ICBC 工銀亞洲

跨境金融　首選銀行

ANNUAL REPORT 2017 年報

目 錄 CONTENTS

工銀亞洲簡介	2	3	Profile of ICBC (Asia)
公司資料	4	5	Corporate Information
財務概況	6	6	Financial Performance
主席致辭	10	31	Chairman's Statement
管理層討論與分析	13	34	Management's Discussion and Analysis
董事及高層管理人員簡歷	25	46	Biographical Details of Directors & Senior Management
董事會報告	52	52	Report of the Directors
企業管治報告	57	57	Corporate Governance Report
獨立核數師報告書	69	69	Independent Auditor's Report
綜合收益表	76	76	Consolidated Income Statement
綜合全面收益表	77	77	Consolidated Statement of Comprehensive Income
綜合財務狀況表	78	78	Consolidated Statement of Financial Position
綜合權益變動表	79	79	Consolidated Statement of Changes in Equity
綜合現金流量表	81	81	Consolidated Statement of Cash Flows
財務報表附註	83	83	Notes to the Financial Statements
附加財務資料	229	229	Supplementary Financial Information
分行、附屬及聯營公司	251	251	Branches, Subsidiaries and Associates

工銀亞洲簡介

中國工商銀行(亞洲)有限公司(「工銀亞洲」或「本行」),作為目前全中國市值最大商業銀行 —— 中國工商銀行股份有限公司(「中國工商銀行」)在海外地區的銀行業務旗艦,為廣大公司和個人客戶提供包括各類存貸款、貿易融資、匯款、清算、工商業貸款、銀團貸款、出入口押匯、中國業務諮詢及融資、資產管理、證券、信託及黃金買賣經紀及保險代理等廣泛的金融服務。

工銀亞洲前身為香港友聯銀行有限公司,於一九六四年在香港成立,並於一九七三年在香港公開上市,多年來不斷為客戶開創嶄新及多元化的銀行服務。本銀行成為中國工商銀行集團成員後,於二零零零年八月二十一日易名為中國工商銀行(亞洲)有限公司。

於二零零一年七月,中國工商銀行向工銀亞洲注入香港分行企業銀行業務,促使工銀亞洲的客戶基礎擴大、改善存款及貸款組合及使服務產品組合更趨多元化。透過此業務轉移,大大提升工銀亞洲的競爭力。

於二零零四年四月三十日,工銀亞洲購入華比富通銀行之零售及商業銀行業務。華比富通銀行隨後易名為華比銀行,成為工銀亞洲的全資附屬公司。至二零零五年十月,工銀亞洲正式將華比銀行香港分行併入。於二零零五年,工銀亞洲收購華商銀行為全資附屬公司,重點發展中國內地人民幣業務。

於二零零八年八月三十一日,工銀亞洲完成收購和昇投資管理有限公司,並將其易名為工銀亞洲投資管理有限公司(於二零一七年十月更名為工銀資管(全球)有限公司(「工銀資管(全球)」))。作為工銀亞洲的全資附屬公司,工銀資管(全球)專注於中國工商銀行集團全球資產管理業務。

於二零一零年十二月二十一日,中國工商銀行完成對工銀亞洲的私有化程序,工銀亞洲亦隨即從香港聯合交易所退市,成為中國工商銀行集團的全資附屬公司。私有化的完成為工銀亞洲提供了更為廣闊的融資空間,使工銀亞洲更能靈活地獲取中國工商銀行的支持,在集團內實現更有效的業務聯動與整合。

工銀亞洲在完成私有化程序後,發展步伐不斷加快,在持續提升盈利能力、不斷增強創新理念及加大重視風險管控等多方驅動力下,實現了客戶基礎日漸擴大,多業務穩步齊升、資產規模及結構不斷擴大和優化的良好勢頭。

工銀亞洲一直堅持「立足香港,聯通內地,輻射亞太,面向全球」的戰略,充分發揮香港作為離岸人民幣中心的市場機遇,積極拓展全面的人民幣業務及跨境銀行服務,並在離岸人民幣金融產品領域中實現多項創舉,多次獲頒有關優質跨境金融服務的獎項,包括「卓越跨境銀行服務品牌」及「最佳交易」等。

Profile of ICBC (Asia)

Industrial and Commercial Bank of China (Asia) Limited ("ICBC (Asia)" or "the Bank"), being the flagship of overseas banking business of Industrial and Commercial Bank of China Limited ("ICBC") – currently the China's largest commercial bank by market capitalisation, offers a wide range of financial services to corporate and individual customers, including various types of deposits and loans, trade finance, remittance, settlement, commercial and industrial finance, syndicated loans, inward and outward bills of exchange, China business advisory and financial services, asset management, securities, trustee and bullion brokerage services as well as insurance agency services.

ICBC (Asia), formerly known as Union Bank of Hong Kong Limited, was established in Hong Kong in 1964 and publicly listed in 1973. Over the years, the Bank offered advanced and diversified banking services to its customers. The Bank changed its name to "Industrial and Commercial Bank of China (Asia) Limited" on 21 August 2000 following its becoming a member of ICBC Group.

In July 2001, ICBC injected the corporate banking business of its Hong Kong Branch into ICBC (Asia). It expanded the customer base of ICBC (Asia), improved its deposits and loans portfolio and also diversified its product mix. Such transfer of business therefore led to a substantial enhancement of the competitive edge of ICBC (Asia).

ICBC (Asia) acquired Fortis Bank Asia HK's retail and commercial banking operations on 30 April 2004. Fortis Bank Asia HK was then renamed to Belgian Bank and became a wholly-owned subsidiary of ICBC (Asia). In October 2005, Belgian Bank, Hong Kong Branch was formally merged with ICBC (Asia). In 2005, ICBC (Asia) acquired Chinese Mercantile Bank which becomes its wholly-owned subsidiary and focuses on RMB banking business in Mainland China.

On 31 August 2008, ICBC (Asia) completed the acquisition of Worldsec Asset Management Limited and renamed it to ICBC (Asia) Investment Management Company Limited (changed the name to ICBC Asset Management (Global) Company Limited ("ICBC Asset Management (Global)") in October 2017). Being a wholly-owned subsidiary of ICBC (Asia), ICBC Asset Management (Global) specialized in ICBC's global asset management business.

On 21 December 2010, ICBC completed its privatisation process of ICBC (Asia), which was henceforth withdrawn from listing on The Stock Exchange of Hong Kong Limited and became a wholly-owned subsidiary of ICBC. The completion of privatisation thus provides ICBC (Asia) with broader access to finance, allows greater flexibility in obtaining the support of ICBC and achieving more effective business connection and integration within the ICBC Group.

Upon the completion of the privatisation process, ICBC (Asia) accelerates its pace of development. Benefited from its continuous enhancing profitability, innovation, risk management and control effectiveness and other driven forces, ICBC (Asia) achieves a good momentum of steady growth in the client base and business development, resulting in continued expanding of its total asset size and optimization of its asset structure.

By persisting in the business strategy of "Taking root in Hong Kong, Connecting with mainland China, Spanning across Asia Pacific, Facing the World", ICBC (Asia) seizes the favourable opportunities of Hong Kong being the offshore Renminbi centre and keenly explores Renminbi businesses and cross-border banking services. ICBC (Asia) realized a number of pioneering projects in offshore Renminbi financial products and was received various awards regarding quality cross-border services, such as "Excellent Brand of Cross-border Banking Services" and "Best Deal", etc.

