

THE FUBON EXPERIENCE

貼心便捷 富邦體驗

 Fubon Bank
富邦銀行

Fubon Bank (Hong Kong) Limited
富邦銀行(香港)有限公司
Annual Report 2018 年年報





Coordinated and produced by
Corporate Communications of Fubon Bank (Hong Kong) Limited
富邦銀行(香港)有限公司企業傳訊部統籌及製作
Design, printing and production: iOne Financial Press Limited
設計、印刷及製作：卓智財經印刷有限公司

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CORPORATE PROFILE

Fubon Bank (Hong Kong) Limited (“Fubon Bank”) is a wholly owned subsidiary of Fubon Financial Holding Co., Ltd. (“Fubon Financial Holdings”), one of the largest financial holding companies in Taiwan. Fubon Financial Holdings is now the only Taiwanese financial institution with banking subsidiaries in China, Taiwan and Hong Kong. Fubon Bank operates 21 branches and 1 Securities Services Centre in Hong Kong, providing a wide range of financial services encompassing consumer and wholesale banking, wealth management, financial markets, securities brokerage and investment services. Fubon Bank holds an A-2 short-term, BBB+ long-term rating from Standard & Poor’s. The rating reflects Fubon Bank’s strong capitalization, good liquidity and sound asset quality.

KEY MILESTONES IN 2018

The Board of Directors approved the sale of all the Bank’s shares held in FB Investment Management Limited to Fubon Securities (BVI) Limited in May 2018. The transaction was completed on 12 February 2019.

Fubon Bank completed the transfer of all the Bank’s shares in Xiamen Bank Co., Ltd to its parent company, Fubon Financial Holdings, in November 2018.

Fubon Bank completed the redemption of USD193 million undated non-cumulative subordinated Additional Tier 1 Capital Securities from Fubon Financial Holdings in December 2018.

公司簡介

富邦銀行(香港)有限公司(「富邦銀行」)是富邦金融控股股份有限公司(「富邦金控」)的全資附屬公司。富邦金控為台灣最大的金融控股公司之一，也是唯一「在兩岸三地均擁有銀行子行」的台資金融機構，擁有最完整的金融服務平台。富邦銀行於香港透過21間分行及1間證券投資服務中心為客戶提供全面的優質銀行服務，包括零售及商業銀行、財富管理、金融市場、證券及投資服務。富邦銀行獲標準普爾授予A-2短期及BBB+長期信貸評級。該評級反映富邦銀行資本雄厚，流動資金充裕及資產質素優良。

二零一八里程碑

2018年5月，富邦銀行董事會批准出售該行持有的富銀投資管理有限公司的全部股份予富邦證券(英屬維京群島)有限公司。該交易於2019年2月12日完成。

2018年11月，富邦銀行完成把其持有的廈門銀行股份有限公司的全部股份轉讓予其母公司富邦金控。

2018年12月，富邦銀行向富邦金控回購1.93億美元無到期日非累計後償額外一級資本證券。



ACCOLADES

Sky Post

Banking & Finance Awards 2018
– Excellence Award for Green Banking Service

U Magazine

U Magazine Travel Awards 2018
– The Most Favourite Travel Credit Card

Tiptop Consultants Ltd.

Tiptop Service Award
– Persistently Outstanding Service Company (2017-2018)
– Persistently Outstanding Service Outlet (2017-2018)

LACP

2017 Vision Awards Annual Report Competition
– Gold Award

Bank of New York Mellon

Straight Through Processing Award

Employees Retraining Board

ERB Manpower Developer Award Scheme
– Manpower Developer

Environment Bureau, HKSAR Government

Charter on External Lighting – Platinum Award

Environmental Campaign Committee

Wastewi\$e Certificate
Energywi\$e Certificate
Hong Kong Green Organisation

Hong Kong Council of Social Service

10 Years Plus Caring Company Logo

榮譽

晴報

Banking & Finance Awards 2018
– 傑出綠色銀行服務大獎

U Magazine

U Magazine 旅遊大獎 2018
– 我最喜愛旅遊信用卡

天高管理發展有限公司

天高服務獎
– 持續超卓表現機構 (2017-2018)
– 持續超卓表現分店 (2017-2018)

LACP

2017 Vision Awards 年報比賽
– 金獎

紐約梅隆銀行

直通式聯繫結算處理獎

僱員再培訓局

ERB 人才企業嘉許計劃
– 人才企業

香港特別行政區政府環境局

戶外燈光約章 – 鉑金獎

環境運動委員會

減廢證書
節能證書
香港綠色機構

香港社會服務聯會

10年Plus「商界展關懷」標誌

FIVE-YEAR FINANCIAL SUMMARY

五個年度之財務概要

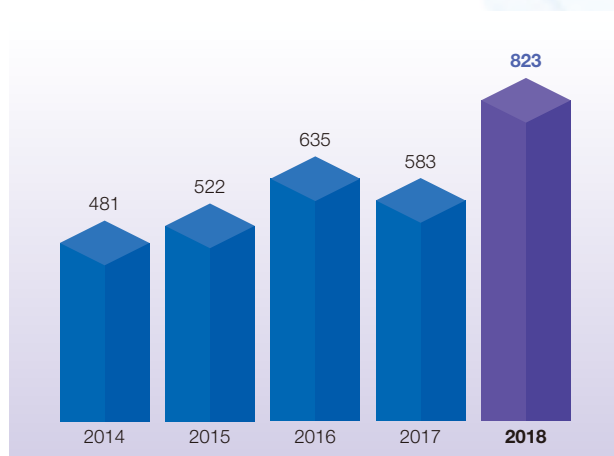
	2018 二零一八年	2017 二零一七年	2016 二零一六年	2015 二零一五年	2014 二零一四年
For the Year (HK\$ Million) 全年(百萬港元)					
Profit before Taxation 除稅前溢利	924	693	708	613	555
Profit for the Year 年度溢利	823	583	635	522	481
At Year End (HK\$ Million) 於年結日(百萬港元)					
Total Equity 權益總額	14,024	14,368	11,373	10,806	10,416
Total Assets 資產總額	102,787	98,484	95,648	90,993	83,860
Advances to Customers less Impairment Allowances 客戶貸款減減值撥備	47,699	47,583	43,319	42,495	40,322
Customer Deposits 客戶存款	68,248	62,068	63,564	58,385	52,664
Financial Ratios (%) 財務比率 (%)					
Return on Average Equity 平均股本回報率	5.61	4.81	5.72	4.92	5.18
Return on Average Assets 平均資產回報率	0.82	0.60	0.68	0.60	0.62
Total Capital Ratio 總資本比率	20.60	19.42	17.02	16.62	17.96
Average Liquidity Maintenance Ratio/ Average Liquidity Ratio (*) 平均流動性維持比率/平均流動資金比率 (*)	54.83	50.52	48.49	45.82	48.56
Loan-to-deposit Ratio 貸存比率	66.73	73.25	64.78	69.40	75.09

(*) The average liquidity maintenance ratios for 2015-2018 were computed in accordance with the Banking (Liquidity) Rules effective from 1 January 2015, whereas the average liquidity ratio for 2014 was computed in accordance with the Fourth Schedule of the Hong Kong Banking Ordinance as in force immediately before 1 January 2015. The ratios for 2015-2018 are, therefore, not directly comparable with the ratio for 2014.

(*) 二零一五至二零一八年之平均流動性維持比率乃根據自二零一五年一月一日起生效的《銀行業(流動性)規則》計算，而二零一四年之平均流動資金比率則按二零一五年一月一日前生效的香港《銀行業條例》第四附表計算。因此，二零一五至二零一八年之比率不可直接與二零一四年之比率進行比較。

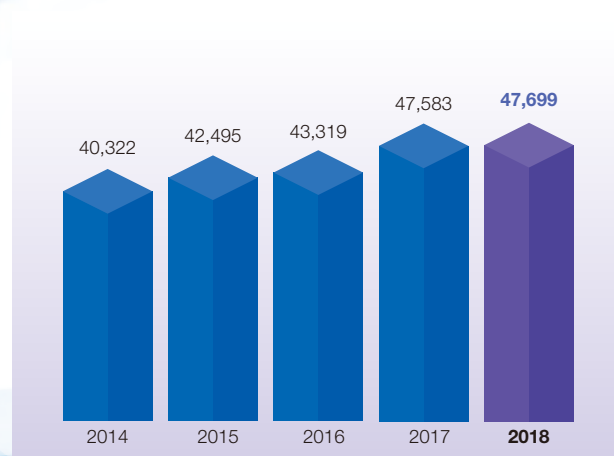
Profit for the Year 年度溢利

HK\$ Million
百萬港元



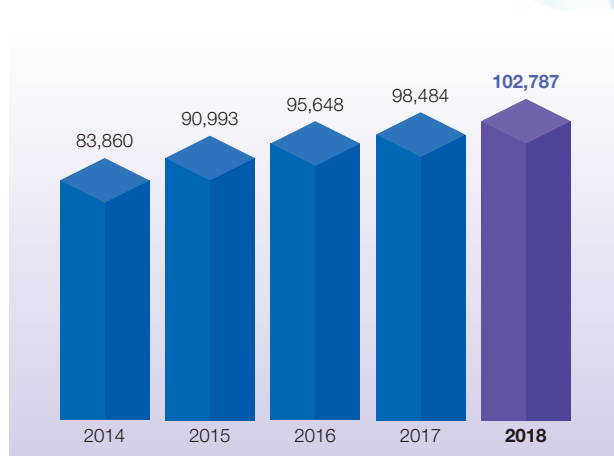
Advances to Customers less Impairment Allowances 客戶貸款減減值撥備

HK\$ Million
百萬港元



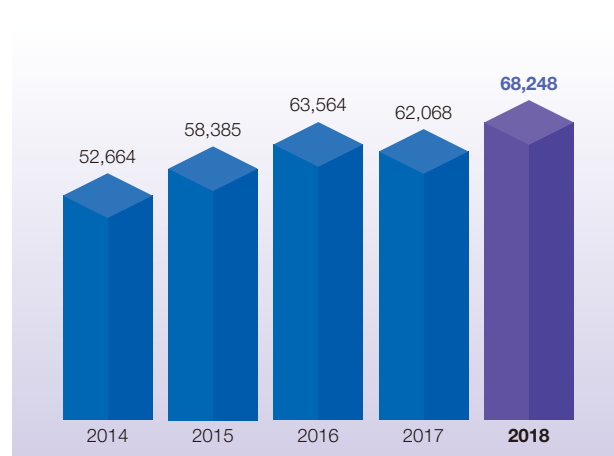
Total Assets 資產總額

HK\$ Million
百萬港元



Customer Deposits 客戶存款

HK\$ Million
百萬港元





CORPORATE INFORMATION

公司資料

SHAREHOLDER

100% – Fubon Financial Holding Co., Ltd.

AUDITORS

KPMG

COMPANY SECRETARY

Juliana CHIU Yuk Ching

REGISTERED OFFICE

Fubon Bank Building
38 Des Voeux Road Central
Hong Kong

股東

100% – 富邦金融控股股份有限公司

核數師

畢馬威會計師事務所

公司秘書

趙玉貞

註冊辦事處

香港中環
德輔道中38號
富邦銀行大廈



Ming-Chung (Daniel) TSAI

Chairman

Aged 62. Mr. Tsai joined Fubon Group in 1981. He is currently the Chairman of the Fubon Group and Chairman of Taiwan Mobile Co., Ltd. Mr. Tsai is also the Standing Director of Taipei Fubon Commercial Bank Co., Ltd. and Director of Fubon Bank (China) Co., Ltd. Mr. Tsai has extensive experience in banking and telecommunication services, as well as land development, construction management and building leasing business. He holds a Master of Law Degree (1979) from Georgetown University and a Bachelor of Law Degree (1978) from National Taiwan University. Mr. Tsai is the elder brother of Mr. Ming-Hsing (Richard) Tsai. He became a Director of the Bank in February 2004.



Ming-Hsing (Richard) TSAI

Vice Chairman

Aged 61. Mr. Tsai joined Fubon Group in 1983. He is the Chairman of Fubon Financial Holding Co., Ltd. and Fubon Life Insurance Co., Ltd. Mr. Tsai has over 30 years of experience in financial and insurance businesses. He is also currently the Director of Taiwan Mobile Co., Ltd. Mr. Tsai was the Chairman of Fubon Securities Co., Ltd. Mr. Tsai holds a Master of Finance Degree (1981) from New York University and a Bachelor of Business Administration Degree (1979) from National Taiwan University. Mr. Tsai is the younger brother of Mr. Ming-Chung (Daniel) Tsai. He became a Director of the Bank in February 2004.



Raymond Wing Hung LEE

Executive Director

Aged 69. Mr. Lee was appointed Chief Executive Officer and Managing Director of the Bank in May 2012. He is the Director of Fubon Life Insurance (Hong Kong) Company Limited. Mr. Lee is a professional accountant and veteran banker with over 40 years of extensive international banking experience acquired both locally and overseas. He was the Executive Director and Chief Financial Officer of the BOC Hong Kong (Holdings) Limited ("BOCHK") from 2004 to 2009. Before joining BOCHK, he was a Director, Alternate Chief Executive and Managing Director of CITIC International Financial Holdings Limited and a Director and Chief Executive of The Hong Kong Chinese Bank. He was seconded by the Bank of New York in 1992 to serve as a Director and Alternate Chief Executive of Wing Hang Bank and had remained in that capacity until 1999. While serving in Wing Hang, Mr. Lee was concurrently a Senior Vice President and Managing Director of the Bank of New York, where he had served in different capacities in New York and Toronto since 1982. Prior to 1982, he had worked for Bank of America for 8 years in various positions in different Asian and North American cities. Mr. Lee is a fellow of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

蔡明忠

主席

六十二歲。蔡先生於一九八一年加入富邦集團，現時為富邦集團董事長及台灣大哥大股份有限公司之董事長。蔡先生現時亦擔任台北富邦商業銀行股份有限公司的常務董事及富邦華一銀行有限公司的董事。蔡先生於銀行、電訊服務、土地發展、建築管理及樓宇租賃業務方面具有豐富的經驗。他持有喬治城大學法律碩士學位(一九七九年)以及國立臺灣大學法律學士學位(一九七八年)。蔡先生是蔡明興先生之胞兄。他於二零零四年二月出任本行董事。

蔡明興

副主席

六十一歲。蔡先生於一九八三年加入富邦集團，是富邦金融控股股份有限公司及富邦人壽保險股份有限公司的董事長。蔡先生於金融及保險業擁有超過三十年的經驗。他現時亦為台灣大哥大股份有限公司的董事。蔡先生亦曾任富邦綜合證券股份有限公司之董事長。蔡先生持有紐約大學財務金融碩士學位(一九八一年)及國立臺灣大學工商管理學士學位(一九七九年)。蔡先生是蔡明忠先生的胞弟。他於二零零四年二月出任本行董事。

李永鴻

執行董事

六十九歲。李先生於二零一二年五月獲委任為本行行政總裁兼董事總經理。他現時亦為富邦人壽保險(香港)有限公司之董事。李先生是位專業會計師及資深銀行家，在本地及海外銀行業積逾四十年豐富的國際銀行經驗。李先生於二零零四年至二零零九年期間出任中銀香港(控股)有限公司(「中銀香港」)的執行董事及財務總監。於加入中銀香港之前，李先生曾擔任中信國際金融控股有限公司董事、替代總裁及董事總經理及香港華人銀行董事兼總裁。在一九九二年至一九九九年期間，李先生獲紐約銀行借調出任永亨銀行董事兼替代總裁；在此期間，李先生亦同時擔任紐約銀行高級副總裁及總經理。李先生於一九八二年加入紐約銀行，並曾在紐約及多倫多擔任不同職位。於一九八二年之前，李先生在美國銀行工作了八年，在亞洲及北美洲多個城市擔任不同職位。李先生為英國特許公認會計師公會資深會員及香港會計師公會會員。



Jerry HARN Wey-Ting

Non-Executive Director

Aged 57. Mr. Harn joined Fubon Group in 2005, currently serves as President and Director of Fubon Financial Holding Co., Ltd. He has over 29 years of experience in financial business. Prior to this, he was the Executive Vice President of Chinatrust Commercial Bank and Vice President of Citibank Taiwan. Mr. Harn is also the Director of Fubon Bank (China) Co., Ltd. and Taipei Fubon Commercial Bank Co., Ltd. Mr. Harn holds a Master of Business Administration Degree from The Ohio State University. He became a Director of the Bank in January 2014.



Eric CHEN Sun-Te

Non-Executive Director

Aged 64. Mr. Chen is the Chairman of Taipei Fubon Commercial Bank Co., Ltd. He has over 38 years of experience in the banking and financial industry. Mr. Chen is also a Director of Fubon Financial Holding Co., Ltd. and Fubon Bank (China) Co., Ltd. He is also an Independent Director of China Telecom Corporation and Uni-President China Holdings Ltd. Prior to joining Fubon Group, Mr. Chen was the President of North Asia and Greater China of Fullerton Financial Holdings, a Temasek wholly owned subsidiary, President of Chinatrust Financial Holding Co., Ltd. (now known as CTBC Financial Holding Co., Ltd.) and Country Corporate Officer for Citigroup, Taiwan. Mr. Chen received a Master Degree in Business Administration from University of Missouri and a Bachelor Degree in Political Science from National Chengchi University. Mr. Chen became a Director of the Bank in June 2016.



Roman CHENG Yao-Hui

Non-Executive Director

Aged 53. Mr Cheng is President and Standing Director of Taipei Fubon Commercial Bank Co., Ltd. He is also the Chairman of Fubon AMC Co., Ltd. and Director of Fubon Bank (China) Co., Ltd. Prior to that, Mr. Cheng was the Director and Chairman of Strategy Committee of Haier Consumer Finance Co., Ltd., Senior Vice President of Fullerton Financial Holdings Pte Ltd. (subsidiary of Temasek Holdings (Private) Limited) and Chief Executive Officer and Director of Fullerton Investment & Credit Guarantee Co., Ltd. and Fullerton Commercial Factoring Co., Ltd. Mr. Cheng holds a Master of Business Administration Degree and a Bachelor Degree in Diplomacy from the National Chengchi University. He became a Director of the Bank in March 2018.

韓蔚廷

非執行董事

五十七歲。韓先生於二零零五年加入富邦集團，現為富邦金融控股股份有限公司總經理兼董事。他於金融業有超過二十九年經驗。在此之前，他是中國信託商業銀行資深副總經理及花旗銀行臺北分行副總裁。韓先生亦為富邦華一銀行有限公司及台北富邦商業銀行股份有限公司董事。韓先生持有俄亥俄州立大學工商管理碩士學位。他於二零一四年一月出任本行董事。

陳聖德

非執行董事

六十四歲。陳先生現為台北富邦商業銀行股份有限公司之董事長。他於銀行及金融業擁有逾三十八年經驗。陳先生現時亦為富邦金融控股股份有限公司及富邦華一銀行有限公司之董事。他同時亦為中國電信集團公司及統一企業中國控股有限公司之獨立董事。在加入富邦集團之前，陳先生曾擔任富登金融控股私人有限公司(新加坡淡馬錫控股之全資子公司)北亞及大中華地區總經理，中國信託金融控股股份有限公司(現為中國信託金融控股(股)公司)總經理及花旗集團台灣區負責人。陳先生持有密蘇里大學工商管理碩士學位及國立政治大學政治學學士學位。他於二零一六年六月出任本行董事。

程耀輝

非執行董事

五十三歲。程先生現為台北富邦商業銀行股份有限公司總經理及常務董事。他亦為富邦資產管理股份有限公司董事長及富邦華一銀行有限公司董事。在此之前，程先生曾為海爾消費金融公司董事、戰略委員會主任委員、新加坡淡馬錫集團富登金融控股公司高級副總裁及旗下富登投資信用擔保有限公司及富登商業保理有限公司之首席執行官及董事。程先生持有臺灣國立政治大學外交系學士學位及企業管理研究所碩士學位。他於二零一八年三月出任本行董事。



Robert James KENRICK
Independent Non-Executive Director

Aged 71. Mr. Kenrick was a partner of the international accounting firm KPMG from 1988 to 1998 and a member of the Financial Accounting Standards Committee of the Hong Kong Institute of Certified Public Accountants from 1992 to 2001. He holds a Master of Arts and Bachelor of Arts Degree (1969) from Cambridge University and is a Certified Public Accountant (Hong Kong) and Chartered Accountant (England & Wales). He became a Director of the Bank in April 1999.

甘禮傑

獨立非執行董事

七十一歲。甘先生於一九八八年至一九九八年間為國際會計師行畢馬威會計師事務所的合夥人，並於一九九二年至二零零一年間為香港會計師公會財務會計準則委員會成員。甘先生持有劍橋大學文學碩士學位及學士學位（一九六九年），現為香港執業會計師及英格蘭及威爾斯特許會計師。他於一九九九年四月出任本行董事。



Hung SHIH
Independent Non-Executive Director

Aged 64. Mr. Shih is an Independent Non-Executive Director of Fubon Life Insurance (Hong Kong) Company Limited. He was the Director of China Renaissance Capital Advisors Limited and Managing Director of China Renaissance Capital Investment Limited. Prior to this, he was also the Managing Director and the China Country Head of UBS AG. Mr. Shih holds both a Master of Business Administration Degree (1982) and a Master of Law Degree (1980) from the University of Michigan, as well as a Bachelor of Law Degree (1976) from National Taiwan University. He became a Director of the Bank in February 2004.

石宏

獨立非執行董事

六十四歲。石先生現為富邦人壽保險（香港）有限公司之獨立非執行董事。他曾為崇德投資顧問有限公司之董事及崇德基金投資有限公司董事總經理。在此之前，他亦曾是UBS AG董事總經理兼中國區域主管。石先生持有密歇根大學工商管理碩士學位（一九八二年）及法律碩士學位（一九八零年），以及國立臺灣大學法律學士學位（一九七六年）。他於二零零四年二月出任本行董事。



Peter PANG Sing Tong
Independent Non-Executive Director

Aged 63. Mr. Pang joined the Hong Kong Monetary Authority (“HKMA”) as Executive Director (Banking Policy) in 1994 and was appointed as Executive Director (Monetary Policy and Markets) in 1996. Mr. Pang was seconded to the Hong Kong Mortgage Corporation and assumed the position of the Chief Executive Officer in 1997 till 2004. He was appointed as Deputy Chief Executive of the HKMA from July 2004 to February 2016. Mr. Pang holds a Bachelor Degree of Social Science from The University of Hong Kong and a Master Degree in Management from the Stanford University. He became a Director of the Bank in April 2018.

彭醒棠

獨立非執行董事

六十三歲。彭先生於一九九四年加入香港金融管理局（「金管局」）擔任助理總裁（銀行政策）及於一九九六年被委任為助理總裁（金融政策及市場）。彭先生於一九九七年至二零零四年期間借調至香港按揭證券有限公司出任該公司之總裁，並於二零零四年七月至二零一六年二月期間出任金管局之副總裁。彭先生持有香港大學社會科學學士學位及史丹福大學管理碩士學位。他於二零一八年四月出任本行董事。

SENIOR MANAGEMENT

高級管理層

Raymond Wing Hung LEE

Chief Executive Officer and Managing Director

(Biographical details are set out on page 7)

Henry WANG Hao-Jen

Executive Vice President and Chief Financial Officer

Mr. Wang joined the Bank in April 2009 and currently oversees the Bank's financial control, legal, corporate communications, as well as enterprise project management functions. Mr. Wang is an experienced professional with over 25 years of related work experience. Before joining the Bank, Mr. Wang has held various senior positions in marketing and finance fields in The Chase Manhattan Bank, N.A., Banque Nationale de Paris, Taiwan Semiconductor Manufacturing Company, Ltd., Taiwan Mobile Co., Ltd. and Primax Electronics Co., Ltd. Mr. Wang obtained an MBA degree from Rutgers, The State University of New Jersey, U.S.A. and a BA degree in Finance, National Taiwan University.

Carmen YIP Ka Man

Executive Vice President and Head of Retail Banking Group

Ms. Yip joined the Bank in January 2000 and overseeing the Bank's Retail Banking Group, including Channel and Wealth Management, Consumer Finance, Securities Services and Retail Credit Approval and Administration. Ms. Yip held management positions in local and foreign banks, gaining expertise in retail banking. She obtained a Bachelor of Social Sciences degree from The University of Hong Kong.

Henry NG Yuk Hang

Executive Vice President and Head of Institutional Banking Group

Mr. Ng possesses extensive experience in commercial and corporate banking as well as credit administration and risk assets management. Before joining the Bank, he was Senior Vice President, Private Banking Credit Head of DBS Bank. He also held key positions in various banks including Bank of New York – Hong Kong Branch, Wing Hang Bank, Citic Ka Wah Bank, East West Bank – Hong Kong Branch, and DBS Bank. Mr. Ng obtained a Master of Business Administration degree from The City University, London and is an Associate of The Hong Kong Institute of Bankers.

李永鴻

行政總裁兼董事總經理

(資料詳情見第7頁)

王浩人

執行副總裁兼財務長

王先生於二零零九年四月加盟本行，現監管本行之財務管理、法務、企業傳訊等範疇以及統籌企業項目管理的相關工作。他在銀行界及商業界已累積了超過二十五年的專業經驗。王先生在加入本行前，曾於多家主要國際性銀行及台資機構擔任業務與財務相關要職，其中包括美商大通銀行、法國國家巴黎銀行、台灣積體電路製造(股)公司、台灣大哥大(股)公司及致伸科技公司。王先生擁有美國羅格斯大學企管碩士及國立臺灣大學財務金融學士學位。

葉嘉敏

執行副總裁兼零售銀行部主管

葉女士在二零零零年一月加盟本行，現掌管本行的零售銀行業務，包括通路及財富管理、消費金融、證券投資服務及零售信貸批核及行政部。葉女士曾任多間本地及外資銀行管理要員，在零售銀行服務方面擁有豐富的經驗。葉女士持有香港大學社會科學學士學位。

吳毓鏗

執行副總裁兼企業及機構銀行部主管

吳先生於商業及企業銀行、信貸管理和資產風險管理具豐富經驗。加盟本行前，吳先生於星展銀行擔任高級副總裁兼私人銀行業務信貸主管，他亦曾於多間銀行擔任要職，其中包括紐約銀行 – 香港分行、永亨銀行、中信嘉華銀行、華美銀行 – 香港分行及星展銀行。吳先生持有倫敦城市大學工商管理碩士學位及現為香港銀行學會會員。



(Front row, from left) Carmen Yip, Executive Vice President & Head of Retail Banking Group; Raymond Lee, Chief Executive Officer & Managing Director; Henry Wang, Executive Vice President & Chief Financial Officer
(Back row) Henry Ng, Executive Vice President & Head of Institutional Banking Group
(前排左起) 執行副總裁兼零售銀行部主管葉嘉敏、行政總裁兼董事總經理李永鴻、執行副總裁兼財務長王浩人
(後排) 執行副總裁兼企業及機構銀行部主管吳毓鏗

CHAIRMAN'S STATEMENT

主席匯報



In 2018, Hong Kong's economy grew at an above-trend pace of 3.0% after registering growth of 3.8% in 2017. The economy was supported by the continued strength of external and domestic demand, but slowed moderately towards the end of the last quarter after a year filled with financial market volatility and global trade conflicts. Retail sales grew by 8.7% in 2018 supported by a 11.4% growth in visitor arrivals and a 20-year-low unemployment rate of 2.8%.

Consecutive interest rate increases by the U.S. Federal Reserve ("Fed") together with its policy to trim the size of the balance sheet, led to rising volatility in the financial markets throughout the year. The Hang Seng Index fell by nearly 14% in 2018. Rising USD LIBOR also pushed up the USD/HKD exchange rate to the Hong Kong Monetary Authority's weak-side Convertibility Undertaking of HK\$7.85, leading to a near HK\$100 billion capital outflow from Hong Kong over the year. All these factors led to a prime rate increase by local commercial banks in September 2018, marking the first time in a decade.

Adding to the unfavourable market environment was the lingering trade conflict between the U.S. and Mainland China. Uncertainties over the U.S.-China trade relationship and the Fed policy outlook also dampened the local property market, business sentiment, and trade performance towards the end of the year.

Despite the challenging market environment, Fubon Bank (Hong Kong) Limited ("the Bank") reported a record-high net profit of HK\$823 million for the year ended 31 December 2018, representing a year-on-year increase of 41% as compared with 2017. Net interest income rose by 12% to HK\$1,356 million, benefiting from the improvement in the net interest margin and the growth in average interest-earning assets. The encouraging performance was attributable to our enhanced risk management and effective cost control measures while achieving sustainable growth.

Meanwhile, our dedicated efforts in promoting green finance and providing outstanding services gained significant recognition during the year, including "Banking & Finance Awards 2018 – Excellence Award for Green Banking Service" from Sky Post; "Tiptop Service Award – Persistently Outstanding Service Company" from Tiptop Consultants Ltd.; "Hong Kong Green Organisation" from the Environmental Campaign Committee; and "Charter on External Lighting – Platinum Award" from the Environment Bureau of the HKSAR Government, to name a few.

繼2017年經濟增長達3.8%後，香港經濟在2018年以3.0%的步伐增長，高於整體趨勢。原受外圍及本地持續強勁需求支撐的經濟，在經歷金融市場動盪及全球貿易衝突的一年後，於最後一季末時溫和放緩。2018年，訪港旅客人次增長11.4%，加上失業率為20年以來最低的2.8%，零售業銷貨額因此增長8.7%。

美國聯邦儲備局（「聯儲局」）接連加息，並推出政策削減資產負債表規模，加劇了去年金融市場的波動。恒生指數於2018年下跌近14%。美元倫敦銀行同業拆息攀升，推高美元兌港元匯率觸及香港金融管理局7.85港元兌1美元的弱方兌換保證水平，導致全年有近1,000億港元資金流出香港。上述各種因素導致本地商業銀行於2018年9月調升最優惠利率，為過去十年以來的首次。

此外，美國與中國內地之間的貿易衝突亦增加市場環境的不利因素。美中貿易關係及聯儲局政策前景存在的不明朗因素，亦壓抑了年底本地物業市場、營商情緒及貿易表現。

儘管市場環境充滿挑戰，富邦銀行（香港）有限公司（「本行」）截至2018年12月31日止錄得創新紀錄的淨溢利8.23億港元，較2017年增長41%。受惠淨息差擴闊及生息資產均額增長，淨利息收入上升12%至13.56億港元。能夠獲得令人鼓舞的業績，全因我們在追求持續增長的同時，亦加強了風險管理及採取有效的成本控制措施。

與此同時，本行在推動綠色金融及提供卓越服務方面的努力於年內亦獲得了多個獎項，包括由《晴報》頒發的「Banking & Finance Awards 2018 – 傑出綠色銀行服務大獎」、天高管理發展有限公司頒發的「天高服務獎 – 持續超卓表現機構」、環境運動委員會頒發的「香港綠色機構」以及由香港特別行政區政府環境局頒發的「戶外燈光約章 – 鉑金獎」等。

Our strategic initiative to grow our corporate banking business generated a 5% loan growth in 2018, with higher interest and fee income as compared with 2017. We continued to deepen existing customer relationships and acquire new customers by identifying their needs for products and services and providing customized financial solutions that best suit their needs. Leveraging on Fubon Group's extensive network and foundation in the region, we also heightened our cross-selling efforts with other entities in the Bank and collaborated with Fubon Bank (China) and Xiamen Bank. Moreover, we continued to broaden our product offering and strengthen our digital platform to provide more convenient financial services for our corporate customers.

Regarding our consumer finance business, our "Travel Companion" credit card continued to gain recognition from our customers. As a result, our Fubon Credit Card received the "U Magazine Travel Awards 2018 – The Most Favourite Travel Credit Card" from U Magazine. Our change of business focus from mass market to pre-selected customer segment also proved to be successful as the new loan booking for the personal loan business increased by 13% as compared with 2017. Also, loan impairment losses dropped to a record low. Our merchant acquiring business again delivered good performance in 2018. The introduction of a pioneering self-service card acceptance kiosk not only fostered our relationships with existing merchants but also enabled us to recruit more new strategic merchant partners. Furthermore, our Merchant Receivable Financing business had a 21% year-on-year growth in the size of new financing.

Last year, we continued to upgrade and digitize our retail banking service channels to enhance customer engagement and we received encouraging results. The number of Personal Internet Banking and Mobile Banking customers increased by 19% and 76%, respectively, as compared with 2017. Going forward, we will continue to improve our digital banking platform to meet the changing needs of our customers and provide them with more efficient and convenient banking services.

We continue to make investment in information technology ("IT") and infrastructure to enhance our digital capabilities. A new 5-Year Strategic IT Plan was developed last year to be in line with the Fintech development in the financial industry and also to offer more innovative and easy-to-use banking services to our customers. In addition to promoting green finance, the Bank is committed to building a sustainable workplace and is taking various measures to lighten its ecological footprint. We remain dedicated to our staff by providing career enhancement opportunities, ongoing support and a caring work environment so that they can reach their full potential.

我們致力發展企業金融業務的策略在2018年獲得了5%的貸款增長，利息及費用收入亦較2017年為高。我們持續深化與現有客戶的關係，並針對客戶對產品及服務的需求而提供最切合他們需要的金融方案，以吸納新客戶。憑藉富邦集團在區內的龐大網絡及根基，我們亦加強了本行部門之間的交叉銷售，並與富邦華一銀行及廈門銀行進行合作。此外，我們持續開拓新產品，並提升本行的數位化平台，為企業客戶提供更便捷的金融服務。

在消費金融業務方面，本行以「旅遊夥伴」作為富邦信用卡的產品定位且持續獲得客戶的認同，富邦信用卡亦因此獲《U Magazine》頒發「U Magazine旅遊大獎2018—我最喜愛旅遊信用卡」。我們將業務重點從大眾市場轉向預選客戶的策略也獲得了成功，個人貸款業務的新增貸款較2017年增長13%。此外，貸款減值虧損降至歷史新低。我們的信用卡商戶業務於2018年亦再度取得佳績。新增先進的信用卡自助售賣服務機不單鞏固了我們與現有商戶的關係，亦有助我們吸納更多新的策略商戶夥伴。此外，我們的「先享錢」信用卡商戶貸款業務的新增貸款額較去年增長21%。

去年，我們繼續提升及數位化零售銀行服務渠道以鞏固客戶關係，並獲得了佳績。個人網上銀行和流動理財客戶較2017年分別增加19%及76%。展望未來，我們將繼續改善我們的數位銀行平台，以滿足客戶不斷變化的需要，並為他們提供更高效率及方便的銀行服務。

我們持續在資訊科技及基礎設施上作出投資，以提升本行的數位化服務。為配合金融業的金融科技發展，並為客戶提供更創新簡易的銀行服務，我們於去年制訂了新的五年期策略性資訊科技計劃。除推廣綠色金融外，本行亦致力建設一個理想的工作場所，並採取不同措施減輕生態足跡。我們致力為員工提供職業發展機會、持續的支援以及能夠讓他們發揮潛能的工作環境。

The growth momentum of the global economy is anticipated to be slow in 2019. Despite the optimism over the U.S.-China trade deal, the tariff measures introduced by the U.S. and the Chinese governments over last year will keep impacting the global trade and business sentiment. Also, the Fed's previous tightening actions will continue to restrict the growth of the U.S. and global economy. Nevertheless, the Bank will remain its prudent growth strategy to capitalize on new opportunities and maintain sustainable growth. We will also follow our customer-centric approach and provide our customers with reliable and high-quality financial services. We will continue to leverage on the inherent strengths of our parent company, Fubon Financial Holdings, to strengthen our relationships with customers and to capture business opportunities across the region. We remain committed to become the preferred banking partner of our customers and focus on delivering the exceptional "Fubon Experience".



Ming-Chung (Daniel) Tsai

Chairman
April 2019

預期全球經濟增長於2019年將會放緩。雖然美中貿易協定傾向樂觀，但美國及中國政府於去年推出的關稅措施將會繼續影響全球貿易及營商情緒。此外，聯儲局早前採取的緊縮行動將繼續限制美國及全球經濟的增長。儘管如此，本行將保持穩中求進的策略，以把握新機遇及維持可持續增長。我們亦將維持以客為本的方針，為客戶提供可靠及優質的金融服務。憑藉母公司富邦金控的固有優勢，我們將繼續加強與客戶的關係及把握整個地區湧現的商機。我們致力成為客戶首選的銀行夥伴，並專注提供卓越的「富邦體驗」。



蔡明忠

主席
二零一九年四月

CHIEF EXECUTIVE'S REPORT 行政總裁報告



We are pleased to report that 2018 was a milestone year for Fubon Bank (Hong Kong) Limited (“the Bank”). We surpassed HK\$100 billion in total assets and also achieved record earnings. These achievements came against a backdrop of volatility and uncertainty in the global economy. Market conditions were unpredictable and changed quite abruptly without much notice. Needless to say, 2018 was another challenging year for the banking industry in Hong Kong.

We generally saw slower growth in the Chinese market, rising geopolitical concerns, and an ongoing trade conflict between the U.S. and Mainland China. The pace of U.S. interest rate rises slowed but with the uncertainty surrounding the global economy, the local property market dampened in the second half of 2018. Business sentiment turned negative with the stock market exhibiting rapid swings. Hong Kong Dollar interest rates fluctuated amid a currency market that saw exchange rates hitting the upper limit of the pegged regime.

對富邦銀行(香港)有限公司(「本行」)而言，2018年是具有里程碑意義的一年。在全球經濟波動且不明朗的情況下，本行的總資產超過1,000億港元，盈利亦創歷史新高。由於市場情況急轉突變且難以預料，對香港銀行業而言，2018年也是充滿了挑戰。

一般而言，我們看到中國市場增長放緩、地緣政治擔憂加劇以及美國與中國內地之間的貿易衝突持續。美國加息步伐放緩，但受全球經濟不明朗因素的影響，本地物業市場在2018年下半年受到抑制，營商氣氛轉差，股市亦出現快速波動。貨幣匯率在聯繫匯率機制下觸及上限，港元利率仍然波動。

Despite the challenging operating environment, the Bank and its subsidiaries ("the Group") reported a record-high net profit of HK\$823 million for the year ended 31 December 2018, representing a year-on-year increase of 41% as compared with 2017. Return on average equity and return on average assets were 5.61% and 0.82%, respectively, compared with 4.81% and 0.60% in 2017. We also saw the completion of a number of important events such as the transfer of the Xiamen Bank Co., Ltd ("Xiamen Bank") investment to our parent company, Fubon Financial Holding Co., Ltd. ("Fubon Financial Holdings") and the redemption of all our outstanding undated non-cumulative subordinated Additional Tier 1 Capital Securities ("Additional Tier 1 Capital Securities") ahead of schedule.

Net interest income rose by 12% to HK\$1,356 million, driven by both the widening of the net interest margin and the growth in average interest-earning assets. The net interest margin widened by 10 basis points to 1.53%, benefiting from the continued yield improvement in the loan and debt securities investment portfolios which offset the increase in deposit costs. Average interest-earning assets grew by 4%, mainly underpinned by the expanding loan portfolio.

Net fee and commission income declined by 9% to HK\$289 million. The decline was primarily due to the decrease in insurance services and unit trust services income by 23% and 17%, respectively. On the other hand, trade finance services and credit card services income recorded growth of 42% and 6%, respectively.

The increase in other operating income was mainly the result of lower mark-to-market losses on foreign exchange swaps. In spite of an increase in total non-interest income of 3% to HK\$331 million, the percentage of non-interest income to total operating income declined to 19.6%.

Operating expenses slightly increased by 1% to HK\$965 million. However, with a higher operating income, the cost-to-income ratio dropped to 57.2% compared with 61.8% in 2017. During the year, the Group exercised effective cost control measures including optimizing its branch network and streamlining its workflow. In the face of the emerging Fintech era, the Group has remained committed to deploying resources and investing in the development of innovative information technology.

儘管經營環境充滿挑戰，本行及其附屬公司（「本集團」）截至2018年12月31日止的全年淨溢利創新高達8.23億港元，較2017年上升41%。平均股本回報率及平均資產回報率分別為5.61%及0.82%，而2017年則為4.81%及0.60%。同時，本行於年內完成一些重大事項，其中包括轉讓本行於廈門銀行股份有限公司（「廈門銀行」）的全部股份予母公司富邦金融控股股份有限公司（「富邦金控」），以及提前回購無到期日非累計後償額外一級資本證券（「額外一級資本證券」）。

淨息差擴闊及生息資產均額增長，帶動淨利息收入上升12%至13.56億港元。貸款及債務證券投資組合的收益率持續改善，抵銷了存款成本的上升，令淨息差增加10個基點至1.53%。受貸款組合增長帶動，生息資產均額上升4%。

淨費用及佣金收入減少9%至2.89億港元。減幅主要由於保險業務收入減少23%及信託基金業務收入減少17%。另一方面，貿易融資及信用卡業務收入分別錄得42%及6%的增幅。

其他營運收入上升，主要由於外匯掉期按市值計算的虧損減少。儘管總非利息收入增長3%至3.31億港元，非利息收入對總營運收入比率下降至19.6%。

營運支出輕微上升1%至9.65億港元。由於營運收入增幅較高，成本對收入比率由2017年61.8%下降至2018年的57.2%。年內，本集團執行有效的成本控制措施，包括優化分行網絡及簡化工作程序。面對金融科技的熱潮，本集團將繼續投入資源及在創新的資訊科技發展上作出投資。

Total impairment losses amounted to HK\$21 million, including a HK\$49 million charge on loans and advances and a HK\$28 million write-back on other assets. The amount decreased significantly by 71% when compared with 2017, reflecting the sound asset quality of the Bank. The impaired loan ratio was 0.49% at 2018 year-end, with a coverage ratio of 95%. Effective from 1 January 2018, the new expected credit loss model in Hong Kong Financial Reporting Standard 9 replaced the incurred loss model in Hong Kong Accounting Standard 39 for the measurement of impairment losses of the Group.

The Group's share of profits from Xiamen Bank increased by 14% to HK\$270 million in 2018. In June 2018, the Bank acquired approximately 99 million ordinary shares of Xiamen Bank at a price of RMB4.80 per share. The Bank's shareholding in Xiamen Bank increased to 19.95% upon completion of the transaction. The Bank recognized a gain on bargain purchase of HK\$70 million, which represented the excess of Xiamen Bank's fair value of RMB5.41 per share over the purchase consideration for the acquired shares.

On 30 November 2018, the Bank completed the disposal of its entire shareholding in Xiamen Bank to Fubon Financial Holdings as part of the Fubon Group's realignment initiative. The Bank recorded a loss on disposal of HK\$119 million which was partially offset by the reversal of deferred tax of HK\$57 million.

The Group's total assets rose by HK\$4 billion, or 4%, to HK\$103 billion as at 31 December 2018. Gross advances to customers were HK\$48 billion, almost the same level as at the 2017 year-end. Customer deposits, on the other hand, attained a double-digit growth of 10% to HK\$68 billion, maintaining the strong deposit portfolio considered necessary in times of market uncertainty. Taking into account the trade bills and certificates of deposit issued by the Bank, the loan-to-deposit ratio decreased from 73.2% at 31 December 2017 to 66.7% at 31 December 2018.

On 27 December 2018, the Bank redeemed US\$193 million of Additional Tier 1 Capital Securities from Fubon Financial Holdings. Despite this capital reduction, the Group's capital and liquidity position remain strong and healthy. As at 31 December 2018, the Group's common equity tier 1 capital ratio and tier 1 capital ratio had risen to 16.75%, and the total capital ratio to 20.60%, which was well above statutory requirements. The average liquidity maintenance ratio also stood at a comfortable level of 54.83%.

總減值虧損為2,100萬港元，當中包括4,900萬港元客戶貸款減值虧損及2,800萬港元其他資產減值虧損之回撥，金額較2017年大幅減少71%，反映本行資產質素良好。截至2018年底，減值貸款比率為0.49%，減值貸款覆蓋率為95%。自2018年1月1日起，於計算本集團的減值虧損時，已採用香港財務報告準則第9號中新的預期信貸虧損模式，取代香港會計準則第39號的已產生虧損模式。

於2018年，本集團於廈門銀行的應佔溢利上升14%至2.70億港元。本行於2018年6月以每股人民幣4.80元的價格收購廈門銀行約9千9百萬股普通股。此項交易完成後，本行對廈門銀行之持股量增至19.95%。由於廈門銀行的公平價值為每股人民幣5.41元，超出本行所收購股份的收購代價，本行已認列7,000萬港元的議價收購收益。

於2018年11月30日，本行完成把其於廈門銀行的全部股份轉讓予富邦金控，作為富邦集團投資整合計劃的一部分。本行錄得1.19億港元的出售虧損，但其中部分被5,700萬港元遞延稅項回撥所抵銷。

於2018年12月31日，本集團的總資產增加40億港元或4%至1,030億港元。客戶貸款總額維持在480億港元，與2017年年底之水平相若。另一方面，在不明朗的市況下，存款基礎需要較快的增長，客戶存款錄得10%的雙位數成長並增至680億港元。計及商業票據及本行發行之存款證，貸款對存款比率由2017年12月31日的73.2%下降至2018年12月31日的66.7%。


於2018年12月27日，本行向富邦金控回購1.93億美元額外一級資本證券。即使資本因而減少，本集團的資本及流動資金狀況仍然維持穩健。於2018年12月31日，本集團的普通股權一級資本比率及一級資本比率皆上升至16.75%，總資本比率亦上升至20.60%，遠高於相關之法定要求。平均流動性維持比率處於54.83%的穩健水平。

Looking ahead, there are signs that global economic growth momentum may continue to weaken. Uncertainty in interest rates, trade conflicts between the U.S. and Mainland China, and Brexit will continue to affect economic growth and market sentiments in 2019. Against a backdrop of a rapidly changing market environment, we will continue to pursue our customer-centric and prudent growth strategy to strengthen our local franchise. We understand the diverse financial needs of our customers and will continue to focus on developing customized financial solutions for customers from all walks of life. We are proud to be able to provide our customers with the unique “Fubon Experience” which emphasizes our culture of “customer first”. We continue to enhance customer engagement by widening our range of products and services, diversifying our service delivery channels, and upgrading our service outlets and digital platforms. To align with our customer-centric strategy and in support of the Hong Kong Monetary Authority’s Smart Banking initiative, we remain committed to investing in information technology and infrastructure, aiming to enhance the digital customer experience by launching more secure and convenient financial services. Our brand image will reflect our business philosophy and commitment to be a market leading institution in both customer care and service quality. As a member of the Fubon Group that also emphasizes fitness and health, we will renew our branding campaign in 2019 featuring the renowned Hong Kong snooker player Miss Ng On Yee.

As always, we believe in a robust risk management and compliance culture, and we will continue to adopt the best practices in these areas. We maintain good credit quality through proactive credit risk management. Supported by the extensive business network and leveraging the competitive advantages of the Fubon Group, we continue to closely collaborate with our parent company and other affiliates to capitalize on new opportunities arising in the region and to establish ourselves as a quality and trustworthy banking partner.

We believe our staff are our most valuable asset. We remain committed to promoting a caring working environment that supports personal well-being and career advancement. As a good corporate citizen, we continue to support a variety of corporate social responsibility programmes in the community.

Finally, I would like to express my sincere thanks to our management team and staff for their continual dedication and contributions to the Bank, which anchored our strong performance in 2018. I also wish to express my gratitude to our Chairman, the Chairman of Fubon Financial Holdings and to the entire Board of Directors whose on-going guidance and support led us to our success. Together, we deliver the unique “Fubon Experience” and create value for all of our stakeholders.



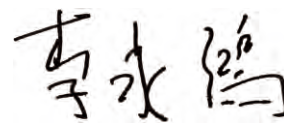
Raymond Lee
Chief Executive Officer and Managing Director
April 2019

展望未來，有跡象顯示全球經濟增長勢頭可能會繼續減弱。利率的不確定因素、美國與中國內地之間的貿易衝突以及英國脫歐，均持續影響2019年的經濟增長及市場情緒。在急劇變化的市場環境下，本行將繼續採取以客為本及穩中求進的策略，鞏固我們的本地業務。我們深明客戶的財務需要各有不同，因此，我們將繼續專注為各行各業的客戶提供量身訂做的金融方案。我們為能夠向客戶提供可彰顯我們「顧客至上」的文化且獨特的「富邦體驗」而感到自豪。我們將繼續透過擴大產品及服務範圍、拓展服務渠道及提升服務網絡和數位化平台，以增強和客戶的聯繫。為配合我們以客為本的策略以及支持香港金融管理局推出的智慧銀行舉措，我們持續在資訊科技及基礎設施上作出投資，以期推出更安全及方便的金融服務來提升數位化的客戶體驗。本行的品牌形象反映我們的經營理念以及我們在關懷客戶和優質服務方面致力成為市場領導機構的承諾。作為重視體能及健康的富邦集團成員之一，我們於2019年將繼續推出由著名香港桌球運動員吳安儀小姐擔任代言人之品牌宣傳計劃。

我們一如既往地堅信強而有力的風險管理及合規文化，並繼續在該等方面採用最佳的作業模式。我們透過積極的信貸風險管理來保持良好的信貸質素。受惠富邦集團龐大的業務網絡及競爭優勢，我們繼續與母公司及其他聯屬公司緊密合作，把握區內湧現的新機遇以及打造本行為優質及值得信賴的銀行夥伴。

我們深信員工為本行最寶貴的資產。我們致力為員工打造有益身心健康及職業發展的工作環境。作為良好的企業公民，我們持續支持社區的各項企業社會責任計劃。

最後，我謹此感謝管理層及全體員工對本行2018年強勁表現所付出的貢獻。同時，我衷心感謝本行主席、富邦金控主席及全體董事會成員一直以來的指導及支持，令我們能獲取佳績。我們同心協力，一起為客戶提供獨特的「富邦體驗」，並為我們所有持份者創造價值。



李永鴻
行政總裁兼董事總經理
二零一九年四月



BUSINESS & OPERATIONS REVIEW

業務回顧





CORPORATE & INSTITUTIONAL BANKING

企業及機構銀行

CORPORATE BANKING

It was a mixed year for the corporate banking business in 2018. The year began with the global economy maintaining its expansion trend boosted by persistent low interest rates, optimistic economic growth, and vibrant stock and property markets. But market sentiment started to turn negative in the second quarter due to the U.S.-China trade war. With the U.S. introducing additional tariffs on a wide range of products from Mainland China and threatening to cast the net even wider, the U.S.-China trade conflict started to weigh on global economic sentiment. The U.S. also reversed its qualitative easing monetary policy, and coupled with the tightening of capital outflows in Mainland China, we witnessed credit contraction and corrections in the major stock markets. Both Mainland China and Hong Kong reported slower growth in the second half of the year and the Hong Kong property market had weakened moderately since mid-2018. The situation in Mainland China and Hong Kong began to stabilize towards the end of the year after China began easing its policy to stimulate the economy. For the whole year, the local banking industry recorded 4.4% loan growth, much lower than the 16.1% in 2017.

Corporate loan demand in the first half of 2018 was stable and it provided our Corporate and Commercial Banking teams with a good opportunity to improve the quality and profitability of our corporate loan portfolio. After experiencing strong 24% growth of the Bank's corporate loan portfolio (including trade bills and factoring) in 2017, our Corporate and Commercial Banking teams were commissioned to elevate the average return of the loan assets while maintaining steady growth in the loan book. Through good planning, teamwork, perseverance and hard work, we succeeded in improving the portfolio's risk adjusted return and customer profitability by increasing various service fee income through the cross-selling of our products. Together with our new initiatives to acquire new customers, the Bank's Corporate Banking business achieved very satisfactory performance. Our Corporate Banking business achieved 5% loan growth in 2018.

The Bank remained focused on SMEs in Hong Kong. Our Commercial Banking team continued to utilize internal cross referrals and structured marketing programmes to intensify our efforts to expand our business in this market segment. Introduction of new and innovative loan and deposit products strengthened our appeal to local entrepreneurs and ensured customer satisfaction with our signature "Fubon Experience".

We continued to be active in both the primary and secondary syndication markets allowing us to actively manage the Bank's loan portfolio.

企業金融

對企業金融業務而言，2018年可謂複雜的一年。在持續低息、樂觀的經濟增長以及活躍的股票和房地產市場推動下，全球經濟於年初保持上升趨勢，惟市場情緒於第二季受中美貿易戰影響而開始轉為負面。由於美國對眾多中國內地產品徵收額外關稅並揚言要擴大徵稅範圍，中美貿易衝突對全球經濟情緒造成壓力。美國改變其量化寬鬆貨幣政策，加上中國內地收緊資金外流，主要股票市場出現信貸緊縮及調整。中國內地及香港於下半年均錄得增長放緩，香港房地產市場自2018年年中亦開始趨緩。在中國內地開始放寬政策以刺激經濟後，中國內地及香港的情況於年底開始穩定。全年本地銀行業貸款增長4.4%，遠低於2017年的16.1%。

企業貸款需求於2018年上半年維持穩定，為企業及商業銀行團隊提供了提升企業貸款組合質素及盈利能力的良好機會。本行的企業貸款組合錄得(包括商業票據及應收賬款承購服務)於2017年錄得強勁增長24%後，企業及商業銀行團隊致力提升貸款資產的平均回報率，並同時維持穩定的貸款增長。透過良好的規劃、團隊的合作、毅力和努力，我們成功透過交叉銷售產品來增加各種服務費用收入，從而提高貸款組合的風險調整回報率及客戶盈利能力。配合我們吸納新客戶的新舉措，本行的企業金融業務獲得令人滿意的表現。我們的企業金融業務於2018年錄得5%的貸款增長。

本行仍專注於香港的中小企業，我們的商業銀行團隊繼續透過內部交叉推薦及結構性營銷計劃，強化我們在中小企業市場的業務拓展工作。本行新增及創新的貸款和存款產品亦提升了我們對本地企業家的吸引力，並確保客戶對我們獨特的「富邦體驗」感到滿意。

我們繼續活躍於一級及二級銀團貸款市場，以積極管理本行的貸款組合。

While maintaining a profitable customer portfolio was important, we did not compromise our commitment to a customer-centric approach through effective communication and attention to our customers' interests. We strived to deepen our relationship with existing customers by taking time to understand their needs and to customize our services to satisfy their expectations.

Credit quality was not compromised by our goal to expand our business. Through tightened selection criteria and pricing parameters, we managed to ensure a high quality loan portfolio.

Revenue from corporate customers reported satisfactory growth in 2018. Interest income increased nicely due to higher spreads and higher average loans outstanding, which also brought about record-breaking credit fee income. Our strategy to focus on fee income produced good results. Fee income generated from trade finance, treasury, corporate wealth management and general banking services all reported better than expected results.

The Bank's corporate e-banking, Fubon Business Online, will receive further enhancement in early 2019, such as our Online FX services. Our full-scale cash management e-banking service will be made available to our corporate customers around the same time.

CHINA COVERAGE

Mainland China was adversely affected by the U.S.-China trade war and the increasing protectionism. Coupled with a deleveraging policy, China recorded the worst stock market performance in the region in 2018 and slower GDP growth. However, cross-border and import/export trade remained strong until year-end. There was still a stable demand for loans, particularly from the real estate sector and the non-bank financial institutions sector. To better balance our China exposure, we focused our marketing efforts on State-Owned Enterprises and industry market leaders with good and sustainable track records. Leveraging on Fubon Group's unique status of being the only Taiwanese financial institution with banking subsidiaries in Mainland China, Taiwan and Hong Kong, we can provide comprehensive and wide-ranging cross-border banking services to our customers in trade-related and general banking areas through our close cooperation with Fubon Bank (China) and Xiamen Bank.

FINANCIAL INSTITUTIONS

Our Financial Institution ("FI") team continued to focus on building deposit relationships with non-bank financial institutions and successfully achieved healthy deposit growth in 2018. Another important role of our FI team is to provide credit support to the Bank's investment activities. Following the expansion of the investment book of the Bank, the FI team allocated more resources to support the Bank's investment transactions and worked closely with our Financial Markets Division. The FI team also played a major role in coordinating the collaboration efforts with Mainland banks including Fubon Bank (China) and Xiamen Bank.

Looking forward to 2019, we remain cautiously optimistic and will keep closely monitoring market developments. We will stay focused on growing our loan portfolio and enhancing the portfolio's returns while maintaining a high quality loan book. Through good teamwork and collaboration with other members of the Fubon Group, we aim for a good start to the year and achieve even better results in 2019.

儘管維持可盈利的客戶組合非常重要，但我們仍然透過有效的溝通及關注客戶的利益，致力實踐以客為本的方針。我們耐心了解客戶的需要並為他們量身訂做金融服務，以滿足客戶的期望，加深與現有客戶的關係。

我們追求業務增長的目標並沒有影響信貸質素。透過收緊篩選標準及定價參數，我們得以維持一個高質素的貸款組合。

來自企業客戶的收入於2018年度錄得令人滿意的增長。由於息差擴闊及貸款均額上升，利息收入大幅增加，並帶來創紀錄的信貸費用收入。我們專注於費用收入的策略取得亮麗成績。貿易融資、金融行銷、企業財管富理以及一般銀行服務所衍生的費用收入均高於預期。

我們將於2019年年初再進一步提升本行的企業電子銀行系統「富邦商務網」，例如推出網上外匯服務。同時，我們將向企業客戶推出全面的現金管理電子銀行服務。

中國業務

中國內地深受中美貿易戰及保護主義加劇影響，加上去槓桿化政策，中國股市在2018年於區內的表現最差，國內生產總值增長亦放緩。然而，跨境貿易及進/出口貿易截至年底依然增長強勁。貸款需求仍然穩定，尤其是房地產及非銀行金融機構。為更有效地平衡我們在中國的業務，我們將營銷工作重點放在具良好及可持續發展記錄的國有企業及行業的市場領導者身上。憑藉富邦集團是唯一在中國內地、台灣及香港設有銀行附屬公司的台灣金融機構之獨特地位，我們透過與富邦華一銀行及廈門銀行的緊密合作，為客戶在貿易相關及一般銀行服務方面提供全面及多元化的跨境銀行服務。

金融機構業務

我們的金融機構團隊繼續專注於與非銀行金融機構建立存款關係，並於2018年成功獲得穩健的存款增長。本行金融機構團隊的另一個重要任務，是為本行的投資活動提供信貸支持。隨著本行擴大投資賬目，金融機構團隊撥出了更多資源以支持本行的投資交易，並與金融市場部緊密合作。金融機構團隊在協調本行與富邦華一銀行及廈門銀行等內地銀行的合作方面亦發揮著重要作用。

展望2019年，我們保持審慎樂觀的態度，並將密切關注市場發展。在保持高質素貸款的同時，我們將繼續增強我們的貸款組合並提高組合的回報。透過良好的團隊合作以及與富邦集團其他成員合作，我們旨在於2019年取得良好開端，並取得更好的業績。



RETAIL BANKING 零售銀行

CONSUMER FINANCE

Alongside our mortgage services, credit cards remained a cornerstone product in our consumer finance line-up in 2018. For the credit card business, we entered a new era of contactless technology. Customers can now enjoy speedy and convenient payment with our newly launched contactless credit card. To keep pace with market developments in Fintech, we are soliciting strategic online promotion offerings from renowned travel brands in Hong Kong, including Hotels.com, Toyota rent-a-car and Hong Kong Airlines. This approach aims to reinforce our positioning as the “Travel Companion”, while at the same time delivering the best product value to our customers. Due to our efforts, we recorded 11% year-on-year growth in e-commerce card spending by MasterCard. Furthermore, our travel platform continued to gain appreciation and recognition from our customers. This resulted in our Fubon Credit Card receiving the “U Magazine Travel Awards 2018 – The Most Favourite Travel Credit Card” from U Magazine.

To further strengthen our Bank’s unique “Fubon Experience” programme, we successfully switched our focus in the personal loan business from mass market to existing bank customers with known financial needs and credit behaviour. As a result, new loan booking for the personal loan business increased by 13% year-on-year, while loan loss charge-offs dropped to a record low. Looking ahead, we anticipate even more fierce competition due to Fintech developments in digital banking and the arrival of virtual banks in Hong Kong. To meet the challenges, we will continue to enhance our products and customer experience by developing more online services including online applications for loans and credit cards. As always, our prudent risk culture will ensure that our loan quality remains at a good level.

This was another fruitful year for our merchant acquiring business as demonstrated by the smooth integration of innovative technology with our traditional merchant services. The introduction of a pioneering self-service card acceptance kiosk significantly helped cement our relationship with existing merchants, and it also acted as a powerful anchor to recruit new strategic merchant partners. The overall result for the merchant business was very encouraging, highlighted by 13% year-on-year growth in sales volume and 13% year-on-year growth in revenue. Our e-commerce business recorded significant growth, and we will continue to explore various emerging payment methods to further strengthen the relationship with our merchant customers and enhance our service solutions.

消費金融

於2018年，除我們的按揭貸款服務外，信用卡仍然為我們消費金融業務的基礎產品。就信用卡業務而言，我們已進入非接觸式科技的新時代。客戶現可使用我們新推出的非接觸式信用卡享受快捷方便的付款服務。為緊貼金融科技市場的發展步伐，我們與香港知名的旅遊品牌（包括Hotels.com、日本豐田汽車租用服務及香港航空）合作進行網上推廣，這樣不單可加強我們作為「旅遊夥伴」的定位，同時亦為我們的客戶提供最佳的產品價值。在我們的努力下，信用卡網上簽賬額按年增長11%。此外，我們的旅遊平台繼續得到客戶的認同，令富邦信用卡獲《U Magazine》頒發「U Magazine旅遊大獎2018 – 我最喜愛旅遊信用卡」。

為進一步加強本行獨特的「富邦體驗」，我們成功將個人貸款業務的重點從大眾市場轉移到已確知財務需求及信貸行為的現有本行客戶。因此，個人貸款業務的新增貸款較去年同期增加13%，而貸款撇賬降至歷史新低。展望未來，由於香港金融科技在數碼銀行方面的發展以及虛擬銀行的到來，我們預期將出現更激烈的競爭。為迎接挑戰，我們將繼續透過開拓更多網上服務（包括網上貸款及信用卡申請）以提升我們的產品和客戶體驗。一如既往，我們審慎的風險文化將確保我們的貸款質素保持在良好水平。

創新科技與我們傳統商戶服務的結合，令本行今年在拓展信用卡商戶業務上再次取得豐盛的成果。本行推出創新的信用卡自助售賣服務機，進一步鞏固我們與現有商戶的關係，並成為吸納新策略性商戶夥伴的強大支柱。我們商戶業務的整體業績非常令人鼓舞，銷售額較去年同期增長13%，收入亦較去年同期增長13%。我們的電子商貿業務錄得顯著增長，我們將繼續研究各種新興支付方式，進一步加強與商戶的關係以及提升我們的服務方案。

In recent years, another core business initiative for the merchant acquiring business has been Merchant Receivables Financing. The 21% year-on-year growth in new financing reflected the success of this unique product. We will continue to focus on the growth of this exclusive and tailor-made financial service to support the expansion plans and other business needs of our merchant customers by providing quick and simple short term funds.

The early 2018 property market in Hong Kong continued on an uptrend carrying over from 2017. However, the market turned soft starting in the third quarter and negative market sentiment began to surface towards the end of the year. This was partially due to the U.S.-China trade war and the first upward adjustment of the prime rate in Hong Kong since 2006. Declining investment from Mainland Chinese buyers also affected the market. Overall, the private domestic property price still recorded year-on-year appreciation of 1.9% in 2018 according to the Property Market Statistics from the HKSAR Government. At the same time, mortgage loan demand remained strong in the market. With the surge of HIBOR in the second half of 2018, banks revised pricing strategies and the portion of customers who opted for the Prime Rate Mortgage Plan increased. Despite that, our mortgage lending business remained one of our important consumer financing products and one of the key drivers for the Bank's interest income.

With the evolution of Fintech in the banking industry and the introduction of virtual banks in Hong Kong, technological innovation and development will undoubtedly be the focus for the consumer finance business in 2019. Changes in customer needs and behaviour will only heighten the need for banks to adopt a Fintech approach to digital solutions. In recognition of these market changes, we will strive to enhance our customer experience through online and mobile platforms to provide smart and secure banking services.

CHANNEL MANAGEMENT

Understanding that many of our customers desire one-stop wealth management services, we enhanced our branch network and began optimizing our brand into a one-stop financial platform through different marketing programmes and customized barrier-free arrangements. In addition to our physical channels, we focused on enhancing our digital banking channels. As the digital revolution continues to impact the banking industry and change customer behaviours and needs, digital product innovation and development with Fintech and other digital solutions are priorities for our Retail Banking business. In 2018, we made great strides in promoting various digital banking services. The number of Personal Internet Banking and Mobile Banking customers increased by 19% and 76% year-on-year respectively, and the proportion of customers opting for electronic statements rose by 311%. Travel Insurance transaction conducted through digital channels increased by 316% year-on-year.

The Bank is committed to improving the quality of its services to bring a better "Fubon Experience" to our customers. As part of our efforts, we formed a new customer services team composed of Financial Planning Managers to provide more personalized and dedicated services to customers who need professional financial planning services. As product specialists, our Financial Planning Managers formulate individualized strategic financial plans for our customers to help them achieve their personal financial management goals and to make prudent financial decisions for their future. We have received very favourable comments from our customers.

「先享錢」信用卡客戶貸款業務為近年本行拓展信用卡客戶業務的另一個核心業務計劃。新增貸款額較去年同期上升21%，反映出該獨特產品的成功。我們將繼續專注於這項獨有且量身訂做的金融服務之發展，並透過提供快速簡單的短期資金以支持我們商戶客戶的業務拓展計劃和其他業務需求。

2018年年初的香港物業市場繼續呈現自2017年以來的上升趨勢。然而，市場在第三季度開始走軟且市場開始在年底前出現負面情緒。這都是由於中美貿易戰以及自2006年以來本港首次上調最優惠利率所致。中國內地買家的投資減少亦對物業市場造成影響。總體而言，根據香港特別行政區政府物業市場統計資料，私人住宅物業售價在2018年仍然按年增長1.9%。與此同時，按揭貸款需求依然強勁。隨著香港銀行同業拆息在2018年下半年飆升，各銀行已修改定價策略，選擇最優惠利率按揭貸款計劃的客戶亦有所增加。儘管如此，本行的按揭貸款業務仍為我們其中一項重要的消費金融產品，亦是本行利息收入的主要來源之一。

隨著金融科技在銀行業的發展以及虛擬銀行在香港推出，科技的創新及發展無疑將於2019年成為消費金融業務的焦點。客戶需求及行為的改變將只會增加銀行為提供數碼化的金融方案而採用金融科技的需要。為配合市場的轉變，我們將致力透過網上和流動平台提供智能及安全性的銀行服務，以提升我們的客戶體驗。

通路管理

我們明白，許多客戶均希望獲得一站式的財富管理服務，為此，我們透過不同的營銷計劃及量身訂做的無障礙安排，提升我們的分行網絡以及開始把我們的品牌優化為一站式的金融平台。除實體渠道外，我們亦專注於加強我們的數碼化銀行渠道。隨著數碼化革命繼續影響銀行業並改變客戶的行為和需求，創新的數碼化銀行產品及金融科技和其他數碼化金融方案的發展將成為我們零售銀行業務的重點發展項目。於2018年，我們在推廣各類數碼化銀行服務方面跨進了一大步。個人網上銀行及流動理財客戶數目分別按年上升19%及76%，使用電子結單的客戶上升311%，透過電子渠道進行的旅遊保險交易按年增長316%。

本行致力提升服務質素，為客戶帶來更佳的「富邦體驗」。為此，我們成立了一個由財務策劃經理組成的新客戶服務團隊，為需要專業財務規劃服務的客戶提供更個人化和專注的服務。作為產品專家，我們的財務策劃經理為客戶制訂個人的策略性財務計劃，以幫助他們實現個人的財務管理目標及為未來作出審慎的財務決策，而我們亦收到客戶對服務的好評。

To meet and even exceed customer expectations on service quality in 2018, we devoted a lot of resources on training existing staff and nurturing our talents. Intensive internal and external training programmes were offered to our staff, not only to strengthen their sales skills but also to enhance their level of competency when serving our customers. It is mandatory for our sales staff to attend diversified training sessions to enrich their knowledge and awareness of retail wealth management and compliance. We believe that our training programmes are important to promote a sound bank culture. Moreover, to expand the talent pool, we have started to recruit fresh university graduates as Personal Banking Manager Trainees. This programme grooms professionals within the Bank so we can meet the increasing demand for wealth management services. Resources have been allocated to cultivate the trainees as our reliable and professional sales force.

Going forward, to keep up with the ongoing developments in Fintech, we will continue to enhance our digital banking platform to offer more efficient, secured and convenient banking services for customers on the move. Our new foreign exchange service offers a wide choice of foreign currencies on digital platforms. The Faster Payment System and biometric software token will be available through our digital banking platform in the first half of 2019. We will also continue to introduce digital enhancements to provide high-quality, dynamic and professional wealth management services to our valued customers.

INVESTMENT & INSURANCE

The market was full of uncertainties in 2018. With the anticipation of more interest rate hikes and an uncertain U.S.-China trade war, there was a drop in the insurance business. Financial assets including foreign currency, equity, bond and commodities lost value during the year for the very same reasons. It is predicted that the financial market will continue to fluctuate in 2019 as market sentiment remains cautious. Understanding that many of our customers are eager to de-risk, the Bank is exploring the potential market for low-risk investment products. Moreover, with growing concerns for the retirement needs of Hong Kong's ageing population and the Hong Kong Government's promotion of an annuity scheme, we have launched five insurance products providing regular income pay-outs to cope with market demand.

On the support side, we officially launched a new Insurance System in September 2018 to automate the sales and reporting work flow. It is a highly efficient and stable platform that can effectively support the insurance business by providing real-time data for analysis and managerial monitoring. The Insurance System has substantially increased operational efficiency and information accuracy, which in turn has enhanced the customer experience and improved staff productivity.

Fintech is a hot topic within the banking industry. The Bank will enhance its investment and insurance services by developing more Fintech solutions. Robo-advisory, online commentary and online trading are our focuses of development. More and more online investment services will be launched in 2019 to assist our customers to achieve their wealth management goals.

為滿足並超越客戶對2018年服務質量的期望，我們已投入大量資源培訓現有員工和培育我們的人才。我們為員工提供密集的內部及外部培訓計劃，以加強他們的銷售技能以及提升他們為客戶提供服務的能力。我們的銷售員工必須參加多元化的培訓課程，以豐富他們對零售財富管理和合規性的知識和意識。我們認為，本行的培訓計劃是提倡良好企業文化的重要途徑。此外，為擴展本行的人才儲備，我們已開始招聘新的大學畢業生為個人業務經理實習生。此計劃旨在培訓本行的專業人員，以滿足日益增長的財富管理服務需求。我們亦已分配資源用來培育實習生成為本行可靠及專業的銷售團隊。

展望未來，為緊貼金融科技的持續發展，我們將繼續加強本行的數碼化銀行平台，為忙碌的客戶提供更快捷、安全和方便的銀行服務。我們新的外匯服務在數碼銀行平台上提供多種外幣選擇，而「轉數快」及具生物認證功能之流動保安編碼器亦將於2019年上半年在本行的數碼銀行平台上推出。我們亦將繼續提升本行的數碼化服務，為我們尊貴的客戶提供優質、多元化及專業的財富管理服務。

投資及保險

2018年，市場充滿不明朗的因素。預期的多次加息以及充滿不確定性的中美貿易戰，導致保險業務出現下滑。此外，金融資產包括外幣、股票、債券及商品亦因相同原因而出現虧損。由於市場維持謹慎的態度，預期金融市場在2019年將繼續波動。我們明白許多客戶均希望避險，本行亦正在研究低風險投資產品的潛在市場。此外，隨著香港人口老化、退休保障需求增加，以及香港特別行政區政府推行年金計劃，本行已推出五款提供定期收入回報的保險產品，以應對市場需求。

在後台支援方面，我們於2018年9月正式啟動新的保險系統以自動化銷售和報告的工作流程。此新系統為一個高效且穩定的平台，能夠提供即時數據作分析及監控管理，有效地支援保險業務發展。保險系統顯著地提高了營運效率和信息的準確性，從而提升客戶體驗並提高員工的生產力。

金融科技為銀行業的熱門話題。本行將開發更多金融科技方案以加強我們的投資和保險服務。理財機器人專案、網上評論及網上交易為我們的重點研發項目。2019年，我們將推出更多網上投資服務，助客戶實現財富管理的目標。

SECURITIES SERVICES

It was a volatile year for the global stock market in 2018. The vulnerability in the market was due to U.S.-China trade tensions, the tightening of global financial conditions, and the slower-than-expected growth in Mainland China. Although the benchmark stock market index, Hang Seng Index, hit a record high of around 33,000 points in January, it fell by 14% and closed at 25,845.7 points at the end of the year. Due to these difficult conditions and the pessimistic market sentiment, our trading turnover and brokerage decreased slightly in 2018.

Our most significant success in 2018 was the considerable growth of the Fubon Mobile Stock Trading business. Technology and mobility are increasingly shaping consumer behaviours. While we already have a very user-friendly mobile trading platform, we will continue to pursue enhancements in our automated channels to cater to the investment needs of our customers and to stay at the forefront of the securities business in Hong Kong.

We understand how critical it is to maintain a sound cyber security system. To address this very important issue, we formulated a well-defined cyber security strategy for our security trading platform. In 2018, we developed a series of cyber security enhancement measures, among which was the introduction of the Two Factor Authentication.

To achieve a higher product penetration rate, we launched an Investment Account e-Statement Registration Promotion Programme in 2018 to support the e-Statement Services offered by the Bank. The promotion not only boosted the utilization of the programme, but it also gave us the chance to seize more business opportunities.

We also launched a number of ongoing marketing campaigns to ensure that we maintain our market position in response to heightened competition. We will place more emphasis on online marketing and social media platforms in addition to the traditional advertising channels. In-house seminars and investment education workshops will also be organized frequently to share market insights and maintain good relationships with our customers.

The outlook for the Hong Kong stock market in 2019 will remain uncertain. It is difficult to predict the outcome of many global events such as Brexit, ongoing trade wars and various Chinese economic initiatives. However, we will continue to develop diversified securities products to enable our customers to fully embrace the "Fubon Experience". At the same time, we will continue to entrench our position in the market and become widely acknowledged for our caring customer service and proactive innovation.

證券投資服務

2018年，全球股市動盪。市場動盪的主要原因，是由於中美貿易戰引發的緊張局勢、全球金融環境收緊以及中國內地的增長低於預期。雖然基準股指恒生指數於1月創下約33,000點的歷史新高，但在年底卻下跌14%至25,845.7點。受艱難的環境及悲觀的市場情緒影響，本行證券投資的交易額及經紀業務於2018年亦略有下降。

2018年，我們最大的成果為富邦流動股票交易業務錄得大幅增長。現今科技及流動性正日益影響消費者的行為。雖然本行的流動交易平台十分簡單易用，但我們將持續提升本行的自動化渠道以滿足客戶的投資需求，以繼續站在香港證券業務的最前線。

我們明白穩健的網絡安全系統之重要性。因此，我們為本行的證券交易平台制定明確的網絡安全策略。2018年，我們制定了一系列網絡安全改進措施，其中包括推出雙重認證服務。

為提高產品滲透率，我們於2018年推出投資賬戶電子結單登記推廣計劃，以支持本行的電子結單服務。該推廣不單提高了計劃的使用率，亦讓我們有機會把握更多商機。

我們亦推出了多項營銷活動以確保我們在激烈的競爭中保持市場地位。除傳統廣告渠道外，我們將更著重網上營銷及社交媒體平台。我們亦將經常舉行內部講座和投資教育工作坊，與客戶分享市場消息，並與客戶保持良好關係。

預期香港股市前景於2019年仍然維持不明朗。此外，英國脫歐、持續的貿易戰及各種中國經濟舉措等眾多全球性事件的結果亦難以預測。然而，我們將繼續開拓多元化的證券產品，令我們的客戶能夠充分感受「富邦體驗」。與此同時，我們將繼續鞏固本行的市場地位，確保我們貼心的客戶服務及創新的產品獲得市場認可。



FINANCIAL MARKETS 金融市場

The financial markets in 2018 reflected a volatile global economy with political uncertainties and trade tensions. The world's two largest economies, the U.S. and Mainland China, ignited a trade war in July 2018 by imposing punitive tariffs on each other's imports. In addition to companies' revenue and labour markets, the impact of the trade war extended to the equity market. The Hang Seng Index closed at 25,845.7, representing a year-on-year loss of 14%, after hitting a 10-year high at the beginning of the year. In terms of the interest rate market, the U.S. Federal Reserve ("Fed") raised the Federal Funds Rate four times in 2018, from 1.50% to 2.50%, and nine times since the Fed began normalizing rates from near-zero three years ago. Later in the year, the Fed suggested that there could be fewer rate hikes in 2019 than originally anticipated. Members of the Federal Open Market Committee generally predicted that two rate hikes will occur in 2019. However, this forecast may change as the development of the global economy is far from certain.

