

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 2017 年年報





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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 23 branches and 2 Securities Services Centres 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 2017

In July, Fubon Bank celebrated the official opening of the Kowloon Main Branch and Commercial Banking Centre. The Kowloon Main Branch was also the first iBranch of the Bank in Kowloon.

Shatin Branch became the first iBranch of Fubon Bank in the New Territories when it opened in August.

The Bank invited the World Snooker Champion, Miss Ng On Yee, to feature in its new brand-building campaign aimed to bringing out "The Fubon Experience".

The Bank completed the issuance of Additional Tier 1 Capital of USD193 million on 29 December to optimize its Tier 1 Capital and provide a solid foundation for its future business growth. The issuance was fully subscribed by Fubon Financial Holdings, the Bank's parent company, demonstrating its continual commitment and support for the Bank.

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23間分行及2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。

二零一七里程碑

富邦銀行九龍總行及商業銀行中心於7月正式開幕。九龍總行為該行於九龍區的首間iBranch。

沙田分行在8月正式開幕，成為富邦銀行於新界區的首間iBranch。

本行邀請了世界桌球冠軍吳安儀小姐拍攝全品牌廣告，期望透過廣告帶出該行「貼心便捷 富邦體驗」的形象。

本行於12月29日完成1.93億美元額外一級資本證券的募集發行，以強化一級資本，並為未來的業務發展提供穩健基礎。是次發行由母公司富邦金控全數認購，再次展現母公司對本行一貫的承諾與支持。

Bloomberg Businessweek
 彭博商業周刊/中文版
Financial Institution Awards 2017



傑出商業金融方案大獎



富邦銀行 (香港)
 Fubon Bank

天高服務獎頒獎典禮 2016-2017
Y世代新角度潮·服務



ACCOLADES

Sky Post

Banking & Finance Awards 2017
 – Excellence Award for Commercial Finance Solutions

Tiptop Consultants Ltd.

Tiptop Service Award
 – Persistently Outstanding Service Company (2016-2017)
 – Persistently Outstanding Service Outlet (2016-2017)

Bloomberg Businessweek (Chinese Edition)

Financial Institution Awards 2017
 – Credit Card Usability Outstanding Performer

LACP

2016 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 Award
 – Platinum Award

Environment Bureau and Electrical and Mechanical Services Department, HKSAR Government

Certificate of Energy Saving Charter on “No Incandescent Light Bulbs”

Environmental Campaign Committee

Wastewi\$e Certificate
 Energywi\$e Certificate

The Hong Kong Council of Social Service

10 Years Plus Caring Company Logo

榮譽

晴報

Banking & Finance Awards 2017
 – 傑出商業金融方案大獎

天高管理發展有限公司

天高服務獎
 – 持續超卓表現機構 (2016-2017)
 – 持續超卓表現分店 (2016-2017)

彭博商業周刊(中文版)

金融機構大獎 2017
 – 銀行類獎項 – 信用卡可用性傑出大獎

LACP

2016 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

香港特別行政區政府環境局及機電工程署

「不要鎢絲燈泡」節能約章證書

環境運動委員會

減廢證書
 節能證書

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

	2017 二零一七年	2016 二零一六年	2015 二零一五年	2014 二零一四年	2013 二零一三年
For the Year (HK\$ Million) 全年(百萬港元)					
Profit before Taxation 除稅前溢利	693	708	613	555	447
Profit for the Year 年度溢利	583	635	522	481	380
At Year End (HK\$ Million) 於年結日(百萬港元)					
Total Equity 權益總額	14,368	11,373	10,806	10,416	8,177
Total Assets 資產總額	98,484	95,648	90,993	83,860	71,777
Advances to Customers less Impairment Allowances 客戶貸款減減值撥備	47,583	43,319	42,495	40,322	34,694
Customer Deposits 客戶存款	62,068	63,564	58,385	52,664	48,910
Financial Ratios (%) 財務比率(%)					
Return on Average Equity 平均股本回報率	4.81	5.72	4.92	5.18	4.81
Return on Average Assets 平均資產回報率	0.60	0.68	0.60	0.62	0.56
Total Capital Ratio 總資本比率	19.42	17.02	16.62	17.96	16.33
Average Liquidity Maintenance Ratio/ Average Liquidity Ratio (*) 平均流動性維持比率／平均流動資金比率(*)	50.52	48.49	45.82	48.56	48.06
Loan-to-deposit Ratio 貸存比率	73.25	64.78	69.40	75.09	75.49

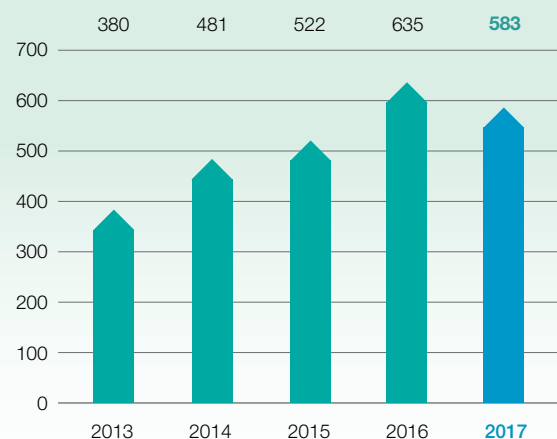
(*) The average liquidity maintenance ratios for 2015-2017 were computed in accordance with the Banking (Liquidity) Rules effective from 1 January 2015, whereas the average liquidity ratios for 2013-2014 were computed in accordance with the Fourth Schedule of the Hong Kong Banking Ordinance as in force immediately before 1 January 2015. The ratios for 2015-2017 are, therefore, not directly comparable with the ratios for 2013-2014.

(*) 二零一五年至二零一七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，而二零一三年至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，二零一五年至二零一七年之比率不可直接與二零一三年至二零一四年之比率進行比較。

Profit for the Year

年度溢利

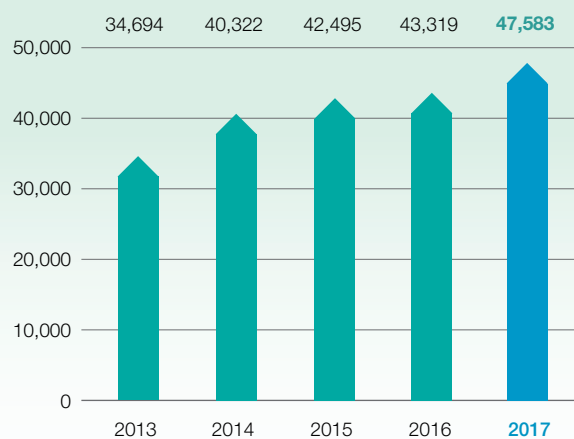
HK\$ Million
百萬港元



Advances to Customers less Impairment Allowances

客戶貸款減減值撥備

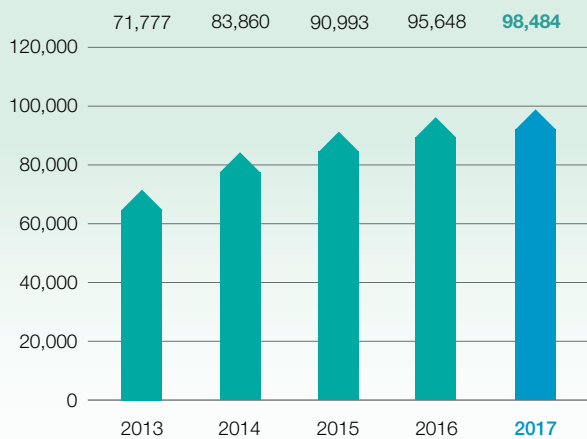
HK\$ Million
百萬港元



Total Assets

資產總額

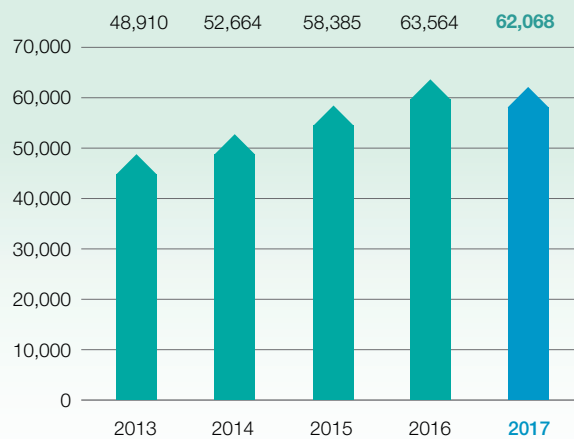
HK\$ Million
百萬港元



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

BOARD OF DIRECTORS

董事



Ming-Chung (Daniel) TSAI

Chairman

Aged 61. Mr. Tsai joined Fubon Group in 1981. He is currently the Chairman of the Fubon Group, Vice Chairman of Fubon Financial Holding Co., Ltd. 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 brother of Mr. Ming-Hsing (Richard) Tsai. He became a Director of the Bank in February 2004.

蔡明忠

主席

六十一歲。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、富邦金融控股股份有限公司之副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。



Ming-Hsing (Richard) TSAI

Vice Chairman

Aged 60. 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 Vice Chairman of Taiwan Mobile Co., Ltd. and Director of Taiwan Fixed Network Co., Ltd. Mr. Tsai was the Chairman of Fubon Securities Co., Ltd. Mr. Tsai holds a Master of Business Administration Degree (1981) from New York University and a Bachelor of Business Administration Degree (1979) from National Taiwan University. Mr. Tsai is the brother of Mr. Ming-Chung (Daniel) Tsai. He became a Director of the Bank in February 2004.

蔡明興

副主席

六十歲。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副董事長及台灣固網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工商管理碩士學位(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。



Raymond Wing Hung LEE

Executive Director

Aged 68. 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) Limited. Mr. Lee is a professional accountant and veteran banker with over 30 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.

李永鴻

執行董事

六十八歲。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三十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 56. Mr. Harn joined Fubon Group in 2005, currently serves as President and Director of Fubon Financial Holding Co., Ltd. He has over 27 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.

韓蔚廷**非執行董事**

五十六歲。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。他於金融業有超過二十七年經驗。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。

**Eric CHEN Sun-Te****Non-Executive Director**

Aged 63. Mr. Chen is the Chairman of Taipei Fubon Commercial Bank Co., Ltd. He has over 37 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.

陳聖德**非執行董事**

六十三歲。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三十七年經驗。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。

**Roman CHENG Yao-Hui****Non-Executive Director**

Aged 52. 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.

程耀輝**非執行董事**

五十二歲。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企業管理研究所碩士學位及外交系學士學位。他於二零一八年三月出任本行董事。

**Robert James KENRICK****Independent Non-Executive Director**

Aged 70. 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。

**Moses K. TSANG****Independent Non-Executive Director**

Aged 69. Mr. Tsang is the Chairman of AP Capital Holdings Inc. He has over 40 years of investment banking and Asian capital markets experience. Prior to his current position, he served as the Chairman and Managing Partner of Ajia Partners and General Partner of Goldman Sachs Group, a global investment bank, where he started the international fixed income group in New York, led the establishment of the fixed income group in Tokyo and headed the debt syndicate group in London. He served as the Chairman of Goldman Sachs (Asia) L.L.C. between 1989 and 1994. Mr. Tsang is Co-Chair of The Nature Conservancy's Asia-Pacific Council and a member of its Board of Directors, a Trustee of the Hong Kong Centre for Economic Research of The University of Hong Kong and a member of the Brown University Advisory Council in Asia. Mr. Tsang is also an Independent Non-Executive Director of China Xintiandi Limited. Mr. Tsang holds a Bachelor of Arts Degree from Bemidji State University in Minnesota, a Master Degree in Social Work from the University of Iowa, and is a Graduate College Fellow of the University of Iowa and SSA Fellow of the University of Chicago. He became a Director of the Bank in February 2004.

曾國泰**獨立非執行董事**

六十九歲。曾先生為AP Capital Holdings Inc.主席，曾先生擁有逾四十年投資銀行及亞洲資本市場經驗。在此之前，他為Ajia Partners執行主席兼管理合夥人及為全球性投資銀行高盛集團之一般合夥人並為其於紐約成立國際固定收益部及於東京創辦固定收益部，並主管倫敦銀團貸款部。曾先生曾於一九八九年至一九九四年間擔任高盛（亞洲）有限責任公司的主席。曾先生亦擔任大自然保護協會亞太理事會聯席主席及董事會成員、香港大學香港經濟研究中心之信託人、布朗大學顧問委員會亞洲區之成員、曾先生亦為中國新天地有限公司之獨立非執行董事。曾先生持有美國明尼蘇達大學伯明基州分校文學士學位、愛荷華大學社會工作碩士學位、愛荷華大學研究院院士及芝加哥大學SSA院士。他於二零零四年二月出任本行董事。

**Hung SHIH****Independent Non-Executive Director**

Aged 63. Mr. Shih is the Director of China Renaissance Capital Advisors Limited. He was the Managing Director of China Renaissance Capital Investment Limited from 2005 to 2011. Prior to that, he was 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**

六十三歲。石先生現為崇德投資顧問有限公司之董事。他於二零零五至二零一一年任崇德基金投資有限公司董事總經理。在此之前，他是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。

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)

李永鴻

行政總裁兼董事總經理

(資料詳情見第7頁)

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.

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。

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.

葉嘉敏

執行副總裁兼零售銀行部主管

葉女士於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。

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.

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士。



(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



Hong Kong's economy expanded by 3.8% in 2017 on the back of stronger demand in both domestic and external sectors. Retail sales recovered from the sharp declines of previous years as tourist arrivals returned to positive growth in 2017. Exports also increased strongly on a pick-up in global demand.

Behind the recovery were the stabilizing economic policies adopted by the Government of the Hong Kong Special Administrative Region ("HKSAR") in past years, and in particular in 2017, the 20th Anniversary of the establishment of the HKSAR. The Chinese economy grew by a stronger-than-expected 6.9% in 2017, above the official target of around 6.5% and the 26-year low of 6.7% in 2016. Together with a more in-step recovery in both developed and developing economies and a strong performance in the global stock markets, the Hong Kong economy was robust with all sectors advancing.

The low interest rate environment in Hong Kong did not deter capital inflows from Mainland China, which helped boost the Hang Seng Index by 36% in 2017, outperforming most stock indices in the world. Despite three interest-rate hikes by the U.S. Federal Reserve ("Fed") in 2017, Hong Kong interbank interest rates remained low as liquidity in the banking system was still plentiful. This weakened the Hong Kong dollar against the U.S. dollar and most other major currencies, which in turn supported the local property and stock markets.

Last year, Fubon Bank (Hong Kong) ("the Bank") continued to follow a prudent growth strategy and made advances in growing interest earning assets. However, the Bank's financial performance was adversely affected by a one-time dilution loss arising from the reduction of its percentage interest in Xiamen Bank Co. Ltd. As a result, the Bank recorded a net profit of HK\$583 million for the year ended 31 December 2017, an 8% drop when compared with 2016. At the operation level, the operating profit after impairment losses increased from HK\$429 million to HK\$516 million.

在本地及國際強勁需求推動下，香港經濟於2017年增長了3.8%。雖然零售業銷貨額於往年顯著下滑，但隨著訪港旅客人次於2017年回升，零售業亦得以復甦。而全球需求反彈，帶動出口強勁增長。

市場復甦的主要原因是由於香港特別行政區政府於過去數年採取穩定的經濟政策，尤其是在2017年，即香港特別行政區成立20周年。中國經濟增長於2017年較預期為高，增長率達6.9%，高於官方目標的約6.5%及2016年所錄得26年以來的最低位6.7%。隨著已發展及發展中經濟體系的復甦步伐一致，以及全球股市表現強勁，香港經濟在各行業的推動下蓬勃發展。

香港的低息環境並未阻礙中國內地資金流入，刺激恒生指數於2017年飆升36%，表現超越全球大部分股市。縱使美國聯邦儲備局（「聯儲局」）於2017年三次加息，但由於銀行體系的流動資金保持充裕，香港銀行同業拆息仍然低企，導致港元兌美元及大多數其他主要貨幣貶值，從而支持本地的物業及股票市場。

去年，富邦銀行（香港）（「本行」）沿用穩中求進的策略，在生息資產增長方面亦有所進展。然而，本行持有廈門銀行股份有限公司股權的比例下降，其產生的一次性攤薄虧損對本行之財務表現造成不利影響。故此，本行截至2017年12月31日止錄得純利5.83億港元，較2016年下降8%。在營運層面，扣除減值虧損之經營溢利由4.29億港元上升至5.16億港元。

CHAIRMAN'S STATEMENT 主席匯報

Our strategic initiative to grow our corporate and commercial banking business generated a strong corporate loan growth of 24%, including trade bills and factoring. Since the opening of the Bank's first Commercial Banking Centre in July 2017, our dedicated SME team has been collaborating closely with our branches and Consumer Finance team to foster deeper relationships with customers and develop our community banking business. Our efforts to expand our penetration into the SME market were recognized by the Banking & Finance Awards 2017 as we received the Excellence Award for Commercial Finance Solutions from Sky Post. We will continue to widen our range of corporate services and upgrade our corporate e-banking system, Fubon Business Online, to meet the financial management needs of our corporate customers.

Benefiting from the economic expansion of Hong Kong, our consumer finance business delivered a satisfactory performance in 2017. Our mortgage lending business remained as a stable driver for the Bank's interest income with an increase of 41% in new loans booked. Meanwhile, both the customer base and card spending of "YATA X KUMAMOTO" • Titanium Card rose 42% and 31% respectively. Last year, the Bank was named the Credit Card Usability Outstanding Performer by Bloomberg Businessweek (Chinese Edition) in the Financial Institution Awards 2017. In addition, we expanded our merchant receivable financing portfolio by 50%.

Over the last two years, we have placed great emphasis on enhancing our retail banking service channels to grow our customer base and reinforce customer engagement. The launch of iBranches in Kowloon and the New Territories in 2017 underscored our determination to remain innovative and to commit to paperless banking. Our comprehensive range of digital banking services, including mobile banking, e-Statement, e-Cheque and JETCO Pay services, generates exceptional customer experiences and has been well-received by customers. Last year, we successfully revamped our Ambassador Banking for high-net-worth customers and launched a new on-boarding service to selected Mainland customers. Our aim is to acquire new customers, strengthen our customer relationships by providing a diverse range of services, and to further enhance our overall customer experience.

我們策略性地推動企業及商業銀行業務，企業貸款(包括商業票據及應收賬款承購服務)更錄得可觀的升幅達24%。自本行首間商業銀行中心於2017年7月開業以來，我們專屬的中小企團隊一直與分行及消費金融團隊緊密合作，以鞏固與客戶的關係並開發社區銀行業務。我們提升中小企市場滲透率的努力備受肯定，並榮獲《晴報》頒發「Banking & Finance Awards 2017－傑出商業金融方案大獎」。我們將繼續拓展企業銀行的服務範圍，並將企業網上銀行系統「富邦商務網」升級，以配合企業客戶對財務管理的需要。

受惠於香港經濟增長，我們的消費金融業務於2017年表現理想。按揭貸款業務仍然為本行穩定的利息收入來源，新增貸款攀升41%。同時，「一田 X 熊本県」• Titanium卡的客戶數及信用卡簽賬額亦分別增加42%及31%。去年，本行於《彭博商業周刊(中文版)》的「金融機構大獎2017」上榮獲「銀行類獎項－信用卡可用性傑出大獎」。此外，我們的「先享錢」信用卡商戶貸款總額增長50%。

於過去兩年，我們重點提升零售銀行的服務渠道，務求擴大客戶基礎及鞏固客戶關係。本行於2017年分別在九龍及新界開設iBranch，可見我們銳意創新及實現無紙化銀行的決心。我們全面的數位化銀行服務，包括流動理財、電子結單、電子支票及JETCO Pay服務，不單為客戶帶來非凡體驗，更深得客戶推崇。去年，我們成功將Ambassador Banking重新打造為高端客戶的專屬服務，更向中國內地特選客戶推出全新的陸港跨境開戶服務。我們旨在為客戶提供多元化的服務，以吸納新客戶及深耕客戶關係，並進一步提升我們的客戶體驗。

We continue to make investments in digital capabilities to create better customer experiences. In addition to the launch of Two-Factor Authentication and Customer Information System, we will replace the deposit and retail loan module in the second phase of our Core Banking System in the coming year. Meanwhile, we will also continue to leverage technology for process improvements. Our Enterprise Work Flow solution is another strategic project of the Bank. Upon completion, we will be able to automate and streamline some of our major business processes to improve operational efficiency.

Going forward, we will maintain our customer-centric strategy and continue to develop new product initiatives that allow our customers to experience the new FinTech technology and paperless banking. In addition, the Bank is committed to building a sustainable workplace and has been undertaking various initiatives to reduce its environmental footprint. Our efforts have won us external validation by receiving the Charter on External Lightings Award – Platinum Award, Certificate of Energy Saving Charter on “No Incandescent Light Bulbs”, and the Wastewi\$e Certificate and Energywi\$e Certificate issued by various governmental and green organizations.

We expect 2018 to be a good year as the global economic environment continues to improve, albeit with many uncertainties and challenges such as the prospects of a heightened global trade war. The continuation of the Fed's monetary policy, together with the likelihood of the European Central Bank to wind down its Quantitative Easing programme may lead to a more restrictive monetary environment globally starting in mid-2018. The tendency of the Chinese government to resume its “deleveraging” policies this year could add uncertainties. Notwithstanding some of these issues, the Bank will maintain its prudent and sustainable growth strategy. We will further leverage our business on the inherent strengths of our parent company, Fubon Financial Holding Co., Ltd., to reinforce our brand, customer base, distribution network, and capture business opportunities across the region. Riding on our focus to provide the exceptional “Fubon Experience” and our marketing platform, we are confident of having a better year in 2018.

我們持續投資在數位化服務上，以締造更佳的客戶體驗。除了推出雙重認證服務及客戶資訊系統外，我們將在來年核心銀行系統更新工程的第二階段更換存款及零售貸款管理系統。與此同時，我們亦將善用科技改善營運流程。企業工作流程解決方案亦為本行另一策略性項目，於完成後，我們將能自動化並簡化一些主要的業務流程，從而提高營運效益。

展望未來，我們將維持以客為本的策略，不斷開發新產品，讓客戶體驗全新的金融科技及無紙化銀行服務。此外，本行致力打造可持續發展的工作間，一直推行不同的計劃，以減少對環境造成影響。我們獲多個政府及環保團體頒發獎項，包括「戶外燈光約章－鉑金獎」、「不要鎢絲燈泡」節能約章證書、減廢證書及節能證書。

鑒於環球經濟環境繼續改善，儘管仍有全球性貿易戰加劇等諸多不確定因素和挑戰，我們預期2018年將為利好的一年。聯儲局維持其貨幣政策不變，加上歐洲中央銀行很可能逐步縮減其量化寬鬆計劃，或會導致全球於2018年年中開始面臨更受限制的貨幣環境。中國政府傾向於本年度恢復其「去槓桿」政策，或會增加更多不確定性因素。雖然面對這些狀況，本行仍會秉持審慎及持續增長的策略，繼續借助母公司富邦金融控股股份有限公司的固有優勢，以提升品牌、加強客戶基礎及銷售網絡，並抓緊區內商機。憑藉我們致力提供非凡的「富邦體驗」及營銷平台，我們有信心於2018年將取得更好的成績。



Ming-Chung (Daniel) TSAI
Chairman
April 2018



蔡明忠
主席
二零一八年四月

CHIEF EXECUTIVE'S REPORT

行政總裁報告



Benefiting from the positive global economic sentiment, better trade performance, low interest rate environment and strong equity and property market performance, the Hong Kong economy expanded remarkably in 2017. Hong Kong GDP grew 3.8% in 2017. Both stock and property markets posted solid gains. The Hang Seng Index rose 36% to 29,919 by year-end. While the property price is at an all time high and recorded a 15% increase in 2017, there are concerns among government officials and society in general about the sustainability of such a property market.

In spite of the improved economic conditions, Fubon Bank (Hong Kong) Limited ("the Bank") and its subsidiaries ("the Group") reported a net profit of HK\$583 million for the year ended 31 December 2017, representing a year-on-year decrease of 8%. The decline in profit was mainly due to a decrease in non-interest income and a dilution loss arising from the reduction of the Bank's percentage interest in Xiamen Bank Co., Ltd ("Xiamen Bank") in 2017, following third party placements by Xiamen Bank during the year. Return on average equity and return on average assets were 4.81% and 0.60% respectively, compared with 5.72% and 0.68% in 2016. However, the Group's operating profit after impairment losses rose 20% to HK\$516 million.

受惠全球正面的市場氣氛、更佳的貿易增長、低息環境以及股票及物業市場的強勁表現，香港經濟於2017年迅速發展。香港本地生產總值於2017年增長3.8%。股票及物業市場均顯著上揚。恒生指數於2017年全年上升36%至29,919點。物業價格於2017年高企，並錄得15%的升幅，政府官員及社會普遍上對物業市場之可持續性仍有所顧慮。

儘管經濟環境有所改善，富邦銀行(香港)有限公司(「本行」)及其附屬公司(「本集團」)截至2017年12月31日止的全年淨溢利為5.83億港元，較去年下跌8%。溢利減少主要由於非利息收入減少，以及廈門銀行股份有限公司(「廈門銀行」)於2017年向第三方私人配售額外股本後，本行持有廈門銀行股權的比例下降而產生的攤薄虧損所致。平均股本回報率及平均資產回報率分別為4.81%及0.60%，而2016年則為5.72%及0.68%。然而，本集團扣除減值虧損之經營溢利上升20%至5.16億港元。

Net interest income rose 4% to HK\$1,216 million, mainly through the expansion of loan portfolio and debt securities investment portfolio. Nevertheless, net interest margin for the year narrowed by 2 basis points to 1.43%, largely because of increased deposit costs. However, net interest margin began improving towards year end and reached 1.51% in December 2017 after HIBOR rose to a nine-year high in the fourth quarter of 2017 and, as a result, the Bank's loan yield picked up at a faster pace.

Net fee and commission income declined by 13% to HK\$318 million. The decline was mainly attributable to a 32% decrease in insurance services income and a 7% decrease in credit card related fee income. On the other hand, securities brokerage and investment services income recorded an encouraging growth of 35%, underpinned by the more actively traded stock market. Unit trust services income also increased by 16% year-on-year.

The decrease in other operating income was mainly attributed to higher mark-to-market losses on foreign exchange swaps, which are required by accounting standards to be shown separately from related foreign currency deposits. Total non-interest income fell 24% to HK\$322 million and the percentage of non-interest income to total operating income also declined to 20.9%.

Operating expenses decreased by 1% to HK\$950 million. Cost-to-income ratio, however, slightly increased to 61.8% because of the lower operating income. During the year, the Bank extended its iBranch network to Kowloon and the New Territories by opening iBranches in Mongkok and Shatin. Furthermore, the Bank launched its first Commercial Banking Centre at the Kowloon Main Branch to expand its SME banking activities. Locating the Commercial Banking Centre in one of our flagship branches will enhance our ability to provide comprehensive financial services to our SME customers. To strengthen our brand image and market position, the Bank launched a new branding campaign featuring the world snooker champion Miss Ng On Yee in December of last year.

Total impairment losses amounted to HK\$72 million, which included HK\$68 million on loans and advances and HK\$4 million on other assets. The amount decreased significantly by 65% when compared with 2016, reflecting the Bank's improvement in asset quality. The impaired loan ratio was reduced from 0.77% at 2016 year-end to 0.39% at 2017 year-end, with a coverage ratio of nearly 100%.

The Group's share of profits from Xiamen Bank rose 5% to HK\$237 million in 2017. The Bank's shareholding in Xiamen Bank was reduced from 19.99% to 15.78% after two private placements of additional share capital to new strategic investors by Xiamen Bank in June and September 2017 respectively. As a result of the shareholding dilution, the Bank recognized a deemed disposal loss of HK\$61 million with an after tax impact of HK\$55 million.

透過擴展貸款組合及債務證券的投資組合，淨利息收入上升4%至12.16億港元。儘管如此，存款成本上升，令淨息差收窄2個基點至1.43%。香港銀行同業拆息於2017年第四季升至九年高位，因此，本行的貸款收益率以較快速度回升，淨息差亦開始改善並於2017年12月達1.51%。

淨費用及佣金收入減少13%至3.18億港元。減幅乃主要由於保險業務收入減少32%及信用卡相關費用收入減少7%。另一方面，由於股市買賣活躍，證券經紀及投資服務收入錄得令人鼓舞的35%增幅。信託基金業務收入亦按年增加16%。

其他營運收入減少，主要由於外匯掉期按市值計算的虧損較高，而按會計準則外匯掉期須與相關外幣存款分開列示。總非利息收入下跌24%至3.22億港元，而非利息收入對總營運收入比率亦下降至20.9%。

營運支出減少1%至9.50億港元。然而，營運收入減少，成本對收入比率輕微增加至61.8%。去年，本行分別於旺角及沙田開設iBranch，將iBranch網絡擴展至九龍及新界。此外，本行於九龍總行開設第一間商業銀行中心，以擴展中小企銀行業務。於其中一間旗艦分行開設商業銀行中心，亦可提升我們為中小企客戶提供全面金融服務的能力。為提升我們的品牌形象及市場地位，本行於去年12月推出全新品牌推廣計劃，並由世界桌球冠軍吳安儀小姐擔任代言人。

總減值虧損為7,200萬港元，當中包括6,800萬港元客戶貸款減值虧損及400萬港元其他資產減值虧損，金額較2016年大幅減少65%，反映本行的資產質素得到改善。減值貸款比率由2016年年末的0.77%降至2017年年末的0.39%，減值貸款覆蓋率接近100%。

於2017年，本集團應佔廈門銀行的溢利上升5%至2.37億港元。廈門銀行於2017年6月及9月分別向新策略投資者私人配售額外股本後，本行於廈門銀行的股權由19.99%減至15.78%。由於有關股權攤薄，本行錄得6,100萬港元的視作出售虧損，除稅後影響為5,500萬港元。

CHIEF EXECUTIVE'S REPORT

行政總裁報告

In November 2017, our parent company, Fubon Financial Holding Co. Ltd., ("Fubon Financial Holdings"), agreed to purchase from the Bank its entire shareholding in Xiamen Bank as part of the Fubon Group's investment realignment initiative. The transaction is now pending the necessary regulatory approvals.

The Group's total assets increased by 3% to HK\$98 billion as at 31 December 2017. Gross advances to customers attained a double-digit growth of 10% to HK\$48 billion, attributable mainly to the growth in loans to corporate customers. As liquidity remained ample in Hong Kong, the Bank raised its loan-to-deposit ratio to 73.2% at 31 December 2017 and reduced customer deposits by 2% to HK\$62 billion.

On 29 December 2017, the Bank issued US\$193 million undated non-cumulative subordinated Additional Tier 1 Capital Securities, which were fully subscribed by our parent company, Fubon Financial Holdings. This issuance strengthened the Group's capital position and allowed for further business growth. As at 31 December 2017, the Group's common equity tier 1 capital ratio, tier 1 capital ratio and total capital ratio were 13.08%, 15.42% and 19.42% respectively, which were well above the statutory requirements. The average liquidity maintenance ratio also stood at a comfortable level of 50.52%.

Although the Hong Kong economic growth is expected to maintain its momentum in 2018, there are a number of uncertainties affecting the worldwide economy. The Brexit negotiation, North Korea crisis, and the anticipated Federal Reserve's interest rate hikes and the global trade protectionist sentiments will continue to add complications to the volatile global and domestic economies. In the face of a rapidly evolving market environment, we will continue to enhance customer engagement and pursue a prudent growth strategy to strengthen the Bank's local franchise. We remain committed to upgrading our digital platforms and service delivery channels through investments in information technology and infrastructure. Our efforts to move toward a FinTech based business model started with the introduction of the full service iBranch in 2015. Our goal is to provide our customers with the "Fubon Experience" that meets the needs of today's Hong Kong consumers and business communities. Together with a diverse range of products and services, we wish to establish ourselves as a quality, reliable and trusted banking partner.

We believe in a strong risk management and compliance culture, and we will continue to introduce the best practices in corporate governance and service delivery. With the Board's support, management is pushing ahead with programmes to establish a corporate culture that focuses on integrity, thrift and humility, aimed at protecting our customers' interests as well as the interest of our employees and shareholders. To take advantage of the Fubon Group's vast business network, we closely collaborate with our parent company and other affiliates to create a trustworthy financial partner for our customers.

於2017年11月，本行母公司富邦金融控股股份有限公司(「富邦金控」)同意向本行收購廈門銀行的所有股權作為富邦集團投資整合計劃的一部分。有關交易須待相關主管機關核可後執行。

截至2017年12月31日止，本集團的總資產增加3%至980億港元。由於企業客戶貸款增長，客戶貸款總額錄得10%的雙位數增幅並增至480億港元。香港的流動資金仍然充裕，本行於2017年12月31日將其貸存比率提升至73.2%，並將客戶存款減少2%至620億港元。

於2017年12月29日，本行發行1.93億美元無到期日非累積後償額外一級資本證券，並由母公司富邦金控全數認購，以增強本集團的資本狀況及為進一步的業務增長作好準備。截至2017年12月31日，本集團的普通股權一級資本比率、一級資本比率及總資本比率分別為13.08%、15.42%及19.42%，遠高於相關之法定要求。平均流動性維持比率處於50.52%的穩健水平。

儘管市場預期香港經濟於2018年能維持增長，惟仍有多項不確定因素影響世界經濟。脫歐談判、北韓危機及預期聯邦儲備局的加息以及全球貿易保護主義情緒，將繼續為波動的全球及本地經濟增添複雜性。面對迅速變遷的業務環境，我們將繼續提升與客戶的聯繫及採取穩中求進的策略，以鞏固本行的業務。我們將在資訊科技及基建方面繼續投資，並持續優化電子平台及服務渠道。本行自2015年引進iBranch全方位服務開始，致力發展以金融科技為基礎的業務模式。我們以為客戶帶來符合現今香港消費者及商業社群需要的「富邦體驗」為目標，再配合不同種類的產品和服務，期望能成為優質、可靠及值得客戶信任的銀行夥伴。

我們堅信強而有力的風險管理及合規文化，並繼續在企業管治及服務提供方面採納最佳常規。在董事會的支持下，管理層將繼續推行各項計劃，以建立誠信、勤儉及謙遜的企業文化，致力保障客戶、員工及股東的權益。我們與母公司及其他聯屬公司緊密合作，以利用富邦集團廣闊的商業網絡，為我們的客戶打造值得信賴的金融夥伴。

As a socially responsible institution, we continue to support a wide range of corporate social responsibility programmes and remain supportive to our staff by providing them with career enhancement opportunities to improve their well-being as well as a pleasant workplace environment. We believe that our people are the most valuable asset of the Bank and a stronger sense of belonging will boost staff morale and enhance staff performance.

Finally, I would like to thank my management team and staff for their contributions in achieving a solid operating performance in 2017. I also wish to express my gratitude to our Chairman, the Chairman of Fubon Financial Holdings and to the entire Board of Directors for their support and guidance in achieving our strategic goals. Together, we will achieve a sustainable growth model for our business and provide value for all of our stakeholders.

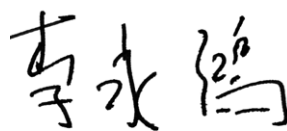


Raymond Lee

Chief Executive Officer and Managing Director
April 2018

作為對社會負責任的機構，我們將繼續支持多項企業社會責任計劃，並透過向員工提供發展機會、提升福利及工作環境，以示對員工的支持。我們相信，員工為本行最寶貴的資產，而增強歸屬感更將提升員工士氣及工作表現。

最後，我謹此感謝管理層及全體員工對本集團2017年穩健的營運表現所付出的貢獻。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的支持及指導，使我們能成功達成我們的策略目標。我們將同心協力，不單在業務上達至可持續增長模式，並為我們所有的持份者提供價值。



李永鴻

行政總裁兼董事總經理
二零一八年四月



BUSINESS & OPERATIONS REVIEW

業務回顧



商業銀行中心
Commercial Banking Centre



CORPORATE & INSTITUTIONAL BANKING

企業及機構銀行

CORPORATE BANKING

Corporate Banking had an eventful year in 2017. We started off very slowly in the first quarter but gathered pace during the second half and ended with solid growth for the year. Persistent low interest rates, optimistic global economic growth, a vibrant stock market and the unabated increase in property values boosted corporate borrowing. A more stable Renminbi ("RMB") also contributed to an upbeat market sentiment in the later part of the year. We saw more loan demand in the market from various sectors, though pricing was still under pressure.