公司資料

截至2018年3月20日止

董事會

高明(*主席兼執行董事*)
姜壹盛(*執行董事兼行政總裁*)
盧建(*執行董事、副行政總裁兼替任行政總裁*)
席德應(*非執行董事*)
洪貴路(*非執行董事*)
尚軍(*非執行董事*)
王于漸,S.B.S.,太平紳士(*獨立非執行董事*)
徐耀華(*獨立非執行董事*)
袁金浩,FHKIoD(*獨立非執行董事*)
武捷思(*獨立非執行董事*)

公司秘書

于洪

審核委員會

武捷思*(*主席*)
席德應(*替任主席*)
洪貴路
王于漸,S.B.S.,太平紳士*
徐耀華*

戰略與企業管治委員會

王于漸,S.B.S.,太平紳士*(*主席*)
高明
姜壹盛
洪貴路
袁金浩,FHKIoD*
徐耀華*
武捷思*

董事會風險管理委員會

徐耀華*(*主席*)
尚軍(*替任主席*)
姜壹盛
盧建
王于漸,S.B.S.,太平紳士*
袁金浩,FHKIoD*
武捷思*

薪酬委員會

袁金浩,FHKIoD*(*主席*)
尚軍
徐耀華*
武捷思*

提名委員會

王于漸,S.B.S.,太平紳士*(*主席*)
席德應
袁金浩,FHKIoD*

高層管理人員

高明(*主席兼執行董事*)
姜壹盛(*執行董事兼行政總裁*)
盧建(*執行董事、副行政總裁兼替任行政總裁*)
梁銘謙(*副行政總裁兼替任行政總裁*)
唐希強(*副行政總裁*)
羅麗軍(*副行政總裁*)
許蒙(*副行政總裁兼首席風險官*)
王超明(*副行政總裁兼首席信息官*)
李冬(*副行政總裁*)
陳銀彬(*助理行政總裁*)

審計師

畢馬威會計師事務所
香港中環遮打道10號太子大廈八樓
電話:(852) 2522 6022
圖文傳真:(852) 2845 2588

註冊辦事處

香港中環花園道三號
中國工商銀行大廈三十三樓
電話:(852) 3510 8888
圖文傳真:(852) 2805 1166
郵箱:香港郵政總局信箱872號
環球銀行金融電信:UBHKHKHH

本年報可於http://www.icbcasia.com下載

* *獨立非執行董事*

Corporate Information

As at 20 March 2018

BOARD OF DIRECTORS

Gao Ming
(Chairman & Executive Director)
Jiang Yisheng
(Executive Director & Chief Executive Officer)
Lu Jian
(Executive Director, Deputy Chief Executive & Alternate Chief Executive)
Xi Deying *(Non-executive Director)*
Hong Guilu *(Non-executive Director)*
Shang Jun *(Non-executive Director)*
Wong Yue Chim, Richard, S.B.S., J.P.
(Independent Non-executive Director)
Tsui Yiu Wa, Alec *(Independent Non-executive Director)*
Yuen Kam Ho, George, FHKIoD
(Independent Non-executive Director)
Wu Jie Si *(Independent Non-executive Director)*

COMPANY SECRETARY

Yu Hong

AUDIT COMMITTEE

Wu Jie Si* *(Chairman)*
Xi Deying *(Alternate Chairman)*
Hong Guilu
Wong Yue Chim, Richard, S.B.S., J.P.*
Tsui Yiu Wa, Alec*

STRATEGY AND CORPORATE GOVERNANCE COMMITTEE

Wong Yue Chim, Richard, S.B.S., J.P.* *(Chairman)*
Gao Ming
Jiang Yisheng
Hong Guilu
Yuen Kam Ho, George, FHKIoD*
Tsui Yiu Wa, Alec*
Wu Jie Si*

RISK MANAGEMENT COMMITTEE OF BOARD OF DIRECTORS

Tsui Yiu Wa, Alec* *(Chairman)*
Shang Jun *(Alternate Chairman)*
Jiang Yisheng
Lu Jian
Wong Yue Chim, Richard, S.B.S., J.P.*
Yuen Kam Ho, George, FHKIoD*
Wu Jie Si*

REMUNERATION COMMITTEE

Yuen Kam Ho, George, FHKIoD* *(Chairman)*
Shang Jun
Tsui Yiu Wa, Alec*
Wu Jie Si*

NOMINATION COMMITTEE

Wong Yue Chim, Richard, S.B.S., J.P.* *(Chairman)*
Xi Deying
Yuen Kam Ho, George, FHKIoD*

SENIOR MANAGEMENT

Gao Ming
(Chairman & Executive Director)
Jiang Yisheng
(Executive Director & Chief Executive Officer)
Lu Jian
(Executive Director, Deputy Chief Executive & Alternate Chief Executive)
Leung Ming Hym, Peter
(Deputy Chief Executive & Alternate Chief Executive)
Tong Hee Keung, Samuel *(Deputy Chief Executive)*
Luo Lijun *(Deputy Chief Executive)*
Xu Meng *(Deputy Chief Executive & Chief Risk Officer)*
Wang Chaoming
(Deputy Chief Executive & Chief Information Officer)
Li Dong *(Deputy Chief Executive)*
Chen Yinbin *(Assistant Chief Executive)*

AUDITORS

KPMG
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
Telephone: (852) 2522 6022
Facsimile: (852) 2845 2588

REGISTERED OFFICE

33/F., ICBC Tower
3 Garden Road, Central, Hong Kong
Telephone: (852) 3510 8888
Facsimile: (852) 2805 1166
Post Box: GPO Box 872
SWIFT: UBHKHKHH

This Annual Report can be accessed through the internet at:
http://www.icbcasia.com

* *Independent Non-executive Director*

財務概況
Financial Performance

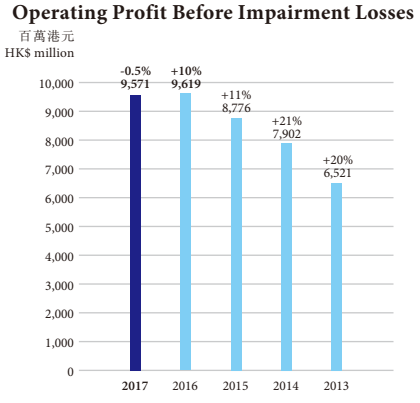
財務摘要 Financial Highlights

全年(百萬港元)	**For the Year** (in HK$ million)	**2017**	2016	變動百分比 % Change
淨利息收入	Net Interest Income	**10,052**	9,143	9.9%
淨收費及佣金收入	Net Fee and Commission Income	**2,416**	2,156	12.1%
其他營業收入	Other Operating Income	**168**	1,111	-84.9%
營業支出	Operating Expenses	**3,064**	2,791	9.8%
貸款減值損失	Charge for Impairment Losses on Loans and Advances	**(559)**	(879)	-36.4%
除稅前盈利	Profit before Tax	**9,481**	9,069	4.5%
稅項	Tax	**1,713**	1,673	2.4%
股東應佔盈利	Profit Attributable to Shareholders	**7,767**	7,395	5.0%

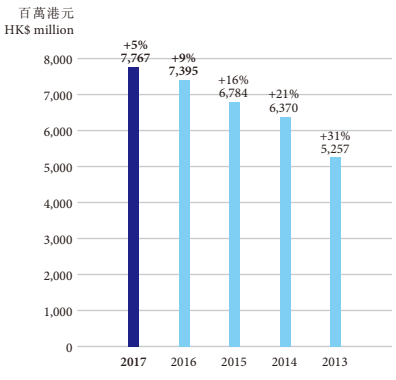
於年結日(百萬港元)	**At Year End** (in HK$ million)	**2017**	2016	變動百分比 % Change
貸款及其他帳項	Advances and Other Accounts	**459,830**	419,655	9.6%
資產總值	Total Assets	**898,109**	798,675	12.4%
存款總額	Total Deposits	**587,352**	465,141	26.3%
權益總額	Total Equity	**91,686**	83,886	9.3%