The rise in funding costs resulting from multiple increases in U.S. Dollar ("USD") interest rates in 2018 exerted pressure on local commercial banks to maintain their net interest margin. However, banks in Hong Kong only marginally increased their benchmark lending rate just once. The Bank announced an increase in its prime rate from 5.25% to 5.5% on 28 September 2018, and concurrently adjusting its Hong Kong Dollar ("HKD") Saving Rate from 0.05% to 0.25%.

INVESTMENT PORTFOLIO

In 2018, we continued to follow a prudent investment strategy. The overall credit rating of our investment portfolio remained at "A" while we maintained an appropriate diversification in terms of geography, currency and industry. Our portfolio yield improved by 63 basis points compared with the end of 2017. Furthermore, our investment portfolio sustained an upward trend of net interest income for the year despite a widening credit spread in 2018.

Looking forward to 2019, the U.S. is expected to turn cautious about further tightening of its monetary policy. Moreover, bond yields in the U.S. may continue to rise with the Eurozone following a similar but more moderate trend.

2018年的金融市場反映了波動的全球經濟、政治的不確定性及貿易的緊張局勢。全球兩個最大的經濟體系美國及中國內地因2018年7月對彼此的進口商品徵收懲罰性關稅而展開了貿易戰。除公司收入及勞工市場外，貿易戰的影響更擴大至股市，恒生指數在年初觸及10年來的高點後收25,845.7點，較去年同期下跌14%。就利率市場而言，美國聯邦儲備局（「聯儲局」）自三年前接近零利率開始進行九次的利率調整，於2018年更四次上調聯邦基金利率，從1.50%上調至2.50%。其後，聯儲局表示，2019年的加息次數可能比原先預期的要少。聯邦公開市場委員會成員普遍預期，2019年將出現兩次加息。然而，由於全球經濟的發展形勢尚未確定，此預期或會改變。

美元利率於2018年多次上調，導致資金成本上升，對本地商業銀行維持其淨息差造成壓力。然而，香港各銀行僅在2018年9月輕微調高基準貸款利率一次。本行於2018年9月28日宣布調整最優惠利率，由5.25%上調至5.5%，同時將港元儲蓄存款利率由0.05%調升至0.25%。

投資組合

2018年，我們繼續審慎的投資策略。本行投資組合的整體信貸評級維持在A級，我們把投資適當地分配在不同的地域、貨幣及行業。與2017年年底相比，我們投資組合的收益率提升了63個基點。儘管信貸利差於2018年擴大，我們的投資組合於年內的淨利息收入仍然維持上升趨勢。

展望2019年，預期美國將對進一步收緊貨幣政策持審慎態度。此外，美國的債券收益率或繼續上漲，而歐元區亦呈現類似但較溫和的趨勢。

The Bank aims to mitigate the impact of a volatile interest rate market environment with effective hedging tools. Observing global political developments is a key part of portfolio risk management in the coming year. In addition, credit risk exposure will be closely monitored by using various predictive tools and using sensitivity analysis that will assist us to take timely mitigating measures in the event of market turmoil.

TREASURY MARKETING AND FLOW INVESTMENT PRODUCTS

In the first half of 2018, the world economy exhibited steady growth. Under this overall positive investment environment, we saw strong momentum in various areas, including structured deposits, equity-linked products, currency-linked products, foreign-exchange-related products, as well as bond investment services for both corporate and wealth management customers.

Towards mid-year, with the upward pressure in interest rates, customers turned more cautious over international trade and longer-term global economic and financial trends. Our professional Treasury Product and Marketing Team provided solutions and services to our customers in meeting their financial needs in a volatile market. Also, we provided timely market information and insights to assist our customers in the formulation of financial plans to address their currency exposure and interest rate risks.

Despite the bearish equity market and volatile FX market, our Flow Investment Products Team managed to mitigate customer risk with diversified treasury products and generated stable income for our Bank.

We will strive to expand our product range while deepening our understanding of the needs of our customers to satisfy various customer needs and their risk appetite.

FUNDING AND INTEREST INCOME

Since rises in the Federal Fund Rate were generally not fully reflected in the HKD interest rate market, the widening of interest rate gaps between the HKD and USD attracted carry trade activities and prompted funds to flow gradually from HKD to USD. The USD/HKD exchange rate touched the weak end of its pegged range on 20 occasions during 2018. Meanwhile, the Hong Kong Monetary Authority (“HKMA”) intervened in the currency market to defend the local currency by buying HKD while selling USD. The HKMA Closing Aggregate Balance dropped from HK\$179.79 billion to HK\$78.58 billion throughout the year.

Confronted by the shifting global economic outlook of 2018, the funding costs of the Bank were comparatively stable while maintaining a healthy liquidity maintenance ratio. The Bank’s funding position was strong and our deposits base increased by 10% to HK\$68.2 billion.

It is likely that 2019 will be another challenging and volatile year due to ongoing political and economic uncertainties around the world. With the support and guidance of the Bank’s core values, we will ensure that our customers’ interests stay at the forefront of our business activities while maintaining a risk profile that is within the parameters of our risk appetite.

本行旨在透過有效的對沖工具減輕波動的利率市場所帶來的影響。觀察全球政治形勢的發展是未來一年投資組合風險管理的關鍵。此外，我們將利用各種預測工具和敏感度分析來密切監控信用風險，這將有助我們在動盪的市況下採取適時的緩解措施。

金融行銷及投資產品

2018年上半年，全球經濟穩健增長，在整體積極的投資環境下，各個領域均出現強勁的增長勢頭，包括為企業及財富管理客戶推出的結構性存款、股票掛鈎產品、貨幣掛鈎產品、外匯掛鈎產品以及債券投資服務。

年中，由於利率的上行壓力，客戶對國際貿易和全球經濟及金融的長期趨勢持更加審慎的態度。我們專業的財資產品及營銷團隊為我們的客戶提供解決方案和服務，以滿足他們在動盪市況中的財務需求。此外，我們提供適時的市場資訊和意見，協助客戶制訂財務計劃，以應對貨幣和利率的風險。

儘管股票市場看跌以及外匯市場波動，我們的投資產品團隊不單透過多元化的財資產品降低客戶風險，並為本行帶來穩定的收入。

我們致力擴闊本行的產品種類並加深我們對客戶需求的理解，以滿足各種客戶需求及他們的風險取向。

資金及利息收入

由於聯邦基金利率的調升一般不會反映在港元利率市場，港元和美元之間的息差擴闊，吸引了利差交易活動並促使資金逐步從港元流向美元。2018年，美元兌港元匯率曾20次觸及其掛鈎區間的弱端。與此同時，香港金融管理局（「金管局」）透過賣出美元並買入港元干預貨幣市場以保護本地貨幣。金管局全年總結餘由1,797.9億港元下跌至785.8億港元。

面對全球經濟前景於2018年的轉變，本行的資金成本相對穩定，並維持良好的流動性維持比率。本行的資金狀況穩健，存款基礎亦增加10%至682億港元。

由於世界各地的政治和經濟均持續出現不確定性，2019年亦可能是另一個充滿挑戰和動盪的年度。我們將依循本行的核心價值，確保在拓展業務時以客戶的利益為先，並把風險狀況維持在本行的風險承受能力之內。



RISK MANAGEMENT & COMPLIANCE

風險管理及合規監控

RISK MANAGEMENT

Market Risk Management

In 2018, the U.S.-China trade conflicts weighed on global economic sentiment and activities, as evidenced by corrections in the major stock markets and slower global growth. The U.S. Federal Reserve continued to normalize monetary policy, encouraging international capital outflow from emerging markets to the U.S. and heightening volatility which rippled through various asset classes. The market outlook for 2019 is uncertain. Dissonance over trade between the U.S. and its major trading partners, the complex Brexit negotiation, and slowing global economic growth are the major challenges impacting the world's economies. The Bank will continue to closely monitor and manage the risks associated with its trading and investment activities to ensure the associated risks are within the Bank's tolerance level.

Credit Risk Management

The credit conditions in Hong Kong and Mainland China began to show signs of deterioration in 2018 on the back of weakening global demand and tighter liquidity. The Bank's credit quality managed to improve over the year, thanks to our prudent credit underwriting standards and robust portfolio review and stress testing practices. We believe that these measures will enable the Bank to be better prepared for any unanticipated financial market turmoil and safeguard against asset quality deterioration.

In 2019, we will continue to strengthen our credit risk management through systems development and expand the use of decision and stress testing models. A new credit origination system will be developed to streamline the credit process, provide quantitative analysis and improve data integrity. Together with the phased-in launch of our new Core Banking System, the Bank will be equipped with a more efficient and environmentally-friendly credit risk management system.

Operational Risk Management

In 2018, the Bank actively managed and controlled operational risk within target levels that are consistent with our risk appetite. We reviewed our business continuity plans and tested our contingency systems during the year. Also, we continued to evaluate and ensure the effectiveness of the underlying operational and system controls for new products and innovative services. Going forward, the Bank will continue to promote the culture of risk management awareness and to maintain a sound internal control environment.

風險管理

市場風險管理

2018年，中美貿易戰的衝突影響全球經濟氣氛及活動，主要股票市場作出多次調整以及全球增長放緩。美國聯邦儲備局繼續對貨幣政策進行正常化，鼓勵國際資金由新興市場流入美國，並導致多個資產類別的波動加劇。2019年的市場前景尚未明朗。美國與其主要貿易夥伴之間的貿易不協調、錯綜複雜的英國脫歐談判以及全球經濟增長不斷放緩，均對全球經濟造成挑戰。本行將繼續密切監控及管理與交易及投資活動相關的風險，確保相關風險在本行的承受能力之內。

信貸風險管理

全球需求轉趨疲弱以及流動性收緊，香港及中國內地的信貸情況於2018年開始出現惡化的跡象。本行的信貸質素於年內有所提高，全賴我們審慎的信貸批核標準、穩健的組合審查以及定期的壓力測試。我們相信，這些舉措將令本行對金融市場上無法預料的動盪作出更好的準備，並保障本行免受資產質素惡化影響。

我們將於2019年開拓新系統及加強決策和壓力測試模型的運用，以持續提升我們的信貸風險管理。我們將開發一套新的信貸系統，以簡化信貸流程、提供量化分析及加強數據的完整性。連同本行新的核心銀行系統將逐步推出，我們將擁有一套更有效及環保的信貸風險管理系統。

營運風險管理

於2018年，本行積極管理及控制營運風險，以符合我們風險取向的調控目標水平。我們於年內檢討本行的持續業務運作計劃，並測試了應急系統。此外，我們繼續評估及確保專為新產品及創新服務而設的相關營運及系統監控之有效性。展望未來，本行將繼續提升風險管理文化意識，並維持一個穩健的內部監控環境。

COMPLIANCE

The Bank has put in place a holistic and effective compliance risk management framework to ensure our activities are conducted in accordance with applicable laws and regulations. This framework is constantly reviewed and reported to our Board for endorsement and approval. Our Compliance framework also covers adherence to sound practices to ensure the fair treatment and appropriate protection of customer interests. As a responsible financial institution, we are not only committed to enforcing a robust compliance framework but also to promoting a sound compliance culture that is well entrenched and understood by all levels of our organization.

To further bolster and maintain the professional competency of our compliance staff in 2018, we continued to conduct our accredited training courses on Compliance and Anti-Money Laundering as part of our comprehensive and structured training programme. Our programme ensures that our staff acquire the latest knowledge and updates related to the regulatory requirements and best market practices. Our in-house accredited compliance training programme, "Certificate in Banking Compliance", continues to provide valuable opportunities for staff to enhance their professional standards in the areas of banking compliance knowledge, skills and mindset.

To ensure the continuous enhancement of staff competency, the Bank has participated actively in the licensing regime of the Enhanced Competency Framework on Anti-Money Laundering ("AML") and Counter-Terrorist Financing ("CFT"). All our practicing staff have met the qualification requirements of this competency framework and have been certified as AML Professionals. Our practicing staff are committed to continuous professional development to maintain up-to-date knowledge of the latest AML/CFT risks, compliance developments, and local and international regulatory requirements and standards.

To strengthen the overall effectiveness of our AML risk management systems and controls, the Bank has been working with selected business partners to develop a new customer risk assessment scoring system to further enhance our customer due diligence process. We are targeting to launch the new customer due diligence system in late 2019. An enhanced transaction monitoring system is also in our AML pipeline upon completion of the Core Banking System Replacement Project of the Bank.

Several years ago, we established a Business Compliance Department to conduct regular internal control self-assessments. This process allows us to very quickly identify weaknesses in our regulatory compliance and enables us to take timely remedial measures. Also, this Department is used as a training ground for both new and existing employees to develop their compliance awareness and culture. Staff are therefore periodically rotated both in and out of the Department. Our Business Compliance Department staff serve as a sustainable talent pool of highly qualified compliance personnel to meet the critical demand for compliance professionals in our Bank.

In 2019, we will continue to take concrete steps to strengthen the effectiveness and efficiency of our compliance function and stay vigilant to the ever-changing compliance and anti-money laundering regulations. By providing comprehensive compliance training, enhancing our AML risk management systems and cultivating a strong compliance culture, we will be able to stay abreast of not only the new regulatory requirements and best market practices, but also the latest developments in AML and CFT threats.

合規監控

本行已建立一個全面且有效的合規風險管理框架，確保我們的活動符合適用的法律及法規。我們定期審視本行的合規框架並向董事會匯報以獲得認可及審批。我們的合規框架涵蓋確保公平對待及適當保障客戶利益的良好常規。作為一間負責任的金融機構，我們不單致力促進健全的合規框架，同時亦提倡機構內各階層皆透徹了解的良好合規文化。

於2018年，為進一步提高及維持本行負責合規相關工作之員工的能力，我們繼續舉辦「合規及反洗黑錢」的認可培訓課程，作為我們全面及有系統的培訓計劃之一部分。我們的課程確保員工能掌握有關監管規定的最新知識及資料以及最佳的市場慣例。本行的內部合規監控培訓課程「銀行合規監控證書課程」亦繼續為員工提供寶貴的機會，提高他們在銀行合規監控知識、技能及理念方面的專業標準。

為不斷提升本行員工的能力，我們積極參與「銀行專業資歷架構－打擊洗錢及恐怖分子資金籌集」方面的培訓。我們負責從事相關工作之員工均符合該資歷架構的要求並獲打擊洗錢的專業認證。我們的執業人員均致力於持續的專業進修，以確保能掌握最新的打擊洗錢/恐怖分子資金籌集、合規監控的發展以及本地及國際監管規定和標準等方面的知識。

為提升打擊洗錢風險管理系統和監控的整體效能，本行一直與既定的業務合作夥伴合作，開發新的客戶風險評估評分系統，以進一步優化我們的客戶盡職審查流程。我們旨在2019年年末推出新的客戶盡職審查系統。在本行核心銀行系統更新工程完成後，我們亦將強化打擊洗錢的交易監控系統。

本行於數年前成立商業合規部，進行定期的內部自我監控評估，讓我們能快速地識別本行合規監控的缺陷，並及時採取補救措施。此外，該部門亦被用作新聘員工和現有員工的培訓基地，培育他們的合規監控意識和文化。為此，該部門員工需進行定期輪調。我們商業合規部的員工為本行高資歷合規人員的人才儲備，以滿足本行對合規專才的需求。

我們於2019年將進一步提升合規部的效能和效率，並對不斷變化的合規及反洗黑錢監管規定保持警覺。我們將提供全面的合規培訓，提升本行打擊洗錢風險管理系統及培養濃厚的合規監控文化，以緊貼新的監管要求及最佳的市場常規，以及掌握打擊洗錢及恐怖分子資金籌集風險的最新發展狀況。



INFORMATION TECHNOLOGY & OPERATIONS 資訊科技及營運

INFORMATION TECHNOLOGY

The Bank is deep into its 5-Year Strategic Information Technology Plan (“IT Plan”) and has completed several important components. These include the installation of a new generation treasury system called Summit, and the completion of the first phase of the Core Banking System (“CBS”) Replacement Project. Also as part of the IT Plan, the Bank has continuously and consistently upgraded its digital banking services, including the enhancement of our electronic delivery channels. These IT initiatives are important to ensure that the “Fubon Experience” remains an iconic symbol of excellence among our customers. In parallel with the improvement of our electronic services, we are ensuring that our customers continue to enjoy secure and worry-free e-services.

With the imminent licensing of virtual banks by the Hong Kong Monetary Authority, the Bank has taken comprehensive measures to ensure that we can compete effectively in the new banking environment in Hong Kong. In this regard, we undertook several initiatives in 2018 and have planned for more in 2019. Together all the new initiatives in our IT Plan will eventually move us to a total virtual banking environment.

The completed initiatives in 2018 included the launching of the first stage of new Faster Payment System, the establishment of an Open API platform, a token-based 2-factor authentication system, enhanced e-banking and e-security services, and eKYC for an electronic onboarding service. Also the features and functionalities of the Bank’s corporate e-banking system were revamped to enable us to provide faster and better service to our corporate customers. With the technological improvement of our branch banking services, we will be able to provide a unique experience to our customers based on the combined advantages of virtual banking and physical branch banking. Our goal is to offer electronic and virtual banking services that will match or exceed those offered by the new virtual banks, yet we will continue to offer highly sophisticated branch banking services that cannot be matched by virtual banking entities.

Meanwhile, the Bank is completing the replacement of its CBS Phase 2 and has successfully implemented the Customer Information File module, which allows the Bank to have a 360-degree view of customer information. The replacement of the retail deposit and loan module is the second phase of the CBS and is planned for completion by mid-2019. The final phase of the CBS Replacement Project will be completed after the implementation of the corporate loan and Central Liability module. The new CBS will enable us to launch new products faster and react to market changes more effectively and in a more timely manner, an important prerequisite of successful customer service.

Fintech is rapidly changing the landscape of the financial industry in Hong Kong and around the world. Therefore, as part of our continual efforts to ensure we are at the forefront of the industry, we reviewed and updated our last 5-Year Strategic IT Plan in 2018. The new Plan

資訊科技

本行正在深入開展五年期策略性資訊科技計劃（「資訊科技計劃」），並已完成若干重要部分，包括安裝新一代財資系統Summit及完成核心銀行系統更新工程的第一階段。此外，作為資訊科技計劃的一部分，本行持續提升我們數碼化銀行服務，包括加強我們的電子服務渠道。這些資訊科技項目對確保「富邦體驗」在客戶群中保持超卓的標誌性象徵非常重要。在提升我們電子服務的同時，我們亦確保本行的客戶能繼續享受安全無憂的電子服務。

在香港金融管理局即將發出虛擬銀行牌照的同時，本行已採取全面的措施確保我們能在本港的新銀行經營環境中保持競爭力。我們於2018年已進行多個項目，並計劃於2019年推出更多項目。連同我們資訊科技計劃的新項目，我們將邁進全面的虛擬銀行環境。

於2018年完成的項目包括啟動「轉數快」的第一階段，建立開放應用程式介面平台、雙重認證系統、增強網上銀行及網上安全服務，以及就電子跨境服務推出eKYC。此外，本行亦提升了企業電子銀行系統的特點和功能，為我們的企業客戶提供更快和更佳服務。隨著我們在分行的銀行服務方面作出技術上的改進，我們將能夠結合虛擬銀行和實體銀行的優勢，為我們的客戶提供獨特的體驗。我們的目標是提供能夠達到甚至超越新興虛擬銀行所提供的電子及虛擬銀行服務，並繼續提供虛擬銀行無法提供的繁複的分行銀行服務。

本行即將完成核心銀行系統更新工程的第二階段，並已成功推出客戶資料文件系統，讓本行能夠360度全方位掌握客戶資料。核心銀行系統更新工程的第二階段為更新零售存款及貸款系統，並計劃於2019年年中完成。核心銀行系統更新工程的最後階段，將於推出企業貸款及中央債務系統後完成。全新的核心銀行系統將令我們可以更迅速地推出新產品，並更有效、更適時地回應市場變化，這亦是成功的客戶服務之重要前提。

金融科技正在迅速改變香港和世界各地的金融業。因此，我們致力確保本行始終走在行業的最前線。我們於2018年檢討並更新本行的五年期策略性資訊科技計劃。新的計劃更著重於虛

places even more focus on virtual banking services, cyber security and the customer experience. In 2019 and over the next several years we will launch such features such as biometric software token, an upgraded Faster Payment System, an expanded Open API platform, and enhanced virtual banking product offerings. The new IT Plan will also enhance the Bank's IT hardware and software infrastructure through optimization and replacement of the remaining legacy systems. It will include an expansion and enhancement of the Bank's data warehouse to enable us to begin using big data to develop business initiatives and programmes. The IT Plan also calls for the development of automated Enterprise Work Flow ("EWF") Projects to simplify and automate work processes that will allow the Bank to optimize its cost structure. The Bank has already identified several business processes that will be transformed by EWF. Eventually, EWF will be applied to essentially all business processes so that costs can be better managed. Our vision for EWF will involve the use of a digital document imaging system with the ultimate goal of turning our operations into a paperless, highly automated working environment with user-friendly delivery channels. Last but not least, the new IT Plan will also enable our IT infrastructure team to provide support for business intelligence when formulating business plans and marketing strategies.

OPERATIONS

For the 12th consecutive year, the Bank was ranked as one of the top performing banks among 500 banks in the Asian region and won the Straight Through Processing Award in 2018. The Award was presented by our USD clearing bank, the Bank of New York Mellon, in recognition of the excellent quality of our fund transfer operations. This reflected the consistency of our operational competency and the maturity of our operations. While the Bank's CBS Replacement Project was in full swing, this did not distract from our operational efficiency. We continued to record very low non-fraud related operational losses with 2018 being an uneventful year.

During the year, we channelled a good part of our resources to support the CBS Replacement Project. While we expect our operational efficiencies will improve as a result of this project, we are looking forward to the EWF Project that will almost immediately follow the completion of the CBS project. We anticipate that our operations will be a big beneficiary of any work flow improvements brought about by the EWF.

While 2018 was an uneventful year from an operational perspective and our operations unit provided the usual high quality support and services to our customers, we continued to focus on the "go green" aspect of our business operations that is now very well entrenched into our corporate culture. With the effort of all our staff, the overall consumption of energy, electricity, printing and paper has consistently decreased over the past few years. In 2018, the Bank again joined the World Wide Fund for Nature's Earth Hour and obtained the Charter on External Lighting Award – Platinum Award. We also signed a Service Pledge to the Environmental Protection Department committing to follow their Green Event Guidebook to reduce waste and paper consumption and to use recycled materials when organizing/sponsoring events. We were also able to renew our Wastewise Certificate and thus obtained the Hong Kong Green Organisation title from the Environmental Campaign Committee. In recognition of the Bank's contribution to environmental protection by introducing the iBranch concept and paperless office, as well as implementing a series of technical projects for savings in printing and paper, the Bank was presented with the Banking & Finance Awards 2018 – Excellence Award for Green Banking Service by Sky Post in 2018.

To provide our customers with more efficient and effective services, we will continue to review and streamline the operational process to smoothen our daily operations. The Bank's various Fintech initiatives should also improve both the quality and efficiency of our daily operations and customer support.

In the years ahead, we will continue to maintain our efforts to sustain our high quality performance and our commitment to enhancing the "Fubon Experience".

擬銀行服務、網絡安全和客戶體驗。於2019年及未來幾年，我們將推出具生物認證功能之流動保安編碼器、升級版的「轉數快」、更豐富的開放應用程式介面平台及更優質的虛擬銀行產品等服務。新的資訊科技計劃亦將透過優化及更新舊的系統以提升本行的資訊科技硬件和軟件的基礎設施。本行的計劃包括擴展和增強本行的數據庫，令我們能夠開始利用大數據發展業務。本行的資訊科技計劃亦包括發展自動化的企業工作流程項目，以簡化和自動化工作流程，讓本行能優化成本結構。本行已識別若干將需企業工作流程改進的業務流程。最後，企業工作流程將應用於所有業務流程，以便更有效地控制成本。我們對企業工作流程的應用包括數碼化文件影像系統，讓我們的營運能變成無紙化、高度自動化的工作環境，並提供方便的服務渠道。此外，新的資訊科技計劃亦令本行的資訊科技基礎設施團隊能夠在我們制訂業務計劃和營銷策略時提供支援。

營運

本行於2018年連續12年獲選為亞洲區500間銀行中表現最優秀的銀行之一，並獲本行之美元清算行紐約梅隆銀行頒發「直通式聯繫結算處理獎」，以嘉許我們卓越的資金轉賬服務，並反映出本行的營運能力及完善的運作。本行正在全面進行核心銀行系統更新工程，但我們的營運效率仍保持不變，於2018年錄得極低的非詐騙相關營運虧損。

年內，我們將大部分的資源投放在核心銀行系統更新工程。在我們期望透過這項更新工程提高營運效率的同時，我們也期待即將緊隨核心銀行系統更新工程完成後進行的企業工作流程項目，並預期本行的營運將受惠於企業工作流程項目所帶來的進展。

從營運的角度來看，2018年是平靜的一年。在本行營運部為客戶提供一貫優質的支援及服務的同時，我們繼續致力於本行業務營運中的「綠色」範疇，並完全融入本行的企業文化。在全體員工的努力下，本行的能源、電力、印刷及紙張的整體消耗在過去幾年持續下降。2018年，本行再次參與世界自然基金會的「地球一小時」活動，並獲得「戶外燈光約章—鉑金獎」。我們亦和環境保護署簽署了服務承諾，承諾遵守其綠色活動指南，減少浪費及紙張消耗，並在舉辦/贊助活動時使用再循環物料。我們亦更新了本行的減廢證書，從而獲環境運動委員會頒發「香港綠色機構」榮譽。2018年，本行榮獲《晴報》頒發「Banking & Finance Awards 2018—傑出綠色銀行服務大獎」，以嘉許本行透過 iBranch 的概念及無紙化辦公室對環境保護所作出的貢獻，以及實行一系列節省印刷及紙張的項目。

為向客戶提供更快捷及有效的服務，我們將不斷審視及精簡營運流程，以確保我們的日常營運保持順暢。本行的各項金融科技舉措亦提高我們日常營運及客戶服務的質素和效率。

未來，我們將繼續致力維持本行優質的服務表現及我們對提升「富邦體驗」的承諾。



PEOPLE DEVELOPMENT 人才管理及發展

In 2018, we heightened our efforts to develop a comprehensive framework for the promotion and sustainability of a bank culture based on best market practices. This effort was spearheaded by our Board and is now part of the Nomination and Remuneration Committee's responsibilities. To cultivate a good bank culture, the Bank established codified guidelines to govern the implementation of related measures. As part of this, we conducted a Staff Opinion Survey (the "Survey") with the help of an external consultant to solicit staff feedback on a variety of topics including areas relating to bank culture. The results of the Survey spurred Management to make some changes to our Human Resources ("HR") policies and staff benefits. The Bank will continue to promote appropriate staff behaviour and monitor the development of a proper corporate culture through various established channels.

To achieve the Bank's long-term business mission, we continuously examine our ability to attract and retain good employees. As a normal practice, we conduct surveys and engage outside consultants to provide us with a benchmark of the HR practices and employee compensation structures in the industry to ensure that the Bank remains a competitive employer. In 2018, we reviewed our staff benefits to meet staff expectations and align with market practices. Medical benefits for junior to middle level staff were enhanced to provide better coverage and protection. Annual leave entitlements for these staff were also increased, while paid maternity leave was increased to 14 weeks with effect from January 2019.

With the implementation of the Enhanced Competency Framework introduced by the Hong Kong Monetary Authority ("HKMA") on various banking disciplines, such as Cyber Security, Anti-Money Laundering and Counter-Terrorist Financing, Treasury Management and Retail Wealth Management, our employees assigned to these areas are required to possess the necessary professional qualifications. There are associated recruitment costs and additional training expenses that increase from time to time. However, the improved proficiencies of our staff will ensure our Bank can provide the best services to our customers and protect their interests while adhering to all regulatory requirements.

2018年，我們根據市場的最佳作業模式，就推動及鞏固本行的企業文化建立一個全面的框架。這項由董事會牽頭的工作，現已成為提名及薪酬委員會職責的一部分。為培養良好的企業文化，本行已編纂指引，以管理相關措施的執行。在外聘顧問的協助下，本行進行了員工意見調查，就各類項目包括企業文化相關範疇徵詢員工的意見。調查結果促進了本行管理層對我們人力資源政策及員工福利進行調整。本行將繼續提倡恰當的員工行為，並透過不同渠道監控良好企業文化的發展。

為實踐本行長線的企業使命，我們持續檢討本行吸納及留聘優秀員工之能力。一般而言，我們進行調查以及委任外聘顧問，提供業界人力資源的作業模式及僱員薪酬架構的基準，確保本行繼續成為具競爭力的僱主。2018年，我們審視了本行的員工福利，以符合員工的期望及市場慣例。本行提升了初級至中級員工的醫療福利，提供更佳的保障。該等員工的年假福利亦有所提升，而有薪產假自2019年1月起亦增至14週。

因應香港金融管理局（「金管局」）推出涵蓋網絡安全、打擊洗錢及恐怖分子資金籌集、財資管理及零售財富管理等範疇的「銀行專業資格架構」，本行負責該等範疇的員工也須具備必要的專業資格，招聘成本及額外的培訓費用亦不免增加。然而，提升員工的專業知識可確保本行在遵守監管要求的同時，亦能為客戶提供最佳的服務和保障他們的權益。

We made a significant effort in 2018 to enhance staff competency according to the HKMA's Enhanced Competency Framework, with the focus on Treasury Management and Retail Wealth Management. Our staff were either grandfathered in based on pre-set criteria or they attended accredited training provided by recognized professional institutes. The Bank continued to put great emphasis on people development that helps to raise the standard of our customer services and leads to a stronger compliance and corporate culture.

In 2018, the Bank arranged 293 training courses with increasing emphasis on adopting online e-Learning platforms by internationally-acclaimed providers such as Thomson Reuters and EdX. These e-Learning programmes included control and risk focused training like Anti-Money Laundering and Personal Data Privacy. Another important area of training focused on the rapidly emerging technologies in Fintech. We introduced Fintech training to re-skill our information technology staff so they can keep abreast of the latest developments in the digitization of banking. Furthermore, in support of nurturing Fintech talent in Hong Kong, we joined the Fintech Career Accelerator Scheme of HKMA, and we are in the process of training a university student hired as full-time intern to work on an internal Fintech project for a year. Also, the pioneering "Certificate in Banking Compliance" programme, which was conducted by seasoned, professional consultants in the banking industry, continued to serve the purpose of training qualified control, risk and compliance staff.

The well-being of our employees is one of the key issues that we focus on year after year. In 2018, the Bank organized a series of Lunch & Learn sessions for staff, covering such topics as Periodontal Health, DIY Handmade Soap, DIY Terrarium, Green Living Tips and Aurora Borealis Watching Travel Tips. We will also be working with medical groups to host programmes and workshops to raise awareness about the importance of a healthy and happy lifestyle.

On the social front in 2018, our Staff Recreation Committee maintained its efforts to provide enjoyable and relaxing activities like Coffee-Tasting, Movie Night, Disneyland Visit and BBQ Night, which were all well-received by staff. Also, as part of the Overseas Joint Team with Fubon Bank (China) and Xiamen Bank, our Fubon Basketball Team earned second runner-up honours in the Basketball Competition of Fubon Financial Holdings.

The Bank continued to streamline and automate HR-related processes to enhance effectiveness and efficiency. Our e-Leave and e-Quiz systems were further enhanced in 2018 by providing more automated functions for our staff. In particular, the e-Quiz system now includes the new function of e-Declaration. This allows the administrator to handle tasks electronically, such as the annual declaration of adherence to the Code of Conduct, resulting in the reduction of manpower and paper usage. The e-Attendance Record System was also launched in the second quarter of 2018 to facilitate the attendance taking procedure for training classes and promote our paperless initiative. In addition, we introduced the Digital Document Management System in 2018 to strengthen data security and improve the ease of document retrieval.

For the seventh consecutive year, the Bank received the "Manpower Developer" status award. It was given by the Employees Retraining Board ("ERB") under their ERB Manpower Developer Award Scheme to recognize the Bank's continuous achievements in staff development.

我們根據金管局的「銀行專業資歷架構」，於2018年致力提升員工的能力，尤其在財資管理及零售財富管理方面。本行員工皆為已達預設標準而獲豁免培訓或已參與由認可的專業機構所提供之認可培訓課程。本行一直十分著重人才管理及發展，以助提升客戶服務的標準，並強化合規及企業文化。

2018年，本行舉辦了293項培訓課程，並增加應用由湯森路透及EdX等國際知名供應商所提供的網上電子學習平台。該等電子學習項目包括著重監控及風險管理方面的打擊洗錢及個人資料私隱培訓課程。另一重點培訓範疇則為金融科技裏的新興科技。我們為本行的資訊科技員工提供金融科技培訓課程，讓他們掌握數碼化銀行服務的最新發展。此外，為支持在香港培養金融科技人才，本行亦參加了金管局的「金融科技人才培育計劃」，並正在培訓一名獲聘為全職實習生的大學生，而該實習生亦已在本行參與內部金融科技項目達一年。由業內經驗豐富及專業顧問教授的「銀行合規監控證書課程」，將繼續為本行培育合資格的監控、風險及合規人員。

員工的福祉為我們一直十分關注的一環。本行於2018年為員工舉辦了一系列午餐時段學習課程，涵蓋牙周保健、手工皂工作坊、玻璃盆栽工作坊、綠色生活貼士及極光之旅旅遊貼士。我們亦將與醫療集團合作舉辦課程及研討會，以提高員工在健康及快樂生活模式方面的意識。

在員工活動方面，本行員工康樂委員會於2018年繼續致力為員工舉辦豐富的公餘活動，包括品嚐咖啡、電影之夜、迪士尼樂園之旅及燒烤晚會，並獲員工積極參與。此外，作為海外聯隊的成員，我們的富邦籃球隊與富邦華一銀行及廈門銀行一同贏得富邦金控籃球賽的季軍。

本行繼續精簡及自動化與人力資源相關的流程，從而提高工作效益及效率。我們於2018年進一步提升本行的e-Leave及e-Quiz系統，為員工提供更多自動化功能。e-Quiz系統新增了電子申報系統，讓管理人員可以電子方式處理如年度申報遵守行為準則等工作，減少人手及紙張的使用。電子出席記錄系統已於2018年第二季推出，改進了培訓課程的出席記錄程序及推動無紙化。此外，數碼檔案管理系統亦已於2018年推出，以加強數據安全性及提升檢索文檔的便利性。

本行已連續第七年榮獲僱員再培訓局頒發「ERB人才企業嘉許計劃」的「人才企業」獎項，以表揚本行在員工發展方面持續取得成效。

CORPORATE SOCIAL RESPONSIBILITY

企業社會責任

Fubon Bank is committed to business development that is environmentally and socially sustainable. We believe that embedding environmental, social, and governance best practices into our strategies and operations will enable us to be in business for the long term, gain greater respect from our stakeholders, and enhance the value of our franchise.

Sustainable development starts with a resilient and inclusive society. We strive to create a lasting positive impact through our business operations and our commitment and contributions to a wide range of community activities and initiatives, particularly in the fields of education, social welfare, and the environment.

We regard our employees as our greatest asset and we believe we have to invest in their training and development so we can continue to effectively meet the needs of our customers and community. This also offers our employees the opportunity to reach their full potential. Equally, we endeavour to provide a safe and healthy working environment for our employees and encourage them to strike a healthy work-life balance.

The Bank's Staff Recreation Committee organizes sports and recreational activities for our employees and their family members to enhance staff wellness and strengthen family bonds. Also our volunteer team provides our employees with invaluable opportunities for personal growth and contributing to the local community.

Charitable works have always been a cornerstone of our commitment to the community. We also encourage our employees to join the Bank's efforts and to gain a greater understanding of the challenges facing our society. In this regard, together our staff, management and Board contributed and helped build our Bank into a caring organization with a strong culture that recognizes and understands our corporate social responsibilities ("CSR"). The table below showcases our dedication to CSR in 2018.

富邦銀行一直致力於促進環境及社會可持續發展的業務拓展。我們相信，將環境、社會及管治的最佳作業模式融入本行的策略及營運，將使我們能長期開展業務，獲得持份者尊重，並提升本行的價值。

可持續發展始於一個具抗逆力及包容的社會。透過我們的業務營運以及我們對各項社區活動及計劃(特別是在教育、社會福利及環境方面)的承諾和貢獻，我們致力製造持久的正面影響。

我們視員工為最寶貴的資產。我們認為，為滿足客戶及社區的需求，我們必須對員工的培訓及發展作出投資。這也有助員工充分發揮他們的潛能。同時，我們致力為員工提供安全健康的工作環境，並鼓勵員工保持工作與生活之間的平衡。

本行的員工康樂委員會為員工及其家人舉辦一系列的體育及康樂活動，提升員工的健康及加強家庭聯繫。此外，我們的義工團隊亦為本行員工提供個人成長及為本地社區作出貢獻的寶貴機會。

慈善工作一直是本行對社區承諾的基石。我們亦鼓勵員工參與本行的慈善工作，以更了解社會所面對的挑戰。在本行員工、管理層及董事會共同努力下，本行成為了一個富濃厚企業社會責任文化的關愛機構。下表顯示了我們於2018年在社會企業責任方面所作出的努力。

Month 月份	Activity 活動	Beneficiary Organization 受惠機構
March 3月	Skip Lunch Day 公益行善「折」食日	The Community Chest of Hong Kong 香港公益金
March 3月	Earth Hour 2019 地球一小時2019	World Wide Fund 世界自然基金會
June 6月	Visiting Underprivileged Families and the Elderly cum Handicraft Workshop 「齊齊探•齊齊整」— 探訪低收入家庭及獨居長者	Windshield Charitable Foundation 宏施慈善基金
August 8月	The Community Chest Green Day 公益綠識日	The Community Chest of Hong Kong 香港公益金

Month 月份	Activity 活動	Beneficiary Organization 受惠機構
September 9月	Moon Cake Donation Programme 「月滿愛」月餅收集計劃	Windshield Charitable Foundation 宏施慈善基金
September 9月	Annual Gathering with Po Leung Kuk Children – Dialogue in the Dark & Upcycling Workshop 保良局兒童同樂日 — 黑暗中對話旅程+升級再造工作坊	Po Leung Kuk 保良局
September 9月	Po Leung Kuk Charity Raffle 2018 保良局慈善獎券2018	Po Leung Kuk 保良局
November 11月	Donation to Po Leung Kuk 保良局慈善捐助	Po Leung Kuk 保良局
November 11月	Sponsor at the Inaugural Annual Charity Golf Tournament 高爾夫球慈善賽贊助	Foodlink Foundation Limited 膳心連基金有限公司
November 11月	Sponsor at “Banana Fallout Fever” 「蕉夫@大埔」競技慈善賽暨嘉年華贊助	Stewards 香港神託會
December 12月	Barbecue Activity with Children from Underprivileged Families 「童」享郊遊樂 — 與弱勢社群兒童同享燒烤樂	Windshield Charitable Foundation 宏施慈善基金

The Bank is committed to re-assessing its business operations to create more efficient processes and manage our environmental impact. We monitor the environmental footprint of our office buildings and branches, and make a continuous effort to reduce energy, paper consumption and waste.

We invest in enhancing our technology to integrate environmental considerations into our product and service offerings. By adopting the use of cutting-edge technology, transactions become a paperless workflow, generating less waste and reducing environmental impact, which not only benefits our customers but also the earth. We also take every opportunity to convey this green message to our customers and to analyze our dealings with customers and vendors from a green perspective.

In recognition of our efforts and achievements on multiple environmental fronts, we have been granted the title of Hong Kong Green Organisation. This certification is spearheaded by the Environmental Campaign Committee alongside the Environmental Protection Department and in conjunction with nine other organizations.

Corporate social responsibility is much more than making donations and participating in green events. It requires a proactive commitment to be a positive influence on the lives of our stakeholders and non-stakeholders. Drawing from our deep ties to the community, not only do we provide financial services, we also share our expertise and vision. Moving forward, through the Bank's actions and interactions with others, we endeavour to leave a strong green footprint on the communities we serve.

本行致力重新評估我們的業務營運，以建立更有效的流程及控制我們對環境帶來的影響。我們監察辦公室及分行的環境足跡，並不斷努力減少能源、紙張消耗以及浪費。

我們在科技提升方面作出投資，以在我們的產品及服務中融入環保理念。透過採用尖端技術，我們把交易流程無紙化，減少浪費並降低對環境的影響，這不僅有利於我們的客戶，亦有利於整個地球。我們亦把握每個機會向客戶傳達綠色信息，並從綠色角度分析我們與客戶及供應商的業務往來。

我們獲頒由環境運動委員會聯同環境保護署及九個機構共同認證的「香港綠色機構」榮譽，以嘉許我們在多個環保範疇付出的努力及成果。

企業社會責任不僅是捐贈及參與綠色活動，而是需要主動地對持份者及非持份者的生活產生正面影響。鑒於我們和社區的緊密聯繫，我們不僅提供金融服務，亦會分享我們的專業知識及願景。展望未來，我們將透過本行的行動及與他人的互動，致力在我們所服務的社區留下強而有力的綠色足跡。

BANK NETWORK

銀行網絡

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North Point 北角

Shop 2, G/F, Tsing Wan Building, 334-336 King's Road
英皇道334-336號青雲大廈地下2號舖

Queen's Road East 皇后大道東 *Branch*

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Sheung Wan 上環

G/F & 1/F, Ngan House, 210 Des Voeux Road Central
德輔道中210號顏氏大廈地下及1樓

Western District 西環 *Branch*

Shop 1, LG/F, 44A-46 Belcher's Street, Lexington Hill,
Kennedy Town
堅尼地城卑路乍街44A-46號低層地下1號舖

Kowloon 九龍

Kowloon Main Branch 九龍總行 *Branch*

G/F & 1/F, 731 Nathan Road, Mong Kok
旺角彌敦道731號地下及1樓

Cheung Sha Wan 長沙灣

Shops D & E, G/F, Wing Lung Building,
220-240A Castle Peak Road
青山道220-240A號永隆大廈地下D及E舖

Hung Hom 紅磡

Shop A3, G/F, 13 Tak Man Street, Wong Po Sun Tsuen
黃埔新邨德民街13號地下A3號舖

Jordan 佐敦

Shop A, G/F, Ka Woo Building, 131-137 Woo Sung Street
吳松街131-137號嘉和大廈地下A舖

Kwun Tong 觀塘

Unit 1501, 15/F Millennium City 6, 392 Kwun Tong Road
觀塘道392號創紀之城第6期15樓1501室

Mei Foo 美孚

G/F, 26B Nassau Street
蘭秀道26號B地下

Mong Kok 旺角

G/F, President Commercial Center, 602 Nathan Road
彌敦道602號總統商業中心地下

Richland Gardens 麗晶花園

Shops 111-112 & 117-118, Richland Gardens,
Commercial Complex, Wang Kwong Road
宏光道麗晶花園商場111-112及117-118號舖

Tsim Sha Tsui 尖沙咀

G/F, Grand Right Centre, 10-10A Cameron Road
金馬倫道10-10A宏威中心地下

Branches 分行

New Territories 新界

Sha Tin 沙田 *Branch*

Shops Nos. 15 B, C, D & E, Level 1, Shatin Lucky Plaza,
Nos. 1-15 Wang Pok Street
橫壘街1-15號沙田好運中心商場15B、C、D及E號舖

Tai Po 大埔

Shop 28, G/F, Jade Plaza, On Chee Road
安慈路翠屏花園地下28號舖

Tsuen Wan 荃灣

G/F & 1/F, Wing On Mansion, 22-28 Tai Ho Road
大河道22-28號榮安大廈地下及1樓

Tuen Mun 屯門

Shop 11, G/F, Mei Hang Building, 15-45 Kai Man Path
啟民徑15-45號美恒樓地下11號舖

Yuen Long 元朗

G/F, Hing Fat House, 9 Kau Yuk Road
教育路9號興發大廈地下

Branches Tel 分行電話: (852) 2566 8181

Securities Services Centre 證券投資服務中心

Tsuen Wan 荃灣

Shop D&E, G/F, Wing On Mansion,
22-28 Tai Ho Road
大河道22-28號榮安大廈地下D及E舖
Tel 電話: (852) 2842 1628

Credit Card Centre 信用卡中心

23/F, Fortress Tower, 250 King's Road, North Point, Hong Kong
香港北角英皇道250號北角城中心23樓

Operations Centre 營運中心

9/F, Fortress Tower, 250 King's Road, North Point, Hong Kong
香港北角英皇道250號北角城中心9樓

Principal Subsidiaries 主要附屬公司

Fubon Credit (Hong Kong) Limited 富邦財務(香港)有限公司

Rooms 2501-2504, 25/F, Wing On House,
71 Des Voeux Road Central, Hong Kong
香港中環德輔道中71號永安集團大廈25樓2501-2504室
Tel 電話: (852) 2806 7228 Fax 傳真: (852) 2541 2848

FB Securities (Hong Kong) Limited 富銀證券(香港)有限公司

1/F, Fubon Bank Building,
38 Des Voeux Road Central, Hong Kong
香港中環德輔道中38號富邦銀行大廈1樓
Tel 電話: (852) 3767 6067 Fax 傳真: (852) 2840 0742

Fubon Insurance Brokers Limited 富邦保險顧問有限公司

4/F, Fubon Bank Building,
38 Des Voeux Road Central, Hong Kong
香港中環德輔道中38號富邦銀行大廈4樓
Tel 電話: (852) 2842 6237 Fax 傳真: (852) 2524 9632

Fubon Nominees (Hong Kong) Limited

1/F, Fubon Bank Building,
38 Des Voeux Road Central, Hong Kong
香港中環德輔道中38號富邦銀行大廈1樓
Tel 電話: (852) 3767 6067 Fax 傳真: (852) 2840 0742

CORPORATE GOVERNANCE REPORT

企業管治報告

CORPORATE GOVERNANCE PRACTICES

The Hong Kong Monetary Authority (“HKMA”) has issued a statutory guideline on Corporate Governance of Locally Incorporated Authorized Institutions (“CG”) under section 7(3) of the Banking Ordinance applicable to all locally incorporated Authorized Institutions which the HKMA expects all Authorized Institutions to adopt.

The Bank belongs to a Group which is highly esteemed for its corporate governance, regards corporate governance as an essential discipline for its operations and business. Thus, the Bank has in place an effective framework which is consistent with the principles and best practices in corporate governance as set forth in the CG guidelines.

From time to time, the Bank will review its corporate governance practices to ensure that they are consistent with the latest requirements of international and local corporate governance best practices.

BOARD OF DIRECTORS

Board Composition

The Board of Directors (“the Board”) of the Bank currently comprises nine members: one Executive Director, five Non-Executive Directors and three Independent Non-Executive Directors. All Directors possess appropriate experience, competence and personal and professional integrity to discharge their responsibilities effectively.

The Board as structured is sufficiently independent and possesses collective expertise for effective and objective decision-making and oversight of the Bank in its pursuit of its business objectives and control of the associated risks.

Details of the members of the Board may be found in the Corporate Information section of this Annual Report.

Board Practices

Full Board meetings are held at least four times a year, with one in each quarter. Notice of each Board meeting is given to all Directors at least 14 days in advance and the agenda is sent to the Directors at least 7 days before the date of each Board meeting.

Pursuant to the Articles of Association of the Bank, a Director shall not be entitled to vote or be counted in the quorum in respect of any contract or arrangement in which the Director or any of the Director’s associates has a material interest.

Minutes of each Board meeting are circulated to all Directors for their comments prior to confirmation of the minutes at the following Board meeting. Minutes of Board meetings are kept by the Company Secretary and are available for inspection by Directors.

Directors may have access to the advice and services of the Company Secretary with a view to ensuring that Board procedures and all applicable rules and regulations are followed.

企業管治常規

香港金融管理局(「金管局」)已根據《銀行業條例》第7(3)條發出有關「本地註冊認可機構之企業管治」法定指引(「企業管治指引」)，該指引適用於所有本地註冊認可機構，而金管局希望所有本地註冊認可機構予以採納。

本行屬於一個高度重視企業管治的集團，視企業管治為其經營及業務的必要原則。因此，本行已制定符合企業管治指引內所載的企業管治原則及最佳常規的有效架構。

本行不時對所採用的企業管治常規作出檢討，並力求符合國際和本地有關企業管治最佳常規的最新要求。

董事會

董事會成員

本行董事會(「董事會」)現有九名董事，包括一名執行董事、五名非執行董事及三名獨立非執行董事。所有董事均擁有適當的經驗、才能與個人及專業操守以充份及有效地履行其責任。

董事會在架構上已具備足夠獨立性及整體專業知識，以確保有效及客觀的決策過程及對銀行在追求其業務目標及控管相關風險的同時施以適當的監管。

本年報「公司資料」一節載列董事會成員詳情。

董事會會議常規

本行每年至少舉行四次董事會會議，每季度一次。每次董事會會議通知會於至少十四天前發給全體董事，而會議議程會於各董事會會議日期至少七天前發給全體董事。

本行之組織章程細則規定，就任何合約或安排而言，倘董事或董事之聯繫人士於其擁有重大權益，則該董事無權投票或計為法定人數。

每次董事會會議之記錄會於下次董事會會議確認前交由全體董事傳閱及提出意見。董事會會議之記錄會交由公司秘書保存並供董事查閱。

董事於確保遵守董事會程序及所有適用規則及條例上，可取得公司秘書的意見及服務。

Board Responsibilities

In meeting its overall responsibilities to the shareholders, depositors, creditors, employees and other stakeholders, the Board has to ensure that there is a competent executive management capable of running the Bank in a sound, efficient and profitable manner.

The responsibilities of the Board include:

- establishing the business objectives of the Bank and approving and reviewing the corresponding business strategies and plans (including annual budgets);
- ensuring that the operations of the Bank are conducted prudently within the laws and regulations of the Hong Kong Special Administrative Region, and as such, reviews and approves policies, codes of conduct and systems of the Bank as it considers necessary and appropriate;
- ensuring that the Bank observes a high standard of integrity in the conduct of its business and complies with all applicable laws and regulatory guidelines issued by the HKMA, the Securities and Futures Commission and other relevant regulatory authorities;
- establishing, approving and reviewing risk management strategies and policies of the Bank to ensure that the various types of risk inherent in the Bank's operations and business (including credit, market, interest rate, liquidity, operational, reputation, legal and strategic) are regularly identified, measured, monitored and controlled;
- overseeing the business of the Bank and managing the Bank through delegating duties and responsibilities to the Chief Executive Officer or through the appointment of Directors to specialised Board committees with all decisions and approvals being reported to the Board regularly.

Role of Chairman and Chief Executive Officer (“CEO”)

Information on the Chairman, Ming-Chung (Daniel) Tsai, and the CEO, Raymond Wing Hung Lee, may be found in the Corporate Information section of this Annual Report.

The Chairman and the CEO are not related, and their roles are segregated with a clear division of responsibilities.

The Chairman is a Non-Executive Director and is responsible to lead and effectively run the Board, ensuring that all key and appropriate issues are discussed by the Board in a timely and constructive manner.

The CEO who is an Executive Director, appointed by the Board under its authority, is responsible for the day to day general management and control of the business and operations of the Bank. The CEO may consult and/or seek guidance from other Directors of the Board when he considers it necessary.

董事會責任

董事會有責任確保行政管理層有能力以合理、有效及可盈利的方式經營本行，以履行其對股東、存戶、債權人、僱員及其他相關人士之整體責任。

董事會之責任包括：

- 制定本行之業務目標，並批核及檢討相應之業務策略及計劃(包括年度財政預算)；
- 確保本行謹慎營運並遵守香港特別行政區之法例及法規，從而於董事會認為有必要及適當時批准及審核政策、行為守則及系統；
- 確保本行於進行其業務時遵循高標準誠信準則，並遵守由金管局、證券及期貨事務監察委員會及其他相關監管機構頒布之法例及規管指引；
- 制定、批准及審核本行之風險管理策略及政策，確保定期識別、估量、監察及控制本行營運及業務上(包括信貸、市場、利率、流動資金、營運、聲譽、法律及策略)固有的各類風險；
- 監察本行之業務及透過委派職責及責任予行政總裁，或委任董事加入專責董事委員會以管理本行。專責董事委員會會定時向董事會匯報。

主席及行政總裁的角色

本年報「公司資料」一節載有主席蔡明忠與行政總裁李永鴻之詳細資料。

主席與行政總裁並無關連，其職能有明確的分工。

主席為非執行董事及負責領導及有效率地管理董事會，並確保所有重大及需要處理的事務得以有效及有建設性地進行商議。

行政總裁為執行董事由董事會在其權力下委任負責日常管理及控制本行之業務營運。行政總裁可於必要時向其他董事或董事會進行諮詢及/或尋求指引。

Appointment and Re-election of Directors

The Board, or its Nomination and Remuneration Committee, identifies, assesses and selects qualified and experienced individuals for appointment as directors. The proposed appointment will be reviewed by the Nomination and Remuneration Committee, taking into account of the candidate's experience, knowledge, skills, track record, independence of mind (particularly in the case of Non-Executive Directors and Independent Non-Executive Directors) and other relevant factors as may be determined by the Board.

The appointment of Directors will be considered and approved by the full Board or Shareholder in accordance with the Articles of Association of the Bank. Approval from the HKMA will also be obtained in accordance with the Banking Ordinance.

All Directors are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association of the Bank.

The directors appointed by the Board during the year shall hold office only until the next annual general meeting and shall then be eligible for re-election.

BOARD LEVEL COMMITTEES

The Board has established five Board level committees to assist it in carrying out its responsibilities; Nomination and Remuneration Committee, Audit Committee, Risk Committee, Executive Committee and Executive Credit Committee.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is chaired by an Independent Non-Executive Director and comprises the Non-Executive Chairman, Non-Executive Vice Chairman and all the Independent Non-Executive Directors of the Bank. The Committee meets periodically and as required and provides oversight of the management of the Bank's human resources including the appointment of Directors (for both executive and non-executive), senior management and Management Committee Members. The Committee approves the Bank's overall human resources management framework to ensure that the Bank is in compliance with the applicable government regulations and follows the market best practice wherever feasible. The Committee is also responsible to ensure that Directors, Chief Executive Officer and Management Committee Members appointed possess the necessary and appropriate qualifications to perform and discharge their duties.

委任及重選董事

董事會或其提名及薪酬委員會會確定、評估並選擇合資格且有經驗的人選擔任董事。提名及薪酬委員會將考慮提名人的經驗、知識、專業、往績、獨立性(特別是對於非執行董事和獨立非執行董事)以及其他由董事會決定的相關條件。

根據本行組織章程細則，董事之委任將由全體董事會成員或股東審核及批准。並根據《銀行業條例》，須獲得金管局之審批。

根據本行之組織章程細則，所有董事均需於股東週年常會上輪值告退及膺選連任。

董事會於年度內所委任之董事只任職至下屆股東週年常會，並於其時有資格再度膺選連任。

董事會轄下的委員會

董事會已成立了五個其轄下的委員會以協助行使其職責：提名及薪酬委員會、審核委員會、風險委員會、執行委員會及執行信貸委員會。

提名及薪酬委員會

提名及薪酬委員會由獨立非執行董事擔任主席，其他成員包括非執行主席、非執行副主席及所有獨立非執行董事。該委員會會定期及按需要舉行會議，其主要職責為監察本行人力資源管理，包括委任董事(執行和非執行)、高級管理層及管理委員會成員。批核本行整體人力資源管理框架以確保本行遵守政府相關規定及在可能情況下遵循市場最佳方法。該委員會亦負責確保獲委任董事、行政總裁及管理委員會成員擁有必要及適當的資格以履行彼等的職責。

The Committee regularly reviews whether each existing Director continues to remain qualified for his post. It also reviews the structure, size and composition of the Board and makes recommendations on any proposed change to the Board.

The Committee reviews and approves the remuneration for Directors, members of Board Committees, senior management and Key Personnel (as defined under the Remuneration Policy of the Bank).

The Committee is mandated to assist the Board in establishing cultural and behavioural standards that promote prudent risk-taking and fair treatment of customers and employees. It advises and assists the Board in discharging its responsibilities for the Bank's culture-related matters.

The Nomination and Remuneration Committee held two meetings during the year.

Audit Committee

The Audit Committee comprises four members including one Non-Executive Director and three Independent Non-Executive Directors. The Audit Committee is chaired by an Independent Non-Executive Director who has appropriate accounting professional qualifications. The Committee meets at least four times a year and additionally when deemed necessary.

The Audit Committee is required to ensure that there is adequate supervision of the Bank's financial reporting processes and systems of internal control, and that the internal audit function is effective and backed by adequate resources and has appropriate standing within the Bank. It is also required to ensure that there is coordination between the internal and external auditors, to monitor compliance with internal policies, statutory regulation, and to consider recommendations made by the internal and external auditors.

The Audit Committee reviews the Bank's financial reporting process, the systems of internal control, the internal audit function and the risk management process. In particular, the review undertaken by the Audit Committee on the internal audit function includes the Internal Audit Charter and its approval, the annual audit plan, internal audit reports and special investigation reports issued, and ensuring that appropriate management actions are taken following the major audit findings.

The Audit Committee also reviews the appointment of external auditors and to discuss with them the nature and scope of their audits. The Audit Committee also reviews the interim and annual financial statements before recommending them to the Board for approval.

The Audit Committee held four meetings during the year.

該委員會定期審視現任董事的資格以確定其繼續符合擔任其職務；亦會就董事會結構、規模及組成向董事會作出適切建議。

該委員會審閱及批准董事、董事會轄下的委員會成員、高級管理層及重要人員的薪酬(定義見本行薪酬政策)。

該委員會亦獲董事會授權協助建立本行的企業文化及行為準則，以配合本行審慎的風險承擔和公平對待客戶及員工的原則。其亦會建議並協助董事會履行對企業文化等相關事宜的責任。

提名及薪酬委員會於年度內舉行了兩次會議。

審核委員會

審核委員會由四名成員組成，包括一名非執行董事及三名獨立非執行董事。審核委員會由擁有適當會計專業資格之獨立非執行董事擔任主席。該委員會每年最少舉行四次會議，並在有需要時舉行額外會議。

審核委員會須確保對本行之財務申報程序及內部監控制度進行足夠之監管，使內部審核職能可在有效及充足資源下在本行內訂立適當地位。並確保內部及外聘核數師互相協調，以監控遵守內部政策、法規及考慮其提出之建議。

審核委員會檢討本行之財務報告程序、內部監控系統、內部審核職能及風險管理程序。尤其是在內部審核職能的檢討工作方面，該委員會的審核範圍包括內部審核規章及其批准、年度審核方案、已發布之內部審核報告及特別調查報告，確保管理層對調查所發現之主要問題作出適當之補救行動。

審核委員會亦對外聘核數師之委任進行檢討，並與其就審計之性質及範圍進行討論。審核委員會於向董事會建議批准中期及年度財務報告之前審閱有關報告。

審核委員會於年度內舉行了四次會議。

Risk Committee

The Risk Committee comprises five members including one Executive Director, one Non-Executive Director and three Independent Non-Executive Directors. The Risk Committee is chaired by an Independent Non-Executive Director who has extensive banking experience. The Committee meets at least four times a year and additionally when deemed necessary. Its mandate is to establish the Bank's overall risk appetite and to ensure a proper risk management framework is in place. The Committee also oversees senior management's implementation of the Bank's risk policies.

The Risk Committee will annually review and endorse the Bank's risk appetite statement and risk management strategies. It will oversee the establishment and maintenance by senior management of appropriate infrastructure, resources and systems for risk management, particularly in relation to the compliance with relevant legal and regulatory requirements and adherence to the approved risk appetite and related policies, and the adoption of best practices wherever feasible.

The Risk Committee is required to ensure that the staff responsible for risk management function and control are sufficiently independent of the risk taking units in the Bank.

The Risk Committee held four meetings during the year.

Executive Committee

The Executive Committee comprises the Non-Executive Chairman, Non-Executive Vice Chairman and the Executive Director of the Bank. It will exercise the powers and authorities delegated by the Board from time to time concerning the management and day-to-day running of the Bank. The Executive Committee will meet periodically and as required and will oversee the general management functions of the Board under the auspices of the Board.

The Executive Committee held one meeting and dealt with 37 resolutions in writing during the year.

Executive Credit Committee

The Executive Credit Committee comprises the Non-Executive Chairman, Non-Executive Vice Chairman and the Executive Director of the Bank. It has the delegated authority to approve credit proposals, credit policies and other credit related matters which require the approval of the Board. The Executive Credit Committee meets regularly and as required.

The Executive Credit Committee held thirty-seven meetings during the year.

KEY MANAGEMENT LEVEL COMMITTEES

In addition to the Board level committees, six management level committees have been set up by the Board to oversee the effectiveness of the Bank's daily operations – Management Steering/Business Committee, Asset and Liability Committee, Internal Control Committee, Credit Committee, Information Technology Steering Committee and Compliance & Anti-Money Laundering Committee.

風險委員會

風險委員會由五名成員組成，包括一名執行董事、一名非執行董事及三名獨立非執行董事。風險委員會由擁有豐富銀行經驗之獨立非執行董事擔任主席。該委員會每年舉行四次會議並於必要時舉行額外會議。其職能是建立本行的整體風險承受能力及確保本行已建立一個合適的風險管理框架，以及監管高級管理層實施本行的風險政策。

風險委員會將每年審查並認可本行的風險承受能力聲明及風險管理策略。其將監督高級管理層建立和維護風險管理的適當基礎設施，資源和系統，特別是在遵守相關法律和監管要求以及遵守已批准的風險承受能力和相關政策以及本行於可行情況下採納最佳慣例。

風險委員會須要確保負責風險管理及監控的員工充分獨立於涉及本行的風險承擔單位。

風險委員會於年度內舉行了四次會議。

執行委員會

執行委員會包括非執行主席、非執行副主席及執行董事，將行使由董事會不時委託的有關本行管理及日常營運之權力及職權。執行委員會會定期及於有須要時舉行會議，並於董事會的支持下監控董事會的一般管理職能。

執行委員會於年度內舉行了一次會議及處理了三十七份書面決議。

執行信貸委員會

執行信貸委員會包括本行非執行主席、非執行副主席及執行董事。該委員會獲授權批核須獲董事會批准的信貸建議、信貸政策及其他信貸相關事項。執行信貸委員會定期及於需要時召開會議。

執行信貸委員會於年度內舉行了三十七次會議。

主要管理層轄下的委員會

除董事會轄下的委員會外，董事會亦設立五個管理層委員會監控本行日常營運的效率—管理督導/業務委員會、資產負債委員會、內部監控及合規委員會、信貸委員會、資訊科技督導委員會及合規與反洗黑錢委員會。

Management Steering/Business Committee

The Management Steering Committee and the Management Business Committee (together "the Committees") are both chaired by the Bank's CEO, and comprises senior management personnel appointed by the CEO. The Committees are the key decision making bodies for the Bank's daily operation and are responsible for the running of the Bank's day to day business under the authority delegated by the Board and within the strategy and business plan as approved by the Board. The Committees are also responsible for the formulation of the Bank's business strategies and major bank-wide initiatives for the Board's approval. The Committees meet weekly to evaluate and approve new business initiatives, coordinate business and support units during the implementation process, monitor the progress. The Committees also monitor the implementation of the approved business strategies and, review the achievement of business targets, objectives and the financial performance of the Bank.

Asset and Liability Committee

The Asset and Liability Committee ("ALCO") comprises the Bank's CEO, Chief Financial Officer and senior management personnel as appointed by the CEO. The Committee is responsible for providing oversight of the Bank's operations relating to interest rate risk, market risk and liquidity risk (collectively known as "financial risks") as well as capital management. The Committee initiates, reviews and endorses for the approval of the Risk Committee of the Board the Bank's policies on financial risks and capital management. It approves guidelines relating to such policies, reviews and approves all major financial risk management reports. ALCO also oversees the Bank's investment activities by establishing investment strategies within policies laid down by the Risk Committee of the Board and reviews actual performance.

Internal Control Committee

The Internal Control Committee ("ICC") comprises the Bank's CEO, Executive Vice Presidents, Head of Control & Risk Management and the heads of different control, business and support functions. The responsibilities of the Committee include providing oversight of the Bank's exposure to operational and legal risks, ensuring the Bank has in place an effective internal control framework, providing guidance to the Bank in establishing a sound internal control and monitoring system to ensure overall compliance within the Bank.

To ensure an effective internal control framework is in place, the ICC reviews policies and approves guidelines relating to internal control and management of operational and legal risks. It receives and discusses reports submitted by various risk management units and promotes internal control culture. To maintain an adequate system of internal control, the ICC reviews and discusses major operational risk events, and the progress of rectification of audit findings and control self-assessment.

Credit Committee

The Credit Committee's ("CC") mandate is to provide oversight of the Bank's credit risk management. The Committee is chaired by the Bank's CEO, and consists of senior executives of the Bank.

管理督導/業務委員會

管理督導委員會及管理業務委員會(統稱「該等委員會」)由本行的行政總裁任主席,由行政總裁所委任的相關高級管理人員組成。該等委員會乃本行日常運作的重要決策組織,在董事會授權下負責銀行的日常業務,以確保切合董事會批核的策略和業務計劃。該等委員會亦負責制定本行的業務策略及主要全行措施以供董事會批核。管理委員會每週開會,評估和審批新的業務計劃,在實施過程中協調業務和後勤部門的工作,監測進展情況。管理委員會還監察已審批的業務策略的實施情況,並檢討是否實現本行業務目標、宗旨及財務表現。

資產負債委員會

資產負債委員會由本行行政總裁、財務總監及行政總裁所委任的高級管理人員組成。該委員會負責監查本行營運上有關利率風險、市場風險及流動資金風險(總稱為「財務風險」)以及資本管理。該委員會啟動、審閱及批准本行財務風險及資本管理政策,以供董事會風險委員會批准。其批准有關該等政策的指引,審閱及批准所有重大財務風險及管理報告。資產負債委員會亦透過在董事會風險委員會規定的政策範圍內設立投資策略監查本行的投資活動以及檢討實際表現。

內部監控委員會

內部監控委員會包括本行的行政總裁、執行副總裁、監控及風險管理部門主管以及不同控管、業務及後勤部門的主管。委員會的職能包括監督本行面對之營運及法律風險,確保本行推行有效之內部監控架構,以及提供指導為銀行建立一套完善的內部控管和監察制度,以確保銀行內全面的遵守。

為確保推行有效的內部監控架構,內部監控委員會審閱及批核有關內部監控及營運與法律風險有關的政策及指引。該委員會接收及討論各風險管理單位提交的報告並會推動內部監控文化。為了維持適當的內部控制系統,委員會會審查和討論主要的營運風險事件,審計結果和監控自我評估的改善進度。

信貸委員會

信貸委員會獲授權監察本行的信貸風險管理。信貸委員會由本行行政總裁擔任主席,由本行高級行政人員組成。

The CC reviews and endorses credit policies and credit risk profile of the Bank for the Executive Credit Committee's approval, and reviews and approves credit related guidelines. The Committee also reviews and approves requests for credit facilities that are within the CC's authority as delegated by the Board, and reviews and endorses requests for credit facilities before their submission to the Executive Credit Committee for approval.

The CC conducts on-going reviews on the market environment and makes necessary policy recommendations to the Executive Credit Committee to ensure the credit risk profile of the Bank is within the established risk appetite. The CC also provides periodic and timely credit related management and stress testing reports to the Executive Credit Committee for review.

Information Technology Steering Committee

The Information Technology Steering Committee is chaired by the Bank's CEO, and comprises senior management personnel as appointed by the CEO. The Committee is responsible for the oversight of the Bank's key information technology governance and operations. The Committee approves long and short term information technology strategies to ensure they are in line with the Bank's business strategy and priorities; approves funding and determines prioritization of information technology projects; discusses and reviews status of key projects; and manages major information technology risk issues and corresponding remediation. The Committee meets at least once a month.

Compliance & Anti-Money Laundering Committee

The Compliance & Anti-Money Laundering Committee ("CAML") comprises the Bank's CEO, Executive Vice Presidents, Head of Compliance & Anti-Money Laundering and the heads of different control, business and support functions. The responsibilities of the Committee include providing oversight of the Bank's exposure to compliance risks and compliance activities to ensure the Bank is in compliance with applicable regulatory requirements and the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap 615) ("AML/CFT"). The CAMLC provides guidance to the Bank and senior management in establishing a professional compliance control and monitoring system to cultivate a strong compliance culture and ensures the Bank has an effective compliance framework in place to meet the regulatory requirements. In addition, the CAMLC also reviews and approves guidelines relating to compliance and AML/CFT.

To maintain the Bank's overall regulatory compliance standards, the CAMLC reviews latest developments in regulatory compliance and AML/CFT requirements applicable to the Bank.

信貸委員會審閱及批准本行信貸政策及信貸風險狀況，以供執行信貸委員會批准，以及審閱及批准信貸相關指引。信貸委員會亦在董事會授權內批核客戶信貸融資申請，或審閱及提呈執行信貸委員會批核。

信貸委員會會就市場環境作出持續審查及向執行信貸委員會提出所須政策建議，以確保本行信貸風險維持於既定風險取向能力之內。信貸委員會會定期及適時地向執行信貸委員會提供信貸相關管理及壓力測試報告予其審閱。

資訊科技督導委員會

資訊科技督導委員會由本行的行政總裁任主席，由行政總裁所委任的高級管理人員組成。委員會負責監督本行的主要資訊科技管治及營運。委員會批准長期及短期資訊科技策略，確保有關策略符合本行業務策略及優先權；批准資金及釐定資訊科技項目的優先次序；討論及審核重要項目的狀況；以及管理主要資訊科技風險事宜及相應的補救措施。委員會每月至少舉行一次會議。

合規及反洗黑錢委員會

合規及反洗黑錢委員會由本行行政總裁、執行副總裁、合規及反洗黑錢部主管以及各監控、業務及後勤部門主管組成。該委員會的職責包括監督本行的合規風險及合規活動，以確保本行符合香港法例第615章《打擊洗錢及恐怖分子資金籌集(金融機構)條例》及其他有關的監管規定(「監管規例」)。委員會為本行及高級管理層提供指引以構建一個專業的合規監控及監督系統，用以培育一個穩健及整體的合規文化，並確保本行備有行之有效的合規架構以配合監管者的要求。此外，委員亦會審閱及批准有關監管規例的內部指引。

為保持本行的整體監管合規水平，委員會審閱適用於本行的監管規例的最新進展。

RISK MANAGEMENT

The Risk Committee, a Board level committee, establishes overall risk appetite and risk management strategy of the Bank, taking into account current and forward-looking aspects of risk exposure.

The Bank has established a set of risk management policies and guidelines to identify, measure, monitor and control various types of risks, including credit, market, interest rate, liquidity, operational, reputational, legal and strategic risks. A set of risk limits are set in accordance with the defined risk appetite, and a proper risk management framework is in place, so as to ensure the degree of risk that the Bank is exposed to is kept within an acceptable level. Risk management policies and major risk limits are approved by the Board or Board level committee.

Regular risk management reports are submitted to the Risk Committee for assessing the level of risk involved in the Bank's business activities, and how they are controlled and managed. The Risk Committee monitors the risk profile of the Bank against the approved risk limits, and determines appropriate management action if material deviations from approved limits occur. Risk Committee also assesses the effectiveness of the risk management function of the Bank and ensures that it has the necessary resources and expertise to carry out its duties.

ANTI-MONEY LAUNDERING AND ANTI-TERRORIST FINANCING

The Bank has in place stringent internal guidelines and procedures in combating money laundering, drug trafficking and terrorist financing. All staff members are required to comply with these guidelines and procedures in conducting customer due diligence and transaction monitoring to ensure that prevention of such activities. With the support of the Board, management of the Bank has been actively promoting a strong AML and Anti-Terrorist Financing culture, to ensure compliance with all relevant laws and regulations.

INTERNAL CONTROLS

The Board discharges its responsibilities to ensure there is an adequate system of internal control through the Audit Committee and Risk Committee. Management is primarily responsible for the design, implementation, and maintenance of internal controls.

The Bank's internal control systems comprise a number of measures designed to promote effective control and fraud prevention. Reliable and timely reporting of financial and management information and internal control matters to the Board ensure that the Board can properly oversee the Bank's operation.

風險管理

風險委員會為董事會轄下委員會，經考慮當前及將來的風險，設定本行全面風險承受能力及風險管理策略。

本行已制定一系列風險管理政策及指引以識別、計量、監管及控制各類風險，包括信貸、市場、利率、流動資金、營運、聲譽、法律及策略風險。各類風險根據界定風險承受能力而設立限度，且合適風險管理架構已予制定，以保證本行面臨的風險等級控制在可接受水平。風險管理政策及主要風險限度經由董事會或其轄下的委員會批准。

定期風險管理報告提交至風險委員會以供評估本行業務涉及的風險水平，以及如何控制及管理該等風險。風險委員會按照經批准風險限度監控本行的風險狀況，及於出現嚴重偏離經批准風險限度的情況下確定合適管理行動。風險委員會亦評估本行風險管理職能的有效性且確保其擁有必要資源及專長履行職責。

反洗黑錢及反恐怖分子資金籌集

本行已訂立嚴謹的指引及程序以打擊洗黑錢、販毒和恐怖分子資金籌集。本行全體員工對客戶進行盡職審核及交易監控時，均須遵守相關指引及程序，以確保防止此類活動。於董事會的支持下，管理層積極推動強大的反洗黑錢及反恐怖分子資金籌集文化，以確保適當地符合所有相關法律和法規。

內部監控

董事會會履行其職責以確保本行具有適當的內部監控系統。通過審核委員會及風險委員會，管理層主要負責內部監控的設計、實施及維護。

本行的內部監控系統包括一系列旨在促進有效控制及防止欺詐的措施。向董事會可靠和及時地報告財務及管理資訊以及內部監控事項，以確保董事會能夠妥善監督本行的運作。

The internal control framework include:

1. Establishment of different functional committees with the responsibilities to monitor various risks and controls.
2. A clear organization structure with well defined authorities and responsibilities to enable effective checks and balances.
3. All major bank policies are approved by the Board. These policies provide specific operational, financial and compliance controls which will facilitate segregation of duties, accuracy of reporting and proper control over assets and risk exposure.
4. Risk management policies and procedures are in place to identify and measure risks associated with the Bank's business and operations.
5. A risk management reporting framework to provide regular reports to senior management and/or relevant Board level committees.
6. A system to monitor changes and developments of relevant laws, regulations and standards applicable to the Bank's activities and ensures that senior management and relevant units are duly aware of such and are in a position to take appropriate measures to ensure continued compliance.

