss		– 個別減值損失	11	169
	– collective impairment loss		– 整體減值損失	16	22
e.	Written off	e.	撇銷	7	114
(ii)	Property investment	(ii)	物業投資		
a.	Individually impaired loans	a.	已個別減值的貸款	388	441
b.	Individual impairment allowance	b.	個別減值準備	35	67
c.	Collective impairment allowance	c.	整體減值準備	226	266
d.	Provision charged to income statement	d.	於收益表支銷的準備		
	– individual impairment loss		– 個別減值損失	29	87
	– collective impairment loss		– 整體減值損失	87	82
e.	Written off	e.	撇銷	18	27
(iii)	Loans for purchase of residential properties	(iii)	購買其他住宅物業的貸款		
a.	Individually impaired loans	a.	已個別減值的貸款	238	102
b.	Individual impairment allowance	b.	個別減值準備	–	–
c.	Collective impairment allowance	c.	整體減值準備	56	46
d.	Provision charged to income statement	d.	於收益表支銷的準備		
	– individual impairment loss		– 個別減值損失	1	3
	– collective impairment loss		– 整體減值損失	20	24
e.	Written off	e.	撇銷	1	3
(iv)	Wholesale and retail trade	(iv)	批發與零售業		
a.	Individually impaired loans	a.	已個別減值的貸款	170	117
b.	Individual impairment allowance	b.	個別減值準備	73	43
c.	Collective impairment allowance	c.	整體減值準備	89	76
d.	Provision charged to income statement	d.	於收益表支銷的準備		
	– individual impairment loss		– 個別減值損失	63	35
	– collective impairment loss		– 整體減值損失	30	22
e.	Written off	e.	撇銷	30	96

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

(d) Advances to customers – by geographical areas

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

(d) 客戶貸款–按區域分類

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

		The Group 集團 2011				
		Total advances to customers	Advances overdue for over three months 逾期3個月以上的 客戶貸款	Impaired advances to customers	Individual impairment allowance	Collective impairment allowance
		客戶貸款總額 HK\$ Mn 港幣百萬元	客戶貸款 HK\$ Mn 港幣百萬元	減值客戶貸款 HK\$ Mn 港幣百萬元	個別減值準備 HK\$ Mn 港幣百萬元	整體減值準備 HK\$ Mn 港幣百萬元
Hong Kong	香港	149,309	179	558	66	254
People's Republic of China	中華人民共和國	136,366	21	216	24	204
Other Asian Countries	其他亞洲國家	15,625	20	33	24	131
Others	其他	20,590	31	668	91	174
Total	總額	321,890	251	1,475	205	763
% of total advances to customers	佔客戶貸款總額的百分比			0.46%		
Market value of security held against impaired advances to customers	減值貸款抵押品市值			3,267		

		The Group 集團 2010				
		Total advances to customers	Advances overdue for over three months 逾期3個月以上的 客戶貸款	Impaired advances to customers	Individual impairment allowance	Collective impairment allowance
		客戶貸款總額 HK\$ Mn 港幣百萬元	客戶貸款 HK\$ Mn 港幣百萬元	減值客戶貸款 HK\$ Mn 港幣百萬元	個別減值準備 HK\$ Mn 港幣百萬元	整體減值準備 HK\$ Mn 港幣百萬元
Hong Kong	香港	145,109	183	337	77	284
People's Republic of China	中華人民共和國	118,898	53	222	27	145
Other Asian Countries	其他亞洲國家	12,061	55	101	62	149
Others	其他	20,976	105	932	116	241
Total	總額	297,044	396	1,592	282	819
% of total advances to customers	佔客戶貸款總額的百分比			0.54%		
Market value of security held against impaired advances to customers	減值貸款抵押品市值			3,223		

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註 (續)

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

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

(d) 客戶貸款 – 按區域分類 (續)

		The Bank 銀行 2011				
		Total advances to customers	Advances overdue for over three months 逾期3個月以上的	Impaired advances to customers	Individual impairment allowance	Collective impairment allowance
		客戶貸款總額 HK\$ Mn 港幣百萬元	客戶貸款 HK\$ Mn 港幣百萬元	減值客戶貸款 HK\$ Mn 港幣百萬元	個別減值準備 HK\$ Mn 港幣百萬元	整體減值準備 HK\$ Mn 港幣百萬元
Hong Kong	香港	133,412	158	526	56	226
People's Republic of China	中華人民共和國	34,724	5	129	1	48
Other Asian Countries	其他亞洲國家	14,432	20	32	24	129
Others	其他	15,355	14	447	49	132
Total	總額	197,923	197	1,134	130	535
% of total advances to customers	佔客戶貸款總額的百分比			0.57%		
Market value of security held against impaired advances to customers	減值貸款抵押品市值			2,694		

		The Bank 銀行 2010				
		Total advances to customers	Advances overdue for over three months 逾期3個月以上的	Impaired advances to customers	Individual impairment allowance	Collective impairment allowance
		客戶貸款總額 HK\$ Mn 港幣百萬元	客戶貸款 HK\$ Mn 港幣百萬元	減值客戶貸款 HK\$ Mn 港幣百萬元	個別減值準備 HK\$ Mn 港幣百萬元	整體減值準備 HK\$ Mn 港幣百萬元
Hong Kong	香港	128,124	161	303	66	264
People's Republic of China	中華人民共和國	30,691	10	173	27	63
Other Asian Countries	其他亞洲國家	10,786	55	101	62	148
Others	其他	15,612	90	691	71	179
Total	總額	185,213	316	1,268	226	654
% of total advances to customers	佔客戶貸款總額的百分比			0.68%		
Market value of security held against impaired advances to customers	減值貸款抵押品市值			2,733		

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

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

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

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

(e) 客戶貸款– 融資租賃的淨投資額

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

		The Group and The Bank 集團及銀行					
		2011			2010		
		Present value of the minimum lease payments	Interest income relating to future periods	Total minimum lease payments	Present value of the minimum lease payments	Interest income relating to future periods	Total minimum lease payments
		最低租賃 付款現值	相關未來 利息收入	最低租賃 付款總額	最低租賃 付款現值	相關未來 利息收入	最低租賃 付款總額
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Amounts receivable:	應收賬款：						
Within one year	1年以內	1,157	155	1,312	1,045	137	1,182
After one year but within five years	1年以後至5年內	1,506	206	1,712	1,391	201	1,592
After five years	5年以後	2,023	262	2,285	2,096	272	2,368
		4,686	623	5,309	4,532	610	5,142
Less: Individual impairment allowances	減：個別減值準備	(1)			(6)		
Net investment in finance leases	融資租賃的淨投資額	4,685			4,526		

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

融資租賃的淨投資額被視作應收賬計入財務狀況表，但並無應計未來相關的利息收入。

NOTES ON THE ACCOUNTS (CONTINUED)
賬項附註(續)

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

		The Group 集團		The Bank 銀行	
		2011	2010	2011	2010
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Treasury bills (including Exchange Fund Bills) (Note 44(c))	國庫債券(包括外匯基金票據) (附註44(c))	14,106	6,744	14,095	6,704
Certificates of deposit held (Note 44(c))	持有的存款證(附註44(c))	3,120	2,152	1,931	1,345
Debt securities (Note 44(c))	債務證券(附註44(c))	25,671	29,271	11,641	11,911
Equity securities	股份證券	1,910	2,290	878	982
Investment funds	投資基金	103	322	84	220
		44,910	40,779	28,629	21,162
Issued by:	發行機構:				
Central governments and central banks	中央政府和中央銀行	17,751	11,882	15,184	8,244
Public sector entities	公營機構	1,917	3,726	-	1
Banks and other financial institutions	銀行及其他金融機構	14,202	14,861	8,419	9,872
Corporate entities	企業實體	10,900	10,016	4,942	2,825
Other entities	其他實體	140	294	84	220
		44,910	40,779	28,629	21,162
Analysed by place of listing:	按上市地區分析:				
Listed in Hong Kong	在香港上市	1,761	2,249	1,114	1,565
Listed outside Hong Kong	在香港以外地區上市	6,284	6,545	3,705	4,136
		8,045	8,794	4,819	5,701
Unlisted	非上市	36,865	31,985	23,810	15,461
		44,910	40,779	28,629	21,162

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

28. HELD-TO-MATURITY INVESTMENTS (NOTE 44(c)) 持至到期投資 (附註44(c))

		The Group 集團		The Bank 銀行	
		2011	2010	2011	2010
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Treasury bills (including Exchange Fund Bills)	國庫債券 (包括外匯基金票據)	445	64	445	64
Certificates of deposit held	持有的存款證	1,165	1,288	1,107	1,106
Debt securities	債務證券	2,988	4,362	1,339	2,596
		4,598	5,714	2,891	3,766
Less: Impairment allowances	減：減值準備	(11)	-	(11)	-
		4,587	5,714	2,880	3,766
Issued by:	發行機構：				
Central governments and central banks	中央政府和中央銀行	1,372	1,506	1,368	1,506
Public sector entities	公營機構	428	455	169	172
Banks and other financial institutions	銀行及其他金融機構	2,335	2,897	1,243	1,737
Corporate entities	企業實體	452	856	100	351
		4,587	5,714	2,880	3,766
Analysed by place of listing:	按上市地區分析：				
Listed in Hong Kong	在香港上市	289	948	216	824
Listed outside Hong Kong	在香港以外地區上市	2,192	2,548	1,522	1,861
		2,481	3,496	1,738	2,685
Unlisted	非上市	2,106	2,218	1,142	1,081
		4,587	5,714	2,880	3,766
Fair value:	公平價值：				
Listed securities	上市證券	2,549	3,614	1,778	2,750
Unlisted securities	非上市證券	2,109	2,237	1,144	1,086
		4,658	5,851	2,922	3,836

Movement of impairment allowances

減值準備的變動

		The Group 集團		The Bank 銀行	
		2011	2010	2011	2010
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
At 1st January	於1月1日	-	38	-	38
Charge for the year	年度內支銷	11	-	11	-
Write-off	撇銷	-	(38)	-	(38)
At 31st December	於12月31日	11	-	11	-

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

28. HELD-TO-MATURITY INVESTMENTS (NOTE 44(C)) (CONTINUED) 持至到期投資(附註44(c))(續)

Reclassification of Available-for-sale Financial Assets

On 1st January, 2009, the management have assessed the intention and ability to hold to maturity the Group's available-for-sale financial assets. Based on this assessment, the management concluded that they have the positive intention and ability to hold them to maturity and therefore have reclassified the portfolio from the available-for-sale category to held-to-maturity. The amount reclassified on the date of reclassification was HK\$676 million.

There are no unrealised gains and losses arising from changes in fair value recognised in the investment revaluation reserve during the year.

The net unamortised revaluation deficit was HK\$12.2 million (2010: HK\$18.5 million).

The unamortised revaluation surplus or deficit of individual investments reclassified shall be amortised to the income statement over the respective remaining life of investment using the effective interest method. The net unamortisation during the year was HK\$6.3 million (2010: HK\$0.5 million).

重新分類可供出售金融資產

於2009年1月1日，管理層已評估對本集團之可供出售金融資產持有至到期日的意向和能力。根據此評估，管理層決定他們有正面的意向和能力持有至到期日，因此，已將組合由可供出售類別重新分類為持至到期。於重新分類日所重新分類的金額為港幣676,000,000元。

年度內並無源自公平價值變動而產生的未實現盈虧在投資重估儲備內確認。

未攤銷重估虧損淨額為港幣12,200,000元(2010年：港幣18,500,000元)。

個別已重新分類投資的未攤銷重估盈餘或虧損將採用有效利率方法按有關投資的尚餘年期在收益表內分攤。年度內攤銷的金額為港幣6,300,000元(2010年：港幣500,000元)。

29. INVESTMENTS IN SUBSIDIARIES 附屬公司投資

		The Bank 銀行	
		2011	2010
		HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元
Unlisted shares, at cost	非上市股份(原值)	13,987	13,952
Less: Impairment allowances	減：減值準備	(233)	(233)
		13,754	13,719

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

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

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

Details of these companies are as follows:

此等公司的詳情如下：

Name of company 公司名稱	Place of incorporation and operation 註冊及營業地點	Issued and paid-up capital 已發行及繳足股本	% Held by		Nature of business 業務性質
			The Bank 本銀行所佔權益	The Group 本集團所佔權益	
Ample Delight Limited 承悅有限公司	Hong Kong 香港	HK\$港幣450,000,000元		100%	Investment holding 投資控股
Bank of East Asia (Trustees) Limited 東亞銀行(信託)有限公司	Hong Kong 香港	HK\$港幣150,000,000元	100%		Trustee 信託服務
BEA Life Limited 東亞人壽保險有限公司	Hong Kong 香港	HK\$港幣500,000,000元	100%		Life insurance 人壽
BEA Union Investment Management Limited 東亞聯豐投資管理有限公司	Hong Kong 香港	HK\$港幣374,580,000元	51%		Asset management 資產管理
BEA Wealth Management Services (Taiwan) Limited 東亞證券股份有限公司	Taiwan, Republic of China 台灣·中華民國	NTD新台幣273,200,000元		100%	Wealth management services 財富管理服務
Blue Cross (Asia-Pacific) Insurance Limited 藍十字(亞太)保險有限公司	Hong Kong 香港	HK\$港幣750,000,000元	100%		Insurance 保險
Central Town Limited 滙中興業有限公司	Hong Kong 香港	HK\$港幣2元	100%		Property investment 物業投資
Century Able Limited 階潤有限公司	Hong Kong 香港	HK\$港幣929,752,849元		100%	Investment holding 投資控股
Corona Light Limited	BVI 英屬處女群島	HK\$港幣929,752,849元		100%	Investment holding 投資控股
Credit Gain Finance Company Limited 領達財務有限公司	Hong Kong 香港	HK\$港幣1元	100%		Money lenders 放債人
Crystal Gleaming Limited	BVI 英屬處女群島	HK\$港幣929,752,849元	100%		Investment holding 投資控股
EA China Finance Limited	BVI 英屬處女群島	US\$6,970,000美元		100%	Inactive 非活躍
East Asia Electronic Data Processing (Guangzhou) Limited 東亞電子資料處理(廣州)有限公司	PRC 中華人民共和國	US\$3,000,000美元		100%	Servicing 服務性
East Asia Futures Limited 東亞期貨有限公司	Hong Kong 香港	HK\$港幣25,000,000元	100%		Futures and options trading 期貨及期權買賣
*East Asia Holding Company, Inc.	U.S.A. 美國	US\$5美元	100%		Bank holding company 銀行控股公司
East Asia Indonesian Holdings Limited	Seychelles 塞舌爾	US\$100,000美元		100%	Investment holding 投資控股

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

29. INVESTMENTS IN SUBSIDIARIES (CONTINUED) 附屬公司投資(續)

Name of company 公司名稱	Place of incorporation and operation 註冊及營業地點	Issued and paid-up capital 已發行及繳足股本	% Held by		Nature of business 業務性質
			The Bank 本銀行所佔權益	The Group 本集團所佔權益	
East Asia Investments Holdings (BVI) Ltd.	BVI 英屬處女群島	HK\$港幣186,038,725元	100%		Investment holding 投資控股
East Asia Secretaries (BVI) Limited	BVI 英屬處女群島	HK\$港幣300,000,000元		75.61%	Investment holding 投資控股
East Asia Securities Company Limited 東亞證券有限公司	Hong Kong 香港	HK\$港幣25,000,000元	100%		Securities broking 證券買賣
East Asia Strategic Holdings Limited	BVI 英屬處女群島	US\$50,000,000美元	100%		Investment holding 投資控股
Innovate Holdings Limited	BVI 英屬處女群島	US\$1美元(Ordinary 普通股) US\$500,000,000美元 (with a liquidation preference of US\$1,000 per share 附有 每股1,000美元之清盤優先 權)	100%		Special purpose vehicle company 特定目的投資工具
Keen Sight Development Limited	BVI 英屬處女群島	US\$26,200,000美元	100%		Investment holding 投資控股
Powerhouse Worldwide Limited	BVI 英屬處女群島	US\$26,200,000美元		100%	Investment holding 投資控股
Skyray Holdings Limited	BVI 英屬處女群島	HK\$港幣450,000,000元	100%		Investment holding 投資控股
Speedfull Limited	BVI 英屬處女群島	HK\$港幣450,000,000元		100%	Investment holding 投資控股
The Bank of East Asia (China) Limited (Note 1) 東亞銀行(中國)有限公司(附註1)	PRC 中華人民共和國	CNY人民幣8,000,000,000元	100%		Banking and related financial services 銀行及有關的金融 服務
*The Bank of East Asia (U.S.A.) N.A. *美國東亞銀行	U.S.A. 美國	US\$4,500美元		100%	Banking 銀行
Tricor Consultancy (Beijing) Limited (Note 1) 東亞卓佳諮詢(北京)有限公司 (附註1)	PRC 中華人民共和國	US\$1,850,000美元		75.61%	Business consultancy in China 國內商業諮詢
Tricor Holdings Limited	BVI 英屬處女群島	US\$7,001美元		75.61%	Investment holding 投資控股
Tricor Holdings Pte. Ltd.	Singapore 新加坡	S\$新加坡幣5,000,002元		75.61%	Investment holding 投資控股
Tricor Investor Services Limited 卓佳證券登記有限公司	Hong Kong 香港	HK\$港幣2元		75.61%	Investor services 投資者服務
Tricor Services Limited 卓佳專業商務有限公司	Hong Kong 香港	HK\$港幣2元		75.61%	Business, corporate and investor services 商務、企業及 投資者服務

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

Name of company 公司名稱	Place of incorporation and operation 註冊及營業地點	Issued and paid-up capital 已發行及繳足股本	% Held by		Nature of business 業務性質
			The Bank 本銀行所佔權益	The Group 本集團所佔權益	
Tricor Services (BVI) Limited	BVI 英屬處女群島	US\$250,000美元		75.61%	Registered agent and trustee services 註冊代理及信託服務
Tricor Services (Malaysia) Sdn. Bhd.	Malaysia 馬來西亞	RM馬幣5,672,484元		68.05%	Investment holding 投資控股
Tung Shing Holdings Company Limited 東盛控股有限公司	BVI 英屬處女群島	US\$20,000,000美元	100%		Investment holding 投資控股

Notes:

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

* Companies not audited by KPMG. The accounts of the subsidiaries not audited by KPMG reflect total net assets and total income constituting approximately 1.2% and 1.9% respectively of the related consolidated totals.

附註:

- 指一全資擁有外資企業

* 非由畢馬威會計師事務所審核的公司。非由畢馬威會計師事務所審核的附屬公司賬項之資產總額及收入總額分別佔相關綜合總額的1.2%及1.9%。

30. INVESTMENTS IN ASSOCIATES 聯營公司投資

		The Group 集團		The Bank 銀行	
		2011 HK\$ Mn 港幣百萬元	2010 HK\$ Mn 港幣百萬元	2011 HK\$ Mn 港幣百萬元	2010 HK\$ Mn 港幣百萬元
Listed shares, at cost	上市股份(原值)	-	-	2,040	2,040
Unlisted shares, at cost	非上市股份(原值)	-	-	426	364
Share of net assets	應佔淨資產	3,569	3,322	-	-
Goodwill	商譽	251	251	-	-
		3,820	3,573	2,466	2,404
Less: Impairment allowances	減: 減值準備	-	-	-	(14)
		3,820	3,573	2,466	2,390

Loans to associates amounting to HK\$233 million (2010: HK\$44 million) are included under placements with banks and other financial institutions (2010: advances to customers).

Share of associates' taxation for the year amounted to HK\$148 million (2010: HK\$109 million).

Shareholdings in associates held by the Bank include listed investments of HK\$2,040 million (2010: HK\$2,040 million). As at the balance sheet date, the fair value of these investments held by the Group, based on quoted market prices, was HK\$2,652 million (2010: HK\$2,738 million).

聯營公司貸款共港幣233,000,000元(2010年: 港幣44,000,000)已包括在在銀行及其他金融機構的存款(2010年: 客戶貸款)。

年度內應佔聯營公司稅項為港幣148,000,000元(2010年: 港幣109,000,000元)。

本行持有之聯營公司股權包括上市投資港幣2,040,000,000元(2010年: 港幣2,040,000,000元)。於結算日, 本集團所持此等投資按市場報價計算之公平價值為港幣2,652,000,000元(2010年: 港幣2,738,000,000元)。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

30. INVESTMENTS IN ASSOCIATES (CONTINUED) 聯營公司投資(續)

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

以下摘要只包括對本集團的業績或資產有重大影響的聯營公司：

Name of company 公司名稱	Place of incorporation and operation 註冊及營業地點	% of ordinary shares held by 普通股		Nature of business 業務性質
		The Bank 銀行所佔權益	The Group 集團所佔權益	
Listed 上市				
AFFIN Holdings Berhad	Malaysia 馬來西亞	23.52%		Investment holding 投資控股
Unlisted 非上市				
Dolford Property Holdings Limited	BVI 英屬處女群島		30%	Investment holding 投資控股
Founder BEA Trust Company Limited 方正東亞信託有限公司	PRC 中華人民共和國	19.99%		Trust and other financial businesses 信託及其他金融資產
Industrial and Commercial Bank of China (Canada) 中國工商銀行(加拿大)有限公司	Canada 加拿大	20%		Banking services 銀行服務
Platinum Holdings Company Limited	Cayman Islands 開曼群島	29.99%		Investment holding 投資控股
PT. Bank Resona Perdania	Indonesia 印尼		30%	Banking and related financial services 銀行及有關金融服務
TCL Finance Co., Ltd. TCL 集團財務有限公司	PRC 中華人民共和國	20%		Financial services and cash management 金融服務及現金管理

Notes: BVI denotes the British Virgin Islands and PRC denotes the People's Republic of China.

Summary financial information on associates

聯營公司財務資料摘要

		Assets 資產 HK\$ Mn 港幣百萬元	Liabilities 負債 HK\$ Mn 港幣百萬元	Equity 股東權益 HK\$ Mn 港幣百萬元	Revenue 收入 HK\$ Mn 港幣百萬元	Profit 溢利 HK\$ Mn 港幣百萬元
2011						
100 per cent	百分之一百	143,878	126,984	16,894	4,482	1,765
Group's effective interest	本集團的有效權益	33,621	30,052	3,569	1,074	435
2010						
100 per cent	百分之一百	133,531	117,319	16,212	4,453	1,475
Group's effective interest	本集團的有效權益	31,267	27,945	3,322	1,062	341

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

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

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

		The Group 集團		The Bank 銀行	
		2011	2010	2011	2010
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Goodwill	商譽	2,882	2,822	1,460	1,460
Acquired intangible assets	購入無形資產	1,333	1,366	-	-
		4,215	4,188	1,460	1,460

(a) Goodwill

(a) 商譽

		The Group 集團		The Bank 銀行	
		2011	2010	2011	2010
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
At 1st January	於1月1日	2,822	2,738	1,460	1,460
Additions through acquisition of subsidiaries	經收購附屬公司的增置	68	47	-	-
Exchange adjustments	匯兌調整	(8)	37	-	-
At 31st December	於12月31日	2,882	2,822	1,460	1,460

Impairment tests for cash-generating units containing goodwill

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

包含商譽的現金生產單位之減值測試

本集團按業務分部分配商譽予可辨別的現金生產單位如下:

		2011	2010
		HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元
Personal banking	個人銀行	849	849
Corporate banking	企業銀行	453	453
Treasury markets	財資市場	158	158
Corporate services	企業服務	1,210	1,183
Others	其他	212	179
		2,882	2,822

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

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

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

31. GOODWILL AND INTANGIBLE ASSETS (CONTINUED) 商譽及無形資產(續)

The pre-tax discount rate used for value-in-use calculations is 10%–12.28% (2010: 17.14%) and the long-term growth rate is 2%–10% (2010: 3%–10%).

用於計算使用價值的除稅前折扣率為10%–12.28% (2010 : 17.14%) 及長期增長率為2%–10%(2010 : 3%–10%)。

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

管理層根據過往表現及預計市場發展以釐定預算淨溢利。所採用的加權平均增長率與內部預測是一致的。

(b) Intangible assets (other than goodwill)

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

(b) 無形資產(商譽除外)

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

Amortisation of intangible assets with finite useful lives is charged to the income statement over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available to use and their estimated useful lives are as follows:

有限定可用期的無形資產按其估計可用期於收益表內攤銷。以下有限定可用期的無形資產由可供使用日起按以下的估計可用期攤銷：

Acquired core deposits 10 years

購入核心存款為10年

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

冠名權按建築物或土地兩者較短的租賃期

Both the period and method of amortisation are reviewed annually.

每年須檢討其期限及攤銷方法。

		The Group 集團		The Bank 銀行	
		2011	2010	2011	2010
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Cost	成本				
At 1st January	於1月1日	1,433	1,418	–	–
Additions through acquisition of subsidiaries	經收購附屬公司的增置	–	14	–	–
Exchange and other adjustments	匯兌調整	–	1	–	–
At 31st December	於12月31日	1,433	1,433	–	–
Accumulated amortisation	累計攤銷				
At 1st January	於1月1日	(67)	(21)	–	–
Amortisation charge for the year (Note 11)	年度內攤銷 (附註11)	(33)	(34)	–	–
Additions through acquisition of subsidiaries	經收購附屬公司的增置	–	(12)	–	–
At 31st December	於12月31日	(100)	(67)	–	–
Carrying amount at 31st December	於12月31日賬面值	1,333	1,366	–	–

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

32. FIXED ASSETS 固定資產

		2011 The Group 集團				
		Investment properties	Bank premises	Furniture, fixtures and equipment	Sub-total	Total
		投資物業	行址	傢俬、裝修 及設備	小計	總額
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Cost or valuation	成本或估值					
At 1st January, 2011	於2011年1月1日	2,574	9,031	4,160	13,191	15,765
Additions	增置	-	61	506	567	567
Additions through acquisition	經收購的增置	-	-	3	3	3
Revaluation surplus	重估盈餘	404	-	-	-	404
Revaluation of bank premises transferred to investment properties	行址重估轉入投資物業	-	14	-	14	14
Transfer from bank premises to investment properties	由行址轉入投資物業	25	(25)	-	(25)	-
Redevelopment cost	重建成本	8	10	-	10	18
Disposals	出售	(94)	(306)	(161)	(467)	(561)
Exchange adjustments	匯兌調整	23	206	55	261	284
At 31st December, 2011	於2011年12月31日	2,940	8,991	4,563	13,554	16,494
Accumulated depreciation and amortisation	累計折舊及攤銷					
At 1st January, 2011	於2011年1月1日	-	877	2,474	3,351	3,351
Additions through acquisition	經收購的增置	-	-	2	2	2
Charge for the year (Note 11)	年度內支銷(附註11)	-	164	472	636	636
Revaluation of bank premises transferred to investment properties	行址重估轉入投資物業	-	(2)	-	(2)	(2)
Write back on disposals	出售時回撥	-	(45)	(137)	(182)	(182)
Exchange adjustments	匯兌調整	-	18	32	50	50
At 31st December, 2011	於2011年12月31日	-	1,012	2,843	3,855	3,855
Net book value at 31st December, 2011	賬面淨值 於2011年12月31日	2,940	7,979	1,720	9,699	12,639
The gross amounts of the above assets are stated:	上述資產的總額列示如下:					
At cost	按成本	-	8,178	4,563	12,741	12,741
At Directors' valuation - 1989	按董事估值 - 1989年	-	813	-	813	813
At professional valuation - 2011	按專業估值 - 2011年	2,940	-	-	-	2,940
		2,940	8,991	4,563	13,554	16,494

NOTES ON THE ACCOUNTS (CONTINUED)
賬項附註(續)

32. FIXED ASSETS (CONTINUED) 固定資產(續)

		Investment properties	Bank premises	2011 The Bank 銀行 Furniture, fixtures and equipment 傢俬、裝修 及設備	Sub-total	Total
		投資物業	行址	及設備	小計	總額
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Cost or valuation	成本或估值					
At 1st January, 2011	於2011年1月1日	2,173	4,081	2,430	6,511	8,684
Additions	增置	-	-	219	219	219
Revaluation surplus	重估盈餘	338	-	-	-	338
Revaluation of bank premises transferred to investment properties	行址重估轉入投資物業	-	9	-	9	9
Transfer from bank premises to investment properties	由行址轉入投資物業	13	(13)	-	(13)	-
Redevelopment cost	重建成本	3	10	-	10	13
Disposals	出售	(94)	(8)	(72)	(80)	(174)
Exchange adjustments	匯兌調整	-	(8)	(1)	(9)	(9)
At 31st December, 2011	於2011年12月31日	2,433	4,071	2,576	6,647	9,080
Accumulated depreciation and amortisation	累計折舊及攤銷					
At 1st January, 2011	於2011年1月1日	-	398	1,595	1,993	1,993
Charge for the year	年度內支銷	-	49	221	270	270
Revaluation of bank premises transferred to investment properties	行址重估轉入投資物業	-	(2)	-	(2)	(2)
Write back on disposals	出售時回撥	-	(1)	(57)	(58)	(58)
Exchange adjustments	匯兌調整	-	-	(1)	(1)	(1)
At 31st December, 2011	於2011年12月31日	-	444	1,758	2,202	2,202
Net book value at 31st December, 2011	賬面淨值於2011年12月31日	2,433	3,627	818	4,445	6,878
The gross amounts of the above assets are stated:	上述資產的總額列示如下:					
At cost	按成本	-	3,258	2,576	5,834	5,834
At Directors' valuation - 1989	按董事估值 - 1989年	-	813	-	813	813
At professional valuation - 2011	按專業估值 - 2011年	2,433	-	-	-	2,433
		2,433	4,071	2,576	6,647	9,080

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

		2010 The Group 集團				
		Investment properties	Bank premises	Furniture, fixtures and equipment 傢俬、裝修 及設備	Sub-total	Total
		投資物業 HK\$ Mn 港幣百萬元	行址 HK\$ Mn 港幣百萬元	及設備 HK\$ Mn 港幣百萬元	小計 HK\$ Mn 港幣百萬元	總額 HK\$ Mn 港幣百萬元
Cost or valuation	成本或估值					
At 1st January, 2010	於2010年1月1日	2,095	8,572	3,673	12,245	14,340
Additions	增置	14	313	559	872	886
Additions through acquisition	經收購的增置	-	-	37	37	37
Revaluation surplus	重估盈餘	426	-	-	-	426
Revaluation of bank premises transferred to investment properties	行址重估轉入投資物業	-	36	-	36	36
Transfer from bank premises to investment properties	由行址轉入投資物業	26	(26)	-	(26)	-
Redevelopment cost	重建成本	2	1	-	1	3
Disposals	出售	-	(83)	(154)	(237)	(237)
Exchange adjustments	匯兌調整	11	218	45	263	274
At 31st December, 2010	於2010年12月31日	2,574	9,031	4,160	13,191	15,765
Accumulated depreciation and amortisation	累計折舊及攤銷					
At 1st January, 2010	於2010年1月1日	-	775	2,098	2,873	2,873
Additions through acquisition	經收購的增置	-	-	33	33	33
Charge for the year (Note 11)	年度內支銷(附註11)	-	132	449	581	581
Revaluation of bank premises transferred to investment properties	行址重估轉入投資物業	-	(4)	-	(4)	(4)
Write back on impairment loss	減值損失回撥	-	(2)	-	(2)	(2)
Write back on disposals	出售時回撥	-	(37)	(131)	(168)	(168)
Exchange adjustments	匯兌調整	-	13	25	38	38
At 31st December, 2010	於2010年12月31日	-	877	2,474	3,351	3,351
Net book value at 31st December, 2010	賬面淨值 於2010年12月31日	2,574	8,154	1,686	9,840	12,414
The gross amounts of the above assets are stated:	上述資產的總額列示如下:					
At cost	按成本	-	8,216	4,160	12,376	12,376
At Directors' valuation - 1989	按董事估值 - 1989年	-	815	-	815	815
At professional valuation - 2010	按專業估值 - 2010年	2,574	-	-	-	2,574
		2,574	9,031	4,160	13,191	15,765

NOTES ON THE ACCOUNTS (CONTINUED)
賬項附註(續)

32. FIXED ASSETS (CONTINUED) 固定資產(續)

		Investment properties	Bank premises	2010 The Bank 銀行 Furniture, fixtures and equipment 傢俬、裝修 及設備	Sub-total	Total
		投資物業 HK\$ Mn 港幣百萬元	行址 HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	小計 HK\$ Mn 港幣百萬元	總額 HK\$ Mn 港幣百萬元
Cost or valuation	成本或估值					
At 1st January, 2010	於2010年1月1日	1,798	3,949	2,255	6,204	8,002
Additions	增置	-	76	224	300	300
Revaluation surplus	重估盈餘	416	-	-	-	416
Revaluation of bank premises transferred to investment properties	行址重估轉入投資物業	-	16	-	16	16
Transfer from investment properties to bank premises	由投資物業轉入行址	(42)	42	-	42	-
Redevelopment cost	重建成本	1	2	-	2	3
Disposals	出售	-	(61)	(53)	(114)	(114)
Exchange adjustments	匯兌調整	-	57	4	61	61
At 31st December, 2010	於2010年12月31日	2,173	4,081	2,430	6,511	8,684
Accumulated depreciation and amortisation	累計折舊及攤銷					
At 1st January, 2010	於2010年1月1日	-	382	1,400	1,782	1,782
Charge for the year	年度內支銷	-	50	238	288	288
Revaluation of bank premises transferred to investment properties	行址重估轉入投資物業	-	(3)	-	(3)	(3)
Write back on impairment loss	減值損失回撥	-	(2)	-	(2)	(2)
Write back on disposals	出售時回撥	-	(29)	(45)	(74)	(74)
Exchange adjustments	匯兌調整	-	-	2	2	2
At 31st December, 2010	於2010年12月31日	-	398	1,595	1,993	1,993
Net book value at 31st December, 2010	賬面淨值 於2010年12月31日	2,173	3,683	835	4,518	6,691
The gross amounts of the above assets are stated:	上述資產的總額列示如下:					
At cost	按成本	-	3,266	2,430	5,696	5,696
At Directors' valuation - 1989	按董事估值 - 1989年	-	815	-	815	815
At professional valuation - 2010	按專業估值 - 2010年	2,173	-	-	-	2,173
		2,173	4,081	2,430	6,511	8,684

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

行址及投資物業的賬面淨值包括：

		The Group 集團			
		2011		2010	
		Investment properties	Bank premises	Investment properties	Bank premises
		投資物業	行址	投資物業	行址
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Freeholds	永久業權				
Held outside Hong Kong	在香港以外地區	97	4,074	94	4,125
Leaseholds	租借地				
Held in Hong Kong	在香港				
On long lease (over 50 years)	長期租約(50年以上)	2,127	1,646	1,877	1,653
On medium-term lease (10 – 50 years)	中期租約 (10至50年)	313	1,335	271	1,371
Held outside Hong Kong	在香港以外地區				
On long lease (over 50 years)	長期租約(50年以上)	-	62	-	178
On medium-term lease (10 – 50 years)	中期租約 (10至50年)	403	862	332	827
		2,940	7,979	2,574	8,154

		The Bank 銀行			
		2011		2010	
		Investment properties	Bank premises	Investment properties	Bank premises
		投資物業	行址	投資物業	行址
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Freeholds	永久業權				
Held outside Hong Kong	在香港以外地區	-	781	-	804
Leaseholds	租借地				
Held in Hong Kong	在香港				
On long lease (over 50 years)	長期租約(50年以上)	1,877	1,618	1,678	1,617
On medium-term lease (10 – 50 years)	中期租約 (10至50年)	556	1,225	495	1,259
Held outside Hong Kong	在香港以外地區				
On long lease (over 50 years)	長期租約(50年以上)	-	3	-	3
		2,433	3,627	2,173	3,683

The carrying amount of the bank premises of the Group and the Bank would have been HK\$6,723 million (2010: HK\$7,245 million) and HK\$2,472 million (2010: HK\$2,533 million) respectively had they been stated at cost less accumulated depreciation.