財務比率	**Financial Ratios**	**2017**	2016
資本充足比率	Capital Adequacy Ratio	**16.57%**	17.01%
平均流動性覆蓋比率	Average Liquidity Coverage Ratio	**134.83%**	128.80%
成本對收入比率	Cost to Income Ratio	**24.25%**	22.49%

未扣除減值損失之營業溢利
Operating Profit Before Impairment Losses



股東應佔溢利
Profit Attributable to Shareholders



財務概況
Financial Performance

五年財務概況 Five Year Summary

全年(百萬港元)	**For the Year** (in HK$ million)	**2017**	2016	重列 Restated 2015	2014	2013
淨利息收入	Net Interest Income	**10,052**	9,143	8,517	8,072	6,923
淨收費及佣金收入	Net Fee and Commission Income	**2,416**	2,156	1,836	1,694	1,393
其他營業收入	Other Operating Income	**168**	1,111	1,123	687	508
營業支出	Operating Expenses	**3,064**	2,791	2,700	2,551	2,303
貸款減值損失	Charge for Impairment Losses on Loans and Advances	**(559)**	(879)	(1,312)	(42)	(382)
除稅前盈利	Profit before Tax	**9,481**	9,069	8,392	7,992	6,313
稅項	Tax	**1,713**	1,673	1,608	1,622	1,056
股東應佔盈利	Profit Attributable to Shareholders	**7,767**	7,395	6,784	6,370	5,257

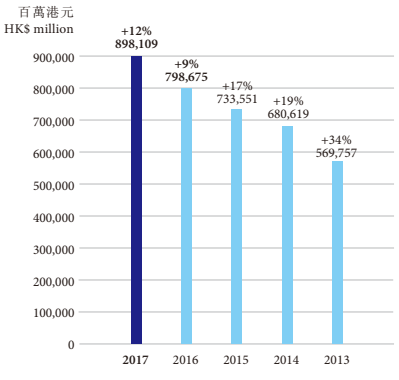
每股計(港元)	**Per Share** (in HK$)	**2017**	2016	2015	2014	2013
每股基本盈利	Basic Earnings per Share	**3.01**	2.87	3.10	3.09	2.55

於年結日(百萬港元)	**At Year End** (in HK$ million)	**2017**	2016	2015	2014	2013
貸款及其他帳項	Advances and Other Accounts	**459,830**	419,655	385,734	364,298	322,330
資產總額	Total Assets	**898,109**	798,675	733,551	680,619	569,757
存款總額	Total Deposits	**587,352**	465,141	466,676	463,553	382,030
權益總額	Total Equity	**91,686**	83,886	70,337	51,525	44,460

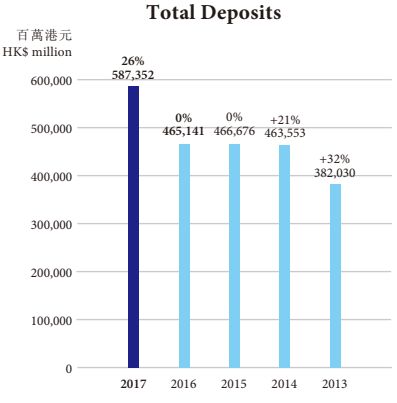
財務比率	**Financial Ratios**	**2017**	2016	2015	2014	2013
資本充足比率	Capital Adequacy Ratio	**16.57%**	17.01%	16.74%	16.11%	13.83%
平均流動資金比率	Average Liquidity Ratio	**N/A**	N/A	N/A	44.92%	39.70%
平均流動性覆盖比率	Average Liquidity Coverage Ratio	**134.83%**	128.8%	93.97%	N/A	N/A
貸款對資產總額比率	Loans to Total Assets Ratio	**51.20%**	52.54%	52.58%	53.95%	56.57%
減值貸款比率	Impaired Loan ratio	**0.66%**	0.74%	0.65%	0.41%	0.44%
組合減值準備覆蓋率*	Collective Impairment Allowances Coverage Ratio*	**1.27%**	1.41%	1.55%	1.55%	1.55%
成本對收入比率	Cost to Income Ratio	**24.25%**	22.49%	23.53%	24.40%	26.10%
平均資產回報率	Return on Average Assets	**0.96%**	1.01%	1.02%	1.02%	1.04%
平均普通股本回報率	Return on Average Common Equity	**9.72%**	9.82%	11.83%	13.27%	12.48%

* 包括「法定儲備」 * Including "Regulatory Reserve"

資產總額
Total Assets



存款總額
Total Deposits



財務概況
Financial Performance

存款 Deposits

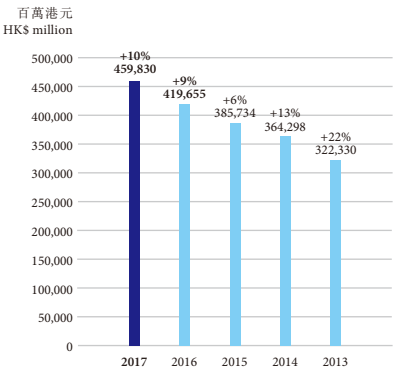
1. 按類別劃分	1. By Type	2017	2016
活期	Current	**9.8%**	9.4%
儲蓄	Savings	**23.7%**	21.4%
定期	Fixed	**66.5%**	69.2%
合計	Total	**100.0%**	100.0%

2. 按剩餘到期日劃分	2. By Remaining Maturity	2017	2016
須於要求時即時償還	Repayable on Demand	**34.1%**	30.9%
三個月或以下	Three Months or Less	**39.5%**	39.0%
一年或以下但超過三個月	One Year or Less, but Over Three Months	**22.7%**	18.6%
五年或以下但超過一年	Five Years or Less, but Over One Year	**3.7%**	11.5%
超過五年	Over Five Years	**0.0%**	0.0%
合計	Total	**100.0%**	100.0%

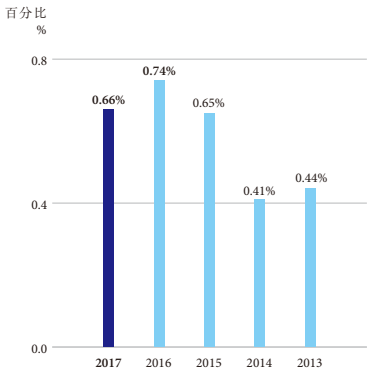
3. 按貨幣劃分	3. By Currency	2017	2016
港元	HKD	**38.8%**	38.0%
美元	USD	**34.3%**	33.0%
其他	Others	**26.9%**	29.0%
合計	Total	**100.0%**	100.0%

其他營業收入	Other Operating Income	2017	2016
淨交易收入及指定以公平價值經損益表入賬金融資產及負債之淨收益	Net trading income and net gain on financial assets and liabilities designated at fair value through profit or loss	**87.9%**	97.7%
來自金融投資之股息收入	Dividend income from financial investments	**4.8%**	0.7%
管理費收入	Management fee income	**0.0%**	0.0%
物業租金收入	Rental income	**0.1%**	0.0%
投資物業租金收入	Rental income from investment properties	**1.8%**	0.3%
其他	Others	**5.4%**	1.3%
合計	Total	**100.0%**	100.0%