The internal audit function of the Bank is an independent appraisal function set up with the primary objective of evaluating the internal control system and the compliance regime of the Bank, and to report major findings and agreed rectification measures to the Board's Audit Committee for review and comments on a regular basis. The Chief Internal Auditor reports directly to the Audit Committee and is appointed by the Audit Committee.

BANK CULTURE

The Bank promotes a culture that encourages and recognizes high ethical standards and expects its staff to be familiar with and observe Fubon Group's four Core Values; INTEGRITY, SINCERITY, PROFESSIONALISM AND INNOVATION, and the three Personal Behavioural Principles; INTEGRITY, THRIFT and HUMILITY. These Core Values and Behavioural Principles form the cornerstone of the Bank's corporate culture and the Bank expects its staff to uphold these Values and Principles in dealing with its customers as well as with other staff members. The Bank discourages and prohibits any form of discrimination and harassments of a personal nature and will take appropriate actions against staff who engages in these unacceptable social behaviours.

Sensible sustainability of the environment is an important social responsibility principle. In this regard, the Bank promotes green programs wherever possible and ensures that bank staff contribute to this effort. The Bank also promotes this green culture to customers and considers the green impact of related customer dealings.

內部監控架構包括：

1. 成立負責各類風險監察和監控的功能委員會。
2. 一個具有妥善界定權限和職責的清晰組織架構，將有利於有效的牽制與平衡。
3. 本行所有主要政策均由董事會批准。該等政策和程序包括特定的營運、財務及法規監控，以方便分工、準確申報及對資產和風險度的適當監控。
4. 為識別和衡量對本行業務及營運可能面對的風險，本行已制定風險管理政策和程序。
5. 在風險管理報告的框架下，會定期提供報告予高級管理層及/或董事會轄下的委員會。
6. 一個負責監管與本行業務有關的法律、法規及準則變化與發展的系統，以確保高級管理層及有關單位充分知悉該等變化，並能採取適當措施以確保持續合規。

本行的內部稽核是一個獨立的評估職能，設立的主要目的為評估本行內部控管及合規制度，並定期向董事會的審核委員會報告主要查核結果及其改善措施給其審視。內部稽核主管直屬審核委員會，並由審核委員會任命。

企業文化

本行一直致力鼓勵及推動高道德操守的企業文化，並期望每位員工瞭解及恪守母公司富邦集團的四個核心價值：「誠信、親切、專業及創新」，以及三信條：「誠信、勤儉及謙和」。這些核心價值及信條為本行企業文化的基石，本行期望每位員工在對待客戶及其他員工時恪守這些價值及信條。本行絕不鼓勵並禁止任何針對個人的歧視及騷擾行為，並必對參與這些不當行為之員工採取適當行動。

鑑於維持一個合適可持續的環境是一項重要的社會責任原則，本行為此積極推行各項綠色計劃，並確保本行員工能予以配合。本行亦會向客戶推廣綠色的文化及考慮減少相關客戶交易對環境造成的影響。

Treating customers fairly as well as ensuring the protection of their interests are part of the professional standards the Bank looks for in its employees.

The Bank also expects its employees to understand that a sound corporate culture in a bank includes prudent risk taking. While risk taking is inherent in banking business, employees are expected to exercise judgment in their daily work activities to reflect the underlying principles outlined above.

To ensure that the Bank maintains a proper framework to sustain and enhance the desired culture, the Bank has established a Culture Policy to clearly explain the Bank's expectations and requirements to its employees, and will evaluate employee performance in this respect.

The Board of Directors of the Bank, through its Nomination and Remuneration Committee, is responsible to ensure that the Bank's culture programs are effectively implemented and maintained.

The Bank believes that the promotion of a good corporate culture will contribute towards the success of the Company and establishes the Company as a good corporate citizen. Good corporate governance is also a key element in providing a good working environment for the Bank Staff.

CODE OF CONDUCT

The Bank adopts a high standard of ethical conduct and professional competence. Consistent with the policies and practices of its parent company, it has set up a Code of Conduct guideline ("Code") which all levels of staff are required to observe in the discharge of their duties.

The Code is structured in line with applicable regulatory guidelines and other industry best practices, setting out professional standards and corporate values to promote ethical, professional and responsible behaviour among the Bank's staff.

The Bank has procedures set up for staff to communicate, in confidence, material and bona fide concerns or observations of any violations or irregularities in the Bank. Communication is also allowed to be channelled to the Board through a "CEO Channel" which is independent of the internal chain of command.

In addition, the Bank promotes a culture that encourage and recognizes high ethical standards and expects its staff to be familiar with and observe the Core Values and Behavioural Principles of the Group and the Bank.

The Bank also adopted the principles of the holding company's Code of Ethical Conduct, which is available in the "Corporate Governance" section of the Bank's website.

本行期望員工具備公平對待客戶及保障彼等權益的專業操守。

本行亦期望員工明白良好的企業文化包括審慎的風險承擔，誠然風險承擔為銀行業務的本質，員工於日常工作時仍必須審慎判斷風險，以反映已遵守上述相關原則。

為確保本行具備合適的架構以持續發展及提升企業文化，本行已制訂銀行文化政策，清楚解釋本行對員工的期望及要求，並會評估員工於此方面的表現。

本行董事會透過其提名及薪酬委員會負責確保本行的文化項目得到有效實施和維護。

本行相信，推動良好企業文化將令銀行邁向成功，亦令銀行成為良好的企業公民。良好的公司治理也是為本行員工提供良好工作環境的關鍵因素。

操守守則

本行已採納高標準的道德守則及專業能力。為與母公司政策及常規一致，已制定操守守則指引（「守則」），要求所有員工在履行彼等職責時加以遵守。

該守則在架構方面與適用的規管指引及其他行業最佳常規一致，當中訂明專業準則及企業價值以提高本行員工道德和負責任的專業操守。

本行亦建立了程序予員工以保密方式通報、高度誠實關注或監察任何本行的異常或違規事件。亦可透過獨立於內部指令程序的「行政總裁渠道」與董事會進行溝通。

除此，本行致力鼓勵及推動高道德操守的企業文化，並期望每位員工瞭解及恪守本行及集團的核心價值及信條。

本行亦採納了母公司「道德行為準則」的原則，該準則詳載於本行網站的「公司治理」網頁。

FINANCIAL STATEMENTS

財務報告



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REPORT OF THE DIRECTORS

董事會報告書

The Directors have pleasure in presenting their report together with the audited financial statements of Fubon Bank (Hong Kong) Limited (“the Bank”) and its subsidiaries (collectively “the Group”) for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Bank, through its branches and subsidiaries, provides a range of banking, financial and related services.

SUBSIDIARIES

Particulars of the Bank’s principal subsidiaries at 31 December 2018 are set out in Note 24 to the financial statements.

SHARE CAPITAL

Details of the share capital of the Bank are set out in Note 34 to the financial statements.

PRINCIPAL PLACE OF BUSINESS

The Bank is a licensed bank incorporated and domiciled in Hong Kong and has its registered office at Fubon Bank Building, 38 Des Voeux Road Central, Hong Kong.

RESULTS AND APPROPRIATIONS

The result of the Group for the year ended 31 December 2018 is set out in the consolidated statement of comprehensive income on page 69. The state of the Group’s affairs as at 31 December 2018 is set out in the financial statements on pages 69 to 220.

No interim dividend was paid for the year ended 31 December 2018 (2017: Nil).

The Directors do not recommend a payment of final dividend in respect of the year ended 31 December 2018 (2017: Nil).

董事會欣然提呈其報告連同富邦銀行(香港)有限公司(「本行」)及其附屬公司(統稱「本集團」)截至二零一八年十二月三十一日止年度的經審核財務報告。

主要業務及業務審視

本行透過其分行及附屬公司提供一系列銀行、金融及相關服務。

附屬公司

本行的主要附屬公司於二零一八年十二月三十一日的詳情載於財務報告附註24。

股本

本行的股本詳情載於財務報告附註34。

主要營業地點

本行為一所於香港註冊成立並以香港為本籍的持牌銀行，其註冊辦事處位於香港中環德輔道中38號富邦銀行大廈。

業績及分派

本集團截至二零一八年十二月三十一日止年度的業績載於第69頁綜合全面收益表。有關本集團於二零一八年十二月三十一日的業務狀況載於第69至220頁的財務報告。

於截至二零一八年十二月三十一日止年度，本行無派付中期股息(二零一七年：無)。

董事並不建議派付截至二零一八年十二月三十一日止年度末期股息(二零一七年：無)。

DIRECTORS

The Directors in office during the financial year and up to the issuance date of this Report of the Directors were:

Executive Director

Raymond Wing Hung LEE (Chief Executive Officer and Managing Director)

Non-Executive Directors

Ming-Chung (Daniel) TSAI (*Chairman*)

Ming-Hsing (Richard) TSAI (*Vice Chairman*)

Jerry HARN Wey-Ting

Eric CHEN Sun-Te

Roman CHENG Yao Hui

Independent Non-Executive Directors

Robert James KENRICK

Moses TSANG (*retired on 30 April 2018*)

Hung SHIH

Peter PANG Sing Tong (*appointed on 27 April 2018*)

The names of Directors who have served on the boards of the subsidiaries of the Bank during the year ended 31 December 2018 are set out below:

Henry WANG Hao Jen

Carmen YIP Ka Man

Dennis HA Yiu Fai

Patrick CHAN Tin Ching

Tony NG Yin Tsang

Fabian CHEUNG Yue Kiu

Paul CHAN Yue Yuen

ROTATION OF DIRECTORS IN THE FORTHCOMING ANNUAL GENERAL MEETING

In accordance with Article 81 of the Bank's Articles of Association, Hung SHIH, Jerry HARN Wey-Ting and Eric CHEN Sun-Te retire and, being eligible, offer themselves for re-election.

INDEMNITY OF DIRECTORS

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the Directors of the Bank is currently in force and was in force throughout this year.

董事

本財政年度及截至本董事會報告書發行日期之在任董事為：

執行董事

李永鴻(行政總裁兼董事總經理)

非執行董事

蔡明忠(主席)

蔡明興(副主席)

韓蔚廷

陳聖德

程耀輝

獨立非執行董事

甘禮傑

曾國泰(於二零一八年四月三十日辭任)

石宏

彭醒棠(於二零一八年四月二十七日獲委任)

截至二零一八年十二月三十一日止年度，本行附屬公司董事會的董事載列如下：

王浩人

葉嘉敏

夏耀輝

陳天正

吳彥錚

張宇翹

陳裕源

於下屆股東週年常會上的董事輪任

根據本行組織章程細則第八十一條，石宏、韓蔚廷及陳聖德輪值告退，並合資格膺選連任。

董事彌償

有關本行董事利益之獲准許的可彌償條文(定義見香港公司條例第469條)現正並已於年內生效。

DIRECTORS' SERVICE CONTRACTS

The Non-Executive Directors were appointed by the Bank's shareholders at the Annual General Meeting with appointment terms in accordance with Article 81 of the Bank's Articles of Association.

No Director proposed for re-election at the forthcoming Annual General Meeting has an unexpired service contract with the Bank which is not determinable by the Bank or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract of significance in relation to the Bank's business to which the Bank, its holding company, subsidiaries or fellow subsidiaries was a party and in which the Directors of the Bank had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

The Directors and Chief Executive of the Bank who held office at 31 December 2018 had the following interests in the shares of its ultimate holding company, Fubon Financial Holding Co., Ltd. ("Fubon Financial") and the Bank, at that date as recorded in the register of Directors' and Chief Executive's interests and short positions required to be kept under section 352 of the Securities and Futures Ordinance ("SFO"):

董事的服務合約

非執行董事是按照本行組織章程細則第八十一條委任條款於股東週年常會上獲本行股東委任。

於下屆股東週年常會擬膺選連任的董事並無與本行訂立不可由本行或其任何附屬公司於一年內毋須賠償(一般法定責任除外)而終止的尚未屆滿服務合約。

董事之交易、安排或合約權益

於年底或年內任何時間，本行、其任何控股公司、附屬公司或同系附屬公司並無就本行業務訂立與本行董事直接或間接擁有重大權益的重要交易、安排或合約。

董事認購股份及債券之權利

於二零一八年十二月三十一日在任的本行董事及行政總裁於當日在本行最終控股公司富邦金融控股股份有限公司(「富邦金控」)及本行股份中擁有須根據證券及期貨條例(「證券及期貨條例」)第352條所存置之董事及行政總裁之權益及淡倉登記冊中所記錄之權益如下：

Name 姓名	Ordinary shares in Fubon Financial of NT\$10 each 富邦金控每股面值10元新台幣普通股				Total number of shares held 所持股份 總數	Percentage of total issued shares 佔全部已發行 股份百分比
	Personal interests 個人 權益	Family interests 家族 權益	Corporate interests 法團 權益			
Ming-Chung (Daniel) TSAI 蔡明忠	308,507,129	28,458,053	2,155,933,036 ⁽¹⁾		2,492,898,218	24.36
Ming-Hsing (Richard) TSAI 蔡明興	327,125,694	29,473,565	2,155,933,036 ⁽¹⁾		2,512,532,295	24.55
Jerry HARN Wey-Ting 韓蔚廷	2,430,288	—	—		2,430,288	0.02

Note:

(1) 2,155,933,036 shares were held through corporations in which Ming-Chung (Daniel) TSAI, Ming-Hsing (Richard) TSAI and other TSAI family members have beneficial interest.

附註：

(1) 2,155,933,036股股份透過蔡明忠、蔡明興及其他蔡氏家族成員擁有實益權益之企業持有。

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES (continued)

董事認購股份及債券之權利(續)

Name 姓名	Preferred Shares A in Fubon Financial of NT\$10 each 富邦金控每股面值新台幣10元之優先股份A			Total number of shares held 所持股份 總數	Percentage of total issued shares 佔全部已發行 股份百分比
	Personal interests 個人 權益	Family interests 家族 權益	Corporate interests 法團 權益		
Ming-Chung (Daniel) TSAI 蔡明忠	2,500,000	–	–	2,500,000	0.197
Ming-Hsing (Richard) TSAI 蔡明興	74,564	–	–	74,564	0.006
Jerry HARN Wey-Ting 韓蔚廷	100,000	–	–	100,000	0.008
Eric Chen Sun-Te 陳聖德	22,800	–	–	22,800	0.002
Roman Cheng Yao-Hui 程耀輝	25,000	249	–	25,249	0.002

Options

No Directors and Chief Executive of the Bank or any of their spouses or children under eighteen years of age has interests or short positions in the shares, underlying shares or debentures of the Bank, any of its holding company, subsidiaries or fellow subsidiaries, as recorded in the register required to be kept under section 352 of the SFO.

EQUITY-LINKED AGREEMENTS

At no time during the year was the Bank, or any of its holding company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors of the Bank to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate.

DONATIONS

Donations made by the Group during the year amounted to HK\$180,000 (2017: HK\$313,000).

認股權

概無本行之董事及行政總裁或彼等之配偶或十八歲以下之子女於本行、其任何控股公司、附屬公司或同系附屬公司之股份、相關股份或債券中擁有須根據證券及期貨條例第352條所存置之登記冊中所記錄之權益或淡倉。

股票掛鈎協議

本年度本行或其任何控股公司、附屬公司或同系附屬公司並非任何協助本行董事以收購本行或任何其他法人團體的股份或債券之方式收購利益之安排的參與方。

捐款

本集團於年內捐出180,000港元(二零一七年：313,000港元)。

RETIREMENT SCHEMES

The Group operates a defined benefit retirement scheme which covers 20% (2017: 22%) of the Group's employees, and a Mandatory Provident Fund Scheme. Particulars of these retirement schemes are set out in Note 38 to the financial statements.

COMPLIANCE WITH THE BANKING (DISCLOSURE) RULES

The financial statements for the year ended 31 December 2018 in conjunction with the unaudited supplementary financial information on pages 221 to 238, together with a separate document – “Regulatory Disclosures Statement” and disclosures made in the Bank's website under the page “Regulatory Disclosures”, comply fully with the applicable disclosure provisions of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority under section 60A of the Hong Kong Banking Ordinance.

AUDITORS

The financial statements have been audited by KPMG who retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Bank is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

Ming-Chung (Daniel) TSAI

Chairman

19 March 2019

退休計劃

本集團推行一項定額退休福利計劃(範圍涵蓋本集團20%(二零一七年:22%)的僱員)及一項強制性公積金計劃。該等退休計劃的詳情載於財務報告附註38。

遵守《銀行業(披露)規則》

截至二零一八年十二月三十一日止年度之財務報告及列載於第221至238頁的未經審核補充財務資料以及另一份文件—「監管披露報表」及於本行網頁內的「監管披露」頁面項下所作披露完全遵守香港金融管理局根據香港《銀行業條例》第60A節頒佈的《銀行業(披露)規則》之適用披露條文而編製。

核數師

財務報告已由畢馬威會計師事務所審核，彼將告退並符合資格膺選連任。於應屆股東週年常會上，一項決議案將予以提呈，以續聘畢馬威會計師事務所為本行的核數師。

承董事會命

蔡明忠

主席

二零一九年三月十九日

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



Independent auditor's report
to the members of Fubon Bank (Hong Kong) Limited
(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Fubon Bank (Hong Kong) Limited ("the Bank") and its subsidiaries (together "the Group") set out on pages 69 to 220, which comprise the consolidated statement of financial position as at 31 December 2018, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

獨立核數師報告

致富邦銀行(香港)有限公司成員
(於香港註冊成立的有限公司)

意見

本核數師(以下簡稱「我們」)已審計載列於第69至220頁的富邦銀行(香港)有限公司(「貴行」)及其附屬公司(統稱「貴集團」)的綜合財務報告，此綜合財務報告包括於二零一八年十二月三十一日的綜合財務狀況表、截至該日止年度的綜合全面收益表、綜合權益變動報告表和綜合現金流動表，以及綜合財務報告的附註，包括主要會計政策概要。

我們認為，該等綜合財務報告已根據香港會計師公會頒佈的香港財務報告準則真實而中肯地反映 貴集團於二零一八年十二月三十一日的綜合財務狀況以及截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港《公司條例》妥為擬備。

意見的基礎

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。我們在該等準則下承擔的責任已於本報告「核數師就審計綜合財務報告須承擔的責任」部分中進一步闡述。根據香港會計師公會頒佈的《專業會計師道德守則》(以下簡稱「守則」)，我們獨立於 貴集團，並已履行守則中的其他專業道德責任。我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期間綜合財務報告的審計最為重要的事項。該等事項於我們審計整體綜合財務報告及出具意見時處理。我們不會對此事項提供單獨的意見。

Impairment of advances to customers

客戶貸款減值

Refer to Note 44 to the consolidated financial statements and the accounting policies on page 96.

茲提述綜合財務報告附註44及第96頁之會計政策。

The Key Audit Matter

關鍵審計事項

The Group has applied Hong Kong Financial Reporting Standard 9 – Financial Instruments (“HKFRS 9”) which replaced Hong Kong Accounting Standard 39, Financial Instruments: recognition and measurement, since 1 January 2018 and developed a new impairment model for financial assets including advances to customers.

自二零一八年一月一日起，貴集團已應用香港財務報告準則第9號—金融工具（「香港財務報告準則第9號」）取代香港會計準則第39號，金融工具：確認及計量，並為金融資產包括客戶貸款制定新的減值模型。

The new financial instruments standard has amended the previous classification and measurement framework of financial instruments and introduced a more complex expected credit loss (“ECL”) model to assess impairment. The Group is required to retrospectively apply the classification and measurement (including impairment) requirements and recognise any difference between the original carrying amount and new carrying amount at the date of initial application (i.e. 1 January 2018) in the opening retained earnings or other component of equity.

新訂金融工具準則修訂過往對金融工具的分類及計量框架，並引入更為複雜的預期信貸虧損模型以評估減值。貴集團須追溯應用分類及計量（包括減值）規定，並於期初保留溢利或權益的其他組成部分中確認原始賬面值與首次應用日（即二零一八年一月一日）的新賬面值之間的任何差額。

How the matter was addressed in our audit

我們的審計如何處理該事項

Our audit procedures to assess the ECL of advances to customers as at 1 January 2018 and 31 December 2018 included the following:

我們於二零一八年一月一日及二零一八年十二月三十一日評估客戶貸款的預期信貸虧損的審計程序包括以下各項：

- understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the approval, recording and monitoring of advances to customers, the credit grading process, the ECL model approval and monitoring of the measurement of ECL;

瞭解與評估財務報表關鍵內部控制的設計、實施及運作成效，包括審批、記錄及監控客戶貸款、信貸評級流程、預期信貸虧損模型批准及監控預期信貸虧損計量；

KEY AUDIT MATTERS (continued)

關鍵審計事項(續)

Impairment of advances to customers (continued)

客戶貸款減值(續)

Refer to Note 44 to the consolidated financial statements and the accounting policies on page 96. (continued)

茲提述綜合財務報告附註44及第96頁之會計政策。(續)

The Key Audit Matter

關鍵審計事項

Loan exposures that are not already credit-impaired are originated into stage 1 and a 12-month ECL provision is recognised. Loan exposures will remain in stage 1 until they are repaid, unless they experience significant credit deterioration (stage 2) or they become credit-impaired (stage 3).

尚未成為不良信貸的貸款於發放時被劃歸為第一階段，並按照相當於12個月的預期信貸虧損的金額確認撥備。在貸款被償還前，貸款會保留於第一階段，除非其信貸風險有顯著增加(第二階段)或已成為不良信貸(第三階段)。

Loan exposures will transfer to stage 2 and a lifetime ECL provision recognised when there has been a significant change in the credit risk compared to what was expected at origination.

當信貸風險與原始預期相比其信貸風險顯著增加時，貸款風險承擔將轉移至第2階段，並確認全期預期信貸虧損撥備。

Loan exposures are classified as stage 3 when they become credit-impaired.

貸款風險承擔於信貸減值時被歸類為第3階段。

How the matter was addressed in our audit

我們的審計如何處理該事項

- obtaining journal entries relating to adjustments made on transition to the new financial instruments standard and compared the list of classification of advances to customers, the original carrying amounts, the list of journal entries and new carrying amounts of advances to customers to assess if the journal entries have been entirely put through in the system;

獲取在新金融工具準則過渡時所作的調整有關的會計分錄，並對比客戶貸款分類清單以及客戶貸款的原帳面金額與新帳面金額，以評估該會計分錄是否已恰當地計入會計系統；

- evaluating the accuracy of the classification of advances to customers. We obtained information on how management applied the classification requirements of the new financial instruments standard and the classification results. On a sample basis we assessed the contractual cash flow characteristics of advances to customers and relevant documents in relation to the business model;

評估客戶貸款分類的準確性。我們已獲得有關管理層如何應用新金融工具準則的分類及分類結果的資料。我們抽樣評估客戶貸款的合約現金流特徵以及業務模式相關文件；

KEY AUDIT MATTERS (continued)

關鍵審計事項(續)

Impairment of advances to customers (continued)

客戶貸款減值(續)

Refer to Note 44 to the consolidated financial statements and the accounting policies on page 96. (continued)

茲提述綜合財務報告附註44及第96頁之會計政策。(續)

The Key Audit Matter

關鍵審計事項

The determination of loss allowances using the expected credit loss model is subject to a number of key parameters and assumptions, including the identification of loss stages, estimates of probability of default, loss given default, exposures at default and discount rate, adjustments for forward-looking information and other adjustment factors. Management judgment is involved in the selection of those parameters and the application of the assumptions.

使用預期信貸虧損模型釐定虧損撥備受限於若干關鍵參數及假設，包括識別虧損階段、違約概率、違約損失率、違約風險承擔及貼現率的估計、前瞻性資料調整及其他調整因素。涉及該等參數的選擇及假設的應用均需要加入管理層的判斷。

In particular, the determination of the loss allowance is heavily dependent on the external macro environment and the Group's internal credit risk management strategy. The expected credit losses are derived from estimates including historical losses, internal and external credit grading, historical overdue data and other adjustment factors. The expected credit losses for advances to customers are derived from estimates whereby management takes into consideration historical overdue data, the historical loss experience for advances to customers and other adjustment factors.

尤其是，釐定虧損撥備在很大程度上取決於外部宏觀環境及貴集團的內部信貸風險管理策略。預期信貸虧損來自估計，包括歷史虧損、內部及外部信貸評級、歷史逾期數據及其他調整因素。客戶貸款的預期信貸虧損來自估計，據此，管理層會考慮歷史逾期數據、客戶貸款的歷史虧損經驗及其他調整因素。

How the matter was addressed in our audit

我們的審計如何處理該事項

with the assistance of our internal specialists, assessing the validity of the ECL models used by the management in determining ECL of advances to customers, including assessing the appropriateness of the key parameters and assumptions in the expected credit loss model, including the identification of loss stages, probability of default, loss given default, exposure at default, discount rate, adjustments for forward-looking information and other management adjustments;

在我們的內部專家的協助下，評估管理層於釐定客戶貸款的預期信貸虧損時使用的預期信貸虧損模型的有效性，包括評估預期信貸虧損模型中關鍵參數及假設的適當性，包括識別虧損階段、違約概率、違約損失率、違約風險、貼現率、前瞻性資料調整及其他管理層調整；

assessing the completeness and accuracy of data used for the key parameters in the ECL model, by selecting samples and comparing individual loan information with the underlying agreements and other related documentation to assess the accuracy of the loan information in the expected credit loss model. For key parameters derived from external data, we selected samples to inspect the accuracy of such data by comparing them with public resources;

通過選擇樣本並將個別貸款信息與有關協議及其他相關文件比較，評估貸款信息於預期信貸虧損模型中的準確性，從而評估預期信貸虧損模型中關鍵參數所用數據的完整性及準確性。對於源自外部數據的關鍵參數，我們採用抽樣方式將該等數據與公開可獲取的數據進行比較，以檢查該等數據的準確性；

KEY AUDIT MATTERS (continued)

關鍵審計事項(續)

Impairment of advances to customers (continued)

客戶貸款減值(續)

Refer to Note 44 to the consolidated financial statements and the accounting policies on page 96. (continued)

茲提述綜合財務報告附註44及第96頁之會計政策。(續)

The Key Audit Matter

關鍵審計事項

Management also exercises judgement in determining the quantum of loss given default based on a range of factors. These include available remedies for recovery, the financial situation of the borrower, the recoverable amount of collateral, the seniority of the claim and the existence and cooperativeness of other creditors. Management refers to valuation reports issued by qualified third party valuers and considers the influence of various factors including the market price, location and use when assessing the value of property held a collateral. The enforceability, timing and means of realisation of collateral can also have an impact on the recoverable amount of collateral and, therefore, the amount of loss allowances as at the end of the reporting period.

管理層亦根據一系列因素對釐定違約損失金額進行判斷，其中包括收回墊款的方式、借款人的財務狀況、抵押品的可收回金額、索賠受償順序及其他債權人是否存在及其合作意向等。管理層參考合資格第三方估值師出具的估值報告，並在評估持有抵押品的物業價值時考慮多種因素的影響，包括市價、地點及用途。抵押品的法律效力、變現時間和方法亦會對抵押品的可收回金額產生影響，因此亦會對報告期末的虧損撥備金額產生影響。

We identified transition adjustments and disclosures in relation to the change of financial instruments standards and impairment of advances to customers as a key audit matter because of the complexity of the transition process, inherent subjectivity and management judgement involved in calculating loss allowances and because of its significance to the financial results and capital of the Group.

我們將與金融工具準則變動及客戶貸款減值相關的過渡調整及披露認定為一項關鍵審計事項，乃由於過渡過程的複雜性、計算虧損撥備所涉及的固有主觀性及管理層判斷以及由於其對 貴集團的財務業績及資本的重要性。

How the matter was addressed in our audit

我們的審計如何處理該事項

- for key parameters involving judgement, critically assessing input parameters by seeking evidence from external sources and comparing to the Group's internal records including historical loss experience and type of collateral. As part of these procedures, we challenged management's revisions to estimates and input parameters compared with prior period and on transition to the new accounting standard and considered the consistency of judgement. We compared the economic factors used in the models with market information to assess whether they were aligned with market and economic development;

就涉及判斷的關鍵參數而言，通過從外部獲得證據並與 貴集團的內部記錄(包括歷史虧損經驗及抵押品類型)比較以批判性地評估輸入參數。作為該等程序的一部分，我們通過與新會計準則過渡時的估計及輸入參數進行比較，就管理層對估計及輸入參數的修訂提出質詢，並考慮判斷的一致性。我們將模型中所用經濟因素與市場信息比較，以評估彼等是否與市場及經濟發展保持一致；

- for key parameters used in the ECL model which were derived from system-generated internal data, assessing the accuracy of input data by comparing the input data with original documents on a sample basis. In addition, we involved our IT specialists to assess the logics and compilation of the overdue information and the operational process of the credit grading of corporate customers for selected samples;

就預期信貸虧損模型中使用的關鍵參數而言，該等參數源自系統生成的內部數據，以抽樣方式通過將輸入數據與原始文件比較以評估輸入數據的準確性。此外，我們聘請我們的信息技術專家評估逾期信息的邏輯及彙編以及就所選取企業客戶樣本的信貸評級的操作流程；

KEY AUDIT MATTERS (continued)

關鍵審計事項 (續)

Impairment of advances to customers (continued)

客戶貸款減值(續)

Refer to Note 44 to the consolidated financial statements and the accounting policies on page 96. (continued)

茲提述綜合財務報告附註44及第96頁之會計政策。(續)

The Key Audit Matter

關鍵審計事項

How the matter was addressed in our audit

我們的審計如何處理該事項

- evaluating the validity of management's assessment on whether the credit risk of the loan has, or has not, increased significantly since initial recognition and whether the loan is credit-impaired by selecting samples in industries more vulnerable to the current economic situation with reference to other borrowers with potential credit risk and checking the loan overdue information, making enquiries of the credit managers about the borrowers' business operations, checking borrowers' financial information and researching market information about borrowers' businesses;

透過選擇樣本，評價管理層對信用風險是否自初始確認後發生了顯著增加的判斷及貸款是否已發生減值的評估的合理性。我們按行業對集團的貸款組合進行了分析，並且從更易受到當前經濟情況影響的行業中選取樣本，同時參考其他具潛在信用風險的借款人。我們檢查了貸款逾期資料，詢問了信貸經理借款人的業務運營狀況，檢查了借款人的財務資料及調查了有關借款人所從事業務活動的市場訊息；

- for selected samples of loans and advances to customers that are credit-impaired, evaluating management's assessment of the value of any property collateral held by comparison with market prices based on the location and use of the property and the prices of neighbouring properties. We also evaluated the timing and means of realization of collateral, evaluated the forecast cash flows, challenged the viability of the Group's recovery plans and evaluated other credit enhancements that are integral to the contract terms;

對於已抽選的不良信貸的客戶貸款及墊款樣本而言，根據物業的位置及用途以及鄰近物業的價格，通過與市價比較，評估管理層對所持物業抵押品價值的評估。我們亦評估抵押品的變現時間及方法，評估預測現金流，對貴集團回收方案的可行性提出了質詢，並對合同條款中的其他信貸提升進行了評價；

KEY AUDIT MATTERS (continued)

關鍵審計事項(續)

Impairment of advances to customers (continued)

客戶貸款減值(續)

Refer to Note 44 to the consolidated financial statements and the accounting policies on page 96. (continued)

茲提述綜合財務報告附註44及第96頁之會計政策。(續)

The Key Audit Matter

關鍵審計事項

How the matter was addressed in our audit

我們的審計如何處理該事項

- recalculating the amount of credit loss allowance for 12-month and lifetime credit losses using the ECL model based on the above parameters and assumptions for a sample of advances to customers where the credit risk of the loan has not, or has, increased significantly since initial recognition, respectively;

使用預期信貸虧損模型重新計算12個月及全期信貸虧損的信貸虧損撥備金額，乃基於上述客戶貸款樣本的參數及假設，其中包括貸款的信貸風險自初步確認以來是否顯著增加；

- assessing whether the relevant disclosures in relation to the change in financial instruments standard are in compliance with Hong Kong Accounting Standards ("HKAS") and HKFRS; and

評估有關金融工具準則變動的相關披露是否符合香港會計準則及香港財務報告準則；及

- evaluating whether the presentation and disclosures on impairment of loans and advances to customers measured at amortised cost meet the requirements in HKAS 32 Financial Instruments: Presentation and HKFRS 7 Financial Instruments: Disclosure.

評估按攤銷成本計量的貸款及貸款減值的列報及披露是否符合香港會計準則第32號金融工具：呈列及香港財務報告準則第7號金融工具：披露的要求。

KEY AUDIT MATTERS (continued)

關鍵審計事項 (續)

Assessing the fair value of financial instruments

評估金融工具的公平價值

Refer to Note 41 to the consolidated financial statements and the accounting policies on page 90.

茲提述綜合財務報告附註41及第90頁之會計政策。

The Key Audit Matter

關鍵審計事項

At 31 December 2018, the Group's financial assets measured at fair value includes equity securities designated at fair value through other comprehensive income of HK\$809 million, trading assets of HK\$1,898 million and derivative financial instruments of HK\$797 million.

於二零一八年十二月三十一日，貴集團按公平價值計量的金融資產包括指定以公平價值於其他全面收益計量之股本證券共809,000,000港元、持作交易用途資產共1,898,000,000港元及衍生金融工具共797,000,000港元。

The valuation of the Group's financial instruments measured at fair value through profit or loss or at fair value through other comprehensive income is based on a combination of market data and valuation models which often require a considerable number of inputs. Many of these inputs are obtained from readily available data for liquid markets. Where such observable data is not readily available, as in the case of level 3 financial instruments, estimates need to be developed which can involve significant management judgement. In addition, the Group has developed its own models to value certain level 2 and 3 financial instruments, which also involves significant management judgement.

貴集團透過損益或其他綜合收益按公平價值計量之金融工具估值乃按照市場數據及經常需要大量輸入數據之估值模型的組合釐定。多數該等輸入數據自流動市場隨時可得的數據獲取。倘該等可觀察數據無法獲取時，即屬於三級金融工具，管理層需要制定估算，當中可涉及重大管理層判斷。此外，貴集團已對若干二級及三級金融工具制定估值模型，當中亦涉及重大管理層判斷。

How the matter was addressed in our audit

我們的審計如何處理該事項

Our audit procedures to assess the fair value of financial instruments included the following:

與評估金融工具公平價值相關之審計程序包括以下各項：

- assessing the, design, implementation and operating effectiveness of management's key internal controls over the valuation, independent price verification and front office/back office reconciliations;
- 評估管理層對估值、獨立價格核查、前台與後台對賬之關鍵內部控制的設計、實施及運作上的成效；
- assessing the fair values of all level 1 financial instruments by comparing the fair values applied by the Group with publicly available market data;
- 透過比較 貴集團應用之公平價值與公開可得市場數據，評估所有一級金融工具的公平價值；

KEY AUDIT MATTERS (continued)

關鍵審計事項(續)

Assessing the fair value of financial instruments (continued)

評估金融工具的公平價值(續)

Refer to Note 41 to the consolidated financial statements and the accounting policies on page 90. (continued)

茲提述綜合財務報告附註41及第90頁之會計政策。(續)

The Key Audit Matter

關鍵審計事項

We have identified assessing the fair value of financial instruments as a key audit matter because of the degree of complexity involved in valuing certain financial instruments and the degree of judgement exercised by management in determining the inputs used in the valuation models.

由於對若干金融工具估值所涉及之複雜程度，以及於釐定估值模型所用之輸入數據涉及管理層判斷，我們將評估金融工具的公平價值認定為一項關鍵審計事項。

How the matter was addressed in our audit

我們的審計如何處理該事項

- involving our internal valuation specialists to evaluate the appropriateness of the valuation models used by the Group to value certain level 2 and level 3 financial instruments and to perform, on a sample basis, independent valuations of level 2 and level 3 financial instruments and compare these valuations with the Group's valuations. This included comparing the Group's valuation models with our knowledge of current and emerging practice, evaluating inputs to the fair value calculations and establishing our own valuation models to perform revaluations; and

委聘我們的內部估值專家評估 貴集團使用以評估若干二級及三級金融工具的估值模型的合適程度，及以抽樣方式對二級及三級金融工具進行獨立估值，並將該等估值與 貴集團的估值進行比較。此包括將 貴集團的估值模型與我們對當前和新興做法的了解進行比較、評估公平價值計算的輸入數據以及建立我們自身的估值模型以進行重估；

- assessing whether the financial statement disclosures appropriately reflect the Group's exposure to financial instrument valuation risk in accordance with the requirements of the prevailing accounting standards.

評估財務報告披露是否適當地反映 貴集團根據現行會計準則的規定承擔的金融工具估值風險。

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

綜合財務報告及其核數師報告以外的信息

董事須對其他信息負責。其他信息包括年報內所載綜合財務報告及我們載於其中的核數師報告以外的所有信息。我們預期其他信息將於本核數師報告日期後可供我們查閱。

我們對綜合財務報告的意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式的保證結論。

就我們對綜合財務報告的審計，我們的責任乃於其他信息可供查閱時細閱有關資料，在此過程中，考慮其他信息與綜合財務報告或我們在審計過程中所知悉的情況是否存在重大抵觸或似乎存在重大錯誤陳述。

董事就綜合財務報告須承擔的責任

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》擬備真實而中肯的綜合財務報告，並對董事認為為使綜合財務報告的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在擬備綜合財務報告時，董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

審核委員會協助董事履行監督貴集團的財務報告過程的責任。

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 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.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

核數師就審計綜合財務報告須承擔的責任

本行的目標乃對綜合財務報告整體而言是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括本行意見的核數師報告。本報告乃按照香港《公司條例》第405條的規定，僅向整體成員報告。除此以外，本報告不可用作其他用途。我們概不就本報告的內容向任何其他人士負責或承擔任何責任。

合理保證為高水平的保證，但不能保證按照《香港審計準則》進行的審計在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期其單獨或匯總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

作為根據《香港審計準則》進行審計的過程中，我們運用了專業判斷，保持專業懷疑態度。我們亦：

- 識別及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，設計及執行審計程序以應對該等風險，以及獲取充足及適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致出現重大錯誤陳述的風險高於未能發現因錯誤而導致出現重大錯誤陳述的風險。
- 了解與審計相關的內部控制，以設計在有關情況下屬適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 評估董事所採用會計政策的適當性以及作出會計估計及相關披露的合理性。
- 對董事採用持續經營會計基礎的適當性作出結論，並根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。倘我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論乃基於直至核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營業務。
- 評估綜合財務報表的整體列報方式、結構及內容(包括披露事項)，以及綜合財務報表是否公平反映相關交易及事項。
- 就貴集團內實體或業務活動的財務資料獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責貴集團審計的方向、監督及執行。我們為審計意見承擔全部責任。

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

除其他事項外，我們與審核委員會溝通了審計的計劃範圍及時間安排以及重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Po Shan.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

19 March 2019

核數師就審計綜合財務報告須承擔的責任(續)

我們亦向審核委員會提交聲明，表明我們已符合有關獨立性的相關專業道德要求，並與彼等溝通可能合理被認為會影響我們獨立性的所有關係及其他事項以及在適用的情況下相關的防範措施。

從與審核委員會溝通的事項中，我們確定該等對本期綜合財務報表的審計為最重要的事項，因而構成關鍵審計事項。我們在核數師報告中闡釋該等事項，除非法律或規例不允許公開披露該等事項，或在極端罕見的情況下，合理預期倘於我們之報告中註明某事項造成的負面後果超過產生的公眾利益，則我們決定不應在報告中註明該事項。

出具本獨立核數師報告的審計項目合夥人為黃寶珊。

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

二零一九年三月十九日

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

綜合全面收益表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

		Note 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Interest income calculated using effective interest method	採用實際利率法計算之利息收入	4(a)	2,692,504	2,170,044
Other interest income	其他利息收入	4(a)	15,736	10,698
Interest income	利息收入		2,708,240	2,180,742
Interest expense	利息支出	4(b)	(1,351,788)	(964,563)
Net interest income	淨利息收入		1,356,452	1,216,179
Fee and commission income	費用及佣金收入	5(a)	396,600	415,986
Fee and commission expense	費用及佣金支出	5(b)	(107,287)	(97,618)
Net fee and commission income	淨費用及佣金收入		289,313	318,368
Other operating income	其他營運收入	6	42,007	3,597
Operating income	營運收入		1,687,772	1,538,144
Operating expenses	營運支出	7	(964,707)	(950,493)
Operating profit before gains and impairment losses	未計收益及減值虧損前經營溢利		723,065	587,651
Impairment losses on advances to customers	客戶貸款減值虧損	9	(48,953)	(67,829)
Write back of impairment losses on other financial assets	其他金融資產減值虧損之回撥		20,010	-
Write back of/(charge for) impairment losses on other assets	其他資產減值虧損之回撥/(扣除)		5,492	(5,553)
Write back of impairment losses on assets held for sale	持作出售之資產減值虧損之回撥		1,543	1,200
Write back of impairment losses on assets acquired under lending agreements	根據貸款協議所得資產減值虧損之回撥		1,100	1,700
Impairment losses on available-for-sale financial assets	可供出售金融資產減值虧損		-	(1,286)
Impairment losses	減值虧損		(20,808)	(71,768)
Share of profits of an associate	應佔聯營公司溢利		269,921	237,103
Gain on bargain purchase of an associate	議價收購聯營公司收益	10	70,255	-
Loss on disposal of an associate	出售聯營公司虧損	11	(118,768)	-
Dilution loss arising from investment in an associate	在聯營公司的投資所產生的攤薄虧損		-	(60,883)
Net gains on disposal of financial assets at amortized cost	出售以攤銷成本計量之金融資產淨收益		399	-
Net gains on disposal of available-for-sale financial assets	出售可供出售金融資產淨收益		-	1,310
Net gains on disposal of fixed assets	出售固定資產淨收益		16	51
Profit before taxation	除稅前溢利		924,080	693,464
Taxation	稅項	12	(101,252)	(110,081)
Profit for the year	本年度溢利		822,828	583,383

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
綜合全面收益表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Other comprehensive income for the year, net of tax:	本年度其他全面收益(除稅後):		
Items that will not be reclassified to profit or loss:	將不會重新分類至損益之項目:		
Premises: net movement in premises revaluation reserve	物業: 物業重估儲備淨變動	13 262,501	331,448
Equity securities designated at fair value through other comprehensive income: net movement in investment revaluation reserve (non-recycling)	指定以公平價值於其他全面收益計量之股本證券: 投資重估儲備淨變動(非循環)	13 225,939	-
Remeasurement of net defined benefit liability	重新計量定額福利負債淨額	13 1,199	(6,607)
		489,639	324,841
Items that may be reclassified subsequently to profit or loss:	可能隨後重新分類至損益之項目:		
Debt securities designated at fair value through other comprehensive income: net movement in investment revaluation reserve (recycling)	指定以公平價值於其他全面收益計量之債務證券: 投資重估儲備淨變動(循環)	13 68,501	-
Available-for-sale financial assets: net movement in investment revaluation reserve	可供出售金融資產: 投資重估儲備淨變動	13 -	399,900
Net movement in foreign exchange reserve	外幣換算儲備淨變動	13 9,637	171,192
		78,138	571,092
Total comprehensive income for the year	本年度全面收益總額	1,390,605	1,479,316

The notes on pages 77 to 220 form part of these financial statements.

載於第77至220頁之附註為此等財務報告之一部分。

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

As at 31 December 2018 於二零一八年十二月三十一日

			31 December 2018	1 January 2018	31 December 2017
			二零一八年 十二月 三十一日	二零一八年 一月 一日	二零一七年 十二月 三十一日
	Note 附註		HK\$'000	HK\$'000	HK\$'000
			千港元	千港元	千港元
ASSETS					
資產					
Cash and short-term funds		現金及短期資金	15	5,981,567	5,131,404
Balances with banks and other financial institutions		銀行同業及其他金融機構結餘		2,060,262	557,437
Trading assets		持作交易用途資產	16	1,898,372	1,846,823
Derivative financial instruments		衍生金融工具	17(b)	796,595	705,165
Advances to customers		客戶貸款	18	47,699,240	47,668,418
Trade bills		商業票據		907,964	879,838
Accrued interest and other assets		應計利息及其他資產		1,385,311	1,436,269
Debt securities measured at amortized cost		以攤銷成本計量之債務證券	19	36,889,767	33,005,143
Equity securities designated at fair value through other comprehensive income		指定以公平價值於其他全面收益計量之股本證券	20	809,330	544,409
Available-for-sale financial assets		可供出售金融資產	21	-	-
Held-to-maturity investments		持至到期投資	22	-	32,243,660
Interests in associates		於聯營公司之權益	23	-	1,561,796
Fixed assets		固定資產	25(a)	4,312,504	2,390,675
Assets held for sale		持作出售之資產	26	45,827	43,900
Deferred tax assets		遞延稅項資產	32(b)	7	9
Total assets		資產總額		102,786,746	98,309,810
LIABILITIES					
負債					
Deposits and balances of banks and other financial institutions		銀行同業及其他金融機構之存款及結餘	28	9,467,425	11,207,295
Deposits from customers		客戶存款	29	68,247,798	62,067,793
Trading liabilities		交易賬項下之負債	30	1,898,372	1,846,819
Certificates of deposit issued		已發行存款證		4,551,273	3,311,457
Debt securities issued		已發行債務證券		388,774	1,179,009
Derivative financial instruments		衍生金融工具	17(b)	133,347	228,216
Other liabilities		其他負債	31	1,836,703	2,084,571
Liabilities associated with assets held for sale		持作出售資產之相關負債		25	-
Deferred tax liabilities		遞延稅項負債	32(b)	676,552	612,924
Subordinated notes issued		已發行後償票據	33	1,562,870	1,557,472
Total liabilities		負債總額		88,763,139	84,095,556

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
綜合財務狀況表

As at 31 December 2018 於二零一八年十二月三十一日

			31 December 2018	1 January 2018	31 December 2017
			二零一八年 十二月 三十一日	二零一八年 一月 一日	二零一七年 十二月 三十一日
		Note 附註	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
EQUITY	權益				
Share capital	股本	34	4,830,448	4,830,448	4,830,448
Reserves	儲備		9,193,159	7,876,009	8,030,055
Total equity attributable to shareholders of the Bank	股東權益		14,023,607	12,706,457	12,860,503
Additional equity instruments	額外股本工具	36	-	1,507,797	1,507,797
Total equity	權益總額		14,023,607	14,214,254	14,368,300
Total equity and liabilities	權益及負債總額		102,786,746	98,309,810	98,484,202

Approved and authorized for issue by the Board of Directors on 19 March 2019.

經董事會於二零一九年三月十九日通過及授權頒佈。

Ming-Chung (Daniel) TSAI

蔡明忠

Director

董事

Robert James KENRICK

甘禮傑

Director

董事

Raymond Wing Hung LEE

李永鴻

Director

董事

The notes on pages 77 to 220 form part of these financial statements.

載於第77至220頁之附註為此等財務報告之一部分。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動報告表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

		Share capital	Regulatory reserve	Investment revaluation reserve	Premises revaluation reserve	Foreign exchange reserve	Retained earnings	Additional equity instruments	Total equity
		股本	法定儲備	投資重估儲備	物業重估儲備	外幣換算儲備	保留溢利	額外股本	權益總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2017	於二零一七年一月一日	4,830,448	527,417	46,656	2,295,786	(180,829)	3,853,156	-	11,372,634
Total comprehensive income for the year	本年度全面收益總額	-	-	399,900	331,448	171,192	576,776	-	1,479,316
- Profit for the year	- 本年度溢利	-	-	-	-	-	583,383	-	583,383
- Other comprehensive income, of which:	- 其他全面收益，其中包括：								
- Premises: net movement in premises revaluation reserve	- 物業：物業重估儲備淨變動	-	-	-	331,448	-	-	-	331,448
- Remeasurement of net defined benefit liability	- 重新計量定額福利負債淨額	-	-	-	-	-	(6,607)	-	(6,607)
- Available-for-sale financial assets: net movement in investment revaluation reserve	- 可供出售金融資產：投資重估儲備淨變動	-	-	399,900	-	-	-	-	399,900
- Exchange differences on translation of an associate	- 聯營公司外幣報表換算差	-	-	-	-	171,192	-	-	171,192
Dilution on an associate	聯營公司之攤薄	-	-	-	-	-	8,553	-	8,553
Transfer (to)/from retained earnings	轉撥(至)/自保留溢利	-	(28,324)	-	(71,122)	-	99,446	-	-
Issuance of additional equity instruments	發行額外股本工具	-	-	-	-	-	-	1,507,797	1,507,797
At 31 December 2017	於二零一七年十二月三十一日	4,830,448	499,093	446,556	2,556,112	(9,637)	4,537,931	1,507,797	14,368,300

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
綜合權益變動報告表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

		Share capital	Regulatory reserve	Investment revaluation reserve (non-recycling)	Investment revaluation reserve (recycling)	Premises revaluation reserve	Foreign exchange reserve	Retained earnings	Additional equity instruments	Total equity
		股本	法定儲備	投資重估儲備 (非循環)	投資重估儲備 (循環)	物業重估儲備	外幣換算儲備	保留溢利	額外股本工具	權益總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 31 December 2017	於二零一七年十二月三十一日	4,830,448	499,093	-	446,556	2,556,112	(9,637)	4,537,931	1,507,797	14,368,300
Opening balance adjustments arising from change in accounting policy	因會計政策變動而對期初結餘作出調整	-	-	332,998	(515,057)	-	-	28,013	-	(154,046)
At 1 January 2018	於二零一八年一月一日	4,830,448	499,093	332,998	(68,501)	2,556,112	(9,637)	4,565,944	1,507,797	14,214,254
Total comprehensive income for the year	年內全面收益總額	-	-	225,939	68,501	262,501	9,637	824,027	-	1,390,605
- Profit for the year	- 本年度溢利	-	-	-	-	-	-	822,828	-	822,828
- Other comprehensive income, of which:	- 其他全面收益，其中包括：									
- Premises: net movement in premises revaluation reserve	- 物業：物業重估儲備淨變動	-	-	-	-	262,501	-	-	-	262,501
- Equity securities designated at FVOCI: net movement in investment revaluation reserve	- 指定以公平價值於其他全面收益計量之股本證券：投資重估儲備淨變動	-	-	225,939	-	-	-	-	-	225,939
- Debt securities designated at FVOCI: net movement in investment revaluation reserve	- 指定以公平價值於其他全面收益計量之債務證券：投資重估儲備淨變動	-	-	-	118,116	-	-	-	-	118,116
- Remeasurement of net defined benefit liability	- 重新計量定額福利負債淨額	-	-	-	-	-	-	1,199	-	1,199
- Movement in foreign exchange reserve	- 外幣換算儲備變動	-	-	-	-	-	(216,434)	-	-	(216,434)
- Realization upon disposal of an associate	- 出售聯營公司時變現	-	-	-	(49,615)	-	226,071	-	-	176,456
Realization upon disposal of an associate	出售聯營公司時變現	-	-	-	-	(57,629)	-	57,629	-	-
Transfer from/(to) retained earnings	轉撥自/(至)保留溢利	-	37,520	-	-	(81,564)	-	44,044	-	-
Dividend payment for additional equity instruments	就額外股本工具派付股息	-	-	-	-	-	-	(72,986)	-	(72,986)
Redemption of additional equity instruments	贖回額外股本工具	-	-	-	-	-	-	(469)	(1,507,797)	(1,508,266)
At 31 December 2018	於二零一八年十二月三十一日	4,830,448	536,613	558,937	-	2,679,420	-	5,418,189	-	14,023,607

The notes on pages 77 to 220 form part of these financial statements.

載於第77至220頁之附註為此等財務報告之一部分。

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流動表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

	Note 附註	2018 二零一八年		2017 二零一七年	
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Operating activities					
Profit before taxation		924,080		693,464	
Adjustments for non-cash items:					
Depreciation		138,543		133,081	
Net gains on disposal of fixed assets		(16)		(51)	
Impairment losses on advances to customers		48,953		67,829	
Write back of impairment losses on other financial assets		(20,010)		-	
(Write back of)/charge for impairment losses on other assets		(5,492)		5,553	
Write back of impairment losses on assets held for sale		(1,543)		(1,200)	
Write back of impairment losses on assets acquired under lending agreement		(1,100)		(1,700)	
Net gains on disposal of financial assets at amortized cost		(399)		-	
Share of profits of an associate		(269,921)		(237,103)	
Gain on bargain purchase of an associate		(70,255)		-	
Loss on disposal of an associate		118,768		-	
Dilution loss arising from investment in an associate		-		60,883	
Impairment losses on available-for-sale financial assets		-		1,286	
Net gains on disposal of available-for-sale financial assets		-		(1,310)	
Exchange difference and other non-cash items		5,536		25,625	
			867,144		746,357
(Increase)/Decrease in operating assets:					
Treasury bills with original maturity of over three months		(2,618,253)		689,370	
Balances with banks and other financial institutions		(831,253)		786,011	
Derivative financial instruments		(91,430)		48,079	
Gross advances to customers		(79,774)		(4,332,307)	
Trade bills		(27,785)		(650,118)	
Equity securities designated at fair value through other comprehensive income		5,665		-	
Accrued interest and other assets		66,729		(374,779)	
Certificates of deposit held		576,438		239,362	
Debt securities measured at amortized cost		(885,987)		-	
Financial assets designated at fair value through profit or loss		-		39,226	
Available-for-sale financial assets		-		(1,677,218)	
Held-to-maturity investments		-		(11,912)	
		(3,885,650)		(5,244,286)	

CONSOLIDATED CASH FLOW STATEMENT 綜合現金流動表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

	Note 附註	2018 二零一八年		2017 二零一七年	
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
(Decrease)/increase in operating liabilities:					
Deposits and balances of banks and other financial institutions		(1,739,870)		230,891	
Deposits from customers		6,180,005		(1,496,068)	
Trading liabilities		51,553		(163,476)	
Derivative financial instruments		(94,869)		(215,498)	
Certificates of deposit issued		1,239,816		476,567	
Other liabilities		(259,295)		853,656	
			5,377,340		(313,928)
Net cash generated from/(used in) operations			2,358,834		(4,811,857)
Hong Kong Profits Tax paid		(101,162)		(25,564)	
Overseas tax paid		(4,694)		(8,723)	
Net cash generated from/(used in) operating activities			2,252,978		(4,846,144)
Investing activities					
Net proceeds from disposal of an associate		3,239,180		-	
Payment for investment in an associate		(575,071)		-	
Dividend received from an associate		45,684		86,278	
Payment for purchases of fixed assets		(81,184)		(106,549)	
Proceeds from disposal of fixed assets		77		82	
Net cash generated from/(used in) investing activities			2,628,686		(20,189)
Financing activities					
Net repayment of debt securities		(790,373)		(59,415)	
Dividends payment on additional equity instruments		(72,986)		-	
Redemption of additional equity instruments		(1,508,266)		-	
Proceeds from issuance of additional equity instruments		-		1,507,797	
Net cash (used in)/generated from financing activities			(2,371,625)		1,448,382
Net increase/(decrease) in cash and cash equivalents			2,510,039		(3,417,951)
Cash and cash equivalents as at 1 January			7,206,165		10,624,116
Cash and cash equivalents as at 31 December			9,716,204		7,206,165
Cash flows from operating activities include:					
Interest received		2,649,705		2,116,636	
Interest paid		(1,248,842)		(898,458)	
Dividends received		15,874		102,902	

The notes on pages 77 to 220 form part of these financial statements.

載於第77至220頁之附註為此等財務報告之一部分。

NOTES TO THE FINANCIAL STATEMENTS

財務報告附註

1. ACTIVITIES

Fubon Bank (Hong Kong) Limited (“The Bank”) is a licensed bank incorporated and domiciled in Hong Kong and has its registered office at 38 Des Voeux Road Central, Hong Kong.

The Bank, through its branches and subsidiaries, provides a range of banking, financial and related services.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

(b) New and revised HKFRSs

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. Note 2(d) provides information on any 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 financial statements.

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

(c) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2018 comprise the Bank and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates.

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

- equity securities designated at fair value through other comprehensive income (see Note 2(h));
- trading assets (see Note 2(h));
- derivative financial instruments (see Note 2(j)); and
- owned properties (see Note 2(l)).

1. 業務

富邦銀行(香港)有限公司(「本行」)為一所於香港註冊成立並以香港為本籍的持牌銀行，其註冊辦事處位於香港中環德輔道中38號。

本行透過其分行及附屬公司提供一系列銀行、金融及相關服務。

2. 主要會計政策

(a) 遵守聲明

此等財務報告乃根據香港會計師公會頒佈的一切適用《香港財務報告準則》而編製，該統稱包括一切適用的個別香港財務報告準則、《香港會計準則》及詮釋與及香港普遍採納的會計原則。此等財務報告亦符合香港《公司條例》的適用規定。本集團所採納的主要會計政策概要載於下文。

(b) 新訂及經修訂香港財務報告準則

香港會計師公會已頒佈若干項新訂及經修訂香港財務報告準則，於本集團本期會計期間首次生效或可供提早採納。就首次採納該等改動而引致的會計政策變動，其於此等財務報告對本集團本會計年度及以前會計年度的信息，載附於附註2(d)。

本集團並無應用任何於本會計期間尚未生效之新訂準則或詮釋。

(c) 財務報告的編製基準

截至二零一八年十二月三十一日止年度之綜合財務報告，包括本行及其附屬公司(合稱為「本集團」)以及本集團於聯營公司之權益。

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

- 指定以公平價值於其他全面收益計量之股本證券(見附註2(h))；
- 持作交易用途資產(見附註2(h))；
- 衍生金融工具(見附註2(j))；及
- 本集團擁有之物業(見附註2(l))。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**(c) Basis of preparation of the financial statements** (continued)

In addition, the carrying amounts of assets and liabilities carried at amortized cost that are designated as hedged items in a fair value hedge are adjusted for fair value changes attributable to the hedged risk.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell (see Note 2(m)).

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

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

Judgements made by management in the application of HKFRSs that have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 48.

2. 主要會計政策(續)**(c) 財務報告的編製基準**(續)

另外，在公平價值對沖中指定為對沖項目的按攤銷成本列賬的資產與負債賬面價值，乃就與對沖風險有關的公平價值變動作出調整。

非流動資產及持作出售的出售組別按賬面價值與公平價值減出售成本之較低者列賬(見附註2(m))。

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

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

管理層應用對財務報告及估計不確定因素之主要來源構成重大影響的香港財務報告準則所作出之判斷於附註48中詳述。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Changes in accounting policies

(1) HKFRS 9, Financial Instruments

HKFRS 9 replaces HKAS 39, Financial instruments: recognition and measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The Group adopted HKFRS 9 retrospectively for items that existed at 1 January 2018 in accordance with the transition requirements and took advantage of the exemption in paragraph 7.2.15 of HKFRS 9 from restating prior periods. As such, the Group recognizes cumulative effect of the initial application of HKFRS 9 as an adjustment to the opening balance of equity at 1 January 2018. Comparative information is not restated and continues to be reported under HKAS 39. The following table gives a summary of the opening balance adjustments recognized for each line item in the consolidated statement of financial position that has been impacted:

ASSETS

Cash and short-term funds
Balances with banks and other financial institutions
Advances to customers
Trade bills
Debt securities measured at amortized cost
Equity securities designated at fair value through other comprehensive income
Available-for-sale financial assets
Held-to-maturity investments
Interests in associates
Deferred tax assets

LIABILITIES

Other liabilities
Deferred tax liabilities

EQUITY

Reserves

資產

現金及短期資金
銀行同業及其他金融機構結餘
客戶貸款
商業票據
以攤銷成本計量之債務證券
指定以公平價值於其他全面收益計量之股本證券
可供出售金融資產
持至到期投資
於聯營公司之權益
遞延稅項資產

負債

其他負債
遞延稅項負債

權益

儲備

2. 主要會計政策(續)

(d) 會計政策變動

(1) 香港財務報告準則第9號，金融工具

香港財務報告準則第9號取代香港會計準則第39號金融工具：確認及計量。其訂明金融資產、金融負債及部分買賣非金融項目合約之確認及計量要求。本集團根據過渡規定對於二零一八年一月一日存在的項目追溯採納香港財務報告準則第9號，且依據香港財務報告準則第9號第7.2.15段豁免毋須重列前期資料。因此，本集團確認初始應用香港財務報告準則第9號之累計影響，作為對二零一八年一月一日權益期初結餘之調整。比較資料繼續根據香港會計準則第39號呈列，並未經重列。下表概述綜合財務狀況表內受影響的各項目所確認的期初結餘調整：

31 December 2017 二零一七年 十二月三十一日 HK\$'000 千港元	Opening balance adjustments 期初 結餘調整 HK\$'000 千港元	1 January 2018 二零一八年 一月一日 HK\$'000 千港元
--	---	---

5,133,534	(2,130)	5,131,404
558,348	(911)	557,437
47,583,317	85,101	47,668,418
880,255	(417)	879,838
-	33,005,143	33,005,143
-	544,409	544,409
32,243,660	(32,243,660)	-
1,561,796	(1,561,796)	-
2,390,809	(134)	2,390,675
6	3	9
2,074,503	10,068	2,084,571
643,338	(30,414)	612,924
8,030,055	(154,046)	7,876,009

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Changes in accounting policies (continued)

(1) HKFRS 9, Financial Instruments (continued)

Balances as at 1 January 2018 disclosed in the consolidated statement of financial position and related notes have incorporated opening adjustments on balances as at 31 December 2017 in accordance HKFRS 9. The balances as at 31 December 2017 have not been represented.

The following table summarizes the impact of transition to HKFRS 9 on retained earnings and reserves and the related tax impact at 1 January 2018:

		HK\$'000 千港元
Retained earnings	保留溢利	
Difference between provision of impairment loss allowance under HKAS 39 and HKFRS 9 on financial assets measured at amortized cost	以攤銷成本計量之金融資產於香港會計準則第39號與香港財務報告準則第9號項下減值虧損撥備之差額	32,345
Effect on the adoption of HKFRS 9 of an associate	聯營公司採納香港財務報告準則第9號之影響	1,001
Tax related adjustments	稅項相關調整	(5,333)
Net increase in retained earnings at 1 January 2018	於二零一八年一月一日之保留溢利淨增加	28,013
Investment revaluation reserve (recycling)	投資重估儲備(循環)	
Transfer to investment revaluation reserve (non-recycling) relating to equity securities now measured at FVOCI	就現時以公平價值於其他全面收益計量之股本證券轉撥至投資重估儲備(非循環)	(332,998)
Reversal of revaluation gain due to change in classification	因分類變動而撥回重估收益	(216,674)
Effect on the adoption of HKFRS 9 of an associate	聯營公司採納香港財務報告準則第9號之影響	(1,135)
Tax related adjustments	稅項相關調整	35,750
Net decrease in investment revaluation reserve (recycling) at 1 January 2018	於二零一八年一月一日 投資重估儲備(循環)淨減少	(515,057)
Investment revaluation reserve (non-recycling)	投資重估儲備(非循環)	
Transfer from investment revaluation reserve (recycling) relating to equity securities now measured at FVOCI	就現時以公平價值於其他全面收益計量之股本證券轉撥自投資重估儲備(循環)	332,998
Net increase in investment revaluation reserve (non-recycling) at 1 January 2018	於二零一八年一月一日 投資重估儲備(非循環)淨增加	332,998

2. 主要會計政策(續)

(d) 會計政策變動(續)

(1) 香港財務報告準則第9號，金融工具(續)

於二零一八年一月一日，綜合財務狀況表及其相關附註已因採用香港財務報告準則第9號而對二零一七年十二月三十一日之結餘做出調整，二零一七年十二月三十一日之結餘未有重列。

下表簡述過渡至香港財務報告準則第9號對二零一八年一月一日之保留溢利及儲備及相關稅項之影響：

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Changes in accounting policies (continued)

(1) HKFRS 9, Financial Instruments (continued)

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

(i) Classification of financial assets and financial liabilities

HKFRS 9 groups financial assets into three principal classification categories: measured at amortized cost, at fair value through other comprehensive income (“FVOCI”) and at fair value through profit or loss (“FVPL”). These supersede HKAS 39’s categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Debt securities investments held by the Group are classified into one of the following measurement categories:

- amortized cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;
- FVOCI (recycling), if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognized in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognized, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or
- FVPL, if the investment is held for trading or otherwise does not meet the criteria for being measured at amortized cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognized in profit or loss.

2. 主要會計政策 (續)

(d) 會計政策變動 (續)

(1) 香港財務報告準則第9號，金融工具 (續)

有關以往會計政策變動之性質及影響以及過渡方法之進一步詳情如下：

(i) 金融資產及金融負債之分類

香港財務報告準則第9號將金融資產分為三個主要分類：以攤銷成本計量、以公平價值於其他全面收益計量及通過損益以反映公平價值。其取代香港會計準則第39號的持至到期投資、貸款及應收款項、可供出售金融資產及通過損益以反映公平價值計量的金融資產類別。根據香港財務報告準則第9號，金融資產的分類乃以管理金融資產的商業模式及其合約現金流特徵為基準。

本集團持有的債務證券投資分類為以下其中一個計量類別：

- 攤銷成本，倘持有該投資目的為收取合約現金流，而該現金流純粹為支付本金和利息。投資的利息收入採用實際利率法計算；
- 以公平價值於其他全面收益計量（循環），倘投資的合約現金流包括純粹為支付本金及利息，及投資是在一種目標為通過收取合約現金流及銷售之商業模式中進行。公平價值變動須計入其他全面收益，除確認為在損益賬內的預期信貸虧損、利息收入（採用實際利率法計算）及匯兌損益外。當終止確認該投資時，在其他全面收益中累計的金額會從權益循環轉入損益；或
- 通過損益以反映公平價值，倘該投資為持有作交易用途，或不符合以攤銷成本或以公平價值於其全面收益計量（循環）的標準。投資的公平價值變動（包括利息）在損益賬內確認。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**(d) Changes in accounting policies** (continued)**(1) HKFRS 9, Financial Instruments** (continued)*(i) Classification of financial assets and financial liabilities (continued)*

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. The FVOCI designation is made because the non-trading equity investments are expected to be held for long-term strategic purposes. Where such an election is made, the amount accumulated in other comprehensive income remains in the investment revaluation reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the investment revaluation reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognized in profit or loss as other operating income. Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset within the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

2. 主要會計政策(續)**(d) 會計政策變動**(續)**(1) 香港財務報告準則第9號，金融工具**(續)*(i) 金融資產及金融負債之分類*(續)

股本證券投資會被分類為通過損益以反映公平價值，除非該等股本投資並非以交易為目的持有，且於初步確認投資時，本集團選擇指定投資以公平價值於其他全面收益計量(非循環)，由此，隨後公平價值之變動於其他全面收益內確認。該等選擇以個別工具為基礎作出，但僅會在發行人認為該投資符合股本之定義的情況下作出。作出指定以公平價值於其他全面收益計量乃由於非交易股本投資預計以長期策略為目的持有。作出該選擇後，於其他全面收益內累計之金額仍將保留在投資重估儲備(非循環)內直至完成投資出售。於出售時，於投資重估儲備(非循環)內累計之金額會轉入保留溢利，並不會透過損益循環。股本證券投資產生之股息(不論分類為通過損益以反映公平價值或以公平價值於其他全面收益計量(非循環))，均會於損益內確認為其他營運收入。根據香港財務報告準則第9號，嵌入於主合約之衍生工具而其主合約屬於該準則範圍內的金融資產並不會與主合約分離。相反，該混合工具會作為一整體進行分類評估。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Changes in accounting policies (continued)

(1) HKFRS 9, Financial Instruments (continued)

(i) Classification of financial assets and financial liabilities (continued)

The following table shows the original measurement categories for each class of the Group's financial assets under HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

		HKAS 39 carrying amount as at 31 December 2017 根據香港會計 準則第39號於 二零一七年 十二月三十一日 之賬面值 HK\$'000 千港元	Reclassification	Remeasurement	HKFRS 9 carrying amount as at 1 January 2018 根據香港財務 報告準則第9號 於二零一八年 一月一日之 賬面值 HK\$'000 千港元
Financial assets carried at amortized cost	以攤銷成本列賬之金融資產				
Cash and short-term funds	現金及短期資金	5,133,534	-	(2,130)	5,131,404
Balances with banks and other financial institutions	銀行同業及其他金融機構結餘	558,348	-	(911)	557,437
Advances to customers	客戶貸款	47,583,317	-	85,101	47,668,418
Trade bills	商業票據	880,255	-	(417)	879,838
Debt securities measured at amortized cost	以攤銷成本計量之債務證券	1,561,796	31,699,251	(255,904)	33,005,143
		55,717,250	31,699,251	(174,261)	87,242,240
Financial assets measured at FVOCI (non-recycling)	以公平價值於其他全面收益計量之 金融資產(非循環)				
Equity securities	股本證券	-	544,409	-	544,409
Financial assets measured at FVPL	通過損益以反映公平價值計量之 金融資產				
Trading assets	持作交易用途資產	1,846,823	-	-	1,846,823
Derivatives financial instruments	衍生金融工具	705,165	-	-	705,165
		2,551,988	-	-	2,551,988
Financial assets classified as available-for- sale under HKAS 39*	根據香港會計準則第39號分類為 可供出售之金融資產*	32,243,660	(32,243,660)	-	-

* The fair value of the financial assets reclassified from available-for-sale under HKAS 39 into the amortized cost category under HKFRS 9 amounted to HK\$24,432,177,000 at 31 December 2018. Fair value loss of HK\$122,451,000 would have been recognized during the year ended 31 December 2018 in other comprehensive income if the financial assets had not been reclassified.

2. 主要會計政策(續)

(d) 會計政策變動(續)

(1) 香港財務報告準則第9號，金融工具(續)

(i) 金融資產及金融負債之分類(續)

下表顯示本集團根據香港會計準則第39號所釐定各類金融資產之原來計量類別與根據香港財務報告準則第9號所釐定該等金融資產之賬面值之對賬。

* 於二零一八年十二月三十一日，公平價值共24,432,177,000港元之金融資產乃由根據香港會計準則第39號之可供出售重新分類至根據香港財務報告準則第9號之攤銷成本類別。若該等金融資產未有分類，截至二零一八年十二月三十一日止年度之公平價值虧損共122,451,000港元會於其他全面收益內確認。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**(d) Changes in accounting policies** (continued)**(1) HKFRS 9, Financial Instruments** (continued)*(i) Classification of financial assets and financial liabilities (continued)*

The measurement categories for the Group's financial liabilities remain the same after the adoption of HKFRS 9 and there is no impact on the carrying amounts of all financial liabilities at 1 January 2018, on the initial application of HKFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVPL at 1 January 2018.

(ii) Credit losses

HKFRS 9 replaces the incurred loss model in HKAS 39 with the Expected Credit Loss ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognizes ECLs earlier than under the incurred loss accounting model in HKAS 39.

The Group applies the new ECL model on all financial assets that are measured at amortized cost, including cash and short-term funds, balances with banks and other financial institutions, trade bills and debt securities measured at amortized cost, and credit related commitments and contingencies. The Group does not recognize ECL in respect of accrued interest and others assets as the impact is considered to be immaterial.

The application of the ECL model is more fully discussed in Note 2(p).

Basis of calculation of interest income on credit-impaired (or defaulted) financial assets

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the gross carrying amount less loss allowance of the financial asset.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired (or defaulted) includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a past due event or delinquency in interest or principal payments;

2. 主要會計政策 (續)**(d) 會計政策變動** (續)**(1) 香港財務報告準則第9號，金融工具** (續)*(i) 金融資產及金融負債之分類* (續)

於採納香港財務報告準則第9號後，本集團金融負債之計量類別維持不變，且於初始應用香港財務報告準則第9號時，對於二零一八年一月一日之所有金融負債賬面值概無影響。

於二零一八年一月一日，本集團並無指定或取消指定通過損益以反映公平價值之任何金融資產或金融負債。

(ii) 信貸虧損

香港財務報告準則第9號以預期信貸虧損模式取代香港會計準則第39號已產生虧損模式。預期信貸虧損模式要求持續計量與金融資產相關的信貸風險，因此較香港會計準則第39號已產生虧損會計模式更早確認預期信貸虧損。

本集團將新預期信貸虧損模式應用於以攤銷成本計量之金融資產(包括現金及短期資金、銀行同業及其他金融機構結餘、商業票據、以攤銷成本計量之債務證券及與信貸有關之承擔及或然項目)。由於有關影響被視為輕微，故本集團並無就其他資產確認預期信貸虧損。

應用預期信貸虧損模式的更全面討論載於附註2(p)。

信貸減值(或違約)金融資產的利息收入之計算基礎

利息收入乃根據金融資產之賬面總額計算，惟金融資產出現信貸減值者除外，在此情況下，利息收入乃根據金融資產賬面總額減虧損撥備計算。

當一項或多項事件對金融資產的估計未來現金流產生不利影響時，該金融資產會被確認為已信貸減值。

金融資產出現信貸減值(或違約)的證明包括以下可觀察事件：

- 債務人面對重大財務困難；
- 違約，例如逾期事件或拖欠利息或本金付款；

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Changes in accounting policies (continued)

(1) HKFRS 9, Financial Instruments (continued)

(ii) Credit losses (continued)

- it becoming probable that the borrower will enter into bankruptcy or other financial reorganization;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Modified financial instruments

Where the original contractual terms of a financial asset have been modified for credit reasons and the instrument has not been derecognized, the resulting modification loss is recognized within impairment in profit or loss with a corresponding decrease in the gross carrying value of the asset. If the modification involved a concession that the Group would not otherwise consider, the instrument is considered to be credit-impaired and is considered forborne.

These assets are assessed to determine whether there has been a significant increase in credit risk subsequent to the modification. Although loans may be modified for non-credit reasons, a significant increase in credit risk may occur. ECL for modified financial assets that have not been derecognized and are not considered to be credit-impaired will be recognized on a 12-month basis, or a lifetime basis, if there is a significant increase in credit risk.

In addition to the recognition of modification gains and losses, the revised carrying value of modified financial assets will impact the calculation of ECL, with any increase or decrease in ECL recognized within impairment.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment loss in profit or loss for the period in which the recovery occurs.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

2. 主要會計政策(續)

(d) 會計政策變動(續)

(1) 香港財務報告準則第9號，金融工具(續)

(ii) 信貸虧損(續)

- 借款人很可能破產或進行其他財務重組；
- 對債務人產生不利影響的技術、市場、經濟或法律環境之重大變動；或
- 由於發行人遭遇財務困難以致活躍證券市場不復再。

經修改金融工具

倘金融資產的原本合約條款因信貸原因而被修改且該工具並無被終止確認，則所產生的修改虧損在損益賬內確認為減值，並相應減少該資產的賬面總值。倘修改涉及本集團不會在其他情況下考慮作出的讓步，則該工具被視為出現信貸減值且被視為暫緩還款。

該等資產被評估，以釐定修改後信貸風險是否顯著增加。儘管貸款可能因非信貸原因而被修改，惟信貸風險可能會顯著增加。倘經修改金融資產並無終止確認且不被視為出現信貸減值，該等資產的預期信貸虧損將按12個月基準確認，惟倘信貸風險顯著增加，則按全期基準確認。

除確認修改收益及虧損外，經修改金融資產的經修訂賬面值將影響預期信貸虧損的計算，其中預期信貸虧損的任何增加或減少均在減值中確認。

註銷政策

金融資產賬面總額在並無實際可收回前景的情況下予以註銷(部分或全部)。一般情況為當本集團認定債務人並無資產或收入來源可以產生足夠現金流以償還待註銷之金額。

先前已註銷的資產的後續收回於收回發生期間在損益確認為減值虧損撥回。

本集團對已撤銷的金融資產會繼續追收債務的工作，以遵守本集團收回應收金額的程序。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Changes in accounting policies (continued)

(1) HKFRS 9, Financial Instruments (continued)

(ii) Credit losses (continued)

Opening balance adjustment

The following table reconciles the closing impairment loss allowance determined in accordance with HKAS 39 as at 31 December 2017 with the opening impairment loss allowance determined in accordance with HKFRS 9 as at 1 January 2018.