The Corporate and Commercial Banking teams capitalized on the opportunities and expanded the Bank's corporate loan portfolio by 24%, including trade bills and factoring. The strong business performance was accompanied by healthy improvement in productivity with revenue per employee for Corporate & Institutional Banking increasing substantially by 15%. Our customer-centric approach and improved customer service process resulted in good reactions and comments from our customers that led to more referral business. This in turn contributed to a very successful new customer acquisition programme. Our loan growth also benefited from a successful new customer acquisition programme, as well as our ability to gain a larger share of existing customers' banking transactions. Expansion in our lending business was achieved without compromising on credit quality, resulting in our impaired loan ratio dropping from 1.44% to 0.63%. Impairment losses on our corporate lending portfolio also dropped significantly by 61%.

Our major corporate teams succeeded in deepening bilateral relationships with target names and gained more business flows from them. The syndicated finance team was also active in both primary and secondary markets and contributed to our loan growth.

企業金融

企業金融於2017年表現亮麗。雖然我們於第一季度起步較緩，但於下半年迎頭趕上，並於年內穩健增長。利率持續低企、全球經濟增長樂觀、股市活躍及物業價值不斷攀升，均刺激企業借貸增長。人民幣越趨穩定，令後半年的市場氣氛更樂觀。儘管定價仍然受壓，但市場上多個行業的貸款需求上升。

企業及商業銀行團隊抓緊機會，令本行的企業貸款組合（包括商業票據及應收賬款承購服務）增長了24%。生產力上升令業績表現強勁，平均每名企業及機構銀行員工的收益大幅上升15%。我們以客為本的策略及優質的客戶服務獲得客戶的良好反饋及一致好評，帶來了更多的轉介業務，從而亦成為一個有效的新客戶吸納計劃。受惠於新客戶吸納計劃以及我們成功爭取現有客戶更多的銀行交易，我們的貸款亦有所增長。信貸質素並沒有因為貸款業務增長而造成影響，我們的減值貸款率由1.44%下降至0.63%。企業貸款組合減值虧損亦顯著降低61%。

我們的企業團隊在深化與目標客戶的雙邊關係方面十分成功，爭取了更多業務。銀團融資團隊在一級及二級市場亦十分活躍，為本行的貸款增長作出貢獻。

The expanded sales teams in commercial banking reported strong loan growth focusing on local SMEs during the year. These teams also succeeded in providing corporate wealth management services to selected customers and established this as a new source of fee income. We opened our first Commercial Banking Centre in July 2017 to provide one-stop banking services to SME customers, particularly to those who originated from our branch network. The dedicated SME teams were commissioned to develop the community banking business through close cooperation with branches and our consumer finance teams. After winning the “Banking and Finance Awards 2017 – Excellence Award for Commercial Finance Solutions”, our teams were encouraged and buoyed with confidence to develop new business and to continue their focus on customer service to advance our Bank’s commitment to the “Fubon Experience”.

Our strategy to focus on fee-based products also paid off with our trade finance portfolio almost doubling. We are in the process of upgrading our corporate e-banking system, Fubon Business Online (“FBO”), which began in late 2017. The more user-friendly e-banking experience, especially in cash management, has attracted more new customers to register for the service.

CHINA COVERAGE

The Mainland China market was more predictable in 2017 following the stabilization of the RMB. Driven by various mergers and acquisition activities, infrastructure projects and capital expenditure deals, there was ample loan demand even though the Chinese government tightened the measures to control capital outflows and slow down overseas acquisitions. However, the loan spread continued to come under pressure. We continued to focus on top-tier state-owned enterprises and industry leaders in the private sector and made good progress in both segments. In developing our cross-border trade and lending business, Xiamen Bank and Fubon Bank (China) are our key Mainland banking partners.

FINANCIAL INSTITUTIONS

Due to the slowdown of the risk participation and forfeiting trade business in the secondary market in the last few years, we shifted our focus from asset building to deposit relationships with non-bank financial institutions including government and public sector entities, fund houses, trustees and insurance companies. This serves to diversify our Bank’s deposit portfolio. Our financial institution team continued to provide strong support to the treasury activities of the Bank and took the lead to coordinate the collaboration efforts with Xiamen Bank and Fubon Bank (China).

We are off to a good start in 2018. Backed by the encouraging results achieved in 2017 through the platform of improved service and deepened customer relationships, we look forward to achieving another year of good performance in our corporate banking business through further penetration into the local and Greater China markets. Our collaboration with other members of Fubon Financial Holdings will provide more business opportunities in achieving our 2018 goals.

已擴充的商業銀行銷售團隊於年內錄得強勁的貸款增長，主要集中於本地的中小企。該團隊亦成功為特選客戶提供企業財富管理服務，成為新的費用收入來源。我們於2017年7月開設本行首個商業銀行中心，為中小企客戶提供一站式的銀行服務，特別是那些來自分行網絡的客戶。本行的專責中小企團隊透過與分行及消費金融團隊的緊密合作，開拓社區銀行業務。本行榮獲「Banking & Finance Awards 2017 – 傑出商業金融方案大獎」後，我們的團隊不但在開發新業務方面更添信心，未來亦將繼續專注於客戶服務方面，以提升「富邦體驗」。

我們著重費用相關產品的策略為我們的貿易融資組合帶來近倍的增長。我們於2017年年末開始提升本行的企業電子銀行系統「富邦商務網」。其更方便易用的電子銀行體驗，尤其在現金管理方面，吸引了更多新客戶使用該服務。

中國業務

隨著人民幣走勢穩定，中國內地市場愈加可以預期。在多項併購活動、基礎設施項目以及資本開支交易推動下，即使中國政府嚴格管控資金外流並放緩海外收購，貸款需求仍然充裕。然而，貸款息差仍面臨壓力。我們繼續專注於頂級的國有企業及領導市場的民營企業，並於兩方面均取得良好進展，而廈門銀行及富邦華一銀行為本行發展跨境貿易及貸款業務的主要內地銀行夥伴。

金融機構業務

由於在風險參與及二級市場買賣斷業務於過去數年趨緩，我們將重點由增加貸款資產轉移至與非銀行金融機構建立儲蓄關係，當中包括政府及公營機構、基金公司、受託人以及保險公司，以分散本行的存款組合。我們的金融機構團隊繼續為本行的財資活動提供強力支持，並協調與廈門銀行及富邦華一銀行的合作關係。

我們於2018年開端良好。繼我們於2017年優化服務平台以及深化客戶關係而獲得令人鼓舞的成績後，我們期待透過進一步拓展於本地及大中華市場的業務，於來年繼續獲得佳績。我們與富邦金控其他成員的合作亦將帶來更多商機，以達至2018年的目標。

RETAIL BANKING

零售銀行

CONSUMER FINANCE

The Bank continued to develop new consumer finance products and services in 2017 to meet the changing needs of our customers. Our award-winning credit card platform, Your Travel Companion, continued to attract much attention and appreciation from credit card customers. By offering a multiple bonus points programme for overseas spending, customers enjoyed enriched bonus points rewards of up to 20-times on top of the big variety of local spending benefits. Again, the travel companion theme received recognition in the industry and was awarded the Financial Institution Awards 2017 – Credit Card Usability Outstanding Performer by Bloomberg Businessweek (Chinese Edition).

The ever-popular “YATA X KUMAMOTO” • Titanium Card carried its growth momentum into 2017 with our customer base and card spending growing by 42% and 31%, respectively. We tapped into a stream of vibrant young customers, adding yet another dimension to our card portfolio and providing new-found opportunities to cultivate future business.

Our merchant acquiring business enjoyed a fruitful year following an injection of resources in the sales force. Despite fierce market competition, our merchant acquiring team registered good results. The number of new merchants acquired increased by 15% year-on-year and the overall merchant base grew by 9% reflecting our efforts in both customer acquisition and customer retention.

Looking ahead, FinTech-driven payment mechanisms have been advancing at a record pace in Hong Kong. The introduction of various payment methods, such as a contactless card and a mobile payment, fully illustrates the challenges facing acquirers. Our merchant acquiring team anticipated this development and geared up the Bank to provide our merchant customers with the latest solutions.

消費金融

本行於2017年繼續開發新的消費金融產品及服務，以滿足客戶不斷變化的需求。我們獲獎的信用卡平台「您的旅遊夥伴」持續獲得信用卡客戶的關注及好評。我們為海外簽賬提供多倍積分計劃，讓客戶享有本地簽賬優惠的同時亦能獲享高達20倍的積分獎賞。本行的旅遊夥伴主題再度獲業界認同，並榮獲《彭博商業周刊(中文版)》頒發「金融機構大獎2017－銀行類獎項－信用卡可用性傑出大獎」。

「一田X熊本県」• Titanium卡於2017年持續增長，我們的客戶數目及信用卡簽賬額分別上升42%及31%。我們成功引進活躍的年輕客戶群，為我們的信用卡客戶組合加入新類別，並為開拓未來業務提供新機遇。

我們為拓展信用卡商戶業務的銷售團隊增加資源，令信用卡商戶業務迎來了豐盛的一年。雖然市場競爭激烈，但我們的信用卡商戶業務拓展團隊表現出色。新增商戶數目按年增長15%，整體商戶數目上升9%，反映我們在吸納及挽留客戶方面的成效。

展望未來，由金融科技帶動的支付機制在香港以前所未有的速度迅速發展。非接觸式智能卡及移動支付等多種支付方式的推出，充分反映業務拓展團隊所面對的挑戰。我們的信用卡商戶業務拓展團隊已預視這方面的發展，並為本行向商戶提供最新的金融方案作好準備。

Riding on the success of our merchant acquiring efforts, our Merchant Receivable Financing business has been equally successful. This product has been well received by our merchant customers as a simple and easy financing tool that assists retail business owners in managing their cash flow. The 63% growth in new borrowing and 50% expansion in portfolio size in 2017 proved that customers were quick to recognize a good product that helps them run their business. In 2018, we plan to increase the promotion of this product through a series of targeted marketing initiatives.

Public sentiment towards personal loans seemingly improved in 2017 with the launch of an industry-wide campaign on responsible borrowing that heightened public awareness. Riding on this initiative, our business focus on unsecured lending changed from targeting the mass market to satisfying the financial needs of existing bank customers. This strategy achieved its expected goal with the bad debt provision dropping to a new low in recent years. More importantly, the intrinsic credit risk of the personal loan portfolio was reduced for healthier prolonged development in the future.

The property market in Hong Kong did not cool down as expected by many economists and market experts. Overall, property prices kept escalating to new highs with a year-on-year gain of 15% according to Property Market Statistics from the HKSAR Government. Fueled by the low interest rate environment, real estate transactions in 2017 showed a slight gain year-on-year resulting in stable demand for mortgage loans. However, mortgage pricing continued to come under pressure reflecting the keen interest of mortgage lenders in Hong Kong. Despite market developments, our mortgage lending business remained a key driver for the Bank's interest income. New loans booked in 2017 jumped by 41% building upon a set of prudent lending policies that safeguarded the Bank from adverse market developments.

In 2017, the banking industry was flooded with news of the new developments in FinTech and Artificial Intelligence ("AI"), which undeniably influenced customers' expectations on the user experience and their view of the future financial world. While we have proactively participated in various new technology projects, we remained focused on our business mission of fulfilling the financial needs of our customers.

CHANNEL MANAGEMENT

The Bank is dedicated to enhancing the "Fubon Experience" by improving our service and product delivery channels. Towards this goal, we are pleased to report that Kowloon Main Branch and Shatin Branch were remodeled into iBranches in mid-2017. Apart from providing one-stop wealth management services, Kowloon Main Branch is also the first branch to be integrated with the Commercial Banking Centre and Consumer Finance Centre, delivering comprehensive commercial banking and retail banking services to the community. This total banking solution approach adopted by the Kowloon Main Branch has been greatly appreciated by our customers.

憑藉我們在拓展信用卡商戶業務的成功，我們的「先享錢」信用卡商戶貸款業務同樣獲得佳績。此產品為一種協助零售業商戶管理現金流的簡易融資工具，深受客戶歡迎。於2017年，新增貸款及貸款結欠分別上升63%及50%，可見客戶迅速認同此產品有助他們的業務營運。2018年，我們計劃透過一系列目標性的營銷活動，加強此產品的宣傳。

業界推出有關負責任借款的宣傳活動，提升了公眾意識，令公眾對私人貸款的看法於2017年有明顯改善。在此基礎上，我們將無抵押貸款的業務重點由大眾市場轉至切合本行現有客戶的財務需要。此策略成功令本行壞賬撥備降至近年新低，達到預期目標。更重要的是，私人貸款組合的內在信貸風險降低，有助未來的長遠發展。

香港的物業市場並未如多位經濟學者及市場專家預期而降溫。整體而言，根據香港特別行政區政府物業市場統計資料，物業價格不斷攀升至歷史新高，並按年上升15%。在低息環境推動下，房地產交易於2017年按年錄得輕微增長，令按揭貸款需求穩定。然而，按揭息率仍然受壓，反映香港按揭貸款機構的積極參與。儘管面對市場發展，我們的按揭貸款業務仍然為本行利息收入的主要來源。本行審慎的借貸政策令我們免受市場發展帶來的不利影響，新造貸款於2017年上升41%。

2017年，金融科技及人工智能的新發展席捲銀行業，難免會影響客戶對客戶體驗的期望及對未來金融世界的看法。我們積極參與不同新科技項目的同時，亦會專注滿足客戶的財務需要。

通路管理

本行透過優化服務及產品銷售渠道，致力提升「富邦體驗」。為實現此目標，我們於2017年年中把九龍總行及沙田分行轉型為iBranch。除提供一站式財富管理服務外，九龍總行亦為首間融合商業銀行中心及消費金融中心於一體的分行，為區內提供全面的商業銀行及零售銀行服務，而九龍總行提供的整體銀行方案更獲客戶一致好評。

BUSINESS & OPERATIONS REVIEW

業務回顧

In addition, we successfully revamped the Ambassador Banking services for high-net-worth customers to meet the changing expectations of our customers towards personalized and all-inclusive wealth management solutions. We are confident that the refined Ambassador Banking services will not only satisfy customers' financial needs but also enrich their banking experiences. Moreover, we have introduced our remote customers on-boarding services to selected Mainland customers to offer flexibility and convenience through our cross-border financial services.

Over the past decade, extensive applications of smartphones and FinTech have driven changes in the banking behaviour of customers. In view of this trend, development of digital banking has been one of the strategic focuses of our retail banking business. To optimize our customers' journey through digitalization, we succeeded in boosting their engagement and usage on various new digital banking services in 2017. As part of our Bank's "Go Green Office" initiative, we successfully launched the Fubon JETCO Pay and e-Statement services. Both services not only reduced paper usage, but also greatly improved the ease of using our digital channels by our customers in managing their daily financial transactions. Our e-Statement service allows our investment customers to conveniently obtain a holistic view of their investment account activities, anytime and anywhere.

Looking ahead, we will continue to invest in digital and mobile platforms to facilitate frictionless and effortless banking experiences. More initiatives will be unveiled in the coming years to achieve paperless banking at branch channels and to maximize operational efficiency to bolster the "Fubon Experience".

INVESTMENT & INSURANCE

In spite of subdued investment sentiments at the beginning of 2017 due to the uncertainties of the "Trump Effect" and the accelerated pace of interest rate hikes in the U.S., most developed and emerging stock markets performed surprisingly well during the year. Under such a favourable environment, the fee income of our unit trust business recorded a considerable year-on-year increase of 16%, resulting from our competitive financing facilities and successful "risk-on" strategy in the first quarter of 2017. Since the positive investment sentiment is likely to prevail into 2018, we will continue to improve our investment product features and delivery mechanisms to facilitate our customers' investment activities. As always, we will ensure that our customers' investment activities are within their risk tolerance through proper disclosures of product risk profiles. Financing will be provided to seasoned investors to assist them in their investment portfolio management. We expect 2018 will be another year of strong growth in our unit trust business despite keen competition among financial institutions in Hong Kong.

Fee income from our insurance business recorded a slight drop compared with 2016 due to market sentiments that favoured investment over life insurance products. However, to further extend our service scope, we introduced a universal life plan into our insurance product range in 2017. We expect that annuity products will become a focus for financial institutions in the years ahead. With affluent customers recognizing the need for wealth inheritance and retirement planning, annuity-based insurance products will serve as one of the key drivers of our insurance business in the next year. The general insurance business via phone and digital banking platforms also registered impressive growth during the year.

此外，我們成功為高資產值客戶革新 Ambassador Banking 服務，以滿足客戶對個人化及全面財務管理方案的期望。我們有信心革新後的 Ambassador Banking 服務不僅能夠滿足客戶的財務需要，並能提升其銀行體驗。此外，我們已為特選內地客戶推出陸港跨境開戶服務，提供靈活方便的跨境金融服務。

過去十年，智能手機及金融科技的廣泛應用改變了客戶使用銀行服務的習慣。有鑒於此，發展電子化銀行成為我們零售銀行業務的其中一個策略重點。我們透過優化電子化銀行服務來提升客戶體驗，成功於2017年提高本行各項新電子化銀行服務的登記及使用率。作為本行「環保辦公室」活動的一部分，我們成功推出富邦JETCO Pay及電子結單服務。這兩項服務不僅減少耗紙量，更令客戶在使用本行電子化渠道處理日常財務交易時更加容易。我們的電子結單服務令投資客戶可隨時隨地全面了解其投資賬戶的交易。

展望未來，我們將繼續投資電子及流動平台，以提供輕鬆便捷的銀行體驗。我們將在分行推行更多不同項目，以實現無紙化銀行及提高營運效率，提升「富邦體驗」。

投資及保險

「特朗普效應」帶來了不穩定因素及美國加快了加息步伐，投資情緒於2017年年初普遍低迷，但大部分已發展及新興股市於年內卻出乎意料地表現強勁。在這利好環境下，我們具競爭力的融資工具以及於2017年第一季成功執行的風險策略，令信託基金業務的費用收入按年增長16%。由於預期投資氣氛於2018年將維持正面，我們將繼續優化投資產品的特點及銷售機制，助客戶進行投資活動。一如既往，我們將透過妥善披露產品的風險，確保客戶的投資活動處於其風險承受能力之內。本行將為經驗豐富的投資者提供融資，協助他們管理投資組合。雖然香港金融機構之間的競爭激烈，但我們預期本行的信託基金業務於2018年仍會錄得強勁增長。

與人壽保險產品相比，市場氣氛更為偏好投資產品，令我們的保險業務費用收入與2016年相比略為下降。然而，為進一步擴展服務範圍，我們於2017年將萬用壽險計劃引入本行的保險產品系列之內。我們預期年金產品將成為金融機構於未來數年的焦點。隨著富裕客戶意識到財富傳承及退休計劃的需要，年金保險產品將成為保險業務來年的主要動力之一。透過電話及電子銀行平台進行的一般保險服務於年內亦錄得可觀的增幅。

In 2018, we will continue to develop innovative investment products that cater to our customers' risk appetite and tolerance level. We will also explore new insurance products with embedded life assurance features as alternatives to our existing product offerings to assist our customers in diversifying their wealth management portfolio.

SECURITIES SERVICES

Hong Kong's stock market made its strongest advance in a decade and set several new records in 2017. The benchmark Hang Seng Index rose 36% to close at nearly 30,000 points, the total market capitalization of the main board rose 37.9% from the end of 2016, and the 174 new listings of companies also hit an all-time high. Last year's outstanding performance was a combination of several factors: robust corporate earnings, southbound flows from Mainland China, and China's steady GDP growth. As the average daily turnover of the Hong Kong stock market in 2017 increased by nearly 32% to HKD88.2 billion, we recorded remarkable improvement in our securities related fee income.

One of our major achievements in 2017 was the rapid growth of our Fubon Mobile Stock Trading business when compared with 2016. We recorded a 61% increase in trading volume due to the strong stock market and our improved mobile trading system. We not only enhanced the online trading platform, but also offered attractive brokerage commission rates for Internet and Mobile Stock Trading. In 2017, we implemented a series of system enhancement measures to fulfill regulatory requirements. Our goal is to further protect the security of our customers' online stock trading and better serve their investment needs.

Another significant breakthrough was our share margin business development. The year-end loan balances of our customers recorded substantial growth and the customer base of share margin business increased as well. Our product team continuously studied and developed new features for our securities products. We hope the innovative and enriched products can help us to explore more business opportunities with both individual and institutional customers.

Our ongoing marketing campaigns and series of investment seminars contributed to our success in 2017. To enhance our customer experience, we set up and renovated our securities services centres at selected branches. Also, seamless inter-divisional cooperation and bundle offers enabled us to reach a higher penetration rate throughout the year.

The Hong Kong stock market is still expected to be optimistic in 2018. Looking ahead, we aim to deliver outstanding performance and high-quality services by offering diversified products, customer-centric service and streamlined processes so our customers will continue to be impressed by our "Fubon Experience".

於2018年，我們將繼續開拓更多創新的投資產品，以配合客戶的風險偏好及承受能力。我們亦將搜羅具備人壽保險特點的新保險產品，以成為現有產品組合的額外選擇，協助客戶擴大財富管理組合。

證券投資服務

香港股市錄得十年來最強勁的增幅，並於2017年創下數項新紀錄。恒生指數上升36%至近30,000點，主板總市值較2016年年底上升37.9%，174間新上市公司亦創出歷史新高。股市去年表現突出，主要由於穩健的企業盈利、中國大陸的資金南移及中國穩定的國內生產總值。由於香港股市於2017年的平均每日成交量增加近32%至882億港元，本行證券相關費用收入錄得顯著改善。

我們於2017年的其中一項主要業績為富邦流動股票交易業務較2016年急速增長。強勁的股市以及優化的流動交易系統，令交易量錄得61%的增幅。我們不僅提升了網上交易平台，亦為網上及流動股票交易提供吸引的經紀佣金收費。我們於2017年進行了一系列的系統提升，以符合監管要求，並進一步保障客戶網上證券交易的安全以及滿足他們的投資需要。

本行另一項重大突破為我們的股票透支業務。截至去年年底，股票透支業務的貸款結欠錄得大幅增長，客戶數目亦有所增加。我們的產品團隊不斷研究及開發新的證券產品，期望透過創新及多元化的產品，開拓更多與個人及機構客戶的商機。

持續的市場推廣計劃及一系列投資講座為我們於2017年的成功奠下基礎。我們設立及翻新了特選分行的證券投資服務中心，以提升客戶體驗。此外，我們透過跨部門合作以及優惠禮遇，於去年提高了我們的市場滲透率。

市場預期香港股市於2018年仍然樂觀。展望未來，我們旨在透過多元化的產品、以客為本的服務及簡易的交易流程，提供卓越的績效和優質的服務，讓客戶繼續享受我們的「富邦體驗」。

FINANCIAL MARKETS

金融市場

By any account, 2017 was an extraordinary year with interest rates and the currency market exhibiting volatile behaviour. As expected, the U.S. Federal Reserve (“Fed”) raised the Fed Fund Rate three times in 2017, from 0.75% to 1.50%, but their impact on the U.S. economy was mixed. The Fed forecasted three additional rate increases in 2018 and two in 2019 as policymakers projected a short-term jump in U.S. economic growth from the Trump administration’s proposed tax cuts and continuing strong labour market. The impact of various monetary actions taken by the governments of major economies on the global debt market were also mixed with yield curve flattening during the year. On the equity front, the unabated advance in the equity market resulted in an increased demand for equity-related products.

The rise in U.S. interest rates was not mirrored in the Hong Kong dollar market, resulting in the widening of the LIBOR and HIBOR gap. The strong liquidity market in Hong Kong continued to suppress Hong Kong dollar interest rates while the local currency weakened against the greenback starting in October 2017, almost touching the upper limit of the U.S. peg rate. There is still the risk of softening of the local money market liquidity due to new and changing fiscal and monetary measures in the U.S. and the E.U. Therefore, we have taken steps to strengthen the Bank’s liquidity and currency positions to better prepare ourselves for any market downturns. To assist our customers to mitigate their interest rate and currency risks, we also developed a number of treasury products to broaden our product range and to further enhance the “Fubon Experience”.

INVESTMENT PORTFOLIO

In 2017, we continued to follow a prudent investment strategy to focus on good credit quality names while ensuring appropriate diversification in terms of geography, currency and industry. During the year, we increased investments in government and supranational bonds to improve portfolio liquidity, and selectively increased holdings in corporate bonds issued by high-quality enterprises for yield enhancement. We were able to maintain a high-credit-quality portfolio with an overall credit rating of “A”, unchanged from the previous year.

利率及貨幣市場於2017年表現動蕩，令2017年極不平凡。一如預期，美國聯邦儲備局（「聯儲局」）於2017年將聯邦基金利率由0.75%上調三次至1.50%，惟調息對美國經濟的影響好壞參半。由於政策制訂者預期特朗普當局的減稅政策及勞工市場持續向好將為美國經濟帶來短期增長，聯儲局預測2018年及2019年將分別進行三次及兩次的額外加息。主要經濟體政府採取的各種貨幣措施對全球債務市場的影響亦好壞參半，本年度收益曲線平緩。股市持續走高亦令股票相關產品的需求增加。

美國利率上調並未反映在港幣市場，導致倫敦銀行同業拆息及香港銀行同業拆息差距增大。香港強勁的流動資金市場繼續壓抑港幣利率，本地貨幣兌美元由2017年10月起開始貶值，幾乎觸碰美元聯繫匯率的上限。美國和歐盟的新訂以及不斷改變的財政和貨幣政策，令本地貨幣市場流動性仍有減弱風險。因此，我們已採取措施增強本行的流動資金及貨幣持倉，為市場可能出現下行情況而作出充足準備。為協助我們的客戶降低其利率及貨幣風險，我們開發了多種財資產品，以擴闊產品種類及進一步提升「富邦體驗」。

投資組合

2017年，我們繼續審慎的投資策略，著重具備良好信貸質素的公司並把投資適當地分散在不同的地域、貨幣及行業。年內，我們增加了政府債券及超國家機構債券的投資，以提高組合的流動性，並選擇性地增持優質企業發行的企業債券以提高收益。我們維持著高信貸質素的組合，整體信貸評級與去年一樣為A等級。

Global central banks are expected to shift towards tighter monetary policies in 2018 as inflation rises and the global economy grows more robust. We will maintain an optimal risk-return strategy aiming to further improve liquidity of our investment portfolio in the coming year.

TREASURY MARKETING AND FLOW INVESTMENT PRODUCTS

We continued to broaden products and services to meet the diverse needs of our customers. We focused on promoting Treasury Products and Client Solutions, including structured deposit, equity-linked products, currency-linked products, foreign-exchange-related products, as well as bond investment services to both corporate and wealth management customers.

Benefitting from the bullish equity market momentum last year, turnover of equity-linked products jumped. Revenue generated from equity-linked products increased by 384% during the year. Also, revenue from Foreign Exchange ("FX") margin interest accounted for 13% growth due to several interest rate hikes.

In addition to investment products, we also offered a wide range of hedging products to customers. We provided customers with timely market information and insights to mitigate their currency exposure and interest rate risk. In the context of growing Renminbi ("RMB") usage in trade finance and international payment, we offered customers a number of RMB-related products to hedge currency risk and maximize gains from the emerging RMB FX market. Under the current interest rate hike environment, we are looking forward to providing more interest rate hedging solutions to help our customers stabilize their borrowing costs. We will continue to study customers' product preferences and requirements to enhance our product distribution capabilities.

FUNDING AND INTEREST INCOME

Although commercial banks in Hong Kong kept their prime rates unchanged and market liquidity generally remained ample throughout the past year, funding costs increased with the rise in HIBOR, albeit at a slower rate compared to LIBOR. The vibrant equity market, especially in the fourth quarter when a number of popular initial public offerings were launched, also pushed up short term rates.

Under such challenging circumstances, the Bank still managed a 4% increase in net interest income and maintained a healthy liquidity maintenance ratio at an average level of 50.52% for the year.

As we are entering a period of potentially higher interest rates with volatility in financial markets and geopolitical risks, we will continue to follow a prudent funding strategy and will explore new funding sources to further enhance our liquidity and remain vigilant to safeguard the interests of the Bank and of our customers.

由於通脹上升及全球經濟增長更為強勁，預期全球中央銀行的貨幣政策於2018年更趨嚴緊。我們將維持平衡的風險回報策略，旨在於來年進一步改善投資組合的流動性。

金融行銷及投資產品

我們繼續擴闊產品及服務，以滿足客戶的多元化需要。我們專注於向企業及財富管理客戶推廣財資產品及客戶方案，包括結構性存款、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。

受惠股市於去年強勁增長，股票掛鈎產品的成交量大增，來自股票掛鈎產品的收益於年內上升384%。此外，多次加息亦令外匯孖展利息收益增長13%。

除投資產品外，我們亦向客戶提供多種對沖產品。我們向客戶提供及時的市場資訊及行情，以降低其貨幣風險及利率風險。由於人民幣在貿易融資及國際支付方面的使用率日漸增加，我們向客戶提供多種人民幣掛鈎產品，以對沖貨幣風險並提高來自新興人民幣外匯市場的收益。在現時的加息環境下，我們期望提供更多利率對沖方案，以協助客戶穩定借貸成本。我們將繼續研究客戶的產品偏好及要求，以加強產品分銷的能力。

資金及利息收入

儘管去年本港商業銀行維持其最優惠利率不變、市場流動性亦維持充裕，但資金成本跟隨香港銀行同業拆息增加，而增長步伐則相對倫敦銀行同業拆息較慢。交投活躍的股市（尤其於第四季推出了數次受歡迎的首次公開發售）亦推高短期利率。

在充滿挑戰的環境下，本行的淨利息收入仍維持4%的增長率，平均流動性維持比率為50.52%，保持穩健水平。

由於我們正進入一個可能出現更高利率、波動的金融市場及地緣政治風險的時期，我們將維持審慎的投資策略，開拓新的資金來源，進一步加強資金流動性及保持謹慎，以保障本行及客戶的利益。

RISK MANAGEMENT & COMPLIANCE

風險管理及合規監控

RISK MANAGEMENT

Credit Risk Management

Both the Hong Kong and Mainland China economies continued to strengthen in 2017, with rising consumer confidence, high property prices and low unemployment along with a low interest rate environment. Our credit quality showed a marked improvement over the year, underpinned by little deterioration in the performance of loan assets and a noticeable reduction in loan impairment charges.

There is an ongoing exercise in the Bank to vigorously review its credit practices to ensure its resilience against changing market conditions while at the same time fully complying with evolving regulatory requirements. Robust stress tests and portfolio analyses were performed regularly in 2017 to ensure that the Bank could withstand unanticipated financial market turmoil and to safeguard the Bank's financial position against asset quality deterioration.

In 2018, we will continue to strengthen our credit risk management through system development and by expanding the use of decision-making and stress-testing models. We aim to streamline the credit process and improve data integrity by developing a new credit origination system. Together with the phased-in launch of a new core banking system, the Bank will be equipped with a more robust and environmentally-friendly credit risk management system.

Market Risk Management

Market sentiments were generally good in 2017 with equity markets making good gains and interest rates rising in the United States and Hong Kong. Investors' confidence was high as evidenced by the strong local stock market and an all-time high property price index. Volatility is expected to rise in 2018 as uncertainties in the global political and monetary policies mean central banks will need to pay more attention to domestic and international political events when setting monetary policies that will affect investment sentiments.

We will continue to monitor and manage the risks associated with the Bank's trading and investment activities. The implementation of the new treasury system in 2017 gave the Bank a more efficient and effective risk monitoring system and enabled us to adjust our activities in a more timely way to respond to the rapidly changing market environment.

風險管理

信貸風險管理

香港及中國內地經濟於2017年繼續強勁增長，在低息環境下，消費者信心高漲、樓價高企、失業率亦處於低位。由於貸款資產表現稍微轉差及貸款減值大幅下降，我們的信貸質素於去年顯著改善。

我們一直積極檢討本行的信貸業務，確保我們在適應瞬息萬變的市況時，亦能完全遵守不斷變化的監管規定。我們定期進行壓力測試及組合分析，確保本行能抵禦金融市場上無法預計的動盪，保障本行的財務狀況免受資產質素惡化影響。

我們將於2018年透過系統開發及拓展決策及壓力測試模型的使用，以持續增強我們的信貸風險管理。我們將開發一套新的信貸系統，以簡化信貸流程及提高數據完整性。連同新核心銀行系統的逐步推出，本行將擁有一套更完整及更環保的信貸風險管理系統。

市場風險管理

2017年的市場氣氛整體良好，美國及香港股市收益可觀以及利率上調。本地股市強勁以及物業價格指數高企，令投資者信心高漲。全球政治及貨幣政策的不確定性意味著中央銀行於制訂對投資氣氛構成影響的貨幣政策時須更關注當地及國際政治事件，預期波動的市況將於2018年升溫。

我們將繼續監察及管理本行的交易及投資活動的有關風險。於2017年推出的全新財資系統提高了本行風險監察系統的效率和效益，令我們能更及時作出調整，以應對急速變化的市場環境。

Operational Risk Management

In 2017, the Bank further enhanced its Control Self-Assessment ("CSA") Programme by establishing an independent unit for performing the regular CSA assessments for all departments of the Bank. 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 maintain a sound internal control environment.

COMPLIANCE

A holistic and effective compliance risk management framework has been established in the Bank to ensure our activities are conducted in accordance with applicable laws and regulations. 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 developing 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, we continued to conduct our accredited training courses on Compliance and Anti-Money Laundering in 2017 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. In 2017, we successfully applied for accreditation of our internally developed Certificate in Banking Compliance Course. This is the first in-house accredited compliance training programme among all the banks in Hong Kong and it is equivalent to a specific level in the Qualifications Framework of the HKSAR Government.

The Bank is committed to the continuous enhancement of staff competency and has participated actively in the licensing regime of Enhanced Competency Framework on Anti-Money Laundering and Counter-Terrorist Financing. All our practicing staff have met the qualification requirements of this competency framework.

A new Business Compliance Department was established in 2017 under the Compliance & Anti-Money Laundering Division. This new department, staffed by a team of compliance managers with specialized knowledge in various business lines, has the key mandate to conduct control self-assessments on those business lines to ascertain the Bank's compliance status of the main regulatory requirements.

In 2018, we will continue to take concrete steps to strengthen the effectiveness and efficiency of our compliance function and stay vigilant about ever-changing compliance and anti-money laundering regulations. By providing adequate training, conducting comprehensive reviews of our compliance risk profile, strengthening both the customer risk assessment mechanism and the transaction monitoring system, we will be able to stay abreast of the new regulatory requirements and best market practices.

營運風險管理

本行於2017年成立一個獨立單位，定期執行全銀行各部門的自我監控評估，從而提升自我監控評估計劃。我們於年內檢討持續業務運作計劃，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，本行將繼續促進及提升風險管理文化意識，並維持一個穩健的內部監控環境。

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。我們的合規框架亦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，我們不僅致力發展健全的合規框架，並同時推動機構內各階層透徹了解的良好合規文化。

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水平，並作為我們全面及有系統的培訓之一部分，我們於2017年繼續舉辦「合規及反洗黑錢」的認可培訓課程。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市場慣例。於2017年，我們成功將本行設立的「銀行合規監控證書課程」申請成為認可課程。此為香港銀行業首個獲認證的內部合規監控培訓課程，並等同於香港特別行政區政府資歷架構的指定級別。

本行一直致力提升員工的能力水平並參與「銀行專業資歷架構—打擊洗錢及恐怖分子資金籌集」的發牌制度。我們負責從事相關工作之員工均符合該資歷架構的要求。

於2017年，本行於合規及反洗黑錢部成立新設的商業合規部門。此新部門由來自不同業務部門兼擁有專門知識的合規經理組成，主要負責為該等業務進行自我監控評估，確保本行遵守主要的監管規定。

我們於2018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。我們將提供充足的培訓、全面審視合規風險概況、增強客戶風險評估機制及交易監察系統，以緊貼新監管要求及最佳的市場常規。

INFORMATION TECHNOLOGY & OPERATIONS

資訊科技及營運

INFORMATION TECHNOLOGY

In 2017, the Bank entered the fourth year of its 5-Year Strategic Information Technology (“IT”) Plan. We recognize that IT has become the foundation and the platform that enables a financial institution to be successful. We also understand that electronic delivery channels are crucial to our customers. For these reasons, we have invested heavily over the years to rebuild and improve our IT infrastructure and delivery channels.