貸款總額及其他帳項
Total Advances and Other Accounts



減值貸款比率
Impaired Loan Ratio



財務概況
Financial Performance

貸款組合 Loan Portfolio

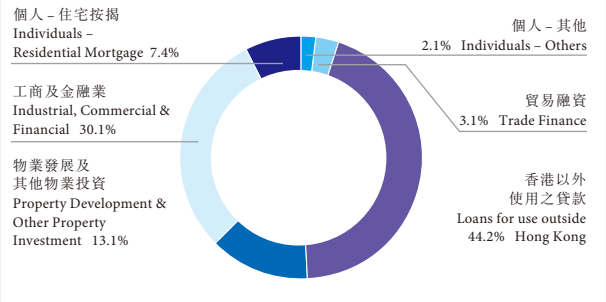
1. 按行業劃分*	1. By Industry Sectors *	2017	2016
在香港使用之貸款	Loans for Use in Hong Kong		
工商及金融	Industry, Commercial and Financial		
物業發展	Property Development	**6.7%**	8.6%
物業投資	Property Investment	**6.4%**	5.5%
金融企業	Financial Concerns	**8.3%**	6.0%
股票經紀	Stockbrokers	**0.8%**	0.7%
批發及零售業	Wholesale and Retail Trade	**3.7%**	3.9%
土木工程	Civil Engineering Works	**0.3%**	0.3%
製造業	Manufacturing	**1.9%**	2.9%
運輸及運輸設備	Transport and Transport Equipment	**5.6%**	6.6%
電力、煤氣	Electricity and Gas	**0.8%**	0.9%
資訊科技	Information Technology	**1.1%**	1.9%
娛樂活動	Recreation activities	**0.3%**	0.3%
酒店、住宿及飲食	Hotels, Boarding House and Catering	**0.0%**	0.0%
其他	Others	**7.3%**	7.7%
個人	Individuals		
購買「居者有其屋計劃」、「私人參建居屋計劃」及「租者置其屋計劃」樓宇之貸款	Loans for the purchases of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Schemes	**0.1%**	0.1%
購買其他住宅物業之貸款	Loans for the purchase of Other Residential Properties	**7.3%**	5.6%
信用卡貸款	Credit Card Advances	**0.1%**	0.1%
其他	Others	**2.0%**	1.6%
貿易融資	Trade Finance	**3.1%**	3.2%
在香港以外使用之貸款	Loans for Use outside Hong Kong	**44.2%**	44.1%
合計	Total	**100.0%**	100.0%

2. 按剩餘到期日劃分	2. By Remaining Maturity	2017	2016
須於要求時即時償還	Repayable on Demand	**1.6%**	1.9%
一年或以下	One Year or Less	**35.0%**	31.3%
五年或以下但超過一年	Five Years or Less, but Over One Year	**41.6%**	47.6%
超過五年	Over Five Years	**21.8%**	19.2%
並無限期	Undated	**0.0%**	0.0%
合計	Total	**100.0%**	100.0%

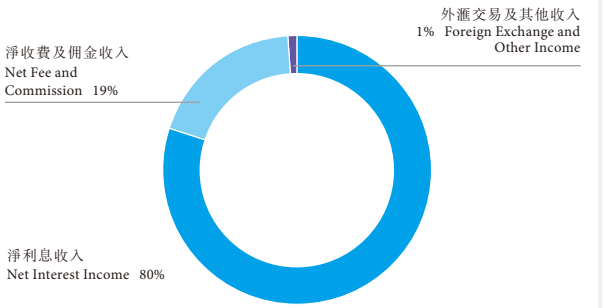
3. 按貨幣劃分	3. By Currency	2017	2016
港元	HKD	**40.7%**	56.7%
美元	USD	**29.5%**	31.4%
其他	Others	**29.8%**	11.9%
合計	Total	**100.0%**	100.0%

* 不包括商業票據及銀行同業 * Excluding Trade Bills and Advances to Banks

貸款組合 二零一七年
Loans Composition 2017



收入組合 二零一七年
Income Composition 2017



主席致辭

二零一七年，全球經濟復甦力度逐漸走強，資本市場交投更加活躍，但世界經濟回暖的基礎尚不穩固，區域間發展差距依舊較大，逆全球化趨勢和貿易投資保護主義有所抬頭，同時金融監管更趨嚴格，同業競爭更加激烈。面對錯綜複雜的外部經營環境，工銀亞洲在母行的戰略指引和大力支持下，積極把握市場機遇，不斷加強業務拓展，成功克服市場波動帶來的不利影響，在較高平台上實現了穩健較快發展。二零一七年全年，本行實現税後淨利潤77.67億港元，較上年增加3.72億港元。

在業務經營上，工銀亞洲積極加強市場及客戶需求預判，探索美元加息通道下的經營新策略，不斷加大新客戶拓展力度、強化存量客戶價值深挖，各項業務總體保持平穩增長態勢。截至二零一七年末，本行總資產餘額8,981億港元，較上年末增加994億港元，總負債餘額8,064億港元，較上年末增加916億港元。同時，本行進一步加快推進落實經營轉型戰略，得益於準確的市場預判和適當的轉型舉措，本行各業務條線亮點紛呈、成效顯著，內部管理更加高效有序，為下一步開創跨越式發展新局面打下了堅實基礎。

公司業務方面，緊抓滬港通、深港通、債券通等資本市場互通政策契機與市場機遇，作為首批「債券通」香港結算行、全球托管行及機構投資者成功完成多筆重量級債券交易；並首次牽頭完成境外綠色債券、永續債等創新承銷項目，銀團貸款及結構性融資市場規模與地位亦穩步增長，切實提升投融資業務競爭力；另外，確立以交易銀行為重要轉型方向，圍繞客戶交易行為開展綜合營銷，現金管理客戶數及存款大幅增長，公司業務整體轉型逐見成效。

零售業務方面，不斷優化零售業務政策及流程，加大按揭貸款、個人消費貸款、財富管理等重點業務拓展，零售業務與客戶規模均實現了快速增長；創新優化「活期寶」、「增利寶」等重點產品，全面豐富保險、財資與基金等財富管理業務，產品競爭力與市場份額同步提升；同時，著力打造「跨境金融　首選銀行」品牌，與母行集團境內機構聯動合作，共同服務優質跨境客戶，跨境零售業務也取得積極進展。

金融市場業務方面，積極搶抓美國國債收益率波動的機會，加強債券組合主動管理，相關業務收益貢獻明顯提升；不斷提升金融市場交易能力，保持CNH主要做市商的地位，並成為香港首家在路透FXALL平台實現24小時外匯做市的中資銀行；同時，本行還獲母行授權成為全功能的境外交易中心(暨總行備份中心)，為未來金融市場業務大發展奠定了良好基礎。

資產管理業務方面，在母行的大力支持下，本行原子公司工銀亞投正式更名為「工銀資管(全球)有限公司」，成為集團全球資產管理業務的統一運營平台，通過發揮香港聯通海內外的有利條件與自身多牌照優勢，豐富資管產品體系，促進資產管理與托管、私銀、機構等多業務線協同發展，並成功推出債券通托管服務，資產管理及資產托管規模實現大幅提升。

互聯網金融方面，本行緊抓金融科技發展契機，不斷優化網上銀行、手機銀行等多項新產品和新功能，實現「工銀亞洲賬戶綁定WeChat Pay HK」、「工銀跨境e繳費」等多項市場創新，在港首推外部風險信息查詢服務，並利用「融e購」香港館跨境電商平台和「惠生活」本地電商平台，進一步打響市場知名度，有力提昇平台交易量和用戶體驗。

亞太業務方面，本行進一步加強與工銀集團亞太區域相關機構的聯動與合作，努力推動亞太區相關業務的快速發展，年內完成了多個重要融資項目，相關業務規模與經營利潤均實現較快增長；本行與工銀集團亞太區域內機構精誠攜手為客戶提供高效服務，贏得了客戶的高度肯定與業界的廣泛讚譽，其中，在印度尼西亞的項目獲得《財資》頒發的「最佳印度尼西亞併購」及由《國際金融評論亞洲》頒發的「年度最佳印度尼西亞資本市場交易」兩項榮譽。