假設本集團及本行以成本減累計折舊入賬，行址的賬面值將分別為港幣6,723,000,000元(2010年：港幣7,245,000,000元)及港幣2,472,000,000元(2010年：港幣2,533,000,000元)。

Investment properties were valued by independent valuers. Investment properties in Hong Kong were valued at HK\$2,440 million as at 31st December, 2011 by an independent valuer, Savills Valuation and Professional Services Limited, Chartered Surveyors, who has among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The valuation has been incorporated in the accounts as at 31st December, 2011 and it was performed on an open market value basis.

投資物業是按獨立估值師估值。於2011年12月31日，香港投資物業的估值為港幣2,440,000,000元。該等物業由獨立估值師—特許測量師第一太平戴維斯，其僱員具香港測量師學會士資歷並對須估值物業的所在及類別有近期經驗。估值是以公開市場價值為基礎，並已計入2011年12月31日之賬項內。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

32. FIXED ASSETS (CONTINUED) 固定資產(續)

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

Rental income receivable from investment properties held for use under operating leases amounted to HK\$129 million in 2011 (2010: HK\$92 million). There was no contingent rental recognised during the year 2011 (2010: Nil).

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

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

於年內，以經營租賃形式租出的投資物業之應收租金為港幣129,000,000元(2010年：港幣92,000,000元)。2011年年度內未有確認或有租金(2010年：無)。

以不可撤銷經營租賃作出租的行址及投資物業的未來最低應收租賃付款總額如下：

		The Group 集團		The Bank 銀行	
		2011	2010	2011	2010
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Within one year	1年以內	128	108	63	73
After one year but within five years	1年以後至5年內	123	142	33	60
After five years	5年以後	-	1	-	-
		251	251	96	133

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

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

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

		The Bank 銀行	
		2011	2010
		HK\$ Mn	港幣百萬元
Amounts due from subsidiaries	附屬公司欠款	11,498	17,469
Amounts due to subsidiaries	欠附屬公司款項	2,416	2,722
		9,082	14,747

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

		The Bank 銀行	
		2011	2010
		Restated 重報	
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Assets:	資產：		
Cash and balances with banks and other financial institutions	現金及在銀行和其他金融機構的結存	545	1,850
Placements with banks and other financial institutions	在銀行及其他金融機構的存款	1,582	1,982
Trading assets	交易用途資產	248	93
Other assets	其他資產	10,292	15,026
		12,667	18,951
Liabilities:	負債：		
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	824	1,083
Deposits from customers	客戶存款	2,312	2,776
Trading liabilities	交易用途負債	162	183
Other liabilities	其他負債	287	162
		3,585	4,204
		9,082	14,747

34. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

財務狀況表內的所得稅

(a) Current taxation in the statement of financial position represents: (a) 資產負債表內的本期稅項為：

		The Group 集團		The Bank 銀行	
		2011	2010	2011	2010
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Provision for Hong Kong profits tax for the year (Note 14(a))	本年度香港利得稅準備(附註14(a))	250	359	189	279
Impact of leasing partnerships	合夥租賃的影響	(189)	–	(189)	–
		61	359	–	279
Provisional profits tax paid	已付暫繳利得稅	(58)	(55)	–	–
		3	304	–	279
Balance of profits tax provision relating to prior years	以往年度利得稅準備結餘	202	109	156	71
Outside Hong Kong taxation	海外稅項	268	205	141	91
		473	618	297	441

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

財務狀況表內的所得稅(續)

(b) Deferred tax assets and liabilities recognised

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

(b) 遞延稅項資產及負債確認

確認於綜合財務狀況表中遞延稅項(資產)/負債的組成部分及年內之變動如下:

		The Group 集團						
Deferred tax arising from:		Depreciation allowances in excess of related depreciation	Revaluation of properties	Impairment losses on financial assets	Revaluation of available-for-sale securities	Tax losses	Others	Total
遞延稅項源自:		超過有關折舊的折舊免稅額	物業重估	金融資產的減值損失	可供出售證券重估	稅損	其他	總額
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
At 1st January, 2011	於2011年1月1日	322	145	(131)	(19)	(147)	(366)	(196)
Charged to income statement (Note 14(a))	收益表內支銷 (附註14(a))	44	6	34	-	123	110	317
Credited to reserves (Notes 39(c) and (h))	存入儲備內 (附註39(c)及(h))	-	(3)	-	(35)	-	-	(38)
Additions through acquisition of subsidiaries	經收購附屬公司的增置	-	-	-	-	-	-	-
Exchange and other adjustments	匯兌及其他調整	-	2	3	(3)	(1)	-	1
At 31st December, 2011	於2011年12月31日	366	150	(94)	(57)	(25)	(256)	84

		The Group 集團						
Deferred tax arising from:		Depreciation allowances in excess of related depreciation	Revaluation of properties	Impairment losses on financial assets	Revaluation of available-for-sale securities	Tax losses	Others	Total
遞延稅項源自:		超過有關折舊的折舊免稅額	物業重估	金融資產的減值損失	可供出售證券重估	稅損	其他	總額
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
At 1st January, 2010	於2010年1月1日							
- As restated	- 重報	300	142	23	39	(216)	(302)	(14)
Charged/(credited) to income statement (Note 14(a))	收益表內支銷/(存入) (附註14(a))	21	-	(158)	-	69	(58)	(126)
Charged/(credited) to reserves (Notes 39(c) and (h))	支銷/(存入)儲備內 (附註39(c)及(h))	-	2	-	(57)	-	-	(55)
Additions through acquisition of subsidiaries	經收購附屬公司的增置	(1)	-	-	-	(3)	-	(4)
Exchange and other adjustments	匯兌及其他調整	2	1	4	(1)	3	(6)	3
At 31st December, 2010	於2010年12月31日	322	145	(131)	(19)	(147)	(366)	(196)

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

		The Bank 銀行						
Deferred tax arising from:		Depreciation allowances in excess of related depreciation	Revaluation of properties	Impairment losses on financial assets	Revaluation of available-for-sale securities	Tax losses	Others	Total
遞延稅項源自:		超過有關折舊的折舊免稅額	物業重估	金融資產的減值損失	可供出售證券重估	稅損	其他	總額
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
At 1st January, 2011	於2011年1月1日	314	91	(177)	43	(61)	(208)	2
Charged to income statement	收益表內支銷	40	-	49	-	48	215	352
Credited to reserves (Notes 39 (c) and (h))	存入儲備內 (附註39 (c)及(h))	-	(1)	-	(54)	-	-	(55)
Exchange and other adjustments	匯兌及其他調整	-	-	(1)	(1)	-	4	2
At 31st December, 2011	於2011年12月31日	354	90	(129)	(12)	(13)	11	301

		The Bank 銀行						
Deferred tax arising from:		Depreciation allowances in excess of related depreciation	Revaluation of properties	Impairment losses on financial assets	Revaluation of available-for-sale securities	Tax losses	Others	Total
遞延稅項源自:		超過有關折舊的折舊免稅額	物業重估	金融資產的減值損失	可供出售證券重估	稅損	其他	總額
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
At 1st January, 2010	於2010年1月1日							
- As restated	- 重報	289	89	(126)	44	(110)	(221)	(35)
Charged/(credited) to income statement	收益表內支銷/(存入)	25	-	(50)	-	46	17	38
Charged/(credited) to reserves (Notes 39 (c) and (h))	支銷/(存入)儲備內 (附註 39 (c) 及 (h))	-	2	-	(1)	-	-	1
Exchange and other adjustments	匯兌及其他調整	-	-	(1)	-	3	(4)	(2)
At 31st December, 2010	於2010年12月31日	314	91	(177)	43	(61)	(208)	2

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

財務狀況表內的所得稅(續)

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

(b) 遞延稅項資產及負債確認(續)

		The Group 集團		The Bank 銀行	
		2011	2010	2011	2010
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Net deferred tax assets recognised on the statement of financial position	確認於財務狀況表的遞延稅項資產淨額	(377)	(410)	(153)	(208)
Net deferred tax liabilities recognised on the statement of financial position	確認於財務狀況表的遞延稅項負債淨額	461	214	454	210
		84	(196)	301	2

(c) Deferred tax assets not recognised

The Group has not recognised deferred tax assets in respect of cumulative tax losses of HK\$842 million (2010: HK\$712 million) as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entity. Under the current tax legislation, the expiry dates of the tax losses were as follows:

(c) 未確認遞延稅項資產

由於可能未來沒有適用於有關稅務機關及實體的應課稅溢利以彌補有關虧損，本集團並未確認累計稅損港幣842,000,000元(2010年：港幣712,000,000元)為遞延稅項資產。根據現時稅務條例，該等稅損的到期日如下：

		2011		2010	
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Expiring within 5 years	於五年內到期	30	23		
Expiring more than 5 years	五年後到期	101	83		
No expiry date	無到期日	711	606		
		842	712		

35. OTHER LIABILITIES 其他負債

		The Group 集團		The Bank 銀行	
		2011	2010	2011	2010
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
(a) Trading liabilities	(a) 交易用途負債				
Shares sold	股份空倉	10	1	10	1
Negative fair value of derivatives (Note 43(b))	衍生工具的負公平價值(附註43(b))	4,538	3,100	3,817	2,431
		4,548	3,101	3,827	2,432
(b) Other accounts and provisions	(b) 其他賬項及準備				
Accrued interest payable	應計應付利息	3,897	2,010	1,716	1,083
Acceptance draft payable	應付承兌票據	18,381	14,583	219	4,051
Other accounts	其他賬項	13,704	11,968	4,286	3,209
		35,982	28,561	6,221	8,343

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

36. LOAN CAPITAL 借貸資本

	The Group 集團				The Bank 銀行				
	2011		2010		2011		2010		
	HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元	
GBP262 million (2010: GBP300 million) 6.125% step-up perpetual subordinated notes, measured at fair value through profit or loss	按通過損益以反映公平價值列賬的	262,000,000	英鎊(2010年: 300,000,000英鎊)	6.125%無到期日	步陞後償票據	3,178	3,548	3,178	3,548
USD600 million floating rate step-up subordinated notes, measured at amortised cost	按攤銷成本列賬的	600,000,000	美元	浮息步陞後償票據	4,659	4,660	4,659	4,660	
USD500 million Hybrid Tier 1	500,000,000美元混合	-	一級資本工具	-	4,025	4,313			
USD600 million subordinated notes, measured at amortised cost	按攤銷成本列賬的	600,000,000	美元後	償票據	5,031	4,485	5,031	4,485	
USD400 million subordinated notes (under the Euro Medium Term Note Programme), measured at amortised cost	按攤銷成本列賬的	400,000,000	美元後	償票據(按歐洲形式	3,100	-	3,100	-	
USD100million subordinated notes (under the Euro Medium Term Note Programme), measured at amortised cost	按攤銷成本列賬的	100,000,000	美元後	償票據(按歐洲形式	773	-	773	-	
		16,741	12,693		20,766	17,006			

Loan capital of face value of HK\$3,163 million (GBP262 million) (2010: HK\$3,609 million (GBP300 million)) and carrying amount of HK\$3,178 million represents 6.125% step-up perpetual subordinated notes qualifying as tier 2 capital which were issued on 20th March, 2007 by the Bank. The notes are listed on the Singapore Stock Exchange. The Bank purchased and redeemed GBP 37.737 million face value in 2011.

票面值港幣3,163,000,000元(262,000,000英鎊)(2010年:港幣3,609,000,000元(300,000,000英鎊))及賬面值港幣3,178,000,000元的借貸資本,是指由本行於2007年3月20日發行年息6.125%,並評定為二級資本的無到期日步陞後償票據。該票據於新加坡交易所上市。於2011年,本行購入及贖回面值37,737,000英鎊。

The carrying amount of financial liabilities designated at fair value through profit or loss for the Group as at 31st December, 2011 was HK\$15 million higher than the contractual amount at maturity (2010: HK\$61 million lower than the contractual amount at maturity) and for the Bank was HK\$156 million (2010: HK\$365 million) higher than the contractual amount at maturity. The difference in the accumulated amount of the changes in fair value attributable to changes in credit risk for the Group were HK\$853 million (2010: HK\$651 million) and for the Bank were HK\$1,521 million (2010: HK\$966 million). The change for the year ended 31st December, 2011 for the Group was HK\$202 million (2010: HK\$33 million) and for the Bank was HK\$555 million (2010: HK\$277 million).

於2011年12月31日,本集團按通過損益以反映公平價值列賬的金融負債之賬面值比合約到期日的金額上升港幣15,000,000元(2010年:比合約到期日的金額下跌港幣61,000,000元),而本行按通過損益以反映公平價值列賬的金融負債之賬面值比合約到期日的金額則上升港幣156,000,000元(2010年:港幣365,000,000元)。在累計公平價值變動的金額中,可歸屬於本集團及本行之信貸風險變動的差額分別為港幣853,000,000元(2010年:港幣651,000,000元)及港幣1,521,000,000元(2010年:港幣966,000,000元)。在截至2011年12月31日止年度本集團及本行的變動金額分別為港幣202,000,000元(2010年:港幣33,000,000元)及港幣555,000,000元(2010年:港幣277,000,000元)。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

36. LOAN CAPITAL (CONTINUED) 借貸資本(續)

Loan capital of face value of HK\$4,660 million (USD600 million) and carrying amount of HK\$4,659 million represents floating rate step-up subordinated notes qualifying as tier 2 capital which were issued on 21st June, 2007 by the Bank. The notes are listed on the Singapore Stock Exchange and will mature on 22nd June, 2017. The fair value as of 31st December, 2011 was HK\$4,611 million (USD594 million) (2010: HK\$4,560 million (USD587 million)).

Hybrid Tier 1 capital instruments comprising step-up subordinated notes ("Notes") of face value HK\$3,883 million (USD500 million) and carrying amount of HK\$4,025 million and HK\$3,883 million (USD500 million) non-cumulative preference shares ("Innovate Preference Shares") were issued respectively by the Bank and by Innovate Holdings Limited, a wholly owned subsidiary of the Bank, on 5th November, 2009. The Notes bear a fixed interest rate of 8.5% per annum and will mature on 5th November, 2059. The Innovate Preference Shares are perpetual securities on which no dividend is payable. The Notes and the Innovate Preference Shares are listed, and traded together as units, on the Singapore Stock Exchange. The Hybrid Tier 1 capital instruments are qualified as tier 1 capital of the Bank and the Group. In the consolidated accounts, the Notes are eliminated and the Innovate Preference Shares are classified as non-controlling interests.

Loan capital of face value of HK\$4,660 million (USD600 million) and carrying amount of HK\$5,031 million represents 6.125% subordinated notes qualifying as tier 2 capital which were issued on 16th July, 2010 (USD450 million) and on 23rd July, 2010 (USD150 million) by the Bank. The notes are listed on the Singapore Stock Exchange and will mature on 16th July, 2020. Hedge ineffectiveness of HK\$3 million in 2011 (2010: 5 million) was recorded under fair value hedge accounting.

Loan capital of face value of HK\$3,107 million (USD400 million) and carrying amount of HK\$3,100 million represents 6.375% subordinated notes (under the Euro Medium Term Note Programme) qualifying as supplementary capital which were issued on 4th November, 2011 by the Bank. The notes are listed on the Singapore Stock Exchange and will mature on 4th May, 2022. Hedge ineffectiveness of HK\$2 million was recorded under the fair value hedge accounting.

Loan capital of face value of HK\$777 million (USD100 million) and carrying amount of HK\$773 million represents floating rate subordinated notes (under the Euro Medium Term Note Programme) qualifying as supplementary capital which were issued on 4th November, 2011 by the Bank. The notes are listed on the Singapore Stock Exchange and will mature on 4th May, 2022. The fair value as of 31st December, 2011 was HK\$ 817 million (USD105 million).

票面值港幣4,660,000,000元(600,000,000美元)及賬面值港幣4,659,000,000元的借貸資本，是指由本行於2007年6月21日發行，並評定為二級資本的浮息步陞後償票據。該票據於新加坡交易所上市，並將於2017年6月22日到期。於2011年12月31日的公平價值為港幣4,611,000,000元(594,000,000美元)(2010年：港幣4,560,000,000元(587,000,000美元))。

混合一級資本工具包括分別由本行發行面值港幣3,883,000,000元(500,000,000美元)及賬面值港幣4,025,000,000元之步陞後償票據(「票據」)及由本行一全資附屬公司Innovate Holdings Limited所發行賬面值港幣3,883,000,000元(500,000,000美元)非累積優先股份(「Innovate優先股份」)，發行日期為2009年11月5日。該票據之固定利率為年息8.5%，並將於2059年11月5日到期。Innovate優先股份是毋須支付股息的無到期日證券。該票據及Innovate優先股份是於新加坡交易所上市及以單位組合形式交易。混合一級資本工具已被評定為本行及本集團的一級資本。在綜合賬項中，票據已被抵銷及Innovate優先股份則被分類為少數股東權益。

票面值港幣4,660,000,000元(600,000,000美元)及賬面值港幣5,031,000,000元的借貸資本，是指由本行於2010年7月16日發行(450,000,000美元)及於2010年7月23日發行(150,000,000美元)年息6.125%，並評定為二級資本的後償票據。該票據於新加坡交易所上市，並將於2020年7月16日到期。在2011年，因採用公平價值對沖會計法而錄得的無效對沖部份淨額為港幣3,000,000元(2010年：港幣5,000,000元)。

票面值港幣3,107,000,000元(400,000,000美元)及賬面值港幣3,100,000,000元的借貸資本，是指由本行於2011年11月14日發行年息6.375%，並評定為附加資本的後償票據(按歐洲形式中期票據計劃發行)。該票據於新加坡交易所上市，並將於2022年5月4日到期。因採用公平價值對沖會計法而錄得的無效對沖部份淨額為港幣2,000,000元。

票面值港幣777,000,000元(100,000,000美元)及賬面值港幣773,000,000元的借貸資本，是指由本行於2011年11月4日發行，並評定為附加資本的浮息後償票據(按歐洲形式中期票據計劃)。該票據於新加坡交易所上市，並將於2022年5月4日到期。於2011年12月31日的公平價值為港幣817,000,000元(105,000,000美元)。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

The Bank has adopted Staff Share Option Schemes whereby the Board of the Bank may at its discretion grant to any employees, including Executive Directors and Chief Executive, of the Group options to subscribe for ordinary shares of the Bank. Except as provided otherwise in the rules of the relevant Schemes, share options granted under Staff Share Option Schemes 2002 and 2007, may be exercised during the period beginning on the first anniversary of the Date of Grant and ending on the fifth anniversary of the Date of Grant while share options granted under the Staff Share Option Scheme 2011 may be exercised beginning on the Vesting Date and ending on the fifth anniversary of the Vesting Date. All options were granted for nil consideration.

本行所採納的僱員認股計劃是本行董事會可酌情發出認股權予本集團之任何僱員，包括執行董事及行政總裁，以認購本行普通股股份。除有關計劃的規則另有規定外，根據僱員認股計劃2002及2007所授予的認股權的行使期限為授予日的第1周年開始至授予日的第5周年止；而根據僱員認股計劃2011所授予的認股權的行使期限為歸屬日開始至歸屬日的第5周年止。所有認股權均以不計價款形式發出。

(a) Particulars of share options:

(i) Share options granted under Staff Share Option Schemes 2002 and 2007:

Date of grant 授予日期	Vesting period 有效期	Exercise period 行使期	Exercise price per share 每股行使價 HK\$ 港幣元
03/5/2006	03/5/2006 – 02/5/2007	03/5/2007 – 03/5/2011	30.04
10/5/2007	10/5/2007 – 09/5/2008	10/5/2008 – 10/5/2012	42.84
05/5/2008	05/5/2008 – 04/5/2009	05/5/2009 – 05/5/2013	40.09
05/5/2009	05/5/2009 – 04/5/2010	05/5/2010 – 05/5/2014	21.25
06/7/2010	06/7/2010 – 05/7/2011	06/7/2011 – 06/7/2015	28.49

(a) 認股權詳情：

(i) 根據僱員認股計劃2002及2007所授予的認股權：

(ii) Share options granted under Staff Share Option Scheme 2011:

Date of grant 授予日期	Tranche 部分	Vesting period 有效期	Exercise period 行使期	Exercise price per share 每股行使價 HK\$ 港幣元
05/5/2011	T1	05/5/2011 – 04/5/2012	05/5/2012 – 05/5/2017	32.00
05/5/2011	T2	05/5/2011 – 04/5/2013	05/5/2013 – 05/5/2018	32.00
05/5/2011	T3	05/5/2011 – 04/5/2014	05/5/2014 – 05/5/2019	32.00

(ii) 根據僱員認股計劃2011所授予的認股權：

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

(b) 已行使認股權的數目及加權平均行使價如下：

		2011		2010	
		Weighted average exercise price 加權平均行使價 HK\$ 港幣元	Number of options 認股權數目 Mn 百萬	Weighted average exercise price 加權平均行使價 HK\$ 港幣元	Number of options 認股權數目 Mn 百萬
Outstanding at the beginning of the year	年初結餘	31.81	21	29.55	22
Exercised during the year	年度內行使	27.53	(3)	21.12	(7)
Granted during the year	年度內授予	32.00	6	28.49	6
Lapsed during the year	年度內失效	41.01	(2)	38.27	–
Outstanding at the end of the year	年末結餘	31.83	22	31.81	21
Exercisable at the end of the year	年末可供行使	31.76	16	33.16	15

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

37. EQUITY SETTLED SHARE-BASED TRANSACTIONS (CONTINUED) 以股份為基礎作支付的交易(續)

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

The weighted average share price at the date of exercise for share options exercised during the year was HK\$30.61 (2010: HK\$30.19).

The options outstanding at 31st December, 2011 had an exercise price from HK\$21.25 to HK\$42.84 (2010: from HK\$21.25 to HK\$42.84) and a weighted average remaining contractual life of 2.83 years (2010: 2.82 years).

(c) Fair value of share options and assumptions

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

(b) 已行使認股權的數目及加權平均行使價如下：(續)

年度內於行使認股權當日的加權平均股價為港幣30.61元(2010年：港幣30.19)。

於2011年12月31日，尚未行使認股權的行使價由港幣21.25元至港幣42.84元(2010年：由港幣21.25元至港幣42.84)，及剩餘合約年期之加權平均數為2.83年(2010年：2.82年)。

(c) 認股權的公平價值及假設

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

		2011	2010
Fair value at measurement date	於計量日的公平價值		HK\$港幣 2.71元
– Tranche 1	– 部分1	HK\$港幣 5.12元	–
– Tranche 2	– 部分2	HK\$港幣 5.34元	–
– Tranche 3	– 部分3	HK\$港幣 5.48元	–
Share price	股價	HK\$港幣31.60元	HK\$港幣28.25元
Exercise price	行使價	HK\$港幣32.00元	HK\$港幣28.49元
Expected volatility (expressed as weighted average volatility used in the modelling under trinomial lattice model)	預計波幅(以三項式期權定價模式內採用的加權平均波幅)	21.78%	15.07%
Option life	認股權年期		5 years年
– Tranche 1	– 部分1	6 years年	–
– Tranche 2	– 部分2	7 years年	–
– Tranche 3	– 部分3	8 years年	–
Expected dividends	預計股息	2.98%	3.64%
Risk-free interest rate (based on Exchange Fund Notes)	無風險利率(根據外匯基金票據)	1.66%	1.49%

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

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

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

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

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

38.SHARE CAPITAL 股本

		2011		2010	
		No. of shares 股份數目 million 百萬	Nominal value 面值	No. of shares 股份數目 million 百萬	Nominal value 面值
Authorised:	法定股本：				
Ordinary shares of HK\$2.50 each	普通股每股港幣2.50元	4,000	HK\$港幣10,000,000,000元	4,000	HK\$港幣10,000,000,000元
Substitute preference shares of US\$1,000 each	替代優先股 每股1,000美元	0.5	US\$500,000,000美元	0.5	US\$500,000,000美元
			HK\$ Mn 港幣百萬元		HK\$ Mn 港幣百萬元
Issued and fully paid:	已發行及繳足股本：				
At 1st January	於1月1日	2,042	5,105	1,849	4,623
Shares issued under Staff Share Option Schemes	根據僱員認股計劃發行的股份	3	8	7	17
Subscription for new shares	發行新股	-	-	167	418
Shares issued in lieu of dividends	以股代息發行的股份	31	77	19	47
At 31st December	於12月31日	2,076	5,190	2,042	5,105

Pursuant to the approved Staff Share Option Schemes (the "Schemes"), options to purchase ordinary shares in the Bank were granted to eligible employees. The option price of the Schemes equals the fair value of the underlying shares at the date of grant. Except as provided otherwise in the rules of the relevant Schemes, the share options granted under the Schemes 2002 & 2007 will be exercisable between the first and the fifth anniversaries of the date of grant while share options granted under Scheme 2011 will be exercisable on the Vesting Date and ending on the fifth anniversary of the Vesting Date.

根據已核准的僱員認股權計劃(「計劃」)，認股權授予合格僱員以認購本行的普通股股份。認股權行使價與相關股份於授予日的公平價值相同。除在有關計劃的規則另有規定外，根據計劃2002及2007所授予的認股權的行使期限為授予日的第1周年開始至授予日的第5周年止；而根據計劃2011所授予的認股權的行使期限則由歸屬日開始至歸屬日的第5周年止。

(a) Shares issued under Staff Share Option Scheme

During the year, options were exercised to subscribe for 3 million ordinary shares in the Bank at a consideration of HK\$93 million of which HK\$8 million was credited to share capital and the balance of HK\$85 million was credited to the share premium account (Note 39). HK\$24 million has been transferred from the capital reserve to the share premium account in accordance with policy set out in Note 2(q)(iv).