We introduced two-factor authentication (“2FA”) using hardware tokens, and insourced the operation and development of Personal Electronic Banking (“PEB”). As a result of these programmes, we are able to provide faster and better service to our customers. With our new delivery channel infrastructure, the Bank has introduced a Person-to-Person Payment service (“JETCO Pay”), a new generation of Mobile Banking, e-forms, e-Cheque and virtual teller machine (“i-Teller”) services. Nevertheless, to keep pace with the advances in FinTech, we are developing biometrics, software tokens and Open Application Programme Interface, which will be introduced to PEB in 2018 and early 2019.

Apart from the above, the Bank is in the process of replacing its Core Banking System (“CBS”) and has successfully implemented the Customer Information File module, which allows us to have a 360-degree view of customer information. The replacement of the customer deposit and retail loan module is the second phase of the CBS and is planned for completion by the end of 2018. The final phase of the CBS Project will be completed by 2019 after the implementation of the corporate loan and Central Liability module. The new CBS will enable us to launch new products more quickly, which is important to banks in Hong Kong due to the rapid change in customer services brought about by FinTech.

資訊科技

2017年，本行的五年期策略性資訊科技計劃已進入第四個年頭。我們深明資訊科技已成為金融機構成功的基石及平台。我們亦了解電子服務渠道對客戶而言十分重要。因此，我們於過去數年作出重大投資，重塑及優化我們的基礎設施及服務渠道。

我們推出採用硬件認證的雙重認證服務，並把個人電子銀行系統的營運及研發搬回本行內部執行。藉此，我們能夠向客戶提供更快捷及優質的服務。憑藉我們新的服務渠道設施，本行推出了個人對個人轉賬服務（「JETCO Pay」）、新一代的流動理財、電子表格、電子支票及虛擬櫃員機（「i-Teller」）服務。此外，為緊貼金融科技的步伐，我們正發展生物識別、軟件認證及開放應用程序界面，並將於2018年及2019年上旬於個人電子銀行系統推出。

除此之外，本行正在更新核心銀行系統，並已成功推出客戶資料文件系統，讓我們能夠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客戶存款及零售貸款系統，並計劃於2018年年底完成。核心銀行系統工程的最後階段，將於2019年推行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，這方面對香港的銀行業而言十分重要，尤其現今金融科技所帶來的客戶服務實在瞬息萬變。

The Enterprise Work Flow (“EWF”) solution is another strategic project of the Bank. It will streamline business processing and improve operational efficiency. We have identified several key business processes that will be transformed by EWF. EWF will take advantage of our existing Document Managing System and will be fully integrated with it to ultimately create a paperless environment internally, as well as for our customers.

OPERATIONS

The Bank is committed to building sustainable office workplaces by incorporating environmental practices to reduce waste, energy and light. We are committed to preserving the natural environment by creating a go-green culture in the Bank. The journey to building a green office involves every employee in the organization, and its success relies on the collective efforts of our staff. We make the most of our participation in government and private sector sponsored go-green activities and programmes and share our experiences with other like-minded organizations. Our “Go Green Together” slogan has become the cornerstone of the “sustainability culture” within the Bank.

With the combined efforts of all staff and the support from our management, we achieved meaningful reductions in the overall consumption of energy, electricity, printing and paper. In 2017, we earned the Charter on External Lightings Award - Platinum Award, Certificate of Energy Saving Charter on “No Incandescent Light Bulbs”, Wastewi\$e Certificate, and Energywi\$e Certificate issued by various governmental and green organizations. With the support of our information technology team, the Bank has established a 5-year plan to create a paperless office and to develop paperless communication and interaction with our customers.

We continued to expand our customer-friendly service areas by refurbishing more branches in 2017. We upgraded our Shatin Branch and Kowloon Main Branch to iBranches with customer service areas that are not only environmentally friendly, but also are designed for customer comfort by providing a relaxing atmosphere that strengthens the “Fubon Experience”.

The Bank was again ranked as one of the top performing banks among 500 banks in the Asian region. We won the Straight Through Processing Award in 2017 for the 11th consecutive year. The Award was presented by our USD clearing bank, the Bank of New York Mellon, in recognition of our excellent quality fund transfer operations. We will continue to maintain our efforts to deliver quality performance in 2018 and beyond.

企業工作流程方案為本行另一項策略性項目，此項目將簡化業務流程並提高營運效率。我們已確定數個將透過企業工作流程而作出變更的主要業務流程。企業工作流程將與我們現有的文件管理系統合併，為本行內部及客戶建立無紙化環境。

營運

本行致力透過實踐環境保育，以減少浪費、能耗和光耗，打造一個可持續的工作環境。我們於本行培育環保文化，以保護自然環境。打造綠色辦公室需要機構內每名員工的參與，其成功亦有賴我們員工的共同努力。我們積極參與政府及私營機構贊助的環保活動及計劃，並與其他機構分享我們的經驗。我們「一同為環保出力」的口號已成為本行「可持續文化」的基礎。

在全體員工的共同努力及管理層的支持下，我們已大幅減少能源、電力、印刷及紙張的整體消耗。於2017年，我們獲得多項由政府及環保組織頒發的獎項，包括《戶外燈光約章》獎項—鉑金獎、「不要鎢絲燈泡」節約章證書、減廢證書及節能證書。在我們資訊科技團隊的協助下，本行已制訂五年計劃，以建立無紙化辦公室以及發展與客戶間的無紙化通訊及互動。

我們於2017年把更多分行進行翻新，繼續拓展以客戶為先的服務範疇。我們把沙田分行及九龍總行升級為iBranch，令本行的客戶服務不僅環保，亦為客戶提供舒適的環境，從而提升「富邦體驗」。

本行再次獲選為亞洲區500間銀行中表現最優秀的銀行之一，於2017年連續11年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。我們將繼續努力，於2018年及日後繼續維持優質的服務表現。

PEOPLE DEVELOPMENT

人才管理及發展

Employee competency was a key focus for the Bank in 2017. This coincided with heightened efforts by regulators to elevate the professional standards of bank employees. To further this objective, regulators introduced such accredited training programmes as Enhanced Competency Framework on Cybersecurity, Anti-Money Laundering/Counter-Terrorists Financing, Treasury Management, and Retail Wealth Management. These fully accredited courses offer recognition to bank staff who successfully complete the courses.

The Bank is committed to ensuring that we are staffed with professionally competent employees, so we offered full financial support to staff who successfully completed the training programmes. While this increased our overall staff costs, we believe it is an essential part of people development that helps to raise the standard of our customer services and leads to a stronger compliance and corporate culture.

In 2017, the Bank arranged 288 training courses for our staff, including the pioneering “Certificate in Banking Compliance” programme, the first ever in-house banking compliance training course accredited by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications under the HKSAR Government’s Qualification Framework, as well as the “Certificate in Corporate and Commercial Banking” programme conducted by seasoned, professional consultants from the industry’s prestigious institute. It highlights our continuous effort to train compliance, risk and control personnel for the banking industry. For the 6th consecutive year, the Bank received the “Manpower Developer” status award given by the Employees Retraining Board (“ERB”) under their ERB Manpower Developer Award Scheme in recognition of the Bank’s continuous achievements in staff development.

提升員工的能力水平為本行於2017年的重點。此舉與監管機構大力提升銀行僱員之專業水平不謀而合。為進一步實現此目標，監管機構推出「銀行專業資歷架構」認可培訓課程，範圍涵蓋網絡安全、打擊洗錢及恐怖分子資金籌集、財資管理及零售財富管理，為成功完成課程的銀行僱員提供認可資格。

本行致力確保我們的員工具備專業的能力水平，因此我們向成功完成培訓課程之員工提供全數的財務資助。儘管此舉增加了本行的整體員工成本，但我們相信這是人才管理及發展的重要一環，有助提升客戶服務的水平，並強化合規及企業文化。

2017年，本行為員工舉辦了288項培訓課程，其中包括開創先河的「銀行合規監控證書課程」，這是銀行業首個獲香港特別行政區政府資歷架構委任之香港學術及職業資歷評審局認可的內部銀行合規培訓課程；此外亦包括由來自業內著名機構兼經驗豐富及專業的顧問提供的「企業及商業銀行證書課程」，可見本行一直致力為銀行業培育合規、風險及監控方面的人才。本行已連續第六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的成效。

The Bank continued to streamline and automate Human Resources ("HR") related processes to enhance effectiveness and efficiency. Two new systems, e-Leave and e-Quiz, were launched in 2017. The e-Leave system not only enabled staff, supervisors, department coordinators and HR staff to handle leave applications easier, it also greatly reduced paper consumption – a big step towards achieving our mission of a paperless office. The eQuiz system, for training assessment and evaluation, contributed to better accuracy and efficiency and also reduced paper consumption.

Since its inception, the Bank has conformed to the four core values of Fubon Financial Holdings and it expects all staff to meet our cultural and behavioural standards. In 2017, we established a Bank Culture Statement and formulated a Policy on Bank Culture to promote appropriate behaviour by all staff and to better monitor the development of a proper corporate culture.

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 also engage outside consultants to provide us with a benchmark of industry HR practices and market employee compensation structures to ensure that the Bank is a competitive employer. Towards this goal, we introduced new vacation entitlements benefit (birthday leave) in 2017. Recognizing that career development is an important feature for staffing stability, we have put in place several programmes to put this into practice.

Another important aspect of staff development is to ensure the personal well-being of our staff. We constantly strive to provide a balanced lifestyle for our employees. In 2017, we organized a series of Lunch and Learn sessions for staff, covering such topics as Stress Management, Aromatherapy, Go Green Office, Tour de Okayama, and Balloon Twisting, to help inspire our staff and show them different ways to enhance their lives.

On the social front in 2017, our employees enjoyed many staff activities and events organized by the Staff Recreation Committee, including our Annual Dinner, Movie Ticket Concession, Complimentary Coffee Coupons, and many more. We are also proud of our staff's commitment to sports and wish to congratulate our Fubon Football Team for winning first runner-up in the Lenovo League Cup Championship and second runner-up in the 8th ICBC League Cup. Also, our Fubon Basketball Team, which was just established in mid-2017, won second runner-up as part of the Overseas Joint Team with Fubon Bank (China) and Xiamen Bank in the Basketball Competition of Fubon Financial Holdings.

本行繼續精簡及自動化與人力資源相關的流程，從而提高效益及效率。本行於2017年推出了e-Leave及e-Quiz兩個新系統。e-Leave系統不僅令員工、主管、部門聯絡人及人力資源部員工能更輕鬆地處理假期申請，亦大幅減少了紙張的消耗，向實現無紙化辦公室邁進了一大步，而用於評估及評核培訓課程的e-Quiz系統則提高了準確度和效率，並降低了紙張消耗量。

自成立以來，本行一直恪守富邦金控的四大核心價值，並期望旗下員工能符合我們的文化及行為標準。2017年，本行確立了銀行文化聲明，並制訂了銀行文化政策，向全體員工提倡適當的行為及更有效地監察企業文化之發展。

為實踐本行長遠的企業使命，我們持續檢討本行吸引及留聘優秀僱員之能力。一般而言，我們進行調查以及聘請外界顧問，提供業界人力資源的慣例及市場的僱員薪酬架構基準，確保本行繼續成為具競爭力的僱主。為實現此目標，我們於2017年推出全新的休假福利(生日假期)。我們意識到職業發展為員工穩定性之重要元素，並已推行多項提升員工發展的計劃。

員工發展之另一主要方面，是確保員工的身心健康。我們一直致力為員工提供均衡的生活方式。我們於2017年為員工舉辦了一系列午餐時段學習課程，涵蓋壓力管理、香薰療法、環保辦公室、岡山之旅及扭氣球班等，從而啟發員工及介紹提升生活模式的各種方法。

在員工活動方面，本行員工康樂委員會於2017年為員工舉辦了多項活動，包括週年晚會、電影戲票優惠、咖啡優惠券等。我們亦為員工積極參與體育活動而感到驕傲，並藉此祝賀富邦足球隊榮獲「聯想聯賽盃」亞軍及第八屆「工銀亞洲聯賽」季軍。此外，我們於2017年年中成立的富邦籃球隊亦成為海外聯隊的一員，與富邦華一銀行及廈門銀行共同贏得富邦金控籃球賽的季軍。

CORPORATE SOCIAL RESPONSIBILITY

企業社會責任

Corporate social responsibility is recognized as an important aspect of our Bank's business mission and is an integral part of our corporate culture. While we strive to provide the highest quality financial services to our customers, we proactively seek ways to establish a business model that contributes towards the development of both a sustainable economy and environment.

As a responsible corporate citizen, we attach great importance to caring and contributing to the community. We continued to work in partnership with different charitable organizations to ensure we leverage our core business and strengths to achieve positive community impact. During the year, we actively participated in a diverse range of charitable activities, covering environmental protection, sports and the arts, as well as social welfare and assistance to the needy in Hong Kong.

To proactively spread the message of caring, we encourage employees' participation in various community and charitable activities for children, the elderly, the underprivileged and the disabled. Involving our employees in meaningful community initiatives brings mutual benefits for the staff and the community. We will continue to offer volunteer services opportunities to our colleagues so they can strengthen their communication skills while serving the needy and also enjoy the rewarding experiences gained through volunteering.

Recognizing that "Happiness comes from giving", our employees share the same commitment as the Bank in giving back to the community. In recognition of our enthusiasm for performing community services, the Bank was awarded the 10 Years Plus Caring Company Logo 2017/18 by The Hong Kong Council of Social Service. The table below showcases our dedication to building a more cohesive community throughout 2017.

企業社會責任為本行企業使命重要的一環及企業文化不可缺少的部分。我們致力向客戶提供高質素的金融服務，同時亦積極建立一種促進經濟及社會永續發展的商業模式。

作為盡責的企業公民，我們著重關愛以及造福社區。我們持續與不同慈善機構合作，利用我們的核心業務及優勢為社區帶來正面的影響。年內，我們積極參與各類型的慈善活動，範圍涵蓋環保、體育和藝術以及社會福利，並向香港有需要人士提供協助。

為積極傳遞關愛的訊息，我們鼓勵員工參加為兒童、長者、弱勢社群及殘障人士舉辦的各類社區及慈善活動，而員工參與有意義的社區活動亦可為他們及社區帶來共同利益。我們將繼續向員工提供參與義工服務的機會，讓他們在服務有需要人士的同時亦增強溝通技能，並透過參與義工服務獲取寶貴的經驗。

我們的員工深明「快樂源自付出」，並與本行一起實踐回饋社會的承諾，本行榮獲香港社會服務聯會頒發2017/2018年度10年Plus「商界展關懷」標誌，以肯定我們在社區公益活動方面的熱忱。下表展示了我們於2017年為建設共融社會而作出的努力：

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	Donation to "Beauty and the Beast" Charity Movie Sharing 「美女與野獸」慈善電影分享會捐款	Foodlink Foundation Limited 膳心連基金有限公司
May 5月	One-day Tour to Po Lin Monastery & Tai O with Singleton Elders 寶蓮寺、大澳耆樂之旅	Windshield Charitable Foundation 宏施慈善基金
June 6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
August 8月	Donation to Charity Golf Day 慈善高爾夫球日捐款	Hong Kong Impaired Golfers Association 香港障健高爾夫球協會
September 9月	Po Leung Kuk Charity Raffle 2017 保良局慈善獎券2017	Po Leung Kuk 保良局
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 Weaving Workshop 保良局兒童同樂日－雙人《一一織》編織工作坊	Po Leung Kuk 保良局
October 10月	“Fubon Caring 1+1” Child Sponsorship Programme 2017/18 「富邦銀行 愛心共顯1+1」保良局兒童助養計劃2017/2018	Po Leung Kuk 保良局
November 11月	Bronze Sponsor at “Banana Fallout Fever” 「蕉夫@大埔」競技慈善賽暨嘉年華銅贊助	Stewards 香港神託會
November 11月	Donation to the Fund-raising Concert “A Night of Movie, Music & Melodies” 「光影樂韻夜」籌款音樂會捐款	Hong Kong Chinese Orchestra 香港中樂團 Hong Kong Spinal Cord Injury Fund 香港脊髓損傷基金會
December 12月	Celebrating the Winter Solstice with Singleton Elders 冬至享耆樂	Windshield Charitable Foundation 宏施慈善基金

The Bank is also committed to reducing the environmental impact of our operations by driving technology upgrades that help our employees and customers achieve environmental sustainability. We are actively making our banking services less paper intensive, and we have transformed selected branches into iBranches where customers can conduct banking transactions in a paperless environment. We will be expanding the iBranch network by converting our existing traditional branches using this new model. In addition, we have launched an incentive campaign to encourage customers to access a range of our banking products and services and to conduct transactions through our newly revamped website which provides better customer experiences.

Looking ahead, Fubon Bank will remain focused on contributing to the sustainable development of the economy, society and the environment. At the same time, we will continue to drive business growth and to promote our vision of creating greater value for our customers, shareholders, employees and the community while enhancing the value of our brand.

本行亦致力透過技術提升以降低營運對環境帶來的影響，協助我們的員工及客戶實踐環境永續。我們正積極降低本行銀行服務的耗紙量，並把部分分行轉型為iBranch，讓客戶於無紙化的環境進行銀行交易。我們將繼續採用此新模式打造現有的傳統分行，擴展iBranch的網絡。此外，我們亦推出宣傳活動，鼓勵客戶透過我們的全新網站，了解本行一系列的銀行產品及服務以及進行交易，為客戶帶來更佳的銀行體驗。

展望未來，富邦銀行將繼續專注為經濟、社會及環境的永續發展作出貢獻。與此同時，我們將繼續推動業務增長，致力在提高品牌價值的同時，亦為客戶、股東、員工以及社會締造更高價值。

BANK NETWORK

銀行網絡

Head Office 總辦事處

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
Tel 電話 : (852) 2842 6222
Fax 傳真 : (852) 2810 1483
Website 網址 : www.fubonbank.com.hk

Branches 分行

Hong Kong 香港

Central Main Branch 中環總行

Fubon Bank Building, 38 Des Voeux Road Central
德輔道中38號富邦銀行大廈

Causeway Bay 銅鑼灣

G/F, Shing Wah Mansion, 455-457 Hennessy Road
軒尼詩道455-457號勝華樓地下

Chai Wan 柴灣

Shops 82-83 & 85-86, Lower G/F, Koway Plaza,
111 Chai Wan Road
柴灣道111號高威廣場地下82-83及85-86號舖

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

Shop 2, G/F, Wu Chung House, 213 Queen's Road East
皇后大道東213號胡忠大廈地下2號舖

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

Taikoo Shing 太古城

Suite 1507, 15/F, Cityplaza Four, Taikoo Shing
太古城中心第4座15樓1507室

Wan Chai 灣仔

Shop A2, G/F, Lucky Centre, 165-171 Wan Chai Road
灣仔道165-171號樂基中心地下A2號舖

Western District 西環

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

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

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

Yuen Long 元朗

Rooms 603 & 604, HSBC Building,
150-160 Castle Peak Road
青山公路150-160號匯豐大廈603-604室
Tel 電話: (852) 2842 7558

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

FB Investment Management Limited

富銀投資管理有限公司
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
Tel 電話: (852) 2842 6222 Fax 傳真: (852) 2537 5958

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 ("AIs") which the HKMA expects the AIs to adopt in respect of their corporate governance.

The Bank, which 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(「認可機構」)，而金管局希望認可機構就彼等之企業管治予以採納。

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分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 in a manner consistent with the policies of its holding company, and as such, establishing, approving and reviewing policies, codes of conduct, guidelines and systems of the Bank as it considers necessary and appropriate;
- establishing, approving and reviewing risk management strategies and policies of the Bank to ensure that the various types of risk inherent with the Bank's operations and business (including credit, market, interest rate, liquidity, operational, reputation, legal and strategic) are regularly identified, measured, monitored and controlled;
- 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;
- ensuring that the Bank fully understands and complies with the provisions of section 83 of the Banking Ordinance on connected lending and has established a policy on such lending; and
- overseeing the business of the Bank and managing the Bank through delegating duties and responsibilities to the Chief Executive Officer and Managing Director or through the appointment of Directors to specialised Board committees with all decisions and approvals being reported to the Board regularly.

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：

- 確定本行之業務目標，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以與本行控股公司政策一致的方式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制定、批准及審核政策、行為守則、指引及系統；
- 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；
- 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；
- 確保本行職員完全理解及遵守《銀行業條例》第83條之有關關連借貸之條文，並就該等借貸訂立政策；及
- 監察本行之業務及透過委派職責及責任予行政總裁兼董事總經理，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。

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.

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 his 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.

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。

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董事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。

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises the Non-Executive Chairman, Non-Executive Vice Chairman and three 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 establishes 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, 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.

The committee reviews and approves the remuneration for Directors, members of board-level committees, Senior Management and Key Personnel (as defined under the Remuneration Policy of the Bank).

In December 2017, the committee is mandated to assist the Board in establishing the Bank's culture 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.

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

Audit Committee

The Audit Committee comprises three members including one Non-Executive Director and two 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.

提名及薪酬委員會

提名及薪酬委員會由本行的非執行主席、非執行副主席及三名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（執行和非執行），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。

該委員會定期審查是否每位現任董事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建議變動。

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

該委員會於二零一七年十二月獲授權協助董事會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待客的原則。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二次會議。

審核委員會

審核委員會由三名成員組成，包括一名非執行董事及兩名獨立非執行董事。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，並在有需要時舉行特別會議。

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。

During the financial year, 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 should include the Internal Audit Charter and its approval, the annual audit plan, internal audit reports and special investigation reports issued, and ensure 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.

The Audit Committee held four meetings during the year.

Risk Committee

The Risk Committee comprises five members including one Executive Director, one Non-Executive Directors 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 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 implementing risk management systems 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 operate as a general management function under the auspices of the Board.

The Executive Committee held seven meetings during the year.

於本財政年度內，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。

審核委員會亦須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。

審核委員會於年度內舉行了四次會議。

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確認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常規。

風險委員會須要確保負責實施風險管理系統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

執行委員會由本行非執行主席、非執行副主席及執行董事組成，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執行一般管理職能。

執行委員會於年度內舉行了七次會議。

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, credit risk profile and other credit related matters which require the approval of the Board. The Executive Credit Committee will meet as required.

The Executive Credit Committee held thirty meetings during the year.

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。其獲授權批核須獲董事會批准的信貸建議、信貸政策、信貸風險及其他信貸相關事項。執行信貸委員會於需要時召開會議。

執行信貸委員於年度內舉行了三十次會議。

KEY MANAGEMENT LEVEL COMMITTEES

In addition to the Board level committees, five 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 and Compliance Committee, Credit Committee and Information Technology Steering Committee.

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 as 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 and objectives and the financial performance of the Bank.

Asset and Liability Committee

The Asset and Liability Committee (“ALCO”) comprises the 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 Risk Committee of the Board's approval 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 Board and reviews actual performance.

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、信貸委員會及資訊科技督導委員會。

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，及其所委任的相關高級管理人員組成。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。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，並監測進展情況。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及宗旨及財務表現。

資產負債委員會

資產負債委員會由行政總裁、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。

Internal Control and Compliance Committee

The Internal Control and Compliance Committee ("ICC") comprises the Bank's CEO, Executive Vice Presidents, Head of Control and 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, overseeing the Bank's regulatory compliance and anti-money laundering ("AML") activities, ensuring the Bank has in place an effective internal control and compliance framework, assisting the Risk Committee in establishing a sound internal control and monitoring system to ensure overall compliance within the Bank.

To ensure an effective internal control and compliance framework is in place, the ICC reviews policies and approves guidelines relating to control and regulatory compliance risks, receives and discusses reports submitted by various risk management units and promotes internal control and compliance culture. To maintain the Bank's overall regulatory compliance standards, the ICC and its sub-committee review and discuss major compliance or AML or operational risk events, latest developments in statutory or regulatory requirements applicable to the Bank, progress of implementation of new statutory or regulatory compliance requirements and progress of rectification of audit findings.

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 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 which require the approval of the Executive Credit Committee.

The CC will also conduct 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. In this regard, 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 providing oversight of the Bank's key information technology governance objectives. The committee meets monthly to approve long and short-term information technology strategies to ensure they are in line with the Bank's business strategy and priorities; approve funding and determine prioritization of information technology enabled investment projects; discuss status of key projects escalated from Information Technology Management Committee and upon request; and manage major information technology risk issues and their remediation.

內部監控及合規委員會

內部監控及合規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，審查本行合規及反洗錢活動，確保本行推行有效之內部監控及合規架構，以及協助風險委員會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及合規架構，內部監控及合規委員會有責任審查與監控及監管合規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及合規文化。為了維持銀行整體監管合規標準，內部監控及合規委員會及其屬下委員會會審查及討論重大合規或反洗錢或操作風險事件、適用於本行之法定或監管規定之最新進展、實施遵從新法定或監管規定要求及改正審計發現之進展進行。

信貸委員會

信貸委員會每周會晤，其授權為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。

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。

信貸委員會亦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。信貸委員會亦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方針。委員會每月召開會議以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；批准資金及釐定享有資訊科技的投資項目的優先次序；應要求討論由資訊科技管理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其補救方法。

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, reputation, legal and strategic risk. Various 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 as advised by the Risk Committee, and are reviewed regularly by the Risk 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.

Specific product committee comprising senior executives from risk management, legal, compliance and financial control is responsible for risk assessment for new products and services, from both the Bank's and customer's perspective, as well as compliance with regulatory requirements before launch.

ANTI-MONEY LAUNDERING

The Bank has in place stringent internal guidelines and procedures in combating money laundering and drug trafficking, and fighting against terrorist financing. All staff members are required to comply with these guidelines and procedures in the process of conducting customer due diligence and transaction monitoring to ensure that prevention of money laundering policies, guidelines, procedures, and controls are properly and diligently implemented. With the support of the Board of Directors, management of the Bank has been actively promoting a strong Anti-Money Laundering Culture, to ensure compliance with all relevant laws and regulations.

INTERNAL CONTROLS

The Board is responsible for the Bank's system of internal control and for reviewing its effectiveness through the Audit 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 provide effective governance and risk management, reliable and timely reporting of financial and management information, and compliance with relevant laws and regulations, supervisory guidelines, market codes and standards, as well as internal policies and procedures.

風險管理

風險委員會為董事會轄下委員會，經考慮風險的當期及前瞻方面，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制，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制經風險委員會建議並由董事會批准，並由風險委員會定期檢討。

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制監控本行的風險狀況，及於出現嚴重偏離經批准風險限制的情況時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以履行職責。

由風險管理、法律、合規及財務控制高級行政人員組成的特別產品委員會負責從本行及客戶角度對新產品及服務進行風險評估以及於推出產品前確保遵守法定規定。

打擊洗錢

本行已訂立嚴謹的指引及程序以打擊洗錢、販毒和恐怖分子資金籌集活動。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，以確保防止洗錢的政策、指引、程序和控管措施得以妥善及切實地執行。於董事會的支持下，管理層積極推動強大的反洗錢文化，以確保適當地符合所有相關法律和法規。

內部監控

董事會亦經審核委員會負責本行的內部監控系統及檢討其有效性。管理層亦負責設計、實施及維持內部控管主要責任。

本行的內部監控系統包括一系列措施以提供有效管治和風險管理、可靠和及時地報告財務及管理資料，並遵守相關法律和法規、監管指引、市場守則和準則，以及內部政策和程序。

The measures include:

1. Functional committees established with responsibilities to monitor risks and controls in specific areas of potential risk.
2. A clear organization structure with well defined authorities and responsibilities to enable effective checks and balances.
3. All major Bank policies are set and approved by the Board. The policies and procedures provides 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 in place to identify and manage risks associated with the Bank's business and operations.
5. Risk management reports being submitted regularly to the respective committees assigned for monitoring and assessment of risks associated with the Bank's business and operations.
6. Compliance Department of the Bank monitoring changes and developments of relevant laws, regulations and standards applicable to the Bank's activities and ensuring that senior management and relevant units are duly aware of the changes and in a position to take appropriate measures to ensure continued compliance.
7. Compliance reviews being conducted by independent unit on an on-going basis to ensure compliance with applicable laws and regulations, standards, guidelines and codes of practices.

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 compliance with laws, regulatory guidelines and internal control policies, and to report major findings and agreed rectification measures to the Board's Audit Committee for review and comments on a quarterly 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**, 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. Additionally, 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.

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 believes that the promotion of a good corporate culture will contribute towards the success of the Bank and the establishment of the Bank as a good corporate citizen.

措施包括：

1. 成立功能委員會以為特定潛在風險範疇進行風險監察和監控。
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制定和批准。該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. 為識別及管理本行可能面對的風險，已制定風險管理政策和程序。
5. 有關風險管理報告會定期呈交予獲指派監察及評估與本行業務及營運有關的風險的各有關委員會。
6. 本行的合規部門負責監管與本行業務有關法律、法規及準則的變化及發展，並確保高級管理層及有關單位正式知悉該等變化，做好準備採取適當措施達至合規。
7. 業務及職能單位持續執行合規審查對本行營運作出監控，以確保妥為遵守適用法律法規、準則、指引及業務守則。

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內部控管制度及法律、法規指引和內部控管政策的遵循情況，並每季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，並期望每位員工了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。此外，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。

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。

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 should 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 developed a Culture Policy to clearly explain the Bank's expectations and requirements, and to establish a clear guideline in evaluating employee performance in this respect.

The Board of Directors of the Bank, through its Nomination and Remuneration Committee, is responsible to ensure that a program is in place to effectively promote and maintain a sound business culture among all its employees.

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 behavior 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. 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 Behavioral 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，並為評估員工於此方面的表現提供清晰指引。

本行董事會透過其提名及薪酬委員會負責制訂相關計劃，以推廣及發展本行良好的企業文化。

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，並期望每位員工了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

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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 2017.

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 2017 are set out in Note 22 to the financial statements.

SHARE CAPITAL

Details of the share capital of the Bank are set out in Note 32 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 2017 is set out in the consolidated statement of comprehensive income on page 64. The state of the Group's affairs as at 31 December 2017 are set out in the financial statements on pages 64 to 191.

No interim dividend was paid for the year ended 31 December 2017 (2016: Nil).

The Directors do not recommend a payment of final dividend in respect of the year ended 31 December 2017 (2016: 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」)截至二零一七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二零一七年十二月三十一日的詳情載於財務報告附註22。

股本

本行的股本詳情載於財務報告附註32。

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

本集團截至二零一七年十二月三十一日止年度的業績載於第64頁綜合全面收益表。有關本集團於二零一七年十二月三十一日的業務狀況載於第64至191頁的財務報告。

於截至二零一七年十二月三十一日止年度，本行無派付中期股息(二零一六年：無)。

董事並不建議派付截至二零一七年十二月三十一日止年度末期股息(二零一六年：無)。

REPORT OF THE DIRECTORS 董事會報告書

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

Vivien HSU Woan-Meei (*resigned on 1 September 2017*)

Eric CHEN Sun-Te

Roman CHENG Yao Hui (*appointed on 14 March 2018*)

Independent Non-Executive Directors

Robert James KENRICK

Moses TSANG

Hung SHIH

The names of Directors who have served on the boards of the subsidiaries of the Bank during the year ended 31 December 2017 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

Patrick HO Kum Loon (*resigned on 2 January 2017*)

Paul CHAN Yue Yuen

ROTATION OF DIRECTORS IN THE FORTHCOMING ANNUAL GENERAL MEETING

In accordance with Article 77 of the Bank's Articles of Association, Roman Cheng Yao Hui will hold office until the 2017 Annual General Meeting and, being eligible, offer himself for re-election.

In accordance with Article 81 of the Bank's Articles of Association, Ming-Chung (Daniel) Tsai, Raymond Wing Hung Lee and Moses Tsang 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

許婉美(於二零一七年九月一日辭任)

陳聖德

程耀輝(於二零一八年三月十四日獲委任)

獨立非執行董事

甘禮傑

曾國泰

石宏

截至二零一七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

吳彥鏗

張宇翹

何金倫(於二零一七年一月二日辭任)

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七十七條，程耀輝將任職至二零一七年股東週年大會並合資格膺選連任。

根據本行組織章程細則第八十一條，蔡明忠、李永鴻及曾國泰輪值告退，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 2017 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

於二零一七年十二月三十一日在任的本行董事及主要行政人員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條所存置之董事及主要行政人員之權益及淡倉登記冊中所記錄之權益如下：

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

Name 姓名	Personal interests 個人 權益	Family interests 家族 權益	Corporate interests 法團 權益	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
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:

附註：

(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.

(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)

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

Name 姓名	Personal interests 個人 權益	Family interests 家族 權益	Corporate interests 法團 權益	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
Ming-Hsing (Richard) TSAI 蔡明興	74,564	—	—	74,564	0.01

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.

認股權

概無本行之董事及主要行政人員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。

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.

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。

DONATIONS

Donations made by the Group during the year amounted to HK\$313,000 (2016: HK\$379,000).

捐款

本集團於年內捐出313,000港元(二零一六年: 379,000港元)。

RETIREMENT SCHEMES

The Group operates a defined benefit retirement scheme which covers 22% (2016: 23%) of the Group's employees, and a Mandatory Provident Fund Scheme. Particulars of these retirement schemes are set out in Note 36 to the financial statements.

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22%(二零一六年: 23%)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36。

COMPLIANCE WITH THE BANKING (DISCLOSURE) RULES

The financial statements for the year ended 31 December 2017 in conjunction with the unaudited supplementary information on pages 192 to 214 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

20 March 2018

遵守《銀行業(披露)規則》

截至二零一七年十二月三十一日止年度之財務報告及列載於第192至214頁的未經審核補充財務資料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

二零一八年三月二十日

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 64 to 191, which comprise the consolidated statement of financial position as at 31 December 2017, 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 2017 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64至191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二零一七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(《香港財務報告準則》)真實而中肯地反映 貴集團於二零一七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(《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.

Impairment of loans and advances

借款及貸款減值

Refer to note 18 to the consolidated financial statements and the accounting policies on page 83.
茲提述綜合財務報告附註18及第83頁之會計政策。

The Key Audit Matter

關鍵審計事項

The amount of non-performing loans of the Group decreased from HK\$334 million as at 31 December 2016 to HK\$187 million as at 31 December 2017, with total individual impairment allowances amounting to HK\$156 million as at 31 December 2017. Impairment of loans and advances is a subjective area due to the level of judgement applied by management in determining allowances.

貴集團之不良貸款由二零一六年十二月三十一日之334,000,000港元減少至二零一七年十二月三十一日之187,000,000港元，而於二零一七年十二月三十一日之個別減值撥備總額為156,000,000港元。鑒於管理層於釐定撥備時需要運用較多判斷，借款及貸款減值乃主觀範疇。

From the Group's perspective, the portfolios which gave rise to the greatest uncertainty in determining impairment allowances for loans and advances were those where impairment was derived from collective assessment models, where the loans and advances are unsecured or where the loans and advances are subject to potential collateral shortfalls.

就貴集團角度而言，於釐定借款及貸款減值撥備時產生最大不確定性的組合為運用綜合評估模型所得之減值、客戶貸款為無抵押或受限於潛在抵押品價值不足的客戶貸款。

The determination of the collective impairment allowance is heavily dependent on the external macro environment and the Group's internal credit risk management strategy. The Group's collective impairment allowance is derived from estimates including the Group's historical losses for loans and other adjustment factors.