管理提升方面，進一步完善信貸與合規管理職能，成立了市場風險管理委員會，不斷健全風險治理體系架構；堅持以實質風險可控為導向，採取針對措施管好新增融資質量，加快存量不良貸款吸收轉化，資產質量得以持續有效改善；另外，本行積極踐行以人為本、和諧共進的文化理念，重視人才投入與培養、不斷優化員工結構，強化企業文化建設，進一步增強了員工隊伍穩定性與凝聚力。

主席致辭

展望二零一八年，全球經濟將進入持續復甦的關鍵階段，中國以及「一帶一路」沿線地區將成為經濟發展的亮點，但歐洲等地區政經前景不確定性、全球槓桿率水平與股市泡沫化等風險仍需關注。二零一八年是工銀亞洲新三年規劃的開局之年，本行將積極順應形勢變化，審時度勢，加大創新，加快推動各項經營管理戰略的實施與落地，在不斷強化本地經營基礎的同時，攜手工銀集團亞太區域機構及境內機構，共同為客戶提供一攬子、多元化的綜合金融服務，努力推動工銀亞洲實現更快更好的發展。

過去一年，工銀亞洲取得了令人欣喜的經營成績，這離不開母行與董事會的正確指導和堅定支持、管理層的盡責付出，亦有賴於本行客戶的忠誠信任，全體員工的辛勤付出與社會各界的鼎力相助，本人對此致以衷心的感謝！

高明
主席

二零一八年三月二十日

管理層討論與分析

財務回顧

本集團於二零一七年錄得破紀錄新高的除税後溢利77.67億港元，較去年增長3.72億港元。

由於計息資產的增長強勁，工銀亞洲的淨利息收入增加9.09億港元至100.52億港元，增幅達10%。收費及佣金收入淨額增加2.60億港元至24.16億港元，增幅達12%。非利息收入與總營業收入的比率為20.4%。

總營業支出較去年增加10%。成本對收入比率由二零一六年的22.5%微增至二零一七年的24.2%。

扣除減值損失之營業溢利為89.91億港元，較二零一六年增加1.84億港元或2%。

本集團出售投資證券錄得淨盈利4.70億港元，而二零一六年則為2.39億港元。

應佔聯營公司溢利由二零一六年的0.21億港元上升至本年度的0.22億港元。

財務狀況表

於二零一七年十二月三十一日，工銀亞洲的資產總額達8,981億港元，較上年度年結日的水平增加994億港元，增幅為12%。

貸款及客戶存款分別達4,598億港元及4,963億港元，較二零一六年十二月三十一日的水平分別增加10%及18%。

於二零一七年十二月三十一日，已發行存款證總額為910億港元，較二零一六年十二月三十一日增加109%。

資本及流動資金管理

工銀亞洲於二零一七年年底的資本充足率為16.6%(二零一六年年底：17.0%)。二零一七年度的平均流動資金覆蓋比率為134.8%(二零一六年年度的平均數：128.8%)。

資產質素

根據本銀行的審慎風險管理政策，資產質素繼續維持在令人滿意的水平。於二零一七年度年結時，減值貸款為30.64億港元，減值貸款比率較二零一六年度下降8個基點至0.66%。

於二零一七年十二月三十一日，累計貸款減值準備合共為43.97億港元(二零一六年：38.01億港元)，當中包括21.08億港元(二零一六年：18.29億港元)個別減值準備及22.89億港元(二零一六年：19.72億港元)組合減值準備。減值準備增加主要是由於貸款組合增加所致。

截止二零一七年十二月三十一日的逾期貸款總額較上年度年結日的水平增加0.22億港元至27.25億港元。

管理層討論與分析

業務回顧

商業銀行

二零一七年，中國經濟由高速增長轉向高質量發展，本行緊跟經濟發展形勢，適時調整資產結構，做大境內客戶，深挖優質客戶資源。本行積極推動大灣區優質客戶的營銷及「一帶一路」沿線項目的合作，積極為境內外、大中小優質客戶提供全方位的金融服務。

回顧年內，本行首次牽頭完成境外綠色債券、永續債等創新承銷項目；銀團貸款及結構性融資規模與地位亦穩步上揚，切實提升投融資業務競爭力。此外，本行積極響應香港政府號召，繼續幫助香港本地中小企業發展，年內為全港數百戶的中小企業申請到中小企融資擔保計劃(SFGS)並發放貸款，助力本地中小企業發展。

亞太區域的業務發展方面，本行持續推進亞太業務戰略發展，令亞太業務發展繼續穩步向前。年內成功完成多筆貸款，遍及地區包括中國內地、澳大利亞、捷克、香港、印度尼西亞、馬來西亞、英國及越南等。配合「一帶一路」倡議，本行繼續發掘一些大型亞太區域客戶參與的跨國融資機會，遍及地區包括歐洲、美國、南美及部分新興國家等；相關的融資項目亦得到行業及市場高度肯定，其中星空能源集團在印度尼西亞的併購項目(由本行作為牽頭安排行及簿記管理行)榮獲以下獎項：

- 《財資》頒發的「最佳印度尼西亞收購融資」及「最佳印度尼西亞併購」
- 《國際金融評論亞洲》頒發的「年度最佳印度尼西亞資本市場交易」

展望二零一八年，本行繼續堅持以「立足香港，聯通內地，輻射亞太，面向全球」戰略推動商業銀行業務發展，加強各地的政銀合作、銀企合作，同時進一步加快落實自身的經營轉型舉措，實現商業銀行業務的持續穩健增長。

個人金融業務

二零一七年，本行個人金融業務保持快速增長，規模不斷擴大，結構持續優化。存款、貸款、證券、基金及財資業務與客戶規模均錄得理想增長，擁有高資產的優質客戶比例更大幅增加。

存款規模持續壯大，其中低息存款升幅較高，主要由於本行兩項重點存款產品「活期寶」及「增利寶」的帶動。該兩項產品深受客戶歡迎，並獲得由經濟日報集團下屬的《晴報》頒發的「傑出存款服務大獎」。

貸款方面，年內本行在本地按揭市場佔有率排名創下佳績，於十月份之新辦樓按合約宗數躍升至全港第四名[1]，發展勢頭良好。本行亦不斷拓展其它資產抵押貸款及中小企貸款業務，令貸款業務更趨多元及平穩發展。

[1]資料來源：中原地產－本港主要銀行承辦樓按合約宗數報告

非利息收入方面，良好的投資市場氣氛帶動財富管理業務上升，本行通過提供全方位的投資產品及自動化數碼交易渠道，以及強化網上基金服務平台，實現證券、基金及財資產品收入強勁增長。

回顧年內，本行著力迎合跨境客戶需求，跨境客戶規模持續擴大，客戶量及資產規模均穩步上揚，跨境業務錄得顯著增幅。本行於年內分別以「留學香江」及「留學海外」為主題舉辦跨境客戶訪港活動，旨在為跨境客戶及其子女提供海外留學的配套金融服務，活動反響熱烈。

零售網絡方面，本行不斷優化分行網絡建設及自助銀行服務網點。截至二零一七年十二月三十一日，本行共設有57間零售網點及171部自動櫃員機，覆蓋人流密集地區。

展望二零一八年，本行將於繼續做好個人金融業務的基礎上，積極擴大客戶規模並結合跨境優勢，強化服務平台，以滿足客戶需要及提升競爭力。

電子銀行

二零一七年，本行深入貫徹中國工商銀行(「母行」)「e-ICBC 3.0」智慧銀行發展戰略，著重創新引領，以提升客戶體驗及價值創造為目標，在推進服務智能化、多元化、價值化等方面取得新進展。回顧年內，電子銀行業務取得突破性發展，電子銀行中間業務收入同比增長40%，客戶透過電子銀行使用本行服務的比例已超過70%。