		HK\$'000 千港元
Impairment loss allowance as at 31 December 2017 under HKAS 39	根據香港會計準則第39號截至二零一七年十二月三十一日之減值虧損撥備	289,031
Additional impairment loss allowance recognized at 1 January 2018 on:	於二零一八年一月一日就下列各項確認額外減值虧損撥備：	
– Cash and short-term funds	– 現金及短期資金	2,130
– Balances with banks and other financial institutions	– 銀行同業及其他金融機構結餘	911
– Trade bills	– 商業票據	417
– Debt securities measured at amortized cost	– 以攤銷成本計量之債務證券	39,230
– Credit related commitments and contingencies	– 與信貸有關之承擔及或然項目	10,068
Reduction of impairment loss allowance recognized at 1 January 2018 on:	於二零一八年一月一日就下列各項確認減值虧損扣減：	
– Advances to customers	– 客戶貸款	(85,101)
Impairment loss allowance as at 1 January 2018 under HKFRS 9	根據香港財務報告準則第9號截至二零一八年一月一日之減值虧損撥備	256,686

(iii) Hedge accounting

The Group has chosen to continue to apply HKAS 39 hedging requirements rather than those of HKFRS 9.

(2) HKFRS 15, Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specified the accounting for construction contracts.

The Group performed an assessment of the new standard and concluded that the current treatment of revenue from contracts with customers is consistent with the new principles. The adoption of HKFRS 15 does not have any material impact on the Group's financial position and there is no transitional impact to retained earnings. Under HKFRS 15, a receivable is recognized only if the Group has an unconditional right to consideration. If the Group recognizes the related revenue before receiving the consideration or being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. The contract asset is transferred to receivables when the right to consideration becomes unconditional. Similarly, a contract liability, rather than a payable, is recognized when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognizes the related revenue.

2. 主要會計政策(續)

(d) 會計政策變動(續)

(1) 香港財務報告準則第9號，金融工具(續)

(ii) 信貸虧損(續)

期初結餘調整

下表載列根據香港會計準則第39號所釐定截至二零一七年十二月三十一日之期終減值虧損撥備與根據香港財務報告準則第9號所釐定截至二零一八年一月一日之期初減值虧損撥備之對賬。

	HK\$'000 千港元
根據香港會計準則第39號截至二零一七年十二月三十一日之減值虧損撥備	289,031
於二零一八年一月一日就下列各項確認額外減值虧損撥備：	
– 現金及短期資金	2,130
– 銀行同業及其他金融機構結餘	911
– 商業票據	417
– 以攤銷成本計量之債務證券	39,230
– 與信貸有關之承擔及或然項目	10,068
於二零一八年一月一日就下列各項確認減值虧損扣減：	
– 客戶貸款	(85,101)
根據香港財務報告準則第9號截至二零一八年一月一日之減值虧損撥備	256,686

(iii) 對沖會計處理

本集團已選擇繼續應用香港會計準則第39號對沖規定而非香港財務報告準則第9號對沖規定。

(2) 香港財務報告準則第15號，與客戶之間的合約產生的收益

香港財務報告準則第15號制訂一個確認來自客戶合約收益及若干成本的全面架構。香港財務報告準則第15號取代涵蓋來自銷售貨品及提供服務而產生的收益的香港會計準則第18號，收益，以及規定建造合約的會計處理的香港會計準則第11號，建造合約。

本集團對此新準則進行評估，認為現有與客戶之間的合約產生的收益之會計處理方法與新準則是一致的。採納香港財務報告準則第15號對本集團的財務狀況並無任何重大影響，亦不會對保留溢利構成過渡性影響。根據香港財務報告準則第15號，僅當本集團擁有代價的無條件權利時方確認應收賬款。若本集團於收到合約內承諾的貨品及服務的代價或無條件享有該代價之前確認相關收益，則該項收取代價的權利被分類為合約資產。當收取代價的權利成為無條件時，合約資產轉至應收賬款。同樣，當客戶支付代價或被合約要求支付的代價且該款項已到期應付時，在本集團確認相關收益前會確認合約負債(而非應付款項)。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Investments in subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

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

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

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

(f) Interests in associates

An associate is an entity 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.

The investment in an associate in the Philippines is not equity accounted for in the consolidated financial statements as it is considered by the directors to be immaterial to the Group. It is stated at cost less impairment losses in the Group's and the Bank's statement of financial position. The result of this associated company is included in the Group's and the Bank's profit or loss to the extent of dividends receivable.

The investment in an associate in the People's Republic of China is accounted for in the consolidated financial statements under the equity method. It is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's net identifiable 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, if any (see Note 2(y)). The Group's share of the post-acquisition, post-tax results of the associate and any impairment losses for the year are recognized in profit or loss. The Group's share of the post-acquisition, post tax items of the associate's other comprehensive income is recognized in the Group's other comprehensive income.

2. 主要會計政策(續)

(e) 附屬公司投資

附屬公司為本集團控制之實體。當本集團因參與實體業務而對浮動回報承擔風險或享有權利，以及能運用權力影響該等回報金額時，本集團即具有該實體之控制權。在評估本集團是否擁有權力時，只會考慮實質權利(由本集團及其他人士持有者)。

於附屬公司之投資自控制開始日期會併入綜合財務報告內直至控制結束日期。

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

於本行之財務狀況表中，其於附屬公司的投資乃按成本值減去減值虧損(如有)列賬(見附註2(p))。

(f) 於聯營公司之權益

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

由於董事認為於菲律賓之聯營公司的投資對本集團的影響並不重大，故並無以權益法計入綜合財務報告，而於本集團及本行之財務狀況表中按成本值扣除減值虧損列賬。該聯營公司之業績以應收股息於本集團及本行的損益賬中列賬。

於中華人民共和國之聯營公司的投資按權益法計入綜合財務報告，該投資於初始時以成本入賬，並就本集團應佔被投資方的可識別淨資產於收購日期的公平價值超過投資成本的部分(如有)作出調整。其後，該投資就本集團應佔該聯營公司淨資產及有關該投資之任何減值虧損(如有)(見附註2(y))在收購後的變動作出調整。本集團應佔聯營公司收購後及除稅後業績以及任何本年度減值虧損於損益賬內確認。本集團應佔聯營公司收購後及除稅後其他全面收益則於本集團之其他全面收益確認。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**(f) Interests in associates** (continued)

If the Group's share of losses exceeds its interest in the associate, the Group's interest would be 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. The Group's interest in the associate is the carrying amount of the investment under the equity method. In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognized in profit or loss.

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

In the Bank's statement of financial position, its investments in both associates are stated at cost less impairment losses, if any (see Note 2(p)).

(g) Goodwill

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) 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 recognized immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less 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 (see Note 2(y)). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the interest in associates and the investment as a whole is tested for impairment whenever there is objective evidence of impairment (see Note 2(y)).

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

2. 主要會計政策 (續)**(f) 於聯營公司之權益** (續)

若本集團應佔的虧損超過其於該聯營公司的權益，則本集團的權益會撇減至零；除非本集團已產生法定、推定責任或代該聯營公司作出付款，否則不會繼續確認進一步虧損。本集團於聯營公司的權益，是按照權益法計算投資的賬面值。於所有其他情況下，當本集團對聯營公司不再有重大影響時，按出售於該投資對象的全部權益入賬，由此而產生的收益或虧損於損益賬內確認。

本集團與其聯營公司之間交易所產生的未變現損益，是以本集團於聯營公司所佔的權益為限予以抵銷；但假如未變現虧損顯示已轉讓資產出現減值，則這些未變現虧損會即時在損益賬內確認。

本行財務狀況表所示於兩間聯營公司的投資，是按成本減去減值虧損(如有)後入賬(見附註2(p))。

(g) 商譽

商譽指

- (i) 已轉移代價之公平價值、佔被收購方之任何非控股權益金額及本集團早前所持被收購方股權之公平價值三者之總金額；超出
- (ii) 於收購日期計算所得被收購方之可辨別資產及負債之公平淨值。

如(ii)大於(i)，則超出之數即時在損益賬內確認入賬，作為議價收購收益。

商譽是按成本減去累計減值虧損後列賬。因業務合併而產生之商譽，會分配至預期可受惠於合併協同效應之各個現金產生單位或各組現金產生單位，並且每年接受減值測試(見附註2(y))。就聯營公司而言，商譽之賬面值乃計入聯營公司權益之賬面值，而投資則於有減值之客觀證據顯示減值時，接受整體減值測試(見附註2(y))。

於本年度出售現金產生單位時，所購入商譽應佔的任何金額均列入出售盈虧計算中。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments

(i) Initial recognition

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in debt and equity securities are recognized/derecognized on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognized directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification.

(ii) Categorization

Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortized cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;
- FVOCI (recycling), if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognized in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognized, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or
- FVPL, if the investment is held for trading or otherwise does not meet the criteria for being measured at amortized cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognized in profit or loss.

2. 主要會計政策(續)

(h) 金融工具

(i) 初始確認

本集團有關債務及股本證券投資(不包括於附屬公司、聯營公司及合營公司的投資)之政策如下:

債務及股本證券投資於本集團承諾購買時確認, 出售該投資時除列賬目。投資初步按公平價值加直接交易成本列賬。惟按指定為通過損益以反映公平價值之投資除外, 有關投資之交易成本直接於損益賬內確認。該等投資其後視乎其分類按下列方式列賬。

(ii) 分類

股本投資以外的投資

本集團持有的非股本投資分為以下其中一個計量類別:

- 攤銷成本, 倘持有該投資目的為收取合約現金流, 而該現金流純粹為支付本金和利息。投資的利息收入採用實際利率法計算;
- 以公平價值於其他全面收益計量(循環), 倘投資的合約現金流純粹為支付本金及利息, 及投資是在一種目標為通過收取合約現金流及銷售之商業模式中進行。公平價值變動須計入其他全面收益, 除確認在損益賬內的預期信貸虧損、利息收入(採用實際利率法計算)及匯兌損益外。當終止確認該投資時, 在其他全面收益中累計的金額會從權益循環轉入損益; 或
- 通過損益以反映公平價值, 倘該投資持作交易用途, 或不符合以攤銷成本或以公平價值於其他全面收益計量(循環)的標準。投資的公平價值變動(包括利息)在損益賬內確認。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**(h) Financial instruments** (continued)**(ii) Categorization** (continued)*Equity investments*

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. The FVOCI designation is made when the non-trading equity investments are expected to be held for long-term strategic purposes. Where such an election is made, the amount accumulated in other comprehensive income remains in the investment revaluation reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the investment revaluation reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognized in profit or loss as other operating income.

(iii) Fair value measurement principles

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

If there is no publicly available latest traded price nor a quoted market price on a recognized stock exchange, a price from a broker/dealer for non-exchange-traded financial instruments is used. If the market for a financial instrument is not active, the fair value of the instrument is estimated using a valuation technique that provides a reliable estimate of the price which could be obtained in an actual market transaction.

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 end of the reporting period applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the end of the reporting period.

(iv) Derecognition

A financial asset is derecognized 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 derecognized when the obligation specified in the contract is discharged, cancelled or expired.

2. 主要會計政策(續)**(h) 金融工具**(續)**(ii) 分類**(續)*股本投資*

股本證券投資會被分類為通過損益以反映公平價值，除非該等股本投資並非以交易為目的持有，且於初步確認投資時，本集團選擇指定投資以公平價值於其他全面收益計量(非循環)，由此，隨後公平價值之變動於其他全面收益內確認。該等選擇以個別工具為基礎作出，但僅會在發行人認為該投資符合股本之定義的情況下作出。作出指定以公平價值於其他全面收益計量乃由於非交易股本投資預計以長期策略為目的持有。作出該選擇後，於其他全面收益內累計之金額仍將保留在投資重估儲備(非循環)內直至完成投資出售。於出售時，於投資重估儲備(非循環)內累計之金額會轉入保留溢利，並不會透過損益循環。股本證券投資產生之股息(不論分類為通過損益以反映公平價值或以公平價值於其他全面收益計量(非循環))均會於損益內確認為其他運營收入。

(iii) 計量公平價值之原則

金融工具的公平價值最理想地是於報告期末根據其市場報價但未減除將來的估計出售成本。金融資產按買入現價作價，而金融負債則按賣出現價作價。

如並沒有認可交易所的最新公開成交價或市場報價，經紀或交易商的報價會被用作非交易所買賣金融工具的報價。若金融工具的市場不流通，則公平價值按估值模式計算，而該估值模式可根據市場實際交易提供可靠的估計價格。

當採用現金流折算計價模式，需依據管理層對日後現金流之最佳估計，並採用在報告期末具相近條款及條件的工具所適用之市場利率作為折算率。當採用其他計價模式時，輸入資料是依據報告期末的市場數據。

(iv) 終止確認

當收取金融資產現金流之合約權利到期時或者該金融資產連同擁有之絕大部分風險及回報被轉移時，金融資產將被終止確認。

當合約的義務已被履行、取消或期滿，本集團終止確認該金融負債。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(v) Offsetting

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

(vi) Modified financial instruments

Financial assets and financial liabilities whose original contractual terms have been modified, including those loans subject to forbearance strategies, are considered to be modified instruments. Modifications may include changes to the tenor, cash flows and or interest rates amongst other factors.

Where derecognition of financial assets is appropriate, the newly recognized residual loans are assessed to determine whether the assets should be classified as purchased or originated credit impaired assets ("POCI").

Where derecognition is not appropriate, the gross carrying amount of the applicable instruments are recalculated as the present value of the renegotiated or modified contractual cash flows discounted at the original effective interest rate (or credit adjusted effective interest rate for POCI financial assets). The difference between the recalculated values and the pre-modified gross carrying values of the instruments are recorded as a modification gain or loss in profit or loss.

(i) Repurchase and reverse repurchase transactions

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

Securities purchased under agreements to resell (reverse repurchase agreements) are reported as receivables and are carried at amortized cost.

Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements is recognized as interest income and interest expense respectively, over the life of each agreement using the effective interest method.

(j) Derivative financial instruments

Derivative financial instruments are recognized at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

2. 主要會計政策(續)

(h) 金融工具(續)

(v) 對銷

若存在一項可依法強制執行的權利可對銷已確認金額，且亦有意以淨額結算或同時變現資產及償付債務，則金融資產及金融負債均予對銷，並把淨金額列入財務狀況表內。

(vi) 經修改金融工具

原合約條款已予修改的金融資產及金融負債(包括受暫緩還款策略所限的貸款)被視為經修改工具。修改可包括期限、現金流或利率方面的變動及其他因素。

倘終止確認金融資產屬恰當，則會對新確認的剩餘貸款進行評估，以釐定資產應否分類為購買或產生的信貸減值資產。

倘終止確認金融資產屬不恰當，則會重新計算適用工具的賬面總值為重議或經修改的合約現金流的現值，並按原來實際利率(或購買或產生的信貸減值金融資產的經信貸調整實際利率)折現。該等工具經重新計算的價值與修改前的賬面總值之間的差異於損益賬入賬列作經修改收益或虧損。

(i) 回購交易和反向回購交易

根據同步協議(回購協議)售出並在之後某特定時間以固定價格回購的證券會保留在財務報告內並根據該等證券之原來計量原則計量。出售所得款項乃列作負債，並按攤銷成本列賬。

根據轉售協議(反向回購協議)購買之證券乃列作為應收款項，並按攤銷成本列賬。

反向回購協議所賺取之利息與回購協議產生之利息，分別於各個協議有效期間採用實際利率法確認為利息收入及利息支出。

(j) 衍生金融工具

衍生金融工具以公平價值確認。於各報告期末，其公平價值被重新計量。因重新計量公平價值而產生之收益或虧損於損益賬內即時確認，除該衍生金融工具符合現金流對沖會計，或對沖在外國經營之淨投資，在此情況下，確認任何因此產生的收益或虧損將取決於對沖項目之性質。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**(k) Hedging**

Hedge accounting recognizes the offsetting effects on profit or loss of changes in the fair values of the hedging instruments and the hedged items. The Group assesses and documents whether the financial instruments that are used in hedging transactions are highly effective in offsetting changes in fair values of hedged items attributable to the hedged risks both at hedge inception and on an ongoing basis. Under HKAS 39 hedge accounting is classified into three categories: (a) fair value hedges; (b) cash flow hedges; and (c) net investment hedges. The Group only applies hedge accounting for fair value hedging of certain fixed rate debt securities measured at amortized cost and certificates of deposit issued.

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

(i) Fair value hedge

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

The hedging instruments are measured at fair value, with fair value changes recognized in profit or loss. The carrying amounts of the hedged items are adjusted by the changes in fair value attributable to the risk being hedged. These adjustments are recognized in profit or loss to offset the effect of gains or losses on the hedging instruments.

When a hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes designation of the hedge relationship any adjustment up to that point, to a hedged item for which the effective interest method is used, is amortized to profit or loss as part of the recalculated effective interest rate of the item over its remaining life.

(ii) Hedge effectiveness testing

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

The documentation of each hedging relationship sets out how the effectiveness of the hedge is assessed. The method which the Group adopts for assessing hedge effectiveness will depend on its risk management strategy.

2. 主要會計政策(續)**(k) 對沖**

對沖會計處理確認對沖工具及對沖項目之公平價值變動對溢利或虧損之抵銷效應。本集團於對沖交易開始時及於日後繼續評估對沖交易中採用之金融工具是否能高度有效地抵銷對沖項目因對沖風險所引致之公平價值變動，並將記錄有關評估。根據香港會計準則第39號，對沖會計處理分為三類：(a)公平價值對沖；(b)現金流量對沖及(c)投資淨額對沖。本集團僅對若干按攤銷成本計量之定息債務證券及已發行存款證的公平價值對沖應用對沖會計處理。

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

(i) 公平價值對沖

公平價值對沖目的是為抵銷已確認資產及負債的公平價值變動之風險(該等變動將導致須在損益賬內確認損益)。

對沖工具按公平價值列賬，其公平價值變動於損益賬內確認。對沖項目之賬面值按所對沖之風險所導致之公平價值變動作出調整。此等調整在損益賬內確認，以抵銷對沖工具所產生之損益之影響。

當對沖工具到期或被出售、終止或被行使，對沖不再符合對沖會計法的標準，或本集團撤銷了指定的對沖關係時，截至當時為止對使用實際利率法計算的被對沖項目的任何調整，會在損益賬內攤銷，作為在該項目的剩餘期間重新計算其實際利率的一部分。

(ii) 對沖有效性測試

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

每項對沖關係均備有詳細文件載列該項對沖有效性之評估方法。本集團就評估對沖的有效性而採用的方法取決於其風險管理策略。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Hedging (continued)

(ii) Hedge effectiveness testing (continued)

The Group utilises both cumulative dollar offset method and regression analysis as the effectiveness testing methodologies for retrospective testing. For prospective effectiveness, the hedging instruments must be expected to be highly effective in achieving offsetting changes in fair value attributable to the hedged risk during the period for which the hedge is designated and is typically demonstrated through matching of critical terms. For actual effectiveness, the hedging instrument should demonstrate that it is highly effective in offsetting changes in fair value attributable to the hedged risk. The Group considers that where changes in fair value offset each other in the range of 80 percent to 125 percent the hedge is highly effective.

(l) Property and equipment

The Group's leasehold land and buildings are held under leasehold agreements and, in the absence of reliable information to allow separation of the land and buildings components under the leases the land and buildings are accounted for as properties.

These leasehold land and buildings are stated at their revalued amount, being their fair value at the date of the revaluation less any subsequent accumulated depreciation. Revaluations are performed with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the end of the reporting period.

Changes arising on the revaluation of properties are generally dealt with in other comprehensive income and are accumulated separately in equity in the premises revaluation reserve. The only exceptions are as follows:

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

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

2. 主要會計政策(續)

(k) 對沖(續)

(ii) 對沖有效性測試(續)

本集團使用累計價值抵銷法及回歸分析作為追溯測試的有效性測試方法。就預計有效性而言，對沖工具必須預期在指定對沖期間內能高度有效地抵銷所對沖風險而導致之公平價值變動，通常通過配對關鍵條款顯示有效性。就實際有效性而言，對沖工具必須能夠顯示能夠高度有效地抵銷所對沖風險導致之公平價值變動。本集團認為，公平價值變動抵銷比率在80%至125%的範圍內才被視為高度有效。

(l) 物業及設備

本集團根據租賃協議持有租賃土地及樓宇，在無可靠資料以允許根據租約分開土地和樓宇之組成部分情況下，土地及樓宇列作物業入賬。

該等租賃土地及樓宇乃按其重估金額(即其於重估日期的公平價值扣除其後任何累計折舊)列賬。本集團會定期進行評估以確保於報告期末該等資產之賬面值與使用公平價值釐定之價值沒有重大差異。

重估物業產生之變動一般認列於其他全面收益內，並於權益項下之物業重估儲備中獨立累計。惟下列情況除外：

- 當重估出現虧絀時，虧絀超出同一資產於緊接重估前之儲備款額會自損益扣除；及
- 當因重估而出現盈餘時，倘同一資產以往曾有重估虧絀自損益扣除時，則本次重估盈餘將計入損益，惟上限為以往曾自損益賬內扣除之重估虧絀。

倘若該固定資產所發生的後續費用能產生未來經濟收益(超出現有資產之初始評定之表現標準)並流向本集團，該筆費用會附加於相關資產之賬面值。其他所有後續費用於其產生期間被確認為開支。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**(l) Property and equipment** (continued)

Gains or losses arising from the retirement or disposal of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of the assets and are recognized in profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the premises revaluation reserve to retained earnings and is not reclassified to profit or loss.

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

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

Where parts of an item of property and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(m) Assets held for sale

An asset is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset is available for sale in its present condition.

Immediately before classification as held for sale, the measurement of the assets is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the assets (except for certain assets as explained below), are recognized at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group are concerned are deferred tax assets, assets arising from employee benefits and financial assets (other than investments in subsidiaries, associates and joint ventures). These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in Note 2.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognized in profit or loss. As long as an asset is classified as held for sale, the asset is not depreciated or amortized.

2. 主要會計政策(續)**(l) 物業及設備**(續)

固定資產報廢或出售產生的盈虧乃根據有關資產出售所得款項淨額與其賬面值之差額而釐定，並於報廢或出售當日於損益賬內確認。任何相關重估盈餘乃自物業重估儲備轉撥至保留盈利，且不會重新分類至損益。

物業和設備項目於預計可用期限內以直線法攤銷成本或估值以計算折舊如下：

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

當物業和設備項目之部件有不同使用期限時，每個部件的成本或估值會被合理地分拆並分開折舊。資產之使用期限及其殘值(如有)均須每年進行覆核。

(m) 持作出售之資產

如資產賬面值極大可能透過出售交易而收回，而並非透過持續使用，及其現時狀況為可供出售，則此資產分類為持作出售。

分類為持作出售前，資產之計量根據分類前之會計政策計至截至分類當日止。其後於初始分類為持作出售及直至出售期間，資產(不包括下列所解釋之若干資產)按其賬面值及公平價值減出售成本之較低者確認。就本集團之財務報告而言，此計量政策之主要例外為遞延稅項資產、僱員福利產生之資產及金融資產(不包括於附屬公司、聯營公司及合營公司之投資)。該等資產(即使持作出售)將持續根據附註2所載之政策計量。

於初始分類為持作出售以及於列作持作出售之期間重新計量而產生之減值虧損，在損益賬內確認。只要資產被分類為持作出售，該資產即不予折舊及攤銷。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Leases and hire purchase contracts

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of leased assets

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

(ii) Finance leases

Where the Group is a lessor under finance leases, an amount representing the net investment in the lease is included in the statement of financial position as advances to customers. Hire purchase contracts having the characteristics of finance leases are accounted for in the same manner as finance leases. Impairment losses are accounted for in accordance with the accounting policy for impairment (see Note 2(p)).

(iii) Operating leases

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

(o) Repossessed assets

During the recovery of impaired advances to customers, the Group may take repossession of assets held as collateral through court proceedings or voluntary delivery of possession by the borrowers. Where it is intended to achieve an orderly realization of the impaired assets and the Group is no longer seeking repayment from the borrower, repossessed assets are reported in "Accrued interest and other assets" and the relevant loans and advances are derecognized. The Group does not hold repossessed assets for its own use.

Repossessed assets are initially 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 amortized.

Impairment losses on subsequent remeasurement are recognized in profit or loss. Any gains on subsequent remeasurement are recognized in profit or loss subject to a cap at the amount of related loans and advances at the date of exchange.

2. 主要會計政策(續)

(n) 租約及租購合約

倘本集團確定一項安排具有在協定期限內通過支付一筆或一系列款項，而使用某一特定資產或多項資產之權利，則該安排(由一宗交易或一系列交易組成)為租賃或包括租賃。該釐定乃根據安排之內容評估而作出，而非按安排是否具備租賃之法律形式。

(i) 租賃資產分類

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

(ii) 融資租約

凡本集團根據融資租約為出租人時，相當於租約中投資淨額之款項作為客戶貸款計入財務狀況表內。具有融資租約特徵之租購合約以同樣方式列賬為融資租約。減值虧損根據減值之會計政策入賬(見附註2(p))。

(iii) 經營租約

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

(o) 收回資產

於收回已減值客戶貸款期間，本集團可能透過法院訴訟或由借方自願交付財產以收回持作抵押之資產。倘預期減值資產將有秩序地變現及本集團不再尋求借方還款時，收回資產在報告內呈列為「應計利息及其他資產」，而相關借款及貸款則撤銷確認。本集團並無收回資產作為自用。

收回資產最初按相關借款及貸款之款額及公平價值減出售成本之較低者於交易日期記錄，且不折舊或攤銷。

其後重新計量之減值虧損於損益賬內確認。其後重新計量之收益於損益賬內確認，惟上限為於交易日期相關借款及貸款之金額。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Credit losses and impairment of assets

HKFRS 9 replaces the incurred loss model in HKAS 39 with the ECL model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognizes ECLs earlier than under the incurred loss accounting model in HKAS 39.

The Group applies the ECL model on all financial assets that are measured at amortized cost, including cash and short-term funds, balances with banks and other financial institutions, advances to customers, trade bills, debt securities measured at amortized cost, and credit related commitments and contingencies. The Group does not recognize ECL in respect of accrued interest and others assets as the impact is considered to be immaterial.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For credit related commitments and contingencies, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the credit related commitments and contingencies draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof.
- variable-rate financial assets: current effective interest rate.
- credit related commitments and contingencies: current risk-free rate adjusted for risks specific to the cash flows.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

2. 主要會計政策(續)

(p) 信貸虧損及資產減值

香港財務報告準則第9號以預期信貸虧損模式取代香港會計準則第39號已產生虧損模式。預期信貸虧損模式要求持續計量與金融資產相關的信貸風險，因此較香港會計準則第39號已產生虧損會計模式更早確認預期信貸虧損。

本集團將預期信貸虧損模式應用於以攤銷成本計量之金融資產(包括現金及短期資金、銀行同業及其他金融機構結餘、客戶貸款、商業票據、以攤銷成本計量之債務證券及與信貸有關之承擔及或然項目)。由於有關影響被視為輕微，故本集團並無就應計利息及其他資產確認預期信貸虧損。

計量預期信貸虧損

預期信貸虧損為信貸虧損的概率加權估計。信貸虧損以所有預期現金不足額(即本集團根據合約應得的現金流與本集團預期可收取的現金流之間的差額)之現值估算。

對於與信貸有關之承擔及或然項目，預期現金不足額以(i)倘與信貸有關之承擔及或然項目持有人提取貸款，本集團應得的合約現金流與(ii)倘貸款獲提取，本集團預期可收取的現金流之間的差額計量。

倘貼現影響重大，預期現金不足額依以下貼現率貼現：

- 固定利率金融資產、貿易及其他應收款項以及合約資產：初始確認時釐定的實際利率或其近似值。
- 浮動利率金融資產：當前實際利率。
- 與信貸有關之承擔及或然項目：針對現金流特定風險調整的當前無風險利率。

估計預期信貸虧損時考慮的最長期限為本集團面臨信貸風險的最長合約期。

在計量預期信貸虧損時，本集團會考慮毋須付出過份的成本或努力可得合理且可支持的資料，包括過去事件、當前狀況和未來經濟狀況預測的資料。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Credit losses and impairment of assets (continued)

Measurement of ECLs (continued)

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group recognizes a loss allowance equal to 12-month ECLs (“Stage 1”) unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs (“Stage 2” or, where classified as credit impaired, “Stage 3”).

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including credit related commitments and contingencies) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Financial assets that are 30 days or more days past due and not credit impaired will always be considered to have a significant increase in credit risk. In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument’s external or internal credit rating (if available); or
- an actual or expected significant deterioration in the operating results of the debtor; and existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor’s ability to meet its obligation to the Group.

The Group assumes that there is no significant increase in credit risk when a financial instrument is determined to have low credit risk at the reporting date. For cash and short-term funds, balances with banks and other financial institutions and debt securities measured at amortized cost, the Group is utilizing the low credit risk simplified approach. All obligors with investment grade ratings based on external rating agencies are allocated to Stage 1.

2. 主要會計政策(續)

(p) 信貸虧損及資產減值(續)

計量預期信貸虧損(續)

預期信貸虧損乃通過以下其一基礎計量：

- 12個月預期信貸虧損：為預計在報告日期後12個月內可能發生違約事件造成的損失；或
- 全期預期信貸虧損：為預計由預期信貸虧損模式適用項目之預計可用年期內可能發生所有違約事件導致之損失。

本集團確認相當於12個月預期信貸虧損(「第1階段」)之虧損撥備，除非自初始確認以來金融工具的信貸風險顯著增加，在此情況下，虧損撥備計量相等於全期預期信貸虧損(「第2階段」，或倘分類為信貸減值，則為「第3階段」)金額。

信貸風險顯著增加

在評估金融工具(包括與信貸有關之承擔及或然項目)的信貸風險是否顯著增加時，本集團比較金融工具於報告日與初始確認日所評估的違約風險。本集團考慮合理且可支持的定量和定性資料，包括毋須付出過份的成本或努力所得之歷史經驗和前瞻性資料。

逾期30天或以上且並無出現信貸減值的金融資產將一直被視為出現信貸風險顯著增加的情況。在評估自初始確認後信貸風險是否顯著增加時會特別考慮以下資料：

- 未能在合約到期日支付本金或利息；
- 金融工具的外部或內部信用評級(如有)實際或預期顯著惡化；或
- 債務人經營業績實際或預期顯著惡化；及技術、市場、經濟或法律環境之現有或預測變化，對債務人履行其對本集團義務的能力產生重大不利影響。

若金融工具於報告日為低信貸風險，則本集團假設其信貸風險並未顯著增加。本集團就現金及短期資金、銀行同業及其他金融機構結餘及以攤銷成本計量之債務證券採用低信貸風險簡化方法。所有被外部評級機構評定為投資級別的債務人均被分配至第1階段。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Credit losses and impairment of assets (continued)

Significant increases in credit risk (continued)

For credit related commitments and contingencies, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a credit related commitment and contingency, the Group considers changes in the risk of default occurring on the loan to which the credit related commitment and contingency relates.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment loss or write-back of impairment loss in profit or loss. The Group recognizes an impairment loss or write-back of impairment loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income on credit-impaired (or defaulted) financial assets

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the gross carrying amount less loss allowance of the financial asset.

Financial assets are considered to be credit-impaired where the obligors are unlikely to pay on the occurrence of one or more observable events that have a detrimental impact on the estimated future cash flows of the financial asset. Financial assets that are credit-impaired (or defaulted) include those that are at least 90 days past due in respect of principal and/or interest. It may not be possible to identify a single discrete event but instead the combined effect of several events may cause financial assets to become credit-impaired.

Evidence that a financial asset is credit-impaired (or defaulted) includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a past due event or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganization;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

2. 主要會計政策(續)

(p) 信貸虧損及資產減值(續)

信貸風險顯著增加(續)

對於與信貸有關之承擔及或然項目，為評估預期信貸虧損，初始確認的日期為本集團成為不可撤銷承諾一方的日期。在評估自初始確認與信貸有關之承擔及或然項目以來信貸風險是否顯著增加時，本集團考慮與信貸有關之承擔及或然項目所涉及的貸款發生違約風險之變化。

預期信貸虧損在每個報告日被重新計量，以反映自初始確認以來金融工具信貸風險的變化。預期信貸虧損金額的任何變動均於損益賬內確認為減值虧損，或回撥減值虧損。本集團確認所有金融工具的減值虧損或回撥減值虧損，並通過虧損撥備賬對其賬面金額進行相應調整。

信貸減值(或違約)金融資產的利息收入之計算基礎

利息收入乃根據金融資產之賬面總額計算，惟金融資產出現信貸減值者除外，在此情況下，利息收入乃根據金融資產賬面總額減虧損撥備計算。

金融資產在債務人於發生一項或多項對金融資產的估計未來現金流產生不利影響的可觀察事件時不太可能付款的情況下被視為信貸減值。信貸減值(或違約)金融資產指本金及/或利息逾期最少90天的金融資產。單一個別事件可能無法被識別，惟多項事件的共同影響可導致金融資產出現信貸減值。

金融資產出現信貸減值(或違約)的證明包括以下可觀察事件：

- 債務人面對重大財務困難；
- 違約，例如逾期事件或拖欠利息或本金付款；
- 借款人很可能破產或進行其他財務重組；
- 對債務人產生不利影響的技術、市場、經濟或法律環境之重大變動；或
- 由於發行人遭遇財務困難以致活躍證券市場不復再。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Credit losses and impairment of assets (continued)

Basis of calculation of interest income on credit-impaired (or defaulted) financial assets (continued)

Credit losses against credit-impaired financial assets are determined based on an assessment of the recoverable cash flows under a range of scenarios, including the realization of any collateral held where appropriate. The loss provisions held represent the difference between the present value of the cash flows expected to be recovered, discounted at the instrument's original effective interest rate, and the gross carrying value of the instrument prior to any credit impairment.

Modified financial instruments

Where the original contractual terms of a financial asset have been modified for credit reasons and the instrument has not been derecognized, the resulting modification loss is recognized within impairment in the profit or loss with a corresponding decrease in the gross carrying value of the asset. If the modification involved a concession that the Group would not otherwise consider, the instrument is considered to be credit-impaired.

These assets are assessed to determine whether there has been a significant increase in credit risk subsequent to the modification. Although loans may be modified for non-credit reasons, a significant increase in credit risk may occur. ECL for modified financial assets that have not been derecognized and are not considered to be credit-impaired will be recognized on a 12-month basis, or a lifetime basis, if there is a significant increase in credit risk.

In addition to the recognition of modification gains and losses, the revised carrying value of modified financial assets will impact the calculation of ECL, with any increase or decrease in ECL recognized within impairment.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment loss in profit or loss in the period in which the recovery occurs.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

2. 主要會計政策(續)

(p) 信貸虧損及資產減值(續)

信貸減值(或違約)金融資產的利息收入之計算基礎(續)

信貸減值金融資產的信貸虧損乃根據一系列情況下的可收回現金流評估釐定，包括於適當時變現任何所持抵押品。所持虧損撥備指預期將予收回的現金流現值(按工具的初始實際利率折現)與工具於出現任何信貸減值前的賬面總值之間的差額。

經修改金融工具

倘金融資產的原本合約條款因信貸原因而被修改且該工具並無被終止確認，則所產生的修改虧損在損益賬內確認為減值，並相應減少該資產的賬面總值。倘修改涉及本集團不會在其他情況下考慮作出的讓步，則該工具被視為出現信貸減值。

本集團會就該等資產進行評估，以釐定修改後信貸風險有否顯著增加。儘管貸款可能因非信貸原因而被修改，信貸風險亦有可能會顯著增加。倘經修改金融資產並無終止確認且不被視為出現信貸減值，該等資產的預期信貸虧損將按12個月基準確認，惟倘信貸風險顯著增加，則按全期基準確認。

除確認修改收益及虧損外，經修改金融資產的經修訂賬面值將影響預期信貸虧損的計算，其中預期信貸虧損的任何增加或減少均在減值中確認。

註銷政策

金融資產賬面總額在並無實際可收回前景的情況下予以註銷(部分或全部)。一般情況為當本集團認定債務人並無資產或收入來源可以產生足夠現金流以償還待註銷之金額。

先前已註銷的資產的後續收回於收回發生期間在損益確認為減值虧損撥回。

本集團對已撇銷的金融資產會繼續追收債務的工作，以遵守本集團收回應收金額的程序。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**(q) Cash equivalents**

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

(r) Employee benefits**(i) Short-term employee benefits**

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

(ii) Defined benefit retirement scheme

The Group's net obligation in respect of its defined benefit retirement scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value and the fair value of any scheme assets is deducted. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the scheme or reductions in future contributions to the scheme. Service cost and net interest expense (income) on the net defined benefit liability (asset) are recognized in profit or loss as part of "Staff costs". Current service cost is measured as the increase in the present value of the defined benefit obligation resulting from employee service in the current period. When the benefits of a scheme are changed, or when a scheme is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognized as an expense in profit or loss at the earlier of when the scheme amendment or curtailment occurs and when related restructuring costs or termination benefits are recognized. Net interest expense (income) for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the net defined benefit liability (asset). The discount rate is the yield at the end of the reporting period on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. Remeasurements arising from defined benefit retirement schemes are recognized in other comprehensive income and reflected immediately in retained earnings. Remeasurements comprise actuarial gains and losses, the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).

2. 主要會計政策(續)**(q) 等同現金項目**

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

(r) 僱員福利**(i) 短期僱員福利**

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

(ii) 定額福利退休計劃

本集團有關其定額福利退休計劃的淨義務乃估計僱員於本期及過往期間的服務所賺取的未來福利金額而計算；該福利已折現以釐定其現值，並扣減相關資產的公平價值。有關計算由合資格精算師使用預計單位信貸方法進行。倘計算結果對本集團有利，則確認的資產僅限以任何未來由計劃退款或未來減少向計劃供款的方式獲得經濟利益的現值。服務成本及定額福利負債(資產)淨值的利息支出(收入)淨額乃於損益賬內確認為「僱員成本」的一部分。本期服務成本乃按本期僱員服務產生的定額福利責任現值的增加而計量。倘計劃的福利出現變動，或計劃縮短，有關僱員過往服務變動福利的比例，或縮短的收益或虧損於計劃修訂或縮短發生及當有關重組成本或終止福利已確認時較早者於損益賬內確認為支出。期內利息支出(收入)淨額乃應用於報告期初用於計量定額福利責任的折現率折現至定額福利淨負債(資產)而釐定。折現率乃高質素企業債券於報告期末的收益率，有關的債券到期日與本集團所承擔責任的條款相若。定額福利退休計劃產生的重新計量乃於其他全面收入中確認且立即於保留溢利中反映。重新計量包括精算收益及虧損，計劃資產之回報(不包括計入定額福利淨負債(資產)的淨利息內的金額)及資產上限影響的任何變動(不包括計入定額福利淨負債(資產)的淨利息內的金額)。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss 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 recognized in other comprehensive income or directly in equity, respectively.

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

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

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized.

The amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period 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 utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

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 realize 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:

2. 主要會計政策(續)

(s) 所得稅

本年度之所得稅包括即期稅項以及遞延稅項資產及負債之變動。即期稅項以及遞延稅項資產及負債之變動於損益賬內確認，惟與確認為其他全面收益或直接在權益確認之項目相關者除外，在此情況下，相關稅額分別確認於其他全面收益或權益中。

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

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

除若干有限例外情況外，所有遞延稅項負債及所有遞延稅項資產當其甚有可能用於抵銷未來應課稅溢利時均會予以確認。

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

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

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

- 如屬即期稅項資產及負債，本行或本集團擬以淨額基準清償或同時變現資產並清償負債；或
- 如屬遞延稅項資產及負債，被同一稅務機關對以下實體徵收所得稅而產生：

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Income tax (continued)

- 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 realize the related current tax assets and settle the related current tax liabilities on a net basis or realize and settle simultaneously.

(t) Provisions and contingent liabilities

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

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

(u) Revenue recognition

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

(i) Interest income

Effective interest rate

Interest income and expense for all interest-bearing financial instruments are recognized in the profit or loss on an accruals basis using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument but not expected credit losses. For financial assets that were purchased or originated credit-impaired on initial recognition, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses (i.e. no expected credit loss provision is required at initial recognition).

2. 主要會計政策(續)

(s) 所得稅(續)

- 同一個應課稅實體；或
- 不同的應課稅實體，在未來每一個預期將清償或收回重大數額之遞延稅項資產及負債的期間，該等實體擬以淨額基準變現即期稅項資產及清償即期稅項負債或兩者同時進行。

(t) 撥備及或然負債

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

倘可能無須付出經濟利益，或未能可靠估計付出之金額，有關義務則披露為或然負債，除非付出經濟利益之可能性極微。需就一項或多項未來事件發生與否方能確認之可能義務亦只披露為或然負債，除非付出經濟利益之可能性極微。

(u) 收益確認

收益乃按已收或應收代價之公平價值計量。當經濟利益很可能流入本集團，而收益及成本(倘適用)能可靠地計算時，收益會按下列方式在損益賬內確認：

(i) 利息收入

實際利率

所有計息金融工具的利息收入及開支按應計基準採用實際利率法於損益賬內確認。

實際利率是將金融工具在預計年期產生的預計未來現金付款或收入準確折算為金融資產之賬面總值或金融負債之攤銷成本之比率。

當計算信貸減值資產以外的金融工具的實際利率時，本集團在估計現金流時須考慮金融工具的所有合約條款，但不考慮預期信貸虧損。對於初始確認時購買或產生信貸減值的金融資產，信貸調整實際利率使用預計未來現金流(包括預期信貸虧損)計算(即於初始確認時無需考慮信貸虧損撥備)。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Revenue recognition (continued)

(i) Interest income (continued)

Effective interest rate (continued)

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. The transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortized cost and gross carrying amount

The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were purchased or originated credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

For information on when financial assets are credit-impaired, please refer to Note 2(p).

(ii) Net income from financial instruments designated at FVPL and net trading income

Net income from financial instruments designated at FVPL and net trading income comprise all gains and losses from changes in fair value (net of accrued coupon) of such financial assets and financial liabilities, foreign exchange differences and dividend income attributable to those financial instruments.

2. 主要會計政策(續)

(u) 收益確認(續)

(i) 利息收入(續)

實際利率(續)

計算實際利率時計及屬實際利率重要組成部分的交易成本及費用及已付或已收點數。交易成本為收購或發行金融資產或金融負債直接應佔的增量成本。

攤銷成本及賬面總值

金融資產或金融負債的「攤銷成本」應當以金融資產或金融負債的初始確認金額經下列調整後的結果確定：扣除已償還的本金、加上或減去採用實際利率法將該初始確認金額與到期日金額之間的差額進行攤銷形成的累計攤銷額及，就金融資產而言，扣除任何預期信貸虧損撥備。

「金融資產的賬面總值」指在任何預期信貸虧損撥備調整前金融資產的攤銷成本。

計算收益利息及開支

於計算收益利息及開支時，資產的賬面總值（當資產為非信貸減值）或負債的攤銷成本採用實際利率。

然而，對於初始確認後出現信貸減值的金融資產，利息收入的計算方法是將實際利率應用於金融資產的攤銷成本。若資產不再為信貸減值，則利息收入的計算將恢復為總額。

對於初始確認時購買或產生信貸減值的金融資產，利息收入的計算方法是將信貸調整實際利率應用於資產的攤銷成本。即使資產的信貸風險有所改善，利息收入的計算亦不會恢復為總額。

有關金融資產何時出現信貸減值的資料，請參閱附註2(p)。

(ii) 指定為通過損益以反映公平價值之金融工具淨收益以及交易淨收益

指定為通過損益以反映公平價值之金融工具淨收益以及交易淨收益，包括來自該等金融資產及金融負債之公平價值變動(扣除應計票息)之所有盈利及虧損、外匯差額及該等金融工具應佔之股息收入。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Revenue recognition (continued)

(iii) Fee and commission income

Fee and commission income arises on financial services provided by the Group including cash management services, brokerage services, investment banking services, investment management services and project and structured finance transactions services. Fee and commission income is recognized 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 recognized as income in the accounting period in which the costs or risk is incurred or is accounted for as interest income.

Origination or commitment fees received by the Group which result in the creation or acquisition of a financial instrument are deferred and recognized as an adjustment to the effective interest rate unless it is a trading asset or liability or a financial asset designated at FVPL. In this case it is immediately recognized in profit or loss. If the commitment expires without the Group making a loan, the fee is recognized as revenue on expiry.

(iv) Finance income from finance lease and hire purchase contracts

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

(v) Rental income from operating lease

Rental income received under operating leases is recognized 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 recognized in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals receivable are recognized as income in the accounting period in which they are earned.

(vi) Dividend income

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

2. 主要會計政策(續)

(u) 收益確認(續)

(iii) 費用及佣金收入

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

本集團已收因建立或購入金融工具而產生之辦理或承擔費用，除有關於持作交易用途之資產或負債或指定為通過損益以反映公平價值之金融資產的相關款項直接於損益賬內確認外，將作為實際利率之調整遞延及確認。如承擔期滿而本集團毋須作出貸款，則該費用於期滿時確認為收益。

(iv) 來自融資租約及租購合約之財務收入

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

(v) 經營租賃產生之租金收入

根據經營租賃收取之租金收入於租賃期間內以等額方式在其他營運收入中確認，但如有另一基準更能代表租賃資產所產生之利益之模式則除外。已授出之租賃獎勵於損益賬內確認為應收總租賃款項淨額的一部分。應收或然租金於所賺取的會計期間確認為收入。

(vi) 股息收入

非上市投資之股息收入於股東收取款項之權利確立為不可撤回時予以確認。上市投資之股息收入於投資項目之股價除息時確認。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Translation of foreign currencies

The Group and the Bank's functional currency is Hong Kong Dollars. Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the end of the reporting period. Exchange gains and losses are dealt with in profit or loss.

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 exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into Hong Kong dollars at exchange rates ruling at the dates the fair value was determined.

Exchange differences relating to financial instruments held at FVPL and derivative financial instruments are included in net income from financial instruments designated at FVPL and net gain/(loss) on derivative financial instruments, respectively. All other exchange differences relating to monetary items are presented as gains less losses from dealing in foreign currencies in profit or loss and are reported within "Other operating income". Differences arising on translation of equity securities designated at FVOCI are recognized in other comprehensive income.

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. Assets and liabilities are translated at the closing rate at the end of the reporting period. All resulting exchange differences are recognized in other comprehensive income and accumulated in equity in the foreign exchange reserve.

On disposal of a foreign operation the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

(w) Related parties

For the purposes of these financial statements, 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.

2. 主要會計政策(續)

(v) 外幣換算

本集團及本行的記賬單位幣別為港元。本年度內外幣交易以交易日之匯率換算為港元。以外幣結算的貨幣性資產及負債以報告期末之匯率換算為港元。所有外幣換算之損益均撥入損益賬內處理。

以外幣定值並以歷史成本列賬之非貨幣資產與負債按交易日的匯率換算為港元。以外幣結算及以公平價值列賬之非貨幣資產與負債於釐定公平價值當日按當時匯率換算為港元。

通過損益以反映公平價值之金融工具及衍生金融工具的匯兌差額分別包括於指定為通過損益以反映公平價值之金融工具淨收益及衍生金融工具淨溢利/(虧損)。其他有關貨幣性項目的匯兌差額則於損益賬內呈列為外幣買賣淨盈虧，並於「其他營運收入」內呈報。換算指定以公平價值於其他全面收益計量之股本證券之差額於其他全面收益確認。

海外業務的業績按與交易日的匯率相若的匯率換算為港幣。資產及負債則按報告期末的收市匯率換算。產生的所有匯兌差額於其他全面收益確認，並於外幣換算儲備內累計為權益。

出售海外業務時，在權益內與該等海外業務有關之匯兌差額之累計金額，於確認出售盈虧時由權益重新分類至損益。

(w) 關連各方

就此等財務報告而言，被視為與本集團有關連的一方是指：

- (a) 個人或該個人之近親家庭成員，該個人在以下情況下被視為與本集團有關連：
 - (i) 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。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Related parties (continued)

- (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 ventures of the same third party.
 - (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).
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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.

(x) Segment reporting

Operating segments and the amounts of each segment item reported in the financial statements 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.

2. 主要會計政策(續)

(w) 關連各方(續)

- (b) 在以下任何情況下一實體會視為與本集團有關連：
- (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互相關連)。
 - (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方的合營公司。
 - (iv) 一實體是一第三方的合營公司而另一實體則是該第三方的聯營公司。
 - (v) 該實體是提供予本集團或與本集團有關連之實體的僱員離職後福利計劃。
 - (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。
 - (viii) 實體或組成集團一部分的任何成員公司向集團或集團母公司提供主要管理人員服務。

個人的近親家庭成員指預料可於彼等與實體交易中影響該個人(或受該個人影響)的家庭成員。

(x) 分部資料

財務報告中的經營分部和每個分部項目的金額源自於定期向本集團總營運決策人提供的財務資料，以供管理層對本集團不同業務和地區進行資源分配和業績評價。

重大的單個經營分部不會因財務報告目的而進行加總，除非該等分部擁有相似的經濟特性、產品及服務性質、生產流程、客戶類型和級別、銷售產品或提供服務的方式及監管環境的性質。不重大的單個經營分部如果享有大部分以上相似性質，則可以進行加總。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Comparative information

As disclosed in Note 2(d), the Group adopted HKFRS 9 and HKFRS 15 starting from 1 January 2018 without restatement of comparative information in accordance with respective transition arrangements. The comparative information was prepared in accordance with HKAS 39 and HKAS 18 and the relevant principal accounting policies applied by the Group to the comparative information are set out below:

(1) Financial instruments

(i) Initial recognition

The Group classified 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 were: financial instruments measured at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities.

Financial instruments were 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 financial liability. Transaction costs on financial assets and financial liabilities designated at fair value through profit or loss were expensed immediately.

The Group recognized 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 and financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets is recognized using trade date accounting. From these dates, any gains and losses arising from changes in fair value of the financial assets or financial liabilities were recorded.

(ii) Categorization

Financial instruments measured at 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.

Trading financial instruments are financial assets or financial liabilities which are acquired or incurred principally for the purpose of trading, or are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives that do not qualify for hedge accounting (Note 2(k)) are accounted for as trading instruments.

2. 主要會計政策(續)

(y) 比較資料

如附註2(d)所披露，本集團自二零一八年一月一日起採納香港財務報告準則第9號及香港財務報告準則第15號，並根據各自的過渡安排而未有重述比較資料。比較資料乃根據香港會計準則第39號及香港會計準則第18號編製，而本集團應用至比較資料的相關主要會計政策載列如下：

(1) 金融工具

(i) 初始確認

本集團視乎初始購入資產或產生負債之目的，將金融工具分為以下類別：通過損益以反映公平價值計量之金融工具、貸款及應收款項、持至到期投資、可供出售金融資產和其他金融負債。

金融工具最初按公平價值計量，而公平價值一般將與交易價相同。此外，如金融資產或金融負債不屬於指定為通過損益以反映公平價值時，需再加上購入金融資產或發行金融負債所直接涉及之交易成本。指定為通過損益以反映公平價值的金融資產及金融負債的交易成本，會即時認列費用。

本集團在成為金融工具合約條文訂約方當日會確認金融資產和金融負債。以定期方式購買或出售之通過損益以反映公平價值之金融資產及金融負債、貸款及應收款項、持至到期投資或可供出售金融資產使用交易日會計法予以確認。因該等金融資產或金融負債的公平價值變動所產生的任何盈利和虧損由該日起計算。

(ii) 分類

通過損益以反映公平價值計量之金融工具

此類別包括持作交易用途和初始確認時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。

持作交易用途之金融工具是收購金融資產或產生金融負債之主要目的為用作交易用途，或屬於一個整體管理的可識別金融工具組合的一部分，並且有證據顯示有短期內出售以賺取利潤的交易模式意圖。不符合對沖會計法(附註2(k))之衍生工具，亦分類為持作交易用途之工具入賬。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**(y) Comparative information** (continued)**(1) Financial instruments** (continued)*(ii) Categorization (continued)*

Financial instruments measured at fair value through profit or loss (continued)

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 asset or liability contains an embedded derivative the separation of which from the financial instrument is clearly not prohibited.

Financial assets and liabilities under this category are carried at fair value. Changes in the fair value are included in profit or loss in the period in which they arise. Interest income, interest expense and dividends from instruments in this category are recorded in interest income, interest expense and other operating income respectively. Upon disposal or repurchase, the difference between the net sale proceeds or the net payment and the carrying value is included in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, 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 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 advances to customers, placements with banks and other financial institutions, and certain debt securities.

Debt securities classified as loans and receivables are not quoted in an active market. Investment decisions for such debt 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. These debt securities include subordinated debt instruments and senior debt instruments issued by borrowers.

2. 主要會計政策(續)**(y) 比較資料**(續)**(1) 金融工具**(續)*(ii) 分類*(續)

通過損益以反映公平價值計量之金融工具(續)

於下列情況下，金融工具於初始確認時被指定為通過損益以反映公平價值：

- 資產或負債以公平價值為基準作為內部管理、評估及匯報；
- 有關的指定可消除或大幅減少會計錯配的發生；
- 資產或負債包含一項嵌入衍生工具，且該衍生工具可大幅改變合約規定的現金流；或
- 資產或負債包含一項嵌入衍生工具，該嵌入衍生工具可以從金融工具分離。

屬於此類別的金融資產和負債按公平價值入賬。公平價值變動於發生期內計入損益賬內。此類別的金融工具所產生的利息收入、利息支出及股息分別列賬於利息收入、利息支出及其他營運收入。於出售或購回時，出售所得淨款項或償付淨額與賬面值的差額計入損益賬內。

貸款及應收款項

貸款及應收款項為具固定或可確定付款金額及沒有活躍市場報價的非衍生金融資產，但不包括(a)本集團有計劃即時或於短期內出售而被區分為持作交易用途；(b)於初始確認時已被本集團指定為通過損益以反映公平價值或可供出售；或(c)本集團可能無法收回大部分初始投資而將分類為可供出售資產，但不包括因信用惡化的原因而納入此類別之資產。貸款及應收款項主要包括客戶貸款及存放於銀行及其他金融機構之放款，以及若干債務證券。

分類為貸款及應收款項的債務證券並無活躍市場報價。該等債務證券有關的投資決定與作出貸款的信貸審批程序相同，本集團須承擔等同向該等客戶授出貸款的相同客戶風險。此類債務證券包括由借款人發行的後償債務工具及優先債務工具。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Comparative information (continued)

(1) Financial instruments (continued)

(ii) Categorization (continued)

Loans and receivables (continued)

Loans and receivables are carried at amortized cost using the effective interest method less impairment losses, if any (see Note 2(y)(2)).

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 at fair value through profit or loss or as available-for-sale; and (b) those that meet the definition of loans and receivables.

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

If, as a result of a change in intention or ability, it is no longer appropriate to classify an investment as held-to-maturity, it is reclassified as available-for-sale and remeasured at fair value.

Available-for-sale financial assets

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

Available-for-sale financial assets are carried at fair value. Unrealized gains and losses arising from changes in the fair value are recognized in other comprehensive income and accumulated separately in equity, except for interest income, impairment losses and foreign exchange gains and losses on monetary items such as debt securities which are recognized in profit or loss. Interest income is recognized using the effective interest method.

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

When available-for-sale financial assets are sold, gains or losses on disposal comprise the difference between the net sale proceeds and the carrying value, and the accumulated fair value adjustments previously recognized in other comprehensive income.

2. 主要會計政策 (續)

(y) 比較資料 (續)

(1) 金融工具 (續)

(ii) 分類 (續)

貸款及應收款項 (續)

貸款及應收款項採用實際利率法減去減值虧損(如有)(見附註2(y)(2))後按攤銷成本列賬。

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到期日，且本集團有明確意向和能力持至到期的非衍生金融資產，但不包括(a)本集團於初始確認時指定為通過損益以反映公平價值或可供出售，及(b)符合貸款和應收款項定義之項目。

持至到期投資採用實際利率法減去減值虧損(如有)(見附註2(y)(2))後按攤銷成本列賬。

倘因意向或能力改變而不再適宜將投資分類為持至到期，則須重新分類為可供出售並按公平價值重新計量。

可供出售金融資產

可供出售金融資產為指定為可供出售，或未分類為上述任何其他三個類別之非衍生金融資產。彼等包括無固定持有期限之金融資產，但亦可因應流動資金之需要或市場環境變化而出售。

可供出售金融資產以公平價值列賬。因公平價值變動引致之未實現盈利和虧損於其他全面收益確認並於權益內單獨累計，惟利息收入、減值虧損及貨幣項目(例如債務證券)外匯盈利和虧損須於損益賬內確認。利息收入依實際利率法確認。

於活躍市場並無市場報價且公平價值無法可靠計算的股本投資工具，及與該等股本工具掛鉤以及必須透過交付該等工具進行交付之衍生工具，均按成本減去減值虧損(如有)列賬(見附註2(y)(2))。

當出售可供出售金融資產時，出售盈利或虧損包括出售所得淨款項與賬面值的差額，及先前確認於其他全面收益之累計公平價值調整。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Comparative information (continued)

(2) Impairment of assets

The carrying amount of the Group's assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence that assets are impaired includes observable data that comes to the attention of the Group about one or more of the following loss events which has an impact on the future cash flows of assets:

Financial assets:

- significant financial difficulty of the issuer or borrower;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the borrower;
- disappearance of an active market for financial assets because of financial difficulties; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Non-financial assets:

- during the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- significant changes with an adverse effect on the Group have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Group operates or in the market to which an asset is dedicated;
- evidence is available of obsolescence or physical damage of an asset; or
- significant changes with an adverse effect on the Group have taken place during the period, or are expected to take place in the near future, impacting how an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.

2. 主要會計政策(續)

(y) 比較資料(續)

(2) 資產減值

本集團之資產賬面值於每個報告期末進行評估，以釐定是否有減值之客觀證據。資產減值的客觀證據包括本集團注意到以下一項或多項對資產的未來現金流有影響的虧損事項的可觀察事項：

金融資產：

- 發行人或借款人有重大財務困難；
- 違反合約，如拖欠或無法償還利息或本金；
- 借款人可能破產或進行其他財務重組；
- 科技、市場、經濟或法律環境出現重大的改變而對借款人有不利影響；
- 金融資產的活躍市場由於財務困難而消失；及
- 於股本工具之投資之公平價值大幅下跌或長時間下跌至低於其成本值。

非金融資產：

- 資產的市價當期大幅度下跌，其跌幅明顯高於因時間的推移或者正常使用而預期的下跌；
- 本集團經營所處或資產所在市場的技術、市場、經濟或者法律環境在當期或者將在近期發生重大變化，而對本集團產生不利影響；
- 有證據表明資產已經陳舊過時或者其實體已經損壞；或
- 資產使用或預計擬使用的範圍或方式在當期或者預計將在近期發生重大變化，從而對本集團產生不利影響。該等變動包括資產被閒置、計劃終止或重組資產所屬業務、計劃較先前預期日期提前出售資產及將資產的使用年期重新評估為有限期而非無限期。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Comparative information (continued)

(2) Impairment of assets (continued)

If any such evidence exists, the carrying amount is generally reduced to the estimated recoverable amount by means of a charge to profit or loss. For available-for-sale financial assets, the carrying amount is reduced to the fair value.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognized in respect of advances to customers, which are measured at amortized cost, whose recovery is considered doubtful but not remote. In this case, the impairment losses are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against advances to customers directly and corresponding amounts held in the allowance account relating to that borrower are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognized in profit or loss.

(i) Loans and receivables

Impairment losses on 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 credit losses consists of two components: individual impairment allowances and collective impairment allowance.

The Group first assesses whether any objective evidence of impairment exists for financial assets that are individually significant and 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 then 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 recognized are not included in any collective assessment of impairment. Assets that are not individually significant are collectively assessed for impairment by grouping together financial assets with similar risk characteristics.

Individual impairment allowances are based upon management's best estimate of the cash flows which are expected to be received discounted at the original effective interest rate. In estimating these cash flows management makes judgments 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.

2. 主要會計政策(續)

(y) 比較資料(續)

(2) 資產減值(續)

倘顯示以上任何證據，賬面值一般須透過在損益賬內扣除款項之方式減至估計可收回數額。可供出售金融資產的賬面值會減至公平價值。

按攤銷成本計量的客戶貸款的可收回性被視為難以預料而並非微乎其微，就其確認的減值虧損不會從相應的資產中直接撤銷。在此情況下，減值虧損以撥備賬記錄。倘本集團確認能收回應收賬款的機會微乎其微，則視為不可收回金額會直接從客戶貸款中撤銷，而其於撥備賬與借方相關的金額會被撥回。若之前計入撥備賬的款項在其後收回，則相關的撥備會予以撥回。撥備賬的其他變動及其後收回之前直接撤銷的款項均計入損益賬內。

(i) 貸款及應收款項

貸款及應收款項的減值虧損是資產賬面值，與按其原本實際利率(即初始確認該等資產所用之實際利率)折算預計未來現金流現值之差額。倘折現之影響屬輕微，短期之應收款項不予折現。

信貸虧損撥備總額包括兩個組成部分：個別減值撥備，及綜合減值撥備。

本集團會首先評估金額重大之個別金融資產有否出現客觀之減值證據，並綜合地評估金額不重大之個別金融資產。若本集團認定被評估之個別金融資產並沒有存在減值之客觀證據，無論該金融資產重大與否，均需將該金融資產包含於信貸風險特徵相近之組別中作出綜合減值評估。綜合減值評估並不包括已被個別評估為需確認減值虧損或需繼續確認減值虧損之資產。具備類似風險特性的金融資產會綜合起來，以便對個別而言並不重大的資產進行綜合減值評估。

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**(y) Comparative information** (continued)**(2) Impairment of assets** (continued)*(i) Loans and receivables (continued)*

In assessing the need for a collective impairment allowance on individually significant loans which are not impaired and assets that are not individually significant, 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 allowance. While this necessarily involves judgment, the Group believes that the impairment allowances on advances to customers are reasonable and supportable.

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

When there is no reasonable prospect of recovery the loan and the related interest receivable 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. If impairment is identified, 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 the asset's original effective interest rate, where the effect of discounting is material.

2. 主要會計政策(續)**(y) 比較資料**(續)**(2) 資產減值**(續)*(i) 貸款及應收款項(續)*

於評估並未減值之金額重大之個別貸款及金額並不重大之個別資產所需的綜合減值撥備時，管理層須考慮的因素包括信貸素質、組合規模、信貸集中及經濟因素。為估計所需的撥備，本集團根據過往經驗和現時之經濟情況去釐定潛在風險及輸入參數。

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

在之後期間，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撤銷後發生的事件有關連，從而導致貸款和應收款項之減值撥備亦需改變，該轉變會沖銷或計入損益賬內。所轉回的減值虧損以假定往年若沒有確認減值虧損而原應已釐定的貸款及應收款項賬面值為限。

於再無合理預期可收回貸款時，貸款及相關應收利息將會予以撇銷。

具有經重新磋商條件之貸款及應收款項是指由於借款人的財務狀況惡化而獲重新議定原來不會獲考慮的特別寬鬆還款條件的貸款。重新磋商的貸款及應收款項須接受持續監測，以釐定彼等是否仍減值或已逾期。

(ii) 持至到期投資

本集團會從個別和綜合兩個層面考慮持至到期投資是否出現減值。若確定減值，個別減值撥備是以資產賬面值與該資產原本的實際利率(如果折現影響重大)折現方式計算預計未來現金流的現值之間的差額計量。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Comparative information (continued)

(2) Impairment of assets (continued)

(ii) Held-to-maturity investments (continued)

All held-to-maturity investments found not to be individually impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

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 recognized, the impairment loss is reversed through profit or loss. A reversal of impairment losses shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognized in prior years.

(iii) Available-for-sale financial assets

Where there is objective evidence that an available-for-sale financial asset is impaired, the cumulative unrealized loss that had been recognized in other comprehensive income is reclassified to profit or loss. The amount of the cumulative loss that is recognized in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that asset previously recognized in profit or loss.

Impairment losses recognized in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognized 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 recognized. Reversals of impairment losses in such circumstances are recognized in profit or loss.

(iv) Other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following non-financial assets may be impaired or an impairment loss previously recognized no longer exists or may have decreased:

- furniture, fixtures and equipment;
- investments in subsidiaries and associates; and
- goodwill.

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

2. 主要會計政策(續)

(y) 比較資料(續)

(2) 資產減值(續)

(ii) 持至到期投資(續)

在個別層面沒有出現減值的所有持至到期投資會接受綜合評估，以確定是否有任何已出現但未確定的減值情況。

如果在往後期間，減值虧損金額減少，而該減少可客觀地與確認減值虧損後發生的事件有關連，則減值虧損會透過損益賬內撥回。減值虧損撥回不得導致資產賬面值超出減值虧損從未在往年確認而應已釐定的資產賬面值。

(iii) 可供出售金融資產

倘有客觀證據顯示可供出售金融資產已經出現減值，確認於其他全面收益之累計未變現虧損會重新分類到損益賬內。在損益賬內確認的累計損失數額等於購入成本(已扣除任何本金還款和攤銷)與當期公平價值之間的差額，減去之前已在損益賬內確認的任何減值虧損。

在損益賬所確認有關可供出售股本證券之減值虧損不會透過損益賬撥回。該等資產其後之任何公平價值增加確認為其他全面收益。

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

(iv) 其他資產

於各報告期末，本公司審閱內部及外來資料以辨認以下非金融資產是否有減值跡象或先前已確認之減值虧損已不存在或可能已減少：

- 傢俬、裝置及設備；
- 附屬公司及聯營公司投資；及
- 商譽。

如果出現減值跡象，資產的可收回數額便會作估計。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Comparative information (continued)

(2) Impairment of assets (continued)

(iv) Other assets (continued)

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

Recognition of impairment losses

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

Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

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

(3) Revenue

Interest income

Interest income from interest-bearing financial instruments is recognized in profit or loss on an accruals basis using the effective interest method. Interest income from trading assets and financial assets designated at fair value through profit or loss is recognized on basis of accrued coupon and is recognized in net interest income.

2. 主要會計政策(續)

(y) 比較資料(續)

(2) 資產減值(續)

(iv) 其他資產(續)

計算可收回數額

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

確認減值虧損

倘資產或其所屬之現金產生單位之賬面值超過其可收回數額，則於損益賬內確認減值虧損。就現金產生單位確認之減值虧損首先分配作為減少分配至現金產生單位(或單位群組)之任何商譽之賬面數額，繼而按比例基準作為減少業務(或單位群組)之其他資產之賬面數額，惟資產之賬面值將不會減少至低於其個別公平價值減出售成本或使用價值(倘能計算)。

減值虧損轉回

倘若用以釐定可收回數額的估計發生有利的變化，便會將減值虧損轉回。

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

(3) 收益

利息收入

計息金融工具的利息收入採用實際利率法按應計基準於損益賬內確認。持作交易用途之資產及指定為通過損益以反映公平價值之金融資產的利息收入按應計票息基準確認為淨利息收入。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Comparative information (continued)

(3) Revenue (continued)

Interest income (continued)

The effective interest method is a method of calculating the amortized 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 (for example, prepayment, call and similar option) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, together with transaction costs and all other premiums or discounts. Cash rebates granted in relation to residential mortgage loans are capitalized and amortized to profit or loss over their expected life.

3. BASIS OF CONSOLIDATION

These consolidated financial statements cover the consolidated positions of the Bank and all its 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 Note (A) in the Unaudited Supplementary Financial Information on page 221.

4. INTEREST INCOME AND EXPENSE

(a) Interest income

Balances with banks and other financial institutions	銀行同業及其他金融機構結餘
Investment in securities	證券投資
Loans and advances	借款及貸款
Total interest income calculated using the effective interest method	採用實際利率法計算的利息收入總額
Other interest income	其他利息收入
Total interest income	利息收入總額

Interest income recognized on financial assets that are not measured at fair value through profit or loss amounted to HK\$2,692,504,000 (2017: HK\$2,178,192,000).

2. 主要會計政策(續)

(y) 比較資料(續)

(3) 收益(續)

利息收入(續)

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

3. 綜合基準

除另有指明外，該等綜合財務報告包括本行及本行所有附屬公司的綜合狀況，以及本集團於聯營公司之權益。根據《銀行業(披露)規則》所需呈報的資料，其綜合基準載列於第221頁未經審核補充財務資料附註(A)內。

4. 利息收入及支出

(a) 利息收入

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
119,358	113,029
1,033,329	880,860
1,539,817	1,176,155
2,692,504	2,170,044
15,736	10,698
2,708,240	2,180,742

就非通過損益以反映公平價值之金融資產確認之利息收入為2,692,504,000港元(二零一七年：2,178,192,000港元)。

4. INTEREST INCOME AND EXPENSE (continued)

(b) Interest expense

Deposits from customers	客戶存款
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之存款及結餘
Financial assets sold under repurchase agreements	購回協議項下出售之金融資產
Certificates of deposit, debt securities and subordinated debts issued	已發行存款證、債務證券及後償債務
Others	其他

Interest expense recognized on financial liabilities that are not measured at fair value through profit or loss amounted to HK\$1,345,089,000 (2017: HK\$957,117,000).

4. 利息收入及支出(續)

(b) 利息支出

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
886,181	583,202
77,763	43,223
164,828	174,760
216,317	160,427
6,699	2,951
1,351,788	964,563

就非通過損益以反映公平價值之金融負債確認之利息支出為1,345,089,000港元(二零一七年：957,117,000港元)。

5. FEE AND COMMISSION INCOME AND EXPENSE

(a) Fee and commission income

Fee and commission income arising from:	由以下業務所產生的費用及佣金收入：
Credit related services	信貸業務
Trade finance services	貿易融資業務
Credit card services	信用卡業務
Securities brokerage and investment services	證券經紀及投資服務
Insurance services	保險業務
Unit trust services	信託基金業務
Other fees	其他費用

Of which:

Fee and commission income arising from:	其中：
- Financial assets or financial liabilities which are not measured at fair value through profit or loss	費用及佣金收入來自：
- Trust and other fiduciary activities	- 非通過損益以反映公平價值之金融資產或金融負債
	- 信託及其他受託業務

Fee and commission income arising from trust and other fiduciary activities relate to fees from asset management activities where the Group holds assets or invests on behalf of customers.

5. 費用及佣金收入及支出

(a) 費用及佣金收入

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
51,194	55,058
20,509	14,448
140,489	132,367
33,853	35,640
91,284	117,907
37,897	45,903
21,374	14,663
396,600	415,986
194,045	196,887
1,889	1,664

來自信託及其他受託業務的費用及佣金收入，與本集團代表客戶持有資產或投資所收取的資產管理業務費用相關。

5. FEE AND COMMISSION INCOME AND EXPENSE

(continued)

(b) Fee and commission expense

Handling fees and commission	手續費及佣金
Other fees paid	其他已付費用
Of which:	其中：
Fee and commission expense arising from:	費用及佣金支出
– Financial assets or financial liabilities which are not measured at fair value through profit or loss	來自： – 非通過損益以反映公平價值之金融資產或金融負債

5. 費用及佣金收入及支出(續)

(b) 費用及佣金支出

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
79,561	71,174
27,726	26,444
107,287	97,618
94,766	93,555

6. OTHER OPERATING INCOME

Gains less losses from dealing

- Foreign exchange
- Trading assets
- Other dealing activities*
- Short selling activities

交易收益減虧損

- 外匯
- 持作交易用途資產
- 其他買賣交易*
- 賣空交易

Net hedging (loss)/gain from fair value hedges

Net loss on hedged items attributable to the hedged risk
Net gain on hedging instruments

公平價值對沖之淨對沖(虧損)/收益

與對沖風險相關之被對沖項目之淨虧損
對沖工具之淨收益

Dividend income from unlisted equity securities
Revaluation gain on financial instruments designated at fair value through profit or loss
Revaluation loss on derivative financial instruments
Others

非上市股本證券之股息收入
指定為通過損益以反映公平價值之金融工具之重估收益
衍生金融工具之重估虧損
其他

6. 其他營運收入

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
(771)	(52,014)
27,094	25,565
7,991	10,341
(1,930)	(396)
32,384	(16,504)
(156,500)	(178,242)
133,678	164,387
(22,822)	(13,855)
15,874	16,624
–	4,434
–	(4,022)
16,571	16,920
42,007	3,597

* Other dealing activities include customer-driven dealing in financial instruments including equity linked notes, options and structured deposit products.

* 其他買賣交易包括客戶買賣金融工具(包括股票掛鈎票據、期權及結構性存款產品)。

7. OPERATING EXPENSES

Staff costs	僱員成本
Contributions to defined contribution scheme	定額供款計劃供款
Current service cost of defined benefit scheme (Note 38(a)(v))	定額福利計劃現時服務成本(附註38(a)(v))
Retirement schemes costs	退休計劃成本
Salaries and other staff costs	薪金及其他僱員成本
Premises and other fixed assets	物業及其他固定資產
Rental of premises	物業租金
Depreciation (Note 25(a))	折舊(附註25(a))
Others	其他
Audit fee	核數費用
Other operating expenses	其他營運支出
Business promotion	業務推廣
Legal and professional fees	法律顧問費用
Communication	通訊
Electronic data processing and computer systems	電子資料處理及電腦系統
Others	其他

7. 營運支出

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
18,085	17,988
11,654	13,346
29,739	31,334
551,224	549,892
580,963	581,226
36,888	41,087
138,543	133,081
19,075	20,456
5,055	4,026
27,622	26,501
13,444	5,316
31,834	30,911
63,516	55,657
47,767	52,232
964,707	950,493

8. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Basic salaries and other allowances	底薪及其他津貼
Directors' fee	董事袍金
Contributions to pension scheme	退休計劃供款
Discretionary bonuses	酌情花紅

8. 董事薪酬

根據香港《公司條例》第383(1)條及《公司(披露董事利益資料)規例》第2部披露之董事薪酬如下：

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
6,111	5,720
4,913	4,732
300	285
3,000	2,600
14,324	13,337

9. IMPAIRMENT LOSSES ON ADVANCES TO CUSTOMERS

(Written back of)/charge of impairment losses on advances to customers:	客戶貸款減值虧損 (回撥)/扣除：
- Stage 1	- 第1階段
- Stage 2	- 第2階段
- Stage 3	- 第3階段
- Collective	- 綜合
- Individual	- 個別

9. 客戶貸款減值虧損

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
(10,322)	-
(3,891)	-
63,166	-
-	24,229
-	43,600
48,953	67,829

10. GAIN ON BARGAIN PURCHASE OF AN ASSOCIATE

In June 2018, the Bank purchased 99 million ordinary shares of Xiamen Bank Co., Ltd. ("XBCL"), an associate company of the Bank, from other shareholders for a consideration of RMB475 million. The purchase consideration was RMB4.8 per share while the Bank estimated the fair value of net identifiable assets and liabilities per share of XBCL was around RMB5.41 as at the date of acquisition. The Bank has therefore recognized a gain on bargain purchase on the date of the share acquisition on the difference between the fair value of net identifiable assets and liabilities acquired and the purchase consideration.