(a) 根據僱員認股權計劃發行的股份

年度內，已行使認股權以認購本行普通股3,000,000股之代價為港幣93,000,000元，其中港幣8,000,000元存入股本，餘數港幣85,000,000元存入股份溢價(附註39)。根據附註2(q)(iv)所載，已由資本儲備轉撥港幣24,000,000元往股份溢價內。

(b) Terms of unexpired and unexercised share options at balance sheet date

(b) 於結算日尚未期滿及行使的認股權之條款

Date of options granted 認股權授予日期	Option price 認購價	2011 No. of shares 股份數目	2010 No. of shares 股份數目
03/5/2006	HK\$港幣30.04元	-	2,420,000
10/5/2007	HK\$港幣42.84元	2,035,000	2,585,000
05/5/2008	HK\$港幣40.09元	4,070,000	5,170,000
05/5/2009	HK\$港幣21.25元	3,515,000	4,480,000
06/7/2010	HK\$港幣28.49元	5,950,000	5,950,000
05/5/2011 (T1)	HK\$港幣32.00元	1,980,000	-
05/5/2011 (T2)	HK\$港幣32.00元	1,980,000	-
05/5/2011 (T3)	HK\$港幣32.00元	1,990,000	-
		21,520,000	20,605,000

NOTES ON THE ACCOUNTS (CONTINUED)
賬項附註(續)

39. RESERVES 儲備

		2011	
		The Group 集團	The Bank 銀行
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
(a) Share premium	(a) 股份溢價		
At 1st January	於1月1日		
– As previously reported	– 如前報告	9,331	9,331
– Reclassification from general reserve to share premium	– 由一般儲備重新分類至股份溢價	2,181	2,181
– As restated	– 重報	11,512	11,512
Net premium on shares issued under Staff Share Option Schemes	根據僱員認股計劃發行的股份溢價淨額	85	85
Transfer of the fair value of options from capital reserve – share options issued	撥自資本儲備(已發行認股權)的認股權之公平價值	24	24
Shares issued in lieu of dividends	以股代息發行的股份	416	416
As 31st December	於12月31日	12,037	12,037
(b) General reserve	(b) 一般儲備		
At 1st January	於1月1日		
– As previously reported	– 如前報告	15,453	15,109
– Reclassification from general reserve to share premium	– 由一般儲備重新分類至股份溢價	(2,181)	(2,181)
– As restated	– 重報	13,272	12,928
Transfer from retained profits	撥自留存溢利	24	–
Shares issued in lieu of dividends	以股代息發行的股份	441	441
Realised surplus on disposals transferred from property revaluation reserve	撥自物業重估儲備的已實現出售物業盈餘	7	7
At 31st December	於12月31日	13,744	13,376
(c) Revaluation reserve on bank premises	(c) 行址重估儲備		
At 1st January	於1月1日	1,023	965
Recognition of deferred tax liabilities (Note 34(b))	確認遞延稅項負債(附註34(b))	3	1
Revaluation surplus on bank premises transferred to investment properties	行址轉作投資物業所產生的重估盈餘	16	12
Realised surplus on disposals transferred to general reserve	已實現出售物業盈餘撥入一般儲備	(7)	(7)
Exchange adjustments	匯兌調整	(3)	–
At 31st December	於12月31日	1,032	971
(d) Statutory reserves	(d) 法定儲備		
At 1st January	於1月1日	1,990	7
Transfer from retained profits	撥自留存溢利	70	(5)
Exchange adjustments	匯兌調整	82	–
At 31st December	於12月31日	2,142	2
(e) Capital reserve	(e) 資本儲備		
At 1st January and 31st December	於1月1日及12月31日	86	–

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

		2011	
		The Group 集團	The Bank 銀行
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
(f)	Exchange revaluation reserve	(f) 匯兌重估儲備	
	At 1st January	於1月1日	1,938
	Exchange adjustments	匯兌調整	452
	At 31st December	於12月31日	2,390
(g)	Capital reserve – staff share options issued	(g) 資本儲備– 已發行僱員認股權	
	At 1st January	於1月1日	165
	Transfer of the fair value of options to share premium	認股權公平價值撥入股份溢價	(24)
	Forfeited options transfer to retained profits	已失效的認股權轉入留存溢利	(21)
	Additions	增加	20
	At 31st December	於12月31日	140
(h)	Investment revaluation reserve	(h) 投資重估儲備	
	At 1st January	於1月1日	258
	Changes in fair value of securities	證券的公平價值變動	(326)
	Reversal upon disposal (Note 13)	於出售時轉回(附註13)	5
	Recognition of deferred tax liabilities (Note 34(b))	確認遞延稅項負債(附註34(b))	35
	Impairment loss and amortisation	減值損失及攤銷	55
	At 31st December	於12月31日	27
(i)	Other reserves	(i) 其他儲備	
	At 1st January	於1月1日	53
	Share of changes in equity of associates	應佔聯營公司權益的變動	7
	At 31st December	於12月31日	60
(j)	Retained profits	(j) 留存溢利	
	At 1st January	於1月1日	8,841
	Net profit for the year	年度內溢利	4,358
	Transfer to general reserve	撥入一般儲備	(24)
	Transfer to statutory reserve	撥入法定儲備	(70)
	Forfeited options transfer to retained profits	已失效的認股權轉入留存溢利	21
	Dividends (Note 16)	股息(附註16)	
	– Interim dividend	– 中期股息	(885)
	– Final dividend in respect of previous year	– 上年度末期股息	(1,145)
	– Hybrid Tier 1 USD 500M	– 混合一級資本500,000,000美元	(328)
	At 31st December	於12月31日	10,768
(k)	Total reserves	(k) 儲備總額	3,520
			42,426
			30,135

NOTES ON THE ACCOUNTS (CONTINUED)
賬項附註(續)

39. RESERVES (CONTINUED) 儲備(續)

		2010	
		The Group 集團	The Bank 銀行
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
(a) Share premium	(a) 股份溢價		
At 1st January	於1月1日		
– As previously reported	– 如前報告	4,526	4,526
– Reclassification from general reserve to share premium	– 由一般儲備重新分類至股份溢價	1,930	1,930
– As restated	– 重報	6,456	6,456
Net premium on shares issued under Staff Share Option Schemes	根據僱員認股計劃發行的股份溢價淨額	130	130
Transfer of the fair value of options from capital reserve – share options issued	撥自資本儲備(已發行認股權)的認股權之公平價值	27	27
Shares issued in lieu of dividends	以股代息發行的股份		
– As previously reported	– 如前報告	(47)	(47)
– Reclassification from general reserve to share premium	– 由一般儲備重新分類至股份溢價	251	251
– As restated	– 重報	204	204
Subscription of new shares	認購新股	4,695	4,695
As 31st December	於12月31日	11,512	11,512
(b) General reserve	(b) 一般儲備		
At 1st January	於1月1日		
– As previously reported	– 如前報告	14,866	14,552
– Reclassification from general reserve to share premium	– 由一般儲備重新分類至股份溢價	(1,930)	(1,930)
– As restated	– 重報	12,936	12,622
Transfer from retained profits	撥自留存溢利	30	–
Shares issued in lieu of dividends	以股代息發行的股份		
– As previously reported	– 如前報告	557	557
– Reclassification from general reserve to share premium	– 由一般儲備重新分類至股份溢價	(251)	(251)
– As restated	– 重報	306	306
At 31st December	於12月31日	13,272	12,928

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

		2010	
		The Group 集團	The Bank 銀行
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
(c) Revaluation reserve on bank premises	(c) 行址重估儲備		
At 1st January	於1月1日		
– As previously reported	– 如前報告	928	895
– Adjustment arising from changes in accounting policies	– 因會計政策轉變引致的調整	54	54
– As restated	– 重報	982	949
Recognition of deferred tax liabilities (Note 34(b))	確認遞延稅項負債 (附註 34(b))	(2)	(2)
Revaluation surplus on bank premises transferred to investment properties	行址轉作投資物業所產生的重估盈餘	40	18
Exchange adjustments	匯兌調整	3	–
At 31st December	於12月31日	1,023	965
(d) Statutory reserves	(d) 法定儲備		
At 1st January	於1月1日	1,501	7
Transfer from retained profits	撥自留存溢利	439	–
Exchange adjustments	匯兌調整	50	–
At 31st December	於12月31日	1,990	7
(e) Capital reserve	(e) 資本儲備		
At 1st January and 31st December	於1月1日及12月31日	86	–
(f) Exchange revaluation reserve	(f) 匯兌重估儲備		
At 1st January	於1月1日	1,169	55
Exchange adjustments	匯兌調整	769	41
At 31st December	於12月31日	1,938	96
(g) Capital reserve – staff share options issued	(g) 資本儲備 – 已發行僱員認股權		
At 1st January	於1月1日	170	170
Transfer of the fair value of options to share premium	認股權公平價值撥入股份溢價	(27)	(27)
Forfeited options transfer to retained profits	已失效的認股權轉入留存溢利	(7)	(7)
Additions	增加	29	29
At 31st December	於12月31日	165	165

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

39. RESERVES (CONTINUED) 儲備(續)

		2010	
		The Group 集團	The Bank 銀行
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
(h) Investment revaluation reserve	(h) 投資重估儲備		
At 1st January	於1月1日	286	178
Changes in fair value of securities	證券的公平價值變動	91	89
Reversal upon disposal (Note 13)	於出售時轉回(附註13)	(200)	(127)
Recognition of deferred tax liabilities (Note 34(b))	確認遞延稅項負債(附註34(b))	57	1
Impairment loss and amortisation	減值損失及攤銷	24	-
At 31st December	於12月31日	258	141
(i) Other reserves	(i) 其他儲備		
At 1st January	於1月1日	17	-
Share of changes in equity of associates	應佔聯營公司權益的變動	36	-
At 31st December	於12月31日	53	-
(j) Retained profits	(j) 留存溢利		
At 1st January	於1月1日		
– As previously reported	– 如前報告	6,993	3,186
– Adjustment arising from changes in accounting policies	– 因會計政策轉變引致的調整	158	146
– As restated	– 重報	7,151	3,332
Net profit for the year	年度內溢利	4,224	1,953
Transfer to general reserve	撥入一般儲備	(30)	-
Transfer to statutory reserve	撥入法定儲備	(439)	-
Forfeited options transfer to retained profits	已失效的認股權轉入留存溢利	7	7
Dividends (Note 16)	股息(附註16)		
– Interim dividend	– 中期股息	(772)	(772)
– Final dividend in respect of previous year	– 上年度末期股息	(970)	(970)
– Hybrid Tier 1 USD 500M	– 混合一級資本500,000,000美元	(330)	-
At 31st December	於12月31日	8,841	3,550
(k) Total reserves	(k) 儲備總額	39,138	29,364

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

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

股份溢價賬目的運用是受香港《公司條例》第48B條所規管。

一般儲備的建立，包括來自留存溢利、出售物業時的已實現重估盈餘及以股代息發行的股份價值。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

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

Capital reserve represents the capitalisation of subsidiaries' reserves.

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

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

Other reserves represent share of changes in equity of associates of investment revaluation reserve and revaluation reserve of bank premises.

A regulatory reserve is maintained to satisfy the provisions of the Hong Kong Banking Ordinance for prudential supervision purposes by earmarking amounts in respect of losses which the Bank will or may incur on loans and advances and investments in addition to impairment losses recognised. Movements in the reserve are earmarked directly through retained earnings and in consultation with the Hong Kong Monetary Authority. As at 31st December, 2011, HK\$4,065 million (2010: HK\$2,306 million) was included in the retained profits in this respect which was distributable to equity holders of the Group subject to consultation with the Hong Kong Monetary Authority.

At 31st December, 2011, the aggregate amount of reserves available for distribution to equity holders of the Bank was HK\$11,427 million (2010(restated): HK\$13,355 million). After the balance sheet date the directors declared a second interim dividend of HK\$0.51 per ordinary share (2010: proposed final dividend of HK\$0.56 per share), amounting to HK\$1,059 million (2010: HK\$1,144 million). The dividend has not been recognised as a liability at the balance sheet date.

行址及匯兌重估儲備的建立及處理是根據重估行址和外幣折算所採用的會計政策。

法定儲備是用作支持實收股本直至實收股本及法定儲備的總額與一家分行、一家附屬公司及若干聯營公司的註冊股本相同。

資本儲備指附屬公司儲備的資本化發行。

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

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

其他儲備包括應佔聯營公司權益之投資重估儲備及重估行址儲備的變動。

為符合香港《銀行條例》有關審慎監管的規定，本行需在規管儲備中維持超過已確認減值損失的可能貸款減值損失金額。經諮詢香港金融管理局後，儲備的變動已直接在留存溢利內劃定。於2011年12月31日，留存溢利中包括與此有關屬可派發予本集團股東港幣4,065,000,000元(2010年：港幣2,306,000,000元)，但派發前須諮詢香港金融管理局。

於2011年12月31日，可派發予本行股東的儲備總額為港幣11,427,000,000元(2010年(重報)：港幣13,355,000,000元)。在結算日後董事宣布派發第二次中期股息每股普通股港幣0.51元(2010年：擬派末期息每股港幣0.56元)，總額達港幣1,059,000,000元(2010年：港幣1,144,000,000元)。於結算日並未確認該股息為負債。

40. NON-CONTROLLING INTERESTS 非控股權益

		2011	2010
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
At 1st January	於1月1日	4,400	4,358
– sale of interests in businesses to non-controlling interests investors	– 出售商業權益予非控股投資者	2	4
– final dividend in respect of previous year	– 屬上年度末期股息	(61)	(56)
– exchange adjustments	– 匯兌調整	(6)	15
Profit for the year	年度內溢利	93	79
At 31st December	於12月31日	4,428	4,400

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

41. FINANCIAL RISK MANAGEMENT 財務風險管理

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

The Group has in place a risk management system to identify, measure, monitor and control the various types of risk that the Group faces and, where appropriate, to set strategy and allocate capital against those risks. The major risk management policies for the various types of risk that the Bank faces including credit risk, market risk, liquidity risk and operational risk are reviewed regularly by the Management and specialised risk management committees, and recommendations are made by the Risk Management Committee, which comprises the Group's Chairman and Chief Executive, Senior Advisors, Deputy Chief Executives and the Group Chief Risk Officer, for the approval of the Board of Directors. There is an independent centralised risk management unit, Risk Management Division, responsible for monitoring the activities relating to these principal risks. The internal auditors also perform regular audits on business units to check compliance with policies and procedures.

(a) Credit risk management

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

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

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

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

本部分載述有關本集團財務風險管理的資料。

本集團已建立一套完善的風險管理制度，以識別、衡量、監察及控制本集團所承受各類風險，並於適當的情況下調配資本以抵禦該等風險。本集團就銀行承受之各種風險如信貸風險、市場風險、流動資金風險及營運風險所制定的主要管理政策，均由管理層和有關專責委員會定期檢討，並由風險管理委員會提出建議，最後經董事會批核。該委員會由本集團主席兼行政總裁、高級顧問、副行政總裁和集團風險總監組成。本集團設有一個獨立的中央風險管理單位（風險管理處），專責處理與主要風險有關的活動。內部稽核員亦會對業務部門定期進行稽核，以確保該等政策及程序得以遵從。

(a) 信貸風險管理

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

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

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

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

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

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

(i) Corporate and bank credit risk

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

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

(ii) Retail credit risk

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

(iii) Credit for treasury transactions

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

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

本集團就下列各類主要信貸風險實行信貸風險管理：

(i) 企業及銀行信貸風險

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

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

(ii) 零售信貸風險

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

(iii) 財資交易的信貸風險

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

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註 (續)

41. FINANCIAL RISK MANAGEMENT (CONTINUED) 財務風險管理 (續)

(a) Credit risk management (continued)

(iv) Credit-related commitment

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

(v) Concentrations of credit risk

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

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

(vi) Maximum exposure

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

(a) 信貸風險管理 (續)

(iv) 與信貸有關的承諾

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

(v) 信貸集中的風險

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

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

(vi) 最高風險

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

	The Group 集團		The Bank 銀行		
	2011	2010	2011	2010	
	HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元	
Cash and balances with banks, central banks and other financial institutions	現金及在銀行、中央銀行和其他金融機構的結存	69,933	47,080	21,333	17,109
Placements with banks, central banks and other financial institutions	在銀行、中央銀行和其他金融機構的存款	62,057	58,197	33,370	39,974
Trade bills	貿易票據	36,823	18,548	35,876	17,491
Trading assets	交易用途資產	4,532	4,149	3,091	2,501
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融資產	16,330	15,989	16,330	15,989
Loans and advances to customers	客戶貸款	320,922	295,943	197,258	184,333
Available-for-sale financial assets	可供出售金融資產	42,897	38,167	27,667	19,960
Held-to-maturity investments	持至到期投資	4,587	5,714	2,880	3,766
Other assets	其他資產	25,979	23,166	5,538	5,891
Financial guarantees and other credit related contingent liabilities	財務擔保及其他與信貸有關的或然負債	13,936	12,131	9,017	7,829
Loan commitments and other credit related commitments	貸款承擔及其他與信貸有關的承擔	134,545	105,747	59,489	62,590
		732,541	624,831	411,849	377,433

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

(vii) Credit quality of loans and advances

Loans and advances to banks are only made to banks with good credit standing. At 31st December, 2011 and 2010, no loans and advances to bank are impaired. The credit quality of loans and advances to customers can be analysed as follows:

(vii) 貸款及墊款的信貸質素

銀行貸款及墊款只提供予信貸信譽優良之銀行。於2011年及2010年12月31日，均沒有減值銀行貸款及墊款。客戶貸款及墊款的信貸質素分析如下：

		The Group 集團		The Bank 銀行	
		2011	2010	2011	2010
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Gross loans and advances to customers	客戶貸款及墊款總額				
– neither past due nor impaired	– 無逾期及減值	320,254	295,383	196,675	183,877
– past due but not impaired	– 有逾期但未有減值	161	69	114	68
– impaired	– 已減值	1,475	1,592	1,134	1,268
		321,890	297,044	197,923	185,213

Of which: 其中：

		The Group 集團		The Bank 銀行	
		2011	2010	2011	2010
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Gross loans and advances to customers that are neither past due nor impaired	無逾期及減值的客戶貸款及墊款總額				
– pass	– 合格	318,499	293,456	195,622	182,251
– special mention	– 需要關注	1,755	1,927	1,053	1,626
		320,254	295,383	196,675	183,877

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

本集團根據用作匯報予香港金融管理局的貸款分類系統以分類貸款。

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

已逾期但未有減值之客戶貸款及墊款的年期分析如下：

		The Group 集團		The Bank 銀行	
		2011	2010	2011	2010
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Gross loans and advances to customers that are past due but not impaired	有逾期但未有減值的客戶貸款及墊款總額				
– overdue 3 months or less	– 逾期3個月以下	161	69	114	68

Loans and advances that would be past due or impaired had the terms not been renegotiated amounted to HK\$392 million as at 31st December, 2011 (2010: HK\$443 million).

於2011年12月31日，假如並未重訂條款而可能變作逾期或減值貸款及墊款的金額為港幣392,000,000元(2010年：港幣443,000,000元)。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註 (續)

41. FINANCIAL RISK MANAGEMENT (CONTINUED) 財務風險管理(續)

(a) Credit risk management (continued)

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

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

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

(a) 信貸風險管理(續)

(viii) 非貸款及墊款金融資產的信貸質素

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

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

		The Group 集團		The Bank 銀行	
		2011	2010	2011	2010
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Aaa	Aaa	22,519	6,277	17,292	5,991
Aa1 to Aa3	Aa1 至 Aa3	14,735	20,519	12,907	19,426
A1 to A3	A1 至 A3	11,165	10,664	9,864	9,180
Lower than A3	A3 以下	5,454	4,761	3,577	2,776
		53,873	42,221	43,640	37,373
Unrated	無評級	11,297	20,099	3,991	3,676
Total	總額	65,170	62,320	47,631	41,049

(ix) Collateral and other credit enhancements

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

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

(ix) 抵押品及其他信用提升

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

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

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

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

	The Group 集團				The Bank 銀行			
	2011		2010		2011		2010	
	HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Fair value of collateral and other credit enhancements held against financial assets that are:								
持有作抵押金融資產之抵押品及其他信用提升的公平價值如下：								
– neither past due nor impaired		233,040		221,122		134,323		130,213
– past due but not impaired		157		60		111		59
		233,197		221,182		134,434		130,272

(b) Market risk management

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

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

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

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

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

(i) Currency risk

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

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

(b) 市場風險管理

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

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

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

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

在此方面，需要管理的主要風險類別如下：

(i) 貨幣風險

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

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

NOTES ON THE ACCOUNTS (CONTINUED)
賬項附註(續)

41. FINANCIAL RISK MANAGEMENT (CONTINUED) 財務風險管理(續)

(b) Market risk management (continued)

(i) Currency risk (continued)

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

The Group

		2011 HK\$ Mn 港幣百萬元			Total 總額
		USD 美元	RMB 人民幣	Other foreign currencies 其他外幣	
Spot assets	現貨資產	104,573	258,210	49,159	411,942
Spot liabilities	現貨負債	(100,147)	(224,582)	(59,225)	(383,954)
Forward purchases	遠期買入	101,184	70,840	16,861	188,885
Forward sales	遠期賣出	(100,235)	(98,790)	(5,539)	(204,564)
Net options position*	期權倉淨額*	31	-	(25)	6
Net long non-structural position	非結構性長盤淨額	5,406	5,678	1,231	12,315

		2010 Restated 重報 HK\$ Mn 港幣百萬元			Total 總額
		USD 美元	RMB 人民幣	Other foreign currencies 其他外幣	
Spot assets	現貨資產	94,806	192,680	50,424	337,910
Spot liabilities	現貨負債	(84,212)	(172,452)	(53,480)	(310,144)
Forward purchases	遠期買入	148,090	94,932	12,559	255,581
Forward sales	遠期賣出	(156,605)	(108,056)	(8,196)	(272,857)
Net options position*	期權倉淨額*	154	-	(10)	144
Net long non-structural position	非結構性長盤淨額	2,233	7,104	1,297	10,634

		2011 HK\$ Mn 港幣百萬元			Total 總額
		USD 美元	RMB 人民幣	Other foreign currencies 其他外幣	
Net structural position	結構性持倉淨額	2,573	8,631	734	11,938

		2010 HK\$ Mn 港幣百萬元			Total 總額
		USD 美元	RMB 人民幣	Other foreign currencies 其他外幣	
Net structural position	結構性持倉淨額	2,467	6,855	727	10,049

* The net option position is calculated in the basis of the delta-weighted position of option contracts.

* 期權倉淨額乃根據所有期權合約之得爾塔加權持倉為基礎計算。

(b) 市場風險管理(續)

(i) 貨幣風險(續)

下表顯示於結算日貨幣風險集中的情況：

集團

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

The Bank

銀行

		2011			Total 總額
		USD	RMB	Other foreign	
		美元	人民幣	currencies 其他外幣	
Spot assets	現貨資產	77,097	51,587	47,527	176,211
Spot liabilities	現貨負債	(78,008)	(23,838)	(58,447)	(160,293)
Forward purchases	遠期買入	69,359	38,208	16,251	123,818
Forward sales	遠期賣出	(68,652)	(65,796)	(5,274)	(139,722)
Net options position*	期權倉淨額*	31	-	(25)	6
Net long/(short) non-structural position	非結構性長/(短)盤淨額	(173)	161	32	20

		2010 Restated 重報			Total 總額
		USD	RMB	Other foreign	
		美元	人民幣	currencies 其他外幣	
Spot assets	現貨資產	72,725	29,488	48,785	150,998
Spot liabilities	現貨負債	(63,988)	(17,902)	(52,345)	(134,235)
Forward purchases	遠期買入	127,075	21,397	11,815	160,287
Forward sales	遠期賣出	(136,323)	(34,207)	(7,743)	(178,273)
Net options position*	期權倉淨額*	154	-	(10)	144
Net long/(short) non-structural position	非結構性長/(短)盤淨額	(357)	(1,224)	502	(1,079)

		2011			Total 總額
		USD	RMB	Other foreign	
		美元	人民幣	currencies 其他外幣	
Net structural position	結構性持倉淨額	2,573	8,631	734	11,938

		2010			Total 總額
		USD	RMB	Other foreign	
		美元	人民幣	currencies 其他外幣	
Net structural position	結構性持倉淨額	2,467	6,855	727	10,049

* The net option position is calculated in the basis of the delta-weighted position of option contracts.

* 期權倉淨額乃根據所有期權合約之得爾塔加權持倉為基礎計算。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

41. FINANCIAL RISK MANAGEMENT (CONTINUED) 財務風險管理(續)

(b) Market risk management (continued)

(ii) Interest rate risk

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

(iii) Equity risk

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

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

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

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

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

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

(b) 市場風險管理(續)

(ii) 利率風險

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

(iii) 股份風險

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

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

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

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

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

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

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

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

Value-at-risk statistics

風險數額統計

		2011			
		At 31st December 於12月31日 HK\$ Mn 港幣百萬元	Maximum 最高 HK\$ Mn 港幣百萬元	Minimum 最低 HK\$ Mn 港幣百萬元	Mean 平均 HK\$ Mn 港幣百萬元
VaR for total trading activities	交易活動的風險數額總額	40	75	28	46
VaR for foreign exchange trading positions*	外匯交易持倉的風險數額*	13	13	1	4
VaR for interest rate trading positions	利率交易持倉的風險數額	2	8	2	4
VaR for equity trading positions	股份交易持倉的風險數額	31	70	25	41

		2010			
		At 31st December 於12月31日 HK\$ Mn 港幣百萬元	Maximum 最高 HK\$ Mn 港幣百萬元	Minimum 最低 HK\$ Mn 港幣百萬元	Mean 平均 HK\$ Mn 港幣百萬元
VaR for total trading activities	交易活動的風險數額總額	37	52	33	42
VaR for foreign exchange trading positions*	外匯交易持倉的風險數額*	4	8	2	4
VaR for interest rate trading positions	利率交易持倉的風險數額	7	9	2	4
VaR for equity trading positions	股份交易持倉的風險數額	30	45	24	35

* Including all foreign exchange positions but excluding structured foreign exchange positions.

* 包括所有外匯持倉但不包括結構性外匯持倉。

(c) Operational risk management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

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

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

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

(c) 營運風險管理

營運風險是指由於內部流程、人手及系統不足或不成熟或因外部事件而導致損失的潛在風險。

營運風險管理的目標在於辨別、評估及監控營運風險，尤其是要遵守相關監管規定。

本集團自2006年1月起實施統一的風險管理制度。董事會審閱並批准營運風險管理的主要政策，並已授權營運風險管理委員會，負責持續管理營運風險。營運風險管理委員會透過風險管理委員會定期向董事會匯報營運風險管理的情況。本集團之風險管理處轄下的營運風險管理部，負責監控與營運風險有關的活動。

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

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

41. FINANCIAL RISK MANAGEMENT (CONTINUED) 財務風險管理(續)

(c) Operational risk management (continued)

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

(d) Liquidity risk management

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

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

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

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

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

(c) 營運風險管理(續)

此外，本集團之風險管理處轄下的營運風險管理部亦就本集團是否符合香港金管局監管政策手冊關於業務操作風險管理的規定進行自我評估，並經內部稽核部獨立審閱後得出滿意的結果。

(d) 流動資金風險管理

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

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

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

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

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

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

Analysis of assets and liabilities by remaining maturity:

資產及負債的剩餘期限分析：

The Group

集團

		2011							Total
		Repayable on demand	Within 1 month	3 months or less but over 1 month	1 year or less but over 3 months	5 years or less but over 1 year	Over 5 years	Undated or overdue	
		即時還款	1個月內	至3個月	至1年	至5年	5年以上	無註明日期 或逾期	總額
		HKS Mn	HKS Mn	HKS Mn	HKS Mn	HKS Mn	HKS Mn	HKS Mn	HKS Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Assets	資產								
Cash and balances with banks and other financial institutions	現金及在銀行和其他金融機構的結存	40,392	210	43	125	-	-	30,991	71,761
Placements with banks and other financial institutions	在銀行及其他金融機構的存款	1,027	17,413	14,569	29,048	-	-	-	62,057
Trade bills	貿易票據	55	5,459	11,471	19,833	-	-	5	36,823
Trading assets	交易用途資產	-	-	-	572	683	62	4,283	5,600
Financial assets designated at fair value through profit or loss	指定為透過損益以反映公平價值的金融資產	-	-	648	826	12,119	2,737	333	16,663
Advances to customers and other accounts	客戶貸款及其他賬項	5,466	33,888	35,816	76,810	117,738	73,072	5,160	347,950
Available-for-sale financial assets	可供出售金融資產	107	3,382	7,990	7,950	20,149	3,319	2,013	44,910
Held-to-maturity investments	持至到期投資	-	1,088	339	1,307	1,622	231	-	4,587
Undated assets	無註明日期資產	-	-	-	-	-	-	21,051	21,051
Total assets	資產總額	47,047	61,440	70,876	136,471	152,311	79,421	63,836	611,402
Liabilities	負債								
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	711	4,688	1,425	8,485	423	-	191	15,923
Deposits from customers	客戶存款	135,783	137,548	101,956	76,692	15,375	-	-	467,354
- Demand deposits and current accounts	- 活期存款及往來賬戶	56,896	-	-	-	-	-	-	56,896
- Savings deposit	- 儲蓄存款	77,452	-	-	-	-	-	-	77,452
- Time, call and notice deposits	- 定期及通知存款	1,435	137,548	101,956	76,692	15,375	-	-	333,006
Trading liabilities	交易用途負債	-	-	-	-	-	-	4,548	4,548
Certificates of deposit issued	已發行存款證	-	1,110	1,658	5,386	3,329	-	-	11,483
Current taxation	本期稅項	-	-	-	473	-	-	-	473
Debt securities issued	已發行債務證券	-	-	-	241	6,152	-	-	6,393
Loan capital	借貸資本	-	-	3,178	4,659	-	8,904	-	16,741
Other liabilities	其他負債	1,926	4,775	7,036	9,820	312	1	12,573	36,443
Total liabilities	負債總額	138,420	148,121	115,253	105,756	25,591	8,905	17,312	559,358
Net gap	淨差距	(91,373)	(86,681)	(44,377)	30,715	126,720	70,516		

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註 (續)

41. FINANCIAL RISK MANAGEMENT (CONTINUED) 財務風險管理 (續)

(d) Liquidity risk management (continued)

(d) 流動資金風險管理 (續)

The Group		集團							
		2010							
		Repayable on demand	Within 1 month	3 months or less but over 1 month	1 year or less but over 3 months	5 years or less but over 1 year	Over 5 years	Undated or overdue	Total
		即時還款	1個月內	1個月以上 至3個月	3個月以上 至1年	1年以上 至5年	5年以上	或逾期	總額
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Assets	資產								
Cash and balances with banks and other financial institutions	現金及在銀行和其他金融機構的結存	28,108	70	63	40	-	-	20,012	48,293
Placements with banks and other financial institutions	在銀行及其他金融機構的存款	121	49,427	2,161	6,488	-	-	-	58,197
Trade bills	貿易票據	554	4,723	11,752	1,513	-	-	6	18,548
Trading assets	交易用途資產	-	-	12	947	1,204	248	3,434	5,845
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融資產	-	-	135	1,049	11,676	3,129	203	16,192
Advances to customers and other accounts	客戶貸款及其他賬項	4,922	30,209	24,198	65,844	117,380	73,008	4,479	320,040
Available-for-sale financial assets	可供出售金融資產	120	1,734	5,333	8,547	19,385	3,048	2,612	40,779
Held-to-maturity investments	持至到期投資	27	868	203	1,456	2,388	772	-	5,714
Undated assets	無註明日期資產	-	-	-	-	-	-	20,585	20,585
Total assets	資產總額	33,852	87,031	43,857	85,884	152,033	80,205	51,331	534,193
Liabilities	負債								
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	1,013	2,941	1,429	3,992	596	-	23	9,994
Deposits from customers	客戶存款	142,673	126,658	72,199	64,052	14,251	-	-	419,833
- Demand deposits and current accounts	- 活期存款及往來賬戶	59,699	-	-	-	-	-	-	59,699
- Savings deposit	- 儲蓄存款	82,366	-	-	-	-	-	-	82,366
- Time, call and notice deposits	- 定期及通知存款	608	126,658	72,199	64,052	14,251	-	-	277,768
Trading liabilities	交易用途負債	-	-	-	-	-	-	3,101	3,101
Certificates of deposit issued	已發行存款證	-	-	535	874	1,776	2,401	-	5,586
Current taxation	本期稅項	-	-	-	618	-	-	-	618
Debt securities issued	已發行債務證券	-	-	-	4,709	241	-	-	4,950
Loan capital	借貸資本	-	-	-	-	8,208	4,485	-	12,693
Other liabilities	其他負債	1,674	2,823	4,168	9,522	358	-	10,230	28,775
Total liabilities	負債總額	145,360	132,422	78,331	83,767	25,430	6,886	13,354	485,550
Net gap	淨差距	(111,508)	(45,391)	(34,474)	2,117	126,603	73,319		