網上銀行方面，本行深化產品創新，聚焦產品易用便捷性，簡化線上操作流程，優化網上銀行功能體驗。同時亦推出了多項新產品，包括企業網上銀行電子結單、企業網上銀行外匯及貴金屬保證金、個人網上銀行汽車貸款及個人網上銀行「活期寶(Flexi Plus)」等。

手機銀行方面，本行充分發揮移動金融優勢，創新手機銀行服務模式，推動線下服務向移動端遷移，並於年內推出了蘋果手機指紋登錄、二維碼轉賬等多項創新應用。

電子商務方面，構建貫穿金融服務及電子商務的互聯網金融服務體系，為商戶和客戶提供一站式綜合服務。本行於年內推出了「惠生活」本地電商平台，深耕「融e購 • 香港館」跨境電商平台，為客戶提供更加多元化的生活類服務。

本行電子銀行業務於二零一七年獲得市場及同業的高度認可，除榮獲《資本雜誌》頒發的「資本卓越手機銀行大獎」外，亦在新城財經台(Metro Finance)舉辦的「香港企業領袖品牌選舉」中被評為年度「卓越網上銀行品牌」。

展望二零一八年，本行將從開發功能向開發場景轉型、從運營渠道向運營平台轉型，著力推動互聯網金融轉型創新，增強本行電子銀行核心競爭力。

管理層討論與分析

金融科技發展

本行持續大力發展金融科技，促進對客業務創新發展和內部經營管理升級，以智能化創新形象為亮點，吸引客戶、打造品牌、提升影響力，提升競爭優勢。

二零一七年，本行在創新應用方面取得了一定的成果，相繼研發並推出了私人銀行「視頻客服」、「工銀亞洲賬戶綁定WeChat Pay HK」、「Apple Pay」等創新業務產品；在零售網點推出了智能信息發布管理平台、輕觸式互動桌面、網上預約開戶等創新功能；基於大數據技術，推出了多項優化行內營運管理的產品及工具，以助提升本行不同營運環節的成效。

年內，本行更與香港應用科技研究院(「應科院」)共同成立了「工銀亞洲－應科院金融科技創新實驗室」，開展金融科技重點領域研發。這項合作將為本行的金融創新工作提供機遇與空間，成為本行改革創新的強勁引擎。

展望二零一八年，本行將繼續視金融科技為業務突破口，大力開展創新應用，積極研究市場前沿的技術領域，並自主構建或引入母行的金融科技類技術平台，為客戶帶來高端、前沿的創新金融服務體驗。

證券及經紀

二零一七年，受惠環球經濟重拾增長、美元轉弱及南下資金持續流入本地市場等利好因素，港股穩步回升，恆生指數更於二零一七年十一月創近十年來新高，大市交投亦轉趨活躍。隨著市場氣氛好轉，本行證券及經紀業務表現良好，成交量增長優於整體大市，而業務收益按年升幅理想。

配合投資市場的發展，本行持續加強證券業務推廣及提升服務水平，年內有效提升見證客戶開戶量，並在優化交易電話系統，提升交易效率及流暢度的同時，新增手機銀行服務功能，推出保證金賬戶轉賬及登記人民幣結算賬戶服務，為客戶提供更加多樣化的優質證券服務。

展望二零一八年，本行將繼續積極拓展客戶群，持續加強產品創新、強化交易系統及保安功能，提升證券業務整體競爭力與盈利水平。

私人銀行

二零一七年，本行積極調整私人銀行業務的經營思路，業務持續發展，管理資產規模同比增長約三成，客戶資產結構更加優化。本行加強與母行境內及海外分行聯動，積極拓展本地及海外客戶，實現私人銀行客戶數量同比增長約兩成。

回顧年內，本行推出了全新的「視頻客服」功能，為部分私人銀行客戶提供「一對一」專屬客戶經理遠程視頻服務，將金融科技應用至客戶服務提升。此外，本行於年內為部份私人銀行客戶及其子女組織了以「私人銀行尊貴客戶活動」和「暑期金融實踐與全能發展活動」為主題的訪港活動，提供金融服務以外的增值服務。

展望二零一八年，本行將繼續透過開拓跨業務合作，重點發展財富管理產品及服務，為私人銀行客戶提供更多創新而又具理想回報的財富管理產品；配合客戶獨特的理財需求，為客戶提供高度個性化的財富管理和投資顧問服務；繼續為客戶提供更多非金融類的增值服務，提高客戶滿意度及品牌美譽度。

金融市場業務

二零一七年，本行金融市場業務在有效控制風險的前提下，積極把握不同領域的市場機遇、拓展市場，實現了收入和利潤的平穩增長。

債券投資方面，本行投資規模繼續穩步增長，風險維持在較低水平。在市場利率明顯上行的環境下，通過精選債券和加強動態管理，持續提升了投資組合總收益。同時，本行積極尋找包括人民幣在內的跨市場投資機會，顯著增加了組合利息收入。

代客交易方面，本行繼續強調多元化盈利模式，穩步推進客戶及產品結構轉型。在財富管理類產品收入大幅增長的推動下，零售及私人銀行條線下的財資業務盈利貢獻度大幅提升。年內，本行繼續加強產品創新，成功推出黃金與白銀期權保證金交易等新產品，獲得市場較高認可。

做市交易方面，本行不斷提升各做市渠道的報價能力，令離岸人民幣做市方面的市場佔有率不斷提升。本行於人民幣即期外匯市場的交易量穩步增長，在主流電子平台的交易量始終保持領先地位。於年內，本行電子平台做市業務進一步拓展至24小時，覆蓋歐美時段。

回顧年內，本行積極參與於七月啟動的「債券通」計劃，並成為主要報價商，為客戶提供一站式金融服務，亦使本行得以充分把握投資內地債券市場機遇，分散風險，增加回報。

管理層討論與分析

展望二零一八年，預期全球經濟繼續復甦，人民幣國際化加速，為代客和做市業務帶來機遇；在主要經濟體進入緊縮周期背景下，將為固定收益業務帶來挑戰。面對機遇與挑戰，本行將繼續提升金融市場業務方面的核心競爭力，致力實現業務穩步增長。

全球資本融資

憑藉母行龐大的資金、客戶、網點網絡等資源優勢，本行有序推動各項傳統商業銀行業務，同時深入挖掘全球資本融資服務的發展潛力。本行的債券承銷、銀團貸款及信貸資產交易業務發展規模不斷壯大，在亞太地區資本市場發展進程中扮演重要角色。

二零一七年，本行的債券承銷類業務延續良好發展態勢：繼續活躍於中資企業境外債券市場，為多家大型中央企業及地方國有企業完成首次境外債券發行；金融機構債券承銷業務量顯著增長，項目數量佔比大幅提高；在綠色債、優先股、永續債、多年期及多幣種等債券發行品種上實現突破創新；於債券承銷業務中擔任全球協調人角色的比重大幅增加，項目及市場地位均得到顯著提升。年內，本行承銷本、外幣債券、中期票據、存款證共計50筆，發行量合共達433億港幣，成為極具市場影響力的承銷行之一。

此外，本行繼續深耕銀團貸款業務，年內銀團貸款總量達493億港幣，按年增長29%。本行作為牽頭行為一眾客戶，包括中國飛機租賃有限公司、碧桂園控股有限公司成功籌組銀團貸款，其中本行為百麗國際控股有限公司私有化而籌組的銀團項目更是二零一七年市場上最大型和最受矚目的項目之一。

信貸資產業務方面，本行積極參與信貸資產二級市場，繼續通過信貸資產的流轉提升本行的資產流轉速度和流動性水準。資產交易類業務量依舊佔據市場主要份額。同時，配合本行亞太區業務發展策略，迅速於年內建立了亞太區資產交易網絡。