10. 議價收購聯營公司收益

於二零一八年六月，本行向其他股東收購廈門銀行股份有限公司(「廈門銀行」)(為本行之聯營公司)之99,000,000股普通股，代價為人民幣475,000,000元。收購代價為每股人民幣4.8元，而本行估計廈門銀行每股可識別資產及負債淨額於收購日期之公平價值約為人民幣5.41元。本行因而於股份收購日就所收購可識別資產及負債淨額之公平價值與收購代價之間的差額確認為議價收購收益。

11. LOSS ON DISPOSAL OF AN ASSOCIATE

On 30 November 2018, the Group sold its entire shareholding in XBCL to Fubon Financial Holding Co., Ltd. ("FFHCL"), its immediate parent and ultimate controlling party, as part of the FFHCL's group realignment initiative.

11. 出售聯營公司虧損

於二零一八年十一月三十日，本集團將廈門銀行的全部股權出售予其直接母公司及最終控制方富邦金融控股股份有限公司，作為富邦金融控股股份有限公司集團重組計劃的一部分。

11. LOSS ON DISPOSAL OF AN ASSOCIATE (continued)

The Group recognized a loss on disposal on the transaction as set out below:

Transaction consideration	交易代價
Add:	加：
– Gain on realization of investment revaluation reserve (recycling) (Note 13)	– 投資重估儲備(循環)變現收益(附註13)
Less:	減：
– Carrying amount of interest in associate	– 於聯營公司權益之賬面值
– Loss on realization of foreign exchange reserve (Note 13)	– 外匯儲備變現虧損(附註13)
– Transaction costs directly attributable to the transaction	– 交易直接應佔交易成本
Loss on disposal of an associate	出售聯營公司虧損
Transaction consideration satisfied by:	交易代價達成：
– Cash	– 現金
– Deferred consideration	– 遞延代價
Net cash inflow arising on disposal:	出售產生的淨現金流量：
– Cash consideration received	– 已收到的現金代價
– Transaction costs paid in connection with the disposal	– 與出售有關的已支付交易成本

The deferred consideration has been settled in cash subsequent to the end of the reporting period.

11. 出售聯營公司虧損(續)

本集團確認交易之出售虧損如下：

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
3,248,488	–
49,615	–
(3,190,189)	–
(226,071)	–
(611)	–
(118,768)	–
3,239,264	–
9,224	–
3,248,488	–
3,239,264	–
(84)	–
3,239,180	–

遞延代價已於報告期末後以現金結算。

12. INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME **12. 綜合全面收益表內的所得稅**

(a) Taxation in the consolidated statement of comprehensive income represents:

(a) 綜合全面收益表內的稅項：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Current tax – Hong Kong Profits Tax	即期稅項 – 香港利得稅		
Tax for the year	年內稅項	113,184	89,450
Current tax – Overseas Tax	即期稅項 – 海外稅項		
Tax for the year	年內稅項	4,694	8,723
Deferred tax	遞延稅項		
Origination and reversal of temporary differences (Note 32(b))	暫時性差異產生及撥回 (附註32(b))	(16,626)	11,908
		101,252	110,081

Provision for Hong Kong Profits Tax for 2018 is calculated at 16.5% (2017: 16.5%) of the estimated assessable profits for the year. Taxation for overseas operations is similarly calculated using the estimated annual effective rates of taxation that are expected to apply in the relevant countries.

二零一八年之香港利得稅撥備乃根據本年度之評估應課稅溢利之16.5% (二零一七年：16.5%) 計算。海外業務稅項的計算與之類似，為使用評估年度相關國家的預期實際稅率計算。

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

(b) 稅項支出與按適用應課稅率計算之會計溢利間之對賬

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Profit before taxation	除稅前溢利	924,080	693,464
Notional tax on profit before taxation, calculated at the rates applicable to profits at 16.5%	除稅前溢利之估計稅項按16.5%之應課稅率計算	152,473	114,422
Tax effect of non-taxable income	非應課稅收入之稅項影響	(1,495)	(2,855)
Tax effect of non-deductible expenses	非可扣減支出之稅項影響	28,708	10,422
Effect on profit of an associate	聯營公司溢利之影響	(26,480)	(20,631)
Tax effect on reversal of temporary differences upon disposal of an associate	出售聯營公司後暫時性差異撥回之稅項影響	(56,648)	-
Overseas withholding taxes	海外預扣稅	4,694	8,723
Actual tax expense	實質稅項支出	101,252	110,081

13. OTHER COMPREHENSIVE INCOME

13. 其他全面收益

Equity securities designated at fair value through other comprehensive income: (non-recycling)

Changes in fair value recognized during the year
Deferred taxation (Note 32(b))
Net movement in the investment revaluation reserve (non-recycling) during the year recognized in other comprehensive income

指定以公平價值於其他全面收益計量之股本證券：(非循環)

本年度確認之公平價值變動
遞延稅項(附註32(b))
本年度於其他全面收益確認之投資重估儲備(非循環)淨變動

Debt securities designated at fair value through other comprehensive income: (recycling)

Share of changes in fair value of debt securities held by an associate
Realization upon disposal of an associate (Note 11)
Net movement in the investment revaluation reserve (recycling) during the year recognized in other comprehensive income

指定以公平價值於其他全面收益計量之證券：(循環)

應佔聯營公司之債務證券公平價值變動
出售聯營公司後變現(附註11)
本年度於其他全面收益確認之投資重估儲備(循環)淨變動

Available-for-sale financial assets:

Changes in fair value recognized during the year
Amounts transferred to profit or loss:
– net gains on disposals
Share of changes in fair value of available-for-sale financial assets held by an associate
Deferred taxation (Note 32(b))
Net movement in the investment revaluation reserve during the year recognized in other comprehensive income

可供出售金融資產：

本年度確認之公平價值變動
轉撥至損益之金額：
– 淨出售收益
應佔聯營公司之可供出售金融資產公平價值變動
遞延稅項(附註32(b))
本年度於其他全面收益確認之投資重估儲備淨變動

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
270,585	–
(44,646)	–
225,939	–
118,116	–
(49,615)	–
68,501	–
–	518,946
–	233
–	(33,826)
–	(85,453)
–	399,900

13. OTHER COMPREHENSIVE INCOME (continued)

13. 其他全面收益(續)

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Premises:			
Surplus on revaluation of premises (Note 25(a))	物業重估盈餘(附註25(a))	269,604	356,489
Share of surplus on revaluation of premises of an associate	應佔聯營公司之物業重估盈餘	28,270	25,456
Deferred taxation (Note 32(b))	遞延稅項(附註32(b))	(35,373)	(50,497)
Net movement in the premises revaluation reserve during the year recognized in other comprehensive income	本年度於其他全面收益確認之物業重估儲備淨變動	262,501	331,448
Defined benefit liability:			
Remeasurement of net defined benefit liability (Note 38(a)(v))	重新計量定額福利負債淨額(附註38(a)(v))	1,436	(7,912)
Deferred taxation (Note 32(b))	遞延稅項(附註32(b))	(237)	1,305
Net movement in the defined benefit liability during the year recognized in other comprehensive income	本年度於其他全面收益確認之定額福利負債淨變動	1,199	(6,607)
Foreign exchange reserve:			
Exchange differences on translation of an associate	聯營公司外幣報表換算差額	(216,434)	171,192
Realization upon disposal of an associate (Note 11)	出售聯營公司後變現(附註11)	226,071	-
Net movement in the foreign exchange reserves during the year recognized in other comprehensive income	本年度於其他全面收益確認之外匯儲備淨變動	9,637	171,192

14. SEGMENT REPORTING

Segment information is presented in respect of the Group's operating segments which are the components of the Group about which separate financial information is available and evaluated regularly by the Chief Executive Officer and Managing Director in deciding how to allocate resources and in assessing performance.

Operating segments

The Bank and its subsidiaries are principally engaged in the provision of banking and related financial services. Reportable segments of the Group are set out below.

Retail Banking comprises consumer finance activities including credit card merchant acquiring, provision of credit card advances, mortgage lending and other consumer lending and wealth management services such as the sales and distribution of insurance products, investment products and securities brokerage to wealth management clients and provision of banking services to the mass market segment.

Institutional Banking comprises the corporate banking business, the commercial banking business and the financial institutions business, covering the provision of services including corporate lending, syndicated loan, trade financing and deposits to large corporates, small and medium enterprises in Hong Kong and Mainland China.

Financial Markets mainly engages in the marketing of investment products to non-bank enterprises; managing the Group's investment portfolio and trading in foreign exchange and debt securities. Moreover, it also manages the overall funding, liquidity and interest rate risk positions arising from the banking activities of the Group.

Segment results, assets and liabilities

For the purpose of segmental analysis, the allocation of operating income reflects the benefits of capital and other funding resources allocated to the operating segments by way of internal capital allocation and fund transfer pricing mechanisms. To reflect the benefit of joint efforts of two operating segments on a third party fee-related transaction, operating income derived from the transaction is split between the relevant operating segments.

Cost allocation is based on the direct costs incurred by the respective operating segments. For consistency with internal management reporting, there is no apportionment of central management overheads and only wholly and directly attributable costs of support units are charged to the respective operating segments. Rental charges at market rates for usage of premises are reflected in operating expenses and inter-segment expenses for the respective operating segments.

Segment assets mainly include advances to customers, investment in securities and financial instruments, inter-bank placements, current assets and premises attributable to the operating segments.

14. 分部資料

分部資料乃根據本集團的經營分部編製。本集團之經營分部為本集團之組成部分，相關之財務資料可被獨立地提供以及行政總裁及董事總經理用作定期評估以決定如何分配資源和評核表現。

經營分部

本行及其附屬公司之主要業務為提供銀行及相關金融服務。本集團可申報業務分部載列如下。

零售銀行包括消費金融業務及財富管理服務，前者包括信用卡商戶服務、信用卡信貸服務、按揭及其他消費信貸，後者包括向財富管理客戶提供銷售及分銷保險產品、投資產品和證券經紀服務以及向大眾市場分部提供銀行服務。

企業及機構銀行包括企業銀行業務、商業銀行業務及金融機構業務，涵蓋向香港及中國內地之大型企業及中小企業提供企業借貸、銀團貸款、貿易融資及存款服務。

金融市場主要從事向非銀行企業銷售投資產品、本集團的投資組合管理以及外匯及債務證券的交易活動。此外，其亦管理本集團整體資金以及由銀行業務產生之流動性及利率風險部位。

分部業績、資產及負債

按分部分析下之營運收入劃分，反映各經營分部，透過內部資本分配和資金調撥機制獲分派之資本及其他資金所賺取之回報。為反映兩個經營分部在第三方非利息收入相關交易上聯合努力所賺取之回報，從有關交易上所賺取之營運收入會分配在相關之經營分部。

成本分配則以各經營分部之直接成本計算。為與內部管理報告一致，中央管理費用不予分攤，只有完全及直接可歸因於各經營分部的後勤部門費用，在各經營分部扣除。各經營分部使用物業，按市值計算之租金反映於各經營分部之營運支出及跨分部支出內。

分部資產主要包括各經營分部應佔客戶貸款、證券及金融工具投資、銀行同業放款、流動資產及物業。

14. SEGMENT REPORTING (continued)

Segment results, assets and liabilities (continued)

Segment liabilities mainly include deposits from customers, certificates of deposit and debt securities issued, inter-bank borrowings, and accruals attributable to the operating segments.

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

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

14. 分部資料(續)

分部業績、資產及負債(續)

分部負債主要包括各經營分部應佔客戶存款、已發行存款證、已發行債務證券、銀行同業借款及應計款項。

除分部資料中的除稅前溢利資料外，管理層亦獲提供其他分部資料，包括收益、利息支出、折舊、攤銷、減值虧損及用於分部運作的新增非流動分部資產。

未分配項目主要包括中央管理單位、策略投資管理、樓宇及物業管理以及其他未能合理分配到特定業務類別的活動。

		For the year ended 31 December 2018 截止二零一八年十二月三十一日止年度			
		Retail Banking	Institutional Banking 企業及 機構銀行	Financial Markets 金融市場	Reportable Segments Total 可申報 分部總額
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Net interest income	淨利息收入	399,242	495,926	462,483	1,357,651
Other operating income/(loss) from external customers	源自外界客戶其他營運收入/(虧損)	368,675	69,386	(27,878)	410,183
Fee and commission expense	費用及佣金支出	(85,833)	(196)	(7,947)	(93,976)
Other operating income/(loss)	其他營運收入/(虧損)	282,842	69,190	(35,825)	316,207
Operating income	營運收入	682,084	565,116	426,658	1,673,858
Operating expenses	營運支出	(369,670)	(83,196)	(60,403)	(513,269)
Inter-segment expenses	跨分部支出	(64,266)	(7,871)	(2,701)	(74,838)
Operating profit before gains and impairment losses	未計收益及減值虧損前經營溢利	248,148	474,049	363,554	1,085,751
Impairment losses on advances to customers	客戶貸款減值虧損	(174)	(48,779)	-	(48,953)
Write back of impairment losses on other financial assets	其他金融資產減值虧損之回撥	6,195	(1,053)	14,868	20,010
Write back of impairment losses on other assets	其他資產減值虧損之回撥	(13)	5,505	-	5,492
Net gains on disposal of financial assets at amortized cost	出售以攤銷成本計量之金融資產淨收益	-	-	399	399
Profit before taxation	除稅前溢利	254,156	429,722	378,821	1,062,699
Operating expenses – depreciation	營運支出 – 折舊	(22,247)	(1,577)	(3,066)	(26,890)
Segment assets	分部資產	22,038,646	29,916,286	48,010,503	99,965,435
Segment liabilities	分部負債	52,043,772	16,229,042	18,585,148	86,857,962

14. SEGMENT REPORTING (continued)

Segment results, assets and liabilities (continued)

14. 分部資料(續)

分部業績、資產及負債(續)

		For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度			
		Retail Banking	Institutional Banking 企業及 機構銀行	Financial Markets 金融市場	Reportable Segments Total 可申報 分部總額
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Net interest income	淨利息收入	409,042	414,923	391,203	1,215,168
Other operating income/(loss) from external customers	源自外界客戶其他營運收入/(虧損)	397,417	64,099	(65,911)	395,605
Fee and commission expense	費用及佣金支出	(82,363)	(463)	(10,117)	(92,943)
Other operating income/(loss)	其他營運收入/(虧損)	315,054	63,636	(76,028)	302,662
Operating income	營運收入	724,096	478,559	315,175	1,517,830
Operating expenses	營運支出	(375,660)	(85,340)	(59,599)	(520,599)
Inter-segment expenses	跨分部支出	(66,761)	(7,375)	(2,658)	(76,794)
Operating profit before gains and impairment losses	未計收益及減值虧損前經營溢利	281,675	385,844	252,918	920,437
Impairment losses on advances to customers	客戶貸款減值虧損	(22,564)	(45,265)	-	(67,829)
Impairment losses on other assets	其他資產減值虧損	-	(7,353)	-	(7,353)
Net gains on disposal of available-for-sale financial assets	出售可供出售金融資產淨收益	-	-	1,310	1,310
Profit before taxation	除稅前溢利	259,111	333,226	254,228	846,565
Operating expenses – depreciation	營運支出—折舊	(21,031)	(1,122)	(2,852)	(25,005)
Segment assets	分部資產	23,289,235	28,484,915	41,946,270	93,720,420
Segment liabilities	分部負債	44,857,622	17,235,205	20,033,539	82,126,366

14. SEGMENT REPORTING (continued)

Reconciliation of reportable segment operating income,
profit before taxation, assets and liabilities

Operating income

Reportable segment operating income
Elimination of inter-segment operating income
Unallocated operating income
Consolidated operating income

營運收入

可申報分部營運收入
跨分部營運收入抵銷
未分配營運收入
綜合營運收入

Profit before taxation

Reportable segment profit before taxation
Unallocated operating income
Unallocated operating expenses
Write back of impairment losses on other assets
Write back of impairment losses on assets held for sale
Write back of impairment losses on assets acquired under lending agreements
Impairment losses on available-for-sale financial assets
Share of profits of an associate
Gain on bargain purchase of an associate
Loss on disposal of an associate
Dilution loss arising from investment in an associate
Net gains on disposal of fixed assets
Consolidated profit before taxation

除稅前溢利

可申報分部除稅前溢利
未分配營運收入
未分配營運支出
其他資產減值虧損之回撥
持作出售之資產減值虧損之回撥
根據貸款協議所得資產減值虧損之回撥
可供出售金融資產減值虧損
應佔聯營公司溢利
議價收購聯營公司收益
出售聯營公司虧損
在聯營公司的投資所產生的攤薄虧損
出售固定資產淨收益
綜合除稅前溢利

14. 分部資料(續)

可申報分部營運收入、除稅前溢利、
資產及負債之對賬

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 HK\$'000 千港元	For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度 HK\$'000 千港元
1,673,858	1,517,830
(106,808)	(105,350)
120,722	125,664
1,687,772	1,538,144

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 HK\$'000 千港元	For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度 HK\$'000 千港元
1,062,699	846,565
120,722	125,664
(483,408)	(458,450)
–	1,800
1,543	1,200
1,100	1,700
–	(1,286)
269,921	237,103
70,255	–
(118,768)	–
–	(60,883)
16	51
924,080	693,464

14. SEGMENT REPORTING (continued)**Reconciliation of reportable segment operating income, profit before taxation, assets and liabilities** (continued)**Assets**

Reportable segment assets
Unallocated fixed assets
Interests in associates
Unallocated other assets
Consolidated total assets

資產

可申報分部資產
未分配固定資產
於聯營公司之權益
未分配其他資產
綜合資產總額

Liabilities

Reportable segment liabilities
Unallocated other liabilities
Consolidated total liabilities

負債

可申報分部負債
未分配其他負債
綜合負債總額

Geographical information

Geographical segment information is based on the locations of the principal operations of the subsidiaries or on the location of the branches of the Bank responsible for reporting the results or booking the assets, the location of customers and the location of assets. For the years ended 31 December 2018 and 2017, all of the Group's operating income and profit before taxation were generated by assets booked by the branches and subsidiaries of the Bank located in Hong Kong. Except for the share of profits from an associate in Mainland China, no single country or geographic segment other than Hong Kong contributes 10% or more of the Group's assets, liabilities, profit or loss before taxation, operating income or contingent liabilities and commitments.

Major customers

For the years ended 31 December 2018 and 2017, no single customer or a group of customers under common control contributes 10% or more of the Group's operating income.

14. 分部資料(續)**可申報分部營運收入、除稅前溢利、資產及負債之對賬**(續)

As at 31 December 2018 於二零一八年 十二月三十一日 HK\$'000 千港元	As at 31 December 2017 於二零一七年 十二月三十一日 HK\$'000 千港元
99,965,435	93,720,420
1,760,124	1,682,242
–	2,390,809
1,061,187	690,731
102,786,746	98,484,202

As at 31 December 2018 於二零一八年 十二月三十一日 HK\$'000 千港元	As at 31 December 2017 於二零一七年 十二月三十一日 HK\$'000 千港元
86,857,962	82,126,366
1,905,177	1,989,536
88,763,139	84,115,902

區域資料

區域資料根據附屬公司之主要業務所在地點，或按負責報告業績或將資產入賬之本行分行位置、客戶位置及資產位置予以披露。截至二零一八年及二零一七年十二月三十一日止年度，本集團之所有營運收入及除稅前溢利均是從位於香港的本行分行及附屬公司入賬之資產所產生。除應佔一間位於中國內地的聯營公司之溢利外，並無香港以外之個別國家或區域分部佔本集團的資產、負債、稅前溢利或虧損、營運收入或或然負債及承擔10%或以上。

主要客戶

截至二零一八年及二零一七年十二月三十一日止年度，並無任何單一客戶或共同控制下之一組客戶佔本集團營運收入10%或以上。

15. CASH AND SHORT-TERM FUNDS

Cash in hand	現金
Balances with the Hong Kong Monetary Authority ("HKMA")	香港金融管理局 (「金管局」) 結餘
Balances with banks	銀行同業之結餘
Money at call and short notice *	通知及短期存款*

* Money at call and short notice represents deposits of up to a maximum of one month maturity from the end of the reporting period.

15. 現金及短期資金

31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元	1 January 2018 二零一八年 一月一日 HK\$'000 千港元	31 December 2017 二零一七年 十二月三十一日 HK\$'000 千港元
117,284	116,755	116,755
261,609	40,221	40,221
686,695	832,211	832,211
4,915,979	4,142,217	4,144,347
5,981,567	5,131,404	5,133,534

* 通知及短期存款指由報告期末起計最長一個月到期之存款。

16. TRADING ASSETS

<i>Trading assets at fair value</i>	按公平價值列賬之持作 交易用途資產
Treasury bills (including Exchange Fund Bills) – Unlisted	國庫券(包括外匯基金票據) – 非上市

As at 31 December 2018 and 2017, all trading assets held by the Bank are issued by governments and central banks.

16. 持作交易用途資產

31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元	1 January 2018 and 31 December 2017 二零一八年 一月一日及 二零一七年 十二月三十一日 HK\$'000 千港元
1,898,372	1,846,823

於二零一八年及二零一七年十二月三十一日，所有由銀行持有之持作交易用途資產由政府及中央銀行發行。

17. DERIVATIVE FINANCIAL INSTRUMENTS

The sale to customers of derivatives as risk management products and the subsequent use of derivatives to manage the resulting positions is an integral part of the Group's business activities. Derivatives are also used to manage the Group's own exposures to market risk as part of its asset and liability management process. The principal derivative instruments used by the Group are interest and foreign exchange rate related contracts, which are primarily over-the-counter derivatives. The Group also purchases exchange traded derivatives. Most of the Group's derivative positions have been entered into to meet customer demand and to hedge these and other trading positions or for balance sheet management. For accounting purposes, derivatives are classified as either held for trading or qualifying for hedge accounting.

17. 衍生金融工具

向客戶出售衍生工具以作為風險管理產品及其後使用衍生工具管理相關持倉，為本集團其中一項業務。衍生工具亦用以管理本集團所承受的市場風險，作為其資產負債管理程序的一部分。本集團所採用的衍生工具主要為利率及外匯相關合約，該等合約主要為場外衍生工具。本集團亦購買交易所買賣衍生工具。本集團大部分的衍生工具持倉均為配合客戶需求以及為對沖該等和其他交易倉盤或管理資產負債表而訂立。就會計目的而言，衍生工具被分類為持作交易用途或合資格採用對沖會計法。

17. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(a) Notional amounts of derivatives

Derivatives refer to financial contracts whose value depends on the value of one or more underlying assets or indices. The notional amounts of these instruments indicate the volume of transactions outstanding as at the end of the reporting period and do not represent amounts at risk. The following is a summary of the notional amounts of each significant type of derivatives entered into by the Group:

17. 衍生金融工具(續)

(a) 衍生工具之名義金額

此等衍生工具指其價值視乎一項或多項有關資產或指數之價值而定之金融合約。此等工具之名義金額顯示於報告期末尚未平倉之交易量，而並非代表涉及風險金額。以下為本集團訂立之各主要類型衍生工具之名義金額之概要：

		31 December 2018 二零一八年十二月三十一日		
	Qualifying for hedge accounting 合資格採用 對沖會計法 HK\$'000 千港元	Held for trading 持作交易用途 HK\$'000 千港元	Total 總額 HK\$'000 千港元	
Exchange rate derivatives	匯率衍生工具			
– Forwards	– 遠期	–	6,697,062	6,697,062
– Swaps	– 掉期	–	9,428,007	9,428,007
– Options purchased	– 購入期權	–	812,906	812,906
– Options written	– 沽出期權	–	812,906	812,906
		–	17,750,881	17,750,881
Interest rate derivatives	利率衍生工具			
– Swaps	– 掉期	18,582,413	2,134,680	20,717,093
		18,582,413	2,134,680	20,717,093
Equity derivatives	股票衍生工具			
– Options purchased	– 購入期權	–	10,860	10,860
– Options written	– 沽出期權	–	10,860	10,860
		–	21,720	21,720
Total	總額	18,582,413	19,907,281	38,489,694

17. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(a) Notional amounts of derivatives (continued)

17. 衍生金融工具(續)

(a) 衍生工具之名義金額(續)

		1 January 2018 and 31 December 2017 二零一八年一月一日及二零一七年十二月三十一日		
		Qualifying for hedge accounting 合資格採用 對沖會計法 HK\$'000 千港元	Held for trading 持作交易用途 HK\$'000 千港元	Total 總額 HK\$'000 千港元
Exchange rate derivatives	匯率衍生工具			
– Forwards	– 遠期	–	5,513,848	5,513,848
– Swaps	– 掉期	–	12,490,958	12,490,958
– Options purchased	– 購入期權	–	678,161	678,161
– Options written	– 沽出期權	–	678,161	678,161
		–	19,361,128	19,361,128
Interest rate derivatives	利率衍生工具			
– Swaps	– 掉期	14,914,212	4,220,143	19,134,355
		14,914,212	4,220,143	19,134,355
Equity derivatives	股票衍生工具			
– Options purchased	– 購入期權	–	21,866	21,866
– Options written	– 沽出期權	–	21,866	21,866
		–	43,732	43,732
Total	總額	14,914,212	23,625,003	38,539,215

The above amounts are shown on a gross basis without taking into account the effect of any bilateral netting arrangements.

上述金額以總額顯示，並無計及任何雙邊淨額結算安排之影響。

Derivatives reported as qualifying for hedge accounting represent hedging instruments designated as hedges under HKAS 39.

報告為合資格採用對沖會計法之衍生工具指根據香港會計準則第39號指定作對沖之對沖工具。

17. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(b) Fair values and credit risk weighted amounts of derivatives

Credit risk weighted amount refers to the amount as computed in accordance with the Banking (Capital) Rules of the Hong Kong Banking Ordinance. The amount depends on the status of the counterparty and the maturity characteristics. The risk weights used range from 0% to 100%.

These amounts are shown on a gross basis without taking into account the effect of bilateral netting arrangements and are as below:

17. 衍生金融工具(續)

(b) 衍生工具之公平價值及信貸風險加權金額

信貸風險加權金額指根據香港《銀行業條例》項下之《銀行業(資本)規則》計算之金額。此等金額須視乎交易對手之現況及到期特點而定。所採用之信貸風險加權比率介乎0%至100%之間。

該等金額並無計及雙邊淨額結算安排之影響以總額顯示如下：

		31 December 2018			1 January 2018 and 31 December 2017		
		二零一八年十二月三十一日			二零一八年一月一日及 二零一七年十二月三十一日		
		Fair value	Fair value	Credit risk	Fair value	Fair value	Credit risk
		assets	liabilities	weighted	assets	liabilities	weighted
		公平價值	公平價值	信貸風險	公平價值	公平價值	信貸風險
		資產	負債	加權金額	資產	負債	加權金額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
Exchange rate derivatives	匯率衍生工具						
- Forwards	- 遠期	473,708	51,393	68,421	473,436	19,915	26,428
- Swaps	- 掉期	24,163	1,315	40,093	7,945	62,483	27,003
- Options purchased	- 購入期權	1,100	-	18,980	762	-	6,283
- Options written	- 沽出期權	-	1,103	-	-	762	-
		498,971	53,811	127,494	482,143	83,160	59,714
Interest rate derivatives	利率衍生工具						
- Swaps	- 掉期	297,238	79,150	143,688	222,589	144,623	108,983
		297,238	79,150	143,688	222,589	144,623	108,983
Equity derivatives	股票衍生工具						
- Options purchased	- 購入期權	386	-	-	433	-	-
- Options written	- 沽出期權	-	386	-	-	433	-
		386	386	-	433	433	-
Total	總額	796,595	133,347	271,182	705,165	228,216	168,697

17. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(b) Fair values and credit risk weighted amounts of derivatives (continued)

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 end of the reporting period.

31 December 2018 二零一八年十二月三十一日

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

1 January 2018 and
31 December 2017 二零一八年一月一日及
二零一七年十二月三十一日

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

(c) Fair values of derivatives designated as hedging instruments

Fair value hedges

The Group uses interest rate swaps to hedge its exposure to changes in the fair values of certain fixed rate certificates of deposit issued and fixed rate debt securities investment. Pay-floating/receive-fixed interest rate swaps are matched to specific issuances of fixed rate certificates of deposit issued or pay-fixed/receive-floating interest rate swaps are matched to fixed rate debt securities investment with terms that closely align with the critical terms of the hedged item.

The Group's approach to managing market risk, including interest rate risk, is discussed in Note 44(b). Interest rate risk to which the Group applies hedge accounting arises from fixed rate certificates of deposit issued and fixed rate debt securities investment, whose fair value fluctuates when benchmark interest rates change. The Group hedges interest rate risk only to the extent of benchmark interest rates because the changes in the fair value of fixed rate debt securities are significantly influenced by changes in the benchmark interest rate. Hedge accounting is applied where economic hedge relationships meet the hedge accounting criteria.

17. 衍生金融工具(續)

(b) 衍生工具之公平價值及信貸風險加權金額(續)

下表為本集團按於報告期末時直至交收剩餘期限之相關到期組別劃分之衍生工具名義金額的分析。

Total 總額	Notional amounts with remaining maturity of 屬以下剩餘年期之名義金額		
	Over 1 year to		
	1 year or less 一年或以下	5 years 一年以上至五年	Over 5 years 五年以上
HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
17,750,881	16,066,291	1,684,590	-
20,717,093	3,813,545	13,420,211	3,483,337
21,720	21,720	-	-
38,489,694	19,901,556	15,104,801	3,483,337

Notional amounts with remaining maturity of
屬以下剩餘年期之名義金額

Total 總額	Over 1 year to		
	1 year or less 一年或以下	5 years 一年以上至五年	Over 5 years 五年以上
	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
19,361,128	18,998,612	362,516	-
19,134,355	1,330,361	14,500,721	3,303,273
43,732	43,732	-	-
38,539,215	20,372,705	14,863,237	3,303,273

(c) 指定作為對沖工具之衍生工具之公平價值

公平價值對沖

本集團使用利率掉期以對沖其所發行的若干固定利率存款證及固定利率債務證券投資的公平價值變動的風險。支付浮動/收取固定利率掉期與已發行固定利率存款證的特定發行相匹配，或支付固定/收取浮動利率掉期與其條款與對沖項目的關鍵條款緊密一致的固定利率債務證券投資相匹配。

本集團管理市場風險(包括利率風險)的方法於附註44(b)中予以討論。本集團應用對沖會計法的利率風險來自固定利率的存款證及固定利率債務證券投資，其公平價值在基準利率變動時發生波動。由於固定利率債務證券的公平價值變動受基準利率變動的顯著影響，本集團僅在基準利率範圍內對沖利率風險。倘經濟對沖關係符合對沖會計準則，則應用對沖會計法。

17. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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

Fair value hedges (continued)

By using derivative financial instruments to hedge exposures to changes in interest rates, the Group also exposes itself to credit risk of the derivative counterparty. The Group minimises counterparty credit risk in derivative instruments by entering into transactions with high-quality counterparties, requiring the counterparties to post collateral and clearing through central counterparties (see Note 44(a)(vi)).

Before fair value hedge accounting is applied by the Group, the Group determines whether an economic relationship between the hedged item and the hedging instrument exists based on an evaluation of the qualitative characteristics of these items and the hedged risk that is supported by quantitative analysis. The Group considers whether the critical terms of the hedged item and hedging instrument closely align when assessing the presence of an economic relationship. The Group evaluates whether the fair value of the hedged item and the hedging instrument respond similarly to similar risks.

The Group establishes a hedge ratio by aligning the par amount of the hedged fixed-rate debt securities and the notional amount of the interest rate swap designated as a hedging instrument. Under the Group's policy, in order to conclude that a hedge relationship is effective, all of the following criteria should be met.

- The regression co-efficient (R squared), which measures the correlation between the variables in the regression, is at least 0.96.
- The slope of the regression line is within a range of -0.8 and -1.25.
- Statistical validity of the overall regression model (F-statistic) must be small.

In these hedge relationships, the main source of ineffectiveness is expected to be the effect of the counterparty's and the Group's own credit risk on the fair value of the interest rate swap, which is not reflected in the fair value of the hedged item attributable to the change in interest rate.

17. 衍生金融工具(續)

(c) 指定作為對沖工具之衍生工具之公平價值(續)

公平價值對沖(續)

通過使用衍生金融工具對沖利率變動的風險，本集團亦面臨衍生交易對手的信貸風險。本集團通過訂立與優質交易對手的交易、要求交易對手提供抵押及通過中央交易對手進行清算(見附註44(a)(vi))，最大程度地減少衍生工具的交易對手信貸風險。

在本集團應用公平價值對沖會計法之前，本集團根據對該等項目的定性特徵的評估及定量分析支持的對沖風險，確定對沖項目與對沖工具之間是否存在經濟關係。本集團在評估經濟關係的存在時，會考慮對沖項目及對沖工具的關鍵條款是否緊密一致。本集團評估對沖項目及對沖工具的公平價值是否與類似風險的回應相似。

本集團通過調整對沖固定利率債券證券的面值及指定為對沖工具的利率掉期的名義金額來確定對沖比率。根據本集團的政策，為得出對沖關係有效的結論，應滿足以下所有標準。

- 計量回歸變量之間相關性的回歸系數(R的平方)至少為0.96。
- 回歸線的斜率介乎-0.8及-1.25之間。
- 整體回歸模型(F統計量)的統計有效性必須很小。

在該等對沖關係中，無效性的主要來源預計為交易對手及本集團本身的信貸風險對利率掉期的公平價值的影響，這不會反映在利率變動應佔的對沖項目的公平價值上。

17. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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

Fair value hedges (continued)

At 31 December 2018, the Group holds the following interest rate swaps as hedging instruments in fair value hedges of interest risk.

Risk category	風險類別
Interest rate risk	利率風險
<i>Hedge of debt securities measured at amortized cost</i>	<i>對沖按攤銷成本計量的債務證券</i>
Nominal amount (in thousands of HKD)	名義金額(千港元)
Average fixed interest rate	平均固定利率
<i>Hedge of certificates of deposit issued</i>	<i>對沖已發行存款證</i>
Nominal amount (in thousands of HKD)	名義金額(千港元)
Average fixed interest rate	平均固定利率

Fair value hedges consist of interest rate swaps that are used to protect against changes in the fair value of certain of the Bank's certificates of deposit issued and fixed-rate debt securities held due to movements in market interest rates.

17. 衍生金融工具(續)

(c) 指定作為對沖工具之衍生工具之公平價值(續)

公平價值對沖(續)

於二零一八年十二月三十一日，本集團持有以下利率掉期作為利息風險公平價值對沖的對沖工具。

	Remaining maturity of 剩餘年期		
	1 year or less 一年或以下 HK\$'000 千港元	Over 1 year to 5 years 一年以上至 五年 HK\$'000 千港元	Over 5 years 五年以上 HK\$'000 千港元
<i>Hedge of debt securities measured at amortized cost</i>	1,852,185	11,036,891	3,483,337
Average fixed interest rate	4.57%	3.88%	3.99%
<i>Hedge of certificates of deposit issued</i>	1,450,000	760,000	—
Average fixed interest rate	1.88%	2.73%	—

公平價值對沖包括用作保障若干本行已發出存款證及所持定息債務證券因市場利率變動而出現之公平價值變化的利率掉期。

17. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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

Fair value hedges (continued)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows.

Interest rate risk
Interest rate swaps
- hedge of debt securities measured at amortized cost

利率風險
利率掉期
- 對沖按攤銷成本計量的債務證券

Interest rate swaps
- hedge of certificates of deposit issued

利率掉期
- 對沖已發行存款證

		31 December 2018 二零一八年十二月三十一日		Line item in the consolidated statement of financial position where the hedging instrument is included 包含對沖工具的綜合財務狀況表中的項目	Change in fair value used for measuring hedge ineffectiveness for 2018 用於計量二零一八年對沖無效性的公平價值變動	Ineffectiveness recognized in profit or loss 於損益賬內確認的無效性	Line item in profit or loss that includes hedge ineffectiveness 包含對沖無效性的損益賬內項目
Nominal amount 名義金額 HK\$'000 千港元	Carrying amount 賬面值	Assets 資產 HK\$'000 千港元	Liabilities 負債 HK\$'000 千港元				
				Derivative financial instruments 衍生金融工具	-	-	Other operating income 其他營運收入
16,372,413	284,740		(56,368)	Derivative financial instruments 衍生金融工具	-	-	Other operating income 其他營運收入
2,210,000	1,423		(11,707)	Derivative financial instruments 衍生金融工具	-	-	Other operating income 其他營運收入

The amounts relating to items designated as hedged items were as follows.

指定為對沖工具的項目相關金額載列如下。

Debt securities measured at amortized cost

按攤銷成本計量之債務證券

Certificates of deposit issued

已發行存款證

		31 December 2018 二零一八年十二月三十一日		Change in value used for measuring hedge ineffectiveness for 2018 用於計量二零一八年對沖無效性的公平價值變動	Accumulated amount of fair value hedge adjustments remaining in the statement of financial position for any hedged items that have ceased to be adjusted for hedging gains and losses 終止就對沖收益及虧損進行調整的任何對沖項目的財務狀況表中剩餘公平價值對沖調整之累計金額
Carrying amount 賬面值		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item 包含於對沖項目賬面值的對沖項目公平價值對沖調整之累計金額			
Assets 資產 HK\$'000 千港元	Liabilities 負債 HK\$'000 千港元	Assets 資產 HK\$'000 千港元	Liabilities 負債 HK\$'000 千港元		
16,427,351	-	(178,806)	-	-	-
-	(2,199,529)	-	9,378	-	-

The Group's fair value hedge principally consists of interest rate swaps that are used to protect against changes in the fair value of fixed rate long-term financial instruments due to movements in market interest rates.

本集團公平價值對沖主要包括用於防止因市場利率變動導致固定利率長期金融工具公平價值變動的利率掉期。

17. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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

Fair value hedges (continued)

The following is a summary of the fair values of derivatives held for hedging purposes by product type:

Fair value hedged derivatives interest rate contracts 公平價值對沖衍生工具
利率合約

17. 衍生金融工具(續)

(c) 指定作為對沖工具之衍生工具之公平價值(續)

公平價值對沖(續)

按產品類型劃分之持作對沖目的之衍生工具之公平價值概要如下：

1 January 2018 and 31 December 2017 二零一八年一月一日及 二零一七年十二月三十一日	
Assets 資產	Liabilities 負債
HK\$'000 千港元	HK\$'000 千港元
209,902	131,936

18. ADVANCES TO CUSTOMERS

(a) Advances to customers less impairment allowances:

Gross advances to customers 客戶貸款總額
Less: Impairment allowances 減：減值撥備
(Note 44(a)(xi)) (附註44(a)(xi))

– Stage 1 – 第1階段
– Stage 2 – 第2階段
– Stage 3 – 第3階段
– Collective – 綜合
– Individual – 個別

18. 客戶貸款

(a) 客戶貸款減減值撥備：

31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元	1 January 2018 二零一八年 一月一日 HK\$'000 千港元	31 December 2017 二零一七年 十二月三十一日 HK\$'000 千港元
47,929,870	47,872,348	47,872,348
(27,026)	(37,349)	–
(6,728)	(10,618)	–
(196,876)	(155,963)	–
–	–	(133,068)
–	–	(155,963)
47,699,240	47,668,418	47,583,317

18. ADVANCES TO CUSTOMERS^(continued)

(b) Advances to customers analysed by industry sector

The following economic sector analysis of gross advances to customers is based on the categories and definitions used by the HKMA.

As at 31 December

Gross advances for use in Hong Kong
Industrial, commercial and financial
– Property development
– Property investment
– Financial concerns
– Stockbrokers
– Wholesale and retail trade
– Manufacturing
– Transport and transport equipment
– Information technology
– Others
Individuals
– Loans for the purchase of flats under the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme or their respective successor schemes
– Loans for the purchase of other residential properties
– Credit card advances
– Others
Trade finance
Gross advances for use outside Hong Kong
Gross advances to customers

於十二月三十一日

在香港使用的貸款總額
工商金融
– 物業發展
– 物業投資
– 金融企業
– 股票經紀
– 批發及零售業
– 製造業
– 運輸及運輸設備
– 資訊科技
– 其他
個人
– 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」或 其各自的後繼計劃的 樓宇的貸款
– 購買其他住宅物業的 貸款
– 信用卡貸款
– 其他
貿易融資
在香港以外使用的貸款總額
客戶貸款總額

18. 客戶貸款(續)

(b) 按行業分類的客戶貸款

以下客戶貸款總額的經濟行業分析乃基於金管局所採用的類別及定義。

31 December 2018	1 January 2018 and 31 December 2017
二零一八年 十二月三十一日	二零一七年 十二月三十一日
HK\$'000 千港元	HK\$'000 千港元
4,311,798	3,542,760
8,230,920	8,461,107
2,734,051	3,616,993
1,051,310	2,132,447
501,723	409,307
1,582,124	1,171,559
154,633	113,231
615,749	557,166
4,008,509	2,923,223
4,635	5,705
9,376,721	9,867,406
872,000	964,430
4,491,341	4,642,525
37,935,514	38,407,859
4,745,559	4,203,281
5,248,797	5,261,208
47,929,870	47,872,348

18. ADVANCES TO CUSTOMERS (continued)
(c) Impaired advances to customers

		31 December 2018 二零一八年 十二月 三十一日 HK\$'000 千港元	% of gross advances 佔貸款 總額 百分比	1 January 2018 二零一八年 一月一日 HK\$'000 千港元	% of gross advances 佔貸款 總額 百分比	31 December 2017 二零一七年 十二月 三十一日 HK\$'000 千港元	% of gross advances 佔貸款 總額 百分比
Gross impaired advances	減值貸款總額	233,231	0.49	187,304	0.39	187,304	0.39
Stage 3 impairment allowances made against impaired loans	就減值貸款作出的 第3階段減值撥備	(196,876)		(155,963)		-	
Individual impairment allowances made against impaired loans	就減值貸款作出的 個別減值撥備	-		-		(155,963)	
		36,355		31,341		31,341	
Amount of collateral held in respect of impaired loans	就減值貸款持有的 抵押品金額	26,308		31,521		31,521	

Collateral mainly comprises mortgage interests over residential properties with the Group. It does not include any expected recovery from companies in liquidation and government guarantee schemes.

(d) Net investment in finance leases and hire purchase contracts

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

		31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元	1 January 2018 二零一八年 一月一日 HK\$'000 千港元	31 December 2017 二零一七年 十二月三十一日 HK\$'000 千港元 (Restated) (經重列)
Total minimum lease payments due:	最低租賃還款 總金額到期期限為：			
- within 1 year	- 一年以內	69,793	78,803	78,803
- after 1 year but within 5 years	- 一年以後惟五年 以內	79,959	78,835	78,835
- after 5 years	- 五年以後	344	3,396	3,396
		150,096	161,034	161,034
Interest income relating to future periods	與未來期間有關之 利息收入	(355)	(976)	(976)
Present value of the minimum lease payments receivable	應收最低租賃還款之 現值	149,741	160,058	160,058
Impairment allowances on Stage 1 financial assets	第1階段金融資產 減值撥備	(655)	(370)	-
Net investment in finance leases and hire purchase contracts	融資租賃及租購合約之 投資淨額	149,086	159,688	160,058

18. 客戶貸款(續)
(c) 客戶減值貸款

		31 December 2018 二零一八年 十二月 三十一日 HK\$'000 千港元	% of gross advances 佔貸款 總額 百分比	1 January 2018 二零一八年 一月一日 HK\$'000 千港元	% of gross advances 佔貸款 總額 百分比	31 December 2017 二零一七年 十二月 三十一日 HK\$'000 千港元	% of gross advances 佔貸款 總額 百分比
Gross impaired advances	減值貸款總額	233,231	0.49	187,304	0.39	187,304	0.39
Stage 3 impairment allowances made against impaired loans	就減值貸款作出的 第3階段減值撥備	(196,876)		(155,963)		-	
Individual impairment allowances made against impaired loans	就減值貸款作出的 個別減值撥備	-		-		(155,963)	
		36,355		31,341		31,341	
Amount of collateral held in respect of impaired loans	就減值貸款持有的 抵押品金額	26,308		31,521		31,521	

抵押品主要包括抵押予本集團的住宅物業按揭，當中不包括任何預期自公司清盤及政府擔保計劃之收回款項。

(d) 融資租賃及租購合約之投資淨額

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

		31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元	1 January 2018 二零一八年 一月一日 HK\$'000 千港元	31 December 2017 二零一七年 十二月三十一日 HK\$'000 千港元 (Restated) (經重列)
Total minimum lease payments due:	最低租賃還款 總金額到期期限為：			
- within 1 year	- 一年以內	69,793	78,803	78,803
- after 1 year but within 5 years	- 一年以後惟五年 以內	79,959	78,835	78,835
- after 5 years	- 五年以後	344	3,396	3,396
		150,096	161,034	161,034
Interest income relating to future periods	與未來期間有關之 利息收入	(355)	(976)	(976)
Present value of the minimum lease payments receivable	應收最低租賃還款之 現值	149,741	160,058	160,058
Impairment allowances on Stage 1 financial assets	第1階段金融資產 減值撥備	(655)	(370)	-
Net investment in finance leases and hire purchase contracts	融資租賃及租購合約之 投資淨額	149,086	159,688	160,058

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18. ADVANCES TO CUSTOMERS (continued)

(d) Net investment in finance leases and hire purchase contracts (continued)

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

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

Comparative information is restated to include finance lease contracts that were not previously included in this note in prior period.

18. 客戶貸款(續)

(d) 融資租賃及租購合約之投資淨額(續)

減值撥備前最低租賃還款現值之期限組別如下：

31 December 2018 二零一八年十二月三十一日 HK\$'000 千港元	1 January 2018 and 31 December 2017 二零一八年一月一日及二零一七年十二月三十一日 HK\$'000 千港元 (Restated) (經重列)
69,517	78,455
79,891	78,382
333	3,221
149,741	160,058

比較資料經重列以包含過往期間內並無包含於本附註的融資租賃合約。

19. DEBT SECURITIES MEASURED AT AMORTIZED COST

19. 按攤銷成本計量之債務證券

Debt securities measured at amortized cost	按攤銷成本計量之債務證券
Treasury bills (including Exchange Fund Bills)	國庫券(包括外匯基金票據)
- Listed outside Hong Kong	- 於香港以外上市
- Unlisted	- 非上市
Certificates of deposit held	所持存款證
- Listed outside Hong Kong	- 於香港以外上市
- Unlisted	- 非上市
Debt securities	債務證券
- Listed in Hong Kong	- 於香港上市
- Listed outside Hong Kong	- 於香港以外上市
- Unlisted	- 非上市
Debt securities measured at amortized cost are issued by:	按攤銷成本計量之債務證券由以下機構發行：
- Governments and central banks	- 政府及中央銀行
- Public sector entities	- 公營機構
- Banks	- 銀行
- Corporate entities	- 企業實體

31 December 2018 二零一八年十二月三十一日 HK\$'000 千港元	1 January 2018 二零一八年一月一日 HK\$'000 千港元	31 December 2017 二零一七年十二月三十一日 HK\$'000 千港元
14,958	14,849	-
4,579,528	1,009,359	-
226,585	569,548	-
834,699	1,213,913	-
10,889,872	6,748,282	-
13,036,403	18,249,262	-
7,307,722	5,199,930	-
36,889,767	33,005,143	-
5,234,078	1,955,903	-
895,557	649,707	-
13,336,240	15,664,813	-
17,423,892	14,734,720	-
36,889,767	33,005,143	-

As at 31 December 2018, debt securities issued by banks include debt securities with fair value of HK\$2,943.2 million issued by multilateral development banks. As at 31 December 2018, the fair value of debt securities guaranteed by governments was HK\$1,637.8 million.

於二零一八年十二月三十一日，銀行發行的債務證券包括由多邊開發銀行發行的公平價值為2,943,200,000港元的債務證券。於二零一八年十二月三十一日，政府擔保的債務證券的公平價值為1,637,800,000港元。

20. EQUITY SECURITIES DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

20. 指定以公平價值於其他全面收益計量之股本證券

<i>Financial assets designated at fair value through other comprehensive income</i>	指定以公平價值於其他全面收益計量的金融資產
Equity securities	股本證券
- Listed in Hong Kong	- 於香港上市
- Unlisted	- 非上市

31 December 2018 二零一八年十二月三十一日 HK\$'000 千港元	1 January 2018 二零一八年一月一日 HK\$'000 千港元	31 December 2017 二零一七年十二月三十一日 HK\$'000 千港元
62	69	-
809,268	544,340	-
809,330	544,409	-

These equity securities are irrevocably designated at FVOCI as the Group intends to hold these securities for long-term investment or strategic purposes. None of these investments was disposed of during 2018, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

由於本集團擬持有該等證券作長期投資或策略用途，該等股本證券不可撤銷地指定為按公平價值計入其他全面收益。於二零一八年期間概無出售該等投資，且並無轉讓與該等投資有關的權益之累積收益或虧損。

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

21. 可供出售金融資產

<i>Available-for-sale financial assets at fair value</i>	按公平價值列賬之可供出售金融資產
Treasury bills (including Exchange Fund Bills)	國庫券(包括外匯基金票據)
- Listed outside Hong Kong	- 於香港以外上市
- Unlisted	- 非上市
Certificates of deposit held	所持存款證
- Listed outside Hong Kong	- 於香港以外上市
- Unlisted	- 非上市
Debt securities	債務證券
- Listed in Hong Kong	- 於香港上市
- Listed outside Hong Kong	- 於香港以外上市
- Unlisted	- 非上市
Equity securities	股本證券
- Listed in Hong Kong	- 於香港上市
- Unlisted	- 非上市

<i>Available-for-sale financial assets are issued by:</i>	可供出售金融資產由以下機構發行：
- Governments and central banks	- 政府及中央銀行
- Public sector entities	- 公營機構
- Banks	- 銀行
- Corporate entities	- 企業實體

31 December 2018 and 1 January 2018 二零一八年十二月三十一日及二零一八年一月一日 HK\$'000 千港元	31 December 2017 二零一七年十二月三十一日 HK\$'000 千港元
-	15,034
-	1,009,487
-	571,764
-	1,067,754
-	9,397,485
-	15,378,966
-	4,258,761
-	69
-	544,340
-	32,243,660
-	1,963,013
-	656,408
-	14,453,996
-	15,170,243
-	32,243,660

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

As at 31 December 2017, debt securities issued by banks include debt securities with fair value of HK\$2,014.7 million issued by multilateral development banks. As at 31 December 2017, the fair value of debt securities guaranteed by governments was HK\$1,361.5 million.

As at 31 December 2017, certain of the Group's available-for-sale equity securities with a fair value of HK\$30.7 million were individually determined to be impaired on the basis of a significant or prolonged decline in fair value below cost. Impairment losses on these investments of HK\$1.3 million were recognized in profit or loss in year 2017.

22. HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments at amortized cost

Debt securities	債務證券
– Listed in Hong Kong	– 於香港上市
– Listed outside Hong Kong	– 於香港以外上市
– Unlisted	– 非上市
Certificates of deposit	存款證
– Unlisted	– 非上市

Held-to-maturity investments are issued by:

– Banks	– 銀行
– Corporate entities	– 企業實體

23. INTERESTS IN ASSOCIATES

Unlisted shares, at cost	非上市股份，按成本值
Share of net assets	應佔資產淨值
Goodwill	商譽
Less: Impairment allowance on unlisted shares	減：非上市股份之減值撥備

21. 可供出售金融資產(續)

於二零一七年十二月三十一日，由銀行發行的債務證券包括由多邊發展銀行發行公平價值為2,014,700,000港元的債務證券。於二零一七年十二月三十一日，政府擔保債務證券的公平價值為1,361,500,000港元。

於二零一七年十二月三十一日，本集團若干公平價值為30,700,000港元的可供出售股本證券因其公平價值大幅或長期低於成本而被個別釐定為減值。於二零一七年，該等投資的減值虧損1,300,000港元已於損益賬內確認。

22. 持至到期投資

31 December 2018 and 1 January 2018 二零一八年十二月三十一日及二零一八年一月一日 HK\$'000 千港元	31 December 2017 二零一七年十二月三十一日 HK\$'000 千港元
–	77,268
–	273,536
–	1,054,735
–	156,257
–	1,561,796
–	1,484,528
–	77,268
–	1,561,796

23. 於聯營公司之權益

31 December 2018 二零一八年十二月三十一日 HK\$'000 千港元	1 January 2018 二零一八年一月一日 HK\$'000 千港元	31 December 2017 二零一七年十二月三十一日 HK\$'000 千港元
10,394	10,394	10,394
–	2,338,425	2,338,559
–	52,250	52,250
10,394	2,401,069	2,401,203
(10,394)	(10,394)	(10,394)
–	2,390,675	2,390,809

23. INTERESTS IN ASSOCIATES (continued)

The Bank has one associate as of 31 December 2018. The associate is an unlisted corporate entity, whose market price is not available. The information of the associate is as follows:

Name of associate	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest	Principal activities
聯營公司名稱	業務構成形式	註冊成立及營運地點	已發行及繳足之股本詳情	擁有權益比例	主要業務
IBA Finance Corporation ("IBAFI") IBA Finance Corporation (「IBAFI」)	Incorporated 註冊成立	The Philippines 菲律賓	50,000,000 ordinary shares of PHP1 each 50,000,000股每股面值菲律賓披索1元的普通股	40.00%	Provision of financing and leasing services (Note 1) 提供財務及租賃服務(附註1)

The Group's effective interest over the associate is held by the Bank directly.

Note i: IBAFI is a financing company incorporated in the Philippines. The Group has not equity accounted for the investments in IBAFI in view of the immaterial amount involved.

As of 31 December 2017, the Bank held 15.78% of ownership interest in XBCL, a bank incorporated in the PRC. The Bank was entitled to appoint two directors, including one Executive Director, to the board of XBCL which comprises thirteen directors. In view of the Bank's shareholding and representation on the Board of Directors, XBCL was accounted for as an associated company as the directors believed they had significant influence. The Bank sold its entire shareholding in XBCL during the year 2018 as disclosed in Note 11.

24. INVESTMENTS IN SUBSIDIARIES

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 unless otherwise stated.

Name of Company		Particulars of issued and paid up capital	Proportion of ownership interest	Principal activities
公司名稱		已發行及繳足之股本詳情	擁有權益比例	主要業務
Incorporated and operating in Hong Kong Fubon Credit (Hong Kong) Limited	於香港註冊成立及運作 富邦財務(香港)有限公司	HK\$65,000,000 65,000,000港元	100%	Provision of financing services 提供財務服務
FB Securities (Hong Kong) Limited	富銀證券(香港)有限公司	HK\$8,000,000 8,000,000港元	100%	Securities broking 證券經紀
FB Investment Management Limited	富銀投資管理有限公司	HK\$8,000,000 8,000,000港元	100%	Fund management 基金管理
Fubon Nominees (Hong Kong) Limited	Fubon Nominees (Hong Kong) Limited	HK\$200 200港元	100%	Nominee service 代理人服務
Fubon Insurance Brokers Limited	富邦保險顧問有限公司	HK\$100,000 100,000港元	100%	Insurance broker services 保險經紀人服務

All of the above subsidiaries are directly owned by the Bank.

The Bank sold its entire shareholding of FB Investment Management Limited subsequent to the end of the reporting period. Details of the disposal is disclosed in Note 26.

23. 於聯營公司之權益(續)

於二零一八年十二月三十一日，本行擁有一間聯營公司。該聯營公司為非上市企業實體且無法獲取其市價。聯營公司之資料載列如下：

本集團於聯營公司的實際權益由本行直接持有。

附註 i: IBAFI 為於菲律賓註冊成立的融資公司。由於所涉及之金額微不足道，本集團並無以權益法將於 IBAFI 之投資列入賬內。

於二零一七年十二月三十一日，本行持有於中國註冊成立的廈門銀行 15.78% 的擁有權權益。本行有權委任兩位董事(包括一位執行董事)加入廈門銀行的董事會(由十三位董事組成)。鑒於本行所持股權及於董事會的代表人數，董事認為彼等具有重大影響力，因此廈門銀行作為一間聯營公司入賬。如附註 11 所披露，本行於二零一八年售出其於廈門銀行的全部股權。

24. 附屬公司投資

以下名單僅包括主要影響本集團業績、資產或負債的附屬公司的詳情。除另有說明者外，所持股份類別均為普通股。

所有上述附屬公司由本行直接擁有。

本行於報告期末後售出其於富銀投資管理有限公司之全部股權。出售詳情披露於附註 26。

25. FIXED ASSETS

(a) Reconciliation of carrying amount

Cost or valuation	成本值或估值
At 1 January 2018	於二零一八年一月一日
Additions	添置
Disposals	出售
Surplus on revaluation (Note 13)	重估盈餘(附註13)
Elimination of accumulated depreciation on revalued premises	抵銷重估物業之累計折舊
At 31 December 2018	於二零一八年十二月三十一日
Representing:	代表:
Cost	成本值
Valuation – 2018	估值 – 二零一八年
Accumulated depreciation	累計折舊
At 1 January 2018	於二零一八年一月一日
Charge for the year (Note 7)	年內折舊(附註7)
Released on disposal	出售撥回
Elimination of accumulated depreciation on revalued premises	抵銷重估物業之累計折舊
At 31 December 2018	於二零一八年十二月三十一日
Accumulated impairment loss	累計減值虧損
At 1 January and 31 December 2018	於二零一八年一月一日及十二月三十一日
Net book value	賬面淨值
At 1 January 2018	於二零一八年一月一日
At 31 December 2018	於二零一八年十二月三十一日

25. 固定資產

(a) 賬面值對賬

Premises 物業 HK\$'000 千港元	Furniture, fixtures and equipment 傢私、裝置 及設備 HK\$'000 千港元	Total 總額 HK\$'000 千港元
3,777,633	913,284	4,690,917
–	81,184	81,184
–	(20,946)	(20,946)
269,604	–	269,604
(65,965)	–	(65,965)
3,981,272	973,522	4,954,794
–	973,522	973,522
3,981,272	–	3,981,272
3,981,272	973,522	4,954,794
–	574,864	574,864
65,965	72,578	138,543
–	(20,885)	(20,885)
(65,965)	–	(65,965)
–	626,557	626,557
15,733	–	15,733
3,761,900	338,420	4,100,320
3,965,539	346,965	4,312,504

25. FIXED ASSETS (continued)

(a) Reconciliation of carrying amount (continued)

Cost or valuation

At 1 January 2017	於二零一七年一月一日
Additions	添置
Disposals	出售
Surplus on revaluation (Note 13)	重估盈餘(附註13)
Elimination of accumulated depreciation on revalued premises	抵銷重估物業之累計折舊
At 31 December 2017	於二零一七年十二月三十一日

Representing:

Cost	成本值
Valuation – 2017	估值 – 二零一七年

Accumulated depreciation

At 1 January 2017	於二零一七年一月一日
Charge for the year (Note 7)	年內折舊(附註7)
Released on disposal	出售撥回
Elimination of accumulated depreciation on revalued premises	抵銷重估物業之累計折舊
At 31 December 2017	於二零一七年十二月三十一日

Accumulated impairment loss

At 1 January and 31 December 2017	於二零一七年一月一日及十二月三十一日
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Net book value

At 31 December 2017	於二零一七年十二月三十一日
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25. 固定資產(續)

(a) 賬面值對賬(續)

Premises 物業 HK\$'000 千港元	Furniture, fixtures and equipment 傢私、裝置 及設備 HK\$'000 千港元	Total 總額 HK\$'000 千港元
3,482,333	815,605	4,297,938
–	106,549	106,549
–	(8,870)	(8,870)
356,489	–	356,489
(61,189)	–	(61,189)
3,777,633	913,284	4,690,917
–	913,284	913,284
3,777,633	–	3,777,633
3,777,633	913,284	4,690,917
–	511,811	511,811
61,189	71,892	133,081
–	(8,839)	(8,839)
(61,189)	–	(61,189)
–	574,864	574,864
15,733	–	15,733
3,761,900	338,420	4,100,320

25. FIXED ASSETS (continued)

(a) Reconciliation of carrying amount (continued)

Had the revalued premises been carried at cost less accumulated depreciation, the carrying amounts would have been:

Net book value

賬面淨值

(b) Fair value measurement of properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3: Fair value measured using significant unobservable inputs

25. 固定資產 (續)

(a) 賬面值對賬 (續)

倘重估物業按成本減累計折舊入賬，則賬面值應為：

31 December 2018	1 January 2018 and 31 December 2017
二零一八年 十二月三十一日	二零一八年 一月一日及 二零一七年 十二月三十一日
HK\$'000 千港元	HK\$'000 千港元
806,415	817,031

(b) 物業之公平價值計量

(i) 公平價值等級制度

下表列示本集團於報告期末按經常性基準計量之物業公平價值，並歸類為香港財務報告準則第13號公平價值計量所界定之三個公平價值架構級別。公平價值計量所歸類之級別乃參照以下估值技術所用輸入數據之可觀察程度及重要程度而釐定：

- 一級：使用一級輸入數據(即於計量日期相同資產或負債在活躍市場之未經調整報價)計量之公平價值
- 二級：使用二級輸入數據(即未能符合第一級規定之可觀察輸入數據，以及不使用不可觀察重要輸入數據)計量之公平價值。不可觀察輸入數據指未有相關市場數據之輸入數據
- 三級：使用不可觀察重要輸入數據計量之公平價值

25. FIXED ASSETS (continued)

(b) Fair value measurement of properties (continued)

(i) Fair value hierarchy (continued)

Recurring fair value measurement 經常性公平價值計量

Premises:

物業：

25. 固定資產(續)

(b) 物業之公平價值計量(續)

(i) 公平價值等級制度(續)

Fair value at 31 December 2018 於二零一八年 十二月三十一日 之公平價值 計量 HK\$'000 千港元	Fair value measurements as at 31 December 2018 categorized into 公平價值計量於 二零一八年十二月三十一日分類如下		
	Level 1 一級 HK\$'000 千港元	Level 2 二級 HK\$'000 千港元	Level 3 三級 HK\$'000 千港元
	-	-	3,965,539

Fair value at 1 January 2018 and 31 December 2017 於二零一八年 一月一日及 二零一七年 十二月三十一日之 公平價值計量 HK\$'000 千港元	Fair value measurements as at 1 January 2018 and 31 December 2017 categorized into 公平價值計量於二零一八年一月一日及 二零一七年十二月三十一日分類如下		
	Level 1 一級 HK\$'000 千港元	Level 2 二級 HK\$'000 千港元	Level 3 三級 HK\$'000 千港元
	-	-	3,761,900

Recurring fair value measurement 經常性公平價值計量

Premises:

物業：

During the year ended 31 December 2018 and 2017, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's premises were revalued as at 31 December 2018 and 2017. The valuations were carried out by an independent firm of surveyors, Colliers International (Hong Kong) Limited, who have among their staff fellows of the Royal Institute of Chartered Surveyors with recent experience in the location and category of property being valued.

The revaluation surplus of HK\$225.1 million (2017: HK\$297.7 million) has been recognized in other comprehensive income and accumulated in the premises revaluation reserve, net of deferred tax.

於截至二零一八年及二零一七年十二月三十一日止年度，一級及二級之間並無任何轉移，亦無任何資產轉入或轉出三級。本集團之政策是於轉移發生之相關報告期末確認公平價值等級制度之間的轉移。

本集團所有物業於二零一八年及二零一七年十二月三十一日作出重估。估值由獨立測量師行高力國際物業顧問(香港)有限公司進行，其部分員工為英國皇家特許測量師學會資深會員且具有近期評估物業所在地及範疇的經驗。

重估盈餘225,100,000港元(二零一七年：297,700,000港元)經扣除遞延稅項後已於其他全面收益表內確認及在物業重估儲備中累計。

25. FIXED ASSETS (continued)

(b) Fair value measurement of properties (continued)

(ii) Valuation techniques and inputs used in Level 3 fair value measurements

The fair value of premises is determined using market comparison approach assuming sale with immediate vacant possession and by reference to comparable sales evidence.

(iii) Reconciliation of fair value measurements in Level 3 of the fair value hierarchy

The following table provides a reconciliation of the movement between opening and closing balances of Level 3 properties, measured at fair value using a valuation technique with significant unobservable inputs:

Premises 物業		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
At 1 January	於一月一日	3,761,900	3,466,600
Depreciation for the year	本年度折舊	(65,965)	(61,189)
Surplus on revaluation – credit to premises revaluation reserve	重估盈餘 – 計入物業重估儲備	269,604	356,489
At 31 December	於十二月三十一日	3,965,539	3,761,900
Total gains or losses for the year included in other comprehensive income for assets held at the end of the reporting period	就於報告期末所持資產計入其他全面收益表的本年度收益或虧損總額		
– Premises: net movement in premises revaluation reserve	– 物業：物業重估儲備淨變動	234,231	305,992
Total gains or losses for the year included in profit or loss for assets held at the end of the reporting period	就於報告期末所持資產計入損益賬的本年度收益或虧損總額		
– Operating expenses: Depreciation	– 營運支出：折舊	(65,965)	(61,189)

25. 固定資產(續)

(b) 物業之公平價值計量(續)

(ii) 三級公平價值計量使用的估值技術及輸入數據

物業的公平價值乃使用市場比較方法假定即時交吉出售及參考可資比較銷售證據而釐定。

(iii) 公平價值等級制度三級公平價值計量的對賬

下表載列按公平價值計量使用估值技術連同重大不可觀察輸入數據之三級物業期初及期末結餘之變動對賬：

25. FIXED ASSETS (continued)

(b) Fair value measurement of properties (continued)

(iv) Information about Level 3 fair value measurements

	Valuation technique 估值技術	Unobservable input 不可觀察輸入數據	Range 範圍
Premises	Market Approach – Comparable Transactions Method	Premium/(discount) on characteristic of the properties	120% to –30%
物業	市場法 – 可資比較交易法	物業特點的溢價/(折讓)	120%至–30%

The fair value of premises held for own use are determined using the Market Approach – Comparable Transactions Method. This approach provides an indication of value by comparing the subject asset with sales of identical or similar assets for which price information is available. In analysing such sales, which qualify as arms-length transactions between willing buyers and sellers, adjustments are made for size, location, time, amenities and other relevant factors to assess the value of the subject asset.

持作自用物業的公平價值乃使用市場法 – 可資比較交易法釐定。該方法乃透過將目標資產與價格資訊可得的相同或類似資產銷售作比較，以提供價值指標。透過分析自願買方及自願賣方雙方按公平原則進行的出售交易以評估目標資產之價值時，已調整規模、位置、時間、設施及其他相關因素。

(c) The analysis of net book value of premises is as follows:

(c) 物業賬面淨值的分析如下：

		31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元	1 January 2018 and 31 December 2017 二零一八年 一月一日及 二零一七年 十二月三十一日 HK\$'000 千港元
Held in Hong Kong at fair value	於香港按公平價值持有		
– Long-term leases (over 50 years)	– 長期租約(超過五十年)	2,426,439	2,305,500
– Medium-term leases (10-50 years)	– 中期租約(十年至五十年)	1,539,100	1,456,400
		3,965,539	3,761,900

26. ASSETS HELD FOR SALE

In May 2014, the Group transferred two owned properties situated in Hong Kong with carrying amount of HK\$92,669,000 from premises to assets held for sale following the Group's decision to dispose of the properties. In December 2014, the Group sold one of the properties, with a carrying amount of HK\$47,225,000, at a consideration of HK\$52,000,000. A gain of HK\$4,775,000 was recognized in profit the year ended 31 December 2014. The Group is committed to a plan to sell the remaining property.

The asset is measured at the lower of its carrying amount and fair value less costs to sell at the end of each reporting period. The carrying amount as of 31 December 2018 of HK\$45,443,000 (2017: HK\$43,900,000) represents its fair value less costs to sell. The fair value measurement is categorized as at Level 3 valuation as described in Note 25 (b).

Cumulative income recognized in other comprehensive income relating to assets held for sale is HK\$27,995,000 (2017: HK\$27,995,000), net of tax, which represents cumulative revaluation surplus of the property.

In May 2018, the Bank's Board of Directors approved the disposal of one of the Bank's subsidiaries, which is a licensed corporation registered with the Securities and Futures Commission. The Bank then signed a Sale and Purchase agreement with the acquirer who is a fellow subsidiary of the Bank. The completion of the transaction is subject to regulatory approval, which was obtained in January 2019. The disposal was completed in February 2019. All assets and liabilities related to this subsidiary are presented under "Assets held for sale" and "Liabilities associated with assets held for sale" respectively.

Assets held for sale comprise the following:

Property situated in Hong Kong
Account receivables and other assets
of a subsidiary

位於香港之物業
一間附屬公司之應收賬項
及其他資產

26. 持作出售之資產

於二零一四年五月，本集團決定出售其位於香港的賬面值為92,669,000港元的兩項物業，並將其由物業轉撥至持作出售之資產。於二零一四年十二月，本集團出售其中一項賬面值為47,225,000港元的物業，代價為52,000,000港元，得以於截至二零一四年十二月三十一日止年度溢利中確認4,775,000港元之收益。本集團承諾計劃出售餘下物業。

資產按於各報告期末其賬面值及公平價值減出售成本(兩者之較低者為準)計量。於二零一八年十二月三十一日，賬面值45,443,000港元(二零一七年：43,900,000港元)相當於其公平價值減出售成本，而其公平價值計量分類為三級估值(如附註25(b)所述)。

累計收入於其他全面收入中確認，乃關於持作出售資產27,995,000港元(二零一七年：27,995,000港元)(扣除稅項)，相當於物業的累計重估盈餘。

於二零一八年五月，本行董事會批准出售本行其中一家附屬公司，其為於證券及期貨事務監察委員會註冊的持牌法團。其後，本行與作為本行同系附屬公司的收購方簽訂買賣協議。交易須經監管部門批准方可完成，並於二零一九年一月獲得該批准。此出售於二零一九年二月完成。與該附屬公司相關的所有資產及負債分別在「持作出售之資產」及「持作出售資產之相關負債」下列示。

持作出售之資產包括下列各項：

31 December 2018	1 January 2018 and 31 December 2017 二零一八年 一月一日及 二零一七年 十二月三十一日
HK\$'000 千港元	HK\$'000 千港元
45,443	43,900
384	-
45,827	43,900

27. GOODWILL

Cost and carrying amounts

At 1 January	
Disposal of investment in an associate	
Dilution on investment in an associate	
At 31 December	

成本及賬面值

於一月一日	
出售於聯營公司之投資	
於一間聯營公司投資之攤薄	
於十二月三十一日	

As at 31 December 2017, goodwill of HK\$52,250,000 in respect of the Group's interest in an associate was included in carrying amount of interests in associates (Note 23).

28. DEPOSITS AND BALANCES OF BANKS AND OTHER FINANCIAL INSTITUTIONS

Deposits and balances from banks	
Deposits and balances from the HKMA	
Amounts due to banks and other financial institutions under repurchase agreements (Note 44(f))	

銀行同業之存款及結餘	
於金管局之存款及結餘	
回購協議項下應付銀行同業及其他金融機構之款項(附註44(f))	

27. 商譽

31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元	1 January 2018 and 31 December 2017 二零一八年 一月一日及 二零一七年 十二月三十一日 HK\$'000 千港元
52,250	66,182
(52,250)	-
-	(13,932)
-	52,250

於二零一七年十二月三十一日，有關本集團於一間聯營公司之權益的商譽共52,250,000港元包括在於聯營公司權益之賬面值內(附註23)。

28. 銀行同業及其他金融機構之存款及結餘

31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元	1 January 2018 and 31 December 2017 二零一八年 一月一日及 二零一七年 十二月三十一日 HK\$'000 千港元
3,209,729	2,001,405
278,273	24,743
3,488,002	2,026,148
5,979,423	9,181,147
9,467,425	11,207,295

29. DEPOSITS FROM CUSTOMERS

Demand deposits and current accounts	活期及往來存款
Savings deposits	儲蓄存款
Call deposits	通知存款
Time deposits	定期存款

29. 客戶存款

31 December 2018	1 January 2018 and 31 December 2017
二零一八年 十二月三十一日	二零一八年 一月一日及 二零一七年 十二月三十一日
HK\$'000 千港元	HK\$'000 千港元
12,956,273	14,174,871
1,269,027	1,499,752
4,091,701	4,571,802
49,930,797	41,821,368
68,247,798	62,067,793

30. TRADING LIABILITIES

Short positions in Exchange Fund Bills	外匯基金票據之短倉
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30. 交易賬項下之負債

31 December 2018	1 January 2018 and 31 December 2017
二零一八年 十二月三十一日	二零一八年 一月一日及 二零一七年 十二月三十一日
HK\$'000 千港元	HK\$'000 千港元
1,898,372	1,846,819

31. OTHER LIABILITIES

Net defined benefit liability (Note 38(a)(i))	定額福利負債淨額 (附註38(a)(i))
Accounts payable and other liabilities	應付賬項及其他負債
Expected credit loss on credit related commitments and contingencies	信貸相關承擔及或有事項的預 期信貸虧損

31. 其他負債

31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元	1 January 2018 二零一八年 一月一日 HK\$'000 千港元	31 December 2017 二零一七年 十二月三十一日 HK\$'000 千港元
47,361	57,301	57,301
1,784,077	2,017,202	2,017,202
5,265	10,068	—
1,836,703	2,084,571	2,074,503

32. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current tax provision/(recoverable) in the consolidated statement of financial position represents:

Provision for Hong Kong Profits Tax for the year	年內香港利得稅準備
Provisional Hong Kong Profits Tax paid	已付香港暫繳利得稅
Balance of Hong Kong Profits Tax payable/(recoverable) relating to prior years	承過往年度應付/(可收回)香港利得稅結餘
<i>Representing:</i>	<i>代表:</i>
Hong Kong Profits Tax recoverable*	可收回香港利得稅*
Provision for Hong Kong Profits Tax*	香港利得稅準備*

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

32. 綜合財務狀況表之所得稅

(a) 綜合財務狀況表內之即期稅項準備/(可收回即期稅項)為:

31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元	1 January 2018 and 31 December 2017 二零一八年 一月一日及 二零一七年 十二月三十一日 HK\$'000 千港元
113,184	89,450
(66,807)	(25,564)
46,377	63,886
1,472	(28,063)
47,849	35,823
(350)	—
48,199	35,823
47,849	35,823

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

32. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(b) Deferred tax assets and liabilities recognized

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

		Depreciation allowances in excess of related depreciation	Defined benefit scheme	Impairment allowance	Revaluation of available-for-sale financial assets	Revaluation of equity securities designated at fair value through other comprehensive income	Revaluation of premises	Unappropriated profit of an associate	Total
		超過有關折舊的折舊免稅額	定額福利計劃	減值撥備	可供出售金融資產重估	指定以公平價值於其他全面收益計量之股本證券重估	物業重估	聯營公司未分配溢利	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2017	於二零一七年一月一日	(40,739)	9,623	17,958	(16,099)	-	(448,968)	(18,554)	(496,779)
(Charged)/credited in arriving at the profit for the year	於本年度溢利中(扣除)/撥回(附註12(a))	(6,463)	(1,112)	3,998	-	-	114	(8,445)	(11,908)
(Note 12(a))									
Credited/(charged) to other comprehensive income	於其他全面收益中撥回/(扣除)(附註13)	-	1,305	-	(85,453)	-	(50,497)	-	(134,645)
(Note 13)									
At 31 December 2017	於二零一七年十二月三十一日	(47,202)	9,816	21,956	(101,552)	-	(499,351)	(26,999)	(643,332)
At 31 December 2017	於二零一七年十二月三十一日	(47,202)	9,816	21,956	(101,552)	-	(499,351)	(26,999)	(643,332)
Opening balance adjustments arising from change in accounting policy	因會計政策變動而對期初結餘作出調整	-	-	(5,333)	101,552	(65,802)	-	-	30,417
At 1 January 2018	於二零一八年一月一日	(47,202)	9,816	16,623	-	(65,802)	(499,351)	(26,999)	(612,915)
(Charged)/credited in arriving at the profit for the year	於本年度溢利中(扣除)/撥回	(3,226)	(1,611)	(5,650)	-	-	114	26,999	16,626
(Note 12(a))	(附註12(a))								
Charged to other comprehensive income (Note 13)	於其他全面收益中扣除(附註13)	-	(237)	-	-	(44,646)	(35,373)	-	(80,256)
(Note 13)									
At 31 December 2018	於二零一八年十二月三十一日	(50,428)	7,968	10,973	-	(110,448)	(534,610)	-	(676,545)

32. 綜合財務狀況表之所得稅(續)

(b) 已確認遞延稅項資產及負債

於綜合財務狀況表內確認之遞延稅項資產/(負債)之各組成部分及年內之變動如下:

32. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

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

Deferred tax assets and liabilities recognized are summarized as follows:

	31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元	1 January 2018 二零一八年 一月一日 HK\$'000 千港元	31 December 2017 二零一七年 十二月三十一日 HK\$'000 千港元
Net deferred tax assets recognized in the consolidated statement of financial position	7	9	6
Net deferred tax liabilities recognized in the consolidated statement of financial position	(676,552)	(612,924)	(643,338)
	(676,545)	(612,915)	(643,332)

(c) Deferred tax assets unrecognized

The Group has no material unrecognized deferred tax asset as at 31 December 2018 (2017: HK\$Nil).