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

The Bank		銀行							Total	
		2011								
		Repayable on demand	Within 1 month	3 months or less but over 1 month	1 year or less but over 3 months	5 years or less but over 1 year	Over 5 years	Undated or overdue		
		即時還款	1個月內	至3個月	至1年	至5年	5年以上	無註明日期 或逾期	總額	
		HKS Mn	HKS Mn	HKS Mn	HKS Mn	HKS Mn	HKS Mn	HKS Mn	HKS Mn	
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	
Assets	資產									
Cash and balances with banks and other financial institutions	現金及在銀行和其他金融機構的結存	20,758	172	-	-	-	-	1,640	22,570	
Placements with banks and other financial institutions	在銀行及其他金融機構的存款	1,027	12,576	9,790	9,977	-	-	-	33,370	
Trade bills	貿易票據	55	9,006	10,506	16,304	-	-	5	35,876	
Trading assets	交易用途資產	-	-	-	31	622	62	3,444	4,159	
Financial assets designated at fair value through profit or loss	指定為透過損益以反映公平價值的金融資產	-	-	648	826	12,119	2,737	123	16,453	
Advances to customers and other accounts	客戶貸款及其他賬項	4,747	25,888	18,890	33,869	71,368	43,778	5,053	203,593	
Available-for-sale financial assets	可供出售金融資產	107	3,345	7,721	6,069	9,321	1,104	962	28,629	
Held-to-maturity investments	持至到期投資	-	917	219	1,164	580	-	-	2,880	
Undated assets	無註明日期資產	-	-	-	-	-	-	36,209	36,209	
Total assets	資產總額	26,694	51,904	47,774	68,240	94,010	47,681	47,436	383,739	
Liabilities	負債									
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	696	4,150	1,201	3,826	-	-	191	10,064	
Deposits from customers	客戶存款	89,884	109,183	64,900	24,736	1,742	-	-	290,445	
- Demand deposits and current accounts	- 活期存款及往來賬戶	15,844	-	-	-	-	-	-	15,844	
- Savings deposit	- 儲蓄存款	73,317	-	-	-	-	-	-	73,317	
- Time, call and notice deposits	- 定期及通知存款	723	109,183	64,900	24,736	1,742	-	-	201,284	
Trading liabilities	交易用途負債	-	-	-	-	-	-	3,827	3,827	
Certificates of deposit issued	已發行存款證	-	1,110	1,658	5,386	3,329	2,200	-	13,683	
Current taxation	本期稅項	-	-	-	297	-	-	-	297	
Debt securities issued	已發行債務證券	-	-	-	241	-	-	-	241	
Loan capital	借貸資本	-	-	3,178	4,659	-	12,929	-	20,766	
Other liabilities	其他負債	8	1,072	308	136	22	-	7,545	9,091	
Total liabilities	負債總額	90,588	115,515	71,245	39,281	5,093	15,129	11,563	348,414	
Net gap	淨差距	(63,894)	(63,611)	(23,471)	28,959	88,917	32,552			

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註 (續)

41. FINANCIAL RISK MANAGEMENT (CONTINUED) 財務風險管理 (續)

(d) Liquidity risk management (continued)

(d) 流動資金風險管理 (續)

The Bank		銀行							
		2010 Restated 重報							
		Repayable on demand	Within 1 month	3 months or less but over 1 month	1 year or less but over 3 months	5 years or less but over 1 year	Over 5 years	Undated or overdue	Total
		即時還款	1個月內	1個月以上 至3個月	3個月以上 至1年	1年以上 至5年	5年以上	或逾期	總額
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Assets	資產								
Cash and balances with banks and other financial institutions	現金及在銀行和其他金融機構的結存	16,583	-	-	-	-	-	1,225	17,808
Placements with banks and other financial institutions	在銀行及其他金融機構的存款	121	37,111	675	2,067	-	-	-	39,974
Trade bills	貿易票據	175	1,103	2,539	13,669	-	-	5	17,491
Trading assets	交易用途資產	-	-	-	291	756	248	2,901	4,196
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融資產	-	-	135	1,049	11,676	3,129	203	16,192
Advances to customers and other accounts	客戶貸款及其他賬項	3,983	24,199	13,366	29,309	73,221	43,185	3,800	191,063
Available-for-sale financial assets	可供出售金融資產	120	1,244	4,018	5,076	8,711	791	1,202	21,162
Held-to-maturity investments	持至到期投資	27	793	153	1,373	1,420	-	-	3,766
Undated assets	無註明日期資產	-	-	-	-	-	-	41,937	41,937
Total assets	資產總額	21,009	64,450	20,886	52,834	95,784	47,353	51,273	353,589
Liabilities	負債								
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	927	1,382	901	-	-	-	23	3,233
Deposits from customers	客戶存款	95,570	106,057	50,570	23,390	1,119	-	-	276,706
- Demand deposits and current accounts	- 活期存款及往來賬戶	16,796	-	-	-	-	-	-	16,796
- Savings deposit	- 儲蓄存款	78,595	-	-	-	-	-	-	78,595
- Time, call and notice deposits	- 定期及通知存款	179	106,057	50,570	23,390	1,119	-	-	181,315
Trading liabilities	交易用途負債	-	-	-	-	-	-	2,432	2,432
Certificates of deposit issued	已發行存款證	-	535	874	1,776	2,401	2,200	-	7,786
Current taxation	本期稅項	-	-	-	441	-	-	-	441
Debt securities issued	已發行債務證券	-	-	-	-	241	-	-	241
Loan capital	借貸資本	-	-	-	-	8,208	8,798	-	17,006
Other liabilities	其他負債	-	736	105	3,851	3	-	6,580	11,275
Total liabilities	負債總額	96,497	108,710	52,450	29,458	11,972	10,998	9,035	319,120
Net gap	淨差距	(75,488)	(44,260)	(31,564)	23,376	83,812	36,355		

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

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

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

The following tables provide an analysis of the undiscounted cashflow projection of the financial liabilities of the Group at the balance sheet date based on the dates of their contractual payment obligations:

下表展示於結算日集團的未經折扣之金融負債的預計現金流按其合約支付債務之日期分析：

The Group

集團

		2011							
		Carrying amount	Gross cash outflow	Repayable on demand	Less than	Between	Between	More than	Undated
					three months	three months and one year	one and five years	five years	
		賬面值	總額	即時還款	3個月或以下	3個月以上至1年	1年以上至5年	5年以上	無註明日期
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	15,923	15,957	711	6,133	8,496	426	-	191
Deposits from customers	客戶存款	467,354	470,311	135,853	240,178	77,864	16,416	-	-
- Demand deposits and current accounts	- 活期存款及往來賬戶	56,896	56,934	56,934	-	-	-	-	-
- Savings deposit	- 儲蓄存款	77,452	77,453	77,453	-	-	-	-	-
- Time, call and notice deposits	- 定期及通知存款	333,006	335,924	1,466	240,178	77,864	16,416	-	-
Trading liabilities	交易用途負債	4,548	4,548	-	-	-	-	-	4,548
Certificates of deposit issued	已發行存款證	11,483	11,743	-	2,812	5,453	3,478	-	-
Current taxation	本期稅項	473	473	-	-	473	-	-	-
Debt securities issued	已發行債務證券	6,393	6,861	-	25	398	6,438	-	-
Loan capital	借貸資本	16,741	23,435	-	3,431	5,392	3,452	11,160	-
Interest rate swaps	利率掉期合約	4,817	4,817	-	423	789	2,673	932	-
Other liabilities	其他負債	36,443	36,443	1,926	11,811	9,820	312	1	12,573
Total	總額	564,175	574,588	138,490	264,813	108,685	33,195	12,093	17,312

		2010							
		Carrying amount	Gross cash outflow	Repayable on demand	Less than	Between	Between	More than	Undated
					three months	three months and one year	one and five years	five years	
		賬面值	總額	即時還款	3個月或以下	3個月以上至1年	1年以上至5年	5年以上	無註明日期
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	9,994	10,057	1,013	4,377	4,037	607	-	23
Deposits from customers	客戶存款	419,833	421,914	142,715	199,143	64,699	15,357	-	-
- Demand deposits and current accounts	- 活期存款及往來賬戶	59,699	59,737	59,737	-	-	-	-	-
- Savings deposit	- 儲蓄存款	82,366	82,367	82,367	-	-	-	-	-
- Time, call and notice deposits	- 定期及通知存款	277,768	279,810	611	199,143	64,699	15,357	-	-
Trading liabilities	交易用途負債	3,101	3,101	-	-	-	-	-	3,101
Certificates of deposit issued	已發行存款證	5,586	5,676	-	538	903	1,834	2,401	-
Current taxation	本期稅項	618	618	-	-	618	-	-	-
Debt securities issued	已發行債務證券	4,950	5,086	-	68	4,776	242	-	-
Loan capital	借貸資本	12,693	16,052	-	262	281	9,595	5,914	-
Interest rate swaps	利率掉期合約	6,101	6,101	-	552	1,006	3,023	1,520	-
Other liabilities	其他負債	28,775	28,775	1,674	6,991	9,522	358	-	10,230
Total	總額	491,651	497,380	145,402	211,931	85,842	31,016	9,835	13,354

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

41. FINANCIAL RISK MANAGEMENT (CONTINUED) 財務風險管理(續)

(d) Liquidity risk management (continued)

(d) 流動資金風險管理(續)

The Bank		銀行							
		2011							
		Carrying amount	Gross cash outflow	Repayable on demand	Less than	Between	Between	More than five years	Undated
					three months	three months and one year	one and five years		
		賬面值	總額	即時還款	3個月或以下	3個月以上至1年	1年以上至5年	5年以上	無註明日期
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	10,064	10,075	696	5,359	3,829	-	-	191
Deposits from customers	客戶存款	290,445	290,985	89,885	174,379	24,951	1,770	-	-
- Demand deposits and current accounts	- 活期存款及往來賬戶	15,844	15,845	15,845	-	-	-	-	-
- Savings deposit	- 儲蓄存款	73,317	73,317	73,317	-	-	-	-	-
- Time, call and notice deposits	- 定期及通知存款	201,284	201,823	723	174,379	24,951	1,770	-	-
Trading liabilities	交易用途負債	3,827	3,827	-	-	-	-	-	3,827
Certificates of deposit issued	已發行存款證	13,683	13,943	-	2,812	5,453	3,478	2,200	-
Current taxation	本期稅項	297	297	-	-	297	-	-	-
Debt securities issued	已發行債務證券	241	243	-	1	242	-	-	-
Loan capital	借貸資本	20,766	27,460	-	3,431	5,392	3,452	15,185	-
Interest rate swaps	利率掉期合約	4,368	4,368	-	305	627	2,514	922	-
Other liabilities	其他負債	9,091	9,110	8	1,381	137	39	-	7,545
Total	總額	352,782	360,308	90,589	187,668	40,928	11,253	18,307	11,563

		2010							
		Carrying amount	Gross cash outflow	Repayable on demand	Less than	Between	Between	More than five years	Undated
					three months	three months and one year	one and five years		
		賬面值	總額	即時還款	3個月或以下	3個月以上至1年	1年以上至5年	5年以上	無註明日期
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	3,233	3,233	927	2,283	-	-	-	23
Deposits from customers	客戶存款	276,706	277,066	95,570	156,781	23,565	1,150	-	-
- Demand deposits and current accounts	- 活期存款及往來賬戶	16,796	16,796	16,796	-	-	-	-	-
- Savings deposit	- 儲蓄存款	78,595	78,595	78,595	-	-	-	-	-
- Time, call and notice deposits	- 定期及通知存款	181,315	181,675	179	156,781	23,565	1,150	-	-
Trading liabilities	交易用途負債	2,432	2,432	-	-	-	-	-	2,432
Certificates of deposit issued	已發行存款證	7,786	7,876	-	1,412	1,805	2,459	2,200	-
Current taxation	本期稅項	441	441	-	-	441	-	-	-
Debt securities issued	已發行債務證券	241	245	-	1	2	242	-	-
Loan capital	借貸資本	17,006	23,338	-	262	611	10,917	11,548	-
Interest rate swaps	利率掉期合約	4,965	4,965	-	302	624	2,550	1,489	-
Other liabilities	其他負債	11,275	11,329	-	844	3,858	47	-	6,580
Total	總額	324,085	330,925	96,497	161,885	30,906	17,365	15,237	9,035

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

(e) Interest rate risk management

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

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

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

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

Sensitivity analysis on interest rate risk

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

		2011			2010		
		HKD	USD	RMB	HKD	USD	RMB
		港元	美元	人民幣	港元	美元	人民幣
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Impact on earnings over the next 12 months if interest rates rise by 200 basis points	倘利率上調200個基點對未來12個月的盈利影響	116	(12)	346	272	(172)	331
Impact on economic value if interest rates rise by 200 basis points	倘利率上調200個基點對經濟價值的影響	(156)	195	126	(66)	(637)	(230)

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

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

(e) 利率風險管理

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

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

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

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

利率風險敏感度分析

本行採用敏感度分析來量度利率變動對淨利息收入及經濟價值變動可能產生的影響：

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

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

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註 (續)

41. FINANCIAL RISK MANAGEMENT (CONTINUED) 財務風險管理(續)

(e) Interest rate risk management (continued)

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

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

The Group

(e) 利率風險管理(續)

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

下表顯示於結算日帶息資產及負債的預計下次利率重訂日(或到期日取其較短者)：

集團

		2011					
		3 months or less 3個月 或以下	Over 3 months to 1 year 3個月以上 至1年	Over 1 year to 5 years 1年以上 至5年	Over 5 years 5年以上	Non-interest bearing 非帶息	Total 總額
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Assets	資產						
Cash and balances with banks and other financial institutions	現金及在銀行和其他金融機構的結存	66,976	125	8	-	4,652	71,761
Placements with banks and other financial institutions	在銀行及其他金融機構的存款	33,654	27,276	1,127	-	-	62,057
Trade bills	貿易票據	20,859	15,822	-	-	142	36,823
Trading assets	交易用途資產	-	572	684	61	4,283	5,600
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融資產	1,208	826	11,559	2,737	333	16,663
Advances to customers	客戶貸款	274,410	36,060	9,108	1,286	58	320,922
Other accounts	其他賬項	372	197	12	5	26,442	27,028
Available-for-sale financial assets	可供出售金融資產	17,465	7,243	15,257	2,961	1,984	44,910
Held-to-maturity investments	持至到期投資	1,907	827	1,622	231	-	4,587
Non-interest bearing assets	非帶息資產	-	-	-	-	21,051	21,051
Total assets	資產總額	416,851	88,948	39,377	7,281	58,945	611,402
Liabilities	負債						
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	14,147	880	43	-	853	15,923
Deposits from customers	客戶存款	368,135	74,389	11,123	-	13,707	467,354
Trading liabilities	交易用途負債	-	-	-	-	4,548	4,548
Certificates of deposit issued	已發行存款證	6,242	4,195	1,046	-	-	11,483
Debt securities issued	已發行債務證券	241	-	6,152	-	-	6,393
Loan capital	借貸資本	7,837	-	-	8,904	-	16,741
Non-interest bearing liabilities	非帶息負債	-	-	-	-	36,916	36,916
Total liabilities	負債總額	396,602	79,464	18,364	8,904	56,024	559,358
Interest rate sensitivity gap	利率敏感度差距	20,249	9,484	21,013	(1,623)		

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

The Group		2010					Total
		3 months or less 3個月 或以下 HK\$ Mn 港幣百萬元	Over 3 months to 1 year 3個月以上 至1年 HK\$ Mn 港幣百萬元	Over 1 year to 5 years 1年以上 至5年 HK\$ Mn 港幣百萬元	Over 5 years 5年以上 HK\$ Mn 港幣百萬元	Non-interest bearing 非帶息 HK\$ Mn 港幣百萬元	
Assets	資產						
Cash and balances with banks and other financial institutions	現金及在銀行和其他金融機構的結存	44,547	40	–	–	3,706	48,293
Placements with banks and other financial institutions	在銀行及其他金融機構的存款	51,709	6,488	–	–	–	58,197
Trade bills	貿易票據	16,411	1,530	–	–	607	18,548
Trading assets	交易用途資產	12	947	1,204	248	3,434	5,845
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融資產	1,144	620	11,096	3,129	203	16,192
Advances to customers	客戶貸款	243,887	41,301	6,677	1,400	2,678	295,943
Other accounts	其他賬項	1,719	120	–	2	22,256	24,097
Available-for-sale financial assets	可供出售金融資產	13,642	6,971	14,583	2,971	2,612	40,779
Held-to-maturity investments	持至到期投資	1,729	1,381	1,832	772	–	5,714
Non-interest bearing assets	非帶息資產	–	–	–	–	20,585	20,585
Total assets	資產總額	374,800	59,398	35,392	8,522	56,081	534,193
Liabilities	負債						
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	8,734	1,222	10	–	28	9,994
Deposits from customers	客戶存款	330,410	69,189	6,143	–	14,091	419,833
Trading liabilities	交易用途負債	–	–	–	–	3,101	3,101
Certificates of deposit issued	已發行存款證	2,230	1,420	1,936	–	–	5,586
Debt securities issued	已發行債務證券	241	4,709	–	–	–	4,950
Loan capital	借貸資本	4,660	–	3,548	4,485	–	12,693
Non-interest bearing liabilities	非帶息負債	–	–	–	–	29,393	29,393
Total liabilities	負債總額	346,275	76,540	11,637	4,485	46,613	485,550
Interest rate sensitivity gap	利率敏感度差距	28,525	(17,142)	23,755	4,037		

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

41. FINANCIAL RISK MANAGEMENT (CONTINUED) 財務風險管理(續)

(e) Interest rate risk management (continued)

(e) 利率風險管理(續)

The Bank		銀行					
		2011					
		3 months or less 3個月 或以下 HK\$ Mn 港幣百萬元	Over 3 months to 1 year 3個月以上 至1年 HK\$ Mn 港幣百萬元	Over 1 year to 5 years 1年以上 至5年 HK\$ Mn 港幣百萬元	Over 5 years 5年以上 HK\$ Mn 港幣百萬元	Non-interest bearing 非帶息 HK\$ Mn 港幣百萬元	Total 總額 HK\$ Mn 港幣百萬元
Assets	資產						
Cash and balances with banks and other financial institutions	現金及在銀行和其他金融機構的結存	19,655	-	-	-	2,915	22,570
Placements with banks and other financial institutions	在銀行及其他金融機構的存款	26,368	7,002	-	-	-	33,370
Trade bills	貿易票據	15,934	19,918	-	-	24	35,876
Trading assets	交易用途資產	-	31	622	62	3,444	4,159
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融資產	1,208	826	11,559	2,737	123	16,453
Advances to customers	客戶貸款	181,822	10,425	4,445	460	106	197,258
Other accounts	其他賬項	165	196	-	-	5,974	6,335
Available-for-sale financial assets	可供出售金融資產	17,170	5,352	4,429	746	932	28,629
Held-to-maturity investments	持至到期投資	1,616	685	579	-	-	2,880
Non-interest bearing assets	非帶息資產	-	-	-	-	36,209	36,209
Total assets	資產總額	263,938	44,435	21,634	4,005	49,727	383,739
Liabilities	負債						
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	8,947	264	-	-	853	10,064
Deposits from customers	客戶存款	250,659	24,736	1,742	-	13,308	290,445
Trading liabilities	交易用途負債	-	-	-	-	3,827	3,827
Certificates of deposit issued	已發行存款證	6,242	4,195	1,046	2,200	-	13,683
Debt securities issued	已發行債務證券	241	-	-	-	-	241
Loan capital	借貸資本	7,837	-	-	12,929	-	20,766
Non-interest bearing liabilities	非帶息負債	-	-	-	-	9,388	9,388
Total liabilities	負債總額	273,926	29,195	2,788	15,129	27,376	348,414
Interest rate sensitivity gap	利率敏感度差距	(9,988)	15,240	18,846	(11,124)		

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

The Bank		銀行					
		2010 Restated 重報					
		3 months or less 3個月 或以下 HK\$ Mn 港幣百萬元	Over 3 months to 1 year 3個月以上 至1年 HK\$ Mn 港幣百萬元	Over 1 year to 5 years 1年以上 至5年 HK\$ Mn 港幣百萬元	Over 5 years 5年以上 HK\$ Mn 港幣百萬元	Non-interest bearing 非帶息 HK\$ Mn 港幣百萬元	Total 總額 HK\$ Mn 港幣百萬元
Assets	資產						
Cash and balances with banks and other financial institutions	現金及在銀行和其他金融機構的結存	15,663	–	–	–	2,145	17,808
Placements with banks and other financial institutions	在銀行及其他金融機構的存款	37,907	2,067	–	–	–	39,974
Trade bills	貿易票據	10,288	7,007	–	–	196	17,491
Trading assets	交易用途資產	1	290	756	248	2,901	4,196
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融資產	1,144	620	11,096	3,129	203	16,192
Advances to customers	客戶貸款	168,249	8,477	4,431	502	2,674	184,333
Other accounts	其他賬項	916	105	–	–	5,709	6,730
Available-for-sale financial assets	可供出售金融資產	11,838	3,500	3,909	713	1,202	21,162
Held-to-maturity investments	持至到期投資	1,604	1,298	864	–	–	3,766
Non-interest bearing assets	非帶息資產	–	–	–	–	41,937	41,937
Total assets	資產總額	247,610	23,364	21,056	4,592	56,967	353,589
Liabilities	負債						
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	3,205	–	–	–	28	3,233
Deposits from customers	客戶存款	239,202	23,390	1,119	–	12,995	276,706
Trading liabilities	交易用途負債	–	–	–	–	2,432	2,432
Certificates of deposit issued	已發行存款證	2,230	1,420	1,936	2,200	–	7,786
Debt securities issued	已發行債務證券	241	–	–	–	–	241
Loan capital	借貸資本	4,660	–	3,548	8,798	–	17,006
Non-interest bearing liabilities	非帶息負債	–	–	–	–	11,716	11,716
Total liabilities	負債總額	249,538	24,810	6,603	10,998	27,171	319,120
Interest rate sensitivity gap	利率敏感度差距	(1,928)	(1,446)	14,453	(6,406)		

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註 (續)

41. FINANCIAL RISK MANAGEMENT (CONTINUED) 財務風險管理 (續)

(e) Interest rate risk management (continued)

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

(e) 利率風險管理(續)

下表概述於截至12月31日止年度按貨幣金融工具之有效利率範圍：

		The Group 集團		The Bank 銀行	
		2011	2010	2011	2010
		%	%	%	%
Assets	資產				
Cash and short-term funds and placements with banks and other financial institutions	現金及在銀行和其他金融機構的結存，及在銀行及其他金融機構的存款	0-5.72	0-7.65	0.01-5.43	0-5.45
Trade bills, advances to customers and advances to banks and other financial institutions	貿易票據，客戶貸款及銀行及其他金融機構的貸款	0.31-53.39	0.46-52.03	0.31-21.49	0.46-18.00
Securities (Note)	證券(附註)	0.10-7.75	0.04-7.75	0.10-7.75	0.04-7.75
Liabilities	負債				
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	0.01-7.41	0.01-6.50	0.01-7.41	0.01-4.65
Deposits from customers	客戶存款	0-8.11	0-12.04	0-6.25	0-5.30
Certificates of deposit issued and loan capital	已發行存款證及借貸資本	0.67-8.44	0.36-10.17	0.67-8.44	0.74-10.17

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

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

(f) Strategic risk management

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

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

(f) 策略性風險管理

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

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

(g) Legal risk and reputation risk management

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

Reputation risk is the risk that the Group's reputation is damaged by one or more than one reputation event, as reflected from negative publicity about the Group's business practices, conduct or financial condition. Such negative publicity, whether true or not, may impair public confidence in the Group, result in costly litigation, or lead to a decline in the customer base, business or revenue.

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

(g) 法律風險和信譽風險管理

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

信譽風險源自公眾對本集團一宗或多宗營商規則、行為或財務情況的報導，此等報導，不管真實與否，有可能影響公眾對本集團的信心，因而導致高昂之訴訟費用，令本集團之客戶基礎下跌、或業務或收入減少。

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

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

The Board of Directors has delegated the responsibility for ongoing risk management of these risks to the Operational Risk Management Committee. The Operational Risk Management Committee reports to the Board of Directors via the Risk Management Committee.

(h) Capital management

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

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

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

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

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

The capital adequacy ratios as at 31st December, 2011 and 31st December, 2010 are computed on the consolidated basis of the Bank and certain of its subsidiaries as specified by the HKMA for its regulatory purposes, and are in accordance with the Banking (Capital) Rules of the Hong Kong Banking Ordinance which became effective on 1st January, 2007.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year ended 31st December, 2011 and 31st December, 2010 and the Group are well above the minimum required ratio set by the HKMA.

董事會已授權營運風險管理委員會負責持續管理此等風險。營運風險管理委員會經風險管理委員會向董事會匯報。

(h) 資本管理

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

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

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

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

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

2011年12月31日及2010年12月31日的資本充足比率是依據金管局為監管目的而制定的，本行及若干附屬公司已按綜合基準計算，並符合2007年1月1日生效的香港《銀行條例》的《銀行業(資本)規則》。

截至2011年12月31日及2010年12月31日止年度內，本集團及其個別受監管業務已符合所有外間訂立的資本規定，以及本集團俱遠高於金管局所定的最低規定比率。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

(a) Financial instruments carried at fair value

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

Level 1 – Quoted market price in an active market for an identical instrument.

Level 2 – Valuation techniques based on observable input. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 – Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or counterparty quotations. For all other financial instruments the Group determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models and various market widely recognised option pricing models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, equity prices, foreign currency exchange rates, index prices, historical or implied volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by market participants acting at arm's length.

The Group uses widely recognised valuation models for determining the fair value of common and simpler financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over-the-counter (OTC) derivatives like interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

(a) 以公平價值列賬的金融工具

公平價值估計是根據金融工具的特性和相關市場資料於某一特定時間作出，因此一般是主觀的。本集團以下列的分級方法計算公平價值：

第1級 – 參考同一工具在活躍市場取得的市場報價。

第2級 – 根據可觀察的輸入參數之估值模式。為此級別估值的工具，包括以下方式：就相若工具在活躍市場取得的市場報價；就相若工具在非活躍市場取得的市場報價；或其他估值模式，而該等估值模式所用的輸入參數，是直接或間接可從市場觀察所得的數據。

第3級 – 根據重要但非可觀察得到的輸入參數之估值模式。為此級別估值的工具，其估值模式所輸入之參數為非可觀察的數據，惟該等非可觀察的數據可以對估值產生重大影響。為此級別估值的工具，也包括在活躍市場取得相若金融工具的市場報價，惟當中需要作出非可觀察之調整或假設，以反映不同金融工具之間的差別。

於活躍市場買賣的金融資產及金融負債，是根據市場報價或交易對手報價以釐定其公平價值。而對於所有其他金融工具，本集團則利用估值模式以釐定公平價值。估值模式包括淨現值及現金流量折現模式，以及其他市場廣泛應用的期權估值模式。用於估值模式之假設及輸入參數包括無風險利率、基準利率、股票價格、外幣兌換率、指數價格、過往或預期波幅及相聯關係。採用估值模式的目的是釐定出公平價值，藉以在申報日能反映金融工具的價格，而該價格可被視為等同在公平交易下由市場人士決定的價格。

本集團會使用廣泛應用的估值模式，以釐定一般性及較簡單金融工具的公平價值，例如僅使用可觀察市場價格、及毋須管理層耗時判斷及估計之利率及貨幣掉期。可觀察價格及模式的輸入參數，通常可從市場上的上市債務及股份證券、在交易所買賣的衍生工具和簡單的場外交易衍生工具如利率掉期獲取。獲取可觀察市場價格及模式的輸入參數，可以減省管理層需時判斷及估計，也可減少有關釐定公平價值的不穩定因素。是否取得可觀察市場價格及輸入參數，視乎產品及市場性質，並會因金融市場的個別事件和一般情況而有不同變化。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

For more complex instruments, the Group uses valuation models, which usually are developed from recognised valuation methodologies. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and prepayments and selection of appropriate discount rates.

The Group has an established control framework with respect to the measurement of fair values. This framework includes a valuation control function, namely Financial Instruments Valuation Group (“FIVG”) which comprises control units independent of front office management. Procedures for price verification have been established. Any pricing models to be used would be subject to a rigorous validation and approval process.

The table below analyses financial instruments carried at fair value, by valuation method:

至於較複雜的金融工具，本集團會使用通常由已有認受性的估值模式改動而來。部分甚或所有須予輸入模式的重要參數或未能從市場中觀察得出，而必須從市場價格或利率計算、或基於假設而估計而得出。該等須利用重要而非可觀察之輸入參數的估值模式，需要管理層投入較多時間於判斷及估計，始能釐定金融工具的公平價值；而揀選適當的估值模式、為估值之金融工具決定其預期的未來現金流、決定交易對手方違約和提早還款的或然率，以及挑選適用的貼現率等，一般皆需要管理層的判斷和估計。

本集團已就計算公平價值設立了監控機制。此機制包括擁有產品監控功能並獨立於前線管理人員，稱為金融工具估值群組（「群組」）。價格核實的程序已經確立。任何將被採用的價格模式必須經過嚴格的檢測及審批程序。

下表是根據估值方法，分析金融工具之公平價值：

		2011							
		The Group 集團				The Bank 銀行			
		Level One	Level Two	Level Three	Total	Level One	Level Two	Level Three	Total
		第1級	第2級	第3級	總額	第1級	第2級	第3級	總額
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Assets	資產								
Trading assets	交易用途資產	2,363	2,886	351	5,600	1,761	2,260	138	4,159
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融資產	10,784	5,879	-	16,663	10,578	5,875	-	16,453
Available-for-sale financial assets	可供出售金融資產	35,860	8,374	676	44,910	21,265	6,796	568	28,629
		49,007	17,139	1,027	67,173	33,604	14,931	706	49,241
Liabilities	負債								
Trading liabilities	交易用途負債	18	4,197	333	4,548	18	3,489	320	3,827
Financial liabilities designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融負債	3,178	5,272	-	8,450	7,203	5,272	-	12,475
		3,196	9,469	333	12,998	7,221	8,761	320	16,302

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註 (續)

42. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED) 金融工具的公平價值 (續)

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

(a) 以公平價值列賬的金融工具 (續)

		2010							
		The Group 集團			Total	The Bank 銀行			Total
		Level One	Level Two	Level Three		Level One	Level Two	Level Three	
		第1級	第2級	第3級	總額	第1級	第2級	第3級	總額
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Assets	資產								
Trading assets	交易用途資產	4,147	1,404	294	5,845	3,030	962	204	4,196
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值之金融資產	11,406	4,786	-	16,192	11,406	4,786	-	16,192
Available-for-sale financial assets	可供出售金融資產	35,632	4,528	619	40,779	17,277	3,341	544	21,162
		51,185	10,718	913	62,816	31,713	9,089	748	41,550
Liabilities	負債								
Trading liabilities	交易用途負債	3	2,820	278	3,101	3	2,173	256	2,432
Financial liabilities designated at fair value through profit or loss	指定為通過損益以反映公平價值之金融負債	3,548	2,754	-	6,302	7,861	2,754	-	10,615
		3,551	5,574	278	9,403	7,864	4,927	256	13,047

During the year there were no significant transfers of financial instruments between Level 1 and Level 2 of the fair value hierarchy.