展望二零一八年，本行將積極把握「一帶一路」倡議及人民幣國際化等帶來的發展新機遇，為客戶提供全方位的全球資本融資服務，繼續鞏固本行在亞太區資本市場的優勢地位。

機構業務

二零一七年，本行機構業務在資產業務轉型和結構調整、央行及主權機構藍海負債發展戰略實施、非銀優質資產業務拓展、中資機構同業及自貿區業務創新等重點領域均取得重大進展。本行積極發揮自身產品及渠道優勢，借助市場發展機遇及政策優勢，全面發展各類型客戶的負債業務，並成功推廣多項交易銀行產品。

回顧年內，本行積極完善機構業務職能，優化內部操作及管理流程，使機構業務轉型為本行之聯動統籌視窗，以加強本行與各機構的溝通合作。

此外，機構業務客戶基礎得到全面拓展。本行創新、多樣的產品與方案，如資產支援票據、專項固定收益基金、銀行客戶掉期存款、銀證轉帳、e繳費及融安e信等，在客戶群中得到廣泛的正面迴響。

二零一八年，本行將繼續緊跟經濟金融動向、緊貼客戶需求，在拓展本地公營事業機構和外資非銀機構客戶的同時，重點推動中資銀行機構客戶的全面合作。

資產管理

二零一七年，本行全資附屬子公司 — 工銀亞洲投資管理有限公司，在母行的「大資管」戰略部署下，重新定位為中國工商銀行集團的全球資產管理業務的統一運營平台，更名為工銀資管(全球)有限公司，並實現了跨越式的增長。截至二零一七年十二月三十一日，資產管理規模達1083.54億港元，較二零一六年同期增長445%，全年營業收入約6,129萬港元，稅後盈利約2,462萬港元。

回顧年內，工銀資管(全球)本地及跨境業務均取得突破性發展。本地業務方面，通過槓桿型基金結構化票據產品投資於優先股，成功對接了優先股發行與客戶的投資需求；跨境業務方面，與總行簽署「境外資產管理投資顧問業務合作框架協定」，並擔任委外的投資顧問角色。

工銀資管(全球)於期內完成了港股通及債券通的業務搭建。在管理數隻私募基金的同時，工銀資管(全球)亦為機構客戶進行專戶投資，並擔任在歐洲成立的UCITS公募基金和SIF私募基金的投資經理，為歐洲客戶提供資產管理服務。

工銀資管(全球)於深圳設立的全資子公司 — 工銀亞投股權投資管理(深圳)有限公司(「工銀亞投(深圳)」)已獲得中國證券投資基金業協會的私募基金管理人牌照，並於二零一七年十月完成了首隻私募基金產品的備案。

管理層討論與分析

展望二零一八年，工銀資管(全球)將加快推進港股通產品、全球配置FOF基金、債券通產品、跨境併購及IPO基石基金、高級擔保貸款、貨幣市場基金、跨境指數投資基金，以及「一帶一路」債券投資基金等重點產品線建設，持續提高業務規模和市場地位。

信用卡業務

二零一七年，香港信用卡市場競爭持續激烈。本行信用卡業務採取分層營銷策略，積極向信用卡專題化、特色化的方向發展，以吸納更廣闊的客戶群。

新卡發行方面，本行於年內與金沙集團聯合推出了金沙時尚聯名卡，為客戶帶來了澳門的購物消費及消閑娛樂優惠，市場對該卡反應理想。

收單業務方面，本行著重調整商戶結構及擴大收入來源，針對本地民生、餐飲、醫療等行業進行重點營銷並取得突破，收單業務保持了良好的增長。無抵押貸款方面，透過不斷的產品優化，促進貸款業務發展。

二零一八年，預期信用卡市場競爭會持續激烈，收單業務將迎來挑戰。本行將把握本地零售業復甦及大灣區發展帶來的機遇，為本地及跨境客戶帶來更多便捷而優惠的信用卡產品及服務。

人民幣業務

二零一七年，境外持有人民幣信心逐步恢復，帶動離岸人民幣總量企穩回升。「債券通」順利實施，CEPA系列協定不斷深化，中國人民銀行與香港金融管理局續簽雙邊本幣互換協議，「一帶一路」戰略夯實離岸人民幣投融資基礎，人民幣國際化進入新階段。

「債券通」業務運行當日，本行作為首批香港結算行、全球託管行及機構投資者，成功辦理多筆重量級債券交易，為境外機構投資者中交易量最大的機構，並助力總行成為交易量最大的境內做市商，實現了「開門紅」。

金融市場方面，本行繼續保持離岸人民幣主要做市商地位。在提供流動性模式下，本行於二零一七年初成為首家在湯森路透FXall平台實現24小時不間斷報價的中資銀行；在點擊對手交易模式下，本行在FXall平台交易量亦於二零一七年全年有十個月排名市場第一[2]。此外，本行相繼在彭博、360T等主流平台上開展做市業務，在聲訊經紀渠道保持了領先做市商地位。

[2]資料來源：FXall 做市商報告

清算業務方面，本行於年內延長了人民幣清算服務時間，大力推廣CIPS清算，進一步提升離岸人民幣清算能力，擴大清算業務市場份額。

市場推廣方面，本行於年內以白金贊助商身份參加了香港交易所人民幣定息及貨幣論壇，並成功舉辦了「穿梭匯聚 • 成就機遇」跨境金融服務論壇，進一步提升了離岸人民幣業務方面的市場地位和專業形象。

展望二零一八年，本行將繼續密切關注監管機構政策動態、監測人民幣匯率走勢、緊抓業務視窗期，多條線全方位推進跨境人民幣業務發展。

現金管理業務

工銀亞洲亞太區現金管理中心(「現金管理中心」)是中國工商銀行集團內設立的首个區域現金管理中心。依託總行支持，歷經七年發展，現金管理中心已積累豐富的項目經驗和現金管理產品，累計幫助超過2,600家客戶實現香港本地及跨國現金管理業務發展。

回顧年內，本行持續做好中國內地、香港、亞太地區的現金管理客戶市場，積極拓展中資、港資及其他國家或地區客戶，大力提升現金管理同業競爭優勢。同時，本行主動把握香港財資中心稅改優惠政策、自貿區跨境雙向資金流動相關政策及中資「走出去」的業務機遇，成功為多家大型集團企業開展全球現金管理業務。此外，本行還成功推出「工銀跨境e繳費」業務，為中國內地學生赴港求學提供便利，成為香港唯一提供該項服務的銀行。

二零一七年，本行現金管理業務與產品不斷推陳出新，創新型存款產品「節節高」、「躍躍升」深受市場歡迎，為部分保險、通訊類客戶提供「財智帳戶」產品。本行亦緊跟移動支付發展趨勢，成功推出「工銀亞洲賬戶綁定WeChat Pay HK」服務，實現本行與第三方支付機構於支付業務領域上的合作突破。

展望二零一八年，現金管理中心將以做實本地、發揮優勢、服務區域為思路，兼顧中資客戶及港資客戶，以為客戶提供一站式綜合服務為宗旨，以現金管理業務為核心，均衡發展各條產品線，逐步服務亞太區域。

管理層討論與分析

華商銀行

二零一七年，本行全資附屬子公司華商銀行經營業績穩健增長，全年實現淨利潤13.43億港元，同比增長25.31%，利潤水平創歷史新高；不良貸款額和不良貸款率「雙降」，可持續發展能力大幅增強。

年內，華商銀行持續主動控制資產規模，不斷優化業務結構，盈利能力穩步提升。資產方面，擴大高收益的信貸資產規模，靈活配置銀行同業資產，提升資金運用效率和資產收益水平。負債方面，在穩定現有存款規模的基礎上，進一步發展客戶存款業務，拓寬資金來源，多措並舉夯實負債基礎。