33. SUBORDINATED NOTES ISSUED

US\$200 million 6.125% subordinated notes issued in 2010 於二零一零年發行200,000,000美元年息率為6.125%的後償票據

Subordinated notes with face value of US\$200 million (equivalent to HK\$1,566.3 million) and carrying amount of HK\$1,562.9 million which qualify as supplementary capital were issued by the Bank on 30 November 2010 and will mature on 30 November 2020.

32. 綜合財務狀況表之所得稅(續)

(b) 已確認遞延稅項資產及負債(續)

已確認遞延稅項資產及負債概述如下：

(c) 未確認之遞延稅項資產

於二零一八年十二月三十一日，本集團並無重大未確認之遞延稅項資產(二零一七年：無)。

33. 已發行後償票據

31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元	1 January 2018 and 31 December 2017 二零一八年 一月一日及 二零一七年 十二月三十一日 HK\$'000 千港元
1,562,870	1,557,472

本行於二零一零年十一月三十日發行面值為200,000,000美元(相當於為1,566,300,000港元)及賬面值為1,562,900,000港元及符合附加資本準則的後償票據，該票據於二零二零年十一月三十日到期。

33. SUBORDINATED NOTES ISSUED (continued)

If at any time the HKMA determines (having regard to the applicable regulatory framework) that these subordinated notes no longer qualify as supplementary capital, the Bank may, on or after 1 January 2013 at its option and subject to the prior written approval of the HKMA, provide notice to such effect to Noteholders, such notice being a "Change in Status Notice". Upon a Change in Status Notice becoming effective, these subordinated notes shall cease to constitute subordinated obligations of the Bank and shall thereafter constitute direct, unconditional, unsubordinated and unsecured obligations of the Bank and shall at all times thereafter rank pari passu and without any preference among themselves. The payment obligations of the Bank under these subordinated notes shall, save for such exceptions as may be provided by applicable legislation, at all times thereafter rank at least equally with all its other present and future unsecured and unsubordinated obligations including liabilities in respect of deposits.

These subordinated notes bear interest at 6.125% per annum, payable semi-annually. Upon a Change in Status Notice becoming effective, the interest rate for these subordinated notes will become 5.625% per annum, payable semi-annually. These subordinated notes are stated at amortized cost.

34. SHARE CAPITAL

Issued and fully paid:

Ordinary shares

As at 1 January and 31 December

已發行及繳足：

普通股

於一月一日及十二月三十一日

31 December 2018 二零一八年十二月三十一日		1 January 2018 and 31 December 2017 二零一八年一月一日及 二零一七年十二月三十一日	
Number of shares 股份數目	Share capital 股本 HK\$'000 千港元	Number of shares 股份數目	Share capital 股本 HK\$'000 千港元
1,641,273,089	4,830,448	1,641,273,089	4,830,448

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

35. RESERVES

(a) Foreign exchange reserve

The foreign exchange reserve of the Group comprises all foreign exchange differences arising from the translations of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 2(v).

(b) Regulatory reserve

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

33. 已發行後償票據(續)

倘若金管局於任何時候決定(經考慮適用的法規框架)本後償票據不再合資格作為附加資本,本行可於二零一三年一月一日或之後,在事先獲得金管局書面批准後選擇向票據持有人通知有關影響,該通知即為「地位變更通知」。於地位變更通知生效後,本後償票據將不再構成本行之後償責任,並於其後構成本行之直接、無條件、非後償及無抵押責任,並將於其後任何時間享有同等權益,且彼此並無任何優先權。除適用法律可能規定之例外情況外,本行根據本後償票據之付款責任將於其後任何時間至少與其他現有及未來無抵押及非後償負債(包括有關存款之負債)享有同等權益。

本後償票據按年利率6.125%計息,每半年支付一次。地位變更通知生效後,本後償票據之年利率將變為5.625%,每半年支付一次。本後償票據以攤餘成本列賬。

34. 股本

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

35. 儲備

(a) 外匯儲備

本集團外匯儲備包括因折算海外業務財務報告所產生之所有外匯差異。該儲備根據附註2(v)所載之會計政策處理。

(b) 法定儲備

為根據《銀行業條例》的規定而保留法定儲備以達至嚴謹監管的目的。該儲備之變動乃在諮詢金管局之意見後直接從保留溢利轉撥。

35. RESERVES (continued)

(c) Investment revaluation reserve (recycling)

The investment revaluation reserve (recycling) comprises the cumulative net change in the fair value of debt securities measured at FVOCI under HKFRS 9 held at the end of the reporting period (see Note 2(h)). Prior to 1 January 2018, this reserve included the cumulative net change in the fair value of available-for-sale financial assets held at the end of the reporting period in accordance with HKAS 39. This amount has been reclassified to investment revaluation reserve (non-recycling) upon the initial adoption of HKFRS 9 at 1 January 2018 (see Note 2(d)).

(d) Investment revaluation reserve (non-recycling)

The investment revaluation reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period (see Note 2(h)).

(e) Premises revaluation reserve

The premises revaluation reserve is dealt with in accordance with the accounting policies adopted for land and buildings in Note 2(l).

36. ADDITIONAL EQUITY INSTRUMENTS

US\$193 million undated non-cumulative subordinated additional tier 1 capital securities 193,000,000美元無到期日非累計後償額外一級資本證券

On 29 December 2017, the Bank issued undated non-cumulative subordinated additional tier 1 capital securities ("Additional Tier 1 Capital Securities") with a face value of US\$193 million (equivalent to HK\$1,508 million net of related issuance costs). The Additional Tier 1 Capital Securities were undated and bore a 4.85% coupon until the first call date on 29 December 2022.

The Bank redeemed the Additional Tier 1 Capital Securities at par on 27 December 2018, upon mutual agreement with the holder of the securities and approval from the HKMA. All of the Additional Tier 1 Capital Securities were held by Fubon Financial Holding Co., Ltd., the Bank's ultimate holding company from issuance to redemption.

35. 儲備(續)

(c) 投資重估儲備(循環)

投資重估儲備(循環)包括於報告期末持有根據香港財務報告準則第9號按公平價值計入其他全面收益計量的債務證券的公平價值累計變動淨額(見附註2(h))。於二零一八年一月一日前,本儲備包括根據香港會計準則第39號於報告期末持有的可供出售金融資產公平價值的累計變動淨額。該款項於二零一八年一月一日首次採納香港財務報告準則第9號時重新分類至投資重估儲備(非循環)(見附註2(d))。

(d) 投資重估儲備(非循環)

投資重估儲備(非循環)包括於報告期末持有根據香港財務報告準則第9號被界定為按公平價值計入其他全面收益的股本投資的累計公允價值變動淨額(見附註2(h))。

(e) 物業重估儲備

物業重估儲備乃按附註2(l)中就土地及樓宇採納之會計政策所設立及處理。

36. 額外股本工具

	1 January 2018 and 31 December 2017 二零一八年 一月一日及 二零一七年 十二月三十一日
31 December 2018	31 December 2017
二零一八年 十二月三十一日	二零一七年 十二月三十一日
HK\$'000	HK\$'000
千港元	千港元
-	1,507,797

於二零一七年十二月二十九日,本行發行票面價值為193,000,000美元(扣除相關發行成本,相當於1,508,000,000港元)的無到期日非累計後償額外一級資本證券(「額外一級資本證券」)。額外一級資本證券無到期日且附帶4.85%票息率,直至二零二二年十二月二十九日的第一次回收日。

經與證券持有人雙方協定及金管局批准後,本行於二零一八年十二月二十七日按面值贖回此額外一級資本證券。所有額外一級資本證券自發行到贖回均由本行最終控股公司富邦金融控股股份有限公司持有。

37. CASH AND CASH EQUIVALENTS

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

Cash and balances with banks	現金及於銀行同業之結餘
Money at call and short notice with original maturity within three months	原於三個月內到期之通知及短期存款
Treasury bills with original maturity within three months	原於三個月內到期之國庫券
Placements with banks with original maturity within three months	原於三個月內到期之銀行同業放款

(b) Reconciliation to the consolidated statement of financial position

Cash and short-term funds (Note 15)	現金及短期資金(附註15)
Treasury bills	國庫券
– Trading assets (Note 16)	– 持作交易用途資產(附註16)
– Debt securities measured at amortized cost (Note 19)	– 按攤銷成本計量的債務證券(附註19)
– Available-for-sale financial assets (Note 21)	– 可供出售金融資產(附註21)
Balances with banks and other financial institutions	銀行及其他金融機構結餘
Amount shown in the consolidated statement of financial position	綜合財務狀況表內所示金額
Less: Amount with an original maturity of over three months	減：原到期日為三個月以上到期的金額
Cash and cash equivalents in the consolidated cash flow statement	綜合現金流動表內之現金及等同現金項目

37. 現金及等同現金項目

(a) 綜合現金流動表之現金及等同現金項目

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
1,065,588	989,187
4,626,132	3,808,138
3,397,144	2,408,840
627,340	–
9,716,204	7,206,165

(b) 綜合財務狀況表之對賬

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
5,981,567	5,133,534
1,898,372	1,846,823
4,594,486	–
–	1,024,521
2,060,262	558,348
14,534,687	8,563,226
(4,818,483)	(1,357,061)
9,716,204	7,206,165

37. CASH AND CASH EQUIVALENTS (continued)

(c) Reconciliation of liabilities arising from financing activities

37. 現金及等同現金項目(續)

(c) 融資活動所產生的負債之對賬

		Debt securities issued 已發行債務證券 HK\$'000 千港元	Additional equity instruments 額外股本工具 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2018	於二零一八年一月一日	1,179,009	1,507,797	2,686,806
Changes from financing cash flows:	融資現金流量變動：			
Repayment of debt securities	償還債務證券	(2,941,519)	-	(2,941,519)
Proceeds from issuance of debt securities	發行債務證券所得款項	2,151,146	-	2,151,146
Dividends payment on additional equity instruments	額外股本工具派付股息	-	(72,986)	(72,986)
Redemption of additional equity instruments	贖回額外股本工具	-	(1,508,266)	(1,508,266)
Total changes from financing cash flows	融資現金流量變動總額	(790,373)	(1,581,252)	(2,371,625)
Exchange adjustment	匯兌調整	138	-	138
Other changes	其他變動			
Professional fees to repayment of additional equity instruments	償還額外股本工具專業費用	-	469	469
Dividends paid on additional equity instruments	額外股本工具派付股息	-	72,986	72,986
Total other changes	其他變動總額	-	73,455	73,455
At 31 December 2018	於二零一八年十二月三十一日	388,774	-	388,774

		Financial liabilities designated at fair value 指定為反映公平價值之金融負債 HK\$'000 千港元	Debt securities issued 已發行債務證券 HK\$'000 千港元	Additional equity instruments 額外股本工具 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2017	於二零一七年一月一日	406,185	821,482	-	1,227,667
Changes from financing cash flows:	融資現金流量變動：				
Repayment of debt securities	償還債務證券	(407,380)	(826,498)	-	(1,233,878)
Proceeds from issuance of debt securities	發行債務證券所得款項	-	1,174,463	-	1,174,463
Net proceeds from issuance of additional equity instruments	發行額外股本工具所得款項淨額	-	-	1,507,797	1,507,797
Total changes from financing cash flows	融資現金流量變動總額	(407,380)	347,965	1,507,797	1,448,382
Interest expense	利息支出	1,195	9,562	-	10,757
At 31 December 2017	於二零一七年十二月三十一日	-	1,179,009	1,507,797	2,686,806

38. EMPLOYEE RETIREMENT BENEFITS

(a) Defined benefit retirement plans

The Group operates a retirement scheme, namely the Fubon Bank (Hong Kong) Limited Retirement Scheme (“the Scheme”), which incorporates a defined benefits plan for 20% (2017: 22%) of its full time employees. The Scheme is administered by trustees who are independent. The assets of the Scheme are held separately from those of the Group. The Group has secured Mandatory Provident Fund (“MPF”) exemption status for the Scheme. The Scheme is funded by contributions from the Group in accordance with the trust deed governing the Scheme and based on an independent actuary’s recommendations. The latest independent actuarial valuation of the Scheme was at 31 December 2018 and was prepared by Mandy Chan, Associate of the Society of Actuaries, of Mercer (Hong Kong) Limited using the projected unit credit actuarial cost method. The actuarial valuation indicates that the Group’s obligations under the Scheme are 84.11% (2017: 80.44%) covered by the plan assets held by the trustee.

The Scheme offers a lump sum at retirement based on final salary and years of service or employee and employer contributions if greater. The contribution based benefit is notionally invested in a “guarantee fund” (for which the Group acts the Guarantor), with no less than a 5% p.a. return.

The Scheme is closed to new entrants except that in exceptional circumstances new individual entrants are allowed to join at the Group’s discretion, so that the plan’s size is contained. However, the defined benefit element and the 5% p.a. guaranteed return offered on contributions exposes the Group to actuarial risks such as interest rate risk, investment risk and longevity risk.

(i) The amounts recognized in the consolidated statement of financial position are as follows:

Present value of wholly or partly funded obligations	獲全數或部分資助的承擔現值
Fair value of plan assets	計劃資產的公平價值
Net liabilities recognized in the consolidated statement of financial position (Note 31)	於綜合財務狀況表確認之負債淨額(附註31)

A portion of the above liability is expected to be settled after more than one year. However, it is not practicable to segregate this amount from the amounts payable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions.

38. 僱員退休福利

(a) 定額福利退休計劃

本集團推行一項退休計劃，名為富邦銀行(香港)有限公司退休計劃(「該計劃」)，為其20% (二零一七年：22%)全職僱員設立一項定額福利計劃。該計劃由獨立受託人管理。該計劃資產與本集團的資產分開持有。本集團就該計劃獲得強制性公積金(「強積金」)的豁免地位。該計劃乃由本集團根據規管該計劃的信託契據，並以獨立精算師的意見為基礎作出供款。該計劃最新的獨立精算估值乃於二零一八年十二月三十一日進行，由美世(香港)有限公司之陳璋雯(美國準精算師)以預計單位信貸方式編製。該精算估值顯示，本集團為該計劃所承擔之責任中，84.11%(二零一七年：80.44%)可透過受託人所持有的計劃資產獲得保障。

該計劃在退休時基於僱員最終薪金及服務年期及僱主供款之較高者提供一筆金額。基於福利之供款於名義上投資於一項「擔保基金」(本集團作為擔保人)，年回報率不低於5%。

該計劃不向新加入者開放，惟新加入個人由本集團酌情決定允許加入，致使該計劃的規模可受控制。然而，定額福利部分及供款年回報率5%擔保回報使本集團面臨精算風險，例如利率風險、投資風險及長壽風險。

(i) 於綜合財務狀況表確認的金額如下：

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
(298,116)	(292,992)
250,755	235,691
(47,361)	(57,301)

上述負債的一部分預期將於超過一年後結算。然而，將該金額從未來十二月應付金額中分離屬不實際，原因為未來供款將亦涉及提供的未來服務及精算假設及市況的未來變動。

38. EMPLOYEE RETIREMENT BENEFITS (continued)

(a) Defined benefit retirement plans (continued)

The Scheme follows a tri-annual funding valuation schedule when at each funding valuation, the contributions for the following three years are set. The last funding valuation was as of 31 December 2016 and it was assessed at that valuation that the entity contributes 14.0% of member's salary. The next funding valuation will be carried out by the Scheme actuary no later than 31 December 2019.

In addition to the above, the Group acts as the "Guarantor" to meet the 5% p.a. return on the defined contribution benefits. The annual contribution relating to this obligation is determined annually (based on the Scheme's return in the 1 July – 30 June financial year). The Guarantor contribution determined for the 1 July 2018–30 June 2019 financial year is HK\$12,465,000 which will be made in the first half of 2019.

(ii) Plan assets consist of the following:

Equities or unit funds	股本或基金單位
Interest-bearing securities	計息證券
Bank deposit, cash and other assets	銀行存款、現金及其他資產

All of the interest-bearing securities have quoted prices in active markets.

(iii) Movements in the present value of the defined benefit obligation

At 1 January:	於一月一日：
Remeasurements:	重新計量：
– Actuarial losses arising from changes in demographic assumptions	– 人口統計假設變動產生之精算虧損
– Actuarial gains arising from changes in financial assumptions	– 財務假設變動產生之精算收益
– Actuarial losses arising from experience adjustments	– 過往調整產生之精算虧損
Benefits paid by the plans	計劃已付福利
Current service cost	本期服務成本
Interest cost	利息成本
Participants' contributions	參與者供款
At 31 December	於十二月三十一日

The weighted average duration of the defined benefit obligation is 5.3 years (2017: 6.0 years).

38. 僱員退休福利(續)

(a) 定額福利退休計劃(續)

該計劃於每三年一次融資估值時設定接下來三年供款。最近一次融資評估為截至二零一六年十二月三十一日，且按實體就成員薪金14.0%作出供款來評估估值。該計劃精算師將於不遲於二零一九年十二月三十一日進行下一次融資評估。

除上文以外，本集團作為「擔保人」以滿足定額供款福利每年5%的回報。有關該責任的供款為每年釐定(基於七月一日至六月三十日財政年度該計劃的回報)。二零一八年七月一日至二零一九年六月三十日財政年度的擔保人供款釐定為12,465,000港元，並將於二零一九年上半年作出。

(ii) 計劃資產包括如下：

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
5,927	7,829
69,636	57,597
175,192	170,265
250,755	235,691

所有計息證券於活躍市場有報價。

(iii) 定額福利責任現值的變動

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
292,992	283,198
–	7,286
(3,123)	–
1,159	2,854
291,028	293,338
(12,888)	(20,638)
11,654	13,346
4,784	3,260
3,538	3,686
298,116	292,992

定額福利責任加權平均期限為5.3年(二零一七年：6.0年)。

38. EMPLOYEE RETIREMENT BENEFITS (continued)

(a) Defined benefit retirement plans (continued)

(iv) Movements in plan assets

At 1 January:	於一月一日：
Group's contributions paid to the plans	本集團對計劃的供款
Benefits paid by the plans	計劃已付福利
Interest income	利息收入
Administrative expenses paid from plan assets	自計劃資產支付的行政開支
Return on plan assets	計劃資產回報
At 31 December	於十二月三十一日

(v) Amounts recognized in the consolidated statement of comprehensive income are as follows:

Current service cost (Note 7)	本期服務成本(附註7)
Net interest on net defined benefit liability	定額福利負債淨額之淨利息
Administrative expenses and taxes	行政支出及稅項
Total amounts recognized in profit or loss	於損益賬內確認之總額
Actuarial (gain)/losses	精算(收益)/虧損
Return on plan assets, excluding interest income	計劃資產之回報不包括利息收入
Total amounts recognized in other comprehensive income (Note 13)	於其他全面收益表中確認之總額(附註13)
Total defined benefit cost	定額福利成本總額

The actual return on the Scheme's assets for the year ended 31 December 2018 amounted to approximately HK\$1,084,000 (2017: HK\$2,619,000).

38. 僱員退休福利(續)

(a) 定額福利退休計劃(續)

(iv) 計劃資產變動

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
235,691	227,034
26,868	26,676
(12,888)	(20,638)
4,029	2,737
(2,417)	(2,346)
(528)	2,228
250,755	235,691

(v) 於綜合全面收益表中已確認之金額如下：

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
11,654	13,346
755	523
2,417	2,346
14,826	16,215
(1,964)	10,140
528	(2,228)
(1,436)	7,912
13,390	24,127

截至二零一八年十二月三十一日止年度，計劃資產實際回報達約1,084,000港元(二零一七年：2,619,000港元)。

38. EMPLOYEE RETIREMENT BENEFITS (continued)

(a) Defined benefit retirement plans (continued)

(vi) Significant actuarial assumptions (expressed as weighted averages) and sensitivity analysis are as follows:

Discount rate	折現率
Salary increase rate	薪金增加率

The analysis below shows how the defined benefit obligation as at 31 December 2018 would have increased/(decreased) as a result of 50 basis points change in the significant actuarial assumptions:

As at 31 December 2018	於二零一八年十二月三十一日
Discount rate	折現率
Salary increase rate	薪金增加率
As at 31 December 2017	於二零一七年十二月三十一日
Discount rate	折現率
Salary increase rate	薪金增加率

The sensitivity analysis presented above has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period assuming that all other assumptions are held constant.

(b) Mandatory Provident Fund Scheme (“MPF Scheme”)

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

Under the MPF Scheme, the employer and its employees are each required to make mandatory contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the scheme vest immediately.

In addition to the mandatory contribution, employees will have an one-off election to make a voluntary contribution of 5% of employee's relevant income. At the same time, the employer will make a matching voluntary contribution accordingly.

38. 僱員退休福利(續)

(a) 定額福利退休計劃(續)

(vi) 重大精算假設(表述為加權平均數)及敏感度分析如下:

2018 二零一八年	2017 二零一七年
1.9% p.a. 年利率1.9%	1.7% p.a. 年利率1.7%
3.0% p.a. 年利率3.0%	3.0% p.a. 年利率3.0%

以下分析顯示因重大精算假設變動50個基點時定額福利責任於二零一八年十二月三十一日增加/(減少):

Increase in 50 basis points 上升50個基點 HK\$'000 千港元	Decrease in 50 basis points 下降50個基點 HK\$'000 千港元
(7,453)	8,049
4,472	(3,876)

Increase in 50 basis points 上升50個基點 HK\$'000 千港元	Decrease in 50 basis points 下降50個基點 HK\$'000 千港元
(8,497)	9,083
4,981	(4,395)

以上呈報敏感度分析於釐定時乃基於於報告期末假設的可能合理變動(假定所有其他假設保持不變)。

(b) 強制性公積金計劃(「強積金計劃」)

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

根據強積金計劃，僱主及其僱員須各自就計劃按僱員相關收入作出5%之強制性供款，惟須受限於每月相關收入之上限30,000港元。一經對計劃作出供款，供款即予以歸屬。

除強制性供款外，僱員可作出一次一次性選擇，就其相關收入作出5%之自願性供款。同時，僱主將須作出相應的等額自願性供款。

39. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Credit related commitments and contingencies

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

The following is a summary of the contractual and credit risk-weighted amounts of each significant class of credit related commitments and contingencies:

		2018 二零一八年		2017 二零一七年	
		Contractual amounts	Credit risk weighted amounts	Contractual amounts	Credit risk weighted amounts
		合約金額 HK\$'000 千港元	信貸風險 加權金額 HK\$'000 千港元	合約金額 HK\$'000 千港元	信貸風險 加權金額 HK\$'000 千港元
Direct credit substitutes	直接信貸替代項目	866,758	866,758	138,170	138,170
Transaction-related contingencies	與交易有關之或然項目	40,830	20,415	16,172	8,086
Trade-related contingencies	與貿易有關之或然項目	192,471	38,494	734,248	146,850
Undrawn loan facilities – which are unconditionally cancellable	未提取之備用貸款 – 其中可無條件地 取消	32,667,732	–	25,619,171	–
– with an original maturity of up to one year	– 原訂到期期限 為最多一年	256,791	51,358	8,721	1,744
– with an original maturity of more than one year	– 原訂到期期限 為一年以上	2,023,875	1,004,828	2,219,450	1,103,476
		36,048,457	1,981,853	28,735,932	1,398,326

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

39. 或然負債及承擔

(a) 與信貸有關之承擔及或然項目

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

以下為每項重大與信貸有關之承擔及或然項目類別之合約金額及信貸加權金額之摘要：

用於計算信貸風險加權金額之風險加權比率介乎0%至100%之間。

39. CONTINGENT LIABILITIES AND COMMITMENTS

(continued)

(b) Lease commitments

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

Properties:	物業：
- Within one year	- 一年內
- After 1 year but within 5 years	- 一至五年間
- More than 5 years	- 五年以上

The Group leases a number of properties and items of equipment under operating leases. The leases typically run for an initial period of 1 to 10 years, with an option to renew the lease when all terms are renegotiated. Lease payments are renegotiated on renewal upon expiration of lease term and adjusted to reflect market rentals. None of the leases include contingent rentals.

(c) Capital commitments

Capital commitments for purchase of equipment and equity securities designated at fair value through other comprehensive income outstanding at 31 December not provided for in the financial statements were as follows:

Contracted for	已訂合約
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40. TRUST ACTIVITIES

The Group commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and the income arising thereon are excluded from these financial statements, as the Group has no beneficial interest in the assets.

39. 或然負債及承擔(續)

(b) 租賃承擔

於十二月三十一日，不可取消經營租約下之未來最低應付租金總額如下：

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
20,708	25,612
32,548	33,645
5,236	10,880
58,492	70,137

本集團根據經營租約租用若干物業及設備項目。通常租約的初始年期為一年至十年，並可於重新磋商所有條款時重續租約。租賃款項可於租約條款到期後於續期時重新磋商及調整以反映市場租金。概無租約包括或然租金。

(c) 資本承擔

於十二月三十一日未於財務報告內提撥之有關購買設備及指定以公平價值於其他全面收益計量之股本證券之未兌現資本承擔如下：

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
231,213	242,280

40. 信託業務

本集團一般以託管人及其他受託人的身份代表個人、信託、退休福利計劃及其他機構持有或存置資產。由於本集團並無於該等資產中擁有實益權益，因此該等資產及其所產生之收入不會於等財務報告中列賬。

41. FAIR VALUES OF FINANCIAL INSTRUMENTS

(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 fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or 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: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs 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.

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value treatment is categorized:

		Level 1 一級 HK\$'000 千港元	Level 2 二級 HK\$'000 千港元	Level 3 三級 HK\$'000 千港元	Total 總額 HK\$'000 千港元
2018	二零一八年				
Assets	資產				
Trading assets	持作交易用途資產	1,898,372	-	-	1,898,372
Derivative financial instruments	衍生金融工具	-	796,595	-	796,595
Equity securities designated at fair value through other comprehensive income	指定以公平價值於其他全面收益計量之股本證券	62	-	809,268	809,330
		1,898,434	796,595	809,268	3,504,297
Liabilities	負債				
Trading liabilities	交易賬項下之負債	1,898,372	-	-	1,898,372
Derivative financial instruments	衍生金融工具	-	133,347	-	133,347
		1,898,372	133,347	-	2,031,719

During the year ended 31 December 2018, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

41. 金融工具之公平價值

(a) 以公平價值列賬之金融工具

公平價值之估計一般帶有主觀性質，並於特定時間點基於該金融工具之特性及相關市場資料作出評估。本集團使用下列可反映計量所用之輸入數據之重要性之公平價值等級制度計量公平價值：

- 一級：相同工具於活躍市場之市場報價（未經調整）。
- 二級：由一級所載報價以外的可觀察直接（即價格）或間接（即源自價格）輸入數據。該分類包括使用下列方法進行估值之工具：類似工具於活躍市場之市場報價；不甚活躍市場之相同或類似工具之報價；或所有重要數據均可直接或間接於市場數據觀察而獲得之其他估值技術。
- 三級：並非以可觀察市場數據（不可觀察輸入數據）為基礎的資產或負債的輸入數據。該分類包括估值技術並非基於可觀察數據且不可觀察數據對工具之估值有重大影響之所有工具。倘重大不可觀察調整或假設須用以反映工具之間的差額，該分類包括根據類似工具的報價而估值的工具。

下表乃以公平價值等級制度（公平價值據此分類）分析於本報告期末以公平價值計量之金融工具：

於截至二零一八年十二月三十一日止年度，一級及二級之間並無任何轉移，亦無任何轉入或轉出三級。

41. FAIR VALUES OF FINANCIAL INSTRUMENTS

(continued)

(a) Financial instruments carried at fair value (continued)

		Level 1 一級 HK\$'000 千港元	Level 2 二級 HK\$'000 千港元	Level 3 三級 HK\$'000 千港元	Total 總額 HK\$'000 千港元
2017	二零一七年				
Assets	資產				
Trading assets	持作交易用途資產	1,846,823	-	-	1,846,823
Derivative financial instruments	衍生金融工具	-	705,165	-	705,165
Available-for-sale financial assets	可供出售金融 資產	15,741,031	15,956,289	546,340	32,243,660
		17,587,854	16,661,454	546,340	34,795,648
Liabilities	負債				
Trading liabilities	交易賬項下之負債	1,846,819	-	-	1,846,819
Derivative financial instruments	衍生金融工具	-	228,216	-	228,216
		1,846,819	228,216	-	2,075,035

During the year 2017, there were transfers of financial instruments from Level 1 to Level 2 of the fair value hierarchy of HK\$2,313 million as active markets cannot be identified for identical instruments, and transfers from Level 2 to Level 1 of HK\$4,322 million as active markets were identified for identical instruments. There were no transfers into or out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(i) Valuation of financial instruments with significant unobservable inputs

The following methods have been applied in determining the fair values of financial instruments under Level 3 of the fair value hierarchy:

- (1) The fair value of unquoted equity investments is estimated, if possible, using the applicable price/earnings ratio and other market data for similar listed companies adjusted to reflect specific circumstances of the issues; and
- (2) the fair value of unlisted investment funds is estimated using the net asset value as reported by the managers of such funds.

41. 金融工具之公平價值(續)

(a) 以公平價值列賬之金融工具(續)

於二零一七年，由於未能就相同工具分辨出活躍市場，價值23.13億港元的金融工具由公平價值等級制度第一級轉移至第二級；由於能就相同工具分辨出活躍市場，價值43.22億港元的金融工具由第二級轉移第一級。第三級概無轉入或轉出。本集團之政策是於報告期末確認於報告期間發生的公平價值分級轉移。

(i) 使用重大不可觀察數據進行之金融工具估值

以下方法已用於釐定屬於公平價值等級制度三級之金融工具之公平價值：

- (1) 沒有市價之股本投資之公平價值乃於可行情況下使用類似上市公司之市盈率及其他市場數據調整至反映該發行之特定情況進行估計；及
- (2) 非上市投資基金之公平價值是以該等基金之經理申報的資產淨值進行估計。

41. FAIR VALUES OF FINANCIAL INSTRUMENTS

(continued)

(a) Financial instruments carried at fair value (continued)

(i) Valuation of financial instruments with significant unobservable inputs (continued)

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

Assets	資產
At 1 January	於一月一日
Purchases	購買
Sales	出售
Changes in fair value recognized in other comprehensive income	在其他全面收益內確認之公平價值變動
At 31 December	於十二月三十一日
Total gains or losses for the year included in other comprehensive income for assets held at the end of the reporting period	於報告期末持有之資產計入其他全面收益之本年度收益或虧損總額
Total gains or losses for the year included in profit or loss for assets held at the end of the reporting period	於報告期末持有之資產計入損益賬之本年度收益或虧損總額

Assets	資產
At 1 January	於一月一日
Purchases	購買
Sales	出售
Changes in fair value recognized in profit or loss:	在損益賬內確認之公平價值變動：
– Impairment losses on available-for-sale financial assets	– 可供出售金融資產之減值虧損
Changes in fair value recognized in other comprehensive income	在其他全面收益內確認之公平價值變動
At 31 December	於十二月三十一日
Total gains or losses for the year included in other comprehensive income for assets held at the end of the reporting period	於報告期末持有之資產計入其他全面收益之本年度收益或虧損總額
Total gains or losses for the year included in profit or loss for assets held at the end of the reporting period	於報告期末持有之資產計入損益賬之本年度收益或虧損總額

41. 金融工具之公平價值(續)

(a) 以公平價值列賬之金融工具(續)

(i) 使用重大不可觀察數據進行之金融工具估值(續)

下表載列公平價值等級制度三級內公平價值計量之年初餘額與年終餘額之對賬：

Equity securities designated at fair value through other comprehensive income 指定以公平價值於其他全面收益計量之股本證券	
2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
544,340	–
3,962	–
(9,619)	–
270,585	–
809,268	–
270,585	–
15,874	–

Available-for-sale financial assets 可供出售金融資產	
2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
–	234,548
–	4,646
–	(15,215)
–	(1,286)
–	323,647
–	546,340
–	323,647
–	7,216

41. FAIR VALUES OF FINANCIAL INSTRUMENTS

(continued)

(a) Financial instruments carried at fair value (continued)

(ii) Effects of changes in significant unobservable assumptions to reasonably possible alternative assumptions

Although the Group believes that its estimates of fair value are appropriate, the use of different methodology or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3 of the fair value hierarchy, a 10% change in either direction in the net asset value reported by respective counterparties would have the following effects:

<p>As at 31 December 2018</p> <p>Assets</p> <p>Equity securities designated at fair value through other comprehensive income</p>	<p>於二零一八年 十二月三十一日</p> <p>資產</p> <p>指定以公平價值 於其他全面收益計量之股本證券</p>
<p>As at 31 December 2017</p> <p>Assets</p> <p>Available-for-sale financial assets</p>	<p>於二零一七年 十二月三十一日</p> <p>資產</p> <p>可供出售金融資產</p>

41. 金融工具之公平價值(續)

(a) 以公平價值列賬之金融工具(續)

(ii) 重大不可觀察假設出現變動對可行替代合理假設之影響

雖然本集團相信其公平價值估計屬適宜，但是使用不同方法或假設可能導致公平價值之不同計量。就公平價值等級制度三級下之公平價值計量而言，各交易對手申報之資產淨值向任意方向變動10%可能產生下列影響：

Effect on profit or loss 對損益賬內的影響		Effect on other comprehensive income	
		Favourable 有利變動	Unfavourable 不利變動
Favourable 有利變動	Unfavourable 不利變動	Favourable 有利變動	Unfavourable 不利變動
HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
-	-	80,927	(80,927)

Effect on profit or loss 對損益賬內的影響		Effect on other comprehensive income	
		Favourable 有利變動	Unfavourable 不利變動
Favourable 有利變動	Unfavourable 不利變動	Favourable 有利變動	Unfavourable 不利變動
HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
-	(907)	54,634	(53,727)

41. FAIR VALUES OF FINANCIAL INSTRUMENTS

(continued)

(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 in the table 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 end of the reporting period;
- (ii) the fair value of variable rate financial instruments and loans is assumed to be approximated by their carrying amounts. Changes in the credit quality of these financial instruments and loans are not taken into account in determining gross fair values, as the impact of credit risk is recognized separately by deducting the amount of the impairment loss and allowances from both the carrying amount and fair value;
- (iii) the fair value of fixed rate loans and mortgages carried at amortized cost is estimated by comparing 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 recognized separately by deducting the amount of the impairment loss and allowances from both the carrying amount and fair value; and
- (iv) the fair value of debt securities measured at amortized cost is determined with reference to the available market value. If quoted market prices are not available, then the fair value is estimated on the basis of pricing models (see Note 2(h)(iii)).

41. 金融工具之公平價值(續)

(b) 非以公平價值列賬之金融工具之公平價值

下列方法及重大假設已應用於釐定於下表列示之金融工具之公平價值：

- (i) 假設活期存款及無特定期限之儲蓄賬戶之公平價值為於報告期末可要求還款之金額；
- (ii) 假設浮息金融工具及貸款之公平價值接近其賬面值。釐定公平價值總額時並不計算該等金融工具及貸款信貸質量之變化，此乃由於信貸風險之影響透過自賬面值及公平價值扣除減值虧損及撥備金額予以確認；
- (iii) 有關定息貸款及按攤銷成本列賬之按揭的公平價值是透過比較相若貸款之現時市場利率所計算。由於信貸風險之影響透過自賬面值及公平價值扣除減值虧損及撥備金額予以單獨確認，於釐定總公平價值時並未考慮組合內各貸款之信貸質量變化；及
- (iv) 按攤銷成本計量之債務證券之公平價值乃經參考可用市值釐定。倘無法獲取市場報價，則公平價值根據計價模式(見附註2(h)(iii))估計。

41. FAIR VALUES OF FINANCIAL INSTRUMENTS

(continued)

(b) Fair values of financial instruments carried at other than fair value (continued)

The carrying amount of the Group's financial instruments carried at cost or amortized cost are not significantly different from their fair values as at 31 December 2018 and 2017 except as follows:

		2018 二零一八年				
		Carrying amount 賬面金額 HK\$'000 千港元	Fair value 公平價值 HK\$'000 千港元	Level 1 一級 HK\$'000 千港元	Level 2 二級 HK\$'000 千港元	Level 3 三級 HK\$'000 千港元
Financial assets	金融資產					
Advances to customers	客戶貸款	2,329,386	2,342,390	-	2,342,390	-
Debt securities measured at amortized cost	按攤銷成本計量之債務證券	36,889,767	36,958,174	15,746,394	21,209,780	2,000
Financial liability	金融負債					
Deposits from customers	客戶存款	49,912,002	49,907,782	-	49,907,782	-

		2017 二零一七年				
		Carrying amount 賬面金額 HK\$'000 千港元	Fair value 公平價值 HK\$'000 千港元	Level 1 一級 HK\$'000 千港元	Level 2 二級 HK\$'000 千港元	Level 3 三級 HK\$'000 千港元
Financial assets	金融資產					
Advances to customers	客戶貸款	2,469,962	2,329,606	-	2,329,606	-
Held-to-maturity investments	持至到期投資	1,561,796	1,617,498	-	1,617,498	-
Financial liability	金融負債					
Deposits from customers	客戶存款	41,821,368	42,107,357	-	42,107,357	-

During the year 2018, there were transfers of financial instruments, being debt securities measured at amortized cost from Level 1 to Level 2 of the fair value hierarchy of HK\$3,054 million as active markets cannot be identified for identical instruments, and transfers from Level 2 to Level 1 of HK\$1,766 million as active markets were identified for identical instruments. There were no transfers into or out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

41. 金融工具之公平價值(續)

(b) 非以公平價值列賬之金融工具之公平價值(續)

本集團按成本或攤餘成本列賬之金融工具之賬面值與其於二零一八年及二零一七年十二月三十一日之公平價值並無重大差異，惟以下所列除外：

於二零一八年，由於未能就相同工具分辨出活躍市場，價值30.54億港元的金融工具(即按攤銷成本計量之債務證券)由公平價值等級制度第一級轉移至第二級；由於能就相同工具分辨出活躍市場，價值17.66億港元的金融工具由第二級轉移至第一級。第三級概無轉入或轉出。本集團之政策是於報告期末確認於報告期間發生的公平價值分級轉移。

42. MATERIAL RELATED PARTY TRANSACTIONS

During the year, the Group entered into a number of transactions with its ultimate holding company and other related parties. These transactions were entered into in the ordinary course of the Group's banking business and included, inter alia, lending, placement of interbank deposits, correspondent banking transactions and foreign exchange transactions. The transactions were priced at the relevant market rates at the time of each transaction, and were on the same terms as those available to other counterparties and customers of the Group. In the opinion of the directors, these transactions were conducted on normal commercial terms.

Information relating to income and expenses from related party transactions during the year and balances outstanding as at the end of the reporting period that are not disclosed in other notes to these financial statements is set out below:

(a) Income/(expenses)

<i>Fellow subsidiaries</i>	<i>同系附屬公司</i>
Fee and commission income	費用及佣金收入
<i>Fellow subsidiaries</i>	<i>同系附屬公司</i>
Fee and commission expenses	費用及佣金支出

(b) Assets

<i>Ultimate holding company</i>	<i>最終控股公司</i>
Accrued interest and other assets	應計利息及其他資產
<i>Fellow subsidiaries</i>	<i>同系附屬公司</i>
Cash and short-term funds	現金及短期資金
Accrued interest and other assets	應計利息及其他資產
<i>Fellow associate</i>	<i>同系聯營公司</i>
Cash and short-term funds	現金及短期資金

There was no impairment allowance made against the above assets.

42. 重大關連各方交易

年內，本集團與其最終控股公司及其他關連方訂立多項交易。該等交易在本集團銀行業務之日常業務過程中訂立，包括(不限於)借貸、銀行同業拆借與存款、相關銀行交易及外匯交易。該等交易以進行各交易時之相關市場費率定價，並按與本集團可提供予其他交易對手方及客戶之相同條款進行。董事認為，該等交易乃按一般商業條款訂立。

有關年內關連各方交易所產生之收支及於報告期末尚未償還的餘額且並未於財務報告其他附註披露之資料載列如下：

(a) 收入／(支出)

The Group 本集團	
2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
25,546	33,576
(4,015)	(364)

(b) 資產

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
9,224	-
30,149	12,993
56	312
30,205	13,305
1,856	-

上述資產並未有作出減值撥備。

42. MATERIAL RELATED PARTY TRANSACTIONS

(continued)

(c) Liabilities

<i>Ultimate holding company</i>	最終控股公司
Deposits from customers	客戶存款
<i>Fellow subsidiaries</i>	同系附屬公司
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之存款及結餘
Deposits from customers	客戶存款
Other liabilities	其他負債
<i>Other related parties</i>	其他關連方
Deposits from customers	客戶存款

(d) Financial instruments

<i>Fellow subsidiaries</i>	同系附屬公司
Derivative contracts (notional principal)	衍生工具合約(名義本金額)

(e) Loans to directors and entities connected with directors

Loans to directors of the Bank and entities connected with directors disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Aggregate amount of relevant loans at 31 December by the Bank	本行相關貸款於十二月三十一日的總額
Maximum aggregate amount of relevant loans outstanding during the year by the Bank	本行年內尚未償還相關貸款之最高總額

There was no interest due but unpaid nor any impairment allowance made against these loans at 31 December 2018 (2017: Nil).

42. 重大關連各方交易(續)

(c) 負債

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
-	551
32,907	36,503
394,603	309,089
413	364
427,923	345,956
73,277	217,759

(d) 金融工具

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
379,835	378,923

(e) 董事及董事關連實體貸款

根據香港《公司條例》第383(1)(d)條及《公司(披露董事利益資料)規例》第3部披露之本行董事及董事關連實體貸款如下：

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
112	49
177	421,046

於二零一八年十二月三十一日並無到期但未付的利息或就該等貸款作出減值撥備(二零一七年：無)。

42. MATERIAL RELATED PARTY TRANSACTIONS

(continued)

(f) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Bank's Directors as disclosed in Note 8 is as follows:

Salaries and short-term employee benefits	薪金及短期僱員福利
Post-employment benefits	退休福利

Total remuneration is included in "staff costs" (see Note 7).

(g) Credit facilities to key management personnel

During the year, the Bank provided loans and credit facilities to key management personnel of the Group and their close family members and companies controlled or significantly influenced by them. The credit facilities were provided in the ordinary course of business and on substantially the same terms as for comparable transactions with other employees. The amounts involved, other than transactions with the ultimate holding company and fellow subsidiaries, are set out below:

Loans, at 31 December	於十二月三十一日貸款餘額
Interest income	利息收入
Credit facilities, at 31 December	於十二月三十一日信貸服務

No expected credit loss (Stage 3) have been made against balances outstanding during the year with key management personnel.

The Bank's policies for lending to related parties take into account the requirements under the Hong Kong Banking Ordinance and the guidelines of the HKMA. The Group sets internal limits (individual and aggregate group limits for individual, group, secured and unsecured exposures) and carefully monitors exposure to related parties, whether individual or corporate, and takes the necessary measures to control the risk of connected lending. Approvals are made by the Credit Committee, the Chief Executive Officer and Managing Director and/or the Executive Credit Committee.

42. 重大關連各方交易(續)

(f) 主要管理人員酬金

主要管理人員之酬金(包括附註8所披露付予本行董事之款項)如下:

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
56,902	53,928
3,302	2,968
60,204	56,896

酬金總額計入「僱員成本」(見附註7)。

(g) 主要管理人員信貸服務

年內，本行向本集團之主要管理人員及彼等之直系親屬以及受該等人士所控制之公司或該等人士具有重大影響力之公司提供貸款及信貸。該等信貸服務乃於正常業務過程中提供，而有關條款與其他僱員所訂立之可資比較交易大致相同。除與最終控股公司及同系附屬公司的交易外，涉及金額載列如下。

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
2,103	2,769
46	37
4,060	4,160

並無就年內主要管理人員的未償還餘額作出預期信貸虧損(第3階段)。

本行向關連各方貸款的政策已計及香港《銀行業條例》及金管局指引之規定。本集團設定內部限額(對個人以及有抵押及無抵押風險的個人及集團限額總額)，並審慎監督關連各方之風險(個人或企業)及採取各必要措施以控管各關連借貸之風險。信用委員會、行政總裁兼董事總經理及/或執行信用委員會已予批准。

43. ASSETS PLEDGED AS SECURITY

The following assets have been pledged as collateral for own liabilities at the end of the reporting period:

Secured liabilities	已抵押負債
<i>Assets pledged:</i>	<i>已質押資產:</i>
Trading assets	持作交易用途資產
Debt securities measured at amortized cost	按攤銷成本計量之債務證券
Available-for-sale financial assets	可供出售金融資產
Held-to-maturity investments	持至到期投資

The Group maintains the following balances with counterparties for margin deposits of derivatives and is included in "Accrued interest and other assets" at the end of the reporting period:

Margin deposits for derivative contracts	衍生工具合約的保證金存款
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These transactions are conducted under usual and customary terms.

44. FINANCIAL RISK MANAGEMENT

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

- Credit risk: losses resulting from customer or counterparty default and arising from credit exposures in all forms, including settlement risk.
- Market risk: exposures to market variables such as interest rates, exchange rates and equity markets.
- Liquidity and funding risk: risk that the Group is unable to meet its payment obligations when due, or that it is unable, on an ongoing basis, to borrow funds in the market on an unsecured, or even secured basis at an acceptable price to fund actual or proposed commitments.
- Operational risk: risk arising from inadequate or failed internal processes, people and systems or from external events resulting in financial loss.

43. 質押作為抵押品之資產

下列資產已於報告期末作為自身負債抵押品予以質押：

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
7,877,795	11,027,966
1,898,372	1,846,823
6,266,342	-
-	9,520,768
-	122,612
8,164,714	11,490,203

本集團就衍生工具向交易對手方存有保證金存款，其於報告期末計入「應計利息及其他資產」：

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
99,654	157,853

該等交易乃按照一般及慣用條款進行。

44. 財務風險管理

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

- 信貸風險：客戶或交易對手拖欠款項而招致損失的風險，以及各類型信貸風險，包括結算風險。
- 市場風險：市場變數風險，例如利率、匯率及股市等。
- 流動性及融資風險：本集團未能在付款責任到期時履行付款責任，或無法持續在市場上以無抵押或甚至有抵押的方式按可接受之價格借入資金，藉此為實際或建議之承擔提供所需的資金的風險。
- 營運風險：由於內部程序、人員及制度不足或不作為或外部事件導致財務虧損而引致之風險。

44. FINANCIAL RISK MANAGEMENT (continued)

The Group has established policies and procedures to identify and measure these risks, to set appropriate risk limits as derived from its risk appetite statements and risk appetite indicators and control measures, and to monitor the risks and limits continuously by means of reliable and up-to-date management and information systems. These policies and procedures, including limit excess follow-up procedures, are distributed to the relevant risk taking and risk management units for execution and monitoring. Regular training courses are conducted in order to ensure that all staff are familiar with the key principles of the Group's code of conduct. The Group continuously modifies and enhances its risk management policies and systems to reflect changes in markets, products and best practice risk management processes. Internal auditors also perform regular audits to ensure compliance with the Group's policies and procedures.

The Group has established an organizational structure such that risk management functions are independent of risk taking units. The risk management functions independently provide key risk information, including asset quality, liquidity profile, capital adequacy ratio and the risk exposures, and limit monitoring results to the Risk Committee of the Board ("RC") and to senior management on a regular basis.

(a) Credit risk management

Credit risk is the risk of suffering financial loss in the event that the Group's customers or counterparties fail to fulfil their obligations to the Group. It arises mainly from loans and advances, debt securities held and counterparty credit risk arising from derivative contracts entered into with customers or counterparties. It can also arise from trading and treasury activities.

The Group manages credit risk through a framework of controls to ensure credit risk taking activities are based on sound principles and in line with the overall business objectives of the Group. It has established a set of credit policies and procedures which define credit risk taking criteria, credit approval authorities delegated from the Board of Directors ("Board"), credit monitoring processes, credit rating and scoring systems and loan impairment criteria.

The Board has delegated credit approval authorities to the following committees in descending order of authority: the Executive Credit Committee ("ECC"), the Credit Committee ("CC") and the Wholesale Credit Committee ("WCC").

The ECC serves as the credit committee of the Board to review and approve credits that require the approval of the Board. In addition, it approves the Group's credit policies and credit risk profile, taking into consideration relevant law and regulations.

44. 財務風險管理 (續)

本集團已設有相關政策及程序以識別及衡量該等風險、制定適當之風險限額(自風險取向聲明及風險取向指標獲取)及控制措施，以及憑藉可靠及先進之管理及資訊系統持續監控該等風險及限額。該等政策和程序(包括超額跟進程序)已分發給相關風險承擔和風險管理單位執行和監督。本集團定期舉辦培訓課程以確保所有員工都熟悉本集團行為守則的關鍵原則。本集團不斷修改及加強其風險管理政策及系統，以反映市場、產品及最佳風險管理流程之改變。內部核數師亦定期進行審核以確保符合本集團政策及程序。

本集團已建立組織架構，使風險管理職能獨立於風險承擔單位。風險管理職能定期獨立向董事會風險委員會和高級管理層提供關鍵風險信息(包括資產質素、流動資金狀況、資本充足率和風險)以及限額監測結果。

(a) 信貸風險管理

信貸風險指因本集團客戶或交易對手未能履行其對本集團之承諾而遭受財務虧損的風險。其主要源於貸款及放款、所持債務證券及因與客戶或交易對手訂立衍生工具合約產生的交易對手信貸風險，亦可源於交易及財資活動。

本集團透過控制框架管理信貸風險，以確保產生信貸風險之活動基於完善的原則及與本集團整體業務目標一致。其亦設立一系列信貸政策及程序，以界定承擔信貸風險的標準、董事會授權之信貸批准權限、信貸監控過程、信貸評級與評分系統及貸款減值標準。

董事會已向以下委員會依次授權審批信貸權限：執行信貸委員會、信貸委員會及批發信貸委員會。

執行信貸委員會以董事會信貸委員會的身份，審閱及批准需由董事會審批的信貸，同時根據相關法律及規例審批本集團的信貸政策及信貸風險框架。

44. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

The CC is a management level committee that provides management oversight of the Group's credit risk management. It ensures that the Group has in place an effective credit risk management framework and that its credit risks are within the credit policies and credit risk profile as specified by the Board or its delegated committees. The CC reviews and endorses credit policies and credit risk profile for the ECC's approval, and reviews and approves credit related guidelines. It also conducts on-going review of the market environment and makes necessary policy recommendations to the ECC to ensure that the credit risk profile of the Group is within its risk appetite. The CC also reviews and approves credits that are within its authority as delegated by the Board.

The WCC reviews and approves corporate credits that are within its authority as delegated by the Board.

The credit risk units, Enterprise Credit Risk Management Department, Special Assets Management Department and Retail Credit Risk Oversight & Data Analytics Team, provide centralized management of credit risk for corporate credits and retail credits respectively. They are responsible for:

- independent evaluation of corporate credit applications;
- monitoring loan portfolio and conducting regular analysis;
- managing problem corporate credits to achieve the highest recovery;
- recommending loan classification, impairment and charge-off; and
- reporting to the CC and ECC regularly on aspects of the loan portfolio.

Compliance reviews are conducted by an independent unit on an ongoing basis to ensure compliance with applicable laws and regulations, standards, guidelines and codes of practices. The internal audit function of the Group is an independent appraisal function set up with the primary objective of evaluating the internal control system and compliance with laws, regulatory guidelines and internal control policies.

Credit risk limits are set at different levels, including portfolio and individual customer levels, taking into consideration various factors including market situation, capital requirement and the returns.

Credit risk management procedures are designed to promote early detection of customer, industry or product exposures that require special monitoring. Overall portfolio risk is monitored on an on-going basis. Regular risk management reports covering information on large exposures, country exposures, industry exposures, loan quality and loan impairment level are submitted to the CC, ECC and RC.

44. 財務風險管理(續)

(a) 信貸風險管理(續)

信貸委員會為管理級別之委員會，監督本集團之信貸風險管理，確保本集團擁有有效的信貸風險管理架構且其信貸風險符合董事會或其授權委員會訂明之信貸政策及信貸風險概況。信貸委員會審閱及認可信貸政策及信貸風險狀況以供執行信貸委員會批准及審閱並批准信貸相關指引。信貸委員會亦持續審閱市場環境，並向執行信貸委員會作出必要政策建議，確保本集團之信貸風險狀況符合其風險取向。信貸委員會亦在董事會授出之授權範圍內審閱及批准客戶信貸。

批發信貸委員會在董事會授出之授權範圍內審閱及批准企業信貸。

信貸單位(企業信貸風險管理部門、專項資產管理部門及消費信貸風險監控以及數據分析團隊)對企業信貸及零售信貸進行統一信貸風險管理，負責下列各項職責：

- 獨立審核企業信貸申請；
- 監管貸款組合及進行定期分析；
- 管理問題企業信貸以達到最高收回金額；
- 建議貸款分類、減值及註銷；及
- 定期向信貸委員會及執行信貸委員會匯報貸款組合情況。

合規審閱由獨立單位持續進行，以確保遵守適用的法律和法規、標準、準則和應用守則。本集團內部審計單位為獨立評估單位，並以評估內部控管制度，對法律、監管指引和內部控管政策之遵守為主要目標。

信貸風險限額是根據市場形勢、資本要求和回報等各種因素考慮在不同的層面上，包括組合和個人客戶層面而制定。

信貸風險管理程序旨在促進對需要特別監控之客戶、行業或產品風險承擔的早期檢測。整體組合風險受持續監控。常規風險管理報告涵蓋信息包括大型風險承擔、國家風險承擔、行業風險承擔、貸款質量和貸款減值程度，並提交信貸委員會、執行信貸委員會和風險委員會。

44. FINANCIAL RISK MANAGEMENT (continued)**(a) Credit risk management** (continued)

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

(i) Institutional Banking

Credit risk from Institutional Banking is managed by conducting thorough credit evaluation, credit mitigation through collateral and guarantee, internal credit rating system and post-approval monitoring system. Subject to the size of the credit, value of collateral and the internal credit rating of the customer, different levels of credit approval authority are required. Credit decisions take into account facility structure, tenor, repayment ability of the obligor and credit mitigation through collateral and guarantee.

The Group has established limits for credit exposure to individual industry and customer groups, regardless of whether the credit exposure is funded or non-funded. The Group also undertakes ongoing credit review and monitoring at several levels. The relevant policies and procedures take into account the rules under the Hong Kong Banking Ordinance, regulatory requirements of the HKMA and best market practices.

(ii) Retail Banking

Credit risk from Retail Banking is product driven, arising from retail loan products such as credit cards, unsecured personal loans, merchant receivable financing, mortgage loans and loans secured by wealth management products. Because of the homogeneous nature of these products, credit risk management is primarily based on statistical analyses of risks with respect to different types of product, collateral and customer. The Group determines product terms and desired customer profiles on a regular basis by developing, validating and fine-tuning internal scorecards and stress testing models.

(iii) Counterparty credit risk

Unlike on-balance sheet instruments, where the credit risk is generally represented by the principal value of loans or other financial instruments, credit risk for counterparties of derivatives is the positive replacement cost together with an estimate for the potential future exposure from changes in market value. These credit exposures are managed as part of the overall credit limits to the counterparties. The credit risk exposure on derivatives is disclosed in Note 17(b) to these financial statements. The Group uses the current exposure method for the purpose of providing capital for such counterparty exposures.

Wrong way risk occurs when the credit exposure to a counterparty is adversely correlated with the credit quality of that counterparty. Credit exposures and potential losses may increase as a result of adverse change in market conditions. The Group has set up policies and procedures to control wrong-way risk.

(iv) Credit related commitments

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

44. 財務風險管理 (續)**(a) 信貸風險管理** (續)

針對不同類型信貸相關業務之特定政策及措施載列如下：

(i) 機構銀行

機構銀行產生的信貸風險透過進行全面信貸評估、以抵押品及擔保減低信貸風險、內部信貸評級系統及批准後監管系統來管理。受限於信貸規模、抵押品價值及客戶內部信貸評級，需要不同級別的信貸審批機構。信貸決策考慮融資結構、期限、債務人還款能力以及以抵押品及擔保減低信貸。

無論信貸風險是由於融資與非融資交易而產生，本集團已制定個別行業及客戶組別之信貸風險限額。本集團亦在不同層次持續進行信貸審閱及監控。相關政策及程序亦參考香港《銀行業條例》內之規則、金管局監管規定以及最佳市場慣例。

(ii) 零售銀行

零售銀行信貸風險以產品為導向，源於零售銀行貸款產品，諸如信用卡、無抵押個人貸款、商業應收賬款融資、按揭貸款及以財富管理產品作抵押之貸款。由於該等產品本質相同，信貸風險管理主要基於不同產品、抵押品及客戶類型之風險統計分析結果而釐定。本集團透過發展、確認及調整內部記分卡及壓力測試模型定期釐定產品條款及理想客戶概況。

(iii) 交易對手信貸風險

交易對手信貸風險有別於資產負債表內項目（通常以貸款或其他金融工具之本金來表達信貸風險），衍生工具之交易對手信貸風險為正重置成本連同以市值變動產生之未來潛在風險之估計。該等信貸風險乃作為有關對手方整體信貸限額的一部分進行管理。衍生工具之信貸風險於財務報告附註17(b)內披露。本集團以現行風險承擔法為該等交易對手方風險提供資本。

當交易對手遭受的信貸風險與交易對手的信貸質素相互產生不利影響時將產生錯向風險。信貸風險及潛在虧損可能因市況不利變動而增加。本集團已制定政策及程序以控制操作錯向風險。

(iv) 與信貸有關之承擔

與信貸有關之承擔及或然項目所涉及之風險基本上與向客戶延長貸款之信貸風險相同。因此，該等交易須遵守與貸款交易相同之信貸申請、組合管理及抵押品規定。

44. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

(v) Concentration of credit risk

Concentration of credit risk exists when changes in geographic, economic or industry factors similarly affect groups of customers or counterparties whose aggregate credit exposure is material in relation to the Group's total exposures. The Group's financial risk exposure is diversified by customer group, industry and product, but is concentrated in Hong Kong.

Analysis of credit risk concentration of respective financial assets is disclosed in Notes 15 to 22.

(vi) Credit risk mitigation

The Group's credit evaluation focuses primarily on the obligor's repayment ability from its cash flow and financial condition. In addition, the Group employs various credit risk mitigation techniques such as appropriate facility structuring, posting of collateral and/or third party support as well as transfer of risk to other third parties, which form an integral part of the credit risk management process. There is immaterial credit and market risk concentration within the credit risk mitigations used by the Group. The most commonly used credit risk mitigation measures are provided below:

Collateral

The Group holds collateral against its credit exposures to customers mainly in the form of cash deposits, marketable securities, mortgage interests over properties and guarantees. The Group also has in place policies and procedures that govern the assessment, acceptance and the periodic valuation of the collateral. Collateral taken to secure credit exposures is revalued periodically ranging from daily to annually depending on the type of collateral. For treasury operations, collateral management is based on daily marked-to-market positions.

Master netting agreements

Collateral generally is not held over credit exposures to banks, except for securities held as part of reverse repurchase and securities borrowing activities. However, where applicable, the Group manages its credit exposures to banks by entering into master netting arrangements whenever it is appropriate and feasible to do so. The netting arrangement results in the settlement of counterparty exposure on a net basis in the event a default occurs.

The Group's preferred agreement for documenting derivative activity is the ISDA Master Agreement which covers the contractual framework within which dealing activity across a full range of over-the-counter derivative products is conducted and contractually binds both parties to apply close-out netting across all outstanding transactions covered by such agreement if either party defaults or upon the occurrence of other pre-agreed termination events.

It is also common for the Group to execute a Credit Support Annex with counterparties in conjunction with the ISDA Master Agreement to mitigate the market risk inherent in derivative transactions.

44. 財務風險管理(續)

(a) 信貸風險管理(續)

(v) 信貸風險過分集中

當地域、經濟或行業因素的變動對不同類別之客戶或交易對手產生類似影響，而彼等之信貸風險綜合起來對本集團之總風險而言屬重大時便會出現信貸風險過份集中之問題。本集團之金融風險已因客戶組別、行業及產品而分散，但集中於香港。

有關各類金融資產之信貸風險集中情況之分析於附註15至22內披露。

(vi) 減低信貸風險

本集團的信貸評估主要集中於債務人以其現金流及財務狀況還款的能力。此外，本集團採用如適當信貸結構、給予抵押品及／或第三方支持，以及將風險轉移至其他第三方等不同信貸風險減低措施，以作為其信貸風險管理流程的不可或缺組成部分。本集團所使用的信貸風險減低措施的信貸及市場集中風險甚微。最常用的信貸風險減低措施載列如下：

抵押品

本集團就信貸風險承擔而持有抵押品，主要包括現金存款、可流通證券、物業按揭以及擔保等形式。本集團亦已制定監管抵押品的評估、接納及定時估值的政策及程序。擔保信貸風險的抵押品乃定時被重估，取決於抵押品的類型，週期介乎每日至每年一次不等。就財資業務而言，抵押品管理會以市場情況每日重估。

淨額結算總協議

抵押品一般並非就給予銀行的信貸風險而持有，惟當證券乃持作逆向購回及證券借貸活動的一部分時則除外。然而，如適合時，本集團將於適合及可行情況下透過訂立淨額結算總協議管理其銀行信貸風險。淨額結算安排導致於違約時結算交易對手之風險會以淨額結算。

本集團傾向以國際掉期業務及衍生投資工具協會(「ISDA」)總協議作為衍生工具活動的協議文件。該協議為買賣各種場外衍生工具產品的交易活動提供主體合約模式，倘若任何一方違約或提前終止交易，則雙方受合約約束須對協議所包含的全部未平倉交易採用淨額結算。

有關雙方會於簽訂ISDA總協議時亦簽訂信用擔保附件，此乃普遍的做法，以減低衍生工具交易固有的市場風險。

44. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

(vi) Credit risk mitigation (continued)

The following table sets out the carrying amounts of recognized financial instruments that are subject to the above agreements.

As at 31 December 2018

Financial assets
– Exchange rate derivatives
– Interest rate derivatives

Financial liabilities
– Exchange rate derivatives
– Interest rate derivatives
– Equity derivatives

於二零一八年十二月三十一日

金融資產
– 匯率衍生工具
– 利率衍生工具

金融負債
– 匯率衍生工具
– 利率衍生工具
– 股票衍生工具

44. 財務風險管理(續)

(a) 信貸風險管理(續)

(vi) 減低信貸風險(續)

下表載列受限於上述協議的已確認金融工具的賬面值。

Gross amounts of financial instruments in the consolidated statement of financial position	Gross amount of recognized financial instruments off-set in the consolidated statement of financial position	Net amounts of financial instruments in the consolidated statement of financial position	Related financial instruments that are not offset	Net amount
金融工具於綜合財務狀況表確認的總額	已抵銷金融工具於綜合財務狀況表確認的總額	金融工具於綜合財務狀況表的淨額	未抵銷的有關金融工具	淨額
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
千港元	千港元	千港元	千港元	千港元
33,874	–	33,874	20,479	13,395
281,116	–	281,116	28,254	252,862
314,990	–	314,990	48,733	266,257
45,299	–	45,299	20,479	24,820
46,211	–	46,211	28,254	17,957
379	–	379	–	379
91,889	–	91,889	48,733	43,156

As at 31 December 2017

Financial assets
– Exchange rate derivatives
– Interest rate derivatives

Financial liabilities
– Exchange rate derivatives
– Interest rate derivatives
– Equity derivatives

於二零一七年十二月三十一日

金融資產
– 匯率衍生工具
– 利率衍生工具

金融負債
– 匯率衍生工具
– 利率衍生工具
– 股票衍生工具

Gross amounts of financial instruments in the consolidated statement of financial position	Gross amount of recognized financial instruments off-set in the consolidated statement of financial position	Net amounts of financial instruments in the consolidated statement of financial position	Related financial instruments that are not offset	Net amount
金融工具於綜合財務狀況表確認的總額	已抵銷金融工具於綜合財務狀況表確認的總額	金融工具於綜合財務狀況表的淨額	未抵銷的有關金融工具	淨額
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
千港元	千港元	千港元	千港元	千港元
26,834	–	26,834	15,221	11,613
207,599	–	207,599	42,027	165,572
234,433	–	234,433	57,248	177,185
65,526	–	65,526	15,221	50,305
125,129	–	125,129	42,027	83,102
368	–	368	–	368
191,023	–	191,023	57,248	133,775

44. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

(vi) Credit risk mitigation (continued)

Other credit risk mitigation measures

The Group may also employ other types of credit mitigation, such as guarantees and letters of credit, mainly for corporate exposures. As the value of these types of collateral is conditional upon other credit related factors, their financial effect has not been quantified.

(vii) Maximum exposure to credit risk

The maximum exposure to credit risk at the end of the reporting period without taking into consideration any collateral held or other credit enhancements is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance. A summary of the maximum exposure to credit risk for the various components of the consolidated statement of financial position, contingencies and commitments is as follows:

<i>Credit risk exposures relating to on-balance sheet assets:</i>	<i>與資產負債表內資產有關之信貸風險：</i>
Cash and short-term funds	現金及短期資金
Balances with banks and other financial institutions	銀行同業及其他金融機構結餘
Trading assets	持作交易用途資產
Derivative financial instruments	衍生金融工具
Advances to customers	客戶貸款
Trade bills	商業票據
Accrued interest and other assets	應計利息及其他資產
Debt securities measured at amortized cost	按攤銷成本計量的債務證券
Available-for-sale financial assets	可供出售金融資產
Held-to-maturity investments	持至到期投資
 <i>Credit risk exposures relating to off-balance sheet items:</i>	 <i>與資產負債表外項目有關之信貸風險：</i>
Financial guarantees and other credit related contingent liabilities	財務擔保及其他信貸相關之或然負債
Loan commitments and other credit related commitments	貸款承擔及其他信貸相關之承擔

44. 財務風險管理(續)

(a) 信貸風險管理(續)

(vi) 減低信貸風險(續)

其他減低信貸風險措施

本集團亦使用擔保及信用證等其他類別的信貸減緩方式，主要用於減低企業風險。由於該等類別的抵押品價值取決於其他信貸相關因素，故並無計量其財務影響。

(vii) 最高信貸風險

於報告期末最高的信貸風險(不計及所持有之任何抵押品或其他信貸提升措施)為綜合財務狀況表內各項金融資產扣除任何減值撥備後之賬面值。綜合財務狀況表、或然負債及承擔的各部分信貸風險的最高風險概要如下：

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
5,981,567	5,133,534
2,060,262	558,348
1,898,372	1,846,823
796,595	705,165
47,699,240	47,583,317
907,964	880,255
1,373,811	1,425,869
36,889,767	-
-	31,699,251
-	1,561,796
1,100,059	888,590
34,948,398	27,847,342
133,656,035	120,130,290

44. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

(viii) Determination of expected credit losses

Starting from 1 January 2018, the Group adopts the approach below in determining expected credit losses on financial assets in accordance with HKFRS 9:

Component 組成部分	Definition 定義
Probability of default (PD)	<p>The probability at a point in time that a counterparty will default, calibrated over up to 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating the impact of forward-looking economic assumptions that have an effect on credit risk, such as interest rates, unemployment rates and GDP forecasts.</p> <p>The PD is estimated at a point in time which means it will fluctuate in line with the economic cycle. The term structure of the PD is based on statistical models, calibrated using historical data and adjusted to incorporate forward-looking economic assumptions.</p>
違約或然率	<p>交易對手於某個時間點將違約的概率，校準至自報告日期起最多12個月(第一階段)或產品生命週期(第二階段)，並納入對信貸風險造成影響的前瞻性經濟假設的影響，如利率、失業率及國內生產總值預測。</p> <p>違約或然率乃基於某個時間點估計得出，意即其將隨經濟週期波動。違約或然率的期限結構乃基於統計模型，使用歷史數據校準並調整至包含前瞻性經濟假設。</p>
Loss given default (LGD)	<p>The percentage loss that is expected to arise on default, incorporating the impact of forward-looking economic assumptions where relevant, which represents the proportion of the contractual cash flows due that the Group expects to receive.</p> <p>The Group estimates LGD based on the history of recovery rates and considers the recovery of any collateral that is integral to the financial asset, taking into account forward-looking economic assumptions where relevant.</p>
違約損失率	<p>於違約時預計造成的損失百分比(經納入相關前瞻性經濟假設的影響)，代表本集團預期收取的到期合約現金流部分。</p> <p>經計及同時考慮相關前瞻性經濟假設，本集團根據回收率的歷史記錄以估計違約損失率，並考慮收回金融資產的任何重要抵押品。</p>
Exposure at default (EAD)	<p>The expected balance sheet exposure at the time of default, taking into account the expected change in exposure over the lifetime of the exposure. This incorporates the impact of drawdowns of committed facilities, repayments of principal and interest, amortization and prepayments, together with the impact of forward-looking economic assumptions where relevant.</p>
違約風險承擔	<p>於違約時的預期資產負債表風險承擔(經計及風險承擔期間的預期風險承擔變動)，其中包括動用信貸承擔、償還本金和利息、攤銷和預付款項的影響，以及相關前瞻性經濟假設的影響。</p>

44. 財務風險管理(續)

(a) 信貸風險管理(續)

(viii) 預期信貸虧損釐定

自二零一八年一月一日開始，本集團採納下列方式以按照香港財務報告準則第9號釐定財務資產預期信貸虧損：

44. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

(viii) Determination of expected credit losses (continued)

The ECLs are measured at the present value of all expected cash shortfalls.

The estimate of expected cash shortfalls is determined by multiplying the PD with LGD and EAD.

Forward looking economic assumptions are incorporated into the PD, LGD and EAD where relevant and where they influence credit risk, such as GDP, unemployment rate and house price indices amongst others. These assumptions are incorporated using the Group's most likely forecast for a range of macroeconomic assumptions. These forecasts are determined using all reasonable and supportable information, which includes both internally developed forecasts and those available externally, and are consistent with those used for budgeting, forecasting and capital planning.

To account for the potential non-linearity in credit losses, multiple forward-looking scenarios are incorporated into the range of reasonably possible outcomes for all material portfolios, both in respect of determining the PD, LGD and EAD and in determining the overall expected credit loss amounts.

(ix) Credit quality of loans and advances

The credit quality of advances to customers can be analysed as follows:

Neither past due nor impaired	並無逾期或減值
Past due but not impaired	已逾期但並無減值
Impaired	已減值
Of which:	其中：
Gross loans and advances to customers that are neither past due nor impaired	並無逾期或減值之客戶借款及貸款總額
– Grade 1: Pass	– 第一級：通過
– Grade 2: Special mention	– 第二級：關注

44. 財務風險管理(續)

(a) 信貸風險管理(續)

(viii) 預期信貸虧損釐定(續)

預期信貸虧損以所有預期現金不足額之現值計量。

預期現金差額的估計乃透過將違約或然率、違約損失率及預期違約風險承擔相乘而釐定。

前瞻性經濟假設會納入違約或然率、違約損失率及違約風險承擔(倘相關及影響信貸風險，如國內生產總值、失業率及樓價指數等)。該等假設使用本集團對一系列宏觀經濟假設的最有可能的預測而納入。該等預測使用所有合理及可證明的資料(包括內部作出的預測及外部提供的預測)而釐定，並與預算、預測及資本計劃所用者一致。

為計及信貸虧損的潛在非線性性質，多個前瞻性情景會納入所有重大組合的合理可能結果範圍內，包括釐定違約或然率、違約損失率及違約風險承擔，以釐定整體預期信貸虧損金額。

(ix) 借款及貸款之信貸質素

客戶貸款之信貸質素可分析如下：

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
47,138,226	47,318,372
558,413	366,672
233,231	187,304
47,929,870	47,872,348
46,994,434	47,124,617
143,792	193,755
47,138,226	47,318,372

44. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

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

Advances to customers

The following table sets out information about the credit quality of advances to customers. Unless specifically indicated, the amounts in the table represent gross carrying amounts.

		2018 二零一八年						2017 二零一七年			
		Lifetime ECL 12-month ECL 12個月內預期 信貸虧損		Lifetime ECL not credit-impaired 非信貸不良的全期預期 信貸虧損		Lifetime ECL credit-impaired 信貸不良的全期 預期信貸虧損		Total 總額			
		Principal 本金 HK\$'000 千港元	Accrued interest 應計利息 HK\$'000 千港元	Principal 本金 HK\$'000 千港元	Accrued interest 應計利息 HK\$'000 千港元	Principal 本金 HK\$'000 千港元	Accrued interest 應計利息 HK\$'000 千港元	Principal 本金 HK\$'000 千港元	Accrued interest 應計利息 HK\$'000 千港元		
Pass	通過	46,265,963	93,757	1,140,514	822	-	-	47,406,477	94,579	47,429,700	78,744
Special mention	關注	-	-	290,162	1,645	-	-	290,162	1,645	255,344	287
Substandard	次級	-	-	-	-	11,694	-	11,694	-	18,678	-
Doubtful	可疑	-	-	-	-	221,537	-	221,537	-	168,626	-
Loss	損失	-	-	-	-	-	-	-	-	-	-
Gross carrying amount	賬面總值	46,265,963	93,757	1,430,676	2,467	233,231	-	47,929,870	96,224	47,872,348	79,031
Less: Impairment allowance	減：減值撥備	(27,026)	-	(6,728)	-	(196,876)	-	(230,630)	-	(289,031)	-
Carrying amount	賬面值	46,238,937	93,757	1,423,948	2,467	36,355	-	47,699,240	96,224	47,583,317	79,031

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

44. 財務風險管理(續)

(a) 信貸風險管理(續)

(ix) 借款及貸款之信貸質素(續)

客戶貸款

下表載列客戶貸款之信貸質素有關於的資料。除特別訂明外，表中金額指賬面總額。

本集團根據為向金管局呈報而須採納之貸款分級制度就客戶貸款進行分類。

44. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

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

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

Gross loans and advances to customers that are past due but not impaired	已逾期但並無減值之客戶 借款及貸款總額
– Overdue 3 months or less	– 逾期三個月或以下
– Overdue 6 months or less but over 3 months	– 逾期六個月或以下 惟三個月以上
– Overdue 1 year or less but over 6 months	– 逾期一年或以下 惟六個月以上

Loans and advances that would be past due or impaired had the terms not been modified amounted to HK\$16,284,000 as at 31 December 2018 (2017: HK\$15,119,000).

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

The following tables set out the credit analysis for financial assets, other than advances to customers, measured at amortized cost. The below tables analyse the financial assets by its rating under the Group's loan classification system or credit rating designation based on Standard & Poor's rating or their equivalents, whichever is appropriate. Unless specifically indicated, the amounts in the table represent gross carrying amounts.