年內，根據第1級及第2級分級方法釐定公平價值之金融工具，兩者之間並無重大的轉移。

(1) Valuation of financial instruments with significant unobservable inputs

(1) 使用重要而非可觀察之輸入參數的金融工具估值

Movements in the recognised fair values of instruments with significant unobservable inputs were as follows:

已列賬並含有重要而非可觀察輸入參數的工具，其公平價值之變動如下：

		The Group 集團		
		Trading assets – Positive fair value of derivatives	Available-for-sale financial assets	Total
		交易用途資產 – 衍生工具之正公平價值	可供出售金融資產	總額
		HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元
Assets	資產			
At 1st January, 2011	於2011年1月1日	294	619	913
Purchases	購入	-	94	94
Settlements	結算	(104)	(117)	(221)
Changes in fair value recognised in the income statement	公平價值變動確認於收益表	161	-	161
Changes in fair value recognised in the other comprehensive income	公平價值變動確認於其他全面收益	-	80	80
At 31st December, 2011	於2011年12月31日	351	676	1,027
Total gains or losses for the year included in available-for-sale fair value reserve of the other comprehensive income for assets held at the balance sheet date	於結算日持有之資產而已計入年度內其他全面收益之可供出售公平價值儲備之收益或虧損總額	-	80	80
Total gains or losses for the year included in the income statement for assets held at the balance sheet date recorded in net trading income	於結算日持有之資產而已計入年度內收益表之交易收入淨額	161	-	161

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

Assets	資產	The Bank 銀行		Total 總額 HK\$ Mn 港幣百萬元
		Trading assets – Positive fair value of derivatives 交易用途資產 – 衍生工具之 正公平價值 HK\$ Mn 港幣百萬元	Available-for-sale financial assets 可供出售 金融資產 HK\$ Mn 港幣百萬元	
At 1st January, 2011	於2011年1月1日	204	544	748
Purchases	購入	–	44	44
Settlements	結算	(57)	(106)	(163)
Changes in fair value recognised in the income statement	公平價值變動確認於收益表	(9)	–	(9)
Changes in fair value recognised in the other comprehensive income	公平價值變動確認於其他全面收益	–	86	86
At 31st December, 2011	於2011年12月31日	138	568	706
Total gains or losses for the year included in available-for-sale fair value reserve of the other comprehensive income for assets held at the balance sheet date	於結算日持有之資產而已計入年度內其他全面收益之可供出售公平價值儲備之收益或虧損總額	–	86	86
Total gains or losses for the year included in the income statement for assets held at the balance sheet date recorded in net trading income	於結算日持有之資產而已計入年度內收益表之交易收入淨額	(9)	–	(9)

Assets	資產	The Group 集團		Total 總額 HK\$ Mn 港幣百萬元
		Trading assets – Positive fair value of derivatives 交易用途資產 – 衍生工具之 正公平價值 HK\$ Mn 港幣百萬元	Available-for-sale financial assets 可供出售 金融資產 HK\$ Mn 港幣百萬元	
At 1st January, 2010	於2010年1月1日	101	393	494
Purchases	購入	–	191	191
Settlements	結算	(47)	(1)	(48)
Changes in fair value recognised in the income statement	公平價值變動確認於收益表	240	–	240
Changes in fair value recognised in the other comprehensive income	公平價值變動確認於其他全面收益	–	36	36
At 31st December, 2010	於2010年12月31日	294	619	913
Total gains or losses for the year included in available-for-sale fair value reserve of the other comprehensive income for assets held at the balance sheet date	於結算日持有之資產而已計入年度內其他全面收益之可供出售公平價值儲備之收益或虧損總額	–	36	36
Total gains or losses for the year included in the income statement for assets held at the balance sheet date recorded in net trading income	於結算日持有之資產而已計入年度內收益表之交易收入淨額	240	–	240

NOTES ON THE ACCOUNTS (CONTINUED)
賬項附註(續)

42. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED) 金融工具的公平價值(續)

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

(a) 以公平價值列賬的金融工具(續)

(1) Valuation of financial instruments with significant unobservable inputs
(continued)

(1) 使用重要而非可觀察之輸入參數的金融
工具估值(續)

		The Bank 銀行		
		Trading assets – Positive fair value of derivatives 交易用途資產 – 衍生工具之 正公平價值 HK\$ Mn 港幣百萬元	Available-for-sale financial assets 可供出售 金融資產 HK\$ Mn 港幣百萬元	Total 總額 HK\$ Mn 港幣百萬元
Assets	資產			
At 1st January, 2010	於2010年1月1日	21	341	362
Purchases	購入	–	168	168
Settlements	結算	(2)	(1)	(3)
Changes in fair value recognised in the income statement	公平價值變動確認於收益表	185	–	185
Changes in fair value recognised in the other comprehensive income	公平價值變動確認於其他 全面收益	–	36	36
At 31st December, 2010	於2010年12月31日	204	544	748
Total gains or losses for the year included in available-for-sale fair value reserve of the other comprehensive income for assets held at the balance sheet date	於結算日持有之資產而已計入 年度內其他全面收益之可供 出售公平價值儲備之收益或 虧損總額	–	36	36
Total gains or losses for the year included in the income statement for assets held at the balance sheet date recorded in net trading income	於結算日持有之資產而已計入 年度內收益表之交易收入淨額	185	–	185

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

		The Group 集團 Trading liabilities – Negative fair value of derivatives 交易用途負債 – 衍生工具之負公平價值 HK\$ Mn 港幣百萬元	The Bank 銀行 Trading liabilities – Negative fair value of derivatives 交易用途負債 – 衍生工具之負公平價值 HK\$ Mn 港幣百萬元
Liabilities	負債		
At 1st January, 2011	於2011年1月1日	278	256
Settlements	結算	(123)	(118)
Changes in fair value recognised in the income statement	公平價值變動確認 於收益表	178	182
At 31st December, 2011	於2011年12月31日	333	320
Total gains or losses for the year included in the income statement for liabilities held at the balance sheet date recorded in net trading income	於結算日持有之負債 而已計入年度內 收益表之交易收入淨額	178	182

		The Group 集團 Trading liabilities – Negative fair value of derivatives 交易用途負債 – 衍生工具之負公平價值 HK\$ Mn 港幣百萬元	The Bank 銀行 Trading liabilities – Negative fair value of derivatives 交易用途負債 – 衍生工具之負公平價值 HK\$ Mn 港幣百萬元
Liabilities	負債		
At 1st January, 2010	於2010年1月1日	92	90
Settlements	結算	(45)	(44)
Changes in fair value recognised in the income statement	公平價值變動確認 於收益表	231	210
At 31st December, 2010	於2010年12月31日	278	256
Total gains or losses for the year included in the income statement for liabilities held at the balance sheet date recorded in net trading income	於結算日持有之負債 而已計入年度內 收益表之交易收入淨額	231	210

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註 (續)

42. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED) 金融工具的公平價值(續)

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

- (2) Effects of changes in significant unobservable assumptions to reasonably possible alternative assumptions

(a) 以公平價值列賬的金融工具(續)

- (2) 因重要而非可觀察之假設變動至合理可行之另類假設所產生的影響

		2011			
		Effect recorded in profit or loss 直接記錄於損益上之影響		Effect recorded directly in equity 直接記錄於股東權益上之影響	
		Favourable 有利	(Unfavourable) (不利)	Favourable 有利	(Unfavourable) (不利)
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Trading assets	交易用途資產	29	(29)	-	-
Available-for-sale financial assets	可供出售金融資產	-	-	56	(56)
		29	(29)	56	(56)
Trading liabilities	交易用途負債	28	(28)	-	-

		2010			
		Effect recorded in profit or loss 直接記錄於損益上之影響		Effect recorded directly in equity 直接記錄於股東權益上之影響	
		Favourable 有利	(Unfavourable) (不利)	Favourable 有利	(Unfavourable) (不利)
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Trading assets	交易用途資產	25	(25)	-	-
Available-for-sale financial assets	可供出售金融資產	-	-	52	(52)
		25	(25)	52	(52)
Trading liabilities	交易用途負債	23	(23)	-	-

The fair values of financial instruments are in certain circumstances, measured using valuation models that incorporate assumptions that are not supported by prices from observable current market transactions in the same instrument and are not based on observable market data. The table above shows the sensitivity of fair values due to parallel movement of plus or minus 10 per cent in reasonably possible alternative assumptions.

在若干情況下，計算金融工具的公平價值所使用的估值模式，其含有的假設並非依據在相同工具的當前可觀察市場交易價格，亦非依賴其他可觀察的市場數據。上表顯示出公平價值之敏感度，即因轉用至合理可行之另類假定所產生的正、負10%的價值的並行變動。

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

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

- (i) The fair value of demand deposits and savings accounts with no specific maturity is assumed to be the amount payable on demand at the balance sheet date.
- (ii) The fair value of variable rate financial instruments is assumed to be approximated by their carrying amounts and, in the case of loans and unquoted debt securities, does not, therefore, reflect changes in their credit quality, as the impact of credit risk is recognised separately by deducting the amount of the impairment allowances from both the carrying amount and fair value.

(b) 以公平價值以外列賬的金融工具公平價值

本集團採用下列方法和重要假定，以釐定如下的金融工具的公平價值：

- (i) 不設指定期限的活期存款和儲蓄賬戶的公平價值，乃假定為於結算日可按要求而支付的金額。
- (ii) 浮息金融工具的公平價值，乃假定為與其賬面值相若。如此等工具為貸款和非上市債務證券，由於相關的信貸風險影響是在賬面值和公平價值中將減值準備金額減除後才分別予以確認，因此其公平價值不能反映其信貸素質的改變。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

- (iii) The fair value of fixed rate loans and mortgages carried at amortised cost is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values, as the impact of credit risk is recognised separately by deducting the amount of the impairment loss and allowances from both the carrying amount and fair value.
- (iv) The fair value of unquoted equity investments is estimated, if possible, using the applicable dividend discount model, or share of net asset value in the investment, or applying a discount to the market value of investments with a lock-up period.
- (v) The fair value of unlisted open-ended investment funds is estimated using the net asset value per share as reported by the managers of such funds.
- (vi) The fair value of financial guarantees issued is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.
- (iii) 以攤銷成本入賬的定息貸款和按揭貸款的公平價值，乃在此等貸款按相若貸款所獲提供的目前市場利率批出時，以市場利率比較的方式估計。由於相關的信貸風險影響是在賬面值和公平價值中將減值準備金額減除後才分別予以確認，在決定公平價值總額時，貸款組合內各項貸款的信貸素質的改變均不會予以考慮。
- (iv) 非上市股票投資的公平價值是在可能情況下採用適用的股息折扣模式，或應佔投資的淨資產，或為設有禁售期之投資按其市值以折扣計算。
- (v) 非上市開放式投資基金的公平價值估計，是基於投資經理所匯報的每股資產淨值作出。
- (vi) 已發出的融資擔保之公平價值，是以參考在相若服務的公平交易中所徵收費用之可取得相關資料而釐定；有關的資料也可參考利率差價而估計，亦可以就貸款機構對發出擔保所實際徵收的息率，與在沒有取得擔保之情況下而貸款機構將可能徵收的估計息率作出比較，並在當中取用較可靠的相關資料以釐定公平價值。

The carrying amount of the Group's and the Bank's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31st December, 2011 and 2010 except as follows:

除下列者外，本集團及銀行以成本或攤銷成本入賬之金融工具賬面值，與其於2011年12月31日及2010年同日之公平價值相若。

The Group

集團

		2011		2010	
		Carrying amount	Fair value	Carrying amount	Fair value
		賬面值	公平價值	賬面值	公平價值
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Financial assets	金融資產				
Held-to-maturity investments	持至到期投資	4,587	4,658	5,714	5,851
Financial liabilities	金融負債				
Debt securities issued	已發行債務證券	6,393	6,515	4,950	5,048
Subordinated liabilities	後償負債	13,563	13,559	9,145	9,045

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

42. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED) 金融工具的公平價值(續)

(b) Fair values of financial instruments carried at other than fair value (continued) (b) 以公平價值以外列賬的金融工具公平價值(續)

The Bank		2011		2010	
		Carrying amount 賬面值 HK\$ Mn 港幣百萬元	Fair value 公平價值 HK\$ Mn 港幣百萬元	Carrying amount 賬面值 HK\$ Mn 港幣百萬元	Fair value 公平價值 HK\$ Mn 港幣百萬元
Financial assets	金融資產				
Held-to-maturity investments	持至到期投資	2,880	2,922	3,766	3,836
Financial liabilities	金融負債				
Debt securities issued	已發行債務證券	241	241	241	241
Subordinated liabilities	後償負債	13,563	13,559	9,145	9,045

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

(a) Contingent liabilities and commitments

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

(a) 或然負債及承擔

每項或然負債及承擔主要類別的合約金額摘要如下：

		The Group 集團		The Bank 銀行	
		2011 HK\$ Mn 港幣百萬元	2010 HK\$ Mn 港幣百萬元	2011 HK\$ Mn 港幣百萬元	2010 HK\$ Mn 港幣百萬元
Direct credit substitutes	直接信貸代替品	10,456	8,915	6,464	5,687
Transaction-related contingencies	與交易有關的或然項目	1,159	1,309	880	826
Trade-related contingencies	與貿易有關的或然項目	2,321	1,907	1,673	1,316
Commitments that are unconditionally cancellable without prior notice	可無條件取消而毋須事先通知的承擔	41,114	37,453	40,246	37,521
Other commitments with an original maturity	其他承擔的原到期日：				
– up to 1 year	– 1年或以下	76,774	48,604	4,299	6,775
– over 1 year	– 1年以上	16,657	19,690	14,944	18,294
		148,481	117,878	68,506	70,419
Credit risk weighted amounts	信貸風險加權金額	49,965	40,584	15,514	18,296

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

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

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

(b) Derivatives

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

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

The Group

(b) 衍生工具

衍生工具是指由一項或多項潛在資產或指數價值釐定價值的財務合約。

集團及銀行的每項衍生工具主要類別的名義金額摘要如下：

集團

		2011				
		Trading	Managed in conjunction with financial instruments designated at fair value through profit or loss	Others	Non-trading Total	Total
		Qualifying for hedge accounting	at fair value through profit or loss			
		符合對沖會計法	按通過損益以反映公平價值金融工具模式管理	其他	非交易總額	總額
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Exchange rate contracts	匯率合約					
Forwards and futures	遠期交易及期貨	87,776	-	-	-	87,776
Swaps	掉期交易	75,636	-	94,850	94,850	170,486
Options purchased	購入期權	1,707	-	50,120	50,120	51,827
Options written	沽出期權	2,383	-	49,974	49,974	52,357
Interest rate contracts	利率合約					
Forwards and futures	遠期交易及期貨	-	-	1,689	1,689	1,689
Swaps	掉期交易	53,225	11,354	15,995	66,128	146,702
Equity contracts	股份合約					
Swaps	掉期交易	-	-	7,089	7,089	7,089
Options purchased	購入期權	168	-	2,558	2,558	2,726
Options written	沽出期權	275	-	1,894	1,894	2,169
Others	其他	-	-	2,091	2,091	2,091
		221,170	11,354	15,995	276,393	524,912

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

(b) Derivatives (continued)

(b) 衍生工具(續)

The Group

集團

		2010 Restated 重報					
		Trading	Qualifying for hedge accounting	Managed in conjunction with financial instruments designated at fair value through profit or loss	Others	Non-trading Total	Total
		交易	符合對沖 會計法	價值金融工具 模式管理	其他	非交易總額	總額
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Exchange rate contracts	匯率合約						
Forwards and futures	遠期交易及期貨	53,582	-	-	-	-	53,582
Swaps	掉期交易	17,636	-	-	83,318	83,318	100,954
Options purchased	購入期權	1,325	-	-	29,643	29,643	30,968
Options written	沽出期權	1,793	-	-	29,826	29,826	31,619
Interest rate contracts	利率合約						
Forwards and futures	遠期交易及期貨	-	-	-	1,678	1,678	1,678
Swaps	掉期交易	21,894	8,242	17,385	37,195	62,822	84,716
Equity contracts	股份合約						
Swaps	掉期交易	-	-	-	6,044	6,044	6,044
Options purchased	購入期權	111	-	-	2,431	2,431	2,542
Options written	沽出期權	106	-	-	1,766	1,766	1,872
Others	其他	-	-	-	513	513	513
		96,447	8,242	17,385	192,414	218,041	314,488

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

The Bank

銀行

		2011				
		Trading	Managed in conjunction with financial instruments designated at fair value through profit or loss 按通過損益以反映公平價值金融工具 符合對沖會計法 HK\$ Mn 港幣百萬元	Others	Non-trading Total	Total
		交易 HK\$ Mn 港幣百萬元	符合對沖會計法 HK\$ Mn 港幣百萬元	其他 HK\$ Mn 港幣百萬元	非交易總額 HK\$ Mn 港幣百萬元	總額 HK\$ Mn 港幣百萬元
Exchange rate contracts	匯率合約					
Forwards and futures	遠期交易及期貨	73,543	-	-	-	73,543
Swaps	掉期交易	28,324	-	-	94,092	122,416
Options purchased	購入期權	1,707	-	-	50,120	51,827
Options written	沽出期權	2,383	-	-	49,974	52,357
Interest rate contracts	利率合約					
Forwards and futures	遠期交易及期貨	-	-	-	1,689	1,689
Swaps	掉期交易	3,602	11,354	15,995	63,291	94,242
Equity contracts	股份合約					
Swaps	掉期交易	-	-	-	6,796	6,796
Options purchased	購入期權	168	-	-	2,558	2,726
Options written	沽出期權	275	-	-	2,558	2,833
Others	其他	-	-	-	2,081	2,081
		110,002	11,354	15,995	273,159	410,510

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

(b) Derivatives (continued)

(b) 衍生工具(續)

The Bank

銀行

		2010 Restated 重報					
		Trading	Managed in conjunction with financial instruments designated Qualifying for hedge accounting	at fair value through profit or loss 按通過損益 以反映公平 價值金融工具 符合對沖 會計法	Others	Non-trading Total	Total
		交易 HK\$ Mn 港幣百萬元	模式管理 HK\$ Mn 港幣百萬元	其他 HK\$ Mn 港幣百萬元	其他 HK\$ Mn 港幣百萬元	非交易總額 HK\$ Mn 港幣百萬元	總額 HK\$ Mn 港幣百萬元
Exchange rate contracts	匯率合約						
Forwards and futures	遠期交易及期貨	46,127	-	-	-	-	46,127
Swaps	掉期交易	17,636	-	-	54,146	54,146	71,782
Options purchased	購入期權	1,325	-	-	29,643	29,643	30,968
Options written	沽出期權	1,793	-	-	29,826	29,826	31,619
Interest rate contracts	利率合約						
Forwards and futures	遠期交易及期貨	-	-	-	1,678	1,678	1,678
Swaps	掉期交易	-	8,242	17,385	37,385	63,012	63,012
Equity contracts	股份合約						
Swaps	掉期交易	-	-	-	6,142	6,142	6,142
Options purchased	購入期權	111	-	-	2,431	2,431	2,542
Options written	沽出期權	106	-	-	2,431	2,431	2,537
Others	其他	-	-	-	435	435	435
		67,098	8,242	17,385	164,117	189,744	256,842

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

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

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

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

		The Group 集團			
		2011		2010 Restated 重報	
		Assets 資產		Liabilities 負債	
		Assets 資產	Liabilities 負債	Assets 資產	Liabilities 負債
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Fair value (Notes 24 and 35)	公平價值(附註24及35)				
Exchange rate contracts	匯率合約	1,440	1,397	879	712
Interest rate contracts	利率合約	1,403	2,829	703	2,280
Equity contracts	股份合約	337	292	154	104
Others	其他	35	20	2	4
		3,215	4,538	1,738	3,100

		The Bank 銀行			
		2011		2010 Restated 重報	
		Assets 資產		Liabilities 負債	
		Assets 資產	Liabilities 負債	Assets 資產	Liabilities 負債
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Fair value (Notes 24 and 35)	公平價值(附註24及35)				
Exchange rate contracts	匯率合約	984	1,076	545	466
Interest rate contracts	利率合約	1,185	2,433	535	1,877
Equity contracts	股份合約	179	288	124	88
Others	其他	28	20	2	-
		2,376	3,817	1,206	2,431

		The Group 集團		The Bank 銀行	
		2011	2010 Restated 重報	2011	2010 Restated 重報
		Assets 資產	Liabilities 負債	Assets 資產	Liabilities 負債
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Credit risk weighted amounts *	信貸風險加權金額 *				
Exchange rate contracts	匯率合約	3,148	2,144	2,834	1,916
Interest rate contracts	利率合約	1,378	678	1,189	551
Equity contracts	股份合約	328	219	383	283
Others	其他	6	15	9	23
		4,860	3,056	4,415	2,773

* The Bank adopted the Foundation Internal Ratings Based ("IRB") approach according to Banking (Capital) Rules for calculating the credit risk weighted amount as at 31st December, 2011.

* 根據《銀行業(資本)規則》，本行採納「基礎內部評級基準計算法」計算於2011年12月31日之信貸風險之風險加權金額。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註 (續)

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

(b) Derivatives (continued)

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

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

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

(b) 衍生工具(續)

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

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

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

		The Group 集團							
		Notional amounts with remaining life of 剩餘期限的名義金額							
		2011				2010 Restated 重報			
		1 year or less 1年或以下	Over 1 year to 5 years 1年以上至5年	Over 5 years 5年以上	Total 總額	1 year or less 1年或以下	Over 1 year to 5 years 1年以上至5年	Over 5 years 5年以上	Total 總額
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Interest rate derivatives	利率衍生工具	90,748	42,601	15,042	148,391	29,144	41,589	15,661	86,394
Currency derivatives	貨幣衍生工具	274,940	83,951	77	358,968	210,211	6,783	129	217,123
Other derivatives	其他衍生工具	6,312	7,625	138	14,075	7,004	3,756	211	10,971
		372,000	134,177	15,257	521,434	246,359	52,128	16,001	314,488

		The Bank 銀行							
		Notional amounts with remaining life of 剩餘期限的名義金額							
		2011				2010 Restated 重報			
		1 year or less 1年或以下	Over 1 year to 5 years 1年以上至5年	Over 5 years 5年以上	Total 總額	1 year or less 1年或以下	Over 1 year to 5 years 1年以上至5年	Over 5 years 5年以上	Total 總額
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Interest rate derivatives	利率衍生工具	56,070	24,827	15,034	95,931	23,829	25,205	15,655	64,689
Currency derivatives	貨幣衍生工具	213,529	83,136	-	296,665	174,039	6,457	-	180,496
Other derivatives	其他衍生工具	6,275	7,906	255	14,436	6,927	4,320	410	11,657
		275,874	115,869	15,289	407,032	204,795	35,982	16,065	256,842

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

(c) Capital commitments

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

	The Group 集團				The Bank 銀行			
	2011		2010		2011		2010	
	HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Expenditure authorised and contracted for	已核准支出並已簽約	171	179	117	136			
Expenditure authorised but not contracted for	已核准支出但未簽約	213	298	175	208			
		384	477	292	344			

(c) 資本承擔

於2011年12月31日未償付但並未在賬項中提撥準備的資本承擔如下：

(d) Operating lease commitments

At 31st December, 2011, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group 集團				The Bank 銀行			
	2011		2010		2011		2010	
	HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Properties	物業							
Within one year	1年以內	472	428	174	153			
After one year but within five years	1年至5年內	986	764	150	156			
After five years	5年以後	300	374	-	-			
		1,758	1,566	324	309			

(d) 經營租賃承擔

於2011年12月31日，在不可撤銷的經營租賃內，未來最低應付租賃款項總額如下：

	The Group 集團				The Bank 銀行			
	2011		2010		2011		2010	
	HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Equipment	設備							
Within one year	1年以內	6	20	2	2			
After one year but within five years	1年至5年內	11	18	2	3			
		17	38	4	5			

The Group and the Bank lease certain properties and equipment under operating leases. The leases run for an initial period of one to twenty five years, with an option to renew the lease when all terms are renegotiated. Lease payments are usually adjusted annually to reflect market rentals. None of the leases includes contingent rentals.

本集團及本行以經營租賃形式租入若干物業和設備。租賃年期由1年至25年，到期日後可再續約但其他條款須另議。租賃付款金額通常每年調整以反映市值租金。所有租約並不包括或有租金。

NOTES ON THE ACCOUNTS (CONTINUED)
賬項附註(續)

44. NOTES ON CONSOLIDATED CASH FLOW STATEMENT 綜合現金流量表附註

(a) Purchase of subsidiaries

(a) 收購附屬公司

		2011	2010
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Net assets acquired	已購入淨資產		
Cash and balances with banks and other financial institutions	現金及在銀行和其他金融機構的結存	15	310
Advances and other accounts less provisions	已扣除準備之貸款及其他賬項	18	473
Fixed assets	固定資產	1	2
Deferred tax assets	遞延稅項資產	-	3
Current taxation	本期稅項	(2)	(2)
Other accounts and provisions	其他賬項及準備	(10)	(471)
		22	315
Goodwill arising on consolidation	賬項綜合時產生的商譽	68	47
Intangible assets acquired	購入無形資產	-	2
Total purchase price	以現金支付的購入價	90	364
Less: Cash and cash equivalents acquired	減: 購入的現金及等同現金項目	(15)	(310)
Cash flow on acquisition net of cash acquired	已抵銷因收購所購入的現金流	75	54

(b) Disposal of subsidiary

(b) 出售附屬公司

		2011	2010
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Net assets disposed of	已出售淨資產		
Cash and balances with banks and other financial institutions	現金及在銀行和其他金融機構的結存	-	68
Placements with banks and other financial institutions	在銀行及其他金融機構的存款	-	296
Advances and other accounts less provisions	已扣除準備之貸款及其他賬項	-	2,410
Held-to-maturity investments	持至到期投資	-	240
Fixed assets	固定資產	-	7
Deferred tax assets	遞延稅項資產	-	8
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	-	(221)
Deposits from customers	客戶存款	-	(1,725)
Trading liabilities	交易用途負債	-	(9)
Current taxation	稅項	-	(1)
Other accounts and provisions	其他賬項及準備	-	(722)
		-	351
Add: Gain on disposal	加: 出售盈利	-	238
Less: Cash and cash equivalents disposed	減: 出售現金及等同現金項目	-	(68)
Cash flow on disposal of subsidiary	出售附屬公司的現金流	-	521

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

(c) Cash and cash equivalents

(i) Components of cash and cash equivalents in the consolidated cash flow statement

(c) 現金及等同現金項目

(i) 在綜合現金流量表內現金及等同現金項目的組成部分

		2011		2010	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Cash and balances with banks and other financial institutions	現金及在銀行和其他金融機構的結存	43,041		29,649	
Placements with banks and other financial institutions with original maturity within three months	原本期限為3個月以內在銀行及其他金融機構的存款	25,338		50,102	
Treasury bills with original maturity within three months	原本期限為3個月以內的國庫債券	9,791		4,539	
Certificates of deposit held with original maturity within three months	原本期限為3個月以內之持有的存款證	911		841	
Debt securities with original maturity within three months	原本期限為3個月以內的債務證券	100		235	
		79,181		85,366	

(ii) Reconciliation with the consolidated statement of financial position

(ii) 與綜合財務狀況表的對賬

		2011		2010	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Cash and balances with banks and other financial institutions (Note 21)	現金及在銀行及其他金融機構的結存(附註21)	71,761		48,293	
Placements with banks and other financial institutions (Note 22)	在銀行及其他金融機構的存款(附註22)	62,057		58,197	
Treasury bills, certificates of deposit held and debt securities	國庫債券、持有存款證及債務證券				
– trading assets (Note 24)	– 交易用途資產(附註24)	1,317		2,411	
– designated at fair value through profit or loss (Note 25)	– 指定為通過損益以反映公平價值(附註25)	16,330		15,989	
– advances and other accounts (Note 26(a))	– 貸款及其他賬項(附註26(a))	39		39	
– available-for-sale (Note 27)	– 可供出售(附註27)	42,897		38,167	
– held-to-maturity (Note 28)	– 持至到期(附註28)	4,598		5,714	
		65,181		62,320	
Amounts shown in the consolidated statement of financial position	在綜合財務狀況表出現的金額	198,999		168,810	
Less: Amounts with an original maturity of beyond three months	減：原本期限為3個月以上的金額	(91,098)		(64,800)	
Cash balance with central bank subject to regulatory restriction	受規管限制的在中央銀行的現金結存	(28,720)		(18,644)	
Cash and cash equivalents in the consolidated cash flow statement	在綜合現金流量表內的現金及等同現金項目	79,181		85,366	

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

45. ASSETS PLEDGED AS SECURITY 用作抵押品的資產

The following assets have been pledged as collateral for own liabilities at the balance sheet date: 於結算日，以下資產經已用作本身負債之抵押品：

		The Group 集團		The Bank 銀行	
		2011	2010	2011	2010
			Restated		Restated
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Secured liabilities	有抵押負債	3,631	813	3,621	677
Assets pledged:	抵押資產：				
Advances to customers and other accounts	客戶貸款及其他賬項	2,976	1,810	1,631	39
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融資產	2,474	227	2,474	227
Available-for-sale financial assets	可供出售金融資產	138	40	127	-
Held-to-maturity investments	持至到期投資	1,087	448	1,087	448
		6,675	2,525	5,319	714

The following balances with banks have been pledged as collateral for securities borrowings and margin deposits of derivatives. 以下的銀行結餘已用作證券借貸及衍生工具孖展按金之抵押品。

		The Group 集團		The Bank 銀行	
		2011	2010	2011	2010
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Cash collateral for borrowed securities	用作證券借貸的現金抵押品	39	16	39	16
Margin accounts for open futures and forward contracts	用作開立期貨及遠期合約的孖展賬戶	1,464	727	1,431	682
		1,503	743	1,470	698

These transactions are conducted under terms that are usual and customary to standard lending and securities borrowing and lending activities. 此等交易之條款是按一般及慣常標準借款及證券借貸交易進行。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

46. LOANS TO OFFICERS 行政人員貸款

The aggregate of loans to officers of the Bank disclosed pursuant to Section 161B(4B) and (4C) of the Hong Kong Companies Ordinance is as follows:

按照香港《公司條例》第161B條(4B)及(4C)款規定，本行行政人員之貸款總額公佈如下：

		2011		2010	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Aggregate amount of relevant loans outstanding at 31st December	相關貸款於12月31日的結欠總額				
By the Bank	由銀行借出	3,427		4,809	
By subsidiaries	由附屬公司借出	851		1,334	
		4,278		6,143	
The maximum aggregate amount of relevant loans outstanding during the year	年度內相關貸款之最高結欠總額				
By the Bank	由銀行借出	6,365		7,131	
By subsidiaries	由附屬公司借出	1,230		1,509	
		7,595		8,640	

There was no interest due but unpaid nor any impairment allowance made against these loans at 31st December, 2011 and 31st December, 2010.

於2011年12月31日及2010年12月31日，沒有逾期未償付利息，亦未有對該等貸款作減值準備。

47. MATERIAL RELATED PARTY TRANSACTIONS 關聯人士的重大交易

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Bank's directors as disclosed in Note 18 and certain of the highest paid employees as disclosed in Note 19, is as follows:

(a) 主要管理人員薪酬

本集團之主要管理人員薪酬，已包括在附註18中所披露支付予本行董事及在附註19中所披露支付予本行若干最高薪酬僱員的金額如下：

		2011		2010	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Short-term employee benefits	短期僱員福利	95		82	
Post-employment benefits	僱員退休福利	5		4	
Equity compensation benefits	股份補償福利	37		50	
		137		136	

(b) The Group maintains certain retirement benefit schemes for its staff as per Note 2(q)(iii). In 2011, the total amount of contributions the Group made to the schemes was HK\$131 million (2010: HK\$106 million).

(b) 本集團為其職員提供若干退休保障計劃，並已於附註2(q)(iii)披露。於2011年內，本集團對該等計劃的供款總數為港幣131,000,000元(2010年：港幣106,000,000元)。

The Group enters into a number of transactions with the Group's related parties, including its associates, and key management personnel and their close family members and companies controlled or significantly influenced by them. The transactions include accepting deposits from and extending credit facilities to them. All interest rates in connection with the deposits taken and credit facilities extended are under terms and conditions normally applicable to customers of comparable standing.

本集團與其關聯人士進行多項交易，該等人士包括聯營公司、及主要行政人員與其直系親屬、及受該等人士所控制或具有重大影響力的公司。該等交易包括接受該等人士存款及為他們提供信貸。所有存款及信貸的利率，均按照給予一般相若水平客戶的條款。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

47. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED) 關聯人士的重大交易(續)

(b) (continued)

The interest received from and interest paid to the Group's related parties for the year, outstanding balances of amounts due from and due to at the year end, and maximum outstanding balance of amounts due from and due to them during the year are aggregated as follows:

(b) (續)

於2011年，本集團從關聯人士所收取與支付予他們的利息，及在2011年12月31日，關聯人士的欠款及欠關聯人士的款項，及在年度內關聯人士最高欠款及欠關聯人士的最高款項現總結如下：

		Key management personnel 主要管理人員		Subsidiaries 附屬公司		Associates 聯營公司	
		2011	2010	2011	2010 Restated 重報	2011	2010
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Interest income	利息收入	117	130	253	272	19	3
Interest expense	利息支出	86	34	157	161	-	-
Amounts due from	關聯人士的欠款	7,518	8,601	11,498	17,469	585	1,141
Amounts due to	欠關聯人士的款項	8,475	8,871	2,416	2,722	203	4
Maximum amounts due from	關聯人士的最高欠款	12,298	14,229	18,802	25,572	1,018	1,625
Maximum amounts due to	欠關聯人士的最高款項	14,858	39,999	3,013	2,838	203	15
Committed facilities to	信貸承諾予	2,535	2,631	835	1,442	10	424

48. EQUITY COMPENSATION PLANS 股份補償計劃

The Bank has adopted Staff Share Option Schemes whereby the Board of the Bank may at its discretion grant to any employees of the Group, including Executive Directors and Chief Executive, options to subscribe for ordinary shares of the Bank. All options were granted for nil consideration.