釐定綜合減值撥備很大程度上取決於外部宏觀環境及貴集團內部信貸風險管理策略。貴集團之綜合減值撥備產生自估算，包括貴集團貸款之過往貸款損失及其他調整因素。

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。

How the matter was addressed in our audit

我們的審計如何處理事項

Our audit procedures to assess the impairment of loans and advances included the following:

與評估借款及貸款減值相關之審計程序包括以下各項：

- assessing the design and operating effectiveness of key internal controls over the approval, recording, monitoring and restructuring of loans and advances, the credit grading process and the measurement of impairment allowances for individually assessed loans and advances;

評估 貴集團就借款及貸款的批核、記錄、監測及重組、信用評級過程以及單項評估借款及貸款減值撥備的計量方面的關鍵內部控制在設計及運作上的成效；

KEY AUDIT MATTERS (continued)

關鍵審計事項(續)

Impairment of loans and advances (continued)

借款及貸款減值(續)

Refer to note 18 to the consolidated financial statements and the accounting policies on page 83. (continued)

茲提述綜合財務報告附註18及第83頁之會計政策。(續)

The Key Audit Matter

關鍵審計事項

Individual impairment allowances are estimated by management once objective evidence of impairment becomes apparent. Management exercises judgement in determining the quantum of loss based on a range of factors. These include available remedies for recovery, the financial situation of the borrower, collateral valuation, the seniority of claim and the existence and cooperativeness of other creditors. Whilst the Group appoints external valuers for the valuation of certain property and other illiquid collateral, enforceability, timing and means of realisation also affect the ultimate collectability and thereby the amount of impairment allowance as at the reporting date.

管理層於出現客觀減值證據時估計個別減值撥備。於釐定損失金額時，管理層按照一系列因素作出判斷。該等因素包括收回款項的方式、借款人的財務狀況、抵押品的估值、申索償還優先次序以及其他債權人是否存在和其合作意向等。當貴集團委任外聘估值師為若干物業及其他非流動抵押品估值時，抵押品的法律效力、變現時間及變現方式亦會影響最終可收回程度，以及於報告日期之減值虧損金額。

We identified impairment of loans and advances as a key audit matter because of the inherent uncertainty and management judgement involved and because of its significance to the financial results and capital of the Group.

由於借款及貸款的減值撥備內容不確定性及涉及管理層判斷以及其對貴集團之財務業績及資本的重要性，我們將其認為一關鍵審計事項。

How the matter was addressed in our audit

我們的審計如何處理事項

- evaluating the validity of the models used and assumptions adopted in the Group's calculation of the collective impairment allowance by critically assessing input parameters involving subjective judgement, seeking collaborative evidence from external sources and comparing the historical losses with the Group's other internal records and our prior year records. As part of these procedures, we challenged the Group's revisions to estimates and input parameters, the consistency of judgement applied in the use of economic factors, the loss emergence period and the observation period for historical losses. We compared the economic factors used in the model to market information to assess whether they were aligned with market and economic developments. Having considered the above, we performed re-calculations to assess the amount of collective impairment allowance;

通過審慎評估涉及主觀判斷的輸入數據、從外部渠道獲得相應憑證，並將過往損失與貴集團其他內部記錄及我們的過往年度之記錄比較，評估貴集團計算綜合減值撥備時採用的模型及假設的有效性。作為該等程序的一部分，我們對貴集團對估算及輸入變數的修改、於使用經濟因素時所應用判斷的一致性、損失出現時期及過往損失觀察期間作出質詢。我們將模型所用的經濟因素與市場信息進行比較，以評估其是否符合市場及經濟發展。經考慮上述情況後，我們進行了重新計算，以評估綜合減值撥備金額；

- assessing the impairment allowances for individually impaired loans and advances by selecting a risk-based sample for credit review through considering if any loss event exists and how the Group intends to recover the loan. We analysed the loan portfolio by industry sector to select samples for credit review in industries more vulnerable to the current economic slowdown. We also selected samples based on other risk criteria and from the Group's watch list and overdue report;

透過考慮是否存在任何損失事件以及貴集團如何收回貸款，運用以風險為基礎的方法選擇樣本進行信貸審閱以評估個別減值借款及貸款的減值撥備。我們按照行業分類分析貸款組合，自目前於經濟下行受影響較大的行業選取信貸審閱的樣本，並根據其他風險準則以及自貴集團的監察名單及逾期報告選取樣本；

KEY AUDIT MATTERS (continued)

關鍵審計事項(續)

Impairment of loans and advances (continued)

借款及貸款減值(續)

Refer to note 18 to the consolidated financial statements and the accounting policies on page 83. (continued)

茲提述綜合財務報告附註18及第83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事項

- to assess the completeness and accuracy of the watch list, we checked the watchlist to the meeting minutes of the Credit Quality Committee which decides whether to downgrade the loan and advances that exhibit symptoms of deterioration of credit quality. To assess the completeness and accuracy of the overdue report, we involved our internal information technology specialists to test the automated controls over generation of the overdue report;

為評估監察名單的完整性及準確性，我們檢查了信貸質量委員會就決定顯示信貸質量惡化跡象的借款及貸款是否需要降級的會議記錄。為評估逾期報告的完整性及準確性，我們聘請內部資訊科技專家測試逾期報告生成的自動化控制；

- critically assessing the forecast cash flows for impaired loans, challenging the viability of the Group's recovery plans, evaluating the timing and means of realisation of collateral and considering other sources of repayment asserted by management through inquiry, applying judgement and our own research. We also evaluated the consistency of management's application of key assumptions, assessed any change in basis and compared the data to our own data sources; and

透過查詢、應用判斷及自身研究，就 貴集團減值貸款的預測現金流量，回收計劃的可行性、評估變現抵押品的時間及方法、以及管理層所申報的其他還款來源提出質詢。我們亦評估管理層應用關鍵假設的一致性與評估基準的任何變動，並將數據與我們的獨立來源的數據進行比較；及

- evaluating the competence and integrity of the external valuers engaged by the Group to value certain collateral.

評估 貴集團在對若干抵押品進行估值時聘用之外聘估值師的能力及誠信。

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 39 to the consolidated financial statements and the accounting policies on page 76.

茲提述綜合財務報告附註39及第76頁之會計政策。

The Key Audit Matter

關鍵審計事項

At 31 December 2017 the fair value of the Group's financial assets totalled HK\$34,796 million of which HK\$17,588 million, HK\$16,662 million and HK\$546 million were classified under the fair value hierarchy as level 1, 2 and 3 financial instruments respectively.

於二零一七年十二月三十一日，貴集團金融資產之公平價值合共為34,796,000,000港元，其中17,588,000,000港元、16,662,000,000港元及546,000,000港元分別分類為公平價值等級一級、二級及三級金融工具。

The valuation of the Group's financial instruments 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.

貴集團金融工具之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從高流動性市場獲取時，即公平價值屬於第三級下，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 implementation, design and operating effectiveness of management's key internal controls over the valuation, independent price verification, front office/back office reconciliations and valuation model approval for financial instruments;

評估管理層對估值、獨立價格核查、前台／後台協調及批准金融工具的估值模型之關鍵內部控制的實施、設計及運作上的成效；

- 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 39 to the consolidated financial statements and the accounting policies on page 76. (continued)

茲提述綜合財務報告附註39及第76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關鍵審計事項。

How the matter was addressed in our audit

我們的審計如何處理事項

- engaging 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;

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.

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。

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.

AUDITOR'S RESPONSIBILITY 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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。

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。
- 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。

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- 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.

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.

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

20 March 2018

核數師就審計綜合財務報告須承擔的責任(續)

- 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。

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。

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

二零一八年三月二十日

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

綜合全面收益表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

		Note 附註	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Interest income	利息收入	4(a)	2,180,742	1,924,882
Interest expense	利息支出	4(b)	(964,563)	(756,322)
Net interest income	淨利息收入		1,216,179	1,168,560
Fee and commission income	費用及佣金收入	5(a)	415,986	461,014
Fee and commission expense	費用及佣金支出	5(b)	(97,618)	(96,882)
Net fee and commission income	淨費用及佣金收入		318,368	364,132
Other operating income	其他營運收入	6	3,597	57,183
Operating income	營運收入		1,538,144	1,589,875
Operating expenses	營運支出	7	(950,493)	(956,908)
Operating profit before gains and impairment losses	未計收益及減值虧損前經營溢利		587,651	632,967
Impairment losses on advances to customers (Charge for)/write back of impairment losses on available-for-sale financial assets	客戶貸款減值虧損可供出售金融資產減值虧損之(扣除)/回撥	9	(67,829)	(224,291)
Write back of/(charge for) impairment losses on assets held for sale	持作出售之資產減值虧損之回撥/(扣除)		(1,286)	24,149
Impairment losses on other assets	其他資產減值虧損		1,200	(2,600)
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		(5,553)	(1,055)
			1,700	300
Impairment losses	減值虧損		(71,768)	(203,497)
Share of profits of an associate	應佔聯營公司溢利		237,103	225,308
Dilution loss arising from investment in an associate	在聯營公司的投資所產生的攤薄虧損	10	(60,883)	–
Net gains on disposal of available-for-sale financial assets	出售可供出售金融資產淨收益	11	1,310	53,612
Net gain/(loss) on disposal of fixed assets	出售固定資產淨收益/(虧損)		51	(20)
Profit before taxation	除稅前溢利		693,464	708,370
Taxation	稅項	12	(110,081)	(73,727)
Profit for the year	本年度溢利		583,383	634,643
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	331,448	55,866
Remeasurement of net defined benefit liability	重新計量定額福利負債淨額	13	(6,607)	19,061
			324,841	74,927
Items that may be reclassified subsequently to profit or loss:	可能隨後重新分類至損益之項目:			
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	(7,902)
Exchange differences on translation of an associate	聯營公司外幣報表換算差額		171,192	(134,916)
			571,092	(142,818)
Total comprehensive income for the year	本年度全面收益總額		1,479,316	566,752

The notes on pages 69 to 191 form part of these financial statements.

載於第69至191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 2017 於二零一七年十二月三十一日

			31 December 2017 二零一七年 十二月三十一日 HK\$'000 千港元	31 December 2016 二零一六年 十二月三十一日 HK\$'000 千港元
	Note 附註			
ASSETS		資產		
Cash and short-term funds	15	現金及短期資金	5,133,534	6,019,614
Balances with banks and other financial institutions		銀行同業及其他金融機構結餘	558,348	3,264,233
Trading assets	16	持作交易用途資產	1,846,823	2,310,246
Financial assets designated at fair value through profit or loss		指定為通過損益以反映公平價值之金融資產	–	39,226
Derivative financial instruments	17(b)	衍生金融工具	705,165	753,244
Advances to customers less impairment allowances	18	客戶貸款減減值撥備	47,583,317	43,318,839
Trade bills		商業票據	880,255	230,137
Accrued interest and other assets		應計利息及其他資產	1,436,269	1,095,107
Available-for-sale financial assets	19	可供出售金融資產	32,243,660	31,124,545
Held-to-maturity investments	20	持至到期投資	1,561,796	1,549,884
Interests in associates	21	於聯營公司之權益	2,390,809	2,129,493
Fixed assets	23(a)	固定資產	4,100,320	3,770,394
Assets held for sale	24	持作出售之資產	43,900	42,700
Deferred tax assets	30(b)	遞延稅項資產	6	6
Total assets		資產總額	98,484,202	95,647,668
LIABILITIES		負債		
Deposits and balances of banks and other financial institutions	26	銀行同業及其他金融機構之存款及結餘	11,207,295	10,976,404
Deposits from customers	27	客戶存款	62,067,793	63,563,861
Trading liabilities	28	交易賬項下之負債	1,846,819	2,010,295
Financial liabilities designated at fair value through profit or loss		指定為通過損益以反映公平價值之金融負債	–	406,185
Certificates of deposit issued		已發行存款證	3,311,457	2,834,890
Debt securities issued		已發行債務證券	1,179,009	821,482
Derivative financial instruments	17(b)	衍生金融工具	228,216	443,714
Other liabilities	29	其他負債	2,074,503	1,177,114
Deferred tax liabilities	30(b)	遞延稅項負債	643,338	496,785
Subordinated notes issued	31	已發行後償票據	1,557,472	1,544,304
Total liabilities		負債總額	84,115,902	84,275,034
EQUITY		權益		
Share capital	32	股本	4,830,448	4,830,448
Reserves		儲備	8,030,055	6,542,186
Total equity attributable to shareholders of the Bank		股東權益	12,860,503	11,372,634
Additional equity instruments	34	額外股本工具	1,507,797	–
Total equity		權益總額	14,368,300	11,372,634
Total equity and liabilities		權益及負債總額	98,484,202	95,647,668

Approved and authorised for issue by the Board of Directors on 20 March 2018.

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 69 to 191 form part of these financial statements.

經董事會於二零一八年三月二十日通過及授權頒佈。

載於第69至191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 2017 截至二零一七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	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	權益總額
		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
At 1 January 2016	於二零一六年一月一日	4,830,448	640,298	54,558	2,305,497	(45,913)	3,020,994	10,805,882
Total comprehensive income for the year	本年度全面收益總額	-	-	(7,902)	55,866	(134,916)	653,704	566,752
- Profit for the year	- 本年度溢利	-	-	-	-	-	634,643	634,643
- 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	-	-	-	55,866	-	-	55,866
- Remeasurement of net defined benefit liability	- 重新計量定額福利負債淨額	-	-	-	-	-	19,061	19,061
- 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	-	-	(7,902)	-	-	-	(7,902)
- Exchange differences on translation of an associate	- 聯營公司外幣報表換算差額	-	-	-	-	(134,916)	-	(134,916)
Transfer (to)/from retained earnings	轉撥(至)/自保留溢利	-	(112,881)	-	(65,577)	-	178,458	-
At 31 December 2016	於二零一六年十二月三十一日	4,830,448	527,417	46,656	2,295,786	(180,829)	3,853,156	11,372,634

		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	總計股本工具	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	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額	-	-	-	-	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	12,860,503	1,507,797

The notes on pages 69 to 191 form part of these financial statements.

載於第69至191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 2017 截至二零一七年十二月三十一日止年度

	Note 附註	2017 二零一七年		2016 二零一六年	
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Operating activities	營運活動				
Profit before taxation	除稅前溢利	693,464		708,370	
Adjustments for non-cash items:	非現金項目之調整：				
Depreciation	折舊	133,081		127,006	
Net (gain)/loss on disposal of fixed assets	出售固定資產之淨(收益)/虧損	(51)		20	
Impairment losses on advances to customers	客戶貸款減值虧損	67,829		224,291	
Charge for/(write back of) impairment losses on available-for-sale financial assets	可供出售金融資產減值虧損之扣除/(回撥)	1,286		(24,149)	
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)		(53,612)	
Share of profits of an associate	應佔聯營公司溢利	(237,103)		(225,308)	
Dilution loss arising from investment in an associate	在聯營公司的投資所產生之攤薄虧損	60,883		-	
(Write back of)/charge for impairment losses on assets held for sale	持作出售之資產減值虧損之(回撥)/扣除	(1,200)		2,600	
Impairment losses on other assets	其他資產減值虧損	5,553		1,055	
Exchange difference and other non-cash items	匯兌差額及其他非現金項目	23,925		9,130	
			746,357		769,403
Decrease/(increase) in operating assets:	營運資產之減少/(增加)：				
Treasury bills with original maturity of over three months	國庫券(原本期限為三個月以上)	689,370		271,391	
Balances with banks and other financial institutions	銀行同業及其他金融機構結餘	786,011		(1,055,104)	
Trading assets	持作交易用途資產	-		46,431	
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值之金融資產	39,226		1,276	
Derivative financial instruments	衍生金融工具	48,079		213,613	
Gross advances to customers	客戶貸款總額	(4,332,307)		(1,048,212)	
Accrued interest and other assets	應計利息及其他資產	(1,024,897)		405,156	
Certificates of deposit held	所持存款證	239,362		904,131	
Available-for-sale financial assets	可供出售金融資產	(1,677,218)		(4,870,749)	
Held-to-maturity investments	持至到期投資	(11,912)		(1,019)	
			(5,244,286)		(5,133,086)
(Decrease)/increase in operating liabilities:	營運負債之(減少)/增加：				
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	230,891		(991,475)	
Deposits from customers	客戶存款	(1,496,068)		5,178,772	
Trading liabilities	交易賬項下之負債	(163,476)		(261,198)	
Derivative financial instruments	衍生金融工具	(215,498)		(519,942)	
Certificates of deposit issued	已發行存款證	476,567		1,294,372	
Other liabilities	其他負債	853,656		(30,424)	
			(313,928)		4,670,105

CONSOLIDATED CASH FLOW STATEMENT 綜合現金流動表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

	Note 附註	2017 二零一七年		2016 二零一六年	
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Net cash (used in)/generated from operations	營運之現金(支出)/收入淨額		(4,811,857)		306,422
Hong Kong Profits Tax paid	已付香港利得稅		(25,564)		(117,813)
Overseas tax paid	已付海外稅項		(8,723)		(74)
Net cash (used in)/generated from operating activities	營運活動之現金(支出)/收入淨額		(4,846,144)		188,535
Investing activities	投資活動				
Payment for purchases of fixed assets	購買固定資產付款	(106,549)		(150,406)	
Dividend received from an associate	自一間聯營公司收取之股息	86,278		–	
Proceeds from disposal of fixed assets	出售固定資產所得款項	82		150	
Net cash used in investing activities	投資活動之現金支出淨額		(20,189)		(150,256)
Financing activities	融資活動				
Repayment of debt securities	償還債務證券	(59,415)		(562,332)	
Proceeds from issuance of additional equity instruments	發行額外的股本工具所得款項	1,507,797		–	
Net cash generated from/(used in) financing activities	融資活動之現金收入/(支出)淨額	35(c)	1,448,382		(562,332)
Net decrease in cash and cash equivalents	現金及等同現金項目之減少淨額		(3,417,951)		(524,053)
Cash and cash equivalents as at 1 January	於一月一日之現金及等同現金項目		10,624,116		11,148,169
Cash and cash equivalents as at 31 December	於十二月三十一日之現金及等同現金項目	35(a)	7,206,165		10,624,116
Cash flows from operating activities include:	營運活動之現金流量包括：				
Interest received	已收利息		2,116,636		1,876,330
Interest paid	已付利息		(898,458)		(709,600)
Dividends received	已收股息		102,902		24,058

The notes on pages 69 to 191 form part of these financial statements.

載於第69至191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

The consolidated financial statements for the year ended 31 December 2017 comprise the Bank and its subsidiaries (together referred to as the "Group") and the Group's interests in associates.

(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 several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the group's results and financial position for the current or prior periods have been prepared or presented. However, additional disclosure has been included in note 35(c) to satisfy the new disclosure requirements introduced by the amendments to HKAS 7, Statement of cash flows: Disclosure initiative, which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

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

1. 業務

富邦銀行(香港)有限公司(「本行」)為一間於香港註冊成立並以香港為本籍的持牌銀行，其註冊辦事處位於香港中環德輔道中三十八號。

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

截至二零一七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之財務報告。

(a) 遵守聲明

此等財務報告乃根據香港會計師公會頒佈的一切適用《香港財務報告準則》，該統稱包括一切適用的個別香港財務報告準則、《香港會計準則》及詮釋、香港普遍採納的會計準則而編製。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多項香港財務報告準則之修訂，於本期會計期間首次生效，該等發展概無對本集團於本期間或過往期間之業績及財務狀況的編製或呈列方式構成重大影響。然而，額外披露已載入附註35(c)以符合香港會計準則第7號之修訂，現金流動表：披露計劃所引入的新披露規定，該修訂要求實體提供披露資料，使財務報表使用者可評估融資活動所產生的負債變動，包括現金流量及非現金變動產生的變動。

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。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of preparation of the financial statements

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:

- financial instruments classified as trading, designated at fair value through profit or loss and available-for-sale (see Note 2(g));
- derivative financial instruments (see Note 2(g)); and
- owned properties (see Note 2(j)).

In addition, the carrying amounts of assets and liabilities carried at amortised 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(k)).

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

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

Judgements made by management in the application of HKFRSs that have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 45.

2. 主要會計政策 (續)

(c) 財務報告的編製基準

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

- 分類為交易用途、指定通過損益以反映公平價值及可供出售之金融工具(見附註2(g))；
- 衍生金融工具(見附註2(g))；及
- 本集團擁有之物業(見附註2(j))。

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(k))。

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

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45中詳述。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

(e) 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.

2. 主要會計政策 (續)

(d) 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)。

自控制開始日期直至控制結束日期，於附屬公司之投資會併入綜合財務報告內。

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

於本行之財務狀況表中，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(n))。

(e) 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的股息於本集團及本行的損益賬中列賬。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Interests in associates (continued)

The investment in an associate in the People's Republic of China ("PRC") 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 Notes 2(n)). The Group's share of the post-acquisition, post-tax results of the associate and any impairment losses for the year are recognised in profit or loss. The Group's share of the post-acquisition, post tax items of the associate's other comprehensive income is recognised in the Group's other comprehensive income.

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.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised 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(n)).

(f) 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 recognised immediately in profit or loss as a gain on a bargain purchase.

2. 主要會計政策 (續)

(e) 於聯營公司之權益 (續)

於中華人民共和國(「中國」)之聯營公司的投資是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與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資產淨值及有關該投資之任何減值虧損(如有)(見附註2(n))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其他全面收益之收購後及除稅後項目則於本集團之其他全面收益確認。

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或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。

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(倘有)後入賬(見附註2(n))。

(f) 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表確認入賬，作為議價購買之收益。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Goodwill (continued)

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(n)). 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(n)).

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.

(g) Financial instruments

(i) Initial recognition

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

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

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

2. 主要會計政策 (續)

(f) 商譽 (續)

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(n)）。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(n)）。

於本年度出售現金產生單位時，所購入商譽應佔的金額均列入出售盈虧計算中。

(g) 金融工具

(i) 初始確認

本集團視乎購入資產或產生負債之目的，最初將金融工具分為以下類別：通過損益以反映公平價值、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之金融資產使用交易日會計法予以確認。因該等金融資產或金融負債的公平價值變動所產生的任何盈利和虧損由該日起計算。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

(ii) Categorisation

Fair value through profit or loss

This category comprises financial assets and financial liabilities held for trading, and those designated at fair value through profit or loss upon initial recognition.

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(i)) are accounted for as trading instruments.

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

- the assets or liabilities are managed, evaluated and reported internally on a fair value basis;
- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise;
- the asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract; or
- the 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.

2. 主要會計政策 (續)

(g) 金融工具 (續)

(ii) 分類

通過損益以反映公平價值

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(i))之衍生工具，亦分類為持作交易用途之工具入賬。

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量；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。公平價值變動計入在發生期內的損益賬。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。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

(ii) Categorisation (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than (a) those that the Group intends to sell immediately or in the near term, which will be classified as held for trading; (b) those that the Group, upon initial recognition, designates 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.

Loans and receivables are carried at amortised cost using the effective interest rate method less impairment losses, if any (see Note 2(n)).

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 amortised cost using the effective interest rate method less impairment losses, if any (see Note 2(n)).

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.

2. 主要會計政策 (續)

(g) 金融工具 (續)

(ii) 分類 (續)

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項類別之資產。貸款及應收款項主要包括向客戶所提供的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於活躍市場報價。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。

貸款及應收款項採用實際利率方法減去減值虧損(如有)後按攤餘成本列賬(見附註2(n))。

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方法減去減值虧損(如有)後按攤餘成本列賬(見附註2(n))。

倘因意向或能力改變而不再適宜將投資分類為持至到期，則須重分類為可供出售並按公平價值重新計量。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

(ii) Categorisation (continued)

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. Unrealised gains and losses arising from changes in the fair value are recognised 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 recognised in profit or loss. Interest income is recognised using the effective interest rate 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(n)).

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 recognised in other comprehensive income.

Other financial liabilities

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

(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 recognised 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.

2. 主要會計政策 (續)

(g) 金融工具 (續)

(ii) 分類 (續)

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限期之金融資產，但亦可因應流動資金之需要或市場環境變化而出售。

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，惟債務證券等貨幣項目之利息收入、減值虧損及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(n)）。

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。

其他金融負債

除交易賬項下負債及該等被指定為通過損益以反映公平價值之負債外，其他金融負債採用實際利率方法計算攤餘成本入賬。

(iii) 計量公平價值之原則

金融工具的公平價值是於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／交易商的報價會被用作非交易所買賣金融工具的報價。若金融工具的市場並不流通，此工具的公平價值按估值模式計算，而該估值模式可根據市場實際交易而提供可靠的估計價格。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

(iii) Fair value measurement principles (continued)

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

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

(v) Offsetting

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

(vi) Embedded derivatives

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

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

(h) 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 amortised cost.

2. 主要會計政策 (續)

(g) 金融工具 (續)

(iii) 計量公平價值之原則 (續)

當採用現金流折算計價模式，需依據管理層對日後現金流量之最佳估計，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量之合約權利到期時或者該金融資產連同擁有權之絕大部分風險及回報已被轉移時，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。

(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) 嵌入式衍生工具

嵌入式衍生工具是混合（組合）工具之一部分，而該工具同時包括衍生工具及主合約，其影響是組合工具之部分現金流量與獨立之衍生工具以相近之方式變動。當嵌入式衍生工具符合下列條件時，則需與主合約分開，並將其作為衍生工具入賬：(i) 嵌入式衍生工具的經濟特徵和風險與主合約的經濟特徵和風險沒有密切關係；及(ii) 混合（組合）工具並不是按公平價值持有並於損益確認。

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

(h) 回購交易和反向回購交易

根據同步協議（回購協議）售出以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列入報告及以攤餘成本列賬。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Repurchase and reverse repurchase transactions (continued)

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

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

(i) Hedging

Hedge accounting recognises the offsetting effects on profit or loss of changes in the fair values of the hedging instruments and the hedged items. 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 available-for-sale investments 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 recognised assets and liabilities that will give rise to a gain or loss being recognised in profit or loss.

The hedging instruments are measured at fair value, with fair value changes recognised 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 recognised 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 rate method is used, is amortised to profit or loss as part of the recalculated effective interest rate of the item over its remaining life.

2. 主要會計政策 (續)

(h) 回購交易和反向回購交易 (續)

根據轉售協議(反向回購協議)購買之證券乃呈報為應收款項，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。

(i) 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應指定對沖風險所引致之公平價值變動，並將有關評估記錄。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。本集團僅對若干定息可供出售投資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，本集團便會分別終止對沖會計處理。

(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。對沖項目之賬面數額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。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Hedging (continued)

(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.

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.

(j) 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.

2. 主要會計政策(續)

(i) 對沖(續)

(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。

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，對沖工具必須被預期為在指定對沖期間內能高度有效地抵銷所對沖風險而導致之公平價值變動，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。

(j) 物業及設備

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

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。評估會定期進行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。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Property and equipment (continued)

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

Gains or losses arising from the retirement or disposal of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised 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.

(k) 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 recognised 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 recognised in profit or loss. As long as an asset is classified as held for sale, the asset is not depreciated or amortised.

2. 主要會計政策 (續)

(j) 物業及設備 (續)

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。

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撇銷成本或估值以計算折舊如下:

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

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。

(k) 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。

緊接分類為持作出售前,資產之計量根據分類前之會計政策計至截至當日止。其後於初始分類為持作出售及直至出售之期間,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,此一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、聯營公司及合營企業之投資)。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,在損益中確認。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)

(l) 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(n)).

(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 recognised 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.

(m) 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 realisation 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 derecognised. 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 amortised.

Impairment losses on subsequent remeasurement are recognised in profit or loss. Any gains on subsequent remeasurement are recognised 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)

(l) 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移至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(n))。

(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中確認為租賃淨付款總額的組成部分。或然租金在其產生的期間內在損益賬扣除。

(m) 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)

(n) 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 reorganisation;
- 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)

(n) 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量有影響的虧損事項的可觀察數據：

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計的下跌；
- 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為有限期而非無限期。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) 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 recognised in respect of advances to customers, which are measured at amortised 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 recognised 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 recognised 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.

2. 主要會計政策 (續)

(n) 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。

因按攤餘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。

(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量現值之差額。倘折現之影響屬輕微，短期之應收款項不予折現。

信貸損失撥備總額包括兩個組成部分：個別減值撥備，及綜合減值撥備。

本集團會首先評估金額重大之個別金融資產有否出現客觀之減值證據，並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。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Impairment of assets (continued)

(i) Loans and receivables (continued)

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.

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 recognised 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.

2. 主要會計政策 (續)

(n) 資產減值 (續)

(i) 貸款及應收款項 (續)

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

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變數。

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量及在釐定綜合減值撥備時所採用的標準假設及參數。雖然此須視乎判斷而定，本集團相信客戶貸款之減值撥備是合理和足夠的。

在之後期間，任何因估計未來現金流量的金額及時間與先前估計的有所轉變，而該轉變是可客觀地與撇銷後發生的事件有關連，從而導致貸款和應收款項之減值撥備亦需改變，該轉變會支銷或計入損益賬。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償還款條件的貸款。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。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Impairment of assets (continued)

(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.

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 recognised, 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 recognised 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 unrealised loss that had been recognised in other comprehensive income is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised 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 recognised in other comprehensive income.

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

2. 主要會計政策(續)

(n) 資產減值(續)

(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量的現值之間的差額計量。

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，而該減少是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回撥。減值虧損回撥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於損益賬內重新分類。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該資產的任何減值虧損。

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。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Impairment of assets (continued)

(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 recognised 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.

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 recognised 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 recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

Reversals of impairment losses

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 recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2. 主要會計政策 (續)

(n) 資產減值 (續)

(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可有減值跡象或先前已確認之減值虧損已不再存在或可能已減少：

- 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。

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量折算至現值。該折算率須反映市場當時所評估的金錢時間價值和該資產的獨有風險。如果資產所產生的現金流入基本上不獨立於其他資產所產生的現金流入，則以能獨立產生現金流入的最小資產類別（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。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) 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.

(p) 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 recognised 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 recognised 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 recognised 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 recognised. 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 recognised 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)

(o) 等同現金項目

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

(p) 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)淨額乃於損益中確認為「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中確認為支出。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)

(q) Income tax

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

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 utilised, are recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the 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 utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

2. 主要會計政策 (續)

(q) 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，相關稅額分別確認為其他全面收益或直接確認為權益。

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。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax (continued)

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

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

(r) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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

Where the Group issues a financial guarantee to customers, the fair value of the guarantee (being the guarantee fees received) is initially recognised as deferred income within other liabilities.

2. 主要會計政策 (續)

(q) 所得稅 (續)

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：
 - 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。

(r) 已發出財務擔保、撥備及或然負債

(i) 已發出財務擔保

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

倘本集團向客戶發出財務擔保，該擔保的公平價值（即已收擔保費用）最初確認為其他負債內的遞延收入。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Financial guarantees issued, provisions and contingent liabilities (continued)

(i) Financial guarantees issued (continued)

The deferred income is amortised to profit or loss over the term of the guarantee as income from financial guarantees issued. The carrying amount of the guarantee issued is remeasured in accordance with Note 2(r)(ii) if and when:

- (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee; and
- (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in other liabilities in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

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

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

(s) 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 recognised in profit or loss as follows:

(i) Interest income

Interest income from interest-bearing financial instruments is recognised in profit or loss on an accruals basis using the effective interest rate method. Interest income from trading assets and financial assets designated at fair value through profit or loss is recognised on basis of accrued coupon and is recognised in net interest income.

2. 主要會計政策 (續)

(r) 已發出財務擔保、撥備及或然負債 (續)

(i) 已發出財務擔保 (續)

遞延收入按擔保年期攤銷至損益賬作為已發出財務擔保的收入。此外，倘出現如下情況，即須按照附註2(r)(ii)重新計量已發出擔保之賬面值：

- (i) 擔保的持有人可能根據擔保向本集團催收款項；及
- (ii) 預期向本集團提出的申索款額高於現時就該擔保列於其他負債項下的數額（即最初確認的金額，扣除累計攤銷）。

(ii) 其他撥備及或然負債

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

倘可能無須付出經濟利益，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是極微。

(s) 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確認：

(i) 利息收入

計息金融工具之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)

(s) Revenue recognition (continued)

(i) Interest income (continued)

The effective interest rate method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (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 capitalised and amortised to profit or loss over their expected life.

(ii) Net income from financial instruments designated at fair value through profit or loss and net trading income

Net income from financial instruments designated as fair value through profit or loss 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.

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

Origination or commitment fees received by the Group which result in the creation or acquisition of a financial instrument are deferred and recognised as an adjustment to the effective interest rate unless it is a trading asset or liability or a financial asset designated at fair value through profit or loss. In this case it is immediately recognised in profit or loss. If the commitment expires without the Group making a loan, the fee is recognised as revenue on expiry.

2. 主要會計政策 (續)

(s) 收益確認 (續)

(i) 利息收入 (續)

實際利率法乃計算金融資產之攤餘成本及按有關期間攤分利息收入之方法。實際利率乃按金融工具預計年期折讓估計日後現金付款或收入(或適當時按較短期間折讓金融資產之賬面淨值)之比率。計算實際利率時，本集團估計現金流量時，考慮到金融工具之一切合約條款(例如提前還款，認購或類似期權)，而並無計及未來信貸虧損。計算範圍包括實際利率為主體部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，並以其預計期限在損益賬內攤銷。

(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。

(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。

本集團已收因增設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。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Revenue recognition (continued)

(iv) *Finance income from finance lease and hire purchase contracts*

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

(v) *Rental income from operating lease*

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

(vi) *Dividend income*

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

(t) 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 fair value through profit or loss and derivative financial instruments are included in net income from financial instruments designated at fair value through profit or loss 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 available-for-sale equity instruments are recognised in other comprehensive income.

2. 主要會計政策(續)

(s) 收益確認(續)

(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。應收或然租金於賺取之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。應收或然租金在各自賺取的會計期間確認為收益。

(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不可撤回地確立時予以確認。上市投資之股息收入於投資項目之股價為除息時確認。

(t) 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。換算可供出售股本工具之差額於其他全面收益確認。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Translation of foreign currencies (continued)

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 recognised 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 recognised.

(u) 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.
- (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.

2. 主要會計政策 (續)

(t) 外幣換算 (續)

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。

(u) 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，如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。
- (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。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Related parties (continued)

- (b) an entity is related to the Group if any of the following conditions applies: (continued)
- (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.

(v) 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.

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) to Note (D) in the Unaudited Supplementary Financial Information on pages 192 to 195.

2. 主要會計政策 (續)

(u) 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：(續)
- (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。

(v) 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。

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192至195頁未經審核補充財務資料附註(A)至(D)內。

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
Others	其他

Interest income recognised on financial assets that are not measured at fair value through profit or loss amounted to HK\$2,178,192,000 (2016: HK\$1,908,905,000).

(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 recognised on financial liabilities that are not measured at fair value through profit or loss amounted to HK\$957,117,000 (2016: HK\$734,529,000).

4. 利息收入及支出

(a) 利息收入

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
113,029	60,388
880,860	782,572
1,176,155	1,072,131
10,698	9,791
2,180,742	1,924,882

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2,178,192,000港元(二零一六年：1,908,905,000港元)。

(b) 利息支出

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
583,202	428,142
43,223	23,906
174,760	159,000
160,427	141,103
2,951	4,171
964,563	756,322

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957,117,000港元(二零一六年：734,529,000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:	其中：
Fee and commission income arising from:	費用及佣金收入來自：
– Financial assets or financial liabilities which are not measured at fair value through profit or loss	– 非通過損益以反映公平價值之金融資產或金融負債
– Trust and other fiduciary activities	– 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.

(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:	費用及佣金支出來自：
– Financial assets or financial liabilities which are not measured at fair value through profit or loss	– 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

(a) 費用及佣金收入

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
55,058	53,429
14,448	12,440
132,367	142,367
35,640	26,484
117,907	173,363
45,903	39,680
14,663	13,251
415,986	461,014
196,887	203,380
1,664	1,487

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。

(b) 費用及佣金支出

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
71,174	62,090
26,444	34,792
97,618	96,882
93,555	93,844

6. OTHER OPERATING INCOME

6. 其他營運收入

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Gains less losses from dealing	交易收益減虧損		
– Foreign exchange	– 外匯	(52,014)	(38,754)
– Trading assets	– 持作交易用途資產	25,565	47,173
– Other dealing activities*	– 其他買賣交易*	10,341	14,464
– Short selling activities	– 賣空交易	(396)	291
		(16,504)	23,174
Net hedging (loss)/gain from fair value hedges	公平價值對沖之淨對沖(虧損)/收益		
Net loss on hedged items attributable to the hedged risk	與對沖風險相關之被對沖項目之淨虧損	(178,242)	(264,694)
Net gain on hedging instruments	對沖工具之淨收益	164,387	302,024
		(13,855)	37,330
Net gain on financial instruments designated at fair value through profit or loss	指定為通過損益以反映公平價值之金融工具之淨收益		
Revaluation gain on financial instruments designated at fair value through profit or loss	指定為通過損益以反映公平價值之金融工具之重估收益	4,434	11,781
		4,434	11,781
Revaluation loss on derivative financial instruments	衍生金融工具之重估虧損	(4,022)	(54,709)
Dividend income from unlisted available-for-sale financial assets	可供出售非上市金融資產之股息收入	16,624	24,058
Others	其他	16,920	15,549
		3,597	57,183

* Other dealing activities include customer-driven dealing in derivative financial instruments including equity linked notes, options and structured deposit products.