44. 財務風險管理(續)

(a) 信貸風險管理(續)

(ix) 借款及貸款之信貸質素(續)

已逾期但並無減值之客戶貸款賬齡分析如下：

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
535,146	364,879
13,272	–
9,995	1,793
558,413	366,672

於二零一八年十二月三十一日，倘條款不予修訂即為已逾期或已減值之借款及貸款金額為16,284,000港元(二零一七年：15,119,000港元)。

(x) 借款及貸款以外之金融資產之信貸質素

下表載列除客戶貸款以外之按攤銷成本計量金融資產之信貸分析。下表根據本集團借款分類系統項下的評級或以標準普爾之評級標準或相應之評級標準為基準，按信貸評級對金融資產作出分析。除特別訂明外，表中金額指賬面總額。

44. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

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

Trade bills

		2018 二零一八年								2017 二零一七年	
		Lifetime ECL not credit-impaired 非信貸不良的全期預期 信貸虧損				Lifetime ECL credit-impaired 信貸不良的全期 預期信貸虧損				Total 總額	
		Accrued		Accrued		Accrued		Accrued		Accrued	
		Principal	interest	Principal	interest	Principal	interest	Principal	interest	Principal	interest
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Gross carrying amount	賬面總額	908,041	-	-	-	-	-	908,041	-	880,255	-
Less: Impairment allowance	減：減值撥備	(77)	-	-	-	-	-	(77)	-	-	-
Carrying amount	賬面值	907,964	-	-	-	-	-	907,964	-	880,255	-

All trade bills as at 31 December 2018 and 2017 are classified as "Pass" under the loan classification system.

於二零一八年及二零一七年十二月三十一日，所有商業票據根據貸款分級制度分為「通過」級。

Cash and short-term funds

現金及短期資金

		2018 二零一八年								2017 二零一七年	
		Lifetime ECL not credit-impaired 非信貸不良的全期預期 信貸虧損				Lifetime ECL credit-impaired 信貸不良的全期 預期信貸虧損				Total 總額	
		Accrued		Accrued		Accrued		Accrued		Accrued	
		Principal	interest	Principal	interest	Principal	interest	Principal	interest	Principal	interest
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
AA - to AA+	AA-至AA+	1,210,080	1,159	-	-	-	-	1,210,080	1,159	1,322,179	177
A - to A+	A-至A+	4,039,000	6,370	-	-	-	-	4,039,000	6,370	3,236,232	10,409
Lower than A-	A-以下	353,790	151	-	-	-	-	353,790	151	418,146	201
Unrated	無評級	380,750	-	-	-	-	-	380,750	-	156,977	-
Gross carrying amount	賬面總額	5,983,620	7,680	-	-	-	-	5,983,620	7,680	5,133,534	10,787
Less: Impairment allowance	減：減值撥備	(2,053)	-	-	-	-	-	(2,053)	-	-	-
Carrying amount	賬面值	5,981,567	7,680	-	-	-	-	5,981,567	7,680	5,133,534	10,787

44. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

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

Balances with banks and other financial institutions

		2018 二零一八年								2017 二零一七年	
		Lifetime ECL not credit-impaired 非信貸不良的全期預期 信貸虧損				Lifetime ECL credit-impaired 信貸不良的全期 預期信貸虧損				Total 總額	
		12-month ECL 12個月內預期 信貸虧損		Lifetime ECL not credit-impaired 非信貸不良的全期預期 信貸虧損		Lifetime ECL credit-impaired 信貸不良的全期 預期信貸虧損		Total 總額		Total 總額	
		Accrued		Accrued		Accrued		Accrued		Accrued	
		Principal 本金	interest 應計利息	Principal 本金	interest 應計利息	Principal 本金	interest 應計利息	Principal 本金	interest 應計利息	Principal 本金	interest 應計利息
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
AA – to AA+	AA – 至 AA+	380,000	1,020	-	-	-	-	380,000	1,020	-	-
A – to A+	A – 至 A+	1,533,007	5,346	-	-	-	-	1,533,007	5,346	558,348	7,313
Lower than A-	A – 以下	150,000	573	-	-	-	-	150,000	573	-	-
Unrated	無評級	-	-	-	-	-	-	-	-	-	-
Gross carrying amount	賬面總額	2,063,007	6,939	-	-	-	-	2,063,007	6,939	558,348	7,313
Less: Impairment allowance	減：減值撥備	(2,745)	-	-	-	-	-	(2,745)	-	-	-
Carrying amount	賬面值	2,060,262	6,939	-	-	-	-	2,060,262	6,939	558,348	7,313

Debt securities measured at amortized cost (2017: held-to-maturity investment and available-for-sale investment)

按攤銷成本計量的債務證券(二零一七年：持至到期投資及可供出售投資)

		2018 二零一八年								2017 二零一七年	
		Lifetime ECL not credit-impaired 非信貸不良的全期預期 信貸虧損				Lifetime ECL credit-impaired 信貸不良的全期 預期信貸虧損				Total 總額	
		12-month ECL 12個月內預期 信貸虧損		Lifetime ECL not credit-impaired 非信貸不良的全期預期 信貸虧損		Lifetime ECL credit-impaired 信貸不良的全期 預期信貸虧損		Total 總額		Total 總額	
		Accrued		Accrued		Accrued		Accrued		Accrued	
		Principal 本金	interest 應計利息	Principal 本金	interest 應計利息	Principal 本金	interest 應計利息	Principal 本金	interest 應計利息	Principal 本金	interest 應計利息
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
AAA	AAA	4,482,085	53,953	-	-	-	-	4,482,085	53,953	3,680,994	45,941
AA – to AA+	AA – 至 AA+	9,896,238	34,317	-	-	-	-	9,896,238	34,317	6,241,761	28,871
A – to A+	A – 至 A+	16,521,443	133,211	193,152	1,346	-	-	16,714,595	134,557	17,343,532	127,418
Lower than A-	A – 以下	4,093,774	36,837	-	-	-	-	4,093,774	36,837	4,390,793	40,142
Unrated	無評級	1,725,681	15,640	-	-	-	-	1,725,681	15,640	1,603,967	13,650
Gross carrying amount	賬面總額	36,719,221	273,958	193,152	1,346	-	-	36,912,373	275,304	33,261,047	256,022
Less: Impairment allowance	減：減值撥備	(21,582)	-	(1,024)	-	-	-	(22,606)	-	-	-
Carrying amount	賬面值	36,697,639	273,958	192,128	1,346	-	-	36,889,767	275,304	33,261,047	256,022

44. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

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

Credit related commitments and contingencies

		2018 二零一八年			2017 二零一七年	
		Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	Total	
		12-month ECL 信貨虧損	非信貨不良的 全期預期信貨虧損	信貨不良的全期 預期信貨虧損	總額	
		Principal 本金	Principal 本金	Principal 本金	Principal 本金	
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	
Pass	通過	35,819,057	221,968	-	36,041,025	28,735,932
Special mention	關注	-	7,432	-	7,432	-
Gross amount	賬面總額	35,819,057	229,400	-	36,048,457	28,735,932
Impairment allowance	減值撥備	(5,081)	(184)	-	(5,265)	-

Credit risk that arises from investments in financial assets is managed in the same way as the Group manages its credit risk under corporate lending, with the exposure to the issuer controlled under the overall lending limit to the customer group. Analysis of trading securities by credit rating designation at 31 December, based on Standard & Poor's ratings or their equivalents, is as follows:

AA – to AA+

AA – 至 AA+

There were no overdue debt securities held by the Group as at 31 December 2018 (2017: Nil).

44. 財務風險管理(續)

(a) 信貸風險管理(續)

(x) 借款及貸款以外之金融資產之信貸質素(續)

與信貸有關之承擔及或然項目

本集團按管理公司借貸之信貸風險相同之方式，管理其金融資產投資產生之信貸風險，對發行方之承擔受制於客戶組別授出的整體借貸限額。以標準普爾之評級標準或相應之評級標準為基準，按信貸評級對交易證券於十二月三十一日進行之分析如下：

2018 二零一八年	2017 二零一七年
Trading assets 持作交易 用途資產	Trading assets 持作交易 用途資產
HK\$'000 千港元	HK\$'000 千港元
1,898,372	1,846,823

本集團於二零一八年十二月三十一日並未持有已逾期債務證券(二零一七年：無)。

44. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

(xi) Impairment allowances reconciliation

The following tables show reconciliations from the opening to the closing balance of the impairment allowance by class of financial instrument at transaction level.

Advances to customers

Balance at 1 January	於一月一日之結餘	
Transfer to 12-month ECL	轉至12個月內預期信貸虧損	
Transfer to lifetime ECL not credit-impaired	轉至非信貸不良的全期預期信貸虧損	
Transfer to lifetime ECL credit-impaired ²	轉至信貸不良的全期預期信貸虧損	
New financial assets originated or purchased, assets derecognized, repayments and further lending	源生或購入之新金融資產、取消確認之資產、還款及進一步貸款	
Write-offs	撇銷	
Net remeasurement of impairment allowances (including exchange adjustments)	減值撥備之重新計量淨額(包括匯兌調整)	
Balance at 31 December	於十二月三十一日之結餘	

The contractual amount outstanding on advances to customers that were written off during the year ended 31st December 2018 and that are still subject to enforcement activity is HK\$29.2 million.

44. 財務風險管理(續)

(a) 信貸風險管理(續)

(xi) 減值撥備對賬

下表顯示按金融工具交易級別劃分的減值撥備的期初至期末餘額的對賬。

客戶貸款

2018 二零一八年				
12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	
12個月內預期信貸虧損	非信貸不良的全期預期信貸虧損	信貸不良的全期預期信貸虧損	總額	
HK\$000	HK\$000	HK\$000	HK\$000	
千港元	千港元	千港元	千港元	
37,348	10,619	155,963	203,930	
(147)	147	-	-	
4,641	(4,641)	-	-	
2	-	(2)	-	
2,065	1,354	-	3,419	
-	-	(29,207)	(29,207)	
(16,883)	(751)	70,122	52,488	
27,026	6,728	196,876	230,630	

截至二零一八年十二月三十一日止年度已撇銷但仍進行執行活動之客戶貸款未償還合約金額為29,200,000港元。

44. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

(xi) Impairment allowances reconciliation (continued)

The movement in impairment allowances on advances to customers during the year ended 31 December 2017 is as below:

At 1 January 2017	於二零一七年一月一日
Impairment losses charged to profit or loss	於損益賬扣除之減值虧損
Impairment losses released back to profit or loss	於損益賬撥回之減值虧損
Amounts written off	撇賬金額
Recoveries of advances written off in previous years	過去年度已撇賬貸款之收回
At 31 December 2017 (Note 18(a))	於二零一七年十二月三十一日(附註18(a))

Debt securities measured at amortized cost

Balance at 1 January	於一月一日之結餘
New financial assets originated or purchased, assets derecognized, repayments and further lending	源生或購入之新金融資產、取消確認之資產、還款及進一步貸款
Net remeasurement of impairment allowances (including exchange adjustments)	減值撥備之重新計量淨額(包括匯兌調整)
Balance at 31 December	於十二月三十一日之結餘

44. 財務風險管理(續)

(a) 信貸風險管理(續)

(xi) 減值撥備對賬(續)

截至二零一七年十二月三十一日止年度之客戶貸款減值撥備變動如下：

	Individual impairment allowances 個別減值撥備 HK\$'000 千港元	Collective impairment allowance 綜合減值撥備 HK\$'000 千港元
At 1 January 2017	149,919	108,839
Impairment losses charged to profit or loss	85,487	24,229
Impairment losses released back to profit or loss	(41,887)	-
Amounts written off	(45,516)	-
Recoveries of advances written off in previous years	7,960	-
At 31 December 2017 (Note 18(a))	155,963	133,068

按攤銷成本計量的債務證券

	2018 二零一八年			Total 總額 HK\$000 千港元
	12-month ECL 12個月內預期 信貸虧損 HK\$000 千港元	Lifetime ECL not credit-impaired 非信貸不良的全期 預期信貸虧損 HK\$000 千港元	Lifetime ECL credit-impaired 信貸不良的全期 預期信貸虧損 HK\$000 千港元	
Balance at 1 January	38,426	804	-	39,230
New financial assets originated or purchased, assets derecognized, repayments and further lending	4,023	-	-	4,023
Net remeasurement of impairment allowances (including exchange adjustments)	(20,867)	220	-	(20,647)
Balance at 31 December	21,582	1,024	-	22,606

44. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

(xi) Impairment allowances reconciliation (continued)

Others

Balance at 1 January	於一月一日之結餘	12,826	700	-	13,526
New financial assets originated or purchased, assets derecognized, repayments and further lending	源生或購入之新金融資產、取消確認之資產、還款及進一步貸款	4,875	-	-	4,875
Net remeasurement of impairment allowances (including exchange adjustments)	減值撥備之重新計量淨額(包括匯兌調整)	(7,745)	(516)	-	(8,261)
Balance at 31 December	於十二月三十一日之結餘	9,956	184	-	10,140
Of which:	其中：				
Cash and short-term funds	現金及短期資金	2,053	-	-	2,053
Balances with banks and other financial institutions	銀行同業及其他金融機構結餘	2,745	-	-	2,745
Trade bills	商業票據	77	-	-	77
Credit related commitments and contingencies	與信貸有關之承擔及或然項目	5,081	184	-	5,265
		9,956	184	-	10,140

(xii) Collateral and other credit enhancements

An estimate of the fair value of collateral and other credit enhancements held against financial assets is as follows:

Fair value of collateral and other credit enhancements held against financial assets that are:	就下列金融資產所持有之抵押品及其他信貸提升措施之公平價值：
- Neither past due nor impaired	- 並無逾期或減值
- Past due but not impaired	- 已逾期但並無減值
- Impaired	- 已減值

44. 財務風險管理(續)

(a) 信貸風險管理(續)

(xi) 減值撥備對賬(續)

其他

		2018 二零一八年			
		12-month ECL 12個月內預期 信貸虧損 HK\$000 千港元	Lifetime ECL not credit-impaired 非信貸不良的全期 預期信貸損虧損 HK\$000 千港元	Lifetime ECL credit-impaired 信貸不良的全期 預期信貸損虧損 HK\$000 千港元	Total 總額 HK\$000 千港元
Balance at 1 January	於一月一日之結餘	12,826	700	-	13,526
New financial assets originated or purchased, assets derecognized, repayments and further lending	源生或購入之新金融資產、取消確認之資產、還款及進一步貸款	4,875	-	-	4,875
Net remeasurement of impairment allowances (including exchange adjustments)	減值撥備之重新計量淨額(包括匯兌調整)	(7,745)	(516)	-	(8,261)
Balance at 31 December	於十二月三十一日之結餘	9,956	184	-	10,140
Of which:	其中：				
Cash and short-term funds	現金及短期資金	2,053	-	-	2,053
Balances with banks and other financial institutions	銀行同業及其他金融機構結餘	2,745	-	-	2,745
Trade bills	商業票據	77	-	-	77
Credit related commitments and contingencies	與信貸有關之承擔及或然項目	5,081	184	-	5,265
		9,956	184	-	10,140

(xii) 抵押品及其他信貸提升措施

就金融資產所持有之抵押品及其他信貸提升措施之估計公平價值如下：

	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Fair value of collateral and other credit enhancements held against financial assets that are:		
- Neither past due nor impaired	94,285,726	90,975,520
- Past due but not impaired	1,770,137	1,194,530
- Impaired	81,218	84,525
	96,137,081	92,254,575

44. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

(xiii) Collateral and other credit enhancements obtained

During the years 2018 and 2017, the Group did not obtain any assets by taking possession of collateral held as security.

As at 31 December 2018, total repossessed assets and assets acquired under lending agreements of the Group amounted to HK\$27,000,000 (2017: HK\$40,700,000).

Repossessed properties are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness. Repossessed property is classified in the consolidated statement of financial position within accrued interest and other assets.

(b) Market risk management

Market risk arises on all market risk sensitive financial instruments, including securities, foreign exchange contracts, equity and other derivative instruments, as well as from the statement of financial position or structural positions. The Group transacts in the money market, foreign exchange market, equity market and capital market giving rise to market risk exposures. Positions are taken as a result of the execution of customers' orders, and market making activities, and offsetting transactions taken in order to hedge the Group's open position. The Group does not engage in significant proprietary trading.

The objective of market risk management is to avoid excessive exposure of earnings and equity to loss and to reduce the Group's exposure to the volatility inherent in financial instruments.

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

The Group has also established clear market risk policies, including limits, reporting lines and control procedures, which are reviewed regularly and approved by the Board. Market risk is managed within various limits approved by the Board. These limits are determined for each financial instrument and include limits on product volume, gross and net positions, position concentrations, mark to market limits, stop loss limits and risk position limits. These limits are reviewed and endorsed by the ALCO and approved by the Board at least annually. The regular limit monitoring is performed daily and the result is reported to the ALCO members. The risk exposures are also reported to the RC at least monthly.

44. 財務風險管理(續)

(a) 信貸風險管理(續)

(xiii) 已取得之抵押品及其他信貸提升措施

本集團於二零一八年及二零一七年期間均未有接管持作擔保之抵押品。

於二零一八年十二月三十一日，根據本集團之借貸協議獲得之收回資產和資產總值為27,000,000港元(二零一七年：40,700,000港元)。

收回物業會儘快予以出售，所得之款項將用以削減未償還之債項。於綜合財務狀況表內，收回物業分類為應計利息及其他資產。

(b) 市場風險管理

市場風險產生於所有對市場風險敏感之金融工具，包括證券、外匯合約、股票及其他衍生工具，以及財務狀況表或結構性倉盤。本集團在貨幣市場、外匯市場、股票市場及資本市場中進行交易，因而產生市場風險。本集團就執行客戶指令、市場莊家活動，以及為對沖本集團之未平倉盤而持有倉盤。本集團並無參與重大自營交易。

市場風險管理之目標為避免盈利及股本遭受過度損失及減少本集團因金融工具本身固有波幅所引申之風險。

董事會檢討及審批有關市場風險管理之政策包括處理授權及限額事宜。董事會已將持續一般市場風險管理之責任授予資產負債委員會。該委員會負責因應本集團對利率走勢之預測，而決定有關未來業務策略。該委員會亦審閱及制訂融資政策並確保各風險管理目標獲得遵從。

本集團亦制定清晰之市場風險政策，包括限額、報告制度及控制程序，並由董事會定期予以檢討及批准。市場風險乃在經由董事會批准之各限額內予以管理。此等限額乃就各金融工具釐定，包括就產品量、倉盤總額及淨額、倉盤集中度、按市場調整之限額、止蝕限額及風險倉盤限額設定之限額。資產負債委員會對這些限制進行審閱和認可，並且至少每年一次由董事會批准。定期監測每天進行，並將結果報告給資產負債委員會成員。風險承擔也至少每月向風險委員會報告。

44. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk management (continued)

The sale of derivatives to customers as risk management products and the subsequent use of derivatives to manage the resulting position 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 derivative instruments used by the Group are interest rate and foreign exchange rate related contracts, which are primarily over-the-counter derivatives. The Group also purchases exchange traded derivatives. Most of the Group's derivatives positions have been entered into to meet customer demand and to hedge these and other positions.

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

The VAR technique is only effective for potential loss events which are not correlated. The Group therefore augments its VAR limits with other positions and sensitivity limit structures. Additionally, the Group applies a wide range of sensitivity analysis and stress testing, both on individual portfolios and on the Group's consolidated positions to assess the potential impact on the Group's earnings as a result of extreme movements in market prices.

(i) Sensitivity analysis of market risk exposures

Trading market risk

Currency risk

At 31 December 2018, if Hong Kong Dollar had strengthened by 0.5% against other currencies, with all other variables held constant, the profit before tax for the year would have been HK\$8.7 million lower (2017: HK\$5.5 million lower).

Conversely, if Hong Kong Dollar had weakened by 0.5% against other currencies, with all other variables held constant, the profit before tax for the year would have been HK\$8.7 million higher (2017: HK\$5.5 million higher).

Interest rate risk

The Group measures trading book interest rate risks through Present Value of Basis Point (PVBVP). PVBVP is a sensitivity test to measure the potential profit or loss fluctuation on interest rate positions upon a basis point movement.

The Group adopts a sensitivity test of a 100 basis points movement. At 31 December 2018 and 2017, 100 basis points upward or downward movement in interest rate would not result in a material profit movement.

Equity risk

At 31 December 2018 and 2017, the Group has no equity position in its trading portfolio. As such, any movement in the equity price would have no impact on the Group.

44. 財務風險管理(續)

(b) 市場風險管理(續)

向客戶出售作為風險管理產品之衍生工具及其後使用衍生工具管理相關持倉，為本集團其中一項主要業務。該等工具亦用於管理本集團本身之市場風險，作為其資產及負債管理流程之一部分。本集團所採用之衍生工具主要為利率及匯率相關合約等場外交易衍生工具。本集團亦有參與交易所買賣之衍生工具。本集團大部分衍生工具持倉均為配合客戶需求以及為對沖此等和其他倉盤而訂立。

風險值(VAR)是本集團為監控及限制市場風險所採用之其中一種工具。風險值是一種按既定信心水平及在特定持盤時間內，就市場利率及價格之變動而對持倉盤之潛在虧損之結算的技術。計算方式乃使用歷史模擬法估計統計數字信心水平。

VAR技術僅對不相關的潛在虧損事項有效。因此，本集團結合持其他倉盤及敏感性限額結構，以加強其風險值限額。此外，本集團對個別組合及本集團之綜合狀況應用較廣範圍之敏感性分析及壓力測試，以評估市價之極端變動對本集團盈利之潛在影響。

(i) 市場風險敏感度分析

交易市場風險

貨幣風險

於二零一八年十二月三十一日，如港元兌其他貨幣升值0.5%，並假設所有其他變量保持不變，本年度之除稅前溢利將為減少8,700,000港元(二零一七年：減少5,500,000港元)。

反之，如港元兌其他貨幣貶值0.5%，並假設所有其他變量保持不變，本年度之除稅前溢利將為增加8,700,000港元(二零一七年：增加5,500,000港元)。

利率風險

本集團透過基點現值法(PVBVP)計量交易賬利率風險。PVBVP是一項敏感度測試，用以計量基點變動對利率倉盤可能帶來之損益波動。

本集團採用100個基點變動之敏感度測試。於二零一八年及二零一七年十二月三十一日，如果利率上調或下調100個基點，溢利將不會有重大變動。

股票風險

本集團於二零一八年及二零一七年十二月三十一日並無持有持作交易用途之股本證券，因此，股價之任何變動對本集團並無影響。

44. FINANCIAL RISK MANAGEMENT (continued)**(b) Market risk management** (continued)**(i) Sensitivity analysis of market risk exposures** (continued)**Non-trading market risk***Currency risk*

All of the Group's foreign currency position arises from the Group's non-trading activities (e.g. investments, lending and deposit taking) are captured and transferred to the Financial Markets Division. The Financial Markets Division monitors these foreign currency exposures and minimizes foreign currency asset and liability mismatch by entering into foreign currency spot and forward transactions. Market Risk Management Department monitors those outstanding foreign currency positions on a daily basis and report to the ALCO regularly.

Interest rate risk

Interest rate risk primarily results from timing differences in the repricing of interest-bearing assets, liabilities and commitments. Interest rate risk is managed by the Financial Markets Division within limits approved by the Board, including interest rate gap limits. The Group also uses interest rate swaps and other derivatives to manage interest rate risk.

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

At 31 December 2018, if other market variables including prime rate were held constant, an increase in HKD market interest rates of 100 basis points would result in an increase in earnings over the next 12 months of HK\$77.5 million (2017: HK\$87.0 million increase), and increase in economic value of HK\$22.0 million (2017: HK\$17.0 million decrease); while an increase in USD market interest rates of 100 basis points would result in an increase in earnings over the next 12 months of HK\$1.5 million (2017: HK\$18.0 million decrease), or an increase in economic value of HK\$13.5 million (2017: HK\$7.5 million increase).

Conversely, if other market variables including prime rate were held constant, a decrease in HKD market interest rates of 100 basis points would result in a decrease in earnings over the next 12 months of HK\$77.5 million (2017: HK\$87.0 million decrease), and decrease in economic value of HK\$22.0 million (2017: HK\$17.0 million increase); while a decrease in USD market interest rates of 100 basis points would result in a decrease in earnings over the next 12 months of HK\$1.5 million respectively (2017: HK\$18.0 million increase), or a decrease in economic value of HK\$13.5 million (2017: HK\$7.5 million decrease).

44. 財務風險管理 (續)**(b) 市場風險管理** (續)**(i) 市場風險敏感度分析** (續)**非交易市場風險***貨幣風險*

本集團所有來自非交易活動(如投資、放款及吸收存款等)的外匯持倉均轉移到金融市場部下。金融市場部負責管理此等外幣風險，並以外幣現貨交易及遠期交易減少外幣資產及負債錯配。市場風險管理部負責每天監察此等外幣持倉並定期向資產負債委員會匯報。

利率風險

利率風險主要由計息資產、負債及承擔之利率重訂時差引致，利率風險由金融市場部管理，並維持在董事會批准之限額(包括利率差別限額)之內。本集團亦使用利率掉期及其他衍生工具管理利率風險。

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

於二零一八年十二月三十一日，假設其他市場變量(包括最優惠利率)維持不變，如果港元市場利率調升100個基點，將導致接下來12個月盈利增加77,500,000港元(二零一七年：增加87,000,000港元)，及經濟值增加22,000,000港元(二零一七年：減少17,000,000港元)；如果美元市場利率調升100個基點，將導致接下來12個月盈利增加1,500,000港元(二零一七年：減少18,000,000港元)，或經濟值增加13,500,000港元(二零一七年：增加7,500,000港元)。

反之，假設其他市場變量(包括最優惠利率)維持不變，如果港元市場利率下調100個基點，將導致接下來12個月盈利減少77,500,000港元(二零一七年：減少87,000,000港元)，及經濟值減少22,000,000港元(二零一七年：增加17,000,000港元)；如果美元市場利率下調100個基點，將導致接下來12個月盈利減少1,500,000港元(二零一七年：增加18,000,000港元)，或經濟值減少13,500,000港元(二零一七年：減少7,500,000港元)。

44. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk management (continued)

(i) Sensitivity analysis of market risk exposures (continued)

Non-trading market risk (continued)

Equity risk

At 31 December 2018 and 2017, the Group holds a small portfolio of non-trading listed equity securities. As such, any movement in the equity price would have insignificant impact on the Group.

The Group holds non-trading unlisted equity investments and uses the applicable price/earnings ratio and other market data for similar listed companies adjusted to reflect specific circumstances of the issues or the net assets value reported by the management of the investee companies to determine the fair value of the investment. A sensitivity analysis on the fair value of these unlisted equity investments is disclosed in Note 41(a)(ii).

The method and assumptions used in the above sensitivity analysis on interest rate risk, currency risk and equity risk are performed on the same basis for both 2018 and 2017.

(ii) Analysis of currency risk exposures

The Group's foreign currency positions arise from foreign exchange dealing, commercial banking operations and structural foreign currency exposures. All foreign currency positions are managed by the Financial Markets Division within limits approved by the Board. The Group has no structural foreign currency positions as of 31 December 2018 (2017: HK\$1,399.4 million, representing foreign currency investments in an associate). The Group seeks to match closely its foreign currency denominated assets with corresponding liabilities in the same currencies.

44. 財務風險管理(續)

(b) 市場風險管理(續)

(i) 市場風險敏感度分析(續)

非交易市場風險(續)

股票風險

於二零一八年及二零一七年十二月三十一日，本集團持有少部分非持作交易用途之上市股本證券。因此，股價變動對本集團並無重大影響。

本集團持有非交易非上市股權投資，並使用適用的價格/盈利率及經調整類似上市公司其他市場數據以反映發行的特定條件或被投資公司管理層報告之資產淨值釐定投資之公平價值。該等非上市股權投資公平價值的敏感度分析披露於附註41(a)(ii)。

上述對利率風險、貨幣風險及股票風險之敏感度分析所採用之方法及假設，就二零一八年及二零一七年而言所採用者乃屬相同。

(ii) 貨幣風險分析

本集團之外匯持倉源自外匯買賣、商業銀行業務及結構性外幣持倉。所有外幣持倉均由金融市場部管理，並維持在董事會所訂定之限額內。於二零一八年十二月三十一日，本集團並無結構性外幣持倉(二零一七年共1,399,400,000港元乃源自於聯營公司之外幣投資)。本集團設法將以外幣為單位之資產切實配對以同樣貨幣為單位之相應負債。

44. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk management (continued)

(ii) Analysis of currency risk exposures (continued)

The following table indicates the concentration of currency risk at the end of the reporting period:

(Equivalent in HK\$'000)	(千港元等值)
ASSETS	資產
Cash and short-term funds	現金及短期資金
Balances with banks and other financial institutions	銀行同業及其他金融機構結餘
Derivative financial instruments	衍生金融工具
Advances to customers	客戶貸款
Trade bills	商業票據
Accrued interest and other assets	應計利息及其他資產
Debt securities measured at amortized cost	按攤銷成本計量的債務證券
Equity securities designated at fair value through other comprehensive income	指定以公平價值於其他全面收益計量之股本證券
Spot assets	現貨資產
LIABILITIES	負債
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之存款及結餘
Deposits from customers	客戶存款
Certificates of deposit issued	已發行存款證
Debt securities issued	已發行債務證券
Derivative financial instruments	衍生金融工具
Other liabilities	其他負債
Subordinated notes issued	已發行後償票據
Spot liabilities	現貨負債
Net on-balance sheet position	資產負債表內持倉淨額
Off-balance sheet position	資產負債表外倉盤
Foreign exchange derivative contracts	外匯衍生合約
Net aggregate position	總持倉淨額
Credit commitments and other contingent liabilities in foreign currencies	以外幣結算之信貸承擔及其他或然負債

44. 財務風險管理(續)

(b) 市場風險管理(續)

(ii) 貨幣風險分析(續)

下表列示於報告期末之貨幣風險集中度：

	2018		
	US Dollars	Chinese Renminbi	Other foreign currencies
	美元	人民幣	其他外幣
	1,731,613	510,049	675,026
	676	410,107	573,363
	317,531	18,931	34,505
	9,508,029	311,271	557,929
	727,091	180,873	-
	798,518	7,824	59,196
	22,248,193	404,303	6,589,547
	144,884	589,003	4,733
	35,476,535	2,432,361	8,494,299
	5,682,356	-	3,491,202
	19,745,371	1,786,744	4,163,921
	1,292,127	-	-
	388,774	-	-
	66,437	17,278	34,254
	678,879	14,920	63,114
	1,562,870	-	-
	29,416,814	1,818,942	7,752,491
	6,059,721	613,419	741,808
	(3,753,819)	(569,677)	(743,069)
	2,305,902	43,742	(1,261)
	405,070	56,929	411,839

44. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk management (continued)

(ii) Analysis of currency risk exposures (continued)

(Equivalent in HK\$'000)

ASSETS

Cash and short-term funds	現金及短期資金
Balances with banks and other financial institutions	銀行同業及其他金融機構結餘
Derivative financial instruments	衍生金融工具
Advances to customers	客戶貸款
Trade bills	商業票據
Accrued interest and other assets	應計利息及其他資產
Available-for-sale financial assets	可供出售金融資產
Held-to-maturity investments	持至到期投資
Interests in associates	於聯營公司之權益

Spot assets

LIABILITIES

Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之存款及結餘
Deposits from customers	客戶存款
Certificates of deposit issued	已發行存款證
Debt securities issued	已發行債務證券
Derivative financial instruments	衍生金融工具
Other liabilities	其他負債
Subordinated notes issued	已發行後償票據

Spot liabilities

Net on-balance sheet position

Off-balance sheet position	資產負債表外倉盤
Foreign exchange derivative contracts	外匯衍生合約

Net aggregate position

Credit commitments and other contingent liabilities in foreign currencies

(千港元等值)

資產

負債

現貨負債

資產負債表內持倉淨額

總持倉淨額

以外幣結算之信貸承擔及其他或然負債

44. 財務風險管理(續)

(b) 市場風險管理(續)

(ii) 貨幣風險分析(續)

		2017 二零一七年		
		US Dollars 美元	Chinese Renminbi 人民幣	Other foreign currencies 其他外幣
ASSETS				
Cash and short-term funds	現金及短期資金	1,894,835	420,890	303,077
Balances with banks and other financial institutions	銀行同業及其他金融機構結餘	-	558,348	-
Derivative financial instruments	衍生金融工具	227,053	18,797	4,759
Advances to customers	客戶貸款	9,808,821	902,685	444,265
Trade bills	商業票據	864,495	15,760	-
Accrued interest and other assets	應計利息及其他資產	682,107	213,711	74,092
Available-for-sale financial assets	可供出售金融資產	19,383,197	1,048,089	9,803,738
Held-to-maturity investments	持至到期投資	1,561,796	-	-
Interests in associates	於聯營公司之權益	-	2,390,809	-
Spot assets	現貨資產	34,422,304	5,569,089	10,629,931
LIABILITIES				
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之存款及結餘	5,739,641	15,610	5,368,247
Deposits from customers	客戶存款	17,019,351	2,614,011	3,573,821
Certificates of deposit issued	已發行存款證	703,015	-	-
Debt securities issued	已發行債務證券	779,454	-	-
Derivative financial instruments	衍生金融工具	191,804	17,848	2,076
Other liabilities	其他負債	629,236	217,565	83,363
Subordinated notes issued	已發行後償票據	1,557,472	-	-
Spot liabilities	現貨負債	26,619,973	2,865,034	9,027,507
Net on-balance sheet position	資產負債表內持倉淨額	7,802,331	2,704,055	1,602,424
Off-balance sheet position	資產負債表外倉盤			
Foreign exchange derivative contracts	外匯衍生合約	(4,831,622)	(260,294)	(1,547,032)
Net aggregate position	總持倉淨額	2,970,709	2,443,761	55,392
Credit commitments and other contingent liabilities in foreign currencies	以外幣結算之信貸承擔及其他或然負債	1,218,926	80,900	54,858

44. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk management (continued)

(iii) Analysis of interest rate risk exposures

The following tables indicate the effective interest rates for the relevant periods and the mismatches of the expected interest repricing dates for interest-bearing assets and liabilities at the end of the reporting period. Actual repricing dates may differ from the contractual dates owing to prepayments and the exercise of options.

ASSETS

Cash and short-term funds	現金及短期資金
Balances with banks and other financial institutions	銀行同業及其他金融機構結餘
Trading assets	持作交易用途資產
Derivative financial instruments	衍生金融工具
Advances to customers	客戶貸款
Trade bills	商業票據
Debt securities measured at amortized cost	按攤銷成本計量的債務證券
Other assets	其他資產

LIABILITIES

Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之存款及結餘
Deposits from customers	客戶存款
Trading liabilities	交易賬項下之負債
Certificates of deposit issued	已發行存款證
Debt securities issued	已發行債務證券
Derivative financial instruments	衍生金融工具
Subordinated notes issued	已發行後償票據
Other liabilities	其他負債

Interest rate sensitivity gap

資產

負債

利率敏感度差距

Derivative financial instruments are carried at mark-to-market values. Note 17(b) includes further information on the remaining maturity of derivatives by notional amount.

44. 財務風險管理(續)

(b) 市場風險管理(續)

(iii) 利率風險分析

下表列示於報告期末計息資產與負債於相關期間之實際利率及於預期利息重訂價格日期之錯配。實際重訂價格日期可能因預付款及行使期權而不同於合約日期。

Average effective interest rate	Total	3 months or less (include overdue)	2018 二零一八年			Non-interest bearing
			Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	
平均實際利率	總額	三個月或以下(包括逾期部分)	三個月以上至一年	一年以上至五年	五年以上	不計息
	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
	2.20%	5,981,567	4,989,179	-	-	992,388
	2.66%	2,060,262	2,060,262	-	-	-
	1.53%	1,898,372	1,898,372	-	-	-
	N/A 不適用	796,595	-	-	-	796,595
	3.86%	47,699,240	45,978,693	1,334,412	335,129	2,570
	3.44%	907,964	795,671	112,293	-	-
	2.97%	36,889,767	10,026,947	6,819,497	16,508,914	3,532,409
	4.50%	6,552,979	74,293	-	-	6,478,686
		102,786,746	65,823,417	8,266,202	16,844,043	3,534,979
	2.77%	9,467,425	9,121,622	-	-	345,803
	1.80%	68,247,798	57,670,700	10,215,600	8,952	352,546
	1.53%	1,898,372	1,898,372	-	-	-
	2.40%	4,551,273	2,355,615	1,437,069	758,589	-
	3.03%	388,774	234,701	154,073	-	-
	N/A 不適用	133,347	-	-	-	133,347
	6.48%	1,562,870	-	-	1,562,870	-
	N/A 不適用	2,513,280	-	-	-	2,513,280
		88,763,139	71,281,010	11,806,742	2,330,411	-
			(5,457,593)	(3,540,540)	14,513,632	3,534,979

衍生金融工具按市值計價列賬。附註17(b)包括按名義金額分析衍生工具剩餘期限的進一步資料。

44. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk management (continued)

(iii) Analysis of interest rate risk exposures (continued)

44. 財務風險管理(續)

(b) 市場風險管理(續)

(iii) 利率風險分析(續)

		2017 二零一七年						
		Average effective interest rate	Total	3 months or less (include overdue) 三個月或 以下(包括 逾期部分)	Over 3 months to 1 year 三個月以上 至一年	Over 1 year to 5 years 一年以上 至五年	Over 5 years 五年以上	Non-interest bearing 不計息
		平均 實際利率	總額 HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
ASSETS	資產							
Cash and short-term funds	現金及短期資金	1.81%	5,133,534	4,213,925	-	-	-	919,609
Balances with banks and other financial institutions	銀行同業及其他金融機構 結餘	4.15%	558,348	558,348	-	-	-	-
Trading assets	持作交易用途資產	0.56%	1,846,823	1,747,180	99,643	-	-	-
Derivative financial instruments	衍生金融工具	N/A 不適用	705,165	-	-	-	-	705,165
Advances to customers	客戶貸款	3.12%	47,583,317	46,232,931	891,169	426,935	2,670	29,612
Trade bills	商業票據	2.25%	880,255	788,149	92,106	-	-	-
Available-for-sale financial assets	可供出售金融資產	1.63%	32,243,660	10,751,057	2,071,416	15,454,736	3,420,042	546,409
Held-to-maturity investments	持至到期投資	4.13%	1,561,796	-	-	1,561,796	-	-
Other assets	其他資產	3.94%	7,971,304	66,926	855	-	-	7,903,523
			98,484,202	64,358,516	3,155,189	17,443,467	3,422,712	10,104,318
LIABILITIES	負債							
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之 存款及結餘	1.91%	11,207,295	11,139,340	-	-	-	67,955
Deposits from customers	客戶存款	1.05%	62,067,793	52,376,365	9,257,272	15,500	-	418,656
Trading liabilities	交易賬項下之負債	0.56%	1,846,819	1,846,819	-	-	-	-
Certificates of deposit issued	已發行存款證	1.94%	3,311,457	912,089	660,423	1,738,945	-	-
Debt securities issued	已發行債務證券	1.74%	1,179,009	1,179,009	-	-	-	-
Derivative financial instruments	衍生金融工具	N/A 不適用	228,216	-	-	-	-	228,216
Subordinated notes issued	已發行後償票據	6.70%	1,557,472	-	-	1,557,472	-	-
Other liabilities	其他負債	N/A 不適用	2,717,841	-	-	-	-	2,717,841
			84,115,902	67,453,622	9,917,695	3,311,917	-	3,432,668
Interest rate sensitivity gap	利率敏感度差距			(3,095,106)	(6,762,506)	14,131,550	3,422,712	

Derivative financial instruments are carried at mark-to-market values. Note 17(b) includes further information on the remaining maturity of derivatives by notional amount.

衍生金融工具按市值計價列賬。附註17(b)包括按名義金額分析衍生工具剩餘期限的進一步資料。

44. FINANCIAL RISK MANAGEMENT (continued)**(c) Liquidity risk management**

The purpose of liquidity management is to ensure sufficient cash flows to meet all financial commitments and to capitalize on opportunities for business expansion. This includes the Group's ability to meet deposit withdrawals either on demand or at contractual maturity, to repay borrowings as they mature, to comply with the statutory liquidity maintenance ratio, and to make new loans and investments as opportunities arise. The Group maintains a stable and diversified funding base of core retail and corporate customer deposits as well as portfolios of highly liquid assets.

Policy and guideline on liquidity risk management are established to build up a sound liquidity risk management framework and controls appropriate for the Group's business and in compliance with the regulatory requirements. The Liquidity Risk Management Policy covers the Group's liquidity risk management strategy, risk management mechanism to identify, measure, monitor and control liquidity risks, and also the Group's contingency funding plan. The Liquidity Risk Management Guideline covers the risk measurement, risk reporting and operational requirements in implementing the Banks' liquidity management strategy. These policy and guideline are both reviewed by the ALCO, comprising of senior management of business lines and risk management teams, and are approved by the RC and the ALCO respectively.

The RC reviews and approves the Group's risk appetite statement at least annually. The Group's liquidity risk management strategy and principle is to maintain a healthy liquidity position with adequate stock of liquid assets, well-diversified funding structure relying on a broad customer deposit portfolio with prudent loan-to-deposit ratio and money market funding ratio and appropriate size of off-balance sheet liabilities to support the Bank's liquidity needs under both normal and stressed conditions.

It is the responsibility of the Group's management to ensure compliance with local regulatory requirements and limits set by the RC. Liquidity is managed on a daily basis by the Group's Funding Desk unit. The Funding Desk unit is responsible for ensuring that the Group has adequate liquidity for all operations, ensuring that the funding mix is appropriate so as to avoid maturity mismatches and to minimise price and reinvestment rate risk in the case of a maturity gap, and monitoring relevant markets for the adequacy of funding and liquidity.

44. 財務風險管理 (續)**(c) 流動性風險管理**

流動性風險管理旨在確保足夠現金流以滿足所有財務承擔之所需及滿足業務擴展之所需。有關措施涵蓋本集團應付因客戶需要或合約到期產生之存款提取、於借款到期時償還貸款、為符合法定流動性維持比率所需及當新貸款及投資機會出現時所需資金的能力。本集團維持穩定及多樣化核心零售及企業客戶存款融資基礎以及高度流動資產組合。

本集團制定流動性風險管理政策及指引，以建立適合本集團業務及符合監管規定的完善流動性風險管理框架及控制。流動性風險管理政策涵蓋本集團的流動性風險管理策略，識別、計量、監控及控制流動性風險的風險管理機制，以及本集團的應急資金計劃。流動性風險管理指引涵蓋實施流動性管理策略的風險衡量、風險報告及運營要求。該等政策及指引均由資產負債委員會(由本行業務部門及風險管理團隊的高級管理層組成)審核，並分別由風險委員會及資產負債委員會批准。

風險委員會至少每年審查並批准本集團的風險取向聲明。本集團的流動性風險管理策略及原則為保持擁有充足的流動資產存量的良好流動性狀況，依賴於廣泛的客戶存款組合及具有審慎的貸存比率與貨幣市場融資比率的良好多元化融資結構以及適當規模的資產負債表外負債，以支持本行在正常及壓力條件下的流動性需求。

本集團管理層的職責為確保遵守本地監管規定及風險委員會設立的限額。本集團的資金部每日對本集團的流動資金進行管理。資金部負責確保本集團擁有充足流動資金以應付所有營運活動、確保有適當之資金組合以避免期限錯配，並在存在年期差距時降低價格及再投資利率風險並監察相關市場之資金充足性及流動性。

44. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

Compliance with liquidity and funding requirements is monitored by the ALCO and is reported to the RC on a regular basis. This process includes:

- maintaining balances within relevant regulatory requirements;
- projecting cash flows under various stress scenarios and considering the level of liquid assets necessary in relation thereto;
- maintaining adequate intraday liquidity position and assessing how the intraday liquidity profile will change in conditions of stress;
- monitoring balance sheet liquidity and loan to deposit ratios against internal requirements;
- maintaining a diverse range of funding sources with adequate back-up facilities;
- managing the concentration and profile of debt maturities;
- managing lending commitments to customers within pre-determined management alert triggers;
- managing debt financing plans;
- monitoring depositor concentration in order to avoid undue reliance on large individual depositors and ensuring a satisfactory overall funding mix;
- maintaining funding contingency plans, which identify early indicators of stress conditions and describe actions to be taken in the event of difficulties arising from systematic or other crises, while minimising adverse long-term implications for the business; and
- managing liquidity on a legal entity and on a group basis. Intragroup funding transactions are carried out at arm's length and treated in the same way as transactions with non-related third parties and controlled within pre-determined management alert triggers.

Primary sources of funding

Customer deposits form a significant part of the Group's overall funding. The Group places considerable importance on the stability of these deposits, which is achieved through the Group's retail and corporate banking activities and by maintaining depositor confidence in the Group's capital strength. In order to lengthen the duration of the funding, the Group issues certificates of deposit with different maturities from time to time. Interbank markets are also accessed for the purposes of providing additional funding, maintaining a regular presence in local money markets and optimising asset and liability maturities.

44. 財務風險管理(續)

(c) 流動性風險管理(續)

資金流動性及融資規定之遵守乃由資產負債委員會監管及定期向董事會風險委員會報告。該過程包括：

- 於有關監管規定範圍內維持平衡；
- 預測各種壓力情況下的現金流及考慮與此有關的必要流動資產水平；
- 維持充足當日流動資金狀況及評估當日流動資金狀況在壓力條件下將如何變動；
- 依照內部規定監控資產負債表流動性及貸存比率；
- 借助充足預備融資維持資金來源的分散；
- 管理債務期限集中度及狀況；
- 於管理警告觸發水平範圍內管理客戶借貸承擔；
- 管理債務融資計劃；
- 監管存款人集中度，以避免過度依賴大型個別存款人以及確保令人滿意的全面融資組合；
- 設立應急融資計劃，載明可於系統性或其他危機時識別早期壓力狀況之預警指標並說明將予採取的行動，而降低對業務的不利長期影響；及
- 按法人實體及集團基準管理流動資金。集團內公司間公平進行融資交易，按與非關聯第三方進行交易的相同方式處理並按預定期限管理。

資金的主要來源

客戶存款構成本集團整體資金的重大部分。本集團相當重視該等存款的穩定性，方式為透過本集團零售及企業銀行業務及維持存款人對本集團資本實力的信心。為延長資金的期限，本集團不時發行不同到期日的存款證，亦有透過銀行同業市場取得額外資金，維持本集團於本地同業市場之參與及優化資產及負債到期狀況。

44. FINANCIAL RISK MANAGEMENT (continued)**(c) Liquidity risk management** (continued)**The management of funding and liquidity risk**

As part of its liquidity risk management, the Group focuses on a number of components, including maintaining sufficient liquid assets, maintaining diversified sources of liquidity, reserving necessary funding capacity and contingency planning. 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 prudential levels. Debt securities held are marked to the market on daily basis to ensure their market liquidity. The Group also adopts a funding strategy that is to achieve diversification of funding by controlling the concentration of top depositors, wholesale funding and reliance on foreign exchange swap markets. Moreover, adequate standby facilities are maintained to provide strategic liquidity to meet unexpected and material cash outflows in the ordinary course of business.

In addition to observing the statutory liquidity ratio, the Group has established different liquidity risk metrics, including but not limited to the liquidity maintenance ratio, loan-to-deposit ratio, cumulative cash flow gap, concentration of funding sources and medium-term funding ratio to measure and analyse its liquidity risks. Financial Control Division is responsible for measurement and monitoring of these liquidity metrics and reporting to the ALCO regularly.

The Group assesses and monitors the structure of balance sheet and also the concentration of funding sources from time to time with use of different risk metrics. During the year 2018:

- Loan-to-deposits ratio was kept below 80% for the aggregate position of all currencies and also not exceeding respective management alert trigger levels for each significant lending currency;
- Core funding ratio, which measures medium-term funding demand and use exceeded 125%;
- Undrawn commitments were maintained not exceeding HK\$9.0 billion;
- Single depositor concentration was maintained below 5% of total customer deposits;
- Concentration of the top 10 depositors was maintained below 20% of total customer deposits;
- Swapped fund ratio (measuring reliance on foreign exchange and/or currency swap markets) was maintained below 15%;
- Medium-term funding ratio was maintained above 5%;

44. 財務風險管理 (續)**(c) 流動性風險管理** (續)**資金及流動性風險的管理**

作為其流動性風險管理之一部分，本集團集中於數個項目，包括保持充足流動資產、維持分散的流動資金來源、維持所需的融資能力及應變計劃。本集團透過持有充足適當質量之流動資產（如現金及短期基金與證券）確保短期資金需求在審慎水平內來管理流動性風險。本集團每日對所持有債務證券進行市場評價以確保其市場流動性。本集團亦透過控制大額存款人集中度、批發融資及對外匯掉期市場的依賴性以達融資多樣性。此外，維持備用融資在充足水平以提供策略性流動資金，從而滿足於日常業務過程中意外及重大現金流出。

除緊守法定的流動性維持比率外，本集團已設立不同的流動性風險標準以衡量及分析流動性風險，包括（但不限於）流動性維持比率、貸存比率、累計現金流缺口、資金來源集中度及中期資金比率。財務管理部負責計量及監管該等流動資金標準及定期向資產負債委員會匯報。

本集團於二零一八年全年使用下列不同風險指標不時評估及監察資產負債表結構及資金來源的集中度：

- 所有貨幣加總的貸存比率保持低於80%以下，且每個重大貸款貨幣未超過各自的管理警告觸發水平；
- 用以衡量中期資金需求及使用的核心資金比率保持高於125%；
- 未履行的承諾維持不超過90億港元；
- 單一存款人的集中度維持在客戶存款總額的5%以下；
- 前10名存款人的集中度維持在客戶存款總額的20%以下；
- 掉期基金比率（衡量對外匯及／或貨幣掉期市場的依賴度）維持低於15%；
- 中期資金比率維持高於5%以上；

44. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

The management of funding and liquidity risk (continued)

- Wholesale funding was kept below 20% of total funding;
- Certificates of deposit and other debt securities issued did not exceed 10% of total customer deposits (including certificates of deposit and other debt securities issued); and
- Intragroup funding was maintained at minimal level not exceeding USD53 million.

Core deposits

The Group monitors the stability of customer deposits by means of the core deposit ratio, which is the ratio of core deposits to total customer deposits. The Group categorizes customer deposits into core deposits after taking into consideration of nature of deposits, relationship history with customers and stability of customer's total balance. An alert trigger level is set on the core deposits ratio which is monitored by the ALCO. Core deposits ratio was maintained above 25% throughout the year 2018.

Loan to deposit ratio

The Group emphasizes the importance of customer deposits as a source of funds to finance lending to customers, and mitigate against reliance on short-term interbank funding. A limit on the loan to deposit ratio is established and approved by the RC and monitored by the ALCO. Management alert triggers are also set on loan to deposit ratio for significant lending currencies and monitored by the ALCO.

Cash flow projection and stress testing

The Group conducts cash flow analysis and cash flow projection arising from on- and off-balance sheet items over a set of time horizons on a regular basis to identify funding needs in specific time buckets. The Group also regularly performs stress tests on its liquidity position. In the stress test, both on – and off-balance sheet items with a cash flow impact are considered, with applicable hypothetical and historical assumptions. Three stressed scenarios, namely an institution-specific crisis scenario, a general market crisis scenario, and a combined scenario are adopted with minimum survival period defined pursuant to HKMA's Supervisory Policy Manual guideline "Sound Systems and Controls for Liquidity Risk Management". Stress testing assumptions are reviewed and approved by the ALCO regularly to ensure their continued appropriateness.

Liquidity Cushion

The Group maintains a stock of high-quality readily liquefiable assets as a liquidity cushion against a range of stressed scenarios. The eligible assets are unencumbered, low credit risk and low market risk. The liquidity cushion is segregated from debt securities held for trading purposes. A certain portion of the liquidity cushion is made up of the most liquid and readily marketable assets (such as debt securities issued by government or multinational development banks) that can be easily liquidated to meet funding needs in the initial phase of liquidity stress.

44. 財務風險管理(續)

(c) 流動性風險管理(續)

資金及流動性風險的管理(續)

- 批發資金保持低於資金總額的20%以下；
- 存款證及其他已發行債務證券不超過客戶存款總額(包括存款證及其他已發行的債務證券)的10%；及
- 內部集團資金維持在不超過53,000,000美元的低水平。

核心存款

本集團透過核心存款比率(即核心存款對客戶存款總額的比率)監控客戶存款的穩定性。本集團考量存款性質、與客戶的歷史關係及客戶總餘額的穩定性將客戶存款分類為核心存款。本集團亦為核心存款比率設立警告觸發水平，該水平由資產負債委員會監管。於二零一八年整個年度，核心存款比率維持在25%以上。

貸存比率

本集團重視客戶存款的重要性，視之為撥付貸款予客戶的資金來源，並減少對短期銀行同業融資的依賴。貸存比率的限制由風險委員會設立並批准，且由資產負債委員會監管。亦就重大貸款貨幣的貸存比率設定管理警告觸發水平，並由資產負債委員會監管。

現金流預測及壓力測試

本集團定期透過對一系列時間內的資產負債表內外項目進行現金流分析及預測以辨認特定時間內的資金需要。本集團亦定期對流動性狀況進行壓力測試。透過運用適當的理論及歷史假設，本集團的壓力測試均已考慮對現金流會造成影響的資產負債表內外項目。三個壓力情景(即個別銀行危機、整體市場危機及綜合危機)均採用金管局監管政策手冊指引「穩健的流動性風險管理系統及管控措施」界定的最短存活期。資產負債委員會定期檢討及審批壓力測試假設，以確保其持續適用。

流動資金緩衝

本集團維持充足的可隨時變現的優質流動資產，作為在一系列壓力情況下的流動資金緩衝。合資格資產不附帶產權負擔、承擔低信貸風險及低市場風險。流動資金緩衝須與持作交易用途的債務證券分開管理。流動資金緩衝的若干部分由最具流動性並可隨時變現的有價資產(例如由政府或跨國發展銀行發行的債務證券)組成。有關資產極易變現，可滿足流動性壓力初始階段的資金需求。

44. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

The management of funding and liquidity risk (continued)

Liquidity Cushion (continued)

The size of the liquidity cushion shall be adequate to meet the Group's day-to-day liquidity needs and also emergency funding needs under both normal and stress market conditions. The minimum required size of the liquidity cushion is determined with reference to the funding gap generated from the Group's regular liquidity stress testing results. Management alert triggers are established by the ALCO to ensure sufficient size of liquidity cushion is maintained and appropriate diversification among the liquidity cushion is achieved. The size and mix of the liquidity cushion is reviewed by the ALCO regularly.

Size and mix of liquidity cushion were maintained above all relevant management alert triggers throughout the year 2018:

- net long position of Exchange Fund Bills/Notes held was maintained at not less than HK\$1.0 billion;
- assets eligible for Lenders of Last Resort purpose was maintained at not less than 30% of total customer deposits;
- level 1 high-quality readily liquefiable assets were maintained at not less than 8.5% of total customer deposits;
- non-financial institution high-quality readily liquefiable assets were maintained at not less than 25% of total customer deposits; and
- total high-quality readily liquefiable assets were maintained at not less than 30% of total customer deposits.

Contingent liquidity risk

The Group provides customers with committed and standby facilities. These facilities increase the funding requirements of the Group when customers drawdown. The liquidity risk associated with the potential drawdown on committed facilities is factored into our stressed scenarios and a management alert trigger is set for these facilities.

44. 財務風險管理(續)

(c) 流動性風險管理(續)

資金及流動性風險的管理(續)

流動資金緩衝(續)

流動資金緩衝規模應足以滿足本集團日常流動資金需求以及正常及壓力市況下之緊急資金需求。最小規模的流動資金緩衝需求乃經參考本集團流動資金定期壓力測試結果產生之資金缺口釐定。資產負債委員會設定管理警告觸發水平，以確保維持足夠規模之流動資金緩衝及達至流動資金緩衝的適當多元化。資產負債委員會定期審查流動資金緩衝規模及組合。

流動資金緩衝規模及組合於二零一八年全年保持在所有相關管理警告觸發水平之上：

- 持有外匯基金票據／票據的長倉淨額維持不少於10億港元；
- 符合緊急貸款者用途資格之資產保持不低於客戶存款總額的30%；
- 1級優質流動資產保持不低於客戶存款總額的8.5%；
- 非金融機構優質流動資產保持不低於客戶存款總額的25%；及
- 優質流動資產總額保持不低於客戶存款總額的30%。

或然流動性風險

本集團向客戶提供承諾及備用融資。倘客戶提取資金，該等融資將增加本集團資金需求。與承諾融資可能被提取有關的流動性風險已計作壓力情況的一項因素，且就該等承諾融資設定管理警告觸發水平。

44. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

The management of funding and liquidity risk (continued)

Contingency funding plan

The Group has formulated a Contingency Funding Plan (“CFP”) that describes the Group’s strategy for dealing with any liquidity problem and the procedures for making up cash flow deficits in emergency situations. The CFP is designed to be pro-active and pre-emptive. The Group utilizes early warning indicators, which cover both qualitative and quantitative measures, monitoring both internal and external factors. Should there be any early signs of significant impact on the Group’s liquidity position, the management would be informed for their consideration. Once the CFP is triggered, a Crisis Management Team, which is led by senior management, is formed to handle the crisis. Strategy and procedures in obtaining contingency funding, as well as roles and responsibilities of parties concerned are clearly stated. The CFP also includes the analysis of cash flow projections to estimate potential liquidity needs under stress scenarios.

The CFP is subject to regular testing to ensure its effectiveness and operational feasibility, particularly in respect of the availability of the contingency sources of funding listed in it. The CFP is also subject to review and update on a regular basis to ensure it remains robust over time. Any changes to the CFP would be approved by the RC.

Moreover, in accordance with the HKMA’s Supervisory Policy Manual Guideline “Recovery Planning”, the Group has established a Recovery Plan, which has been approved by the Board. The Recovery Plan helps ensure that the Group is able to recover quickly from period of severe stress and preserve or restore its liquidity level. The Recovery Plan is subject to regular, at least annual, review and update.

Liquidity exposures

The Group’s liquidity exposures are measured on a consolidated basis which comprises the Bank and Fubon Credit (Hong Kong) Limited as designated by the HKMA for regulatory purposes.

Fubon Credit (Hong Kong) Limited maintains a minimal loan portfolio not exceeding HK\$10 million without borrowings and new lending, and maintains liquidity maintenance ratio over 100% throughout the year 2018.

The Bank also maintains average liquidity maintenance and core funding ratios well above the statutory minimum ratios of 25% and 50% respectively throughout the year 2018.

44. 財務風險管理(續)

(c) 流動性風險管理(續)

資金及流動性風險的管理(續)

應急融資計劃

本集團已制定應急融資計劃，當中訂明處理流動性問題的策略及於緊急情況下彌補現金流不足的程序。應急融資計劃旨在提供防患未然的積極措施。本集團運用預警指標，當中包括質化及量化指標，藉以監督內部及外在因素。假如有任何早期跡象顯示本集團流動資金狀況將受重大影響，管理層將獲通知供其考慮。一旦啟動應急融資計劃，將成立由高級管理層領導的危機管理團隊，專責處理危機。應急融資計劃訂明取得應急資金的策略及程序，以及有關各方的職務及職責。應急融資計劃亦包括現金流預測之分析，以估計在壓力情景下潛在流動性所需。

應急融資計劃須定期進行測試，以確保其效益及操作可行性，尤其是列於其中之資金來源之可獲得性。此外，應急融資計劃須定期檢討及更新，以確保其健全性。應急融資計劃之任何變動將由風險委員會批准。

此外，根據金管局監管政策手冊指引「恢復計劃」，本集團已設立恢復計劃並獲董事會批准。恢復計劃有助本集團迅速自重大壓力期內恢復並保持其流動資金水平。恢復計劃須定期(最少一年)審閱及更新。

流動性風險承擔

本集團的流動性風險按綜合基準計量，包括金管局為監管目的而指定的本行及富邦財務(香港)有限公司。

富邦財務(香港)有限公司在並無借款及新增貸款的情況下維持低限度的貸款組合不超過10,000,000港元，並於二零一八年全年保持100%以上的流動性維持比率。

於二零一八年整個年度，本行亦分別保持平均流動性維持及核心資金比率遠高於法定最低比率25%及50%。

44. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

(i) Analysis of assets and liabilities by remaining maturity

The following maturity profile is prepared based on the remaining period at the end of the reporting period to the contractual maturity date.

44. 財務風險管理(續)

(c) 流動性風險管理(續)

(i) 按剩餘期限分析之資產及負債

下列期限組別乃基於報告期末至合約訂明到期日之剩餘期限編製。

		2018 二零一八年						
		Repayable on demand	Within 1 month	Over 1 month but within 3 months	Over 3 months but within 1 year	Over 1 year but within 5 years	Over 5 years	Undated or overdue
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
ASSETS	資產							
Cash and short-term funds	現金及短期資金	5,981,567	1,065,589	4,915,978	-	-	-	-
Balances with banks and other financial institutions	銀行同業及其他金融機構結餘	2,060,262	-	-	1,511,974	548,288	-	-
Trading assets	持作交易用途資產	1,898,372	-	573,351	1,325,021	-	-	-
Derivative financial instruments	衍生金融工具	796,595	-	-	-	-	-	796,595
Advances to customers	客戶貸款	47,699,240	-	11,525,648	2,965,704	5,070,005	15,895,999	12,104,237
Trade bills	商業票據	907,964	-	682,929	112,741	112,294	-	-
Debt securities measured at amortized cost	按攤銷成本計量的債務證券	36,889,767	-	2,033,035	3,199,445	8,265,881	19,856,997	3,532,409
Equity securities designated at fair value through other comprehensive income	指定以公平價值於其他全面收益計量之股本證券	809,330	-	-	-	-	-	809,330
Other assets	其他資產	5,743,649	-	862,487	180,223	30,497	10	-
		102,786,746	1,065,589	20,593,428	9,295,108	14,026,965	35,753,006	15,636,646
LIABILITIES	負債							
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之存款及結餘	9,467,425	345,803	3,266,015	5,855,607	-	-	-
Deposits from customers	客戶存款	68,247,798	18,317,001	21,591,023	18,115,224	10,215,599	8,951	-
Trading liabilities	交易賬項下之負債	1,898,372	-	573,351	1,325,021	-	-	-
Certificates of deposit issued	已發行存款證	4,551,273	-	939,769	199,647	1,693,638	1,718,219	-
Debt securities issued	已發行債務證券	388,774	-	156,598	78,103	154,073	-	-
Derivative financial instruments	衍生金融工具	133,347	-	-	-	-	-	133,347
Subordinated notes issued	已發行後償票據	1,562,870	-	-	-	-	1,562,870	-
Other liabilities	其他負債	2,513,280	-	1,225,380	137,673	207,316	17,517	-
		88,763,139	18,662,804	27,752,136	25,711,275	12,270,626	3,307,557	-
Net liquidity gap	流動資金缺口淨額	(17,597,215)	(7,158,708)	(16,416,167)	1,756,339	32,445,449	15,636,646	-

Derivative financial instruments are carried at mark-to-market values. Note 17(b) includes further information on the remaining maturity of derivatives by notional amount.

衍生金融工具按市值計價列賬。附註17(b)包括按名義金額分析衍生工具剩餘期限的進一步資料。

44. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

(i) Analysis of assets and liabilities by remaining maturity

(continued)

Of which:	其中：
Debt securities held*	持有債務證券*
- Included in trading assets	- 納入持作交易用途 資產
- Included in debt securities measured at amortized cost	- 納入按攤銷成本 計量的債務證券

Of which:	其中：
Certificates of deposit held	持有存款證
- Included in debt securities measured at amortized cost	- 納入按攤銷成本 計量的債務證券

Certificates of deposit issued	已發行存款證
- Stated at amortized cost	- 按攤銷成本列賬

* The amount of debt securities held included certificates of deposit held.

44. 財務風險管理(續)

(c) 流動性風險管理(續)

(i) 按剩餘期限分析之資產及負債(續)

		2018 二零一八年								
		Repayable		Within		Over	Over	Over	Over	Undated or
		on demand	1 month	1 month	3 months	1 month	3 months	1 year	5 years	overdue
				but within	but within	but within	but within	but within		
				3 months	1 year	5 years	5 years	5 years		
				一個月以上	三個月以上	一年以上	一年以上	五年以上		無定期或
				三個月以內	一年以內	五年以內	五年以內	五年以上		逾期
Total	Total	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
	1,898,372	-	573,351	1,325,021	-	-	-	-	-	-
	36,889,767	-	2,033,035	3,199,445	8,265,881	19,856,997	3,532,409	2,000		
	38,788,139	-	2,606,386	4,524,466	8,265,881	19,856,997	3,532,409	2,000		
	1,061,284	-	-	60,808	512,660	487,816	-	-		
	4,551,273	-	939,769	199,647	1,693,638	1,718,219	-	-		

* 所持債務證券的金額已計入所持存款證。

44. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

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

		2017 二零一七年							
		Total	Repayable on demand	Within 1 month	Over 1 month but within 3 months	Over 3 months but within 1 year	Over 1 year but within 5 years	Over 5 years	Undated or overdue
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
ASSETS	資產								
Cash and short-term funds	現金及短期資金	5,133,534	989,187	4,144,347	-	-	-	-	-
Balances with banks and other financial institutions	銀行同業及其他金融機構結餘	558,348	-	-	558,348	-	-	-	-
Trading assets	持作交易用途資產	1,846,823	-	999,760	747,420	99,643	-	-	-
Derivative financial instruments	衍生金融工具	705,165	-	-	-	-	-	-	705,165
Advances to customers	客戶貸款	47,583,317	-	11,010,922	3,798,396	5,845,429	14,020,992	12,854,834	52,744
Trade bills	商業票據	880,255	-	323,196	308,264	248,795	-	-	-
Available-for-sale financial assets	可供出售金融資產	32,243,660	-	1,651,704	1,499,775	3,027,216	22,098,514	3,420,042	546,409
Held-to-maturity investments	持至到期投資	1,561,796	-	-	-	-	1,561,796	-	-
Other assets	其他資產	7,971,304	-	766,894	269,595	37,559	19,719	-	6,877,537
		98,484,202	989,187	18,896,823	7,181,798	9,258,642	37,701,021	16,274,876	8,181,855
LIABILITIES	負債								
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之存款及結餘	11,207,295	67,955	956,246	10,183,094	-	-	-	-
Deposits from customers	客戶存款	62,067,793	20,246,425	16,755,439	15,793,157	9,257,272	15,500	-	-
Trading liabilities	交易賬項下之負債	1,846,819	-	999,757	747,420	99,642	-	-	-
Certificates of deposit issued	已發行存款證	3,311,457	-	-	156,256	860,388	2,294,813	-	-
Debt securities issued	已發行債務證券	1,179,009	-	-	1,179,009	-	-	-	-
Derivative financial instruments	衍生金融工具	228,216	-	-	-	-	-	-	228,216
Subordinated notes issued	已發行後償票據	1,557,472	-	-	-	-	1,557,472	-	-
Other liabilities	其他負債	2,717,841	-	1,449,424	128,777	157,013	98	-	982,529
		84,115,902	20,314,380	20,160,866	28,187,713	10,374,315	3,867,883	-	1,210,745
Net liquidity gap	流動資金缺口淨額		(19,325,193)	(1,264,043)	(21,005,915)	(1,115,673)	33,833,138	16,274,876	

Derivative financial instruments are carried at mark-to-market values. Note 17(b) includes further information on the remaining maturity of derivatives by notional amount.

衍生金融工具按市值計價列賬。附註17(b)包括按名義金額分析衍生工具剩餘期限的進一步資料。

44. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

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

		2017 二零一七年							
		Repayable on demand	Within 1 month	Over 1 month but within 3 months	Over 3 months but within 1 year	Over 1 year but within 5 years	Over 5 years	Undated or overdue	
		Total							
		總額	即時還款	一個月內	三個月以上	一年以上	五年以上	無定期或 逾期	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	
Of which:	其中：								
Debt securities held *	持有債務證券*								
- Included in trading assets	- 納入持作交易用途 資產	1,846,823	-	999,760	747,420	99,643	-	-	
- Included in available-for-sale financial assets	- 納入可供出售金融 資產	31,699,251	-	1,651,704	1,499,775	3,027,216	22,098,514	2,000	
- Included in held-to-maturity investments	- 納入持至到期投資	1,561,796	-	-	-	1,561,796	-	-	
		35,107,870	-	2,651,464	2,247,195	3,126,859	23,660,310	2,000	
Of which:	其中：								
Certificates of deposit held	持有存款證								
- Included in available-for-sale financial assets	- 納入可供出售金融 資產	1,639,518	-	97,575	342,844	220,067	979,032	-	
- Included in held-to-maturity investments	- 納入持至到期投資	156,257	-	-	-	-	156,257	-	
		1,795,775	-	97,575	342,844	220,067	1,135,289	-	
Certificates of deposit issued	已發行存款證								
- Stated at amortized cost	- 按攤銷成本列賬	3,311,457	-	-	156,256	860,388	2,294,813	-	

* The amount of debt securities held included certificates of deposit held.

* 所持債務證券的金額已計入所持存款證。

44. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

(ii) Analysis of non-derivative liabilities by contractual maturities

The following table sets out contractual cash flow projections of the Group's financial liabilities, and off-balance sheet exposures analysed by the remaining period as at the end of the reporting period to the contractual maturity dates. The balances in the tables below will not agree directly to the balances in the consolidated statement of financial position as the table incorporates all cash flows, on an undiscounted basis, related to both principal as well as those associated with all future interest and coupon payments.

44. 財務風險管理(續)

(c) 流動性風險管理(續)

(ii) 按合約到期日作出之非衍生負債分析

下表載列按報告期末至合約到期日之剩餘期限分析之本集團金融負債及資產負債表外風險之合約現金流預期。下表結餘將不會直接等同於綜合財務狀況表之結餘，因為下表包含與全部未來票息付款之本金及相關款項有關之所有現金流(根據未折現基準)。

	Total	Repayable on demand	Within 1 month	2018 二零一八年			Over 5 years
				1 month but within 3 months	Over 3 months but within 1 year	Over 1 year but within 5 years	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Financial liabilities							
Deposits and balances of banks and other financial institutions	9,530,724	345,803	3,287,360	5,897,561	-	-	-
Deposits from customers	68,685,736	18,317,001	21,695,456	18,250,593	10,413,692	8,994	-
Trading liabilities	1,902,000	-	574,000	1,328,000	-	-	-
Certificates of deposit issued	4,708,206	-	956,403	216,908	1,763,951	1,770,944	-
Debt securities issued	391,583	-	156,633	78,317	156,633	-	-
Subordinated notes issued	1,760,870	-	-	-	97,537	1,663,333	-
Other liabilities	1,482,283	-	1,173,007	190,002	101,763	17,511	-
	88,461,402	18,662,804	27,842,859	25,961,381	12,533,576	3,460,782	-
Off-balance sheet exposures							
- Contingent liabilities	1,100,059	-	1,100,059	-	-	-	-
- Commitments	34,948,398	34,948,398	-	-	-	-	-
	36,048,457	34,948,398	1,100,059	-	-	-	-

44. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

(ii) Analysis of non-derivative liabilities by contractual maturities (continued)

		2017 二零一七年					
		Repayable on demand	Within 1 month	Over 1 month but within 3 months	Over 3 months but within 1 year	Over 1 year but within 5 years	Over 5 years
Total		總額	一個月內	一個月以上 三個月以內	三個月以上 一年以內	一年以上 五年以內	五年以上
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Financial liabilities	金融負債						
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之存款及結餘	11,259,739	67,955	959,300	10,232,484	-	-
Deposits from customers	客戶存款	62,341,528	20,246,427	16,804,732	15,882,020	9,392,822	15,527
Trading liabilities	交易賬項下之負債	1,848,500	-	1,000,000	748,500	100,000	-
Certificates of deposit issued	已發行存款證	3,407,963	-	2,673	166,902	903,664	2,334,724
Debt securities issued	已發行債務證券	1,181,285	-	-	1,181,285	-	-
Subordinated notes issued	已發行後償票據	1,853,679	-	-	-	96,770	1,756,909
Other liabilities	其他負債	1,822,547	-	1,427,132	320,628	74,689	98
		83,715,241	20,314,382	20,193,837	28,531,819	10,567,945	4,107,258
Off-balance sheet exposures	資產負債表外風險						
- Contingent liabilities	- 或然負債	888,590	-	888,590	-	-	-
- Commitments	- 承擔	27,847,342	27,847,342	-	-	-	-
		28,735,932	27,847,342	888,590	-	-	-

44. 財務風險管理(續)

(c) 流動性風險管理(續)

(ii) 按合約到期日作出之非衍生負債分析(續)

44. FINANCIAL RISK MANAGEMENT (continued)

(d) Operational risk management

Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. Given that operational risk is inherent in all business products, activities, processes and systems, the Group has developed, implemented and maintained a robust operational risk management framework to facilitate the timely identification, effective assessment and mitigation of the risk. Internal controls, an integral part of a sound operational risk management framework, are maintained by the departmental operational manuals which provide guidance on the baseline controls to ensure a sound management of business and operations.

The RC provides oversight of the risk management of the Group regularly reviews the Group's operational risk framework and risk profiles, and approves the risk management policies. The Internal Control Committee ("ICC") also plays an active role in overseeing operational risk related issues and monitoring the implementation of improvement plans for risk events identified and rectifications needed in operational risk management tools, including Control Self Assessment and Key Risk Indicator.

Business and support units are required to review their procedures regularly to ensure compliance with internal control standards and regulatory requirements. They are also required to work closely with Operational Risk Management Department and Business Compliance Department on internal control, regulatory compliance and operational risk management related activities and initiatives.

Each new product or service introduced is subject to a rigorous review and approval process where all relevant risks are identified and assessed by departments independent of the risk-taking unit proposing the product or services. Variations of existing products or services are also subject to a similar process. In addition, the Group maintains business continuity plans and tests contingency facilities regularly to ensure the ability to continue operating and limit losses in the event of severe business disruptions.

Internal Audit Division and Compliance Department play an essential role in monitoring and limiting operational risk. Their foci include evaluating the adequacy of all internal controls independently, ensuring adherence to operating guidelines (including regulatory and legal requirements) and making improvement recommendations proactively.

44. 財務風險管理(續)

(d) 營運風險管理

營運風險是指因不充足或缺乏效率之內部程序、人員或制度或外在事故，致使產生損失的風險。鑒於所有業務產品、活動、過程及制度均具有內在營運風險，本集團已制定、實施及維持健全的營運風險管理框架，以促進及時識別、有效評估及減少該風險。內部監控作為穩健營運風險管理框架之重要部分，已按照部門營運手冊(載有基本監控之指引，確保一個受控制且穩健的營運環境)而實施。

風險委員會監察本集團的風險管理，定期審閱本集團的營運風險框架及風險狀況，並審批風險管理政策。內部監控及合規委員會亦發揮重要作用，監督營運風險相關事宜及監控已識別風險事項的改善計劃及由營運風險管理工具(包括自我監控評估及主要風險指標)所需的待糾正事項。

業務及支援單位須定期審閱其程序以確保符合內部監控標準及監管規定。彼等亦須就內部監控、監管合規及營運風險管理相關活動及措施與營運風險管理部門及商業合規部門緊密合作。

各新產品或服務須進行嚴格檢閱及審批過程，並於獨立於建議該產品或服務的風險承擔部門之獨立部門識別及評估所有相關風險完成後，方可引進。更改現有產品或服務亦須受類似程序限制。此外，本集團定期維持業務連續性計劃及測試或然設備，以確保於業務受嚴重干擾下有能持續經營及限制因此而造成的虧損。

內部審核部及合規部門在監察及限定營運風險方面發揮關鍵作用。彼等的焦點包括獨立評估所有內部監控的充分性、確保遵守營運指引(包括監管及法定規定)以及主動提出改善建議。

44. FINANCIAL RISK MANAGEMENT (continued)

(e) Capital management

The HKMA sets and monitors capital requirements for the Group as a whole. 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 be possible with higher levels of borrowings 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 Group's capital management is overseen by the ALCO and reviewed regularly by the Board. Key tools adopted include capital budgeting, monitoring, stress testing. An annual capital budget is prepared during the annual budgeting process to assess the adequacy of the Group's capital to support current and future business activities taking into account projected business growth and any new business activities. The annual budget is approved by the Board. Actual capital adequacy is measured and compared against the approved budget on a regular basis. In addition, regular stress testing and scenario analysis of major sources of risk faced by the Group is performed to assess impact on capital adequacy ratios. The Group's Recovery Plan ensures that the Group is able to preserve or restore its capital level during a severe stress period. The Recovery Plan is subject to regular, at least annual, review and update.