本行所採納的僱員認股計劃是本行董事會可酌情發出認股權予本集團之任何僱員，包括執行董事及行政總裁，以認購本行普通股股份。所有認股權均以無計價款形式發出。

(a) Particulars of share options

(a) 認股權詳情

Date of grant 授予日期	Vesting period 有效期	Exercise period 行使期	Exercise price per share 每股行使價 HK\$ 港幣
03/5/2006	03/5/2006 – 02/5/2007	03/5/2007 – 03/5/2011	30.04*
10/5/2007	10/5/2007 – 09/5/2008	10/5/2008 – 10/5/2012	42.84*
05/5/2008	05/5/2008 – 04/5/2009	05/5/2009 – 05/5/2013	40.09*
05/5/2009	05/5/2009 – 04/5/2010	05/5/2010 – 05/5/2014	21.25
06/7/2010	06/7/2010 – 05/7/2011	06/7/2011 – 06/7/2015	28.49
05/5/2011(T1)	05/5/2011 – 04/5/2012	05/5/2012 – 05/5/2017	32.00
05/5/2011(T2)	05/5/2011 – 04/5/2013	05/5/2013 – 05/5/2018	32.00
05/5/2011(T3)	05/5/2011 – 04/5/2014	05/5/2014 – 05/5/2019	32.00

* After adjusting for the bonus issue one for ten in April 2009.

* 經調整2009年4月所發行的10送1紅股。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

(b) Movement of share options during the period

(b) 期內認股權之變動

2011			Number of share options 認股權數目				Outstanding at
Date of grant	Tranche	Option Price	Outstanding at 1/1/2011	Granted	Exercised	Lapsed	31/12/2011
授予日期	部分	認股價	於 2011年1月1日 尚未行使	已授予	已行使	已失效	於 2011年12月31日 尚未行使
03/5/2006		30.04*	2,420,000	-	2,420,000	-	-
10/5/2007		42.84*	2,585,000	-	-	550,000	2,035,000
05/5/2008		40.09*	5,170,000	-	-	1,100,000	4,070,000
05/5/2009		21.25	4,480,000	-	965,000	-	3,515,000
06/7/2010		28.49	5,950,000	-	-	-	5,950,000
05/5/2011	T1	32.00	-	1,980,000	-	-	1,980,000
05/5/2011	T2	32.00	-	1,980,000	-	-	1,980,000
05/5/2011	T3	32.00	-	1,990,000	-	-	1,990,000
Total 總額			20,605,000	5,950,000	3,385,000	1,650,000	21,520,000

2010		Number of share options 認股權數目				Outstanding at
Date of grant	Outstanding at 1/1/2010	Granted	Exercised	Lapsed	31/12/2010	
授予日期	於 2010年1月1日 尚未行使	已授予	已行使	已失效	於 2010年12月31日 尚未行使	
03/5/2005	4,737,000	-	4,737,000	-	-	
03/5/2006	2,695,000	-	110,000	165,000	2,420,000	
10/5/2007	2,750,000	-	-	165,000	2,585,000	
05/5/2008	5,500,000	-	-	330,000	5,170,000	
05/5/2009	6,600,000	-	2,120,000	-	4,480,000	
06/7/2010	-	5,950,000	-	-	5,950,000	
Total 總額	22,282,000	5,950,000	6,967,000	660,000	20,605,000	

* After adjusting for the bonus issue one for ten in April 2009.

* 經調整2009年4月所發行的10送1紅股。

(c) No share options were cancelled during the years ended 31st December, 2011 and 2010.

(c) 截至2011年12月31日及2010年12月31日年度內並未有認股權被註銷。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

48. EQUITY COMPENSATION PLANS (CONTINUED) 股份補償計劃(續)

(d) Details of share options exercised

(d) 已行使認股權詳情

Exercise period 行使期間	Date of grant 授予日期	Number of share options 認股權數目	
		2011	2010
January 1月	03/5/2005	-	235,500
February 2月	03/5/2005	-	142,500
March 3月	03/5/2005	-	3,048,500
	03/5/2006	2,255,000	-
	05/5/2009	765,000	-
April 4月	03/5/2005	-	811,000
	05/5/2009	20,000	-
May 5月	03/5/2005	-	499,500
	03/5/2006	165,000	-
June 6月	05/5/2009	100,000	-
August 8月	05/5/2009	-	2,020,000
September 9月	05/5/2009	-	10,000
October 10月	03/5/2006	-	110,000
	05/5/2009	-	50,000
November 11月	05/5/2009	80,000	40,000
		3,385,000	6,967,000

49. NON-ADJUSTING POST BALANCE SHEET EVENTS 毋須調整的資產負債表日後事件

After the balance sheet date the directors declared a second interim dividend. Further details are disclosed in Note 16(a).

董事於結算日後擬派發第二次中期股息。詳情已在附註16(a)作披露。

50. ACCOUNTING ESTIMATES AND JUDGEMENTS 會計估計及判斷

The preparation of accounts requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of these accounts and the reported amounts of revenues and expenses for the years presented. Changes in assumptions may have a significant impact on the accounts in the periods where the assumptions are changed. The application of assumptions and estimates means that any selection of different assumptions would cause the Group's reporting to differ. The Group believes that the assumptions that have been made are appropriate and that the accounts therefore present the financial position and results fairly, in all material respects.

Management discussed with the Audit Committee the development, selection and disclosure of the Group's significant accounting policies and estimates and the application of these policies and estimates.

在編製本集團的賬項時，管理層必須作出若干於該等賬項的日期，對所匯報資產及負債之金額和或然資產及負債披露有影響的估計和假定，同時亦須作出若干對報告年度內收入及支出之金額有影響的估計和假定。如本集團更改該等假設，便可能對作出有關改變期間的賬項產生重大影響。採用此等不同的假設和估計意味本集團之報告會有所不同。在各個重要環節方面，本集團認為已作出適當之假設，而本集團的財務報表均能公平地反映其財政狀況和業績。

管理層已與審核委員會商討關於本集團重要會計政策及估計的制定、選擇和披露，以及該等政策和估計的應用。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

(a) Key sources of estimation uncertainty

Notes 31, 37 and 42 contain information about the assumptions and their risk factors relating to goodwill impairment, fair value of share options granted and fair values of financial instruments. Other key sources of estimation uncertainty are as follows:

(i) Impairment losses

Loans and advances

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

Available-for-sale financial assets and held-to-maturity investments

The Group determines that available-for-sale financial assets and held-to-maturity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of when a decline in fair value below its cost is not recoverable within a reasonable time period is judgmental by nature, so profit and loss could be affected by differences in this judgement.

(ii) Valuation of financial instruments

The Group's accounting policy for valuation of financial instruments is included in Note 2. The fair value of the financial instruments is mainly based on the quoted market price on a recognised stock exchange or a price quoted from a broker/dealer for non-exchanged traded financial instruments. The fair value of collateralised debt obligations is based on bid prices quoted by reputable brokers and has been carefully assessed for reasonableness by management. The fair value of a SIV is based on its net asset values as provided by the SIV's manager.

(a) 估計不穩定因素的主要來源

附註31、37和42載述有關商譽減值、已授予股權的公平價值和金融工具的公平價值的假設及其風險因素。估計不穩定因素的其他主要來源如下：

(i) 減值損失

貸款

本集團會定期檢討貸款組合，以評估減值損失是否存在。本集團需要判斷是否有任何客觀證據可以證明貸款組合已經減值，即估計將來現金流有所減少。減值客觀證據包括與借款人有關的可觀察資料整體上的付款狀況已出現逆轉，而該等資料與本集團的不履行資產是互相關連的。當管理層根據其判斷決定減值的客觀證據存在，便會依據若干與該等資產的信貸風險特性相若之資產的以往損失經驗，以估計預期將來現金流。以往損失經驗是以目前的可觀察資料為基礎作出調整。管理層亦會定期檢討用以估計將來現金流的方法和假設，從而減少估計損失與實際損失的差異。

可供出售金融資產及持至到期投資

若可供出售金融資產及持至到期投資的公平價值明顯或持續地低於其成本，本集團即判斷該等資產及投資已減值。本集團判斷公平價值低於成本的金額會在一段合理時間內不可收回純屬假設性質，因此判斷之差異會對損益有所影響。

(ii) 金融工具的估值

本集團對金融工具估值的會計政策列載於附註2。金融工具的公平價值主要根據認可之交易所的市場報價，或就非在交易所作交易的金融工具而言，則根據經紀/交易員的報價。債務抵押債券的公平價值由聲譽良好的經紀按買入價提供報價，及經已被管理層小心評估其適當性。特別投資工具的公平價值是根據特別投資工具之管理人所提供該工具的資產淨值。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

50. ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED) 會計估計及判斷(續)

(b) Critical accounting judgements in applying the Group's accounting policies

Certain critical accounting judgements in applying the Group's accounting policies are described below:

(i) Held-to-maturity investments

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

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

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

(ii) Recognition of deferred tax assets

The Group recognises deferred tax assets only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Estimates and judgements are applied in determining the amount of future taxable profits and the probability that such future taxable profits are available in the foreseeable future to support recognition of the deferred tax assets. The Group uses all readily available information, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs, in determining future taxable profits. Changes in these estimates could significantly affect the timing of deferred tax asset recognition and the amount of asset recognised.

(b) 本集團應用會計政策的重要會計判斷

本集團應用會計政策的若干重要會計判斷如下：

(i) 持至到期投資

本集團將設有固定或可確定付款金額和固定到期日，以及本集團有確信的意向及能力持有至到期日的非衍生金融資產，分類為持至到期投資。在作出有關判斷時，本集團會評估本身是否有意向及能力持有該等投資至到期日。

除若干特殊情況外，若本集團未能持有該等投資至到期日，本集團會將整個可持至到期日的投資組合，重新分類為可供出售。這是由於此類投資已被蒙污。

以上之情況會導致原以攤銷成本計量的可持至到期投資改以公平價值計量。

(ii) 遞延稅項資產之確認

須在未來可能有應課稅溢利予以抵銷遞延稅項資產的情況下，本集團才確認遞延稅項資產。在釐定未來應課稅溢利的金額及其可能性時，須估計及判斷在可見之將來該未來應課稅溢利可否支持確認該遞延稅項資產。本集團使用所有已有的資料，包括根據合理及可支持之假設和對收入及支出成本的估計，以釐定未來應課稅溢利。此等估計的變動可能對遞延稅項資產確認的時間及資產確認的金額有重大影響。

51. COMPARATIVE FIGURES 比較數字

The Bank has changed the basis of accounting for the interim scrip dividend from bonus share approach to reinvestment approach, which is considered a more accurate method to reflect the legal form of scrip dividends. The Share Premium and General Reserve Accounts for the period from 1991 to 2010 are restated accordingly to reflect the new approach.

The 2010 figures in Note 20 – Segment Reporting have been restated due to a change in the presentation of certain assets and liabilities within supporting units in Hong Kong, and an addition of a new reportable segment, for reporting to the Group's most senior executive management with effect from 2011.

The 2010 figures in Note 41(b) – Currency Concentrations have been restated to better reflect, from a risk management point of view, the economic substance of certain classes of trades.

For other restatements, the comparative figure has been restated to conform with current year's presentation.

對於中期以股代息之入賬方法，本行已變更會計基準並採納再投資法以取代紅股法。本行認為再投資法是更準確的方法以反映中期以股代息的法定形式。由1991年至2010年股份溢價及一般儲備經已重報，以反映最新的入賬方法。

由2011年開始，由於用作匯報予本集團的最高管理層有關若干香港支援單位內的資產和負債的列報方式有所改變，與及新增加一個可匯報分部，在附註20 – 分部報告內2010年的數字已作重報。

在附註41(b) – 貨幣風險中2010年的數字經已重報，因從風險管理角度上，能更有效反映若干交易類別的經濟實質。

就其他重報數字而言，比較的數字經已重報，以符合本年度的呈報方式。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

52. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST DECEMBER, 2011 在截至2011年12月31日止年度前已公佈但尚未生效的修訂、新標準和詮釋所產生的可能影響

Up to the date of issue of these accounts, the HKICPA has issued a number of amendments and five new standards which are not yet effective for the year ended 31st December, 2011 and which have not been adopted in these accounts. These include the following which may be relevant to the group.

直至此等賬項之發佈日期，香港會計師公會已頒佈了多項修訂及五項新準則；但該等修訂和新準則於截至2011年12月31日止會計年度尚未生效，因此尚未應用於此等賬項。可能與本集團有關之修訂和新準則以下。

	Effective for accounting periods beginning on or after 由會計期開始或以後起生效
Amendments to HKFRS 7, <i>Financial instruments</i> : <i>Disclosures – Transfers of financial assets</i>	1st July, 2011
經修訂《香港財務報告準則》第7號「金融工具披露 – 金融資產轉換」	2011年7月1日
Amendments to HKAS 1, <i>Presentation of financial statements</i> <i>– Presentation of items of other comprehensive income</i>	1st July, 2012
經修訂《香港會計準則》第1號「金融工具呈報 – 其他全面收益項目之呈報」	2012年7月1日
HKFRS 9, <i>Financial instruments</i>	1st January, 2015
《香港財務報告準則》第9號「金融工具」	2015年1月1日
HKFRS 10, <i>Consolidated financial statements</i>	1st January, 2013
《香港財務報告準則》第10號「綜合財務報表」	2013年1月1日
HKFRS 11, <i>Joint arrangements</i>	1st January, 2013
《香港財務報告準則》第11號「共同協定」	2013年1月1日
HKFRS 12, <i>Disclosure of interests in other entities</i>	1st January, 2013
《香港財務報告準則》第12號「其他實體權益之披露」	2013年1月1日
HKFRS 13, <i>Fair value measurement</i>	1st January, 2013
《香港財務報告準則》第13號「釐定公平價值」	2013年1月1日
HKAS 27, <i>Separate financial statements (2011)</i>	1st January, 2013
《香港會計準則》第27號「獨立財務報表(2011)」	2013年1月1日
HKAS 28, <i>Investments in associates and joint ventures</i>	1st January, 2013
《香港會計準則》第28號「聯營公司及合營公司投資」	2013年1月1日
Revised HKAS 19, <i>Employee benefits</i>	1st January, 2013
經修訂《香港會計準則》第19號「僱員福利」	2013年1月1日

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position except for HKFRS 9, Financial instruments, which will have an impact on the Group's results and financial position arising from changes in the Group's classification and measurement of financial instruments.

本集團正在評估該等修訂對首個應用期可能產生的影響。除《香港財務報告準則》第9號「金融工具」將引致本集團在分類及計量金融工具時可能對本集團的業績及財務狀況有影響外，至今所得結論是若採納該等修訂對本集團的業績及財務狀況不可能構成重大影響。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

未經審核補充財務資料

The following information is disclosed as part of the accompanying information to the accounts and does not form part of the audited accounts.

以下所披露的資料只屬於賬項的附帶資料而並不構成已審核賬項之一部分。

The preparation of supplementary financial information is in accordance with the Banking (Disclosure) Rules and consolidated supervision arrangement approved by the Hong Kong Monetary Authority (“HKMA”).

編制補充財務資料是根據《銀行業(披露)規則》及香港金融管理局核准的綜合監管要求。

(1) CAPITAL ADEQUACY RATIO AND CAPITAL BASE 資本充足比率及資本基礎

(a) Capital adequacy ratio

(a) 資本充足比率

	2011 %百分率	2010 %百分率
Capital adequacy ratio as at 31st December 於12月31日的資本充足比率	13.7	13.2
Core capital adequacy ratio as at 31st December 於12月31日的核心資本充足比率	9.4	9.8

Capital adequacy ratios at 31st December, 2011 and 31st December, 2010 were compiled in accordance with the Banking (Capital) Rules (“the Capital Rules”) issued by the Hong Kong Monetary Authority under Section 98A of the Hong Kong Banking Ordinance for the implementation of the “Basel II” capital accord, which became effective on 1st January, 2007. In accordance with the Capital Rules, the Bank has adopted the foundation internal ratings-based approach for the calculation of the risk-weighted assets for credit risk and the internal models approach for the calculation of market risk and standardised approach for operational risk.

於2011年12月31日及2010年12月31日之資本充足比率，乃根據香港金融管理局所頒佈的《銀行業(資本)規則》(「資本規則」)計算。此「資本規則」乃根據香港《銀行條例》第98A條因應實施新巴塞爾資本協定而制定，並於2007年1月1日生效。根據「資本規則」，本行選擇採納「基礎內部評級基準計算法」計算信貸風險之風險加權資產、「內部模式計算法」計算市場風險及「標準計算法」計算營運風險。

The basis of consolidation for regulatory purposes is different from the basis of consolidation for accounting purposes. Subsidiaries included in consolidation for regulatory purposes are specified in a notice from the HKMA in accordance with section 98(2) of the Banking Ordinance. Subsidiaries not included in consolidation for regulatory purposes are securities and insurance companies that are authorised and supervised by a regulator and are subject to supervisory arrangements regarding the maintenance of adequate capital to support business activities comparable to those prescribed for authorised institutions under the Banking (Capital) Rules and the Banking Ordinance. The Bank’s shareholdings in these subsidiaries are deducted from its core capital and supplementary capital as determined in accordance with Part 3 of the Banking (Capital) Rules.

用作監管用途之綜合基礎與作會計用途之綜合基礎是不相同的。包括在用作監管用途之附屬公司乃按香港金融管理局根據香港《銀行條例》第98(2)條所頒佈的通知內列載。不包括在用作監管用途之綜合基礎之附屬公司為已核准和受一監管機構規管的證券及保險公司，對該等公司有關維持足夠資本以支持商業活動的監管安排，與按照適用於「資本規則」及香港《銀行條例》的金融機構之標準相符。本行於該等公司的權益已從其核心資本及按「資本規則」第3部份所計算之附加資本中扣除。

With respect to Note 29, the principal subsidiaries that are not included in consolidation for regulatory purposes are:

就附註29而言，不包括在用作監管用途之綜合基礎之主要附屬公司如下：

Blue Cross (Asia-Pacific) Insurance Limited

藍十字(亞太)保險有限公司

BEA Life Limited

東亞人壽保險有限公司

East Asia Futures Limited

東亞期貨有限公司

East Asia Securities Company Limited

東亞證券有限公司

The Group operates subsidiaries in a number of countries and territories where capital is governed by local rules and there may be restrictions on the transfer of regulatory capital and funds between members of the banking group.

本集團之附屬公司在多個國家及地區營運而其資本乃受當地法則約束，可能在轉移受規管資本及在銀行集團成員間的資金調配方面存在某些限制。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(b) Group capital base after deductions

(b) 集團扣減後的資本基礎

		2011	2010
		HK\$ Mn 港幣百萬元	Restated 重報 HK\$ Mn 港幣百萬元
Core capital	核心資本		
Paid up ordinary share capital	繳足股款的普通股股本	5,190	5,105
Share premium	股份溢價	12,037	11,512
Reserves	儲備	17,847	17,629
Profit or loss account	損益賬	2,169	1,380
Non-controlling interests	非控股權益	3,555	3,557
Deduct: Goodwill	減：商譽	(1,658)	(1,658)
Net deferred tax assets	淨遞延稅項資產	(377)	(399)
Other intangible assets	其他無形資產	(26)	(27)
		38,737	37,099
Less: Core capital items deductions	減：核心資本的扣減項目	(3,319)	(3,593)
Total core capital	核心資本總額	35,418	33,506
Eligible supplementary capital	可計算的附加資本		
Reserves attributable to fair value gains on revaluation of holdings of land and building	因按公平價值重估持有土地及建築物而產生盈利的儲備	970	970
Revaluation reserves for fair value gains on revaluation of holdings of available-for-sale equities and debt securities	因按公平價值重估持有可供出售股份及債務證券而產生盈利的重估儲備	32	65
Unrealised fair value gains arising from holdings of equities and debt securities designated at fair value through profit or loss	因按公平價值重估持有被指定為通過損益以反映公平價值之股份及債務證券而產生的未實現盈利	2	197
Regulatory reserve for general banking risks	一般銀行業風險的法定儲備	163	54
Collectively assessed impairment allowances	整體評估減值準備	93	129
Surplus provisions	過剩準備	1,849	921
Perpetual subordinated debt	無到期日的後償債項	3,163	3,606
Term subordinated debt	有期後償債項	13,146	9,280
		19,418	15,222
Less: Supplementary capital items deductions	減：附加資本的扣減項目	(3,319)	(3,593)
Total supplementary capital	附加資本總額	16,099	11,629
Total capital base	資本基礎總額	51,517	45,135

Deductions from total capital base include investments in subsidiaries of which their risk weighted assets have not been consolidated into the total risk weighted assets of the Group, which mainly conduct non-banking related businesses.

資本基礎總額扣減項目，包括主要從事與非銀行業有關業務的附屬公司投資，而其風險加權資產並未在本集團的風險加權資產總額內綜合計算。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(2) LIQUIDITY RATIO 流動資金比率

		2011	2010
		%百分率	%百分率
Average liquidity ratio for the year	年度內平均流動資金比率	42.8	44.9

The average liquidity ratio for the year is the simple average of each calendar month's average liquidity ratio, which is computed on the consolidated basis as required by the Hong Kong Monetary Authority for its regulatory purposes, and is in accordance with the Fourth Schedule to the Hong Kong Banking Ordinance.

年度內平均流動資金比率是每月平均比率的簡單平均數，其計算是根據香港金融管理局訂定用作規管用途的綜合基準及香港《銀行條例》(附表4)。

(3) CROSS-BORDER CLAIMS 跨國債權

The information on cross-border claims discloses exposures to foreign counterparties on which the ultimate risk lies, and is derived according to the location of the counterparties after taking into account any transfer of risk. In general, such transfer of risk takes place if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country. Only regions constituting 10% or more of the aggregate cross-border claims are disclosed.

跨國債權資料披露對海外交易對手風險額最終風險的所在地，並已顧及轉移風險因素。一般而言，有關貸款的債權獲得並非交易對手所在地的國家的一方擔保，或該債權的履行對象是某銀行的海外分行，而該銀行的總辦事處並非設於交易對手的所在地，風險便確認為由一個國家轉移到另一個國家。當某一地區風險額佔風險總額的百分之十或以上，該地區的風險額便須予以披露。

		2011							
		Banks and other financial institutions		Public sector entities		Others		Total	
		銀行及其他金融機構		公營機構		其他		總額	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
The Group	集團								
People's Republic of China	中華人民共和國	38,220		2,122		69,168		109,510	
Asian countries, excluding People's Republic of China	其他亞洲國家(不包括中華人民共和國)	18,329		5,056		19,734		43,119	
North America	北美洲	7,009		269		3,219		10,497	
Western Europe	西歐	10,477		-		1,253		11,730	

		2010							
		Banks and other financial institutions		Public sector entities		Others		Total	
		銀行及其他金融機構		公營機構		其他		總額	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
The Group	集團								
People's Republic of China	中華人民共和國	17,270		2,153		56,083		75,506	
Asian countries, excluding People's Republic of China	其他亞洲國家(不包括中華人民共和國)	23,537		3,047		16,128		42,712	
North America	北美洲	8,035		210		11,273		19,518	
Western Europe	西歐	29,620		-		4,802		34,422	

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(4) NON-BANK MAINLAND EXPOSURES 內地非銀行類客戶風險

The total direct non-bank Mainland exposures and the individual impairment allowances are as follows:

內地非銀行類客戶直接風險總額及其個別減值準備如下：

		2011			
Type of counterparties	交易對手的類別	On-balance sheet exposure	Off-balance sheet exposure	Total	Individual impairment allowance
		資產負債表以內的風險	資產負債表以外的風險		總額
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Mainland entities	內地實體	164,801	66,182	230,983	87
Companies and individuals outside the Mainland where the credit is granted for use in the Mainland	信貸是用於內地而借款的公司及個人是在國外	28,295	2,742	31,037	1
Other counterparties the exposures to whom are considered to be non-bank Mainland exposures	其他交易對手而其風險被認為內地非銀行類客戶風險	15,865	1,643	17,508	-
Total	總額	208,961	70,567	279,528	88

		2010			
Type of counterparties	交易對手的類別	On-balance sheet exposure	Off-balance sheet exposure	Total	Individual impairment allowance
		資產負債表以內的風險	資產負債表以外的風險		總額
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Mainland entities	內地實體	136,500	41,863	178,363	31
Companies and individuals outside the Mainland where the credit is granted for use in the Mainland	信貸是用於內地而借款的公司及個人是在國外	36,223	2,631	38,854	5
Other counterparties the exposures to whom are considered to be non-bank Mainland exposures	其他交易對手而其風險被認為內地非銀行類客戶風險	12,660	102	12,762	-
Total	總額	185,383	44,596	229,979	36

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
未經審核補充財務資料(續)

(5) OVERDUE, RESCHEDULED AND REPOSSESSED ASSETS 逾期、經重組及收回資產

(a) Overdue and rescheduled advances

(a) 逾期及經重組貸款

		2011		2010	
		HK\$ Mn	% of total advances to customers	HK\$ Mn	% of total advances to customers
		港幣百萬元	佔客戶貸款總額的百分比	港幣百萬元	佔客戶貸款總額的百分比
The Group	集團				
Advances to customers overdue for	逾期客戶貸款				
– 6 months or less but over 3 months	– 3個月以上至6個月	92	0.0	98	0.0
– 1 year or less but over 6 months	– 6個月以上至1年	60	0.0	139	0.0
– Over 1 year	– 1年以上	99	0.1	159	0.1
		251	0.1	396	0.1
Rescheduled advances to customers	經重組客戶貸款	392	0.1	443	0.2
Total overdue and rescheduled advances	逾期及經重組客戶貸款總額	643	0.2	839	0.3
Secured overdue advances	有抵押逾期貸款	152	0.1	220	0.1
Unsecured overdue advances	無抵押逾期貸款	99	0.1	176	0.1
Market value of security held against secured overdue advances	有抵押逾期貸款抵押品市值	439		561	
Individual impairment allowance made on loans overdue for more than 3 months	逾期3個月以上貸款的個別減值準備	84		148	

Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue and remains unpaid at the year-end. Loans repayable by regular instalments are treated as overdue when an instalment payment is overdue and remains unpaid at year-end. Loans repayable on demand are classified as overdue either when a demand for repayment has been served on the borrower but repayment has not been made in accordance with the demand notice, and/or when the loans have remained continuously outside the approved limit advised to the borrower for more than the overdue period in question.

當本金或利息已逾期及在年底仍未清還，有特定還款日期的貸款及墊款將分類為逾期貸款。當分期逾期及在年底仍未清還時，以固定分期償還的貸款亦視作逾期貸款。若即時還款通知書已給予借款人但卻未能即時償還，即時償還的貸款當作逾期，及／或該貸款已持續超出已知會借款人所核准的限額，而超出已知會借款人所核准限額的時間比貸款逾期的時間更長。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

An asset considered as an eligible collateral should generally satisfy the following:

- (a) The market value of the asset is readily determinable or can be reasonably established and verified;
- (b) The asset is marketable and there exists a readily available secondary market for disposing of the asset;
- (c) The Bank's right to repossess the asset is legally enforceable and without impediment; and
- (d) The Bank is able to secure control over the asset if necessary.

The two main types of "Eligible Collateral" are as follows:

- (i) "Eligible Financial Collateral" mainly comprises cash deposits and shares.
- (ii) "Eligible Physical Collateral" mainly comprises land and buildings, vehicles and equipment.

When the Bank's clients face financial difficulties and fail to settle their loans, depending on different situations, the Bank usually takes the following actions to recover the debt:

- (a) Debt rescheduling/restructuring
- (b) Enforcement of security
- (c) Legal action
- (d) Recovery via debt collector

There were no advances to banks and other financial institutions which were overdue for over 3 months as at 31st December, 2011 and 31st December, 2010, nor were there any rescheduled advances to banks and other financial institutions on these two dates.

可視作合格抵押品的資產須符合下列條件：

- (a) 該資產的市值是可即時決定的或是可合理地確定及證實的；
- (b) 該資產是有市價的及有二手市場可即時將該資產出售；
- (c) 本行收回資產的權利是有法律依據及沒有障礙的；及
- (d) 本行在有需要時可對該資產行使控制權。

合格抵押品主要分為下列兩種：

- (i) 合格金融抵押品主要包括現金存款及股票。
- (ii) 合格實物抵押品主要包括土地及建築物、汽車及設備。

按不同情況下，當本行客戶面對財政困難而無力償還貸款，本行一般採用以下方式以追收欠款：

- (a) 重新編排債務還款期時間表／債務重組
- (b) 沒收抵押品
- (c) 採取法律行動
- (d) 通過收數公司追收

於2011年12月31日及2010年12月31日，銀行及其他金融機構的貸款中，並無逾期3個月以上或經重組的貸款。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(5) OVERDUE, RESCHEDULED AND REPOSSESSED ASSETS (CONTINUED) 逾期、經重組及收回資產(續)

(b) Other overdue and rescheduled assets

(b) 其他逾期及經重組資產

		2011		2010	
		Accrued interest	Other assets*	Accrued interest	Other assets*
		應計利息	其他資產*	應計利息	其他資產*
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
The Group	集團				
Other assets overdue for	其他逾期資產				
– 6 months or less but over 3 months	– 3個月以上至6個月	–	8	–	–
– 1 year or less but over 6 months	– 6個月以上至1年	–	–	–	–
– Over 1 year	– 1年以上	–	–	–	5
		–	8	–	5
Rescheduled assets	經重組資產	–	4	–	–
Total other overdue and rescheduled assets	其他逾期及經重組資產總額	–	12	–	5

* Other assets refer to trade bills and receivables.

* 其他資產是指貿易票據及應收款項。

(c) Repossessed assets

(c) 收回資產

		2011		2010	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
The Group	集團				
Reposessed land and buildings*	收回土地及建築物*	22		8	
Reposessed vehicles and equipment	收回汽車及設備	–		–	
Total reposessed assets	收回資產總額	22		8	

The amount represents the estimated market value of the reposessed assets as at 31st December.

此等金額指於12月31日收回資產的估計市值。

* The balance included HK\$4 million (2010: HK\$2 million) relating to properties that were contracted for sale but not yet completed.

* 結餘包括總值港幣4,000,000元(2010年：港幣2,000,000元)已簽約出售但仍未成交的物業。

(6) PRINCIPAL RISKS AND CAPITAL ADEQUACY 主要風險及資本充足度

(a) Summary of approach to assess capital adequacy

Different approaches are adopted for assessing capital adequacy as follows:

(a) 評估資本充足度的方法概要

評估資本充足度採納以下不同方法：

Risk areas	Approach for assessing capital adequacy
風險範圍	評估資本充足率的方法
Credit Risk 信貸風險	Foundation Internal Ratings-Based (“IRB”) Approach 基礎內部評級基準計算法
Market Risk 市場風險	Internal Models Approach 內部模式計算法
Operational Risk 營運風險	Standardised Approach 標準計算法

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(b) Principal risks

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

The Group has in place a risk management system to identify, measure, monitor and control the various types of risk that the Group faces and, where appropriate, to set strategy and allocate capital against those risks. The major risk management policies for the various types of risk that the Bank faces including credit risk, market risk, liquidity risk and operational risk are reviewed regularly by the Management and specialised risk management committees, and recommendations are made by the Risk Management Committee, which comprises the Group's Chairman and Chief Executive, Senior Advisors, Deputy Chief Executives and the Group Chief Risk Officer, for the approval of the Board of Directors. There is an independent centralised risk management unit, Risk Management Division, responsible for monitoring the activities relating to these principal risks. The internal auditors also perform regular audits on business units to check compliance with policies and procedures.