* 其他買賣交易包括客戶買賣衍生金融工具，包括股票掛鈎票據、期權及結構性存款產品。

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7. OPERATING EXPENSES

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Staff costs	僱員成本		
Contributions to defined contribution scheme	定額供款計劃供款	17,988	17,394
Current service cost of defined benefit scheme (Note 36(a)(v))	定額福利計劃現時服務成本 (附註36(a)(v))	13,346	13,237
Retirement schemes costs	退休計劃成本	31,334	30,631
Salaries and other staff costs	薪金及其他僱員成本	549,892	542,809
		581,226	573,440
Premises and other fixed assets	物業及其他固定資產		
Rental of premises	物業租金	41,087	41,839
Depreciation (Note 23(a))	折舊(附註23(a))	133,081	127,006
Others	其他	20,456	27,398
Audit fee	核數費用	4,026	3,293
Other operating expenses	其他營運支出		
Business promotion	業務推廣	26,501	29,523
Legal and professional fees	法律顧問費用	5,316	22,537
Communication	通訊	30,911	31,054
Electronic data processing and computer systems	電子資料處理及電腦系統	55,657	57,852
Others	其他	52,232	42,966
		950,493	956,908

7. 營運支出

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:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Basic salaries and other allowances	底薪及其他津貼	5,720	5,718
Directors' fee	董事袍金	4,732	4,971
Contributions to pension scheme	退休計劃供款	285	285
Discretionary bonuses	酌情花紅	2,600	2,500
		13,337	13,474

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：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Basic salaries and other allowances	底薪及其他津貼	5,720	5,718
Directors' fee	董事袍金	4,732	4,971
Contributions to pension scheme	退休計劃供款	285	285
Discretionary bonuses	酌情花紅	2,600	2,500
		13,337	13,474

9. IMPAIRMENT LOSSES ON ADVANCES TO CUSTOMERS

Impairment losses charged to advances to customers (Note 18(b))

- Additions
- Releases

已扣除之客戶貸款減值虧損 (附註18(b))

- 增加
- 撥回

9. 客戶貸款減值虧損

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
(109,716)	(233,325)
41,887	9,034
(67,829)	(224,291)

10. DILUTION LOSS ARISING FROM INVESTMENT IN AN ASSOCIATE

As of 31 December 2016 the Group held an equity interest of 19.99% in Xiamen Bank Co., Ltd ("XBCL") which is accounted for as an associated company as the directors believe they have significant influence. During the year ended 31 December 2017, XBCL completed two private placements of additional share capital to a number of third parties, thereby diluting the Group's equity holding to 18.83% in June 2017 and 15.78% in September 2017. As a result, the Group recognized dilution losses of HKD17,969,000 and HKD42,914,000 respectively in the consolidated statement of comprehensive income, representing the decrease in the Group's share of net assets as a result of the dilution.

10. 在聯營公司的投資所產生的攤薄虧損

於二零一六年十二月三十一日，本集團持有廈門銀行股份有限公司(「廈門銀行」)之19.99%股權，由於董事認為彼等於廈門銀行具有重大影響力，因此以聯營公司入賬。於截至二零一七年十二月三十一日止年度，廈門銀行完成兩項私人配售以向若干第三方配售額外股本，本集團之持股量因而於二零一七年六月及二零一七年九月分別攤薄至18.83%及15.78%。因此，本集團於綜合全面收益表中分別確認攤薄虧損17,969,000港元及42,914,000港元，相當於本集團因攤薄而應佔資產淨值之減少。

11. NET GAINS ON DISPOSAL OF AVAILABLE-FOR-SALE FINANCIAL ASSETS

Realisation of revaluation surplus previously recognised in the investment revaluation reserve (Note 13)

Net gain arising in the current year

過往於投資重估儲備內確認之重估盈餘之變現(附註13)

年內淨收益

11. 出售可供出售金融資產淨收益

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
(233)	2,111
1,543	51,501
1,310	53,612

12. INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of comprehensive income represents:

Provision for Hong Kong Profits Tax for 2017 is calculated at 16.5% (2016: 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.

Current tax – Hong Kong Profits Tax	即期稅項 – 香港利得稅
Tax for the year	年內稅項
Over-provision in respect of prior years	過往年度超額準備
Current tax – Overseas Tax	即期稅項 – 海外稅項
Tax for the year	年內稅項
Deferred tax	遞延稅項
Origination and reversal of temporary differences (Note 30(b))	暫時性差異產生及撥回(附註30(b))

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

Profit before taxation	除稅前溢利
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以16.5%之應課稅率計算
Tax effect of non-taxable income	非應課稅收入之稅項影響
Tax effect of non-deductible expenses	非可扣減支出之稅項影響
Tax effect of temporary differences not recognised in prior years now recognised	確認以往年度未確認暫時性差異之稅項影響
Effect on profit of an associate	聯營公司溢利之影響
Overseas withholding taxes	海外預扣稅
Actual tax expense	實質稅項支出

12. 綜合全面收益表內的所得稅

(a) 綜合全面收益表內的稅項：

二零一七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%(二零一六年：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。

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
89,450	59,768
–	(430)
89,450	59,338
8,723	74
11,908	14,315
110,081	73,727

(b) 稅項支出與按適用應課稅率計算之會計溢利間之對賬

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
693,464	708,370
114,422	116,881
(2,855)	(12,321)
10,422	11,370
–	(16,500)
(20,631)	(25,777)
8,723	74
110,081	73,727

13. OTHER COMPREHENSIVE INCOME

13. 其他全面收益

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Available-for-sale financial assets:	可供出售金融資產：		
Changes in fair value recognised during the year	本年度確認之公平價值變動	518,946	60,296
Amounts transferred to profit or loss:	轉撥至損益之金額：		
– net gains on disposals (Note 11)	– 淨出售收益(附註11)	233	(2,111)
– impairment losses	– 減值虧損	–	404
Share of changes in fair value of available-for-sale financial assets held by an associate	應佔一間聯營公司之可供出售金融資產公平價值變動	(33,826)	(56,147)
Deferred taxation (Note 30(b))	遞延稅項(附註30(b))	(85,453)	(10,344)
Net movement in the investment revaluation reserve during the year recognised in other comprehensive income	本年度於其他全面收益確認之投資重估儲備淨變動	399,900	(7,902)
		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Premises:	物業：		
Surplus on revaluation of premises (Note 23(a))	物業重估盈餘(附註23(a))	356,489	39,262
Share of surplus on revaluation of premises of an associate	應佔一間聯營公司之物業重估盈餘	25,456	14,661
Deferred taxation (Note 30(b))	遞延稅項(附註30(b))	(50,497)	1,943
Net movement in the premises revaluation reserve during the year recognised 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	331,448	55,866
		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Defined benefit liability:	定額福利負債：		
Remeasurement of net defined benefit liability (Note 36(a)(v))	重新計量定額福利負債淨額(附註36(a)(v))	(7,912)	22,828
Deferred taxation (Note 30(b))	遞延稅項(附註30(b))	1,305	(3,767)
Net movement in the defined benefit liability during the year recognised 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	(6,607)	19,061

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 business 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 loans, trade financing and deposits to large corporate, 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 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 revenue 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 less impairment, investment in securities and financial instruments, inter-bank placements, current assets and premises attributable to the operating segments.

Segment liabilities mainly include deposits from customers, certificates of deposit and debt securities issued, inter-bank borrowings, and accruals 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。

零售銀行業務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，涵蓋向香港及中國大陸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

按分部分析下之收益劃分，是反映各經營分部，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減減值、證券及金融工具投資、銀行同業放款、流動資產及物業。

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。

14. SEGMENT REPORTING (continued)

Segment results, assets and liabilities (continued)

In addition to receiving segment information concerning profit before taxation, management is provided with segment information concerning revenue (including inter-segment lending), interest expense, depreciation, amortisation, 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)

除了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(包括跨分部貸款)、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 2017
截至二零一七年十二月三十一日

		Retail Banking 零售銀行 HK\$'000 千港元	Institutional Banking 企業及機構銀行 HK\$'000 千港元	Financial Markets 金融市場 HK\$'000 千港元	Reportable Segments Total 可申報分部總額 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

NOTES TO THE FINANCIAL STATEMENTS
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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 2016

截至二零一六年十二月三十一日

		Retail Banking 零售銀行 HK\$'000 千港元	Institutional Banking 企業及機構銀行 HK\$'000 千港元	Financial Markets 金融市場 HK\$'000 千港元	Reportable Segments Total 可申報分部總額 HK\$'000 千港元
Net interest income	淨利息收入	398,306	409,846	359,339	1,167,491
Other operating income from external customers	源自外界客戶其他營運收入	456,415	12,455	18,743	487,613
Fee and commission expense	費用及佣金支出	(82,730)	(670)	(9,273)	(92,673)
Other operating income	其他營運收入	373,685	11,785	9,470	394,940
Operating income	營運收入	771,991	421,631	368,809	1,562,431
Operating expenses	營運支出	(389,042)	(85,376)	(60,630)	(535,048)
Inter-segment expenses	跨分部支出	(66,727)	(7,104)	(2,536)	(76,367)
Operating profit before gains and impairment losses	未計收益及減值虧損前經營溢利	316,222	329,151	305,643	951,016
Impairment losses on advances to customers	客戶貸款減值虧損	(55,343)	(170,846)	–	(226,189)
Write back of impairment losses on available-for-sale financial assets	可供出售金融資產減值虧損 之回撥	–	–	30,834	30,834
Impairment losses on other assets	其他資產減值虧損	–	(1,055)	–	(1,055)
Net gains on disposal of available-for-sale financial assets	出售可供出售金融資產淨收益	–	–	5,544	5,544
Profit before taxation	除稅前溢利	260,879	157,250	342,021	760,150
Operating expenses – depreciation	營運支出—折舊	(17,230)	(1,897)	(2,158)	(21,285)
Segment assets	分部資產	23,585,544	22,916,357	45,228,269	91,730,170
Segment liabilities	分部負債	46,272,846	17,035,032	19,367,602	82,675,480

14. SEGMENT REPORTING (continued)

Reconciliation of Reportable Segment Revenue, Profit & Loss, Assets & Liabilities

14. 分部資料(續)

可申報分部收益、溢利及虧損、資產及負債之對賬

Revenues

Reportable segment operating income
Elimination of inter-segment operating income
Unallocated revenue

Consolidated operating income

收益

可申報分部營運收入
跨分部營運收入抵銷
未分配收益

綜合營運收入

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

31 December 2017	31 December 2016
截至二零一七年十二月三十一日止年度	截至二零一六年十二月三十一日止年度
HK\$'000	HK\$'000
千港元	千港元
1,517,830	1,562,431
(105,350)	(102,573)
125,664	130,017
1,538,144	1,589,875

Profit before taxation

Reportable segment profit before taxation
Unallocated operating income
Unallocated operating expenses
Write back of impairment losses on advances to customers
Impairment losses on available-for-sale financial assets
Write back of/(charge for) impairment losses on assets held for sale
Write back of impairment losses on other assets
Write back of impairment losses on assets acquired under lending agreements
Share of profits of an associate
Dilution loss arising from investment in an associate
Net gains on disposal of available-for-sale financial assets
Net gain/(loss) 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
客戶貸款減值虧損之回撥
可供出售金融資產減值虧損
持作出售之資產減值虧損之回撥/(扣除)
其他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
應佔聯營公司溢利
在聯營公司的投資所產生的攤薄虧損
出售可供出售金融資產淨收益
出售固定資產淨收益/(虧損)

綜合除稅前溢利

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

31 December 2017	31 December 2016
截至二零一七年十二月三十一日止年度	截至二零一六年十二月三十一日止年度
HK\$'000	HK\$'000
千港元	千港元
846,565	760,150
125,664	130,017
(458,450)	(448,066)
-	1,898
(1,286)	(6,685)
1,200	(2,600)
1,800	-
1,700	300
237,103	225,308
(60,883)	-
-	48,068
51	(20)
693,464	708,370

14. SEGMENT REPORTING (continued)

Reconciliation of Reportable Segment Revenue, Profit & Loss, Assets & Liabilities (continued)

Assets	資產
Reportable segment assets	可申報分部資產
Unallocated fixed assets	未分配固定資產
Interests in associates	於聯營公司之權益
Unallocated other assets	未分配其他資產
Consolidated total assets	綜合資產總額

Liabilities	負債
Reportable segment liabilities	可申報分部負債
Unallocated other liabilities	未分配其他負債
Consolidated total liabilities	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 2017 and 2016, 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, total operating income or contingent liabilities and commitments.

Major Customers

For the years ended 31 December 2017 and 2016, no single customer or a group of customers under common control contributes 10% or more of the Group's revenues.

14. 分部資料(續)

可申報分部收益、溢利及虧損、資產及負債之對賬(續)

As at 31 December 2017 於二零一七年 十二月三十一日 HK\$'000 千港元	31 December 2016 於二零一六年 十二月三十一日 HK\$'000 千港元
93,720,420	91,730,170
1,682,242	1,422,876
2,390,809	2,129,493
690,731	365,129
98,484,202	95,647,668

As at 31 December 2017 於二零一七年 十二月三十一日 HK\$'000 千港元	31 December 2016 於二零一六年 十二月三十一日 HK\$'000 千港元
82,126,366	82,675,480
1,989,536	1,599,554
84,115,902	84,275,034

區域資料

區域資料是根據附屬公司之主要業務所在地點，或按負責報告業績或將資產入賬之本行分行位置、客戶位置及資產位置予以披露。截至二零一七年及二零一六年十二月三十一日止年度，本集團之所有營運收入及除稅前溢利均是從位於香港的本行分行及附屬公司入賬之資產所產生。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、營運收入總額或或然負債及承擔10%或以上。

主要客戶

截至二零一七年及二零一六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收益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

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
116,755	112,260
40,221	1,092,433
832,211	552,853
4,144,347	4,262,068
5,133,534	6,019,614

* 通知及短期存款指由報告期末起計最長一個月到期的存款。

16. TRADING ASSETS

Trading assets at fair value	按公平價值列賬之持作交易用途資產
Treasury bills (including Exchange Fund Bills)	國庫券(包括外匯基金票據)
– Unlisted	– 非上市
Trading assets are issued by:	持作交易用途資產由以下機構發行：
– Governments and central banks	– 政府及中央銀行

16. 持作交易用途資產

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
1,846,823	2,310,246
1,846,823	2,310,246

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, qualifying for hedge accounting, or managed in conjunction with financial instruments designated at fair value through profit or loss.

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的程序一部分。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、合資格採用對沖會計法或與指定通過損益以反映公平價值之金融工具共同進行管理。

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：

		2017 二零一七年			
		Qualifying for hedge accounting	Managed in conjunction with financial instruments designated at fair value through profit or loss 就指定為通過損益以反映公平價值之金融工具共同進行管理	Held for trading	Total
		合資格採用對沖會計法 HK\$'000 千港元	之金融工具 共同進行管理 HK\$'000 千港元	持作交易用途 HK\$'000 千港元	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

17. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(a) Notional amounts of derivatives (continued)

		2016 二零一六年			
		Qualifying for hedge accounting	Managed in conjunction with financial instruments designated at fair value through profit or loss 就指定為通過損益 以反映公平價值 之金融工具 共同進行管理	Held for trading	Total
		合資格採用 對沖會計法 HK\$'000 千港元	之金融工具 共同進行管理 HK\$'000 千港元	持作交易用途 HK\$'000 千港元	總額 HK\$'000 千港元
Exchange rate derivatives	匯率衍生工具				
– Forwards	– 遠期	–	–	9,187,367	9,187,367
– Swaps	– 掉期	–	–	14,699,440	14,699,440
– Options purchased	– 購入期權	–	–	759,505	759,505
– Options written	– 沽出期權	–	–	759,505	759,505
		–	–	25,405,817	25,405,817
Interest rate derivatives	利率衍生工具				
– Swaps	– 掉期	12,115,532	397,588	5,958,244	18,471,364
		12,115,532	397,588	5,958,244	18,471,364
Equity derivatives	股票衍生工具				
– Options purchased	– 購入期權	–	–	21,076	21,076
– Options written	– 沽出期權	–	–	21,076	21,076
		–	–	42,152	42,152
Total	總額	12,115,532	397,588	31,406,213	43,919,333

The above amounts are shown on a gross basis without taking into account the effect of any bilateral netting arrangements.

Derivatives reported as qualifying for hedge accounting represent hedging instruments designated as hedges under HKAS 39.

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。

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%。

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：

		2017 二零一七年			2016 二零一六年		
		Fair value assets 公平價值 資產 HK\$'000 千港元	Fair value liabilities 公平價值 負債 HK\$'000 千港元	Credit risk weighted amount 信貸風險 加權金額 HK\$'000 千港元	Fair value assets 公平價值 資產 HK\$'000 千港元	Fair value liabilities 公平價值 負債 HK\$'000 千港元	Credit risk weighted amount 信貸風險 加權金額 HK\$'000 千港元
Exchange rate derivatives	匯率衍生工具						
– Forwards	– 遠期	473,436	19,915	26,428	540,813	150,356	136,285
– Swaps	– 掉期	7,945	62,483	27,003	17,150	1,824	37,443
– Options purchased	– 購入期權	762	–	6,283	28,862	–	33,026
– Options written	– 沽出期權	–	762	–	–	28,862	–
		482,143	83,160	59,714	586,825	181,042	206,754
Interest rate derivatives	利率衍生工具						
– Swaps	– 掉期	222,589	144,623	108,983	166,303	262,556	113,424
		222,589	144,623	108,983	166,303	262,556	113,424
Equity derivatives	股票衍生工具						
– Options purchased	– 購入期權	433	–	–	116	–	–
– Options written	– 沽出期權	–	433	–	–	116	–
		433	433	–	116	116	–
Total	總額	705,165	228,216	168,697	753,244	443,714	320,178

17. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(c) Fair values of derivatives designated as hedging instruments

Fair value hedges

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.

The following is a summary of the fair values of derivatives held for hedging purposes entered into by the Group:

Interest rate derivatives 利率衍生工具

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

公平價值對沖

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。

本集團訂立之持作對沖目的之衍生工具之公平價值概要如下：

2017 二零一七年		2016 二零一六年	
Fair value assets 公平價值 資產 HK\$'000 千港元	Fair value liabilities 公平價值 負債 HK\$'000 千港元	Fair value assets 公平價值 資產 HK\$'000 千港元	Fair value liabilities 公平價值 負債 HK\$'000 千港元
209,902	131,936	152,217	252,492

(d) Remaining life of derivative instruments

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.

(d) 衍生工具之剩餘期限

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。

		Notional amounts with remaining life of 屬以下剩餘年期之名義金額			
		Total 總額 HK\$'000 千港元	1 year or less 一年或以下 HK\$'000 千港元	Over 1 year to 5 years 一年以上至五年 HK\$'000 千港元	Over 5 years 五年以上 HK\$'000 千港元
2017	二零一七年				
Exchange rate derivatives	匯率衍生工具	19,361,128	18,998,612	362,516	-
Interest rate derivatives	利率衍生工具	19,134,355	1,330,361	14,500,721	3,303,273
Equity derivatives	股票衍生工具	43,732	43,732	-	-
Total	總額	38,539,215	20,372,705	14,863,237	3,303,273

		Notional amounts with remaining life of 屬以下剩餘年期之名義金額			
		Total 總額 HK\$'000 千港元	1 year or less 一年或以下 HK\$'000 千港元	Over 1 year to 5 years 一年以上至五年 HK\$'000 千港元	Over 5 years 五年以上 HK\$'000 千港元
2016	二零一六年				
Exchange rate derivatives	匯率衍生工具	25,405,817	25,199,547	206,270	-
Interest rate derivatives	利率衍生工具	18,471,364	2,078,643	11,281,948	5,110,773
Equity derivatives	股票衍生工具	42,152	42,152	-	-
Total	總額	43,919,333	27,320,342	11,488,218	5,110,773

18. ADVANCES TO CUSTOMERS LESS IMPAIRMENT ALLOWANCES

(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
– Individual impairment allowances (Note 18(b))	– 個別減值撥備(附註18(b))
– Collective impairment allowance (Note 18(b))	– 綜合減值撥備(附註18(b))

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

At 1 January 2017	於二零一七年一月一日
Impairment losses charged to profit or loss (Note 9)	於損益賬扣除之減值虧損(附註9)
Impairment losses released back to profit or loss (Note 9)	於損益賬撥回之減值虧損(附註9)
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))

At 1 January 2016	於二零一六年一月一日
Impairment losses charged to profit or loss (Note 9)	於損益賬扣除之減值虧損(附註9)
Impairment losses released back to profit or loss (Note 9)	於損益賬撥回之減值虧損(附註9)
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 2016 (Note 18(a))	於二零一六年十二月三十一日(附註18(a))

18. 客戶貸款減減值撥備

(a) 客戶貸款減減值撥備：

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
47,872,348	43,577,597
(155,963)	(149,919)
(133,068)	(108,839)
47,583,317	43,318,839

(b) 客戶貸款減值撥備變動：

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
149,919	108,839
85,487	24,229
(41,887)	–
(45,516)	–
7,960	–
155,963	133,068
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
34,470	40,930
165,315	68,010
(8,933)	(101)
(46,644)	–
5,711	–
149,919	108,839

18. ADVANCES TO CUSTOMERS LESS IMPAIRMENT ALLOWANCES (continued)

(c) 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

於十二月三十一日

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
– Property investment	– 物業投資
– Financial concerns	– 金融企業
– Stockbrokers	– 股票經紀
– Wholesale and retail trade	– 批發及零售業
– Manufacturing	– 製造業
– Transport and transport equipment	– 運輸及運輸設備
– Information technology	– 資訊科技
– Others	– 其他
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
– Loans for the purchase of other residential properties	– 購買其他住宅物業的貸款
– Credit card advances	– 信用卡貸款
– Others	– 其他
Trade finance	貿易融資
Gross advances for use outside Hong Kong	在香港以外使用的貸款總額
Gross advances to customers	客戶貸款總額

18. 客戶貸款減減值撥備 (續)

(c) 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。

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
3,542,760	3,756,167
8,461,107	9,852,120
3,616,993	1,346,366
2,132,447	1,561,154
409,307	342,228
1,171,559	1,244,842
113,231	311,083
557,166	377,867
2,923,223	2,419,133
5,705	12,135
9,867,406	9,663,115
964,430	1,070,172
4,642,525	4,665,215
38,407,859	36,621,597
4,203,281	3,294,463
5,261,208	3,661,537
47,872,348	43,577,597

(d) Impaired advances to customers

Gross impaired advances	減值貸款總額
Individual impairment allowances made against impaired loans	就減值貸款作出的個別減值撥備
Amount of collateral held in respect of impaired loans	就減值貸款持有的抵押品金額

(d) 客戶減值貸款

2017 二零一七年 HK\$'000 千港元	% of gross advances 佔貸款總額 百分比	2016 二零一六年 HK\$'000 千港元	% of gross advances 佔貸款總額 百分比
187,304	0.39	334,282	0.77
(155,963)		(149,919)	
31,341		184,363	
31,521		122,717	

18. ADVANCES TO CUSTOMERS LESS IMPAIRMENT ALLOWANCES (continued)

(d) Impaired advances to customers (continued)

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.

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

(e) 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:

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
– after 1 year but within 5 years	– 一年以後惟五年以內
– after 5 years	– 五年以後
Interest income relating to future periods	與未來期間有關之利息收入
Present value of the minimum lease payments receivable	應收最低租賃還款之現值
Collective impairment allowance	綜合減值撥備
Individual impairment allowances	個別減值撥備
Net investment in finance leases and hire purchase contracts	融資租賃及租購合約之投資淨額

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

18. 客戶貸款減減值撥備 (續)

(d) 客戶減值貸款 (續)

抵押品主要包括本集團住宅物業的按揭，當中不包括任何預期自清盤公司及政府擔保計劃收回者。

減值貸款是按個別基準在具備客觀的減值證據下而須作個別評估的貸款。

(e) 融資租賃及租購合約之投資淨額

給予客戶之貸款包括根據融資租賃及具融資租賃特性之租購合約租予客戶之汽車及設備的投資淨額。合約一般初步為期三至五年，附帶按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：

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
1,295	1,963
4,085	5,908
3,396	5,433
8,776	13,304
(804)	(1,319)
7,972	11,985
–	–
–	–
7,972	11,985

減值撥備前最低租賃還款現值之期限組別如下：

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
1,119	1,693
3,632	5,202
3,221	5,090
7,972	11,985

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

19. 可供出售金融資產

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
<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	15,034	14,860
– Unlisted	– 非上市	1,009,487	1,847,605
Certificates of deposit held	所持存款證		
– Listed outside Hong Kong	– 於香港以外上市	571,764	128,614
– Unlisted	– 非上市	1,067,754	1,750,266
Debt securities	債務證券		
– Listed in Hong Kong	– 於香港上市	9,397,485	7,329,307
– Listed outside Hong Kong	– 於香港以外上市	15,378,966	12,208,778
– Unlisted	– 非上市	4,258,761	7,612,507
Equity securities	股本證券		
– Listed in Hong Kong	– 於香港上市	69	60
– Unlisted	– 非上市	544,340	232,548
		32,243,660	31,124,545
<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	1,963,013	2,906,189
– Public sector entities	– 公營機構	656,408	627,794
– Banks	– 銀行	14,453,996	16,937,492
– Corporate entities	– 企業實體	15,170,243	10,653,070
		32,243,660	31,124,545

As at 31 December 2017, debt securities issued by banks include debt securities with fair value of HK\$2,014.7 million (2016: HK\$1,353.3 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 (2016: HK\$925.3 million).

於二零一七年十二月三十一日，由銀行機構發行的債務證券包括公平價值為2,014,700,000港元(二零一六年：1,353,300,000港元)由多邊發展銀行發行的債務證券。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(二零一六年：925,300,000港元)。

As at 31 December 2017, certain of the Group's available-for-sale equity securities with a fair value of HK\$30.7 million (2016: HK\$40.9 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 (2016: HK\$6.7 million) were recognised in profit or loss during the year.

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(二零一六年：40,900,000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。年內，該等投資的減值虧損1,300,000港元(二零一六年：6,700,000港元)已於損益中確認。

20. HELD-TO-MATURITY INVESTMENTS

20. 持至到期投資

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
<i>Held-to-maturity investments at amortised cost</i>	按攤餘成本列賬之持至到期投資		
Debt securities	債務證券		
– Listed in Hong Kong	– 於香港上市	77,268	76,412
– Listed outside Hong Kong	– 於香港以外上市	273,536	271,524
– Unlisted	– 非上市	1,054,735	1,046,858
Certificates of deposit	存款證		
– Unlisted	– 非上市	156,257	155,090
		1,561,796	1,549,884
<i>Held-to-maturity investments are issued by:</i>	持至到期投資由下列機構發行：		
– Banks	– 銀行	1,484,528	1,473,472
– Corporate entities	– 企業實體	77,268	76,412
		1,561,796	1,549,884
<i>Fair value of held-to-maturity investments:</i>	持至到期投資之公平價值：		
– Listed securities	– 上市證券	365,910	366,027
– Unlisted securities	– 非上市證券	1,251,588	1,249,615
		1,617,498	1,615,642

21. INTERESTS IN ASSOCIATES

21. 於聯營公司之權益

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Unlisted shares, at cost	非上市股份，按成本值	10,394	10,394
Advances	貸款	–	2,038
Share of net assets	應佔資產淨值	2,338,559	2,063,311
Goodwill	商譽	52,250	66,182
		2,401,203	2,141,925
Less: Impairment allowance on unlisted shares	減：非上市股份之減值撥備	(10,394)	(10,394)
Impairment allowance for advances to an associate	給一間聯營公司貸款之減值撥備	–	(2,038)
		2,390,809	2,129,493

21. INTERESTS IN ASSOCIATES (continued)

The associates of the Bank, all of which are unlisted corporate entities, whose market price is not available, are 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
Xiamen Bank Co., Ltd ("XBCL") 廈門銀行股份有限公司(「廈門銀行」)	Incorporated 註冊成立	The People's Republic of China 中華人民共和國	2,375,215,099 ordinary shares of RMB1 each 2,375,215,099股每股面值人民幣1元的普通股	15.78%	Provision of banking and related finance services (Note i) 提供銀行及相關金融服務(附註i)
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 ii) 提供財務及租賃服務(附註ii)

All the Group's effective interest over the associates are held by the Bank directly.

Note i: XBCL is an authorised institution incorporated in the PRC. The Bank is 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 is accounted for as an associated company as the directors believe they have significant influence.

Note ii: 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.

21. 於聯營公司之權益(續)

本行之聯營公司(均為非上市企業實體且無法獲取彼等的市價)如下:

本集團於聯營公司的所有實際權益由本行直接持有。

附註i: 廈門銀行為於中國註冊成立的獲授權機構。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。

附註ii: 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。

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21. INTERESTS IN ASSOCIATES (continued)

Summarised financial information of a material associate, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

21. 於聯營公司之權益(續)

一間重大聯營公司之財務資料概要(已就會計政策之任何差異作出調整及與綜合財務報告中賬面值對賬)披露如下：

		Xiamen Bank Co., Ltd	
		廈門銀行股份有限公司	
		2017	2016
		二零一七年	二零一六年
		HK\$'000	HK\$'000
		千港元	千港元
Gross amounts of the associates'	聯營公司的總額		
Total assets	總資產	255,873,045	211,253,226
Total liabilities	總負債	240,759,068	200,664,383
Equity	權益	15,113,977	10,588,843
Revenue	收益	5,212,349	4,391,121
Profit from continuing operations	持續經營業務的溢利	1,309,844	1,128,549
Post-tax profit or loss from discontinued operation	已終止經營業務的除稅後損益	-	-
Other comprehensive income	其他全面收益	(237,458)	(191,910)
Total comprehensive income	全面收益總額	1,072,386	936,639
Dividend received from the associate	收自聯營公司的股息	86,278	-
Reconciled to the Group's interests in the associate	與本集團於聯營公司之權益作對賬		
Gross amounts of net assets of the associate	聯營公司淨資產總額	15,113,977	10,588,843
Non-controlling interests	非控股權益	(296,049)	(267,125)
Gross amounts of net assets of the associate	聯營公司淨資產總額	14,817,928	10,321,718
Group's effective interest	本集團實際權益	15.78%	19.99%
Group's share of net assets of the associate	本集團攤佔聯營公司淨資產	2,338,559	2,063,311
Goodwill	商譽	52,250	66,182
Carrying amount in the consolidated financial statements	於綜合財務報告中的賬面值	2,390,809	2,129,493

22. 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.

22. 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。

Name of Company		Particulars of issued and paid up capital 已發行及繳足股本之詳情	Proportion of ownership interest 股權百分比	Principal activities 主要業務
Incorporated and operating in Hong Kong		於香港註冊成立及運作		
Fubon Credit (Hong Kong) Limited	富邦財務(香港)有限公司	HK\$65,000,000 65,000,000港元	100%	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.

所有上述附屬公司由本行直接擁有。

23. FIXED ASSETS

(a) Reconciliation of carrying amount

Cost or valuation	成本值或估值
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:	代表：
Cost	成本值
Valuation – 2017	估值 – 二零一七年
Accumulated depreciation	累計折舊
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	累計減值虧損
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
Net book value	賬面淨值
At 31 December 2017	於二零一七年十二月三十一日

23. 固定資產

(a) 賬面值對賬

Premises	Furniture, fixtures and equipment	Total
物業	傢俬、裝置及設備	總額
HK\$'000	HK\$'000	HK\$'000
千港元	千港元	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

23. FIXED ASSETS (continued)

(a) Reconciliation of carrying amount (continued)

Cost or valuation	成本值或估值
At 1 January 2016	於二零一六年一月一日
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 2016	於二零一六年十二月三十一日
Representing:	代表：
Cost	成本值
Valuation – 2016	估值—二零一六年
Accumulated depreciation	累計折舊
At 1 January 2016	於二零一六年一月一日
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 2016	於二零一六年十二月三十一日
Accumulated impairment loss	累計減值虧損
At 1 January and 31 December 2016	於二零一六年一月一日及十二月三十一日
Net book value	賬面淨值
At 31 December 2016	於二零一六年十二月三十一日

23. 固定資產(續)

(a) 賬面值對賬(續)

Premises	Furniture, fixtures and equipment	Total
物業	傢俬、裝置及設備	總額
HK\$'000	HK\$'000	HK\$'000
千港元	千港元	千港元
3,504,833	679,022	4,183,855
–	150,406	150,406
–	(13,823)	(13,823)
39,262	–	39,262
(61,762)	–	(61,762)
3,482,333	815,605	4,297,938
–	815,605	815,605
3,482,333	–	3,482,333
3,482,333	815,605	4,297,938
–	460,220	460,220
61,762	65,244	127,006
–	(13,653)	(13,653)
(61,762)	–	(61,762)
–	511,811	511,811
15,733	–	15,733
3,466,600	303,794	3,770,394

23. 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 at 31 December

於十二月三十一日的賬面淨值

(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, categorised 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

23. 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：

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
817,031	827,646

(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

23. FIXED ASSETS (continued)

(b) Fair value measurement of properties (continued)

(i) Fair value hierarchy (continued)

Fair value at 31 December 2017 於二零一七年 十二月三十一日 之公平價值計量 HK\$'000 千港元	
Recurring fair value measurement	經常性公平價值計量

Premises: 物業:

23. 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 2017 於二零一七年 十二月三十一日 之公平價值計量 HK\$'000 千港元	Fair value measurements as at 31 December 2017 categorised into 公平價值計量於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	-	-
			3,761,900

Fair value at 31 December 2016 於二零一六年 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 2016 categorised into 公平價值計量於二零一六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
	3,466,600	-	-
			3,466,600

During the year ended 31 December 2017 and 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise 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 2017 and 2016. The valuations were carried out by Colliers International (Hong Kong) Limited for 31 December 2017 and Savills Valuation and Professional Services Limited for 31 December 2016. Both firms are independent firm of surveyors who have among their staff Fellows of the Royal Institute of Chartered Surveyors or Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

The revaluation surplus of HK\$297.7 million (2016: HK\$32.8 million) has been recognised in other comprehensive income and accumulated in the premises revaluation reserve, net of deferred tax.

於截至二零一七年及二零一六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。

本集團所有物業於二零一七年及二零一六年十二月三十一日作出重估。於二零一七年十二月三十一日及二零一六年十二月三十一日，估值分別由高力國際物業顧問(香港)有限公司及第一太平戴維斯估值及專業顧問有限公司進行。兩家公司均為獨立測量師行，其部分員工為英國皇家特許測量師學會或香港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297,700,000港元(二零一六年: 32,800,000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。

23. 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

At 1 January	於一月一日
Depreciation for the year	本年度折舊
Surplus on revaluation – credit to premises revaluation reserve	重估盈餘 – 計入物業重估儲備
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	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
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

(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%

23. 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：

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
3,466,600	3,489,100
(61,189)	(61,762)
356,489	39,262
3,761,900	3,466,600
305,992	41,205
(61,189)	(61,762)

(iv) 有關三級公平價值計量的資料

23. FIXED ASSETS (continued)

(b) Fair value measurement of properties (continued)

(iv) Information about Level 3 fair value measurements (continued)

The fair value of premises held for own use are determined using the Market Approach – Comparable Transactions Method. Market Approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. By 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 when comparing such sales prices to assess the value of the subject asset. Comparable Transactions Method utilizes information on transactions involving assets that are the same or similar to the subject asset to arrive at an indication of value.