The principal forms of capital are included in the following balances in the consolidated statement of financial position: share capital, reserves, additional equity instruments and subordinated notes issued. Capital for regulatory purposes also includes the impairment allowances made against Stage 1 and Stage 2 financial assets as allowed by the Banking (Capital) Rules.

The Group adopts the standardised approach for the calculation of risk-weighted assets for credit risk and market risk, and the basis indicator approach for the calculation of operational risk.

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

44. 財務風險管理(續)

(e) 資本管理

金管局設立及監管本集團之整體資本規定。除達至監管規定外，本集團管理資本之主要目標為保證本集團之持續經營能力，從而透過與風險水平相當之產品與服務定價及確保能夠以合理成本融資，持續為股東提供回報及向其他權益持有人提供利益。

本集團積極及定期審閱及管理其資本結構，並在可能以高借貸水平所產生的較高股東回報，以及良好資本狀況所提供之優勢與擔保之間保持平衡，並就經濟狀況之變動對資本結構作出調整。

本集團的資本管理由資產負債委員會監督，並由董事會定期審查。採納的關鍵工具包括資本預算、監管及壓力測試。年度資本預算乃於年度預算過程中編製，經計及預測業務增長及任何新業務活動後，評估本集團之資本充足性，從而支持當期及未來業務活動。年度預算由董事會批准。實際資本充足性乃按定期基準計量及與批准預算進行比較。此外，針對本集團面臨的風險的主要來源進行定期壓力測試及情況分析，以評估對資本充足性比率之影響。本集團的恢復計劃確保本集團於嚴重受壓期間能夠維持或恢復其資金水平。恢復計劃須進行定期(最少每年一次)檢討及更新。

資本的主要形式包括以下於綜合財務狀況表的餘額：股本、儲備、額外股本工具及已發行後償票據。就監管目的而言，資本亦包括《銀行業(資本)規則》所允許的對第一階段和第二階段金融資產的減值準備。

本集團採用標準化方法計算信貸風險及市場風險之風險加權資產以及採用基本指標方法計算營運風險。

為遵守行業慣例，本集團根據資本充足比率監管其資本結構，年內本集團之資本管理政策並無重大變動。

44. FINANCIAL RISK MANAGEMENT (continued)**(e) Capital management** (continued)

The Bank computes its capital adequacy ratios of the Bank and certain specified subsidiaries in accordance with the Banking (Capital) Rules of the Hong Kong Banking Ordinance. Certain non-banking financial subsidiaries are also subject to the supervision and capital requirements of local regulatory authorities. The Group regularly measures and monitors capital adequacy of these regulated subsidiaries.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the years ended 31 December 2018 and 2017, and were above the minimum required ratio set by the HKMA and other regulatory authorities.

(f) Transfers of financial assets

As of 31 December 2018, the Group had entered into repurchase agreements with certain counterparties to sell financial assets measured at amortized cost with carrying amounts of HK\$6.27 billion (2017: available-for-sale financial assets of HK\$9.52 billion and held to maturity investments of HK\$122.6 million) which are subject to simultaneous agreements (“repurchase agreements”) to repurchase these financial assets at agreed dates and prices. The consideration received under these repurchase agreements totalling HK\$5,979.4 million (2017: HK\$9,181.1 million) was reported as “Deposits and balances of banks and other financial institutions” at 31 December 2018 (Note 28).

As stipulated in the repurchase agreements, there was no transfer of the legal ownership of these financial assets to the counterparties during the covered period. However, the Group was not allowed to sell or pledge these financial assets during the covered period unless both parties mutually agree with such arrangement. Accordingly, these financial assets were not derecognized from the financial statements but regarded as “collateral” for the secured lending by these counterparties. Normally, the counterparties could only claim from the collateral when there exists an event of default on the secured lending.

As at 31 December 2018 and 2017, there were no outstanding transferred financial assets in which the Group had a continuing involvement, that were derecognized in their entirety.

45. IMMEDIATE PARENT AND ULTIMATE CONTROLLING PARTY

At 31 December 2018, the Directors consider the immediate parent and ultimate controlling party of the Group is Fubon Financial Holding Co., Ltd., which is incorporated in the Republic of China.

44. 財務風險管理 (續)**(e) 資本管理** (續)

本行根據香港《銀行業條例》的《銀行業(資本)規則》計算本行及若干指定附屬公司的資本充足比率。若干非銀行金融附屬公司亦須遵守當地監管機構的監督及資本規定。本集團定期計量及監管該等受監管附屬公司的資本充足性。

截至二零一八年及二零一七年十二月三十一日止整個年度本集團及其自主監管業務均符合全部外在施加之資本規定，並高於金管局及其他監管機構頒佈之最低比率規定。

(f) 金融資產轉讓

截至二零一八年十二月三十一日，本集團與若干對手方訂立回購協議，出售賬面值為6,270,000,000港元之以攤銷成本計量之金融資產(二零一七年：賬面值為9,520,000,000港元之可供出售金融資產及122,600,000港元之持至到期投資)，並受限於在協定日期及以協定價格回購該等金融資產之同步協議(「回購協議」)。根據該等回購協議收取之代價總額5,979,400,000港元(二零一七年：9,181,100,000港元)於二零一八年十二月三十一日列作「銀行同業及其他金融機構之存款及結餘」(附註28)。

如回購協議所規定，於覆蓋期間並無轉讓該等金融資產之法律所有權至對手方。然而，本集團於覆蓋期間並不允許出售或抵押該等金融資產，除非訂約各方相互同意有關安排則另作別論。因此，該等金融資產並無於財務報告終止確認但被視作向該等對手方提供有抵押借貸之「抵押品」。對手方一般只有在有抵押借貸存在違約事件時才會索償抵押品。

於二零一八年及二零一七年十二月三十一日，既有已轉讓金融資產已全部終止確認，且本集團並無持續牽涉其中。

45. 直接母公司及最終控股公司

於二零一八年十二月三十一日，董事認為，本集團的直接母公司及最終控股方為富邦金融控股股份有限公司。該公司於中華民國註冊成立。

46. POST BALANCE SHEET SUBSEQUENT EVENT

After the end of the reporting period, the Court of Appeal issued judgment allowing the Group's appeal and rejecting the Plaintiff's cross-appeal in a lawsuit, where an original judgement was issued against the Group during 2016. The Group received HK\$96 million (being the net aggregate amount that the Group previously paid the Plaintiff under the original judgment) from the Plaintiff on 17 January 2019. The Group will receive further interest and recover costs relating to the lawsuit at such rates and amounts to be determined by the court.

47. BANK-LEVEL STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY

46. 資產負債表後期後事項

於報告期結束後，上訴法院就一宗於二零一六年由原法庭對本集團發出的判決，准許本集團的上訴及駁回原告在訴訟中的交叉上訴。本集團於二零一九年一月十七日自原告收到96,000,000港元（即本集團先前根據原判決向原告支付的淨總額）。本集團將按法院將確定的費率及金額收取進一步利息並收回與訴訟有關的費用。

47. 銀行財務狀況表及權益變動報告表

		31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元	1 January 2018 二零一八年 一月一日 HK\$'000 千港元	31 December 2017 二零一七年 十二月三十一日 HK\$'000 千港元
ASSETS	資產			
Cash and short-term funds	現金及短期資金	5,981,544	5,131,381	5,133,511
Balances with banks and other financial institutions	銀行同業及其他 金融機構結餘	2,060,262	557,437	558,348
Trading assets	持作交易用途資產	1,898,372	1,846,823	1,846,823
Derivative financial instruments	衍生金融工具	796,595	705,165	705,165
Advances to customers	客戶貸款	47,697,362	47,660,462	47,575,344
Trade bills	商業票據	907,964	879,838	880,255
Accrued interest and other assets	應計利息及其他資產	1,377,011	1,391,110	1,391,110
Debt securities measured at amortized cost	以攤銷成本計量之 債務證券	36,889,767	33,005,143	–
Equity securities designated at fair value through other comprehensive income	指定以公平價值於 其他全面收益計量 之股本證券	809,330	544,409	–
Available-for-sale financial assets	可供出售金融資產	–	–	32,243,660
Held-to-maturity investments	持至到期投資	–	–	1,561,796
Interests in associates	於聯營公司之權益	–	1,399,442	1,399,442
Investments in subsidiaries	於附屬公司之投資	73,162	81,162	81,162
Amounts due from subsidiaries	應收附屬公司款項	42,060	89,517	89,517
Fixed assets	固定資產	4,312,504	4,100,320	4,100,320
Assets held for sale	持作出售之資產	53,443	43,900	43,900
Total assets	資產總額	102,899,376	97,436,109	97,610,353

47. BANK-LEVEL STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY (continued)

47. 銀行財務狀況表及權益變動報告表
(續)

		31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元	1 January 2018 二零一八年 一月一日 HK\$'000 千港元	31 December 2017 二零一七年 十二月三十一日 HK\$'000 千港元
LIABILITIES	負債			
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之存款及結餘	9,467,425	11,207,295	11,207,295
Deposits from customers	客戶存款	68,247,798	62,067,793	62,067,793
Trading liabilities	交易賬項下之負債	1,898,372	1,846,819	1,846,819
Certificates of deposit issued	已發行存款證	4,551,273	3,311,457	3,311,457
Debt securities issued	已發行債務證券	388,774	1,179,009	1,179,009
Derivative financial instruments	衍生金融工具	133,347	228,216	228,216
Other liabilities	其他負債	1,796,504	2,072,100	2,062,033
Amounts due to subsidiaries	應付附屬公司款項	277,213	229,703	229,703
Deferred tax liabilities	遞延稅項負債	675,551	584,923	615,337
Subordinated notes issued	已發行後償票據	1,562,870	1,557,472	1,557,472
Total liabilities	負債總額	88,999,127	84,284,787	84,305,134
EQUITY	權益			
Share capital	股本	4,830,448	4,830,448	4,830,448
Reserves	儲備	9,069,801	6,813,077	6,966,974
Total equity attributable to shareholders of the Bank	本行股東應佔股東權益	13,900,249	11,643,525	11,797,422
Additional equity instruments	額外股本工具	-	1,507,797	1,507,797
Total equity	權益總額	13,900,249	13,151,322	13,305,219
Total equity and liabilities	權益及負債總額	102,899,376	97,436,109	97,610,353

Approved and authorized for issue by the Board of Directors on 19 March 2019.

經董事會於二零一九年三月十九日通過及授權頒佈。

Ming-Chung (Daniel) TSAI

蔡明忠
Director
董事

Robert James KENRICK

甘禮傑
Director
董事

Raymond Wing Hung LEE

李永鴻
Director
董事

47. BANK-LEVEL STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY (continued)

47. 銀行財務狀況表及權益變動報告表
(續)

		Share capital	Regulatory reserve	Investment revaluation reserve	Premises revaluation reserve	Retained earnings	Total	Additional equity instruments	Total equity
		股本	法定儲備	重估儲備	重估儲備	保留溢利	總額	股本工具	權益總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2017	二零一七年一月一日	4,830,448	527,242	80,193	2,239,802	2,852,577	10,530,262	-	10,530,262
Total comprehensive income for the year	本年度全面收益總額	-	-	433,726	305,992	527,442	1,267,160	-	1,267,160
- Profit for the year	- 本年度溢利	-	-	-	-	534,049	534,049	-	534,049
- Other comprehensive income, of which:	- 其他全面收益，其中：								
- Available-for-sale financial assets: net movement in investment revaluation reserve	- 可供出售金融資產：投資重估儲備淨變動	-	-	433,726	-	-	433,726	-	433,726
- Remeasurement of net defined benefit liability	- 重新計量定額福利負債淨額	-	-	-	-	(6,607)	(6,607)	-	(6,607)
- Premises: net movement in premises revaluation reserve	- 物業：物業重估儲備淨變動	-	-	-	305,992	-	305,992	-	305,992
Transfer (to)/from retained earnings	轉撥(至)/自保留溢利	-	(28,254)	-	(50,449)	78,703	-	-	-
Issuance of additional equity instruments	發行額外權益工具	-	-	-	-	-	-	1,507,797	1,507,797
At 31 December 2017	二零一七年十二月三十一日	4,830,448	498,988	513,919	2,495,345	3,458,722	11,797,422	1,507,797	13,305,219
At 31 December 2017	二零一七年十二月三十一日	4,830,448	498,988	513,919	2,495,345	3,458,722	11,797,422	1,507,797	13,305,219
Opening balance adjustments arising from change in accounting policy	因會計政策變動而對期初結餘作出調整	-	-	(180,921)	-	27,024	(153,897)	-	(153,897)
At 1 January 2018	二零一八年一月一日	4,830,448	498,988	332,998	2,495,345	3,485,746	11,643,525	1,507,797	13,151,322
Total comprehensive income for the year	本年度全面收益總額	-	-	225,939	234,231	1,870,009	2,330,179	-	2,330,179
- Profit for the year	- 本年度溢利	-	-	-	-	1,868,810	1,868,810	-	1,868,810
- Other comprehensive income, of which:	- 其他全面收益，其中：								
- Equity securities designated at FVOCI: net movement in investment revaluation reserve	- 指定以公平價值計之股本證券：投資重估儲備淨變動	-	-	225,939	-	-	225,939	-	225,939
- Remeasurement of net defined benefit liability	- 重新計量定額福利負債淨額	-	-	-	-	1,199	1,199	-	1,199
- Premises: net movement in premises revaluation reserve	- 物業：物業重估儲備淨變動	-	-	-	234,231	-	234,231	-	234,231
Transfer from/(to) retained earnings	轉撥自/(至)保留溢利	-	37,612	-	(55,224)	17,612	-	-	-
Dividend payment for additional equity instruments	就額外股本工具的股息付款	-	-	-	-	(72,986)	(72,986)	-	(72,986)
Redemption of additional equity instruments	額外股本工具贖回	-	-	-	-	(469)	(469)	(1,507,797)	(1,508,266)
At 31 December 2018	二零一八年十二月三十一日	4,830,448	536,600	558,937	2,674,352	5,299,912	13,900,249	-	13,900,249

48. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Notes 25 and 41 contain information about the assumptions and risk factors relating to fair value of premises and financial instruments. Other key sources of estimation uncertainty are as follows:

(a) Impairment losses

Applicable to 2018 only

Management exercises judgement in establishing the criteria for determining whether the credit risk of a financial asset has increased significantly since initial recognition and determining inputs into the ECL measurement model, including the incorporation of forward-looking information. For details of the ECL model, please refer to Note 44(a)(viii).

Applicable to 2017 only

Advances to customers

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

In assessing the need for a collective impairment allowance, besides factors such as credit quality, portfolio size, concentrations, management also considers economic factors. In order to estimate the required adjustment to the collective impairment allowance from economic factors, the Group makes assumptions and judgements to determine the relevant economic indicators and their relevant weighting based on historical experience and current economic conditions.

Available-for-sale equity securities

The Group determines that available-for-sale equity securities are impaired when there has been a significant or prolonged decline in the fair value below cost. The determination of when a decline in fair value is significant or prolonged is judgmental by nature so profit and loss could be affected by differences in this judgment.

48. 會計估計及判斷

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

附註25及41載有與物業及金融工具的公平價值有關的假設及風險因素的資料。其他不明朗因素估計的主要來源載列如下：

(a) 減值虧損

僅適用於二零一八年

管理層在確定釐定自初始確認後一項金融資產的信貸風險是否顯著增加及釐定預期信貸虧損計量模型的輸入數據(包括納入前瞻性資料)的標準時作出判斷。有關預期信貸虧損模式的詳情，請參閱附註44(a)(viii)。

僅適用於二零一七年

客戶貸款

貸款組合乃定期進行檢討以評估是否存在減值虧損。管理層就是否存在客觀證據表明貸款組合已減值，即估計之未來現金流是否減少，作出判斷。減值之客觀證據包括客戶群中借款人付款狀況出現不利變化之可觀察數據，亦可包括與拖欠本集團資產有關之當地經濟條件之可觀察數據。倘管理層基於其判斷確定存在減值之客觀證據，則以與本集團資產信貸風險特點相若之資產之過往損失對預計之未來現金流進行估計。該過往損失則基於現時可觀察之數據進行調整。

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

於評估綜合減值撥備的需要時，管理層除考慮信貸素質、組合規模、信貸集中等因素外，亦需一併考慮經濟因素。為估計因經濟因素而需對綜合減值撥備作出的調整，本集團根據過往經驗及現今經濟情況對相關經濟指標及其他所佔比重作出估計及判斷。

可供出售股本證券

於公平價值出現重大或持續下跌至低於成本數額時，本集團確定可供出售股本證券減值。確定何時公平價值的下跌屬重大或持續時須按其性質予以判斷，故溢利及虧損可能因所作判斷之差異而受到影響。

48. ACCOUNTING ESTIMATES AND JUDGEMENTS

(continued)

(b) Fair value determination

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

(c) Held-to-maturity investments – Applicable to 2017 only

The Group classified non-derivative financial assets with fixed or determinable payments and fixed maturity which the Group has a positive intention and ability to hold to maturity as held-to-maturity investments. In making this judgement, the Group evaluated its intention and ability to hold such investments till maturity.

If the Group fails to hold these investments to maturity other than in certain specific circumstances, the Group will have to reclassify the entire portfolio of held-to-maturity investments as available-for-sale.

This would result in held-to-maturity investments being measured at fair value instead of at amortized cost.

(d) Other accounting estimates

Judgement has been exercised in determining the amount which may be payable to customers in respect of complaints or legal claims arising from the sale of investment products and establishing a reserve included in other liabilities. A charge has been recognized in profit or loss representing amounts paid and an estimate of future amounts which could be payable.

49. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDED 31 DECEMBER 2018

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 31 December 2018 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group:

HKFRS 16, <i>Leases</i> 香港財務報告準則第16號·租賃
HK(IFRIC) 23, <i>Uncertainty over income tax treatments</i> 香港(國際財務報告詮釋委員會)第23號·所得稅處理之不確定性
Annual Improvements to HKFRSs 2015-2017 Cycle 香港財務報告準則二零一五年至二零一七年週期之年度改進
HKFRS 17, <i>Insurance contracts</i> 香港財務報告準則第17號·保險合約

48. 會計估計及判斷(續)

(b) 公平價值釐定

本集團釐定金融資產及負債之公平價值時，盡量以該等資產及負債於市場報價作公平價值列賬。倘無法獲得市場報價或沒有流通的市場，本集團則會利用利率收益曲線、歷史及／或引伸認股權波幅、匯率、相關工具之價格及相關投資之淨資產等市場參數，以內部計價模式而釐定該等資產或負債之公平價值。所作出的假設及該等參數間之相關性均可影響該等金融工具公平價值之估計。

(c) 持至到期投資 – 僅適用於二零一七年

本集團將固定或可確定付款金額和固定到期日，且本集團有意及有能力持至到期日的非衍生金融資產，列作持至到期投資。在作出有關判斷時，本集團會評估本身是否有意及有能力持有此等投資至到期日。

若本集團未能持有此等投資至到期日(因若干特殊情況者除外)，本集團會將整個持至到期日的投資組合重新分類為可供出售。

此重新分類會使持至到期投資以公平價值計量，而非按攤銷成本計量。

(d) 其他會計估計

於釐定可能就出售投資產品產生的投訴或法律索償而應付予客戶的金額及設立計入其他負債的儲備時進行了判斷。有關支出已於損益賬內確認為已付金額及可能應付的未來金額估計。

49. 已公佈但於截至二零一八年十二月三十一日止年度之會計期間尚未生效之修訂、新準則及詮釋之可能影響

截至此等財務報告公佈日，香港會計師公會已公佈若干修訂及新準則。該等修訂及新準則於截至二零一八年十二月三十一日止年度尚未生效且並無在此等財務報告中採納。以下乃與本集團有關者：

Effective for accounting periods beginning on or after 於下列日期或之後開始之會計期間生效

1 January 2019 二零一九年一月一日
1 January 2019 二零一九年一月一日
1 January 2019 二零一九年一月一日
1 January 2021 二零二一年一月一日

49. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDED 31 DECEMBER 2018

(continued)

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of HKFRS 16 which may have an impact on the Group's consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 16, the actual impact upon the initial adoption of this standard may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standard is initially applied in the Group's interim financial report for the six months ending 30 June 2019. The Group may also change its accounting policy elections, including the transition options, until the standard is initially applied in that financial report.

HKFRS 16, Leases

As disclosed in Note 2(n), currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognize and measure a lease liability at the present value of the minimum future lease payments and will recognize a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognize interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognized on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the profit or loss over the period of the lease.

The Group plans to apply HKFRS 16 initially on 1 January 2019 retrospectively by restating the related comparative information. Upon the initial adoption of HKFRS 16 at 1 January 2019, the Group estimates that it will recognize right-of-use assets and related lease liabilities of HKD47 million and HKD53 million respectively. The Group will records a negative impact of HKD5 million to the retained earnings.

49. 已公佈但於截至二零一八年十二月三十一日止年度之會計期間尚未生效之修訂、新準則及詮釋之可能影響(續)

本集團現正評估首次採用該等修訂及新訂準則之預期影響。迄今為止，本集團已發現香港財務報告準則第16號的若干方面可能會對本集團綜合財務報表造成影響。有關預期影響的進一步詳情於下文詳述。儘管香港財務報告準則第16號的評估已基本完成，但初步採納該準則的實際影響可能有所不同，因為迄今已完成的評估乃基於本集團現時可獲得的資料，而進一步的影響可能會在最初於本集團截至二零一九年六月三十日止六個月中期財務報告中應用該準則前識別。本集團亦可能更改其會計政策之選擇(包括過渡選擇)，直至該財務報告初步應用該準則為止。

香港財務報告準則第16號，租賃

如附註2(n)所列示，本集團目前將租賃分類為融資租約和經營租約，並視乎租約分類以不同租約安排入賬。本集團已訂立若干自身作為出租人的租約並有其他租約是作為承租人。

香港財務報告準則第16號預期將不會對出租人將其於租約項下權利及義務入賬之方式產生重大影響。然而，採用香港財務報告準則第16號後，承租人將不再區分融資租約及經營租約。相反，受可行權宜方法之規限，承租人將按與現有融資租約會計處理方法類似之方法將所有租約入賬，即於租約開始日期，承租人將以未來最低應付租金之現值確認及計量租約負債及將確認相應之「使用權」資產。於初步確認該資產及負債後，承租人將租約負債未償還結餘所產生之利息開支及使用權資產折舊，而非根據現有政策於租期內按有系統的基準確認根據經營租約所產生之租金開支。作為一項可行權宜方法，承租人可選擇不將此會計模式應用於短期租約(即租期為12個月或以下)及低價值資產之租約，於此情況下，租金開支將繼續於租期內按有系統基準確認。

香港財務報告準則第16號將主要影響本集團作為承租人就租賃物業、廠房及設備(現時分類為經營租賃)之會計處理方法。預期應用新會計模式將導致資產及負債均有所增加，及影響租約期間於損益賬內確認開支之時點。

本集團計劃於二零一九年一月一日首次應用香港財務報告準則第16號，並對比較資料作追溯調整。於二零一九年一月一日首次採納香港財務報告準則第16號後，本集團估計其將分別確認47,000,000港元的使用權資產及53,000,000港元的相關租賃負債。本集團將錄得對保留溢利的負面影響5,000,000港元。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

未經審核補充財務資料

(A) CONSOLIDATION BASIC FOR REGULATORY DISCLOSURES

The capital ratio is computed on a consolidated basis which combines the position of the Bank and Fubon Credit (Hong Kong) Limited as required by the Hong Kong Monetary Authority ("HKMA") for regulatory purposes.

The basis of consolidation for accounting purposes is in accordance with Hong Kong Financial Reporting Standards and is different from the basis and scope of consolidation for the calculation of capital ratios. Subsidiaries not included in the consolidation for the calculation of capital ratios are set out below:

(A) 監管披露之綜合基準

資本比率乃按香港金融管理局(「金管局」)就監管目的要求的綜合本行與富邦財務(香港)有限公司的狀況按綜合基準計算。

作會計目的之綜合基準乃依據香港財務報告準則制定，但有別於計算資本比率之綜合基準及範圍。計算資本比率時未綜合計入之附屬公司載於如下：

Name of subsidiaries 附屬公司名稱	Principal activities 主要業務	As at 31 December 2018 於二零一八年十二月三十一日		As at 31 December 2017 於二零一七年十二月三十一日	
		Total assets 資產總額 HK\$'000 千港元	Total equity 權益總額 HK\$'000 千港元	Total assets 資產總額 HK\$'000 千港元	Total equity 權益總額 HK\$'000 千港元
FB Securities (Hong Kong) Limited 富銀證券(香港)有限公司	Securities broking 證券經紀	172,289	103,956	157,451	69,168
FB Investment Management Limited 富銀投資管理有限公司	Fund management 基金管理	11,135	8,644	21,988	19,455
Fubon Insurance Brokers Limited 富邦保險顧問有限公司	Insurance broker services 保險經紀服務	3,219	1,529	3,209	1,711
Fubon Nominees (Hong Kong) Limited	Nominee service 代理人服務	3,982	142	3,858	146
Admiralty Finance Company Limited 海富財務有限公司	Inactive 不活躍	63	63	63	63
Aquarius (Nominees) Limited	Inactive 不活躍	6	6	6	6
		190,694	114,340	186,575	90,549

(A) CONSOLIDATION BASIC FOR REGULATORY DISCLOSURES (continued)

There are no subsidiaries which are not included within both the accounting scope of consolidation and the regulatory scope of consolidation. There are also no subsidiaries which are included within the regulatory scope of consolidation but not included within the accounting scope of consolidation.

The Bank's shareholdings in the above subsidiaries are deducted from CET1 capital in accordance with the Banking (Capital) Rules ("Capital Rules"). There is no relevant capital shortfall in any of the Bank's subsidiaries which are not included as part of the consolidation group for the calculation of capital ratio.

The Group maintains a regulatory reserve, as disclosed in Note 35, to satisfy the provisions of the Hong Kong Banking Ordinance for prudential supervision purposes. Movements in the reserve are made directly through retained earnings and in consultation with the HKMA.

In accordance with the Capital Rules, the Group has adopted the "standardised approach" for the calculation of risk-weighted assets for credit risk and market risk and the "basic indicator approach" for the calculation of operational risk.

The Group disclosed the full terms and conditions of its capital instruments as of the end of the reporting period in its website (<https://www.fubonbank.com.hk>) under the page "Regulatory Disclosures" in accordance with section 16FE of the Banking (Disclosure) Rules ("BDR").

The leverage ratio, countercyclical capital ratio and liquidity maintenance ratio are computed on the same consolidation basis as the capital ratio.

(A) 監管披露之綜合基準(續)

概無附屬公司既未被納入會計的綜合基準，亦未被納入監管目的的綜合基準。亦概無附屬公司被納入監管目的的綜合基準但未被納入會計的綜合基準。

本行於上述附屬公司之股權乃根據《銀行業(資本)規則》(「資本規則」)自普通股本一級資本中扣除。於計算資本比率時不計作綜合集團一部分之本行附屬公司中，並無有關資本短欠。

本集團已根據香港《銀行業條例》以嚴謹監管的規定維持法定儲備(如附註35所披露)。該儲備之變動乃在諮詢金管局之意見後直接透過保留溢利作出。

按照資本規則，本集團已採用「標準化方法」計算信貸風險及市場風險之風險加權資產以及採用「基本指標方法」計算營運風險。

本集團根據《銀行業(披露)規則》第16FE條於其網站(<https://www.fubonbank.com.hk>)「監管披露」頁面披露其截至報告期末的資本工具的全部條款及條件。

槓桿比率、逆週期資本比率及流動性維持比率均按與資本比率相同的綜合基準計算。

(B) FURTHER ANALYSIS ON ADVANCES TO CUSTOMERS ANALYSED BY INDUSTRY SECTOR

Advances to customers analysed by industry sector and the coverage of collateral is as follows. The economic sector analysis is based on the categories and definitions used by the HKMA.

(B) 按行業分類的客戶貸款的進一步分析

按行業及有抵押貸款的客戶貸款分析如下。經濟行業分析乃基於金管局所採用的類別及定義。

		2018 二零一八年		2017 二零一七年	
		Gross loans and advances 借款及貸款總額 HK\$'000 千港元	% of gross loans covered by collateral 有抵押之貸款佔貸款總額之百分比	Gross loans and advances 借款及貸款總額 HK\$'000 千港元	% of gross loans covered by collateral 有抵押之貸款佔貸款總額之百分比
The Group	本集團				
Gross advances for use in Hong Kong	在香港使用的貸款總額				
Industrial, commercial and financial	工商金融				
– Property development	– 物業發展	4,311,798	16.05	3,542,760	15.31
– Property investment	– 物業投資	8,230,920	92.29	8,461,107	92.58
– Financial concerns	– 金融企業	2,734,051	2.93	3,616,993	5.14
– Stockbrokers	– 股票經紀	1,051,310	43.08	2,132,447	65.76
– Wholesale and retail trade	– 批發及零售業	501,723	27.20	409,307	31.01
– Manufacturing	– 製造業	1,582,124	8.35	1,171,559	5.63
– Transport and transport equipment	– 運輸及運輸設備	154,633	94.40	113,231	99.57
– Information technology	– 資訊科技	615,749	–	557,166	0.13
– Others	– 其他	4,008,509	31.96	2,923,223	35.02
Individuals	個人				
– Loans for the purchase of flats under the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme or their respective successor schemes	– 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」或 其各自的後繼計劃的 樓宇的貸款	4,635	100.00	5,705	100.00
– Loans for the purchase of other residential properties	– 購買其他住宅物業的貸款	9,376,721	100.00	9,867,406	99.96
– Credit card advances	– 信用卡貸款	872,000	–	964,430	–
– Others	– 其他	4,491,341	32.90	4,642,525	28.41
		37,935,514		38,407,859	
Trade finance	貿易融資	4,745,559	17.43	4,203,281	15.85
Gross advances for use outside Hong Kong	在香港以外使用的貸款總額	5,248,797	4.74	5,261,208	13.04
Gross advances to customers	客戶貸款總額	47,929,870	46.84	47,872,348	49.79

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION
未經審核補充財務資料

(B) FURTHER ANALYSIS ON ADVANCES TO CUSTOMERS ANALYSED BY INDUSTRY SECTOR

(continued)

Analysis of the Group's impaired advances in respect of industry sectors which account for 10% or more of gross advances to customers:

(B) 按行業分類的客戶貸款的進一步分析(續)

按行業分析佔客戶貸款總額10%或以上的本集團減值貸款如下：

		Overdue advances	Impaired advances	Individual impairment allowances*	Collective impairment allowance*	Provisions (released back)/ charged to the profit or loss during the year	Loans written off during the year
		逾期貸款	減值貸款	個別減值撥備*	綜合減值撥備*	本年度於損益賬內(撥回)/扣除之撥備	年內撇賬之貸款
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
As at 31 December 2018	於二零一八年十二月三十一日						
- Property investment	- 物業投資	64,245	24,336	-	4,634	2,496	-
- Loans for the purchase of other residential properties	- 購買其他住宅物業的貸款	61,853	-	-	626	(1,801)	-
- Gross advances for use outside Hong Kong	- 在香港以外使用的貸款總額	42,090	42,090	42,090	5,758	(11,991)	-
		Overdue advances	Impaired advances	Individual impairment allowances*	Collective impairment allowance*	Provisions (released back)/ charged to the profit or loss during the year	Loans written off during the year
		逾期貸款	減值貸款	個別減值撥備*	綜合減值撥備*	本年度於損益賬內(撥回)/扣除之撥備	年內撇賬之貸款
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
As at 31 December 2017	於二零一七年十二月三十一日						
- Property investment	- 物業投資	48,047	26,482	-	2,516	(792)	-
- Loans for the purchase of other residential properties	- 購買其他住宅物業的貸款	66,054	3,536	-	-	(560)	-
- Gross advances for use outside Hong Kong	- 在香港以外使用的貸款總額	57,316	57,316	57,316	15,235	22,079	-

* For the purpose of regulatory disclosures made in the unaudited supplementary financial information, the term "individual impairment allowances" represents expected credit loss allowance made on financial assets classified as Stage 3, while "collective impairment allowance" represents expected credit loss allowance made on Stage 1 and Stage 2 financial assets in accordance with HKFRS 9 for the year ended 31 December 2018.

* 就於未經審核補充財務資料作出的監管披露而言，「個別減值撥備」及「綜合減值撥備」分別指截至二零一八年十二月三十一日止年度根據香港財務報告準則第9號就分類為第三階段的金融資產作出的預期信貸虧損撥備及就第一階段及第二階段金融資產作出的預期信貸虧損撥備。

(C) OVERDUE AND RESCHEDULED ASSETS

(i) Overdue advances to customers

(C) 逾期及經重組資產

(i) 逾期客戶貸款

		As at 31 December 於十二月三十一日			
		2018 二零一八年		2017 二零一七年	
		HK\$'000	% of gross advances 佔貸款總額 之百分比	HK\$'000	% of gross advances 佔貸款總額 之百分比
		千港元		千港元	
Gross advances to customers which have been overdue with respect to either principal or interest for periods of:	客戶貸款總額之本金或利息有逾期：				
- 6 months or less but over 3 months	- 六個月或以下 惟三個月以上	38,450	0.08	3,469	0.01
- 1 year or less but over 6 months	- 一年或以下 惟六個月以上	62,049	0.13	5,329	0.01
- Over 1 year	- 超過一年	132,733	0.28	147,918	0.31
		233,232	0.49	156,716	0.33
Covered portion of overdue loans and advances	逾期借款及貸款的有抵押部分	28,776		11,005	
Uncovered portion of overdue loans and advances	逾期借款及貸款的無抵押部分	204,456		145,711	
		233,232		156,716	
Individual impairment allowances in respect of advances overdue for more than three months	就逾期超過三個月之貸款所作之個別減值撥備	192,690		144,982	

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.

有指定還款期的借款及貸款在其本金或利息逾期並於年末仍未支付時被分類為已逾期。分期付款償還的貸款在部分分期貸款已逾期且於年末仍未支付時被視為已逾期。按要求償還的貸款在借款人收到償還要求但並無根據要求通知還款及／或在貸款已持續超出已知會借款人的獲批准的限額，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時分類為已逾期。

(C) OVERDUE AND RESCHEDULED ASSETS (continued)

(ii) Rescheduled advances to customers

Rescheduled loans and advances are those loans and advances which have been restructured or renegotiated because of deterioration in the financial position of the borrower, or of the inability of the borrower to meet the original repayment schedule and for which the revised repayment terms are non-commercial to the Group. Rescheduled loans and advances to customers are stated net of any loans and advances that have subsequently become overdue for over 3 months and can be analysed as follows:

Rescheduled advances to customers 重定還款期的客戶貸款

2018 二零一八年		2017 二零一七年	
HK\$'000	% of gross advances 佔貸款總額 之百分比	HK\$'000	% of gross advances 佔貸款總額 之百分比
千港元		千港元	
4,684	0.01	7,993	0.02

(iii) Geographical analysis of overdue loans and advances to customers

Analysis of the Group's overdue loans and advances to customers in respect of geographical segment which account for not less than 10% of gross advances to customers:

Hong Kong 香港
China 中國
Other 其他地區

As at 31 December 2018 於二零一八年十二月三十一日			
Gross loans and advances 借款及 貸款總額 HK\$'000 千港元	Overdue loans and advances 及貸款 HK\$'000 千港元	Impaired loans (individually determined) 減值貸款 (個別釐定) HK\$'000 千港元	Individual impairment allowances 個別減值 撥備 HK\$'000 千港元
40,441,972	117,473	117,472	92,158
6,752,584	42,090	42,090	42,090
735,314	73,669	73,669	62,628
47,929,870	233,232	233,231	196,876

(C) 逾期及經重組資產(續)

(ii) 重定還款期的客戶貸款

重定還款期的借款及貸款是指由於借款人財政狀況轉壞或無法按原定還款期還款，而被重定還款期的或重新議定的借款及貸款，而經修訂的還款計劃對於本集團屬非商業條款。重定還款期的客戶借款及貸款乃扣除已隨後逾期超過三個月的任何借款及貸款列賬，並可分析如下：

(iii) 按地區分析的已逾期客戶借款及貸款

按地區分部分分析本集團已逾期客戶借款及貸款(佔客戶貸款總額不足10%)：

(C) OVERDUE AND RESCHEDULED ASSETS (continued)

(iii) Geographical analysis of overdue loans and advances to customers (continued)

(C) 逾期及經重組資產 (續)

(iii) 按地區分析的已逾期客戶借款及貸款 (續)

		As at 31 December 2017 於二零一七年十二月三十一日			
		Gross loans and advances 借款及貸款總額 HK\$'000 千港元	Overdue loans and advances 已逾期借款及貸款 HK\$'000 千港元	Impaired loans (individually determined) 減值貸款 (個別釐定) HK\$'000 千港元	Individual impairment allowances 個別減值撥備 HK\$'000 千港元
Hong Kong	香港	39,888,508	99,400	129,988	98,647
China	中國	7,180,337	57,316	57,316	57,316
Other	其他地區	803,503	-	-	-
		47,872,348	156,716	187,304	155,963

The above geographical analysis is classified by the location of the borrowers after taking into account the transfer of risk. In general, risk transfer applies when a loan is guaranteed by a party situated in an area different from the counterparty.

The collective impairment allowance is not allocated to any geographical segment as at 31 December 2018 and 2017.

以上地區分析按借款人所在地，經計及風險轉移後而劃定。一般而言，若貸款的擔保人所處地區與交易對手不同，則風險轉移至擔保人的所在地區。

於二零一八年及二零一七年十二月三十一日，概無綜合減值撥備分派予任何地區分部。

(D) INTERNATIONAL CLAIMS

The Group's country risk exposures in the tables below are prepared in according to the location and types of the counterparties as defined by the HKMA under the BDR. International claims are on-balance sheet exposures to counterparties based on the location of the counterparties after taking into account the transfer of risk, and represent the sum of cross-border claims in all currencies and local claims in foreign currencies.

International claims attributable to individual countries or areas not less than 10% of the Group's total international claims, after recognized risk transfer, are shown as follows:

(D) 國際債權

下表為本集團對國家的風險分析，乃按照金管局根據《銀行業(披露)規則》所界定的對手方所在地及類別分類。國際債權為對手方在資產負債表內風險承擔，按對手方的所在地作出分類，並已計及風險轉移因素後，其總和包括所有貨幣之跨國債權及本地之外幣債權。

個別國家或地區分部並已計及已確認風險轉移後佔本集團國際債權總額不少於10%之國際債權載列如下：

		As at 31 December 2018 於二零一八年十二月三十一日				Total 總額
		Banks 銀行	Official sector 官方機構	Non- bank financial institution 非銀行 金融機構	Non- financial private sector 非金融 私人機構	
Figures in HK\$ million 百萬港元						
Counterparty country/ jurisdiction 對手方國家/司法權區						
Developed countries 已發展國家		10,548	17	75	160	10,800
Offshore centres 離岸中心		1,026	-	2,939	13,399	17,364
- of which: Hong Kong - 其中：香港		158	-	2,624	12,688	15,470
Developing Asia and Pacific 發展中亞洲及太平洋地區		9,874	196	1,915	10,844	22,829
- of which: China - 其中：中國		6,967	196	1,906	10,151	19,220
		As at 31 December 2017 於二零一七年十二月三十一日				
		Banks 銀行	Official sector 官方機構	Non- bank financial institution 非銀行 金融機構	Non- financial private sector 非金融 私人機構	Total 總額
Figures in HK\$ million 百萬港元						
Counterparty country/ jurisdiction 對手方國家/司法權區						
Developed countries 已發展國家		12,753	18	80	29	12,880
Offshore centres 離岸中心		544	-	3,387	11,976	15,907
- of which: Hong Kong - 其中：香港		113	-	3,149	11,030	14,292
Developing Asia and Pacific 發展中亞洲及太平洋地區		12,167	401	1,536	9,713	23,817
- of which: China - 其中：中國		9,569	401	1,536	9,030	20,536

(E) NON-BANK MAINLAND CHINA EXPOSURES

The analysis of non-bank Mainland exposures includes the exposure of the Bank and Fubon Credit (Hong Kong) Limited on the basis agreed with the HKMA.

(E) 中國內地非銀行業之風險

中國內地非銀行業之風險(包括本行及富邦財務(香港)有限公司)按與金管局協議的基準作出分析。

	2018 二零一八年		Total 總額 HK\$'000 千港元
	On-balance sheet exposure 資產負債表內 之風險承擔 HK\$'000 千港元	Off-balance sheet exposures 資產負債表外 之風險承擔 HK\$'000 千港元	
Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	10,635,306	27,869	10,663,175
Local governments, local government-owned entities and their subsidiaries and JVs	2,599,533	-	2,599,533
Companies incorporated in and PRC nationals residing in Mainland China	5,235,852	229,317	5,465,169
Companies incorporated outside and PRC nationals residing outside Mainland China where the credit is granted for use in Mainland China	1,723,578	156,002	1,879,580
Other counterparties where the exposures are considered by the Bank to be non-bank Mainland China exposures	-	-	-
Total	20,194,269	413,188	20,607,457
Total assets after provision	102,547,037		
On-balance sheet exposures as percentage of total assets	19.69%		

(E) NON-BANK MAINLAND CHINA EXPOSURES (continued) (E) 中國內地非銀行業之風險(續)

		2017 二零一七年		
		On-balance sheet exposure 資產負債表內 之風險承擔 HK\$'000 千港元	Off-balance sheet exposures 資產負債表外 之風險承擔 HK\$'000 千港元	Total 總額 HK\$'000 千港元
Central government, central government-owned entities and their subsidiaries and JVs	中央政府、中央政府擁有之實體及其附屬公司及合營公司	9,486,485	102,285	9,588,770
Local governments, local government-owned entities and their subsidiaries and JVs	地方政府、地方政府擁有之實體及其附屬公司及合營公司	2,435,818	–	2,435,818
Companies incorporated in and PRC nationals residing in Mainland China	於中國內地註冊成立之公司及居住於中國內地之中國公民	5,174,078	313,971	5,488,049
Companies incorporated outside and PRC nationals residing outside Mainland China where the credit is granted for use in Mainland China	於授出之信貸用於中國內地之中國內地以外地區註冊成立之公司及居住於有關地區之中國公民	2,346,627	120,393	2,467,020
Other counterparties where the exposures are considered by the Bank to be non-bank Mainland China exposures	本行認為其風險為中國內地非銀行業之風險之其他交易對手	–	–	–
Total	總額	19,443,008	536,649	19,979,657
Total assets after provision	資產總值(扣除撥備)	97,558,600		
On-balance sheet exposures as percentage of total assets	資產負債表內之風險承擔佔資產總值之百分比	19.93%		

(F) CURRENCY CONCENTRATION

The Bank's net positions or net structural positions in foreign currencies are disclosed as follows when each currency constitutes 10% or more of the respective total net position or total net structural position in all foreign currencies:

Equivalent in HK\$ Million

	百萬港元等值
Spot assets	現貨資產
Spot liabilities	現貨負債
Forward purchase	遠期買入
Forward sales	遠期賣出
Net option position	期權倉盤淨額
Net long position	長盤淨額
Net structural position	結構性倉盤淨額

Equivalent in HK\$ Million

	百萬港元等值
Spot assets	現貨資產
Spot liabilities	現貨負債
Forward purchase	遠期買入
Forward sales	遠期賣出
Net option position	期權倉盤淨額
Net long position	長盤淨額
Net structural position	結構性倉盤淨額

The net option position is calculated on the basis of the delta-weighted position of option contracts. Net structural position as of 31 December 2017 represents the Bank's investments in an overseas associate.

(F) 外幣持盤量

本行個別外幣的淨持有額或淨結構性倉盤若佔所有持有外匯淨盤總額或結構性倉盤總淨額10%或以上，則披露如下：

As at 31 December 2018 於二零一八年十二月三十一日		
US dollars 美元	Other foreign currencies 其他外幣	Total foreign currencies 外幣總額
34,825	10,872	45,697
(29,362)	(9,521)	(38,883)
7,646	3,458	11,104
(11,400)	(4,771)	(16,171)
1	-	1
1,710	38	1,748
-	-	-

As at 31 December 2017 於二零一七年十二月三十一日			
US dollars 美元	Chinese renminbi 人民幣	Other foreign currencies 其他外幣	Total foreign currencies 外幣總額
33,853	3,147	10,572	47,572
(27,964)	(2,847)	(9,026)	(39,837)
7,467	722	3,049	11,238
(12,299)	(983)	(4,595)	(17,877)
-	-	-	-
1,057	39	-	1,096
-	1,399	-	1,399

期權倉盤淨額乃根據期權合約的「得爾塔加權持倉」為基準計算。截至二零一七年十二月三十一日的結構性倉盤淨額包括本行於海外聯營公司的投資。

(G) CORPORATE GOVERNANCE

The Bank is committed to high standards of corporate governance, and has fully complied throughout the year with the guidelines on “Corporate Governance of Locally Incorporated Authorised Institutions” and “Guideline on a Sound Remuneration System” issued by the HKMA.

(H) KEY COMMITTEES

The Board of Directors (the “Board”) has established five Board committees to assist it in carrying out its responsibilities comprising the Audit Committee, Nomination and Remuneration Committee, Risk Committee, Executive Credit Committee and Executive Committee. In addition, a number of management level committees have been set up by the Board to oversee the effectiveness of the Bank’s daily operations including, the Management Steering/Business Committee, Asset and Liability Committee, Internal Control Committee, Credit Committee, Information Technology Steering Committee and Compliance & Anti-Money Laundering Committee. The composition and function of these committees are set out below:

(i) Audit Committee

The Audit Committee comprises four members including one Non-Executive Director and three Independent Non-Executive Directors. The Audit Committee is chaired by an Independent Non-Executive Director who has appropriate accounting professional qualifications. The committee meets at least four times a year and additionally when deemed necessary.

The Audit Committee is required to ensure that there is adequate supervision of the Bank’s financial reporting processes, systems of internal control, and that the internal audit function is effective and backed by adequate resources and has appropriate standing within the Bank. It is also required to ensure that there is coordination between the internal and external auditors, to monitor compliance with internal policies, statutory regulation, and to consider recommendations made by the internal and external auditors.

(G) 企業管治

本行致力實行高水平企業管治，並於本年度一直遵守金管局頒佈之「本地註冊認可機構的企業管治指引」及「穩健的薪酬制度指引」。

(H) 主要委員會

董事會已成立五個董事委員會以協助董事會行使其職責，該等委員會包括審核委員會、提名及薪酬委員會、風險委員會、執行信貸委員會及執行委員會。此外，董事會亦成立了若干管理級別委員會以監督本行日常運作之有效性，該等委員會包括管理督導／業務委員會、資產負債委員會、內部監控委員會、信貸委員會、資訊科技督導委員會以及合規及反洗黑錢委員會。該等委員會之構成及職能載列如下：

(i) 審核委員會

審核委員會由四名成員組成，包括一名非執行董事及三名獨立非執行董事。審核委員會由擁有適當之會計專業資格之獨立非執行董事任主席。該委員會每年最少舉行四次會議，並在有需要時舉行額外會議。

審核委員會須確保對本行之財務申報程序及內部監控制度進行足夠之監管，使內部審核職能可在有效及充足資源下在本行內訂立適當地位，並確保內部及外聘核數師互相協調，以監控遵守內部政策及法規，並考慮內部及外聘核數師提出之建議。

(H) KEY COMMITTEES (continued)

(i) Audit Committee (continued)

The Audit Committee has to review the Bank's financial reporting process, the systems of internal control, the internal audit function and the risk management process. In particular, the review undertaken by the Audit Committee on the internal audit function includes the Internal Audit Charter and its approval, the annual audit plan, internal audit reports and special investigation reports issued, and ensuring that appropriate management actions are taken following the major audit findings.

The Audit Committee also has to review the appointment of external auditors and to discuss with them the nature and scope of their audits. The Audit Committee will also review the interim and annual financial statements before recommending them to the Board for approval.

(ii) Nomination and Remuneration Committee

The Nomination and Remuneration Committee is chaired by an Independent Non-Executive Director and comprises the Non-Executive Chairman, Non-Executive Vice Chairman and all the Independent Non-Executive Directors of the Bank. The committee meets periodically and as required and provides oversight of the management of the Bank's human resources including the appointment of Directors (both executive and non-executive), Senior Management and Management Committee Members. The committee has to establish the Bank's overall human resources management framework to ensure that the Bank is in compliance with the applicable government regulations and follows the market best practice whenever possible. The committee is also responsible to ensure that Directors, Senior Management and Management Committee Members appointed possess the necessary and appropriate qualifications to perform and discharge their duties.

The committee regularly reviews whether each existing Director continues to remain qualified for his post. It also reviews the structure, size and composition of the Board and makes recommendations on any proposed change to the Board.

(H) 主要委員會 (續)

(i) 審核委員會 (續)

審核委員會須檢討本行之財務報告程序、內部監控系統、內部審核職能及風險管理程序。尤其是，在內部審核職能的檢討工作方面，該委員會的審核範圍包括內部審核規章及其批准、年度審核方案、已發佈之內部審核報告及特別調查報告，確保管理層對審核所發現之主要問題作出適當之補救行動。

審核委員會亦對外聘核數師之委任進行檢討，並與其就審計之性質及範圍進行討論。審核委員會亦將於向董事會建議批准中期及年度財務報告之前審閱有關報告。

(ii) 提名及薪酬委員會

提名及薪酬委員會由本行的獨立非執行董事任主席並由非執行主席、非執行副主席及全體獨立非執行董事組成。該委員會按需要定期舉行會議，以及監查本行人力資源管理，包括委任董事(執行及非執行)、高級管理層及管理委員會成員。該委員會亦設立本行的整體人力資源管理框架以確保本行遵守政府相關規定及在任何可能情況下遵循市場最佳慣例。該委員會亦負責確保獲委任董事、高級管理層及管理委員會成員擁有必要及適當的資格以履行彼等的職責。

該委員會定期審查每位現任董事是否繼續符合資格擔任其職務。其亦審查董事會結構、規模及組成並向董事會推薦任何變動建議。

(H) KEY COMMITTEES (continued)**(ii) Nomination and Remuneration Committee** (continued)

The committee reviews and approves the remuneration of Directors, members of Board Committees, Senior Management and Key Personnel (as defined in the Remuneration Policy of the Bank).

The committee is mandated to assist the Board in establishing cultural and behavioural standards that promote prudent risk-taking and fair treatment of customers. It advises and assists the Board in discharging its responsibilities for the Bank's culture-related matters.

(iii) Risk Committee

The Risk Committee comprises five members including one Executive Director, one Non-Executive Director and three Independent Non-Executive Directors. The Risk Committee is chaired by an Independent Non-Executive Director who has extensive banking experience. The committee meets at least four times a year and additionally when deemed necessary. Its mandate is to establish the Bank's overall risk appetite and risk management framework, and to oversee Senior Management's implementation of the Bank's risk policies.

The Risk Committee will annually review and endorse the Bank's risk appetite statement and risk management strategies. It will oversee the establishment and maintenance by Senior Management of appropriate infrastructure, resources and systems for risk management, particularly in relation to compliance with relevant legal and regulatory requirements and adherence to the approved risk appetite and related policies, and the adoption of best practices wherever feasible.

The Risk Committee is required to ensure that the staff responsible for implementing risk management systems and controls are sufficiently independent of the risk taking units in the Bank.

(H) 主要委員會 (續)**(ii) 提名及薪酬委員會** (續)

該委員會審閱及批准董事、董事會轄下的委員會成員、高級管理層及主要員工的薪酬(定義見本行薪酬政策)。

委員會獲授權協助董事會制定文化和行為標準，以促進審慎的風險承擔和公平對待客戶。委員會建議並協助董事會履行本行有關文化事宜的責任。

(iii) 風險委員會

風險委員會由五名成員組成，包括一名執行董事、一名非執行董事及三名獨立非執行董事。風險委員會由具豐富銀行經驗之獨立非執行董事擔任主席。委員會每年最少舉行四次會議，並在有需要時舉行額外會議。其職責為建立本行的整體風險取向及風險管理框架，以及監管高級管理層實施本行的風險政策。

風險委員會將每年審查及確認本行的風險取向聲明及風險管理策略。其將監察由高級管理層就風險管理所制定及維持的適當基礎設施、資源及系統，尤其是遵守相關法律及監管規定以及經批准風險取向及有關致政策，並於可行情況下採取最佳慣例。

風險委員會須確保負責實施風險管理系統及控制的員工及充分獨立於本行的風險承擔部門。

(H) KEY COMMITTEES (continued)

(iv) Executive Committee

The Executive Committee comprises the Non-Executive Chairman, Non-Executive Vice Chairman and the Executive Director of the Bank. It will exercise the powers and authority delegated by the Board from time to time concerning the management and day-to-day running of the Bank. The Executive Committee will meet periodically and as required and will operate as a general management function under the auspices of the Board.

(v) Executive Credit Committee

The Executive Credit Committee (“ECC”) comprises the Non-Executive Chairman, Non-Executive Vice Chairman and the Executive Director of the Bank. It has the delegated authority to approve credit proposals, credit policies and other credit related matters which require the approval of the Board. The ECC will meet as required.

(vi) Management Steering/Business Committee

The Management Steering Committee and the Management Business Committee (together “the Committees”) are both chaired by the Bank’s CEO, and comprises senior management personnel appointed by the CEO. The Committees are the key decision making bodies for the Bank and are responsible mainly for the running of the Bank’s day to day business under the authority delegated by the Board and within the strategy and business plan as approved by the Board. The Committees are also responsible for the formulation of the Bank’s business strategies and major bank-wide initiatives for the Board’s approval. The Committees meet weekly to evaluate and approve new business initiatives, coordinate business and support units during the implementation process, monitor the progress. The Committees also monitor the implementation of the approved business strategies and, review the achievement of business targets, objectives and the financial performance of the Bank.

(H) 主要委員會 (續)

(iv) 執行委員會

執行委員會由本行非執行主席、非執行副主席及執行董事組成，並行使由董事會不時委託的有關本行管理及日常營運之權力及職權。執行委員會定期及於有需要時舉行會議，並於董事會的支持下行使一般管理職能。

(v) 執行信貸委員會

執行信貸委員會由本行非執行主席、非執行副主席及執行董事組成。該委員會獲授權批核須獲董事會批准的信貸建議、信貸政策及其他信貸相關事項。執行信貸委員會於需要時召開會議。

(vi) 管理督導／業務委員會

管理督導委員會及管理業務委員會(統稱「該等委員會」)均由本行的行政總裁任主席，並由行政總裁所委任的高級管理人員組成。該等委員會乃本行重要的決策組織，主要在董事會授權下負責銀行的日常運作，以確保切合董事會批核的策略和業務計劃。該等委員會亦負責制定本行的業務策略及主要全行措施以供董事會批核。該等委員會每星期均舉行會議，評估及批准新業務計劃，在業務策略的推行過程中協調業務及後勤部門的工作，監察進度。該等委員會亦監察已批准業務策略的實施進度，檢討本行業務目標的實現狀況、宗旨及財務表現。

(H) KEY COMMITTEES (continued)

(vii) Asset and Liability Committee

The Asset and Liability Committee (“ALCO”) comprises the Bank’s CEO, Chief Financial Officer and senior management personnel as appointed by the CEO. The committee is responsible for providing oversight of the Bank’s operations relating to interest rate risk, market risk and liquidity risk (collectively known as “financial risks”) as well as capital management. The committee initiates, reviews and endorses for the approval of the Risk Committee of the Board the Bank’s policies on financial risks and capital management. It approves guidelines relating to such policies, reviews and approves all major financial risk management reports. The ALCO also oversees the Bank’s investment activities by establishing investment strategies within policies laid down by the Risk Committee of the Board and reviews actual performance.

(viii) Internal Control Committee

The Internal Control Committee (“ICC”) comprises the Bank’s CEO, Executive Vice Presidents, Head of Control & Risk Management and the heads of different control, business and support functions. The responsibilities of the committee include providing oversight of the Bank’s exposure to operational and legal risks, ensuring the Bank has in place an effective internal control framework, providing guidance to the Bank in establishing a sound internal control and monitoring system to ensure overall compliance within the Bank.

To ensure an effective internal control framework is in place, the ICC reviews policies and approves guidelines relating to internal control and management of operational and legal risks, receives and discusses reports submitted by various risk management units and promotes internal control culture. To maintain an adequate system of internal control, the ICC reviews and discusses major operational risk events, and the progress of rectification of audit findings and control self-assessment.

(H) 主要委員會 (續)

(vii) 資產負債委員會

資產負債委員會由本行的行政總裁、財務長及行政總裁所委任的高級管理人員組成。該委員會負責監查本行有關利率風險、市場風險及流動資性風險(統稱為「財務風險」)的業務以及資本管理。該委員會啟動、審閱及批准本行財務風險及資本管理政策，以供董事會風險委員會批准。其批准有關該等政策的指引，審閱及批准所有重大財務風險管理報告。資產負債委員會在董事會的風險委員會規定的政策範圍內設立投資策略、監督本行的投資活動以及檢討實際表現。

(viii) 內部監控委員會

內部監控委員會由本行的行政總裁、執行副總裁、監控及風險管理部主管以及各監控、業務及後勤部門主管組成。該委員會負責監督本行面臨之營運及法律風險、確保本行備有行之有效內部控制架構及為本行建立良好的內部監控及監督系統提供指引以確保本行整體之合規性。

為確保推行有效的內部監控架構，內部監控委員會審查與內部監控以及管理營運及法律風險有關的政策及指引、省覽及討論各風險管理單位提交的報告以及推動內部監控文化。為了維持充足的內部監控制度，內部監控委員會審查及討論主要營運風險事件，以及改正審計發現及控制自我評估之進展。

(H) KEY COMMITTEES (continued)

(ix) Credit Committee

The Credit Committee (“CC”) meets weekly and its mandate is to provide oversight of the Bank’s credit risk management. The committee is chaired by the Bank’s CEO, and consists of senior executives of the Bank.

The CC reviews and endorses credit policies and credit risk profile of the Bank for ECC’s approval, and reviews and approves credit related guidelines. The committee also reviews and approves requests for credit facilities that are within the CC’s authority as delegated by the Board, and reviews and endorses requests for credit facilities before their submission to the ECC for approval.

The CC will also conduct on-going reviews on the market environment and make necessary policy recommendations to the ECC to ensure the credit risk profile of the Bank is within the established risk appetite. In this regard, the CC will provide periodic and timely credit related management and stress testing reports to the ECC for review.

(x) Information Technology Steering Committee

The Information Technology Steering Committee is chaired by the Bank’s CEO, and comprises senior management personnel as appointed by the CEO. The committee is responsible for providing oversight of the Bank’s key information technology governance objectives. The committee approves long and short term information technology strategies to ensure they are in line with the Bank’s business strategy and priorities; approves funding and determines prioritization of information technology enabled investment projects; discusses status of key projects escalated from its sub-committee; and manages major information technology risk issues and corresponding remediation. The committee meets on a monthly basis and upon ad hoc call by the committee chairman.

(H) 主要委員會 (續)

(ix) 信貸委員會

信貸委員會每周會晤且其授權為監查本行的信貸風險管理。該委員會由本行行政總裁任主席，由本行高級行政人員組成。

信貸委員會審閱及批准本行信貸政策及信貸風險狀況，以供執行信貸委員會批准，以及審閱及批准信貸相關指引。該委員會亦在董事會授予信貸委員會的授權內審閱及批准信貸融資要求，及審閱及提交執行信貸委員會以供批准。

信貸委員會亦將對市場環境進行持續檢討，並向執行信貸委員會作出必要的政策建議，以確保本行的信貸風險狀況在設定的風險取向範圍內。就此而言，信貸委員會將定期及適時地向執行信貸委員會提供信貸相關管理及壓力測試報告以供審閱。

(x) 資訊科技督導委員會

資訊科技督導委員會由本行的行政總裁任主席，由行政總裁所委任的高級管理人員組成。該委員會負責監督本行的主要資訊科技管治方針。該委員會批准長期及短期資訊科技策略以確保有關策略符合本行業務策略及優先權；批准資金及釐定資訊科技投資項目的優先次序；討論由其下轄委員會提升的主要項目的狀況；以及管理主要資訊科技風險事宜及相應補救方法。該委員會每月召開會議並在委員會主席特別要求時舉行會議。

(H) KEY COMMITTEES (continued)

(xi) Compliance & Anti-Money Laundering Committee

The Compliance & Anti-Money Laundering Committee (“CAMLC”) comprises the Bank’s CEO, Executive Vice Presidents, Head of Compliance & Anti-Money Laundering Department and the heads of different control, business and support functions. The responsibilities of the committee include providing oversight of the Bank’s exposure to compliance risks and compliance activities to ensure the Bank is in compliance with applicable regulatory requirements and the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap 615) (“AML/CFT”), ensuring the Bank has an effective compliance framework in place to meet the regulatory requirements. The CAMLC provides guidance to the Bank and senior management in establishing a professional compliance control and monitoring system to cultivate a strong compliance culture and ensure overall compliance within the Bank.

To maintain the Bank’s overall regulatory compliance standards, the CAMLC reviews and oversees: (a) compliance and AML/CFT related risk and control issues; (b) latest developments in regulatory compliance and AML/CFT requirements applicable to the Bank; (c) implementation of new regulatory and AML/CFT requirements; (d) major non-compliance with regulatory requirements and AML/CFT requirements; and (e) rectification status of findings identified in compliance reviews conducted by the compliance function of the Bank and examinations conducted by the regulators. In addition, the CAMLC also reviews and approves guidelines relating to compliance and AML/CFT.

(H) 主要委員會 (續)

(xi) 合規及反洗黑錢委員會

合規及反洗黑錢委員會由本行行政總裁、執行副總裁、合規及反洗錢部門主管以及各監控、業務及後勤部門主管組成。該委員會的職責包括監督本行的合規風險及合規活動，以確保本行符合適用的監管規定及香港法例第615章《打擊洗錢及恐怖分子資金籌集(金融機構)條例》及其他有關的監管規定，確保本行備有行之有效的合規框架以符合監管規定。合規及反洗黑錢委員會為本行及高級管理層提供指引以構建一個專業的合規監控及監督系統，用以培育一個穩健及整體的合規文化及確保本行內的整體合規。

為保持本行的整體監管合規水平，合規及反洗黑錢委員會審閱及監督(a)合規及《打擊洗錢及恐怖分子資金籌集(金融機構)條例》相關風險及監控問題；(b)本行適用的監管合規及《打擊洗錢及恐怖分子資金籌集(金融機構)條例》規定的最新進展；(c)新的監管及《打擊洗錢及恐怖分子資金籌集(金融機構)條例》規定的實施情況；(d)有關監管規定及《打擊洗錢及恐怖分子資金籌集(金融機構)條例》規定的重大不合規情況；及(e)本行的合規部門進行的合規審查及監管機構進行的檢查發現的改正狀況。此外，合規及反洗黑錢委員會審閱及批准有關合規及《打擊洗錢及恐怖分子資金籌集(金融機構)條例》指引。

MEMBERS OF FUBON FINANCIAL HOLDINGS

富邦金控成員

Fubon Financial Holding Co., Ltd.

Year of Founding: Dec 2001
Chairman: Richard M. Tsai
President: Jerry Harn
Capital : NT\$115 Billion
237 Section 1 Jianguo S Road,
Taipei, Taiwan
Tel : (8862) 6636 6636
Fax: (8862) 6636 0111
www.fubon.com

Fubon Life Insurance Co., Ltd.

Year of Founding: Jul 1987
Chairman: Richard M. Tsai
President: Benson Chen
Capital : NT\$110.83 Billion
108 Section 1 Dunhua S Road,
Taipei, Taiwan
Tel : (8862) 8771 6699
Fax: (8862) 8809 8889
www.fubon.com

* Aetna Life Insurance Company of America, Taiwan Branch was established in 1987 and then bought by ING Group in 2000 and renamed ING Life Taiwan. The branch became an ING Life subsidiary in 2006, which was later bought by the Fubon Group. Fubon Life was launched in 1993. The two insurers formally merged in 2009.

Taipei Fubon Commercial Bank Co., Ltd.

Year of Founding: Apr 1969
Chairman: Eric Chen
President: Roman Cheng
Capital : NT\$106.52 Billion
169 Section 4 Ren Ai Road,
Taipei, Taiwan
Tel : (8862) 2771 6699
Fax: (8862) 6638 3812
www.fubon.com

Fubon Bank (Hong Kong) Limited

Year of Founding: Jan 1970
Chairman : Daniel M. Tsai
Chief Executive Officer: Raymond Lee
Capital : HK\$4.83 Billion
38 Des Voeux Road Central,
Hong Kong
Tel : (852) 2842 6222
Fax: (852) 2810 1483
www.fubonbank.com.hk

Fubon Bank (China) Co., Ltd.

Year of Founding: Mar 1997
Chairman: Pei Li Hong
President: Feng Chen
Capital : RMB 2.1 Billion
1-3F, 5F, 18-20F, Oriental Financial
Plaza, Tower A, 1168 Century Avenue,
Pudong Shanghai, P.R.C.
Tel : (8621) 2061 9888
Fax: (8621) 5840 9900
www.fubonchina.com

Fubon Insurance Co., Ltd.

Year of Founding: Apr 1961
Chairman: Ben Chen
President: Jason C.M. Lo
Capital : NT\$3.18 Billion
237 Section 1 Jianguo S Road,
Taipei, Taiwan
Tel : (8862) 6636 7890
Fax: (8862) 2325 4723
www.fubon.com

Fubon Securities Co., Ltd.

Year of Founding: Jul 1988
Chairman: Gang Shyy
President: Leo Cheng
Capital : NT\$16.64 Billion
169 Section 4 Ren Ai Road,
Taipei, Taiwan
Tel : (8862) 8771 6888
Fax: (8862) 8771 6636
www.fubon.com

Fubon Securities Investment Services Co., Ltd.

Year of Founding: May 1987
Chairman: Charles Hsiao
President: Peter Cheng
Capital : NT\$300 Million
108 Section 1 Dunhua S Road,
Taipei, Taiwan
Tel : (8862) 2781 5995
Fax: (8862) 2773 5601
www.fubon.com

Fubon Futures Co., Ltd.

Year of Founding: May 1998
Chairman: Raymond Yang
President: Phoebe Chang
Capital : NT\$1.4 Billion
3F, 9 Xiangyang Road,
Taipei, Taiwan
Tel : (8862) 2388 2626
Fax: (8862) 2370 1110
www.fubon.com

Fubon Asset Management Co., Ltd.

Year of Founding: Sep 1992
Chairman: Philip Hu
President: Ming M.C. Lee
Capital : NT\$2.30 Billion
108 Section 1 Dunhua S Road,
Taipei, Taiwan
Tel : (8862) 8771 6688
Fax: (8862) 8771 6788
www.fubon.com

Fubon Direct Marketing Consulting Co., Ltd.

Year of Founding: Aug 1997
Chairman: Jerry Harn
President: Alex Yeh
Capital : NT\$145 Million
17F, 9 Xiangyang Road, Taipei, Taiwan
Tel : (8862) 2370 5199
Fax: (8862) 2370 5100
www.fubon.com

Fubon Financial Holding Venture Capital Corp.

Year of Founding: Oct 2003
Chairman: Victor Ma
President: Mike Lin
Capital : NT\$4.66 Billion
108 Section 1 Dunhua S Road,
Taipei, Taiwan
Tel : (8862) 6606 9088
Fax: (8862) 8771 4697
www.fubon.com

Fubon Sports & Entertainment Co., Ltd.

Year of Founding: Sep 2007
Chairman: Daniel M. Tsai
President: Chris Tsai
Capital : NT\$48 Million
108 Section 1 Dunhua S Road,
Taipei, Taiwan
Tel : (8862) 6606 9088
Fax: (8862) 8771 4697
www.fubon.com

* Taiwan Mobile Basketball was founded in September 2007 and renamed Fubon Sports & Entertainment in September 2014.

Fubon AMC Co., Ltd.

Year of Founding: Aug 2004
Chairman: Roman Cheng
Acting President: Wenshing Hung
Capital : NT\$2.5 Billion
50 Section 2 Zhongshan N Road,
Taipei, Taiwan
Tel : (8862) 6618 0588
Fax: (8862) 6608 0166
www.fubon.com

MEMBERS OF FUBON FINANCIAL HOLDINGS

富邦金控成員

富邦金融控股股份有限公司

2001年12月成立
董事長：蔡明興
總經理：韓蔚廷
資本額：新台幣1150.03億元
台灣台北市建國南路一段237號
電話：(8862) 6636 6636
傳真：(8862) 6636 0111
www.fubon.com

富邦人壽保險股份有限公司

1987年7月成立
董事長：蔡明興
總經理：陳俊伴
資本額：新台幣1108.31億元
台灣台北市敦化南路一段108號
電話：(8862) 8771 6699
傳真：(8862) 8809 8889
www.fubon.com

* 原安泰人壽台灣分公司於1987年成立(於2006年改制為子公司)，原富邦人壽於1993年成立，富邦人壽與安泰人壽已於2009年正式合併。

台北富邦商業銀行股份有限公司

1969年4月成立
董事長：陳聖德
總經理：程耀輝
資本額：新台幣1065.18億元
台灣台北市仁愛路四段169號
電話：(8862) 2771 6699
傳真：(8862) 6638 3812
www.fubon.com

富邦銀行(香港)有限公司

1970年1月成立
主席：蔡明忠
行政總裁：李永鴻
資本額：港幣48.3億元
香港中環德輔道中38號
電話：(852) 2842 6222
傳真：(852) 2810 1483
www.fubonbank.com.hk

富邦華一銀行有限公司

1997年3月成立
董事長：洪佩麗
行長：陳峰
資本額：人民幣21億元
中國上海市浦東新區
世紀大道1168號東方金融廣場
A座1-3樓、5樓、18-20樓
電話：(8621) 2061 9888
傳真：(8621) 5840 9900
www.fubonchina.com

富邦產物保險股份有限公司

1961年4月成立
董事長：陳伯耀
總經理：羅建明
資本額：新台幣31.78億元
台灣台北市建國南路一段237號
電話：(8862) 6636 7890
傳真：(8862) 2325 4723
www.fubon.com

富邦綜合證券股份有限公司

1988年7月成立
董事長：史綱
總經理：程明乾
資本額：新台幣166.44億元
台灣台北市仁愛路四段169號
電話：(8862) 8771 6888
傳真：(8862) 8771 6636
www.fubon.com

富邦證券投資顧問股份有限公司

1987年5月成立
董事長：蕭乾祥
總經理：程定國
資本額：新台幣3億元
台灣台北市敦化南路一段108號
電話：(8862) 2781 5995
傳真：(8862) 2773 5601
www.fubon.com

富邦期貨股份有限公司

1998年5月成立
董事長：楊俊宏
總經理：張雅斐
資本額：新台幣14億元
台灣台北市襄陽路9號3樓
電話：(8862) 2388 2626
傳真：(8862) 2370 1110
www.fubon.com

富邦證券投資信託股份有限公司

1992年9月成立
董事長：胡德興
總經理：李明州
資本額：新台幣23.03億元
台灣台北市敦化南路一段108號
電話：(8862) 8771 6688
傳真：(8862) 8771 6788
www.fubon.com

富邦行銷股份有限公司

1997年8月成立
董事長：韓蔚廷
總經理：葉文正
資本額：新台幣1.45億元
台灣台北市襄陽路9號17樓
電話：(8862) 2370 5199
傳真：(8862) 2370 5100
www.fubon.com

富邦金控創業投資股份有限公司

2003年10月成立
董事長：馬寶琳
總經理：林昀谷
資本額：新台幣46.58億元
台灣台北市敦化南路一段108號
電話：(8862) 6606 9088
傳真：(8862) 8771 4697
www.fubon.com

富邦育樂股份有限公司

2007年9月成立
董事長：蔡明忠
總經理：蔡承儒
資本額：新台幣0.48億元
台灣台北市敦化南路一段108號
電話：(8862) 6606 9088
傳真：(8862) 8771 4697
www.fubon.com

* 2007年9月成立台灣大籃球股份有限公司，2014年9月核准更名為富邦育樂股份有限公司。

富邦資產管理股份有限公司

2004年8月成立
董事長：程耀輝
總經理：洪文興
資本額：新台幣25億元
台灣台北市中山北路二段50號
電話：(8862) 6618 0588
傳真：(8862) 6608 0166
www.fubon.com

All strategic business decisions and day-to-day business decisions of Fubon Bank (Hong Kong) Limited (“the Bank”) are guided by its risk appetite framework and capital requirement. The level of capital support required to sustain a healthy banking and business operation is ordinarily determined through the Internal Capital Adequacy Assessment Process (“ICAAP”). The Bank requires management to establish robust risk management systems to ensure the risk exposure arising from business decisions are within its risk tolerance.

Our Risk Appetite Statement is updated annually in conjunction with our strategic planning cycle and is approved by the Board. The Board and senior management regularly receive and review reports on the Bank’s risk profile against the risk parameters established under the risk framework approved by the Board.

The objective of our risk appetite framework is to ensure that:

- Risks taken will be commensurate with acceptable and sustainable returns, including return on capital
- Healthy capital position that would support the desired level of risk associated with the Bank’s business strategy while fully satisfying regulatory requirements
- Establishment of a balance sheet that is well-balanced and well-structured with considerations given to the Bank’s capital requirements as determined by the ICAAP process
- Adequate liquidity that takes into account business needs and market conditions
- Robust organization structure with clearly defined responsibilities and delegations
- Strong internal control framework with clearly defined segregation of duties that reflects the best industry practices
- Strong compliance and anti-money laundering culture supported by an appropriate framework

富邦銀行(香港)有限公司(「本行」)所有策略性業務及日常業務的決策均依循風險取向架構及資本需求指引而制訂，而維持穩健的銀行體質及業務營運所需的資本水平一般是透過內部資本充足評估程序所制訂。本行要求管理層建立健全的風險管理制度，以確保業務決策所產生的風險在本行的風險承受能力內。

本行每年會根據策略規劃周期對風險取向進行更新，並經董事會批核。本行根據董事會批准的風險架構下所建立的風險規範定期發表風險狀況報告，並提交董事會及高級管理層審閱。

本行風險取向架構的目標是為確保：

- 所承受的風險將與可接受及可持續的回報相稱，包括資本回報
- 在完全符合監管規定的穩健資本情況下，可支持本行承受和業務策略有關的風險
- 根據內部資本充足評估程序制訂資本需求時的要求，建立結構穩健及平衡的資產負債表
- 流動資金充裕以顧及業務需要及市場狀況
- 組織架構權責清晰
- 健全的內部監控架構及清晰的職責分工，並能反映行業的最佳慣例
- 本行擁有合適的架構，以鞏固合規和反洗黑錢文化



Fubon Bank Building, 38 Des Voeux Road Central, Hong Kong
香港中環德輔道中38號富邦銀行大廈
www.fubonbank.com.hk