Credit risk management

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

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

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

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

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

(b) 主要風險

本部分載述有關本集團主要風險管理的資料。

本集團已建立一套完善的風險管理制度，以識別、衡量、監察及控制本集團所承受各類風險，並於適當的情況下調配資本以抵禦該等風險。本集團就銀行承受之各種風險如信貸風險、市場風險、流動資金風險和營運風險所制定的主要管理政策，均由管理層和有關專責委員會定期檢討，並由風險管理委員會提出建議，最後經董事會批核。該委員會由本集團主席兼行政總裁、高級顧問、副行政總裁和集團風險總監組成。本集團設有一個獨立的中央風險管理單位(風險管理處)，專責處理與主要風險有關的活動。內部稽核員亦會對業務部門定期進行稽核，以確保該等政策及程序得以遵從。

信貸風險管理

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

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

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

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

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

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED) 未經審核補充財務資料(續)

(6) PRINCIPAL RISKS AND CAPITAL ADEQUACY (CONTINUED) 主要風險及資本充足度(續)

(b) Principal risks (continued)

Credit risk management (continued)

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

(i) Corporate and bank credit risk

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

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

(ii) Retail credit risk

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

(iii) Credit for treasury transactions

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

(iv) Credit-related commitment

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

(b) 主要風險(續)

信貸風險管理(續)

本集團就下列各類主要信貸風險實行信貸風險管理：

(i) 企業及銀行信貸風險

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

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

(ii) 零售信貸風險

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

(iii) 財資交易的信貸風險

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

(iv) 與信貸有關的承諾

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

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(v) Concentrations of credit risk

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

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

(vi) Capital requirement for credit risk by exposure class

The following table indicates the capital requirement for credit risk on each class of exposure at 31st December, 2011 and 31st December, 2010 respectively:

Exposure class	風險承擔類別	Capital requirement	
		資本要求 2011	資本要求 2010
		HK\$ Mn	港幣百萬元
Bank	銀行	3,914	3,398
Corporate	企業	17,265	15,890
Residential mortgage	住宅按揭	707	828
Qualifying revolving retail	合資格循環零售	554	491
Other retail	其他零售	555	427
Equity booked on banking book under Simple Risk-weight Method	銀行賬下的股權 -以簡單風險加權法計算	197	242
Equity booked on banking book under Internal Models Method	銀行賬下的股權 -以內部模型計算法計算	177	129
Others*	其他*	4,590	4,185

* Including cash items, other IRB exposures and insignificant credit portfolios in which the Bank adopted Standardised Approach for assessing capital adequacy.

Market risk management

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

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

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

(v) 信貸集中的風險

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

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

(vi) 各風險承擔類別的信貸風險資本要求

下表分別顯示於2011年12月31日及2010年12月31日每種風險承擔類別的信貸風險資本要求情況：

* 包括現金項目，其他使用基礎內部評級基準法的風險承擔，及本行採用標準計算法評估資本充足率的非主要信貸組合。

市場風險管理

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

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

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

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED) 未經審核補充財務資料(續)

(6) PRINCIPAL RISKS AND CAPITAL ADEQUACY (CONTINUED) 主要風險及資本充足度(續)

(b) Principal risks (continued)

Market risk management (continued)

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

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

(i) Currency risk

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

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

(ii) Interest rate risk

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

(iii) Equity risk

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

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

(b) 主要風險(續)

市場風險管理(續)

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

在此方面，本集團主要管理的風險包括：

(i) 貨幣風險

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

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

(ii) 利率風險

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

(iii) 股份風險

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

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

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

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

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

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

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

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

Total market risk capital charge under the advanced approach adopted by the Group is divided into two parts, market risk capital charge for specific risk and market risk capital charge for general market risk. Under capital charge for general market risk, the Group uses the internal models approach for the VaR calculation, by applying full 10-day price movement. For specific risk, the Group uses the Standardised (market risk) Approach for the calculation. In 2011, the Group uses internal models approach for Vega risk capital charge calculation.

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

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

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

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

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

本集團採用的先進方法計算所得的市場風險資本支出總額分為兩個部分：特定風險的市場風險資本支出及一般市場風險的市場風險資本支出。本集團採用內部模式計算法，利用完整的10天價格變動計算風險值，計算一般市場風險的市場風險資本支出。本集團採用標準（市場風險）計算法計算特定風險。於2011年，本集團更採用內部模式計算法計算維加風險的資本支出。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED) 未經審核補充財務資料(續)

(6) PRINCIPAL RISKS AND CAPITAL ADEQUACY (CONTINUED) 主要風險及資本充足度(續)

(b) Principal risks (continued)

Market risk management (continued)

The following table indicates the capital charge for market risk:

(b) 主要風險(續)

市場風險管理(續)

下表顯示市場風險的資本要求：

		Market risk capital charge 市場風險資本要求 As at 31st December, 2011 於2011年12月31日 HK\$ Mn 港幣百萬元	Market risk capital charge 市場風險資本要求 As at 31st December, 2010 於2010年12月31日 HK\$ Mn 港幣百萬元
Internal Models Approach	內部模式計算法		
– General Market Risk	– 一般市場風險	583	362
Standardised Approach	標準計算法		
– Specific Market Risk Debt Charge	– 特定市場風險債務要求	26	22
– Specific Market Risk Equity Charge	– 特定市場風險股份要求	93	119
– Vega Risk	– 維加風險	–	1
Total	總額	702	504

According to the Banking (Capital) Rules, the Group adopts back testing to assess the predictive power of the VaR estimation. Back testing consists of a periodic comparison of the daily VaR measures with the subsequent daily actual and hypothetical trading outcomes. Back testing is a statistical technique developed to gauge the quality and accuracy of risk measurement model. 5 exceptions were found during 2011 (1 exception during 2010), 99% confidence level and 250-day observation period.

根據《銀行(資本)規則》，本集團採用回溯測試評估風險值估計數字的預測準確度。回溯測試包括定期將每日風險值與其後的每日實際及模擬交易結果進行對比。回溯測試是一種用以衡量風險管理模式的質素與準確度的統計技術。2011年發現了5次例外情況(2010年1次例外情況)，99%的置信水平及250日觀察期。

Back testing exceptions

回溯測試的例外情況

		9th February, 2011 2011年2月9日 HK\$ Mn 港幣百萬元	23rd May, 2011 2011年5月23日 HK\$ Mn 港幣百萬元	12th July, 2011 2011年7月12日 HK\$ Mn 港幣百萬元	5th August, 2011 2011年8月5日 HK\$ Mn 港幣百萬元	22nd September, 2011 2011年9月22日 HK\$ Mn 港幣百萬元
Year 2011 年						
Loss of total trading activities	交易活動的虧損	32	32	37	45	67
VaR for total trading activities at corresponding date	相對當日的風險值	31	28	35	41	50

		25th May, 2010 2010年5月25日 HK\$ Mn 港幣百萬元
Year 2010 年		
Loss of total trading activities	交易活動的虧損	50
VaR for total trading activities at corresponding date	相對當日的風險值	44

In addition, stress testing on market risk is performed for the Group as a supplement to the daily VaR assessment. The Group applies sensitivity analysis and scenario analysis, on individual portfolios and/or on the Group's consolidated positions, to assess the potential impact of extreme movements in market prices on the Group's earnings.

此外，本集團利用市場風險壓力測試以補足每日風險數額的評估。本集團對個別組合及/或本集團綜合持倉進行敏感度分析及情景分析，以評估市場價格的大幅波動對本集團盈利可能產生的影響。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

Value-at-risk statistics

風險數額統計

Year 2011 年		At 31st December 於 12 月 31 日		Maximum 最高		Minimum 最低		Mean 平均	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
VaR for total trading activities	交易活動的風險數額總額		40		75		28		46
VaR for foreign exchange trading positions*	外匯交易持倉的風險數額*		13		13		1		4
VaR for interest rate trading positions	利率交易持倉的風險數額		2		8		2		4
VaR for equity trading positions	股份交易持倉的風險數額		31		70		25		41

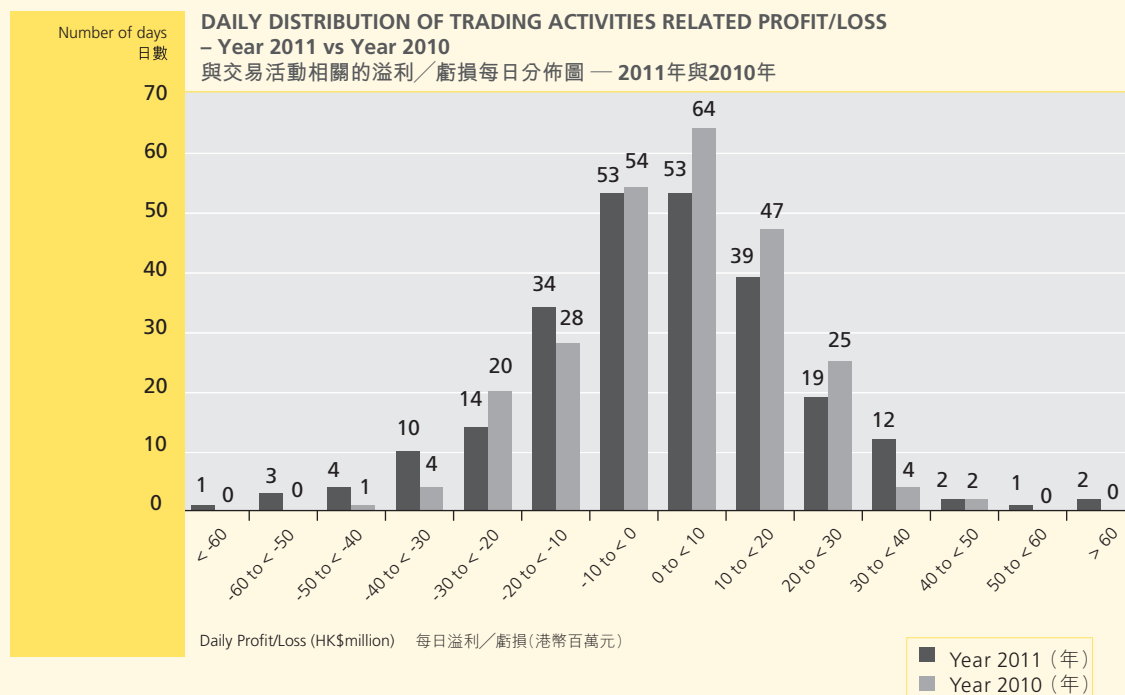
Year 2010 年		At 31st December 於 12 月 31 日		Maximum 最高		Minimum 最低		Mean 平均	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
VaR for total trading activities	交易活動的風險數額總額		37		52		33		42
VaR for foreign exchange trading positions*	外匯交易持倉的風險數額*		4		8		2		4
VaR for interest rate trading positions	利率交易持倉的風險數額		7		9		2		4
VaR for equity trading positions	股份交易持倉的風險數額		30		45		24		35

* Including all foreign exchange positions but excluding structured foreign exchange positions.

* 包括所有外匯持倉但不包括結構性外匯持倉。

The average daily profit for all trading activities (including foreign exchange, interest rate and equity trading activities) in 2011 was HK\$0.58 million (average daily profit of HK\$1.94 million in 2010). The standard deviation of the daily profit/loss was HK\$20.16 million (standard deviation of HK\$15.74 million for 2010). The frequency distribution of daily profit/loss is shown below:

於2011年，所有交易活動(包括貨幣、利率、股份交易活動)所得的每日平均收入為港幣580,000元(2010年的每日平均收入為港幣1,940,000元)。每日溢利/虧損的標準差為港幣20,160,000元(2010年為港幣15,740,000元)。以下為每日溢利/虧損的頻率分佈情況：



UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED) 未經審核補充財務資料(續)

(6) PRINCIPAL RISKS AND CAPITAL ADEQUACY (CONTINUED) 主要風險及資本充足度(續)

(b) Principal risks (continued)

Operational risk management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

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

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

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

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

Capital Charge for Operational Risk

As at 31st December 2011, capital charge for operational risk amounted to HK\$1,576 million (2010: HK\$1,274 million).

Liquidity risk management

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

(b) 主要風險(續)

營運風險管理

營運風險指的是由於內部流程、人手及系統不足或不成熟或因外部事件而導致損失的潛在風險。

營運風險管理的目的在於辨別、評估及監控營運風險，尤其是要遵守相關監管規定之要求。

本集團自2006年1月起實施統一的風險管理制度。在此方面，董事會審閱並批准營運風險管理的主要政策，並已授權營運風險管理委員會，負責持續管理營運風險。營運風險管理委員會透過風險管理委員會定期向董事會匯報營運風險管理的情況。本集團之風險管理處轄下的營運風險管理部，負責監控與營運風險有關的活動。

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

此外，本集團之風險管理處轄下的營運風險管理部亦就本集團是否符合香港金管局監管政策手冊關於業務操作風險管理的規定進行自我評估，並經內部稽核部獨立審閱後得出滿意的結果。

營運風險的資本要求

於2011年12月31日，營運風險的資本要求為港幣1,576,000,000元(2010年：港幣1,274,000,000元)。

流動資金風險管理

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

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

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

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

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

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

Interest rate risk management

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

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

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

本行的流動資金風險管理受風險管理委員會認可並經董事會核准的流動資金風險管理政策監管。資產負債管理委員會獲董事會授權，負責監察本行的流動資金風險管理，並制訂管理流動資金風險的策略與政策以及確保執行有關策略與政策的措施。流動資金狀況由資金市場處每日按董事會批核的限額範圍進行管理。本集團之風險管理處轄下的資產負債管理部，負責監控資金市場處的活動是否遵從流動資金風險管理手冊。內部稽核部會定期作出檢討，確保流動資金風險管理功能得以有效執行。

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

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

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

利率風險管理

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

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

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

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED) 未經審核補充財務資料(續)

(6) PRINCIPAL RISKS AND CAPITAL ADEQUACY (CONTINUED) 主要風險及資本充足度(續)

(b) Principal risks (continued)

Interest rate risk management (continued)

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

Sensitivity analysis on interest rate risk

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

		2011			2010		
		HKD港元	USD美元	RMB人民幣	HKD港元	USD美元	RMB人民幣
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Impact on earnings over the next 12 months if interest rates rise by 200 basis points	倘利率上調200個基點對未來12個月的盈利影響	116	(12)	346	272	(172)	331
Impact on economic value if interest rates rise by 200 basis points	倘利率上調200個基點對經濟價值的影響	(156)	195	126	(66)	(637)	(230)

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

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

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

(b) 主要風險(續)

利率風險管理(續)

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

利率風險敏感度分析

本行採用敏感度分析來量度利率變動對淨利息收入及經濟價值變動可能產生的影響：

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

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

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

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(c) Capital management

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

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

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

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

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

The capital adequacy ratios as at 31st December, 2011 and 31st December, 2010 are computed on the consolidated basis of the Bank and certain of its subsidiaries as specified by the HKMA for its regulatory purposes, and are in accordance with the Banking (Capital) Rules of the Hong Kong Banking Ordinance which became effective on 1st January, 2007.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year ended 31st December, 2011 and 31st December, 2010 and the Group is well above the minimum required ratio set by the HKMA.

(c) 資本管理

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

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

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

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

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

2011年12月31日及2010年12月31日的資本充足比率是依據金管局為監管目的而制定的，本行及若干附屬公司已按綜合基準計算，並符合2007年1月1日生效的香港《銀行條例》的《銀行(資本)規則》。

截至2011年12月31日及2010年12月31日止年度內，本集團及其個別受監管業務已符合所有外間訂立的資本規定，以及本集團俱遠高於金管局所定的最低規定比率。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED) 未經審核補充財務資料(續)

(7) CREDIT RISK UNDER INTERNAL RATINGS-BASED (“IRB”) APPROACH 根據內部評級基準計算法計算的信貸風險

This section presents information on the Group’s risk management for credit exposures under IRB approach.

Foundation IRB approach is adopted for capital adequacy assessment for credit risk where internal rating systems are applied against different types of counterparties in the risk management process.

(a) Structure of internal ratings systems

The internal ratings system serves as the foundation for the Bank’s risk management and capital adequacy assessment. In general, the system adopts a 20-tier rating structure.

For Corporate, Bank and Retail exposures, internal measure of credit risks are based on an assessment of the borrower and transaction characteristics of each exposure. Therefore the Bank has a two-dimensional rating structure, one dimension being the borrower grade, and the other being facility grade.

The borrower grade reflects risk of borrower default. The borrower’s Probability of Default over a one-year horizon is linked up to the 20-tier structure, with the last 3 tiers down the structure being default grades. The facility grade incorporates transaction specific factors e.g. collateral, guarantee, etc. These factors are directly linked up to the transaction’s Expected Loss, which is in turn transformed into a 20-tier structure.

On the other hand, the Bank utilises the Supervisory Slotting Criteria Approach in rating Specialised Lending exposures. Under this approach, a single-dimension rating considering both the borrower and transaction characteristics will be assigned to the credit exposure, with the same 20-tier risk structure.

For Corporate and Bank exposures, borrower grades generated from the internal rating systems are benchmarked to external credit ratings.

(b) Use of internal ratings

The Bank has used information generated from internal rating systems in various areas including but not limited to credit approval, credit monitoring, loan classification, pricing, formulating business strategies and capital adequacy assessment.

(c) Control mechanisms for rating systems

In order to ensure that the rating systems are robust, the Bank has a control mechanism and relevant policies in place to validate the accuracy and consistency of the systems, which are used for the estimation of all relevant risk components for risk management and capital adequacy calculation.

The validation process covers 2 major aspects: review of internal rating models (i.e. quantitative assessment) and review of internal control and compliance (i.e. qualitative assessment). For the purpose of independency and accountability, staff members who are responsible for carrying out the validation process should be independent of those staff members who are responsible for designing and developing the rating systems. The Credit Committee oversees the whole validation process and reviews/approves the validation results and deliverables of the validating team on an annual basis.

本節呈列本集團對根據內部評級基準計算法計算的信貸風險承擔進行的風險管理資料。

本集團採納基礎內部評級基準計算法以評估信貸風險的資本充足度，並於風險管理程序中使用內部評級系統處理不同類型的交易對手。

(a) 內部評級系統的架構

內部評級系統為本行風險管理及資本充足評估的基礎。整體而言，該評級系統分為20個等級。

就企業、銀行及零售的風險承擔而言，信貸風險的內部量度方法以評估借款人及每項風險承擔的交易特性為基礎。因此，本行的評級架構有兩個層面，第一個是借款人等級，另一個是融通等級。

借款人等級反映借款人違責的風險。借款人一年內的違責或然率與20等級的架構掛鉤，最低的3個等級為違責等級。融通等級已考慮特定交易因素，如抵押品、擔保等。該等因素直接換算出交易的預期損失，再與20等級的架構掛鉤。

另一方面，本行為專門性借貸風險承擔評級時，會使用監管分類準則計算法。根據此計算法，信貸風險承擔會獲得一個已經兼顧借款人及交易特性的單一層面評級，這評級同樣分為20個等級。

就企業及銀行風險承擔而言，自內部評級系統產生的借款人等級與外部信貸評級對應，並作為基準。

(b) 內部評級的應用

本行在多方面均使用自內部評級系統取得的資料，包括但不限於信貸審批、信貸監控、貸款分類、定價、業務策略制訂及資本充足評估方面。

(c) 評級系統的監控機制

為確保評級系統的穩健性，本行設有監控機制及有關政策，以核實系統是否準確及一致，而系統乃用於估計一切相關風險成份以用作風險管理及資本充足計算。

核實程序涵蓋兩個主要方面：審查內部評級模型(即數量評估)及審查內部監控及遵規(即質量評估)。就獨立性及問責性而言，負責進行核實程序的員工應獨立於負責設計及制定評級系統的員工。信貸委員會監察整個核實程序，並每年審查/批准核實結果及核實小組所呈交的報告。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(d) Internal rating process

The Bank's internal rating process begins with the business units. These units apply different models for rating different types of credit exposures. During the process of rating assignment, overriding of the rating generated by the models is possible if it is considered that material information has not been taken into account by the models. The justification for overrides should be properly documented.

The rated credits, whether or not overrides are necessary, are then reviewed and approved by an individual party other than the one responsible for the assignment of the rating. This ensures accuracy and precision of the ratings, and that ratings are prudent and comply with the credit policies of the Bank. Based on the policies of the Bank, ratings of credit exposures will be reviewed at least annually.

(e) Types of exposures

- Corporate exposure includes exposures to corporate small-and-medium enterprises, other corporate and specialised lending.
- Bank exposure includes exposures to banks, regulated securities firms and public sector entities.
- Retail exposure includes residential mortgages, qualifying revolving retail exposures and other retail exposures.

(f) Variables, methods and data for estimation and validation of internal ratings

Probability of Default (PD)

For corporate exposures, PD is estimated based on both financial and business variables. Financial variables are financial ratios which link up to the profitability, liquidity and capital structure of the borrower, whereas for business variables, risk factors are assessed through management quality, industry risk and company standing. The two assessments are combined based on a scorecard methodology to produce the PD which is estimated through the Bank's default data.

For Retail exposures, borrowers with homogenous nature and transaction characteristics are segmented into pools in each of which an estimated PD is assigned.

For Bank exposures, the estimation of PD takes into account the market value of asset of the borrower, asset volatility and the borrowers' liabilities. The model measures and compares values of the borrower's assets and liabilities and converts the measurement to PD.

Loss-Given-Default (LGD)

For corporate and bank exposures, the Bank applies the supervisory LGD estimate provided by the Hong Kong Monetary Authority ("HKMA").

For retail exposures, the LGD estimate is based on historical realised loss and total historical default amount within a defined period.

(d) 內部評級程序

本行的內部評級程序由業務單位開始。該等部門對不同類別的信貸風險承擔評級時，均會採用不同的模型。在評級程序中，倘認為模型並無考慮重要資料，模型得出的評級可能會遭調整，但調整評級的理據應妥為存檔。

然後，不論是否需要調整評級，獲評級的信貸繼而由負責評級者以外的獨立方審查及批准。此舉可確保評級準確精密，且以審慎方式作出，並符合本行的信貸政策。根據本行的政策，信貸風險承擔的評級最少每年審查一次。

(e) 風險承擔類別

- 企業風險承擔包括對中小型企業、其他企業及專門性借貸的風險承擔。
- 銀行風險承擔包括對銀行、受監管的證券商號及公營單位的風險承擔。
- 零售風險承擔包括住宅按揭、合資格循環零售風險承擔及其他零售風險承擔。

(f) 估計及核實內部評級的可變因素、方法及數據

違責或然率

就企業風險承擔而言，違責或然率乃以財務及業務的可變因素估計。財務可變因素為與借款人的盈利能力、資金流動性及資本架構有關的財務比率。而就業務可變因素而言，風險因素按管理質素、行業風險及公司於行內地位作評估。兩項評估乃根據評分卡法結合，從而得出利用本行的違責數據所估計的違責或然率。

就零售風險承擔而言，性質及交易特性相近的借款人會被分成多個組別，而該等組別會被賦予一估計違責或然率。

就銀行風險承擔而言，估計違責或然率時會計及借款人資產的市值、資產波動幅度及借款人的負債。模型會計算及比較借款人資產及負債的價值，並把計算所得轉化為違責或然率。

違責損失率

就企業及銀行風險承擔而言，本行採用香港金融管理局(「金管局」)提供的監管性估計的違責損失率。

就零售風險承擔而言，違責損失率估計乃基於已界定期間內的過往變現損失及過往違責總額計出。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED) 未經審核補充財務資料(續)

(7) CREDIT RISK UNDER INTERNAL RATINGS-BASED ("IRB") APPROACH (CONTINUED) 根據內部評級基準計算法計算的信貸風險(續)

(f) Variables, methods and data for estimation and validation of internal ratings (continued)

Exposure-at-Default (EAD)

EAD is calculated as sum of on-balance sheet amount and credit equivalent amount of off-balance sheet items. Credit equivalent amount is the exposure amount of off-balance sheet items multiplied by the respective credit conversion factors according to the Banking (Capital) Rules. For certain revolving retail exposures, the credit conversion factor is estimated with reference to the historical realised further drawdown rate prior to defaults.

The exposure amount disclosed in the following of this report relating to IRB exposure refers to EAD.

Assumptions Employed in Derivation of Variables

The assumptions behind the estimation of PD are: (1) Risk factors selected for estimation are valid and significant. (2) The weight assigned to each risk factor is reasonable and appropriate for the estimation in the context of the Bank's credit portfolio. (3) The estimation model/methodology is valid and appropriate for the Bank's credit portfolio and risk environment. (4) For retail exposures, default rate from year to year does not exhibit significant fluctuations so that historical data (default rate) could be applied as PD estimate.

The underlying assumption of LGD estimate is that the loss and recovery pattern of the credit portfolio from year to year does not exhibit significant fluctuations so that historical realised LGD could be applied as LGD estimate. It is also assumed that realised LGD differs significantly across the credit portfolios.

For certain revolving retail exposures, the EAD is estimated based on the assumption that the historical further drawdown rate from year to year does not differ significantly so that historical data could be used for estimation of current EAD of the revolving retail exposures.

Methods of Validation

In order to ensure that the above assumptions for estimation are valid and the Bank's internal rating system is reliable and suitable for the Bank's credit portfolio, regular validation is indispensable.

The validation of the rating models is divided into (1) review of rating systems (quantitative assessment); (2) review of use of ratings (qualitative assessment).

The review of rating systems is carried out through a series of statistical tests. The purpose of the review is to assess the predictive power and robustness of model and the presence of under/over estimation.

The review of use of ratings focuses on the process of rating assignment, review and approval.

(f) 估計及核實內部評級的可變因素、方法及數據(續)

違責風險承擔

違責風險承擔計算為資產負債表內項目的數額及資產負債表外項目的信貸等值數額的總和。根據《銀行(資本)規則》，信貸等值數額為資產負債表外項目的風險承擔數額乘以相應的信貸換算因數。就若干循環零售風險承擔而言，信貸換算因數乃參考在過往信貸違責前實際之進一步提取貸款比率而作出估計。

本報告下文所披露有關內部評級基準風險承擔的風險承擔數額所指的是違責風險承擔。

計算可變因素時採用的假設

估計違責或然率時所作的假設：(1)進行估計所選用的風險因素乃屬有效及重要。(2)在本行信貸組合方面，以各風險因素獲賦予的權重進行估計，乃屬合理及適當。(3)估計模型/方法就本行的信貸組合及風險狀況而言乃屬有效及適當。(4)就零售風險承擔而言，年來的違責率並無顯示重大波動，故過往數據(違責率)可應用作違責或然率估計。

違責損失率估計的相關假設是，信貸組合年來的損失及收回模式並無顯示重大波動而令過往實際違責損失率可應用作違責損失率估計，以及各信貸組合的實際違責損失率顯著不同。

就若干循環零售風險承擔而言，估計違責風險承擔時的假設是，年來過往進一步提取貸款比率並無顯著不同而令過往數據可用作估計循環零售風險承擔的現行違責風險承擔。

核實方法

為確保上述為進行估計而作的假設有效，以及本行內部評級系統就本行信貸組合而言乃屬可靠及適合，定期作出核實是必須的。

評級模型的核實方法分為：(1)審查評級系統(數量評估)；(2)審查評級的應用(質量評估)。

審查評級系統乃透過一系列統計測試進行。審查目的乃評估模型的預示能力及穩健程度，以及是否存在低估/高估的情況。

就評級應用的審查，乃以評級及審批程序為重點。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(g) Policies for establishing provisions

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

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

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

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

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

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

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

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

(g) 設立準備金的政策

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

減值損失準備總額包括兩部分：個別減值準備，及整體減值準備。

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

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

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

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

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

倘再無實際機會收回時，則貸款及相關的應收利息會被撇銷。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(7) CREDIT RISK UNDER INTERNAL RATINGS-BASED (“IRB”) APPROACH (CONTINUED)

根據內部評級基準計算法計算的信貸風險(續)

(g) Policies for establishing provisions (continued)

The Bank takes into consideration the provision made in its capital maintenance decisions as in accordance with Section 220 of the Capital Rules. The Bank compares the total expected loss (“EL”) amount and the total eligible provisions, and if total EL amount exceeds total eligible provisions, the Bank deducts the difference from the core capital and supplementary capital. On the other hand, if total EL amount is less than the eligible provisions, the Bank includes the differences in its supplementary capital up to a maximum of 0.6% of the Bank’s risk weighted amount for credit risk calculated using IRB Approach.