(c) The analysis of net book value of premises is as follows:

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)
– Medium term leases (10-50 years)	– 中期租約(十年至五十年)

23. 固定資產(續)

(b) 物業之公平價值計量(續)

(iv) 有關三級公平價值計量的資料(續)

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。市場法乃透過將目標資產與價格資訊可得之相同或類似資產作比較，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，在比較售價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。可資比較交易使用包括與目標資產相同或類似的資產等交易資料以達至價值指標。

(c) 物業賬面淨值的分析如下：

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
2,305,500	2,045,900
1,456,400	1,420,700
3,761,900	3,466,600

24. 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 Bank'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 recognised 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 2017 of HK\$43,900,000 (2016: HK\$42,700,000) represents its fair value less costs to sell. The fair value measurement is categorized as at Level 3 valuation as described in Note 23 (b)(i) and (b)(iv).

Cumulative income recognized in other comprehensive income relating to assets held for sale is HK\$27,995,000 (2016: HK\$27,995,000), net of tax, which represents cumulative revaluation surplus of the property.

24. 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。於二零一七年十二月三十一日，賬面值43,900,000港元(二零一六年：42,700,000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23(b)(i)及(b)(iv)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(二零一六年：27,995,000港元)(扣除稅項)，相當於物業的累計重估盈餘。

25. GOODWILL

Cost and carrying amounts

At 1 January

Dilution on investment in an associate

At 31 December

成本及賬面值

於一月一日

於一間聯營公司投資之攤薄

於十二月三十一日

Goodwill of HK\$52,250,000 (2016: HK\$66,182,000) in respect of the Group's interest in an associate has been included in "Interests in associates" (Note 21).

25. 商譽

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
----------------------------------	----------------------------------

66,182	66,182
(13,932)	–
52,250	66,182

有關本集團於一間聯營公司之權益的商譽 52,250,000 港元 (二零一六年：66,182,000 港元) 包括在「於聯營公司之權益」(附註21)。

26. DEPOSITS AND BALANCES OF BANKS AND OTHER FINANCIAL INSTITUTIONS

Deposits and balances from banks
Deposits and balances from the HKMA

Amounts due to banks under repurchase
agreements (Note 42(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
之款項(附註42(f))

26. 銀行同業及其他金融機構之存款及結餘

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
----------------------------------	----------------------------------

2,001,405	1,259,307
24,743	8,159
2,026,148	1,267,466
9,181,147	9,708,938
11,207,295	10,976,404

27. DEPOSITS FROM CUSTOMERS

Demand deposits and current accounts
Savings deposits
Call deposits
Time deposits

活期及往來存款
儲蓄存款
通知存款
定期存款

27. 客戶存款

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
----------------------------------	----------------------------------

14,174,871	13,717,175
1,499,752	1,475,743
4,571,802	4,901,228
41,821,368	43,469,715
62,067,793	63,563,861

28. TRADING LIABILITIES

Short positions in Exchange Fund Bills/Notes 外匯基金票據／債券之短倉

28. 交易賬項下之負債

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
1,846,819	2,010,295

29. OTHER LIABILITIES

Net defined benefit liability (Note 36(a)(i)) 定額福利負債淨額(附註36(a)(i))
Accounts payable and other liabilities 應付賬項及其他負債

29. 其他負債

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
57,301	56,164
2,017,202	1,120,950
2,074,503	1,177,114

30. 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 recoverable relating to prior years 承過往年度香港利得稅可收回結餘

Representing:
Hong Kong Profits Tax recoverable* 代表：
Provision for Hong Kong Profits Tax* 可收回香港利得稅*
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.

30. 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：

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
89,450 (25,564)	59,768 (87,393)
63,886	(27,625)
(28,063)	(438)
35,823	(28,063)
—	(28,063)
35,823	—
35,823	(28,063)

* 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。

30. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(b) Deferred tax assets and liabilities recognised

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

		Depreciation allowances in excess of related depreciation 超過有關折舊的折舊免稅額 HK\$'000 千港元	Defined benefit scheme 定額福利計劃 HK\$'000 千港元	Collective impairment allowance 綜合減值撥備 HK\$'000 千港元	Revaluation of available-for-sale financial assets 可供出售金融資產重估 HK\$'000 千港元	Revaluation of premises 物業重估 HK\$'000 千港元	Other 其他 HK\$'000 千港元	Total 總額 HK\$'000 千港元
At 1 January 2016	於二零一六年一月一日	(27,679)	14,565	6,754	(5,755)	(451,025)	(7,156)	(470,296)
(Charged)/credited in arriving at the profit for the year (Note 12(a))	於本年度溢利中(扣除)/撥回(附註12(a))	(13,060)	(1,175)	11,204	-	114	(11,398)	(14,315)
(Charged)/credited to other comprehensive income (Note 13)	於其他全面收益中(扣除)/撥回(附註13)	-	(3,767)	-	(10,344)	1,943	-	(12,168)
At 31 December 2016	於二零一六年十二月三十一日	(40,739)	9,623	17,958	(16,099)	(448,968)	(18,554)	(496,779)
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 (Note 12(a))	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)
(Charged)/credited to other comprehensive income (Note 13)	於其他全面收益中(扣除)/撥回(附註13)	-	1,305	-	(85,453)	(50,497)	-	(134,645)
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)

Deferred tax assets and liabilities recognised is summarised as follows:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Net deferred tax assets recognised in the consolidated statement of financial position	綜合財務狀況表確認之遞延稅項資產淨額	6	6
Net deferred tax liabilities recognised in the consolidated statement of financial position	綜合財務狀況表確認之遞延稅項負債淨額	(643,338)	(496,785)
		(643,332)	(496,779)

(c) Deferred tax assets unrecognised

The Group has no material unrecognised deferred tax asset as at 31 December 2017 (2016: HK\$Nil).

30. 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：

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

於二零一七年十二月三十一日，本集團並無重大未確認之遞延稅項資產(二零一六年：無)。

31. SUBORDINATED NOTES ISSUED

31. 已發行後償票據

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
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	1,557,472	1,544,304

Subordinated notes with face value of US\$200 million (equivalent to HK\$1,562.6 million) and carrying amount of HK\$1,557.5 million which qualify as supplementary capital were issued by the Bank on 30 November 2010 and mature on 30 November 2020.

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 amortised cost.

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1,562,600,000港元)及賬面值為1,557,500,000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。

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。

32. 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

32. 股本

31 December 2017

二零一七年十二月三十一日

Number of
shares

股份數目

Share
capital

HK\$'000

千港元

31 December 2016

二零一六年十二月三十一日

Number of
shares

股份數目

Share
capital

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.

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。

33. 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(t).

(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.

(c) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets, excluding impairment losses, until the financial assets are derecognised and is dealt with in accordance with the accounting policies in Note 2(g).

(d) Premises revaluation reserve

The premises revaluation reserve have been set up and are dealt with in accordance with the accounting policies adopted for land and buildings in Note 2(j).

33. 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(t)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。

(c) 投資重估儲備

投資重估儲備包括可供出售金融資產之公平價值直至該金融資產停止確認之累計變動淨額(不包括減值虧損)，乃按附註2(g)中之會計政策處理。

(d) 物業重估儲備

物業重估儲備乃按附註2(j)中就土地及樓宇採納之會計政策所設立及處理。

34. 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
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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 are undated and bear a 4.85% coupon until the first call date on 29 December 2022. The coupon will be reset every five years if the Additional Tier 1 Capital Securities are not redeemed to a fixed rate equivalent to the then-prevailing five-year US Treasury rate plus 2.61% per annum.

The coupon shall be payable semi-annually. The Bank has the right to cancel coupon payment (subject to the requirement as set out in the terms and conditions of the Additional Tier 1 Capital Securities) and the coupon cancelled shall not be cumulative. However, the Bank is stopped from declaring dividend to its ordinary shareholders unless the next scheduled coupon payment is paid.

The principal of the Additional Tier 1 Capital Securities will be written off up to the amount as directed or agreed with the HKMA if the HKMA notifies the Bank that in the opinion of the HKMA, the Bank would become non-viable if there is no write off of the principal.

The Bank has a call option to redeem all the outstanding capital securities from 29 December 2022 or any subsequent coupon payment date, but subject to restriction as set out in the terms and conditions.

34. 額外股本工具

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 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。如額外一級資本證券並非按相等於當時五年期美國庫券息率加年息2.61%之固定利率贖回，則票息率將會每五年重新釐定。

票息須半年支付一次。本行有權決定取消支付票息（受限於額外一級資本證券之條款及條件規定），取消的票息概不累計。然而，除非下期票息已經支付，否則本行不得向其普通股股東派發票息。

假如金管局通知本行，其認為如不對本金進行撇銷，本行將無法繼續經營，則額外一級資本證券的本金將予以撇銷，上限為按金管局的指示或經其同意的金額。

本行擁有的贖回期權可於二零二二年十二月二十九日或任何其後票息支付日期贖回所有未償還的資本證券，惟須遵守載於條款及條件之限制。

35. 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

35. 現金及等同現金項目

(a) 綜合現金流動表之現金及等同現金項目

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
989,187	1,757,546
3,808,138	3,951,888
2,408,840	3,020,837
–	1,893,845
7,206,165	10,624,116

35. CASH AND CASH EQUIVALENTS (continued)

(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)
– Available-for-sale financial assets (Note 19)	– 可供出售金融資產(附註19)
Placements with banks and other financial institutions	銀行或其他金融機構放款
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

35. 現金及等同現金項目(續)

(b) 綜合財務狀況表之對賬

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
5,133,534	6,019,614
1,846,823	2,310,246
1,024,521	1,862,465
558,348	3,264,233
8,563,226	13,456,558
(1,357,061)	(2,832,442)
7,206,165	10,624,116

(c) Reconciliation of liabilities arising from financing activities

(c) 融資活動所產生的負債之對賬

		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)
Net proceeds from issuance of debt securities	發行債務證券所得款項淨額	–	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

36. EMPLOYEE RETIREMENT BENEFITS

(a) Defined benefit retirement plans

The Group operates a retirement scheme, namely the Fubon Bank (Hong Kong) Limited Retirement Scheme ("the Scheme"), which incorporates a defined benefits plan for 22% (2016: 23%) 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 2017 and was prepared by Joseph Yip, Fellow 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 80.44% (2016: 80.17%) 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 recognised 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 Scheme's assets	該計劃資產的公平價值
Net liabilities recognised in the consolidated statement of financial position (Note 29)	於綜合財務狀況表確認之負債淨額(附註29)

36. 僱員退休福利

(a) 定額福利退休計劃

本集團推行一項退休計劃，名為富邦銀行(香港)有限公司退休計劃(「該計劃」)，為其22%(二零一六年：23%)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二零一七年十二月三十一日進行，由美世(香港)有限公司之葉廣霖(美國精算師公會會員)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，80.44%(二零一六年：80.17%)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：

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
(292,992)	(283,198)
235,691	227,034
(57,301)	(56,164)

36. EMPLOYEE RETIREMENT BENEFITS (continued)

(a) Defined benefit retirement plans (continued)

- (i) *The amounts recognised in the consolidated statement of financial position are as follows: (continued)*

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.

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% year 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 2017 – 30 June 2018 financial year is HK\$10,628,000 which will be made in the first half of 2018.

- (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	銀行存款、現金及其他

All of the interest bearing securities have quoted prices in active markets.

36. 僱員退休福利(續)

(a) 定額福利退休計劃(續)

- (i) 於綜合財務狀況表確認的金額如下：(續)

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實況的未來變動。

該計劃於每三年一次融資估值時設定接下來三年供款。最近一次融資評估計劃為截止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）。二零一七年七月一日至二零一八年六月三十日財政年度的擔保人供款經釐定為10,628,000港元，並將於二零一八年上半年作出。

- (ii) 計劃資產包括如下：

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
7,829	14,902
57,597	37,947
170,265	174,185
235,691	227,034

所有計息證券於活躍市場有報價。

36. EMPLOYEE RETIREMENT BENEFITS (continued)

(a) Defined benefit retirement plans (continued)

(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 gain 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 6.0 years (2016: 5.6 years).

(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

36. 僱員退休福利(續)

(a) 定額福利退休計劃(續)

(iii) 定額福利責任現值的變動

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
283,198	295,693
7,286	39
–	(25,341)
2,854	3,757
293,338	274,148
(20,638)	(11,409)
13,346	13,237
3,260	3,399
3,686	3,823
292,992	283,198

定額福利責任加權平均期限為6.0年(二零一六年：5.6年)。

(iv) 計劃資產變動

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
227,034	209,652
26,676	27,130
(20,638)	(11,409)
2,737	2,520
(2,346)	(2,142)
2,228	1,283
235,691	227,034

36. EMPLOYEE RETIREMENT BENEFITS (continued)

(a) Defined benefit retirement plans (continued)

- (v) Amounts recognised 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 recognised in profit or loss	於損益中確認之總額
Actuarial losses/(gain)	精算虧損/(收益)
Return on plan assets, excluding interest income	計劃資產之回報 不包括利息收入
Total amounts recognised 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 2017 amounted to approximately HK\$2,619,000 (2016: HK\$1,661,000).

- (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

36. 僱員退休福利(續)

(a) 定額福利退休計劃(續)

- (v) 於綜合全面收益表中已確認之金額如下：

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
13,346	13,237
523	879
2,346	2,142
16,215	16,258
10,140	(21,545)
(2,228)	(1,283)
7,912	(22,828)
24,127	(6,570)

截至二零一七年十二月三十一日止年度，計劃資產實際回報達2,619,000港元(二零一六年：1,661,000港元)。

- (vi) 重大精算假設(表述為加權平均數)及敏感度分析如下：

2017 二零一七年	2016 二零一六年
1.7% p.a. 年利率1.7%	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%

36. EMPLOYEE RETIREMENT BENEFITS (continued)

(a) Defined benefit retirement plans (continued)

- (vi) Significant actuarial assumptions (expressed as weighted averages) and sensitivity analysis are as follows: (continued)
The analysis below shows how the defined benefit obligation as at 31 December 2017 would have increased/(decreased) as a result of 50 basis points change in the significant actuarial assumptions:

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

As at 31 December 2016
於二零一六年十二月三十一日

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.

36. 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:(續)
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二零一七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
(8,497)	9,083
4,981	(4,395)

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
(7,646)	7,930
4,531	(3,965)

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。

37. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Credit related commitments and contingencies

Credit related commitments and contingencies include acceptances, letters of credit, guarantees and commitments to extend credit. The risk involved is essentially the same as the credit risk involved in extending loan facilities to customers. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the credit default. As the facilities may expire without being drawn upon, the 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:

Direct credit substitutes	直接信貸替代項目
Transaction-related contingencies	與交易有關之或然項目
Trade-related contingencies	與貿易有關之或然項目
Undrawn loan facilities	未提取之備用貸款
– which are unconditionally cancellable	– 其中可無條件地取消
– with an original maturity of up to one year	– 原訂到期期限為直至一年
– with an original maturity of more than one year	– 原訂到期期限為一年以上

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

37. 或然負債及承擔

(a) 與信貸有關之承擔及或然項目

與信貸有關之承擔及或然項目包括承兌項目、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量。

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：

2017 二零一七年		2016 二零一六年	
Contractual amounts	Credit risk weighted amounts	Contractual amounts	Credit risk weighted amounts
合約金額	信貸風險加權金額	合約金額	信貸風險加權金額
HK\$'000	HK\$'000	HK\$'000	HK\$'000
千港元	千港元	千港元	千港元
138,170	138,170	101,117	101,117
16,172	8,086	25,580	12,790
734,248	146,850	267,169	53,434
25,619,171	–	24,751,255	–
8,721	1,744	87,740	17,548
2,219,450	1,103,476	1,155,142	573,554
28,735,932	1,398,326	26,388,003	758,443

用於計算信貸風險加權金額之風險加權比率介乎0%至100%。

37. 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 available-for-sale financial assets outstanding at 31 December not provided for in the financial statements were as follows:

Contracted for	已訂合約
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(d) Contingent liability in respect of legal claim

The Group is involved in a lawsuit where judgment was issued against the Group during the year ended 31 December 2016. Related compensation and legal costs of HK\$100 million were recognized in the year ended 31 December 2015. The Group has filed a Notice of Appeal while the Plaintiff also filed a Respondent's Notice regarding the compensation amount. Additional compensation of HK\$73 million and interest, which cannot be reasonably estimated, may be incurred should the final judgment be in favour of the Plaintiff. Based on legal advice, the Directors do not believe it is probable that any further compensation will be incurred by the Group and therefore no additional provision has been recognised for this lawsuit.

37. 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：

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
25,612	24,792
33,645	38,248
10,880	17,204
70,137	80,244

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可供出售金融資產之未兌現資本承擔如下：

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
242,280	248,014

(d) 有關法律索賠的或然負債

本集團涉及一宗訴訟，於截至二零一六年十二月三十一日止年度期間本集團獲判敗訴。相關賠償及法律費用1億港元已於截至二零一五年十二月三十一日止年度確認。本集團已提交上訴通知書，而原告人亦就賠償金額呈交答辯人通知書。倘若最終判決原告人勝訴，則可能會招致追加賠償金73,000,000港元及無法合理估計之利息。根據法律意見，董事不認為本集團將會招致任何進一步賠償，因此並無就本訴訟確認額外撥備。

38. TRUST ACTIVITIES

The Group commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and the income arising thereon are excluded from these financial statements, as the Group has no beneficial interest in the assets.

39. 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.

38. 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。

39. 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。

39. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Financial instruments carried at fair value (continued)

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 categorised:

		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					
Assets					
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					
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
		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
2016					
Assets					
Trading assets	持作交易用途資產	2,310,246	–	–	2,310,246
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值之金融資產	–	39,226	–	39,226
Derivative financial instruments	衍生金融工具	–	753,244	–	753,244
Available-for-sale financial assets	可供出售金融資產	13,632,633	17,257,363	234,549	31,124,545
		15,942,879	18,049,833	234,549	34,227,261
Liabilities					
Trading liabilities	交易賬項下之負債	2,010,295	–	–	2,010,295
Financial liabilities designated at fair value through profit or loss	指定為通過損益以反映公平價值之金融負債	–	406,185	–	406,185
Derivative financial instruments	衍生金融工具	–	443,714	–	443,714
		2,010,295	849,899	–	2,860,194

39. 金融工具之公平價值(續)

(a) 以公平價值列賬之金融工具(續)

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：

39. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Financial instruments carried at fair value (continued)

During the year 2017 and 2016, 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 recognise 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:

- (i) The fair value of unquoted equity investments is estimated, if possible, using the applicable price/earnings ratio for similar listed companies adjusted to reflect specific circumstances of the issues; and
- (ii) the fair value of unlisted investment funds is estimated using the net asset value as reported by the managers of such funds.

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
Settlements	結算
Changes in fair value recognised 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 recognised 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

39. 金融工具之公平價值(續)

(a) 以公平價值列賬之金融工具(續)

於二零一七年及二零一六年，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公平價值等級制度三級下之金融工具之公平價值：

- (i) 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調整至反映發行之特定情況進行估計；及
- (ii) 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。

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：

Available-for-sale financial assets

可供出售金融資產	
2017	2016
二零一七年	二零一六年
HK\$'000	HK\$'000
千港元	千港元
234,548	248,859
4,646	9,960
(15,215)	(15,995)
–	–
(1,286)	(6,685)
323,647	(1,591)
546,340	234,548
323,647	(1,591)
7,216	10,085

39. 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:

		Effect on profit or loss		Effect on other comprehensive income	
		對損益賬的影響		對其他全面收益的影響	
		Favourable	Unfavourable	Favourable	Unfavourable
		有利變動	不利變動	有利變動	不利變動
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		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				
Asset	資產				
Available-for-sale financial assets	可供出售金融資產	-	(907)	54,634	(53,727)
As at 31 December 2016	於二零一六年十二月三十一日				
Asset	資產				
Available-for-sale financial assets	可供出售金融資產	-	(1,200)	23,455	(22,255)

(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 recognised separately by deducting the amount of the impairment loss and allowances from both the carrying amount and fair value; and

39. 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		Effect on other comprehensive income	
		對損益賬的影響		對其他全面收益的影響	
		Favourable	Unfavourable	Favourable	Unfavourable
		有利變動	不利變動	有利變動	不利變動
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		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				
Asset	資產				
Available-for-sale financial assets	可供出售金融資產	-	(907)	54,634	(53,727)
As at 31 December 2016	於二零一六年十二月三十一日				
Asset	資產				
Available-for-sale financial assets	可供出售金融資產	-	(1,200)	23,455	(22,255)

(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金額。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金額及公平價值扣除減值虧損及撥備金額予以確認；及

39. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Fair values of financial instruments carried at other than fair value (continued)

(iii) the fair value of fixed rate loans and mortgages carried at amortised cost is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values, as the impact of credit risk is recognised separately by deducting the amount of the impairment loss and allowances from both the carrying amount and fair value.

(iv) the fair value of held-to-maturity debt securities 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(g)(iii)).

The carrying amount of the Group's financial instruments carried at cost or amortised cost are not significantly different from their fair values as at 31 December 2017 and 2016 except as follows:

39. 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)

(iii) 有關定息貸款及按揭餘成本列賬之按揭的公平價值是透過比較貸款時之市場利率與相若貸款之現時市場利率所計算。由於信貸風險之影響透過自賬面金額及公平價值扣除減值虧損及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。

(iv) 持至到期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(g)(iii))估計。

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二零一七年及二零一六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：

		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	-

		2016 二零一六年				
		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	2,237,643	2,208,895	-	2,208,895	-
Held-to-maturity investments	持至到期投資	1,549,884	1,615,642	-	1,615,642	-
Financial liability	金融負債					
Deposits from customers	客戶存款	43,469,715	43,480,594	-	43,480,594	-

40. 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 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) Placement of deposits

<i>Fellow subsidiaries</i>	<i>同系附屬公司</i>
Cash and short-term funds	現金及短期資金
<i>Fellow subsidiaries</i>	<i>同系附屬公司</i>
Accrued interest and other assets	應計利息及其他資產

There was no impairment allowance made against the above placement of deposits with related parties.

40. 重大關連各方交易

年內，本集團與其最終控股公司及關連各方訂立多項交易。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餘額之資料載列如下：

(a) 收入／（支出）

The Group 本集團	
2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
33,576	22,665
364	—

(b) 放款

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
12,993	23,818
312	610

上述與關連各方放款並無減值撥備。

40. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(c) Acceptance of deposits

<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
<i>Fellow subsidiaries</i>	同系附屬公司
Deposits from customers	客戶存款
<i>Other related parties</i>	其他關連方
Deposits from customers	客戶存款
<i>Fellow subsidiaries</i>	同系附屬公司
Other liabilities	其他負債

(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)

40. 重大關連各方交易 (續)

(c) 接納存款

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
551	1,907
36,503	20,608
309,089	244,699
217,759	213,925
364	—

(d) 金融工具

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
378,923	438,129

40. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(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 2017 (2016: Nil).

(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).

40. 重大關連各方交易 (續)

(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：

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
49	421,043
421,046	425,086

於二零一七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(二零一六年：無)。

(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：

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
53,928	51,147
2,968	2,803
56,896	53,950

酬金總額計入「僱員成本」(見附註7)。

40. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(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 impairment losses have been recorded against balances outstanding during the year with key management personnel, and no individually assessed impairment allowance been made on the above balances at the year end.

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.

40. 重大關連各方交易 (續)

(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，而有關係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。

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
2,769	3,542
37	48
4,160	4,160

並無就年內主要管理人員的未償還餘額記錄減值虧損，且於年底並無就上述餘額作出個別估計減值撥備。

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）及採取各必須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。

41. 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
Available-for-sale financial assets	可供出售金融資產
Held-to-maturity investments	持至到期投資

The following balances with banks have been pledged as collateral for margin deposits of derivatives at the end of the reporting period:

Margin accounts for derivative contracts	衍生工具合約的保證金賬戶款項
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These transactions are conducted under usual and customary terms.

42. 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 matters such as non-adherence to systems and procedures or from frauds resulting in financial or reputation loss.

41. 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：

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
11,027,966	11,719,234
1,846,823	1,361,802
9,520,768	10,784,252
122,612	–
11,490,203	12,146,054

下列銀行結餘已於報告期末作為衍生工具保證金存款抵押品予以抵押：

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
157,853	192,870

該等交易乃按照一般及慣用條款進行。

42. 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。
- 流動資金及融資風險：本集團未能在付款責任到期時履行付款責任，或無法持續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：由於未遵守制度及程序等事項而引致之風險或由欺詐致使財務或聲譽受損而引致之風險。

42. 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, the Credit Committee and the Wholesale Credit Committee.

The Executive Credit Committee 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.

42. 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(自風險承受報表及風險承受指標獲取)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擔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。亦可源於買賣及財資活動。

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。

42. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

The Credit Committee 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 Credit Committee reviews and endorses credit policies and credit risk profile for the Executive Credit Committee'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 Executive Credit Committee to ensure that the credit risk profile of the Group is within its risk appetite. The Credit Committee also reviews and approves credits that are within its authority as delegated by the Board.

The Wholesale Credit Committee reviews and approves corporate credits that are within its authority as delegated by the Board.

The credit risk departments, Enterprise Credit Risk Management and Retail Credit Risk Oversight, provide centralised 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, individual impairment and charge-off; and
- reporting to the Credit Committee and Executive Credit Committee 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.

42. 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推薦意見，確保本集團之信貸風險狀況符合其風險承受水平。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。

信貸部門(企業信貸風險管理及消費信貸風險監控)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、個別減值及註銷；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。

信用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。

42. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

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.

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.

42. 財務風險管理(續)

(a) 信貸風險管理(續)

信用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。整體組合風險是受持續監控。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。

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。

42. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

(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.

(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 20.

42. 財務風險管理(續)

(a) 信貸風險管理(續)

(iii) 交易對手之信貸風險

交易對手之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之未來潛在變動之估計。該等信貸風險乃作為有關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，該等交易須遵守與申請貸款交易相同之信貸申請、貸款組合要求及抵押品規定。

(v) 信貸風險過分集中

當地域、經濟或行業因素之變動對不同類別之客戶或交易對手產生類似影響，而彼等之信貸風險加起來對本集團之總風險而言屬重大時便會出現信貸風險過份集中之問題。本集團之金融風險已因客戶組別、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20內披露。

42. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

(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.

42. 財務風險管理(續)

(a) 信貸風險管理(續)

(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量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，包括為現金存款、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，週期介乎每日至每年一次不等，這取決於抵押品的類型。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(「CSA」)，此乃普遍的做法，以減低衍生工具交易固有的市場風險。

42. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

(vi) Credit risk mitigation (continued)

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

		Gross amounts of financial instruments in the consolidated statement of financial position 金融工具 於綜合財務 狀況表 的總額 HK\$'000 千港元	Gross amount of recognised financial instruments off-set in the consolidated statement of financial position 已抵銷金融工具 於綜合財務 狀況表 確認的總額 HK\$'000 千港元	Net amounts of financial instruments in the consolidated statement of financial position 金融工具 於綜合財務 狀況表 的淨額 HK\$'000 千港元	Related financial instruments that are not offset 未抵銷的 有關金融工具 HK\$'000 千港元	Net amount 淨額 HK\$'000 千港元
As at 31 December 2017	於二零一七年十二月三十一日					
<i>Financial assets</i>	<i>金融資產</i>					
– Exchange rate derivatives	– 匯率衍生工具	26,834	–	26,834	15,221	11,613
– Interest rate derivatives	– 利率衍生工具	207,599	–	207,599	42,027	165,572
		234,433	–	234,433	57,248	177,185
<i>Financial liabilities</i>	<i>金融負債</i>					
– Exchange rate derivatives	– 匯率衍生工具	65,526	–	65,526	15,221	50,305
– Interest rate derivatives	– 利率衍生工具	125,129	–	125,129	42,027	83,102
– Equity derivatives	– 股票衍生工具	368	–	368	–	368
		191,023	–	191,023	57,248	133,775

42. 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。

42. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

(vi) Credit risk mitigation (continued)

		Gross amounts of financial instruments in the consolidated statement of financial position 金融工具 於綜合財務狀 況表的總額 HK\$'000 千港元	Gross amount of recognised financial instruments off-set in the consolidated statement of financial position 已抵銷金融工具 於綜合財務狀 況表確認的總額 HK\$'000 千港元	Net amounts of financial instruments in the consolidated statement of financial position 金融工具 於綜合財務狀 況表的淨額 HK\$'000 千港元	Related financial instruments that are not offset 未抵銷的 有關金融工具 HK\$'000 千港元	Net amount 淨額 HK\$'000 千港元
As at 31 December 2016	於二零一六年十二月三十一日					
<i>Financial assets</i>	<i>金融資產</i>					
- Exchange rate derivatives	- 匯率衍生工具	67,823	-	67,823	27,250	40,573
- Interest rate derivatives	- 利率衍生工具	156,075	-	156,075	71,351	84,724
		223,898	-	223,898	98,601	125,297
<i>Financial liabilities</i>	<i>金融負債</i>					
- Exchange rate derivatives	- 匯率衍生工具	124,514	-	124,514	27,250	97,264
- Interest rate derivatives	- 利率衍生工具	256,231	-	256,231	71,351	184,880
- Equity derivatives	- 股票衍生工具	116	-	116	-	116
		380,861	-	380,861	98,601	282,260

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.

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，主要用於減緩企業風險。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。

42. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

(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
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值之金融資產
Derivative financial instruments	衍生金融工具
Advances to customers less impairment allowances	客戶貸款減值撥備
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
<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

42. 財務風險管理(續)

(a) 信貸風險管理(續)

(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準備後之賬面值。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：

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
5,133,534	6,019,614
558,348	3,264,233
1,846,823	2,310,246
—	39,226
705,165	753,244
47,583,317	43,318,839
880,255	230,137
1,425,869	1,086,407
31,699,251	30,891,937
1,561,796	1,549,884
888,590	393,866
27,847,342	25,994,137
120,130,290	115,851,770

42. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

(viii) Credit quality of loans and advances

At 31 December 2017 and 2016, no loans and advances to banks were impaired. 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	向客戶授出而並無逾期或減值之借款及貸款總額
– Grade 1: Pass	– 第一級：通過
– Grade 2: Special mention	– 第二級：需要關注

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

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	向客戶授出而已逾期但並無減值之借款及貸款總額
– 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 renegotiated amounted to HK\$15,119,000 as at 31 December 2017 (2016: HK\$10,872,000).

42. 財務風險管理(續)

(a) 信貸風險管理(續)

(viii) 借款及貸款之信貸質素

於二零一七年及二零一六年十二月三十一日，向銀行同業授出之借款及貸款並無減值。向客戶作出之貸款之信貸質素可分析如下：

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
47,318,372	42,711,650
366,672	531,665
187,304	334,282
47,872,348	43,577,597
47,124,617	42,310,564
193,755	401,086
47,318,372	42,711,650

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。

向客戶授出而已逾期但並無減值之貸款賬齡分析如下：

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
364,879	525,936
–	–
1,793	5,729
366,672	531,665

於二零一七年十二月三十一日，倘條款不予重新磋商即為已逾期或已減值之借款及貸款金額為15,119,000港元(二零一六年：10,872,000港元)。

42. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

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

Credit risk that arises from investments in financial assets or debt securities 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 debt securities by credit rating designation at 31 December, based on Standard & Poor's ratings or their equivalents, is as follows:

AAA	AAA
AA- to AA+	AA-至AA+
A- to A+	A-至A+
Lower than A-	A-以下
Unrated	無評級

42. 財務風險管理(續)

(a) 信貸風險管理(續)

(ix) *借款及貸款以外之金融資產之信貸質素*

本集團按管理其公司借貸信貸風險相同之方式管理金融資產或債務證券投資產生之信貸風險，發行人須承擔向客戶組別發放的整體借貸限額之受控制風險。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債務證券於十二月三十一日進行之分析如下：

2017 二零一七年			
Trading assets 持作交易 用途資產 HK\$'000 千港元	Available- for-sale financial assets 可供出售 金融資產 HK\$'000 千港元	Held-to- maturity investments 持至 到期投資 HK\$'000 千港元	Total 總額 HK\$'000 千港元
-	3,680,994	-	3,680,994
1,846,823	5,733,926	507,835	8,088,584
-	16,523,957	819,575	17,343,532
-	4,390,793	-	4,390,793
-	1,369,581	234,386	1,603,967
1,846,823	31,699,251	1,561,796	35,107,870

42. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

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

		2016 二零一六年				
		Trading assets	Financial assets designated at fair value through profit or loss 指定為通過 損益以反映 公平價值 之金融資產	Available- for-sale financial assets 可供出售 金融資產	Held-to- maturity investments 持至 到期投資	Total 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
AAA	AAA	–	–	3,115,903	–	3,115,903
AA- to AA+	AA-至AA+	2,310,246	–	9,327,794	659,133	12,297,173
A- to A+	A-至A+	–	–	13,233,673	735,661	13,969,334
Lower than A-	A-以下	–	39,226	4,597,349	155,090	4,791,665
Unrated	無評級	–	–	617,218	–	617,218
		2,310,246	39,226	30,891,937	1,549,884	34,791,293

There were no overdue debt securities of the Group as at 31 December 2017 (2016: Nil).

本集團於二零一七年十二月三十一日並未持有已逾期債務證券(二零一六年：無)。

(x) Collateral and other credit enhancements

An estimate of the fair value of collateral and other credit enhancements held against financial assets is as follows:

(x) 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：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
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	90,975,520	102,080,134
- Past due but not impaired	- 已逾期但並無減值	1,194,530	1,518,187
- Impaired	- 已減值	84,525	185,122
		92,254,575	103,783,443

42. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

(xi) Collateral and other credit enhancements obtained

During the years 2017 and 2016, the Group did not obtain any assets by taking possession of collateral held as security.

As at 31 December 2017, total repossessed assets and assets acquired under lending agreements of the Group amounted to HK\$40,700,000 (2016: HK\$8,700,000).

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 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 ALCO and approved by The Board at least annually. The regular limit monitoring is performed daily and the result is reported to ALCO members. The risk exposures are also reported to the RC at least monthly.

42. 財務風險管理(續)

(a) 信貸風險管理(續)

(xi) 已取得之抵押品及其他信貸提升措施

本集團於二零一七年及二零一六年間均未有接管持作擔保之抵押品。

於二零一七年十二月三十一日，根據本集團之借貸協議獲得之收回資產和資產總值為40,700,000港元(二零一六年：8,700,000港元)。

收回物業會盡快予以出售，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。

42. 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 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 2017, 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\$5,480,000 lower (2016: HK\$560,000 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\$5,480,000 higher (2016: HK\$560,000 higher).

Interest rate risk

The Group measures trading book interest rate risks through Present Value of Basis Point (PVBp). PVBp 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 2017 and 2016, 100 basis points upward or downward movement in interest rate would not result in a material profit movement.

42. 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

於二零一七年十二月三十一日，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5,480,000港元（二零一六年：減少560,000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5,480,000港元（二零一六年：增加560,000港元）。

利率風險

本集團透過基點現值法(PVBp)計量交易賬利率風險。PVBp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。於二零一七年及二零一六年十二月三十一日，如果利率上調或下調100個基點，溢利將不會有重大變動。

42. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk management (continued)

(i) Sensitivity analysis of market risk exposures (continued)

Trading market risk (continued)

Equity risk

At 31 December 2017 and 2016, 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.

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 2017, 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\$87.0 million (2016: HK\$62.5 million increase), and decrease in economic value of HK\$17.0 million (2016: HK\$2.0 million decrease); while an increase in USD market interest rates of 100 basis points would result in a decrease in earnings over the next 12 months of HK\$18.0 million (2016: HK\$45.5 million decrease), or an increase in economic value of HK\$7.5 million (2016: HK\$63.0 million increase).

42. 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)

交易市場風險 (續)

股票風險

本集團於二零一七年及二零一六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。

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名下。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、負債及承擔之再定息率時差引致，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。

於二零一七年十二月三十一日，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87,000,000港元（二零一六年：增加62,500,000港元），但造成經濟值減少17,000,000港元（二零一六年：減少2,000,000港元）；如果美元市場利率調升100個基點，將導致接下來12個月盈利減少18,000,000港元（二零一六年：減少45,500,000港元），或經濟值增加7,500,000港元（二零一六年：增加63,000,000港元）。

42. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk management (continued)

(i) Sensitivity analysis of market risk exposures (continued)

Non-trading market risk (continued)

Interest rate risk (continued)

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\$87.0 million (2016: HK\$62.5 million decrease), and increase in economic value of HK\$17.0 million (2016: HK\$2.0 million increase); while a decrease in USD market interest rates of 100 basis points would result in an increase in earnings over the next 12 months of HK\$18 million respectively (2016: HK\$45.5 million increase), or a decrease in economic value of HK\$7.5 million (2016: HK\$63.0 million decrease).

Equity risk

At 31 December 2017 and 2016, the Group does not hold non-trading listed equity securities. As such, any movement in the equity price would have no impact on the Group.

The Group holds non-trading unlisted equity investments and uses the net asset 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 39(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 2017 and 2016.

(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 Financial Markets Division within limits approved by the Board. Structural foreign currency positions represent foreign currency investments in an associate of HK\$1,399.4 million as of 31 December 2017 (2016: HK\$1,399.4 million). The Group seeks to match closely its foreign currency denominated assets with corresponding liabilities in the same currencies.

42. 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)

利率風險(續)

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87,000,000港元(二零一六年：減少62,500,000港元)，但造成經濟值增加17,000,000港元(二零一六年：增加2,000,000港元)；如果美元市場利率下調100個基點，將導致接下來12個月盈利增加18,000,000港元(二零一六年：增加45,500,000港元)，或經濟值減少7,500,000港元(二零一六年：減少63,000,000港元)。

股票風險

於二零一七年及二零一六年十二月三十一日，本集團並無持有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影響。

本集團持有非交易非上市股權投資，並使用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39(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，就二零一七年及二零一六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範圍內。結構性外幣持倉主要源自於聯營公司於二零一七年十二月三十一日之外幣投資共1,399,400,000港元(二零一六年：1,399,400,000港元)。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。

42. 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 less impairment allowances	客戶貸款減減值撥備
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	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

42. 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：

2017 二零一七年		
US Dollars 美元	Chinese Renminbi 人民幣	Other foreign currencies 其他外幣
1,894,835	420,890	303,077
–	558,348	–
227,053	18,797	4,759
9,808,821	902,685	444,265
864,495	15,760	–
682,107	213,711	74,092
19,383,197	1,048,089	9,803,738
1,561,796	–	–
–	2,390,809	–
34,422,304	5,569,089	10,629,931
5,739,641	15,610	5,368,247
17,019,351	2,614,011	3,573,821
703,015	–	–
779,454	–	–
191,804	17,848	2,076
629,236	217,565	83,363
1,557,472	–	–
26,619,973	2,865,034	9,027,507
7,802,331	2,704,055	1,602,424
(4,831,622)	(260,294)	(1,547,032)
2,970,709	2,443,761	55,392
1,218,926	80,900	54,858

42. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk management (continued)

(ii) Analysis of currency risk exposures (continued)

(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
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值之金融資產
Advances to customers less impairment allowances	客戶貸款減減值撥備
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	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
Certificate of deposit issued	已發行存款證
Debt securities issued	已發行債務證券
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

42. 財務風險管理 (續)

(b) 市場風險管理 (續)

(ii) 貨幣風險分析 (續)

2016 二零一六年		
US Dollars 美元	Chinese Renminbi 人民幣	Other foreign currencies 其他外幣
3,767,128	171,428	286,379
2,462,054	367,650	164,529
39,226	—	—
6,127,819	733,980	141,022
76,681	130,978	22,478
674,648	20,814	73,592
17,045,729	1,350,049	9,982,265
1,549,884	—	—
—	2,129,493	—
31,743,169	4,904,392	10,670,265
3,633,965	—	7,006,225
14,686,464	2,762,194	3,597,205
155,090	—	—
421,847	—	—
273,325	19,896	84,105
1,544,304	—	—
20,714,995	2,782,090	10,687,535
11,028,174	2,122,302	(17,270)
(10,804,614)	(20,950)	8,769
223,560	2,101,352	(8,501)
214,822	62,144	68,890

42. 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.

		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	總額 HK\$'000 千港元	總額 HK\$'000 千港元	總額 HK\$'000 千港元	總額 HK\$'000 千港元	總額 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 less impairment allowances	客戶貸款減減值撥備	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(d) includes further information on the remaining maturity of derivatives, including interest rate swaps, by notional amount.

衍生金融工具按市值計價列賬。附註17(d)包括按名義金額分析衍生工具(包括利率掉期)剩餘期限的進一步資料。

42. 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。由於預付及行使期權，實際重訂價格日期可能不同於合約日期。

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42. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk management (continued)

(iii) Analysis of interest rate risk exposures (continued)

		2016 二零一六年						
		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	總額 HK\$'000 千港元	總額 HK\$'000 千港元	總額 HK\$'000 千港元	總額 HK\$'000 千港元	總額 HK\$'000 千港元
ASSETS	資產							
Cash and short-term funds	現金及短期資金	1.41%	6,019,614	4,341,746	—	—	—	1,677,868
Balances with banks and other financial institutions	銀行同業及其他金融機構結餘	2.03%	3,264,233	2,347,655	916,578	—	—	—
Trading assets	持作交易用途資產	0.35%	2,310,246	2,210,517	99,729	—	—	—
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值之金融資產	7.99%	39,226	39,226	—	—	—	—
Derivative financial instruments	衍生金融工具	N/A 不適用	753,244	—	—	—	—	753,244
Advances to customers less impairment allowances	客戶貸款減減值撥備	2.89%	43,318,839	41,390,118	1,126,971	647,045	4,844	149,861
Trade bills	商業票據	2.74%	230,137	230,137	—	—	—	—
Available-for-sale financial assets	可供出售金融資產	2.57%	31,124,545	12,184,495	4,223,803	9,583,193	4,898,444	234,610
Held-to-maturity investments	持至到期投資	4.13%	1,549,884	—	77,545	1,472,339	—	—
Other assets	其他資產	3.40%	7,037,700	33,518	1,127	—	—	7,003,055
			95,647,668	62,777,412	6,445,753	11,702,577	4,903,288	9,818,638
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	1.69%	10,976,404	10,944,768	—	—	—	31,636
Deposits from customers	客戶存款	0.86%	63,563,861	56,080,848	7,004,044	22,882	—	456,087
Trading liabilities	交易賬項下之負債	0.30%	2,010,295	1,910,598	99,697	—	—	—
Financial liabilities designated at fair value through profit or loss	指定為通過損益以反映公平價值之金融負債	1.28%	406,185	—	406,185	—	—	—
Certificates of deposit issued	已發行存款證	1.46%	2,834,890	1,185,006	990,374	659,510	—	—
Debt securities issued	已發行債務證券	1.15%	821,482	399,635	421,847	—	—	—
Derivative financial instruments	衍生金融工具	N/A 不適用	443,714	—	—	—	—	443,714
Subordinated notes issued	已發行後償票據	6.25%	1,544,304	—	—	1,544,304	—	—
Other liabilities	其他負債	N/A 不適用	1,673,899	—	—	—	—	1,673,899
			84,275,034	70,520,855	8,922,147	2,226,696	—	2,605,336
Interest rate sensitivity gap	利率敏感度差距			(7,743,443)	(2,476,394)	9,475,881	4,903,288	

Derivative financial instruments are carried at mark-to-market values. Note 17(d) includes further information on the remaining maturity of derivatives, including interest rate swaps, by notional amount.

衍生金融工具按市值計價列賬。附註17(d)包括按名義金額分析衍生工具(包括利率掉期)剩餘期限的進一步資料。

42. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management

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

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 Bank'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.

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 commitment to customers within pre-determined management alert triggers;

42. 財務風險管理 (續)

(c) 流動資金風險管理

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

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量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流動性及貸款對存款比率；
- 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；
- 按預定期限管理客戶借貸承擔；

42. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

- 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.

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.

42. 財務風險管理 (續)

(c) 流動資金風險管理 (續)

- 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限額管理。

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。

資金及流動資金風險的管理

作為其流動資金風險管理之一部分，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資金風險。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。

42. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

The management of funding and liquidity risk (continued)

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.

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.

Loan to deposit ratio

The Group emphasises 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.

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.

42. 財務風險管理 (續)

(c) 流動資金風險管理 (續)

資金及流動資金風險的管理 (續)

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資金風險標準以衡量及分析流動資金風險，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。

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。

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。貸存比率的限制由董事會風險委員會設立並批准，且由資產負債委員會監管。

現金流量預測及壓力測試

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量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資金狀況進行壓力測試。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量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「穩健的流動資金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。

42. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

The management of funding and liquidity risk (continued)

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.

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.

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.

42. 財務風險管理 (續)

(c) 流動資金風險管理 (續)

資金及流動資金風險的管理 (續)

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，可滿足流動資金壓力初始階段的資金需求。

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。

或然流動資金風險

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資金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。

42. 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 utilises 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 gaps based on remaining maturity

Detailed analysis of the Group's liquidity gaps for different time bands based on the remaining maturity as of 31 December 2017 is set out in the Note 42(c)(i).

42. 財務風險管理 (續)

(c) 流動資金風險管理 (續)

資金及流動資金風險的管理 (續)

應急融資計劃

本集團已制定應急融資計劃，當中訂明處理流動資金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資金所需。

對應急融資計劃須定期進行測試，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。

按剩餘期限之流動資金缺口

於二零一七年十二月三十一日，本集團按剩餘期限之流動資金缺口的詳細分析載於附註42(c)(i)。

42. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

- (i) *Analysis of assets and liabilities by remaining maturity*
The following maturity profile is based on the remaining period at the end of the reporting period to the contractual maturity date.

		2017 二零一七年						
			Repayable	Within	Over	Over	Over	
		Total	on demand	1 month	but within 1 month	but within 3 months	but within 1 year	Undated or overdue
					3 months	1 year	5 years	
					一個月以上	三個月以上	一年以上	無定期
					三個月以內	一年以內	五年以內	或逾期
		總額	即時還款	一個月內	三個月以內	一年以內	五年以內	五年以上
		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	5,133,534	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 less impairment allowances	客戶貸款減減值撥備	47,583,317	-	11,010,922	3,798,396	5,845,429	14,020,992	12,854,834
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
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	-
		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	-	-
Financial liabilities designated at fair value through profit or loss	指定為通過損益以反映公平價值之金融負債	-	-	-	-	-	-	-
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	-
		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(d) includes further information on the remaining maturity of derivatives, including interest rate swaps, by notional amount.

衍生金融工具按市值計價列賬。附註17(d)包括按名義金額分析衍生工具(包括利率掉期)剩餘期限的進一步資料。

42. 財務風險管理 (續)

(c) 流動資金風險管理 (續)

- (i) *按剩餘期限分析之資產及負債*
下列期限組別乃基於報告期末至合約訂明到期日之剩餘期限。

42. 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	Within	Over	Over	Over		Over	Undated
		on demand	1 month	1 month	3 months	1 year		5 years	or overdue
				but within	but within	but within			
				3 months	1 year	5 years			
				一個月以上	三個月以上	一年以上			
				三個月以內	一年以內	五年以內		五年以上	無定期
		總額	即時還款	一個月內	三個月以內	一年以內	五年以內	五年以上	或逾期
		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
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	3,420,042	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	3,420,042	2,000
Of which:	其中：								
Certificate of deposits 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 amortised cost	- 按攤餘成本列賬	3,311,457	-	-	156,256	860,388	2,294,813	-	-

* The amount of debt securities held included certificate of deposits held.

42. 財務風險管理 (續)

(c) 流動資金風險管理 (續)

(i) 按剩餘期限分析之資產及負債 (續)

* 所持債務證券的金額已計入所持存款證。

NOTES TO THE FINANCIAL STATEMENTS
財務報告附註

42. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

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

		2016 二零一六年						
		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 or overdue
		總額	即時還款	一個月內	三個月以上 一個月以內	三個月以上 一年以內	一年以上 五年以內	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
ASSETS								
Cash and short-term funds	現金及短期資金	6,019,614	1,757,546	4,262,068	-	-	-	-
Balances with banks and other financial institutions	銀行同業及其他 金融機構結餘	3,264,233	-	94	2,337,305	926,834	-	-
Trading assets	持作交易用途資產	2,310,246	-	499,885	1,710,632	99,729	-	-
Financial assets designated at fair value through profit or loss	指定為通過損益以反映 公平價值之金融資產	39,226	-	-	39,226	-	-	-
Derivative financial instruments	衍生金融工具	753,244	-	-	-	-	-	753,244
Advances to customers less impairment allowances	客戶貸款減減值撥備	43,318,839	955,478	8,386,469	2,914,708	3,559,413	13,731,150	13,535,659
Trade bills	商業票據	230,137	-	129,824	100,313	-	-	-
Available-for-sale financial assets	可供出售金融資產	31,124,545	-	1,253,473	2,193,794	4,587,144	17,957,081	4,898,444
Held-to-maturity investments	持至到期投資	1,549,884	-	-	-	-	1,549,884	-
Other assets	其他資產	7,037,700	-	552,405	314,237	25,987	16,058	-
		95,647,668	2,713,024	15,084,218	9,610,215	9,199,107	33,254,173	18,434,103
								7,352,828
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	10,976,404	31,638	2,434,593	8,510,173	-	-	-
Deposits from customers	客戶存款	63,563,861	20,094,144	19,753,671	16,689,119	7,004,044	22,883	-
Trading liabilities	交易賬項下之負債	2,010,295	-	199,966	1,710,632	99,697	-	-
Financial liabilities designated at fair value through profit or loss	指定為通過損益以反映 公平價值之金融負債	406,185	-	-	-	-	-	406,185
Certificates of deposit issued	已發行存款證	2,834,890	-	-	300,000	1,520,319	1,014,571	-
Debt securities issued	已發行債務證券	821,482	-	-	399,635	421,847	-	-
Derivative financial instruments	衍生金融工具	443,714	-	-	-	-	-	443,714
Subordinated notes issued	已發行後償票據	1,544,304	-	-	-	-	1,544,304	-
Other liabilities	其他負債	1,673,899	-	362,380	574,260	134,426	110	-
		84,275,034	20,125,782	22,750,610	28,183,819	9,180,333	2,581,868	406,185
								1,046,437
Net liquidity gap	流動資金缺口淨額	(17,412,758)	(7,666,392)	(18,573,604)	18,774	30,672,305	18,027,918	

Derivative financial instruments are carried at mark-to-market values. Note 17(d) includes further information on the remaining maturity of derivatives, including interest rate swaps, by notional amount.

衍生金融工具按市值計價列賬。附註17(d)包括按名義金額分析衍生工具(包括利率掉期)剩餘期限的進一步資料。

42. 財務風險管理 (續)

(c) 流動資金風險管理 (續)

(i) 按剩餘期限分析之資產及負債
(續)

42. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

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

		2016 二零一六年						
		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 or overdue
		總額 HK\$'000 千港元	即時還款 HK\$'000 千港元	一個月內 HK\$'000 千港元	三個月以上 三個月以內 HK\$'000 千港元	三個月以上 一年以內 HK\$'000 千港元	一年以上 五年以內 HK\$'000 千港元	五年以上 無定期 或逾期 HK\$'000 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	2,310,246	-	499,885	1,710,632	99,729	-	-
- Included in financial assets designated at fair value through profit or loss	- 納入指定為通過 損益以反映公平 價值之金融資產	39,226	-	-	39,226	-	-	-
- Included in available-for-sale financial assets	- 納入可供出售 金融資產	30,891,937	-	1,253,473	2,193,794	4,587,144	17,957,081	4,898,444
- Included in held-to-maturity investments	- 納入持至到期投資	1,549,884	-	-	-	-	1,549,884	-
		34,791,293	-	1,753,358	3,943,652	4,686,873	19,506,965	4,898,444
								2,001
Of which:	其中：							
Certificate of deposits held	持有存款證							
- Included in available-for-sale financial assets	- 納入可供出售 金融資產	1,878,880	-	-	-	601,861	1,277,019	-
- Included in held-to-maturity investments	- 納入持至到期投資	155,090	-	-	-	-	155,090	-
		2,033,970	-	-	-	601,861	1,432,109	-
Certificates of deposit issued	已發行存款證							
- Stated at amortised cost	- 按攤餘成本列賬	2,834,890	-	-	300,000	1,520,319	1,014,571	-

* The amount of debt securities held included certificate of deposits held.

42. 財務風險管理 (續)

(c) 流動資金風險管理 (續)

(i) 按剩餘期限分析之資產及負債
(續)

* 所持債務證券的金額已計入所持存款證。

42. 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.

		2017 二零一七年					
		Repayable	Within	Over	Over	Over	Over
		Total	on demand	1 month	but within 1 month	3 months	1 year
					but within 3 months	but within 1 year	but within 5 years
					一個月以上	三個月以上	一年以上
		總額	即時還款	一個月內	三個月以內	一年以內	五年以內
		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
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	-
Financial liabilities designated at fair value through profit or loss	指定為通過損益以反映公平價值之金融負債	-	-	-	-	-	-
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	-	-	-

42. 財務風險管理 (續)

(c) 流動資金風險管理 (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）。

42. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

(ii) Analysis of non-derivative liabilities by contractual maturities (continued)

		2016 二零一六年						
		Repayable		Within		Over	Over	Over
		Total	on demand	1 month	3 months	1 month	3 months	1 year
						but within	but within	but within
						1 month	1 year	5 years
						3 months	1 year	5 years
						一個月以上	三個月以上	一年以上
						三個月以內	一年以內	五年以內
		總額	即時還款	一個月內	三個月以內	一年以內	五年以內	五年以上
		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	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	11,020,772	31,638	2,441,197	8,547,937	-	-	-
Deposits from customers	客戶存款	63,756,527	20,094,147	19,793,222	16,752,123	7,094,152	22,883	-
Trading liabilities	交易賬項下之負債	2,012,000	-	200,000	1,712,000	100,000	-	-
Financial liabilities designated at fair value through profit or loss	指定為透過損益以反映公平價值之金融負債	540,937	-	120	-	2,966	15,874	521,977
Certificates of deposit issued	已發行存款證	2,900,274	-	1,363	307,844	1,546,493	1,044,574	-
Debt securities issued	已發行債務證券	826,498	-	-	400,000	426,498	-	-
Subordinated notes issued	已發行後償票據	1,932,186	-	-	-	96,048	1,836,138	-
Other liabilities	其他負債	987,053	-	840,202	80,920	65,821	110	-
		83,976,247	20,125,785	23,276,104	27,800,824	9,331,978	2,919,579	521,977
Off-balance sheet exposures	資產負債表外風險							
- Contingent liabilities	- 或然負債	393,866	-	393,866	-	-	-	-
- Commitments	- 承擔	25,994,137	25,994,137	-	-	-	-	-
		26,388,003	25,994,137	393,866	-	-	-	-

42. 財務風險管理 (續)

(c) 流動資金風險管理 (續)

(ii) 按合約到期日作出之非衍生負債分析 (續)

42. 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. With assistance from the Internal Control and Compliance Committee ("ICC"), the RC regularly reviews the operational risk framework and approves the risk profiles and the risk management policies. The ICC also plays an active role to assist the RC in overseeing operational risk related issues and monitoring the implementation of improvement plan for risk events identified and rectifications found in the 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 the 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 an ability to operate on an ongoing basis and limit losses in the event of severe business disruption.

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 pro-actively.

42. 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、過程及系統具有內在營運風險，本集團已制定、實施及維持健全的經營風險管理框架，以促進及時識別，有效評估及減少風險。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(載有基本控制之指引，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。在內部監控及合規委員會的協助下，風險委員會定期審閱營運風險框架、審批風險狀況及風險管理政策。內部監控及合規委員會亦發揮重要作用，以協助風險委員會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)所發現的待糾正事項。

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，並於建議該產品或服務之獨立風險管理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，以確保有能力按持續基準經營及限制因嚴重業務中斷而造成的虧損。

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。

42. 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 instrument and subordinated notes issued. Capital for regulatory purposes also includes the collective impairment allowance held in respect of advances to customers 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.

42. 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、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》所允許的就客戶貸款所持有之綜合減值撥備。

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。

42. 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 2017 and 2016, and were above the minimum required ratio set by the HKMA.

(f) Transfers of financial assets

As of 31 December 2017, the Group had entered into repurchase agreements with certain banks to sell available-for-sale financial assets and held to maturity investments of carrying amounts of HK\$9.52 billion (2016: HK\$10.02 billion) and HK\$122.6 million (2016: Nil) respectively which are subject to the simultaneous agreements ("repurchase agreements") to repurchase these financial assets at agreed dates and prices. The consideration received under these repurchase agreement totalling HK\$9,181.1 million (2016: HK\$9,708.9 million) was reported as "Deposits and balances of banks" at 31 December 2017 (Note 26).

As stipulated in the repurchase agreements, there was no transfer of the legal ownership of these financial assets to the counterparty banks 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 derecognised from the financial statements but regarded as "collateral" for the secured lending from these counterparty banks. Normally, the counterparty banks could only claim from the collateral when there exists an event of default on the secured lending.

As at 31 December 2017 and 2016, there were no outstanding transferred financial assets in which the Group had a continuing involvement, that were derecognised in their entirety.

43. IMMEDIATE PARENT AND ULTIMATE CONTROLLING PARTY

At 31 December 2017, 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.

42. 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。

截至二零一七年及二零一六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，並高於金管局頒佈之最低比率規定。

(f) 金融資產轉讓

截至二零一七年十二月三十一日，本集團與若干銀行訂立回購協議，以出售賬面值分別為9,520,000,000港元(二零一六年：10,020,000,000港元)之可供出售金融資產及122,600,000港元(二零一六年：零)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9,181,100,000港元(二零一六年：9,708,900,000港元)於二零一七年十二月三十一日列作「銀行同業之存款及結餘」(附註26)。

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銀行。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該等對手銀行提供有抵押借貸之「抵押品」。對手銀行一般只有在有抵押借貸存在違約事件時才會索償抵押品。

於二零一七年及二零一六年十二月三十一日，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。

43. 直接母公司及最終控股公司

於二零一七年十二月三十一日，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。

44. BANK-LEVEL STATEMENT OF FINANCIAL POSITION
AND STATEMENT OF CHANGES IN EQUITY

44. 銀行財務狀況表及權益變動報告表

		31 December 2017 二零一七年 十二月三十一日 HK\$'000 千港元	31 December 2016 二零一六年 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	5,133,511	6,019,591
Balances with banks and other financial institutions	銀行同業及其他金融機構結餘	558,348	3,264,233
Trading assets	持作交易用途資產	1,846,823	2,310,246
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值之金融資產	-	39,226
Derivative financial instruments	衍生金融工具	705,165	753,244
Advances to customers less impairment allowances	客戶貸款減減值撥備	47,575,344	43,306,851
Trade bills	商業票據	880,255	230,137
Accrued interest and other assets	累計利息及其他資產	1,391,110	1,112,779
Available-for-sale financial assets	可供出售金融資產	32,243,660	31,124,545
Held-to-maturity investments	持至到期投資	1,561,796	1,549,884
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	81,162	81,162
Amounts due from subsidiaries	應收附屬公司款項	89,517	9,265
Fixed assets	固定資產	4,100,320	3,770,394
Assets held for sale	持作出售資產	43,900	42,700
Total assets	資產總額	97,610,353	95,013,699
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	10,976,404
Deposits from customers	客戶存款	62,067,793	63,563,861
Trading liabilities	交易賬項下之負債	1,846,819	2,010,295
Financial liabilities designated at fair value through profit or loss	指定為通過損益以反映公平價值之金融負債	-	406,185
Certificates of deposit issued	已發行存款證	3,311,457	2,834,890
Debt securities issued	已發行債務證券	1,179,009	821,482
Derivative financial instruments	衍生金融工具	228,216	443,714
Other liabilities	其他負債	2,062,033	1,194,110
Amounts due to subsidiaries	應付附屬公司款項	229,703	210,962
Deferred tax liabilities	遞延稅項負債	615,337	477,230
Subordinated notes issued	已發行後償票據	1,557,472	1,544,304
Total liabilities	負債總額	84,305,134	84,483,437
EQUITY	權益		
Share capital	股本	4,830,448	4,830,448
Reserves	儲備	6,966,974	5,699,814
Total equity attributable to shareholders of the Bank	本行股東應佔股東權益	11,797,422	10,530,262
Additional equity instruments	額外股本工具	1,507,797	-
Total equity	權益總額	13,305,219	10,530,262
Total equity and liabilities	權益及負債總額	97,610,353	95,013,699

Approved and authorised for issue by the Board of Directors on 20 March 2018.

經董事會於二零一八年三月二十日通過及授權頒佈。

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

NOTES TO THE FINANCIAL STATEMENTS
財務報告附註

44. BANK-LEVEL STATEMENT OF FINANCIAL POSITION
AND STATEMENT OF CHANGES IN EQUITY (continued)

44. 銀行財務狀況表及權益變動報告表
(續)

		Share capital	Regulatory reserve	Investment revaluation reserve 投資 重估儲備	Premises revaluation reserve 物業 重估儲備	Retained earnings 保留溢利	Total
		股本 HK\$'000 千港元	法定儲備 HK\$'000 千港元	重估儲備 HK\$'000 千港元	重估儲備 HK\$'000 千港元	保留溢利 HK\$'000 千港元	總額 HK\$'000 千港元
At 1 January 2016	於二零一六年一月一日	4,830,448	640,152	31,948	2,249,620	2,241,639	9,993,807
Total comprehensive income for the year	本年度全面收益總額	-	-	48,245	41,204	447,006	536,455
- Profit for the year	- 本年度溢利	-	-	-	-	427,945	427,945
- Other comprehensive income, of which:	- 其他全面收益，其中包括：						
- 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	-	-	48,245	-	-	48,245
- Remeasurement of net defined benefit liability	- 重新計量定額福利負債淨額	-	-	-	-	19,061	19,061
- Premises: net movement in premises revaluation reserve	- 物業：物業重估儲備淨變動	-	-	-	41,204	-	41,204
Transfer (to)/from retained earnings	轉撥(至)/自保留溢利	-	(112,910)	-	(51,022)	163,932	-
At 31 December 2016	於二零一六年十二月三十一日	4,830,448	527,242	80,193	2,239,802	2,852,577	10,530,262

		Share capital	Regulatory reserve	Investment revaluation reserve 投資重估儲備	Premises revaluation reserve 物業重估儲備	Retained earnings 保留溢利	Total	Additional equity instruments 額外股本工具	Total equity 權益總額
		股本 HK\$'000 千港元	法定儲備 HK\$'000 千港元	投資重估儲備 HK\$'000 千港元	物業重估儲備 HK\$'000 千港元	保留溢利 HK\$'000 千港元	總計 HK\$'000 千港元	額外股本工具 HK\$'000 千港元	權益總額 HK\$'000 千港元
At 1 January 2017	於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，其中包括：								
- 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	於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

45. 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 23 and 39 contain information about the assumptions and risk factors relating to fair value of bank premises and financial instruments. Other key sources of estimation uncertainty are as follows:

(a) Impairment losses

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.

45. 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23及39載有與該等假設及與銀行物業及金融工具的公平價值有關的風險因素的資料。其他不明朗因素估計的主要來源載列如下：

(a) 減值虧損

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量是否減少，作出判斷。減值之客觀證據包括表明客戶群中借款人付款狀況出現不利變化之可觀察數據，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量進行估計。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量所使用之方法及假設進行檢討以減少虧損估計與實際損失之間之差異。

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。

45. 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

The Group classifies 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 evaluates 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 amortised 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 recognised in profit or loss representing amounts paid and an estimate of future amounts which could be payable.

45. 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

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。

因此，持至到期投資會改以公平價值計量，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確認為已付金額及可能應付的未來金額估計。

46. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDED 31 DECEMBER 2017

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and a new standard which are not yet effective for the year ended 31 December 2017 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group:

46. 已公佈但於截至二零一七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二零一七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		
HKFRS 9, <i>Financial instruments</i>	香港財務報告準則第9號，財務工具	1 January 2018 二零一八年一月一日
HKFRS 15, <i>Revenue from contracts with customers</i>	香港財務報告準則第15號， 來自客戶合約之收益	1 January 2018 二零一八年一月一日
Amendments to HKFRS 2, <i>Share-based payment: Classification and measurement of share-based payment transactions</i>	香港財務報告準則第2號之修訂， 以股份為基礎付款：分類及計量以 股份為基礎付款交易	1 January 2018 二零一八年一月一日
HKFRS 16, <i>Leases</i>	香港財務報告準則第16號，租賃	1 January 2019 二零一九年一月一日

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 the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the Group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standards.

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，本集團已發現新訂準則的若干方面可能會對綜合財務報表造成重大影響。有關預期影響的進一步詳情於下文詳述。由於本集團尚未完成其評估，故可能將於適當時候發現其他影響，並在決定是否在生效日期之前採納任何該等新規定以及採取何種過渡方式（倘若新準則允許替代方式）之時加以考慮。

46. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDED 31 DECEMBER 2017 (continued)

HKFRS 9, Financial instruments

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, Financial instruments: Recognition and measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities. Expected impacts of the new requirements on the Group's financial statements are as follows:

(a) Classification and measurement

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss (FVTPL) and (3) fair value through other comprehensive income (FVTOCI) as follows:

- The classification for debt instruments is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as FVTOCI then effective interest, impairments and gains/losses on disposal will be recognised in profit or loss.
- For equity securities, the classification is FVTPL regardless of the entity's business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as FVTOCI. If an equity security is designated as FVTOCI then only dividend income on that security will be recognised in profit or loss. Gains, losses and impairments on that security will be recognised in other comprehensive income without recycling.

Based on the preliminary assessment, the Group expects that its financial assets currently measured at amortised cost and FVTPL will continue with their respective classification and measurements upon the adoption of HKFRS 9.

46. 已公佈但於截至二零一七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)

香港財務報告準則第9號，財務工具

香港財務報告準則第9號將取代有關財務工具會計處理方法的現有準則香港會計準則第39號，財務工具：確認及計量。香港財務報告準則第9號引入分類及計量金融資產、計算金融資產減值及對沖會計處理的新規定。另一方面，香港財務報告準則第9號納入(並無實質性更改)香港會計準則第39號有關確認及終止確認財務工具及金融負債分類的規定。本集團財務報表方面的新規定的預期影響如下：

(a) 分類及計量

香港財務報告準則第9號包括金融資產的三個主要分類類別：下文所述(1)按攤銷成本、(2)通過損益以反映公平價值及(3)按公平價值計入其他全面收益計量：

- 債務工具的分類根據實體管理金融資產的業務模式以及資產的合約現金流量特徵而釐定。倘若債務工具分類為按公平價值計入其他全面收益，實際利息、減值及出售收益／虧損將在損益中確認。
- 無論實體的業務模式如何，股本證券的分類均為通過損益以反映公平價值。唯一的例外情況是倘若股本證券並非持作買賣且實體不可撤回地選擇將該證券指定。倘若股本證券被指定為按公平價值計入其他全面收益，只有該證券的股息收入會在損益中確認。該證券的收益、虧損及減值會在其他全面收益中確認且不會重新使用。

根據初步評估，本集團預計其目前按攤銷成本及通過損益以反映公平價值計量的金融資產將於採用香港財務報告準則第9號時沿用其各自的分類及計量。

46. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDED 31 DECEMBER 2017 (continued)

HKFRS 9, Financial instruments (continued)

(a) *Classification and measurement* (continued)

With respect to the Group's financial assets currently classified as available-for-sale, a significant portion of debt securities are expected to be classified as financial assets measured at amortised cost as these securities are held to collect contractual cashflows. For equity securities, the Group shall irrevocably elect to designate them as FVTOCI (without recycling) on transition to HKFRS 9.

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's own credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have financial liabilities designated at FVTPL and therefore adoption of this new requirement would not have significant impact to the Group.

(b) *Impairment*

The new impairment model in HKFRS 9 replaces the incurred loss model in HKAS 39 with an expected credit loss model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in earlier recognition of credit losses on the Group's trade receivables and other financial assets.

(c) *Hedge accounting*

HKFRS 9 does not fundamentally change the requirements relating to measuring and recognising effectiveness under HKAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting. The Group believes that its current hedge relationships will qualify as continuing hedges upon the adoption of HKFRS 9 and therefore it expects that the accounting for its hedging relationships will not be significantly impacted.

46. 已公佈但於截至二零一七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)

香港財務報告準則第9號，財務工具 (續)

(a) *分類及計量* (續)

就本集團現時分類為可供出售之金融資產而言，債務證券中較大一部分預期將被分類為按攤銷成本計量之金融資產，原因是該等證券被持作用於收取合約現金流量。在過渡至香港財務報告第9號時，本集團不可撤回地選擇指定股本證券為按公平價值計入其他全面收益(且後續不得重新分類)。

香港財務報告準則第9號項下的金融負債的分類及計量規定與香港會計準則第39號相比基本未變，惟香港財務報告準則第9號規定由金融負債自身信用風險變化引起的按通過損益以反映公平價值指定的金融負債公平價值變化須於其他全面收益中確認(不得重新分類至損益)。本集團目前未有通過損益以反映公平價值指定的金融負債，因此採納此項新規定不會對本集團造成重大影響。

(b) *減值*

香港財務報告準則第9號的新減值模式以「預計信貸虧損」模式取代香港會計準則第39號的「已產生虧損」模式。根據預計信貸虧損模式，不再需要在確認減值虧損之前發生虧損事件。相反，實體須將預計信貸虧損確認並計量為12個月的預計信貸虧損或整個生命周期內的預計信貸虧損，惟視乎資產及事實及情況而定。這種新減值模式可能導致就本集團的貿易應收款項及其他金融資產提早確認信貸虧損。

(c) *對沖會計*

香港財務報告準則第9號並無從根本上改變香港會計準則第39號項下有關計量及確認有效性的規定。然而，符合資格進行對沖會計處理的交易類別獲引入更大靈活性。本集團相信，於採納香港財務報告準則第9號後，其現有對沖關係將符合資格作持續對沖，因此，本集團預計該對沖關係之會計處理將不會受到重大影響。

46. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDED 31 DECEMBER 2017 (continued)

HKFRS 9, Financial instruments (continued)

(d) *Impact assessment*

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to use the exemption from restating comparative information and will recognise any transition adjustments against the opening balance of equity at 1 January 2018. Based on assessments undertaken to date, the total estimated impact of the adoption of HKFRS 9 on the opening balance, net of tax, of the Group's net assets as of 1 January 2018 is a reduction of HK\$175.4 million which represents the following:

- a decrease of HK\$181.8 million resulting from the change of classification and measurement of financial assets. This primarily results from the reversal of unrealised gains currently recognised in the investment revaluation reserves for available-for-sale financial assets, which would be reclassified to amortized cost;
- a increase of HK\$6.4 million due to the change in the calculation of impairment losses;

The above adjustment would reduce the Group's Total Capital Ratio by 39 basis points.

The actual impact on the opening balance of the Group's net assets at 1 January 2018 is subject to changes upon the finalization of the assumptions, judgements and estimates finally adopted by the Group.

HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which covers that from construction contracts. The Group has made a preliminary assessment of the impact of adopting HKFRS 15 and believes it does not have a significant impact on the Group's revenue recognition.

46. 已公佈但於截至二零一七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)

香港財務報告準則第9號，財務工具 (續)

(d) *影響評估*

香港財務報告準則第9號於二零一八年一月一日或以後年度期間按追溯應用基礎生效。本集團計劃採用豁免重列比較資料，並將就二零一八年一月一日之權益期初結餘確認任何過渡調整。根據迄今進行之評估，採納香港財務報告準則第9號預期對本集團於二零一八年一月一日之資產淨值的期初結餘(除稅後)之總影響為減少175,400,000港元，當中包括以下各項：

- 由於金融資產之分類及計量變動而減少181,800,000港元。其主要由於撥回目前於可供出售金融資產之投資重估儲備的未變現收益，其將重新分類至攤銷成本；
- 由於減值虧損計算方式改變而增加6,400,000港元；

上述調整將減少本集團總資本比率39個基點。

本集團最終採納的假設、判斷及估計可能改變本集團於二零一八年一月一日之資產淨值期初餘額的實際影響。

香港財務報告準則第15號，來自客戶合約之收益

香港財務報告準則第15號建立了確認來自客戶合約收益的全面框架。香港財務報告準則第15號將取代現有收益準則，即香港會計準則第18號，收益(涵蓋銷售貨物及提供服務所產生的收益)及香港會計準則第11號，建造合約(涵蓋建造合約)。本集團已對採納香港財務報告準則第15號的影響作出初步評估，並相信其對本集團之收益確認並無重大影響。

46. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDED 31 DECEMBER 2017 (continued)

HKFRS 16, Leases

As disclosed in note 2(l), 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.