(h) Exposure subject to supervisory estimates

The following table indicates the exposure classes and the respective exposure amounts that are subject to supervisory estimates as at 31st December, 2011 and 31st December 2010 respectively:

Exposure class	風險承擔類別	Exposure amount 風險承擔數額	
		2011 HK\$ Mn 港幣百萬元	2010 HK\$ Mn 港幣百萬元
Bank	銀行	85,750	87,378
Corporate	企業	349,519	292,871
Equity booked on banking book under Simple Risk-weight Method	在銀行賬下以簡單風險 權重方法計算之股權	580	714

(i) Risk assessment for IRB exposure classes

The following tables indicate the exposure amount, exposure weighted average risk weight and exposure weighted average PD under bank exposure and corporate exposure across borrower grade and the exposure amount under retail exposures across facility grade as at 31st December, 2011 and 31st December, 2010 respectively:

For bank exposure

2011

Borrower grade 借款人等級	Exposure amount 風險承擔數額 HK\$ Mn 港幣百萬元	Exposure weighted average risk weight 平均風險承擔加權風險權重	Exposure weighted average PD 風險承擔加權平均違責或然率
1	896	14.58%	0.03%
2	11,971	19.20%	0.05%
3	4,715	24.05%	0.07%
4	4,725	33.64%	0.13%
5	15,223	37.95%	0.16%
6	4,923	44.81%	0.21%
7	4,312	51.25%	0.26%
8	14,113	58.44%	0.35%
9	13,739	70.76%	0.52%
10	1,346	84.85%	0.83%
11	4,215	102.92%	1.33%
12	1,501	117.18%	2.15%
13	3,395	129.97%	3.13%
14	544	146.23%	4.64%
15	55	168.51%	6.96%
18	76	394.16%	100.00%

(g) 設立準備金的政策(續)

根據資本規則第220條，本行在作出有關維持資本的決定時，會考慮所作出的準備金。本行比較預期損失總額及合資格準備金總額，倘預期損失總額超過合資格準備金總額，本行會自核心資本及附加資本減去超出數額。相反，倘預期損失總額較合資格準備金總額低，本行則把差額計入本行附加資本內，上限為以內部評級基準計算法計算所得本行信貸風險的風險加權數額的0.6%。

(h) 受限於監管性估計的風險承擔

下表分別顯示於2011年12月31日及2010年12月31日受限於監管性估計的風險承擔類別及相應的風險承擔數額：

(i) 內部評級基準風險承擔類別的風險評估

下表分別顯示於2011年12月31日及2010年12月31日各級借款人在銀行風險承擔及企業風險承擔下的風險承擔數額、平均風險承擔加權風險權重及風險承擔加權平均違責或然率，以及各級融通在零售風險承擔下的風險承擔數額：

就銀行風險承擔而言

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

For bank exposure

就銀行風險承擔而言

2010

Borrower grade 借款人等級	Exposure amount 風險承擔數額 HK\$ Mn 港幣百萬元	Exposure weighted average risk weight 平均風險承擔加權風險權重	Exposure weighted average PD 風險承擔加權平均違責或然率
1	2,117	14.44%	0.03%
2	8,839	18.29%	0.04%
3	8,623	22.90%	0.06%
4	21,726	29.76%	0.10%
5	11,292	38.10%	0.16%
6	3,382	44.55%	0.21%
7	5,473	50.73%	0.26%
8	9,147	57.76%	0.35%
9	3,782	70.19%	0.53%
10	4,052	86.09%	0.87%
11	6,606	103.92%	1.39%
12	2,002	117.35%	2.14%
13	76	129.70%	3.11%
14	260	146.23%	4.64%

For corporate exposure

就企業風險承擔而言

2011

Borrower grade 借款人等級	Exposure amount 風險承擔數額 HK\$ Mn 港幣百萬元	Exposure weighted average risk weight 平均風險承擔加權風險權重	Exposure weighted average PD 風險承擔加權平均違責或然率
1	130	5.27%	0.03%
2	12,832	16.40%	0.04%
3	4,219	21.88%	0.07%
4	26,717	28.68%	0.11%
5	26,596	32.67%	0.16%
6	39,141	40.57%	0.20%
7	36,053	44.72%	0.25%
8	28,525	52.23%	0.35%
9	30,238	63.04%	0.55%
10	21,167	77.54%	0.87%
11	13,478	84.92%	1.37%
12	11,425	90.25%	2.05%
13	9,967	95.73%	3.03%
14	7,019	117.94%	4.64%
15	1,785	106.15%	6.94%
16	522	159.88%	9.54%
17	316	174.22%	34.24%
18	382	335.55%	100.00%
19	184	323.30%	100.00%
20	12	191.48%	100.00%

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
未經審核補充財務資料(續)

(7) CREDIT RISK UNDER INTERNAL RATINGS-BASED ("IRB") APPROACH (CONTINUED)
根據內部評級基準計算法計算的信貸風險(續)

(i) Risk assessment for IRB exposure classes (continued)

For corporate exposure

2010

(i) 內部評級基準風險承擔類別的風險評估(續)

就企業風險承擔而言

Borrower grade 借款人等級	Exposure amount 風險承擔數額 HK\$ Mn 港幣百萬元	Exposure weighted average risk weight 平均風險承擔加權風險權重	Exposure weighted average PD 風險承擔加權平均違責或然率
1	382	12.34%	0.03%
2	6,952	16.49%	0.04%
3	2,707	21.70%	0.07%
4	17,321	29.26%	0.12%
5	14,403	35.16%	0.16%
6	25,772	39.90%	0.20%
7	24,705	44.11%	0.25%
8	22,552	52.21%	0.35%
9	29,493	64.11%	0.56%
10	28,253	74.59%	0.86%
11	10,179	87.22%	1.42%
12	7,250	97.10%	2.05%
13	8,697	109.22%	2.92%
14	6,552	110.97%	4.42%
15	2,438	128.65%	6.81%
16	2,205	164.74%	9.19%
17	778	195.10%	22.97%
18	310	449.13%	100.00%
19	208	163.24%	100.00%
20	7	457.92%	100.00%

For residential mortgages

就住宅按揭而言

Facility grade 融通等級	Exposure amount 風險承擔數額	
	2011 HK\$ Mn 港幣百萬元	2010 HK\$ Mn 港幣百萬元
1	81	118
3	30,042	19,075
4	2,651	2,143
5	19,757	26,905
6	166	1,696
7	2,286	4,640
10	2	2
11	1,505	1,544
12	67	101
13	1	–
14	24	20

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

For qualifying revolving retail exposures

就合資格循環零售風險承擔而言

Facility grade 融通等級	Exposure amount 風險承擔數額	
	2011 HK\$ Mn 港幣百萬元	2010 HK\$ Mn 港幣百萬元
5	4,481	4,769
6	456	3,450
7	11,748	4,856
8	739	1,900
9	2,360	664
10	397	4,166
11	786	101
12	1,017	83
13	32	78
14	379	144
15	334	37
16	9	77
17	–	102
18	6	–

For other retail exposures

就其他零售風險承擔而言

Facility grade 融通等級	Exposure amount 風險承擔數額	
	2011 HK\$ Mn 港幣百萬元	2010 HK\$ Mn 港幣百萬元
1	273	5
2	–	1
3	1,309	1,438
4	–	2
5	4,918	4,630
6	1	13
7	1,430	949
8	24	–
9	2,639	1,748
10	231	73
11	513	1,107
12	1,150	948
13	143	31
14	9	8
15	56	65
17	3	5
18	7	4
20	3	5

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(7) CREDIT RISK UNDER INTERNAL RATINGS-BASED ("IRB") APPROACH (CONTINUED)

根據內部評級基準計算法計算的信貸風險(續)

(i) Comparison of rating estimates against actual outcome

Comparison is made on the 1-year rating estimates for the Group's performing credit portfolios at 31st December, 2010 against the actual outcome for the same portfolios during the financial period ended 31st December, 2011.

Comparison of actual loss and estimated loss

The following tables indicate the actual loss during the financial year ended 31st December, 2011 and 31st December, 2010 which are compared against the estimated loss at 31st December, 2010 and 31st December, 2009 of the respective portfolio. Actual loss refers to impairment loss allowance and charge-off charged to the Group's income statement during the financial year ended 31st December, 2011 and 31st December, 2010. The difference between the actual loss for the financial year ended 31st December, 2011 and 31st December, 2010 is immaterial when compared with the Group's loan portfolio in the respective period.

2011

Exposure class	風險承擔類別	Actual loss for the year ended 31st December, 2011 截至2011年12月31日止 之財政年度的實際損失 HK\$ Mn 港幣百萬元	Estimated 1-year loss at 31st December, 2010 於2010年12月31日 內估計的一年損失 HK\$ Mn 港幣百萬元
Bank	銀行	10	137
Corporate	企業	109	824
Residential mortgage	住宅按揭	-	88
Qualifying revolving retail	合資格循環零售	45	164
Other retail	其他零售	16	84
Total	總額	180	1,297

2010

Exposure class	風險承擔類別	Actual loss for the year ended 31st December, 2010 截至2010年12月31日止 之財政年度的實際損失 HK\$ Mn 港幣百萬元	Estimated 1-year loss at 31st December, 2009 於2009年12月31日 內估計的一年損失 HK\$ Mn 港幣百萬元
Bank	銀行	-	69
Corporate	企業	123	674
Residential mortgage	住宅按揭	-	81
Qualifying revolving retail	合資格循環零售	43	169
Other retail	其他零售	7	78
Total	總額	173	1,071

(j) 比較評級估計與實際數字

以於2010年12月31日本集團履行中信貸組合的一年評級估計與截至2011年12月31日止財政期間內相同組合的實際數字作比較。

比較實際損失與估計損失

下表顯示截至2011年12月31日及2010年12月31日止財政年度的實際損失，並與相應的組合在截至2010年12月31日及2009年12月31日的估計損失比較。實際損失指截至2011年12月31日及2010年12月31日止財政年度的減值損失準備及計入本集團損益表的撇賬。截至2011年12月31日及截至2010年12月31日的實際損失，相對於本集團的貸款組合在相關期間的總額，並沒有重大的分別。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

Comparison of actual default against estimated probability of default

The following tables indicate the actual percentage of default during the financial year ended 31st December, 2011 and 31st December, 2010, which is compared against the estimated 1-year probability of default (PD) at 31st December, 2010 and 31st December, 2009 of the respective portfolio.

比較實際違責與估計違責或然率

下表顯示截至2011年12月31日及2010年12月31日止財政年度的實際違責百分比，並與相應的組合分別於2010年12月31日及2009年12月31日的估計一年違責或然率比較。

2011

Exposure class	風險承擔類別	Actual percentage of default for the year ended 31st December, 2011 截至2011年12月31日止之財政年度的實際違責百分比	Estimated 1-year probability of default at 31st December, 2010 於2010年12月31日內估計的一年違責或然率
Bank	銀行	0.19%	0.39%
Corporate	企業	0.84%	1.75%
Residential mortgage	住宅按揭	0.07%	0.79%
Qualifying revolving retail	合資格循環零售	0.21%	0.70%
Other retail	其他零售	1.05%	2.23%

2010

Exposure class	風險承擔類別	Actual percentage of default for the year ended 31st December, 2010 截至2010年12月31日止之財政年度的實際違責百分比	Estimated 1-year probability of default at 31st December, 2009 於2009年12月31日內估計的一年違責或然率
Bank	銀行	0.00%	0.29%
Corporate	企業	0.98%	3.18%
Residential mortgage	住宅按揭	0.22%	0.84%
Qualifying revolving retail	合資格循環零售	0.23%	0.68%
Other retail	其他零售	0.79%	2.61%

(8) CREDIT RISK UNDER STANDARDISED APPROACH 標準計算法下的信貸風險

This section presents information on the Group's risk management for credit exposure in which the Bank adopted Standardised Approach for capital adequacy assessment.

本節呈列本集團有關使用標準計算法計算資本充足度的信貸風險承擔的風險管理資料。

(a) Ratings from external credit assessment institutions (ECAI)

Credit ratings from Moody's Investors Service and Standard & Poor's are used for all classes of credit exposures under Standardised Approach. The Bank follows the process prescribed in Part 4 of the Banking (Capital) Rules to map the ratings to the exposures booked in the Bank's banking book.

(a) 外部信貸評估機構的評級

穆迪投資服務及標準普爾的信貸評級用於標準計算法下的各類信貸風險承擔。本行根據《銀行(資本)規則》第4部規定的程序，把評級對應本行銀行賬載列的風險承擔。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(8) CREDIT RISK UNDER STANDARDISED APPROACH (CONTINUED) 標準計算法下的信貸風險(續)

(b) Risk assessment for exposure classes under Standardised Approach

The following tables indicate the exposure amount and risk weighted amount for each class of exposure with and without ECAI ratings as at 31st December, 2011 and 31st December, 2010 respectively:

2011

Exposure type	風險承擔類別	Total exposure 風險承擔總額 HK\$ Mn 港幣百萬元	Total exposure after credit risk mitigation 使用減低信貸風險措施後 的風險承擔總額		Risk weight amount after credit risk mitigation 使用減低信貸風險措施後 的風險加權數額	
			Rated 獲評級 HK\$ Mn 港幣百萬元	Unrated 無評級 HK\$ Mn 港幣百萬元	Rated 獲評級 HK\$ Mn 港幣百萬元	Unrated 無評級 HK\$ Mn 港幣百萬元
Sovereign	主權	82,228	82,228	-	49	-
Public sector entities	公營機構	520	520	2	10	-
Bank	銀行	16,759	7,646	9,105	3,638	3,644
Corporate	企業	20,626	104	16,028	70	16,028
Regulatory retail	監管零售	474	-	460	-	345
Residential mortgage	住宅按揭	5,743	-	5,665	-	5,642
Other exposures that are not past due	未逾期的其他風險承擔	7,874	-	4,304	-	4,304
Past due	逾期	65	-	47	-	88
Off balance sheet exposure	資產負債表外的風險承擔	7,735	223	6,210	12	6,125
Counterparty exposure	交易對手風險承擔	2,966	948	930	475	924
Total	總額	144,990	91,669	42,751	4,254	37,100

2010

Exposure type	風險承擔類別	Total exposure 風險承擔總額 HK\$ Mn 港幣百萬元	Total exposure after credit risk mitigation 使用減低信貸風險措施後 的風險承擔總額		Risk weight amount after credit risk mitigation 使用減低信貸風險措施後 的風險加權數額	
			Rated 獲評級 HK\$ Mn 港幣百萬元	Unrated 無評級 HK\$ Mn 港幣百萬元	Rated 獲評級 HK\$ Mn 港幣百萬元	Unrated 無評級 HK\$ Mn 港幣百萬元
Sovereign	主權	41,417	41,417	-	128	-
Public sector entities	公營機構	2,338	2,338	-	19	-
Bank	銀行	24,511	32	24,479	6	6,211
Corporate	企業	14,931	-	13,335	-	13,335
Regulatory retail	監管零售	221	-	219	-	165
Residential mortgage	住宅按揭	7,902	-	7,330	-	7,307
Other exposures that are not past due	未逾期的其他風險承擔	7,871	-	3,936	-	3,936
Past due	逾期	64	-	44	-	85
Off balance sheet exposure	資產負債表外的風險承擔	6,579	-	5,079	-	4,780
Counterparty exposure	交易對手風險承擔	1,207	-	910	-	834
Total	總額	107,041	43,787	55,332	153	36,653

(b) 標準計算法下風險承擔類別的風險評估

下表顯示分別於2011年12月31日及2010年12月31日經由及沒有經由外部信貸評估機構評級的每種風險承擔類別下的風險承擔數額及風險加權數額：

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(9) CREDIT RISK MITIGATION 減低信貸風險措施

(a) Process of managing and recognising credit risk mitigation

The Bank has established policies on managing and recognising credit risk mitigation, which is approved by Credit Committee, for all types of credit exposure under both IRB approach and standardised approach including counterparty credit risk-related exposure which arises from OTC derivative transactions and credit derivative contracts. The Bank applies prudent assessments of eligibility and quality of collaterals. A list of credit risk mitigations which is deemed appropriate by the Bank is in place. The Bank also applies safe custodian of collaterals, regular re-valuation and close monitoring. Marketable securities are marked-to-market on a daily basis whilst valuations on properties are reviewed periodically.

For regulatory capital calculation, only recognised collaterals, guarantees and credit derivative contracts as laid down under the Banking (Capital) Rules are considered as recognised credit risk mitigations and the Bank adheres to the criteria as stipulated in the Banking (Capital) Rule when assessing the eligibility.

Recognised collaterals include both financial and physical collaterals. Financial collaterals include cash deposit, gold, shares and debt securities and mutual fund/undertakings for collective investments in transferable securities, whilst physical collaterals include commercial real estate, residential real estate, vehicles and equipments. The exposure amount after mitigation is determined by applying the standard supervisory haircut laid down in the Banking (Capital) Rules as an adjustment discount to the current collateral value.

Recognised guarantors are any sovereign entities, public sector entities, banks and regulated securities firms with a lower risk weight than the borrower, or companies that are internally rated with a rating equivalent to external rating of A- or better.

On-balance and off-balance sheet recognised netting is not adopted by the Bank. No recognised guarantees and credit derivative contracts are applied as credit risk mitigation for capital adequacy calculation at balance sheet date.

(b) Total exposures covered by recognised collateral under IRB Approach

(a) 管理及認定減低信貸風險措施的程序

本行已制定管理及認定減低信貸風險措施的政策，而政策亦經信貸委員會批准，適用於內部評級基準計算法及標準計算法下各類信貸風險承擔，包括與由場外衍生工具交易及信貸衍生工具合約引致的交易對手信用風險相關的風險承擔。本行審慎評估抵押品是否合資格及其質素的高低。本行已備有一系列本行視為合適的減低信貸風險措施。本行亦妥善保管抵押品、定期作重新估值及作出緊密的監察。有價證券每日均按市值計算，物業的估值則定期審查。

就計算監管資本而言，只有《銀行(資本)規則》訂下的認可抵押品、擔保及信貸衍生工具合約方可視為認可的減低信貸風險措施，本行在評估減低信貸風險措施是否合資格時，會遵守《銀行(資本)規則》規定的準則。

認可抵押品包括金融及實物抵押品。金融抵押品包括現金存款、黃金、股份及債務證券及互惠基金／集體投資於可轉換證券的業務，而實物抵押品包括商業地產、住宅地產、車輛及設備。減低風險後的風險承擔數額乃以《銀行(資本)規則》訂下的標準監管扣減作為對現行抵押品價值的調整扣減而釐定。

認可擔保人乃任何主權實體、公營單位、銀行及受監管證券商號，其風險權重較借款人為低，或任何於內部評級取得相等於外部評級A-或以上等級的公司。

本行並無採納資產負債表內及資產負債表外認可淨額結算方法。於計算日，本行並無採用認可擔保及信貸衍生工具合約作為減低信貸風險措施，以計算資本充足度。

(b) 內部評級基準計算法下以認可抵押品涵蓋的風險承擔總額

Exposure class	風險承擔類別	Exposure amount covered 已涵蓋的風險承擔金額	
		2011 HK\$ Mn 港幣百萬元	2010 HK\$ Mn 港幣百萬元
Bank	銀行	1,217	469
Corporate	企業	54,285	42,298
Retail	零售	63,862	61,139
Total	總額	119,364	103,906

The total exposures indicated above represent 21.86% of the total exposure amount under IRB Approach as at 31st December, 2011 and 21.40% as at 31st December, 2010.

於2011年12月31日及2010年12月31日，上述所示的風險承擔總額分別佔內部評級基準計算法下風險承擔總額的21.86%及21.40%。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(9) CREDIT RISK MITIGATION (CONTINUED) 減低信貸風險措施(續)

(c) Total exposures covered by recognised collateral under Standardised Approach (c) 標準計算法下以認可抵押品涵蓋的風險承擔總額

Exposure class	風險承擔類別	Exposure amount covered 已涵蓋的風險承擔金額	
		2011 HK\$ Mn 港幣百萬元	2010 HK\$ Mn 港幣百萬元
Bank	銀行	8	–
Corporate	企業	4,494	1,596
Regulatory retail	監管零售	14	2
Residential mortgage	住宅按揭	76	572
Other exposures which are not past due	未逾期的其他風險承擔	3,570	3,935
Past due	逾期	18	20
Counterparty	交易對手	1,088	297
Off balance sheet	資產負債表外項目	1,302	1,500
Total	總額	10,570	7,922

The total exposures indicated above represent 7.29% of the total exposure amount under Standardised Approach as at 31st December, 2011 and 7.40% as at 31st December, 2010.

於2011年12月31日及2010年12月31日，上述所示的風險承擔總額分別佔標準計算法下風險承擔總額的7.29%及7.40%。

(10) COUNTERPARTY CREDIT RISK-RELATED EXPOSURE 與交易對手信貸風險相關的風險承擔

The Bank has in place a set of internal policies and a comprehensive framework to effectively manage the counterparty credit risk which arises from OTC derivative transactions and credit derivative contracts in banking book and trading book. Under this management framework, distinct credit limits for counterparty credit exposure for individual counterparties are determined based on the credit standing of the counterparties while the exposure amount are measured and monitored by the credit equivalent amount which comprises replacement cost and potential exposure.

At 31st December, 2011, there is no repo-style transaction falling under paragraph (c) and (d) of Section 2 (1) of the Banking (Capital) Rules in the Bank. No recognised credit derivative contract is applied as credit risk mitigation and no valid bilateral netting agreement as defined in HKMA Guideline No. 4.4 is taken into account in the calculation of regulatory capital.

本行已制訂一系列內部政策及完善的管理架構，以有效地管理本行的銀行賬及交易賬中由場外衍生工具交易及信貸衍生工具合約引致的交易對手信貸風險。在這管理架構下，不同交易對手的交易對手風險信貸限額會根據個別交易對手的信用狀況釐定，而相關的風險承擔金額則會以由取代成本及潛在風險組成的信貸等值金額計算及監控。

於2011年12月31日，本行並無《銀行(資本)規則》第2(1)條(c)和(d)段的回購形式交易。就計算監管資本而言，本行並無任何認可信貸衍生工具合約作為減低信貸風險措施，亦沒有採納按香港金融管理局指引第4.4號之有效雙邊淨額結算協議。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(a) Counterparty credit risk-related exposures under IRB Approach

The following tables indicate the information of counterparty credit risk-related exposures under IRB approach by exposure class as at 31st December, 2011 and 31st December, 2010 respectively:

2011

Exposure class	風險承擔類別	Current exposure	Credit equivalent amount	Credit equivalent amount after credit risk mitigation	Risk weighted amount
		現行風險承擔 HK\$ Mn 港幣百萬元	信貸等值金額 HK\$ Mn 港幣百萬元	使用減低風險措施後 的信貸等值金額 HK\$ Mn 港幣百萬元	風險加權金額 HK\$ Mn 港幣百萬元
Corporate	企業	514	1,570	1,400	883
Bank	銀行	1,436	4,114	4,114	2,341
Total	總額	1,950	5,684	5,514	3,224

2010

Exposure class	風險承擔類別	Current exposure	Credit equivalent amount	Credit equivalent amount after credit risk mitigation	Risk weighted amount
		現行風險承擔 HK\$ Mn 港幣百萬元	信貸等值金額 HK\$ Mn 港幣百萬元	使用減低風險措施後 的信貸等值金額 HK\$ Mn 港幣百萬元	風險加權金額 HK\$ Mn 港幣百萬元
Corporate	企業	96	617	515	387
Bank	銀行	761	2,823	2,823	1,133
Total	總額	857	3,440	3,338	1,520

The following tables indicate the information of counterparty credit risk-related exposures under IRB Approach by transaction type as at 31st December, 2011 and 31st December, 2010 respectively:

2011

Transaction Type	交易類別	Current exposure	Credit equivalent amount	Credit equivalent amount after credit risk mitigation	Risk weighted amount
		現行風險承擔 HK\$ Mn 港幣百萬元	信貸等值金額 HK\$ Mn 港幣百萬元	使用減低風險措施後 的信貸等值金額 HK\$ Mn 港幣百萬元	風險加權金額 HK\$ Mn 港幣百萬元
OTC Derivative Transaction	場外衍生工具交易	1,950	5,661	5,491	3,220
Repo-style Transaction	回購形式交易	-	-	-	-
Credit Derivative Contract	信貸衍生工具合約	-	23	23	4
Total	總額	1,950	5,684	5,514	3,224

(a) 內部評級基準計算法下與交易對手信貸風險相關的風險承擔

於2011年12月31日及2010年12月31日，下表分別顯示按不同風險承擔類別劃分的內部評級基準計算法下與交易對手信貸風險相關的風險承擔的資料：

於2011年12月31日及2010年12月31日，下表分別顯示按不同交易類別劃分的內部評級基準計算法下與交易對手信貸風險相關的風險承擔的資料：

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
未經審核補充財務資料(續)

(10) COUNTERPARTY CREDIT RISK-RELATED EXPOSURE (CONTINUED)
與交易對手信貸風險相關的風險承擔(續)

(a) Counterparty credit risk-related exposures under IRB Approach (continued) **(a) 內部評級基準計算法下與交易對手信貸風險相關的風險承擔(續)**

2010

Transaction Type	交易類別	Current exposure HK\$ Mn 港幣百萬元	Credit equivalent amount HK\$ Mn 港幣百萬元	Credit equivalent amount after credit risk mitigation 使用減低風險措施後的信貸等值金額 HK\$ Mn 港幣百萬元	Risk weighted amount 風險加權金額 HK\$ Mn 港幣百萬元
OTC Derivative Transaction	場外衍生工具交易	857	3,440	3,338	1,520
Repo-style Transaction	回購形式交易	-	-	-	-
Credit Derivative Contract	信貸衍生工具合約	-	-	-	-
Total	總額	857	3,440	3,338	1,520

The following tables indicate the exposure amount of counterparty credit risk-related exposures covered by recognised collaterals under IRB Approach as at 31st December, 2011 and 31st December, 2010 respectively:

於2011年12月31日及2010年12月31日，下表分別顯示內部評級基準計算法下以認可抵押品涵蓋的與交易對手信貸風險相關的風險承擔總額：

2011

Collateral Type	抵押品類別	OTC Derivative Transaction 場外衍生工具交易 HK\$ Mn 港幣百萬元	Repo-style Transaction 回購形式交易 HK\$ Mn 港幣百萬元	Credit Derivative Contract 信貸衍生工具合約 HK\$ Mn 港幣百萬元
Cash	現金	169	-	-
Others	其他	1	-	-
Total	總額	170	-	-

2010

Collateral Type	抵押品類別	OTC Derivative Transaction 場外衍生工具交易 HK\$ Mn 港幣百萬元	Repo-style Transaction 回購形式交易 HK\$ Mn 港幣百萬元	Credit Derivative Contract 信貸衍生工具合約 HK\$ Mn 港幣百萬元
Cash	現金	101	-	-
Others	其他	1	-	-
Total	總額	102	-	-

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(b) Counterparty credit risk-related exposures under Standardised Approach

The following tables indicate the information of counterparty credit risk-related exposures under Standardised Approach by exposure class as at 31st December, 2011 and 31st December, 2010 respectively:

2011

Exposure class	風險承擔類別	Current exposure	Credit equivalent amount	Credit equivalent amount after credit risk mitigation	Risk weighted amount
		現行風險承擔 HK\$ Mn 港幣百萬元	信貸等值金額 HK\$ Mn 港幣百萬元	使用減低風險措施後 的信貸等值金額 HK\$ Mn 港幣百萬元	風險加權金額 HK\$ Mn 港幣百萬元
Corporate	企業	461	914	604	604
Bank	銀行	14	958	958	479
Retail	零售	549	1,094	316	316
Total	總額	1,024	2,966	1,878	1,399

2010

Exposure class	風險承擔類別	Current exposure	Credit equivalent amount	Credit equivalent amount after credit risk mitigation	Risk weighted amount
		現行風險承擔 HK\$ Mn 港幣百萬元	信貸等值金額 HK\$ Mn 港幣百萬元	使用減低風險措施後 的信貸等值金額 HK\$ Mn 港幣百萬元	風險加權金額 HK\$ Mn 港幣百萬元
Corporate	企業	374	758	639	639
Bank	銀行	76	124	124	48
Retail	零售	197	325	147	147
Total	總額	647	1,207	910	834

(b) 標準計算法下與交易對手信貸風險相關的風險承擔

於2011年12月31日及2010年12月31日，下表分別顯示按不同風險承擔類別劃分的標準計算法下與交易對手信貸風險相關的風險承擔的資料：

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
未經審核補充財務資料(續)

(10) COUNTERPARTY CREDIT RISK-RELATED EXPOSURE (CONTINUED)
與交易對手信貸風險相關的風險承擔(續)

(b) Counterparty credit risk-related exposures under Standardised Approach (continued)

The following tables indicate the information of counterparty credit risk-related exposures under Standardised Approach by transaction type as at 31st December, 2011 and 31st December, 2010 respectively:

(b) 標準計算法下與交易對手信貸風險相關的風險承擔(續)

於2011年12月31日及2010年12月31日，下表分別顯示按不同交易類別劃分的標準計算法下與交易對手信貸風險相關的風險承擔的資料：

2011

Transaction Type	交易類別	Current exposure	Credit equivalent amount	Credit equivalent amount after credit risk mitigation	Risk weighted amount
		現行風險承擔 HK\$ Mn 港幣百萬元	信貸等值金額 HK\$ Mn 港幣百萬元	使用減低風險措施後的信貸等值金額 HK\$ Mn 港幣百萬元	風險加權金額 HK\$ Mn 港幣百萬元
OTC Derivative Transaction	場外衍生工具交易	1,024	2,056	968	944
Repo-style Transaction	回購形式交易	-	-	-	-
Credit Derivative Contract	信貸衍生工具合約	-	910	910	455
Total	總額	1,024	2,966	1,878	1,399

2010

Transaction Type	交易類別	Current exposure	Credit equivalent amount	Credit equivalent amount after credit risk mitigation	Risk weighted amount
		現行風險承擔 HK\$ Mn 港幣百萬元	信貸等值金額 HK\$ Mn 港幣百萬元	使用減低風險措施後的信貸等值金額 HK\$ Mn 港幣百萬元	風險加權金額 HK\$ Mn 港幣百萬元
OTC Derivative Transaction	場外衍生工具交易	647	1,207	910	834
Repo-style Transaction	回購形式交易	-	-	-	-
Credit Derivative Contract	信貸衍生工具合約	-	-	-	-
Total	總額	647	1,207	910	834

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

The following tables indicate the exposure amount of counterparty credit risk-related exposures covered by recognised collaterals under Standardised Approach as at 31st December, 2011 and 31st December, 2010 respectively:

於2011年12月31日及2010年12月31日，下表分別顯示在標準計算法下以認可抵押品涵蓋的與交易對手信貸風險相關的風險承擔總額：

2011

Collateral Type	抵押品類別	OTC Derivative Transaction 場外衍生工具交易 HK\$ Mn 港幣百萬元	Repo-style Transaction 回購形式交易 HK\$ Mn 港幣百萬元	Credit Derivative Contract 信貸衍生工具合約 HK\$ Mn 港幣百萬元
Cash	現金	944	-	-
Others	其他	144	-	-
Total	總額	1,088	-	-

2010

Collateral Type	抵押品類別	OTC Derivative Transaction 場外衍生工具交易 HK\$ Mn 港幣百萬元	Repo-style Transaction 回購形式交易 HK\$ Mn 港幣百萬元	Credit Derivative Contract 信貸衍生工具合約 HK\$ Mn 港幣百萬元
Cash	現金	237	-	-
Others	其他	60	-	-
Total	總額	297	-	-

(c) Credit derivative contracts which create exposures to counterparty credit risk

The following table indicates the notional amount of credit derivative contracts which create exposures to counterparty credit risk as at 31st December, 2011 and 31st December, 2010 respectively:

(c) 會引致交易對手信貸風險的信貸衍生工具合約

於2011年12月31日及2010年12月31日，下表分別顯示按不同合同類別劃分的會引致交易對手信貸風險的信貸衍生工具合約的名義數額：

		2011 HK\$ Mn 港幣百萬元	2010 HK\$ Mn 港幣百萬元
For credit portfolio	用作信貸組合		
Credit default swap	信用違責掉期		
Protection bought	購入保障	-	-
Protection sold	售出保障	23	-
Total return swap	總回報掉期		
Protection bought	購入保障	-	-
Protection sold	售出保障	-	-
For intermediation activities	用作中介活動		
Credit default swap	信用違責掉期		
Protection bought	購入保障	910	-
Protection sold	售出保障	910	-
Total return swap	總回報掉期		
Protection bought	購入保障	-	-
Protection sold	售出保障	-	-

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED) 未經審核補充財務資料(續)

(11) ASSET SECURITISATION 資產證券化

As at 31st December, 2011 and 31st December, 2010 respectively, the Bank had no asset securitisation exposure.

於2011年12月31日及2010年12月31日，本行並無證券化類別風險承擔。

(12) EQUITY EXPOSURES BOOKED IN BANKING BOOK 銀行賬下的股權風險承擔

The Bank deducts those equity holdings taken for relationship and strategic reasons from the core & supplementary capital and includes those equity holdings taken for other reasons in the risk-weighted assets for capital adequacy ratio purpose.

我行將因關係及策略性理由而持有的股權從核心及附加資本內扣減，及將因其他理由而持有的股權包括在風險加權資產內，以用作計算資本充足比率。

The Bank applies the same accounting techniques and valuation methodologies as detailed in the Bank's notes on accounts for all available-for-sale financial assets, including equity exposures booked in banking book. There are no significant changes during the annual reporting period.

我行處理所有可供出售金融資產，包括銀行賬下的股權風險承擔時，均採用已詳列於本行之賬項附註中相同之會計技巧及評估方式。有關處理方法在周年報告期內並無重大改變。

		For the year ended 31st December, 2011 截至2011年12月31日止之財政年度	
		The Group 集團 HK\$ Mn 港幣百萬元	The Bank 銀行 HK\$ Mn 港幣百萬元
Cumulative realised gains or (losses) arising from sales and liquidations of equity exposure	來自出售和兌現持有股權的累積實現收益或(虧損)	(34)	7
Total unrealised gains or (losses) recognised in the Bank's reserves but not through the income statement	在儲備內確認，但沒有經損益表入賬的未實現收益或(虧損)的總計	(231)	(74)
Unrealised gains included in or (losses deducted from) the Bank's supplementary capital for capital adequacy ratio purpose	為計算資本充足比率而包括在附加資本內的任何未實現收益的金額或(從該附加資本中扣減的未實現虧損的金額)	2	2
		For the year ended 31st December, 2010 截至2010年12月31日止之財政年度	
		The Group 集團 HK\$ Mn 港幣百萬元	The Bank 銀行 HK\$ Mn 港幣百萬元
Cumulative realised gains or (losses) arising from sales and liquidations of equity exposure	來自出售和兌現持有股權的累積實現收益或(虧損)	114	60
Total unrealised gains or (losses) recognised in the Bank's reserves but not through the income statement	在儲備內確認，但沒有經損益表入賬的未實現收益或(虧損)的總計	28	37
Unrealised gains included in or (losses deducted from) the Bank's supplementary capital for capital adequacy ratio purpose	為計算資本充足比率而包括在附加資本內的任何未實現收益的金額或(從該附加資本中扣減的未實現虧損的金額)	197	197