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 a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise 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 recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties 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 consolidated statement of comprehensive income over the period of the lease. The Group is currently assessing the impact on the adoption of HKFRS 16 as at 1 January 2019.

46. 已公佈但於截至二零一七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)

香港財務報告準則第16號，租賃

如附註2(l)所顯示，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。

預期香港財務報告準則第16號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，受可行權益方法之規限，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，承租人將確認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系統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（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，及影響租約期間於綜合全面收益表內確認開支之時間。本集團正評估於二零一九年一月一日採納香港財務報告準則第16號之影響。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

未經審核補充財務資料

(A) CAPITAL RATIO

(A) 資本比率

		As at	
		31 December 2017	31 December 2016
		於二零一七年十二月三十一日	於二零一六年十二月三十一日
Total capital ratio	總資本比率	19.42%	17.02%
Tier 1 capital ratio	一級資本比率	15.42%	12.60%
Common Equity Tier 1 ("CET1") capital ratio	普通股本一級資本比率	13.08%	12.60%
Capital conservation buffer ratio	逆周期緩衝資本比率	1.25%	0.625%
		HK\$'000	HK\$'000
		千港元	千港元
Tier 1 capital	一級資本	9,671,328	7,154,632
CET1 capital	普通股本一級資本	8,202,763	7,154,632
Total capital	總資本	12,182,359	9,662,042
Total risk-weighted amount	風險加權總額	62,717,439	56,762,666

The calculation of the above ratios are illustrated as follows:

上述比率之計算方法列示如下：

Total capital ratio	=	Total capital 總資本
總資本比率	=	Total risk-weighted amount 風險加權總額
Tier 1 capital ratio	=	Tier 1 capital 一級資本
一級資本比率	=	Total risk-weighted amount 風險加權總額
CET1 capital ratio	=	CET1 capital 普通股本一級資本
普通股本一級資本比率	=	Total risk-weighted amount 風險加權總額

The capital ratios as at 31 December 2017 are computed on a consolidated basis which comprises the positions of the Bank and Fubon Credit (Hong Kong) Limited as required by the HKMA in accordance with section 3C(1) of the Banking (Capital) Rules ("the Capital Rules") for its regulatory purposes.

於二零一七年十二月三十一日，資本比率是根據綜合基準計算，該基準包括金管局為其監管目的規定之本行及富邦財務(香港)有限公司之狀況，並按照《銀行業(資本)規則》(「資本規則」)第3C(1)節編製。

(A) CAPITAL RATIO (continued)

The basis of consolidation for accounting purposes is in accordance with the 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:

Name of subsidiaries 附屬公司名稱	Principal activities 主要業務	As at 31 December 2017 於二零一七年十二月三十一日		As at 31 December 2016 於二零一六年十二月三十一日	
		Total assets	Total equity	Total assets	Total equity
		資產總額	權益總額	資產總額	權益總額
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	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	157,451	69,168	139,648	102,187
FB Investment Management Limited 富銀投資管理有限公司	Fund management 基金管理	21,988	19,455	21,365	18,622
Fubon Insurance Brokers Limited 富邦保險顧問有限公司	Insurance broker services 保險經紀服務	3,209	1,711	3,015	2,040
Fubon Nominees (Hong Kong) Limited	Nominee service 代理人服務	3,858	146	3,713	138
Admiralty Finance Company Limited 海富財務有限公司	Company secretarial 公司秘書	63	63	63	63
Aquarius (Nominees) Limited	Inactive 無業務	6	6	6	6
		186,575	90,549	167,810	123,056

The Bank's shareholdings in the above subsidiaries are deducted from CET1 capital in accordance with the 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 33, 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.

To comply with section 24 of the Banking (Disclosure) Rules ("BDR"), all additional information in relation to the Group's regulatory capital disclosures are published by using the standard disclosure templates as specified by the HKMA under "Regulatory Disclosures" section on the Group's website (<http://www.fubonbank.com.hk>).

(A) 資本比率(續)

作會計目的之綜合基準與香港財務報告準則一致，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：

本行於上述附屬公司之股權乃根據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》的規定維持法定儲備(如附註33所披露)，以嚴謹監管。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。

為符合《銀行業(披露)規則》第24條，本集團已在本集團網站內(<http://www.fubonbank.com.hk>)「監管披露」一欄下使用金管局指定的標準披露模版披露一切關於監管資本披露有關的額外資料。

(B) LEVERAGE RATIO

Leverage ratio 槓桿比率

Tier 1 capital 一級資本
Exposure measure 風險數值

The calculation of the above ratio is illustrated as follows:

$$\text{Leverage ratio} = \frac{\text{Tier 1 capital 一級資本}}{\text{Exposure measure 風險數值}}$$

槓桿比率

The Group calculates the leverage ratio on the same consolidated basis as the calculation of capital ratio as disclosed in Note (A).

To comply with section 24A of the BDR, all additional information in relation to the Group's leverage ratio disclosures are published by using the standard disclosure templates as specified by the HKMA under "Regulatory Disclosures" section on the Group's website (<http://www.fubonbank.com.hk>).

(B) 槓桿比率

As at	
31 December 2017	31 December 2016
於二零一七年十二月三十一日	於二零一六年十二月三十一日
9.73%	7.44%
HK\$'000	HK\$'000
千港元	千港元
9,671,328	7,154,632
99,417,202	96,105,542

上述比率之計算方法列示如下：

本集團按照與附註(A)所披露的計算資本比率相同的綜合基準計算槓桿比率。

為符合《銀行業(披露)規則》第24A條，本集團已在本集團網站內(<http://www.fubonbank.com.hk>)「監管披露」一欄下使用金管局指定的標準披露模版披露一切關於本集團槓桿比率披露的額外資料。

(C) COUNTERCYCLICAL CAPITAL BUFFER RATIO

Countercyclical capital buffer ("CCyB") ratio 逆周期緩衝資本比率

The Group calculated the CCyB ratio on the same consolidated basis as the calculation of capital ratio as disclosed in Note (A).

To comply with section 24B of the BDR, all addition information in relation to the Group's CCyB ratio disclosures are published by using the standard disclosure templates as specified by the HKMA under "Regulatory Disclosures" section on the Group's website (<http://www.fubonbank.com.hk>).

(C) 逆周期緩衝資本比率

As at	
31 December 2017	31 December 2016
於二零一七年十二月三十一日	於二零一六年十二月三十一日
1.080%	0.557%

本集團按照與附註(A)所披露的計算資本比率相同的綜合基準計算逆周期緩衝資本比率。

為符合《銀行業(披露)規則》第24B條，本集團已在本集團網站內(<http://www.fubonbank.com.hk>)「監管披露」一欄下使用金管局指定的標準披露模版披露一切關於本集團逆周期緩衝資本比率披露的額外資料。

(D) LIQUIDITY RATIO

The Group's average liquidity maintenance ratio for the year ended 31 December 2017 and 2016 was well above the statutory minimum ratio of 25%.

Average liquidity maintenance ratio

平均流動性維持比率

The average liquidity maintenance ratio is computed as the arithmetic mean of the average value of each calendar month's average ratio as reported in the "Return of Liquidity Position of an Authorized Institution" (MA(BS)1E) calculated in accordance with the Banking (Liquidity) Rules ("the Liquidity Rules") for regulatory purposes.

The average liquidity maintenance ratio is compiled in accordance with the Liquidity Rules issued by the HKMA. The liquidity maintenance ratio is computed on a consolidated basis which comprises the Bank and Fubon Credit (Hong Kong) Limited as designated by the HKMA for regulatory purposes.

(D) 流動資金比率

截至二零一七年及二零一六年十二月三十一日止年度，本集團的平均流動性維持比率遠高於法定最低比率的25%。

For the year ended	
截至十二月三十一日止年度	
31 December	31 December
2017	2016
二零一七年	二零一六年
50.52%	48.49%

平均流動性維持比率是按每個曆月平均率的算術平均數計算。每個曆月平均比率乃根據《銀行業(流動性)規則》(「流動性規則」)計算並與「認可機構流動資金狀況申報表」(MA(BS)1E)中申報的數字相同以作監管用途。

平均流動性維持比率符合金管局所發出的流動性規則。流動性維持比率按金管局指定的綜合基準(當中包括本行及富邦財務(香港)有限公司)計算以作監管用途。

(E) 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.

(E) 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。

		2017 二零一七年		2016 二零一六年	
		Gross loans and advances	% 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	% 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	HK\$'000 千港元	%	HK\$'000 千港元	%
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	3,542,760	15.31	3,756,167	34.25
– Property investment	– 物業投資	8,461,107	92.58	9,852,120	93.68
– Financial concerns	– 金融企業	3,616,993	5.14	1,346,366	8.07
– Stockbrokers	– 股票經紀	2,132,447	65.76	1,561,154	62.04
– Wholesale and retail trade	– 批發及零售業	409,307	31.01	342,228	22.75
– Manufacturing	– 製造業	1,171,559	5.63	1,244,842	3.70
– Transport and transport equipment	– 運輸及運輸設備	113,231	99.57	311,083	21.81
– Information technology	– 資訊科技	557,166	0.13	377,867	0.21
– Others	– 其他	2,923,223	35.26	2,419,133	37.09
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	5,705	100.00	12,135	100.00
– Loans for the purchase of other residential properties	– 購買其他住宅物業的貸款	9,867,406	99.96	9,663,115	99.97
– Credit card advances	– 信用卡貸款	964,430	–	1,070,172	–
– Others	– 其他	4,642,525	28.41	4,665,215	26.89
		38,407,859		36,621,597	
Trade finance	貿易融資	4,203,281	15.85	3,294,463	28.57
Gross advances for use outside Hong Kong	在香港以外使用的貸款總額	5,261,208	13.04	3,661,537	28.74
Gross advances to customers	客戶貸款總額	47,872,348	49.79	43,577,597	58.64

**(E) 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:

**(E) 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
						本年度於損益 賬扣除之撥備 ／(撥回)	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	-
		Overdue advances	Impaired advances	Individual impairment allowances	Collective impairment allowance	Provisions charged to the profit or loss during the year	Loans written off during the year
						本年度 於損益賬 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 2016	於二零一六年十二月三十一日						
- Property investment	- 物業投資	295,047	51,403	297	3,011	3,307	-
- Loans for the purchase of other residential properties	- 購買其他住宅物業的貸款	64,415	-	-	560	560	-
- Loans for other private purposes	- 其他私人用途的貸款	87,319	5,280	4,752	5,614	27,558	25,655

(F) OVERDUE AND RESCHEDULED ASSETS

(i) Overdue advances to customers

		2017		2016	
		二零一七年		二零一六年	
		HK\$'000	% of gross advances	HK\$'000	% of gross advances
		千港元	佔貸款總額之百分比	千港元	佔貸款總額之百分比
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	3,469	0.01	10,039	0.02
– 1 year or less but over 6 months	– 一年或以下 惟六個月以上	5,329	0.01	93,349	0.21
– Over 1 year	– 超過一年	147,918	0.31	82,392	0.19
		156,716	0.33	185,780	0.42
Covered portion of overdue loans and advances	逾期借款及貸款的 有抵押部分	11,005		5,729	
Uncovered portion of overdue loans and advances	逾期借款及貸款的 無抵押部分	145,711		180,051	
		156,716		185,780	
Individually assessed 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評估減值撥備	144,982		124,573	

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。

(F) 逾期及經重組資產

(i) 逾期客戶貸款

		2017		2016	
		二零一七年		二零一六年	
		HK\$'000	% of gross advances	HK\$'000	% of gross advances
		千港元	佔貸款總額之百分比	千港元	佔貸款總額之百分比
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	3,469	0.01	10,039	0.02
– 1 year or less but over 6 months	– 一年或以下 惟六個月以上	5,329	0.01	93,349	0.21
– Over 1 year	– 超過一年	147,918	0.31	82,392	0.19
		156,716	0.33	185,780	0.42
Covered portion of overdue loans and advances	逾期借款及貸款的 有抵押部分	11,005		5,729	
Uncovered portion of overdue loans and advances	逾期借款及貸款的 無抵押部分	145,711		180,051	
		156,716		185,780	
Individually assessed 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評估減值撥備	144,982		124,573	

(F) 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:

		2017		2016	
		二零一七年		二零一六年	
		HK\$'000	% of gross advances	HK\$'000	% of gross advances
		千港元	佔貸款總額之百分比	千港元	佔貸款總額之百分比
Rescheduled advances to customers	重定還款期的客戶貸款	7,993	0.02	20,012	0.05

(iii) Geographical analysis of overdue loans and advances to customers

		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	Individually assessed impairment allowances 個別評估 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

(F) 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

(F) OVERDUE AND RESCHEDULED ASSETS (continued)

(iii) Geographical analysis of overdue loans and advances to customers (continued)

Hong Kong
Other

香港
其他地區

As at 31 December 2016 (Restated) 於二零一六年十二月三十一日(重列)			
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	Individually assessed impairment allowances 個別評估 減值撥備 HK\$'000 千港元
39,329,017	136,050	276,802	106,074
4,248,580	49,730	57,480	43,845
43,577,597	185,780	334,282	149,919

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 2017 and 2016.

(F) 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)

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。

於二零一七年及二零一六年十二月三十一日，概無綜合減值撥備分派予任何地區分部。

(G) 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 recognised risk transfer, are shown as follows:

(G) 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 2017

於二零一七年十二月三十一日

Figures in HK\$ million	百萬港元	Banks	Official sector	Non-bank financial institution	Non-financial private sector	Total
		銀行	官方機構	非銀行金融機構	非金融私人機構	總額
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

As at 31 December 2016

於二零一六年十二月三十一日

		Banks	Official sector	Non-bank financial institution 非銀行金融機構	Non-financial private sector 非金融私人機構	Total
Figures in HK\$ million	百萬港元	銀行	官方機構	金融機構	私人機構	總額
Counterparty country/jurisdiction	對手方國家／司法權區					
Developed countries	已發展國家	12,671	18	223	27	12,939
Offshore centres	離岸中心	1,714	–	2,118	9,000	12,832
– of which: Hong Kong	– 其中：香港	907	–	2,001	7,888	10,796
Developing Asia and Pacific	發展中亞洲及太平洋地區	14,882	328	1,488	5,362	22,060
– of which: China	–其中：中國	10,821	328	1,488	4,806	17,443

(H) 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.

(H) 中國內地非銀行業之風險

中國內地非銀行業之風險按金管局協議包括本行及富邦財務(香港)有限公司風險的分析。

		2017 二零一七年		
		On-balance sheet exposure 資產負債表內 之風險 HK\$'000 千港元	Off-balance sheet exposures 資產負債表外 之風險 HK\$'000 千港元	Total 總額 HK\$'000 千港元
Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	中央政府、中央政府擁有之實體以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以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佔資產總值之百分比	19.93%		

(H) NON-BANK MAINLAND CHINA EXPOSURES (continued)

(H) 中國內地非銀行業之風險(續)

		2016 二零一六年		
		On-balance sheet exposure 資產負債表內 之風險 HK\$'000 千港元	Off-balance sheet exposures 資產負債表外 之風險 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以及其附屬公司及合營公司	6,128,376	62,500	6,190,876
Local governments, local government-owned entities and their subsidiaries and JVs	地方政府、地方政府擁有之實體以及其附屬公司及合營公司	1,286,061	73,077	1,359,138
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	2,185,954	123,681	2,309,635
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	2,594,178	120,801	2,714,979
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	12,194,569	380,059	12,574,628
Total assets after provision	資產總值(扣除撥備)	94,294,107		
On-balance sheet exposures as percentage of total assets	資產負債表內之風險佔資產總值之百分比	12.93%		

(I) 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:

(I) 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持有外匯淨盤總額或結構性倉盤總淨額的10%或以上，披露如下：

		As at 31 December 2017 於二零一七年十二月三十一日			
Equivalent in HK\$ Million	百萬港元等值	US dollars 美元	Chinese renminbi 人民幣	Other foreign currencies 其他外幣	Total foreign currencies 外幣總額
Spot assets	現貨資產	33,853	3,147	10,572	47,572
Spot liabilities	現貨負債	(27,964)	(2,847)	(9,026)	(39,837)
Forward purchase	遠期買入	7,467	722	3,049	11,238
Forward sales	遠期賣出	(12,299)	(983)	(4,595)	(17,877)
Net option position	期權倉盤淨額	-	-	-	-
Net long/(short) position	長/(短)盤淨額	1,057	39	-	1,096
Net structural position	結構性倉盤淨額	-	1,399	-	1,399

		As at 31 December 2016 於二零一六年十二月三十一日			
Equivalent in HK\$ Million	百萬港元等值	US dollars 美元	Chinese renminbi 人民幣	Other foreign currencies 其他外幣	Total foreign currencies 外幣總額
Spot assets	現貨資產	31,656	2,840	10,650	45,146
Spot liabilities	現貨負債	(20,774)	(2,782)	(10,661)	(34,217)
Forward purchase	遠期買入	7,571	2,218	3,032	12,821
Forward sales	遠期賣出	(18,376)	(2,239)	(3,023)	(23,638)
Net option position	期權倉盤淨額	-	-	-	-
Net long/(short) position	長/(短)盤淨額	77	37	(2)	112
Net structural position	結構性倉盤淨額	-	1,399	-	1,399

The net option position is calculated on the basis of the delta-weighted position of option contracts. Net structural position represents the Bank's investments in an overseas associate.

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。結構性倉盤淨額包括本行於海外聯營公司的投資。

(J) ADDITIONAL DISCLOSURES ON RISK MANAGEMENT ON INTEREST RATE EXPOSURES IN BANKING BOOK

In accordance with the prudential return “Interest Rate Risk Exposures” issued by the HKMA, the Bank calculates, on a quarterly basis, the impact on earnings over the next 12 months under a scenario of which all interest rates other than prime rises 200 basis points.

As at 31 December 2017, the 200 basis points interest rate rise would increase earnings over the next 12 months on the HKD interest risk positions by HK\$174 million (2016: HK\$125 million) and decrease earnings over the next 12 months on the USD interest risk positions by HK\$36 million (2016: HK\$91 million).

(K) 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.

(L) 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 and Compliance Committee, Credit Committee and Information Technology Steering Committee. The composition and function of these committees are set out below:

(i) Audit Committee

The Audit Committee comprises three members including one Non-Executive Director and two 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.

(J) 銀行賬戶內之利率風險管理之額外披露

按照金管局發出的申報表「利率風險承擔」，本行按季度基準根據除最優惠利率外的全部利率上升200個基點之情況計算對未來十二個月之盈利之影響。

於二零一七年十二月三十一日，利率上升200個基點將使未來十二個月港元利率風險持倉之盈利增加174,000,000港元（二零一六年：125,000,000港元）及使未來十二個月美元利率風險持倉之盈利減少36,000,000港元（二零一六年：91,000,000港元）。

(K) 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」。

(L) 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、內部監控及合規委員會、信貸委員會及資訊科技督導委員會。該等委員會之構成及職能載列如下：

(i) 審核委員會

審核委員會由三名成員組成，包括一名非執行董事及兩名獨立非執行董事。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、法規及考慮其提出之建議。

(L) 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 comprises the Non-Executive Chairman, Non-Executive Vice Chairman and three 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.

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).

Since December 2017, the committee has been 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.

(L) 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非執行主席、非執行副主席及三名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。

該委員會定期審查是否每位現任董事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建議變動。

該委員會審閱及批准董事、董事會轄下的委員會、高級管理層及主要員工的薪酬（定義見本行薪酬政策）。

由二零一七年十二月起，委員會已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。

(L) KEY COMMITTEES (continued)

(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.

(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 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 will meet as required.

(L) 主要委員會 (續)

(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、一名獨立非執行董事及三獨立非執行董事。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承受能力及風險管理框架，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承受能力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管理部門。

(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，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。

(L) KEY COMMITTEES (continued)

(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.

(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. 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 and Compliance Committee

The Internal Control and Compliance 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, overseeing the Bank’s regulatory compliance and anti-money laundering (“AML”) activities, ensuring the Bank has in place an effective internal control and compliance framework, assisting the Risk Committee in establishing a sound internal control and monitoring system to ensure overall compliance within the Bank.

(L) 主要委員會 (續)

(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，檢討是否實現本行業務目標及宗旨及財務表現。

(vii) 資產負債委員會

資產負債委員會由行政總裁、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、市場風險及流動資金風險(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) 內部監控及合規委員會

內部監控及合規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，監查本行之合規事宜及反洗黑錢活動，確保本行備有行之有效內部控制及合規架構，協助風險委員會建立良好的內部監控及監督系統，確保本行整體之合規性。

(L) KEY COMMITTEES (continued)

(viii) Internal Control and Compliance Committee (continued)

To ensure an effective internal control and compliance framework is in place, the ICC reviews policies and approves guidelines relating to control and regulatory compliance risks, receives and discusses reports submitted by various risk management units and promotes internal control and compliance culture. To maintain the Bank's overall regulatory compliance standards, the ICC and its sub-committee review and discuss major regulatory compliance or AML or operational risk events, latest developments in statutory or regulatory requirements applicable to the Bank, progress of implementation of new statutory or regulatory compliance requirements and progress of rectification of audit findings.

(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 the Executive Credit Committee ("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 meets monthly to approve long and short term information technology strategies to ensure they are in line with the Bank's business strategy and priorities; approve funding and determine prioritization of information technology enabled investment projects; discuss status of key projects escalated from Information Technology Management Committee and upon request; and manage major information technology risk issues and their remediation.

(L) 主要委員會 (續)

(viii) 內部監控及合規委員會 (續)

為確保推行有效的內部監控及合規架構，內部監控及合規委員會有責任審查與監控及合規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及合規文化。為了維持本行整體合規標準，內部監控及合規委員會及其屬下委員會會審查及討論重大合規或反洗錢或操作風險事件、適用於本行之法定或監管規定之最新進展、實施遵從新法定或監管規定要求及改正審計發現之進展進行。

(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疇內。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。該委員會每月召開會議以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；批准資金及釐定享有資訊科技的投資項目的優先次序；應要求討論由資訊科技管理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其補救方法。

(M) DISCLOSURE ON REMUNERATION

General

The Bank's remuneration system is applicable to all staff of the Bank and its subsidiaries and documented in the Bank's Remuneration Policy and related guidelines. The Nomination and Remuneration Committee ("NRC"), whose composition and mandate is set out in Note (L)(ii) above, is responsible for overseeing the remuneration system of the Bank. During the financial year, two meetings were held by the NRC and it reviewed and approved, inter alia, the Bank's Remuneration Policy. The Bank has fine tuned its Remuneration Policy to reflect certain changes and to better comply with the requirements of the HKMA's guideline CG-5.

The Bank's remuneration system is based on the following principles:

- alignment of compensation to its profitability, risk and capital;
- maximization of employees' and the Bank's performance;
- attraction and retention of talented and skilled staff;
- calibration to the differing needs of each division and staff's levels of responsibility; and
- benchmarking against industry norms should be done at least on bi-annual basis to check the reasonableness of the compensation by peers.

The remuneration packages of the Bank's staff may comprise fixed and variable components which are structured to reflect the prevailing context in which the Bank operates and the Bank's intended performance. Fixed pay includes base salary, fixed allowance and year-end double pay, while variable pay may cover sales incentives and year-end discretionary bonuses.

Salary increments and bonuses of staff not covered by sales incentive schemes are determined according to a performance evaluation guideline covering both achievement of Key Performance Indicators and Workplace Behaviour measures. These include both risk and compliance related measures where appropriate. An overview of the risks relevant to the Bank's operations is set out in Note 42 to the financial statements.

(M) 薪酬披露

一般資料

本行的薪酬制度適用於本行及其附屬公司所有員工，並記錄於本行薪酬政策及相關指引。提名及薪酬委員會（其組成及職責載於上文附註(L)(ii)）負責監察本行的薪酬制度。於本財政年度內，提名及薪酬委員會召開兩次會議，其審閱及批准（其中包括）本行的薪酬政策。本行已調整薪酬政策以反映若干變動，並更有效符合金管局指引第CG-5條之規定。

本行薪酬制度以下列原則為基礎：

- 將薪酬與本行盈利能力、風險及資本掛鉤；
- 盡量提高員工及本行之表現；
- 吸引及挽留人才及技術嫺熟的員工；
- 須衡量各部門之不同需要及員工各自之責任；及
- 須每半年與行業慣例進行基準比較，以檢查同業提供之薪酬是否合理。

本行的員工薪酬組合包括固定及浮動部分，以反映本行現行營運狀況及本行的預期表現。固定酬金包括基本薪酬、固定津貼及年終雙薪，而浮動酬金則包括銷售獎金及年終酌情花紅。

不包括在銷售獎金計劃中的員工薪酬上調及花紅，乃根據表現評估指引（包括達至主要表現指標及工作態度的措施）而釐定。該等政策包括有關措施的風險及合規程度（如適用）。有關本行營運風險概覽載於財務報告附註42。

(M) DISCLOSURE ON REMUNERATION (continued)

Share options are currently not offered as incentives as the Bank is a wholly owned subsidiary of Fubon Financial Holding Co., Ltd. ("FFHC") and the NRC considers that the performance of FFHC's shares is too remote from the performance of the Bank. Different variable pay forms are used as appropriate to further the long and short term business goals of the Bank, staff retention and to limit inappropriate risk taking. In particular, the Bank's sales incentive schemes are capped so as to limit mis-selling. If the staff member's variable pay in cash exceeds pre-determined thresholds, a portion of it will be deferred for up to 6 months for general staff and 36 months for Senior Management, reflecting their relative responsibilities and roles. A claw-back mechanism may be applied to deferred variable pay in specific circumstances as stipulated in the Bank's Remuneration Policy.

The NRC when considering the budget for salary increases will take into account a number of factors including, but not limited to, latest market and industry practice, yearly inflation rate, performance of the Bank, the results of annual surveys on trends in pay and salary adjustments made in the last financial year. The salary increase budget as well as the salary increase for Senior Management and Key Personnel is approved by the NRC.

The remuneration of the Chief Internal Auditor is determined by Audit Committee and approved by the NRC. The remuneration of the heads of other risk control departments is determined by the NRC. The remuneration of individual members of risk control departments is determined by the heads of those departments, within a budget approved by the NRC, taking into consideration the performance of the relevant staff (including but not limited to the fulfilment of Key Performance Indicators and Workplace Behaviour measures), latest market situation and industry practice.

(M) 薪酬披露 (續)

本行為富邦金融控股股份有限公司(富邦金控)的全資附屬公司，提名及薪酬委員會認為富邦金控股份的表現與本行的表現相差甚遠，故現時並無提供購股權作為獎勵。報酬會採用不同的支付形式，視乎情況而定，例如有關方式能否配合本行之長短期業務目標、挽留人才及風險因素。特別是，本行的銷售獎勵計劃設有上限，以限制不良銷售。如個別員工以現金發放的浮動薪酬超出預定限額，則會對部分浮動薪酬實施押後發放安排。以現金發放的浮動薪酬押後發放期，一般員工最多為6個月，而高級管理層則最多為36個月，以反映其相對的責任和職位。在浮動薪酬押後發放的特定情況下，可能會實行追回本行薪酬政策所載列的浮薪安排。

於考慮到加薪預算時，提名及薪酬委員會將計及多項因素，包括但不限於最近市場及行業概況、年通脹率、本行之表現及上一個財政年度作出支付及薪酬調整趨勢的年度調查結果。加薪預算及高級管理層及主要人員的加薪幅度須由提名及薪酬委員會批准。

內部審核主管的酬金由審核委員會釐定並由提名及薪酬委員會批准。其他風險監控部門主管的薪酬由提名及薪酬委員會釐定。風險監管部門個別成員的薪酬，則由該等部門的主管按提名及薪酬委員會所批准的預算，並考慮到相關員工的表現(包括但不限於達成主要表現指標及工作態度的措施)、近期市場及行業狀況釐定。

(M) DISCLOSURE ON REMUNERATION (continued)

Senior Management and Key Personnel

There were altogether 25 employees classified as Senior Management (4 employees) and Key Personnel (21 employees) in the financial year. The remuneration packages of Senior Management (Note i) and Key Personnel (Note ii) are determined by the NRC with reference to the following factors:

- latest market and industry practice;
- yearly inflation rate;
- results of annual surveys on trends in pay;
- salary increments made in the last financial year;
- performance of the relevant staff; and
- attraction and retention of talent.

Note i Senior Management refers to those senior executives who are responsible for the oversight of the Bank's strategy and activities. They include the following positions:

- Chief Executive Officer & Managing Director
- Executive Director(s)
- Alternate Chief Executive(s)
- Executive Vice President(s)

Note ii Key Personnel refers to those executives, other than Senior Management, whose duties or activities in the course of their employment involve the assumption of material risk or the taking on of material exposures on behalf of the Bank; currently the Management Committee Members and Department Heads in Financial Markets Division.

The aggregate quantitative information on remuneration (Note iii) for the Bank's Senior Management and Key Personnel for the financial year is set out below. Separate figures are not given for Senior Management as the number of executives is so small that individuals' remuneration could be easily deduced from disclosure of a breakdown of the figures:

(M) 薪酬披露 (續)

高級管理層及主要員工

於本財政年度，有25名員工分類為高級管理層(4名)及主要員工(21名)。高級管理層(附註i)和主要員工(附註ii)的薪酬是由提名及薪酬委員會參考下述因素決定：

- 最新市場及業界慣例；
- 全年通脹率；
- 年度薪酬趨勢調查結果；
- 上一個財政年度作出之薪酬加幅；
- 有關員工之表現；及
- 吸引和挽留人才。

附註i 高級管理層是指那些負責監察本行策略實施及業務活動的高級管理人員。他們包括以下職位：

- 行政總裁及董事總經理
- 執行董事
- 替任行政總裁
- 執行副總裁

附註ii 主要員工是指那些，高級管理層以外，從事涉及重大風險的職務及交易活動或為本行承擔主要風險的人員。現為管理委員會成員及金融市場分部的部門主管。

本行高級管理層及主要員工於本財政年度之薪酬(附註iii)總額資料載列如下。高級管理層個別數據並未有提供，原因是執行人員的數目甚少，個別人士的薪酬可自數據分析披露中扣除。

(M) DISCLOSURE ON REMUNERATION (continued)

Senior Management and Key Personnel (continued)

- (i) Amount of remuneration for the financial year and the previous financial year, split into fixed and variable remuneration:

Types of remuneration	薪酬類別
Fixed Remuneration	固定薪酬
Cash	現金
Variable Remuneration	浮動薪酬
Cash	現金
Shares and share-linked instruments	股份及股份相連工具

(M) 薪酬披露 (續)

高級管理層及主要員工 (續)

- (i) 本財政年度及過往財政年度薪酬金額，分為固定及浮動薪酬：

Senior Management and Key Personnel 高級管理層及主要員工			
2017 二零一七年		2016 二零一六年	
Non-deferred 非延付薪酬 (Amount in HKD) (港元金額)	Deferred 延付薪酬 (Amount in HKD) (港元金額)	Non-deferred 非延付薪酬 (Amount in HKD) (港元金額)	Deferred 延付薪酬 (Amount in HKD) (港元金額)
48.89 million 48.89百萬	Nil 無	46.67 million 46.67百萬	Nil 無
6.71 million (Year-end bonus paid in 1/2018) 6.71百萬 (於二零一八年一月 支付的年末花紅)	1.04 million 1.04百萬	6.80 million (Year-end bonus paid in 1/2017) 6.80百萬 (於二零一七年一月 支付的年末花紅)	1 million 1百萬
Nil 無	Nil 無	Nil 無	Nil 無

- (ii) Aggregate amount of outstanding deferred variable remuneration split into vested and unvested:

Types of remuneration	薪酬類別
Vested	已歸屬
Cash	現金
Unvested	未歸屬
Cash	現金
Shares and shared- linked instruments	股份及股份相連工具

Senior Management and Key Personnel 高級管理層及主要員工			
2017 二零一七年		2016 二零一六年	
Awarded for Performance Year 2017 就二零一七年度 之表現所發放之總額 (Amount in HKD) (港元金額)	Awarded for Prior Performance Years 就先前年度之 表現所發放之總額 (Amount in HKD) (港元金額)	Awarded for Performance Year 2016 就二零一六年度之 表現所發放之總額 (Amount in HKD) (港元金額)	Awarded for Prior Performance Years 就先前年度之 表現所發放之總額 (Amount in HKD) (港元金額)
6.71 million (Year-end bonus paid in 1/2018) 6.71百萬 (於二零一八年一月 支付的年末花紅)	0.82 million 0.82百萬	6.80 million (Year-end bonus paid in 1/2017) 6.80百萬 (於二零一七年一月 支付的年末花紅)	0.48 million 0.48百萬
1.04 million 1.04百萬	0.90 million 0.90百萬	1 million 1百萬	0.72million 0.72百萬
Nil 無	Nil 無	Nil 無	Nil 無

There was no deferred variable remuneration being reduced through performance adjustments in 2017.

於二零一七年，並無任何延付浮動薪酬須就表現情況而作出扣減。

(M) DISCLOSURE ON REMUNERATION (continued)

Senior Management and Key Personnel (continued)

- (iii) The deferred amount of HKD0.82 million for prior performance years was paid upon fulfilment of vesting conditions and expiry of the deferral period. The deferred amount of HKD1.04 million for this performance year will be paid on expiry of the deferral period subject to the fulfilment of vesting conditions.
- (iv) None of the outstanding deferred remuneration is subject to implicit ex post adjustment. Total amount of outstanding deferred remuneration and retained remuneration exposed to explicit ex post adjustments is set out below:

		(Amount in HKD) (港元金額)
Total amount of outstanding deferred remuneration	未付延付薪酬總額	1.94 million 1.94百萬
Total amount of deferred remuneration awarded, paid out and reduced through performance adjustments during the financial year	於本財政年度，授予、支付及就表現情況而作出扣減之延付薪酬總額	Nil 無
(v) No guaranteed bonus (including Sign-on bonus) was awarded during the financial year.	(v) 於本財政年度並無發放固定花紅(包括簽約花紅)。	
(vi) No severance payment was awarded or paid during the financial year.	(vi) 於本財政年度並無支付解僱金。	
Note iii	Remuneration refers to all remuneration payments payable to employees during the financial year. The remuneration also includes remuneration payments to two resigned staff during the financial year.	附註iii 薪酬是指所有在本財政年度向員工支付的報酬支付。薪酬還包括在本財政年度內向兩位已離任員工的支出。

(M) 薪酬披露 (續)

高級管理層及主要員工 (續)

- (iii) 先前表現年度的延付金額0.82百萬港元已於達成歸屬條件及延付期屆滿後支付。本表現年度的延付金額1.04百萬港元將於延付期屆滿並達成歸屬條件後支付。
- (iv) 未付延付薪酬毋須作出授出後隱含調整。於授出後明確調整之未付延付薪酬總額及被保留薪酬總額現載列如下：

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\$108.34 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\$82.97 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) 6606 9398
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: Dennis Chan
Capital : RMB2.1 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: Steve T.H. Chen
President: Ben B.Y. Chen
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: Henry Lin
President: Charles Hsiao
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
3/F, 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\$2.27 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
17/F, 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: Howard Lin
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: Lobo Tsai
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1083.36億元
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：陳俊傑
資本額：新台幣829.697億元
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) 6606 9398
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：詹文嶽
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：陳燦煌
總經理：陳伯耀
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：林弘立
總經理：蕭乾祥
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22.73億元
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：林福星
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：蔡照雄
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 Board 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 good 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。董事會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，並能反映行業的良好慣例
- 本行擁有合適的架構，以鞏固合規和反洗黑錢文化



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