二零一七年，華商銀行加快經營轉型發展步伐，在投資銀行、資產管理、私人銀行、金融市場等業務實現突破。首先，華商銀行境內外一體的投資銀行業務運作體系已初步成形，並成功開始運作；其次，成功發行首筆開放式理財產品「華商周周利1號」，提升了存款業務的競爭力；第三，穩步推動私人銀行業務發展，成功發行了高淨值專屬理財產品；第四，進一步推進外匯及衍生產品業務創新，成功推出人民幣利率互換及人民幣外匯貨幣掉期等新業務。

華商銀行持續健全內部控制體系，進一步建設及完善信息系統，增強對信用風險、操作風險及市場風險等的控制，全面加強風險管控。

華商銀行於年內先後榮獲中央國債登記結算有限責任公司頒發「中國債券市場優秀成員」、中國債券市場頒發「優秀自營商獎」以及中國銀行業協會頒發「最具社會責任獎」等多項榮譽，市場地位和品牌影響力進一步提升。

展望二零一八年，華商銀行將立足深圳和廣州，深耕粵港澳大灣區，適度輻射國內其它經濟發達區域，全面發揮跨境業務優勢，加快離岸業務發展，向「境內+境外」、「商行+投行」全面轉型發展，走「輕資產、輕資本」的穩健發展之路。

人力資源

本行一直視員工為公司最寶貴的資產，堅持貫徹「以人為本」的管理理念，促進本行與員工共同發展。

培育員工方面，本行進一步完善員工職業發展政策，並按不同層級員工的職業發展需要繼續推行多樣化的人才發展方案。年內，為員工提供超過350場次的多元化培訓課程，內容包括銀行和其他專業知識及管理技巧等。同時，繼續與母行集團境內機構及金融學校展開不同類型的跨境工作交流及培訓計劃，以增強員工跨境業務相關的技能及經驗。本行繼續實踐個人與組織績效考核掛鈎的管理理念和機制，以促進組織績效及個人業績同步提升。

回顧年內，本行參加了多間院校舉辦的職業座談會及招聘會，並繼續加強人才招募力度以配合業務策略和發展的人力需要。截至二零一七年十二月三十一日，本集團員工總數為2,713人。

本行非常重視維繫與員工間有效的溝通。年內，本行高級管理人員與員工進行多次會面，就本行不同的業務範疇廣泛聽取並交換意見。本行亦提升了多項員工福利，包括提升保險計劃、增派節日禮券等，並組織了多場員工活動，以構建關愛員工、共融和諧的企業文化。

展望二零一八年，本行人力資源管理工作將圍繞區域化發展、考核機制優化、人才儲備培養、員工福利改善、內部管理效能提升等方面開展工作，促進本行與員工和諧共進、共同發展。

企業社會責任

本行連續十九年獲委任為香港明愛籌款委員會主席，全力支持香港明愛多項籌款活動，其中包括舉辦慈善高爾夫球賽、捐助明愛籌款晚會、曲奇義賣、賣物會、代售慈善抽獎券等。二零一七年更積極開展「工銀亞洲X明愛：與眾同樂」一系列義工活動，將資源與愛心傳達至各社會階層。二零一七年，本行為香港明愛合共籌得超過港幣三百七十萬元善款，創歷史新高。

二零一七年，正值慶祝香港回歸祖國二十周年之際，本行冠名贊助香港旅遊發展局(「旅發局」)下的大型夏日活動——「工銀 亞洲香港Fun享夏日禮」及「工銀亞洲香港電競音樂節」，與旅發局攜手宣傳、鞏固香港「亞洲盛事之都」的形象。

管理層討論與分析

本行亦參與其他多項社會公益項目。公益活動方面，本行連續第六年參與香港大型慈善活動「公益金百萬行」，參與人數再創高峰；派員工連續兩年參加「彭博一英里接力賽」慈善跑，支持香港當地體育慈善活動。理財教育方面，積極秉持銀行公會的「銀行與您　關愛同行」理念，參與了其一系列的企業社會責任活動，包括「香港銀行公會『餸』暖關愛社區計劃——健康同樂日」活動、「長者活用自動櫃員機教育講座」及「智有『財』能教育坊」等。文化藝術方面，本行連續第五年獨家贊助香港藝術節閉幕演出，推動香港國際級藝術文化發展。

除了參與行外的多項慈善活動，本行於年內在行內大力推行「綠色辦公室計劃」，落實推動了多項的辦公室環保措施，廣傳減廢、節源、重用的環保美德。

展望二零一八年，本行將繼續為香港的社會公益事業貢獻力量，肩負起企業公民的責任，共建和諧共融、愛心滿溢的社會。

董事及高層管理人員簡歷

截至2018年3月20日止

高明女士(*主席兼執行董事*)

高女士，五十二歲，自二零一七年二月起獲委任為本銀行主席兼執行董事，她亦出任本銀行戰略與企業管治委員會委員。高女士自二零一七年四月起獲委任為本銀行全資附屬公司華商銀行董事長。高女士持有麥考瑞大學應用財務專業碩士學位及吉林工業大學特殊用途(科技英語)專業碩士學位。高女士擁有逾二十七年銀行業務經驗，曾擔任中國工商銀行盧森堡分行總經理，中國工商銀行歐洲有限公司主席及中國工商銀行股份有限公司國際業務部總經理。

姜壹盛先生(*執行董事兼行政總裁*)

姜先生，五十歲，自二零一五年十二月起獲委任為本銀行執行董事兼行政總裁，並為本銀行戰略與企業管治委員會及董事會風險管理委員會委員。姜先生現為本銀行多間全資附屬公司董事，包括華商銀行、工銀資管(全球)有限公司及中國 — 中東歐金融控股有限公司。姜先生持有西安交通大學電氣工程學士學位及陝西財經學院貨幣銀行學碩士學位。姜先生擁有逾二十一年銀行業務之經驗，曾擔任中國工商銀行股份有限公司珠海市分行行長、中國工商銀行股份有限公司廣東省分行副行長及中國工商銀行(澳門)股份有限公司總經理。

盧建先生(*執行董事、副行政總裁兼替任行政總裁*)

盧先生，四十一歲，於二零一七年二月加入本銀行為助理行政總裁，並於二零一七年八月獲委任為本銀行副行政總裁及二零一七年十月獲委任為本銀行執行董事兼替任行政總裁。盧先生為本銀行董事會風險管理委員會委員。盧先生持有東北財經大學國際金融本科經濟學學士學位及香港科技大學金融分析與公司融資碩士學位並擁有特許註冊金融分析師資格。盧先生擁有逾十七年的銀行業務經驗，曾於二零零七年四月至二零一五年七月期間服務本銀行超過八年，並曾擔任中國工商銀行(泰國)有限公司執行董事兼行政總裁。

席德應先生(*非執行董事*)

席先生，五十七歲，自二零一七年五月起獲委任為本銀行非執行董事，為本銀行審核委員會替任主席及提名委員會委員。席先生持有澳大利亞梅鐸大學工商管理碩士學位及西安交通大學經濟與金融學院經濟學學士學位。席先生擁有逾三十五年銀行業務經驗，現為中國工商銀行股份有限公司戰略管理與投資者關係部集團派駐子公司董監事辦公室資深專家、專職派出董事。席先生現為中國工商銀行(阿根廷)股份有限公司董事長、中國工商銀行(巴西)有限公司非執行董事。

董事及高層管理人員簡歷

截至2018年3月20日止

洪貴路先生 *(非執行董事)*

洪先生，五十一歲，自二零一六年十二月起獲委任為本銀行非執行董事，為本銀行審核委員會及戰略與企業管治委員會委員。洪先生持有美國喬治華盛頓大學會計學碩士學位。洪先生擁有逾十七年銀行業務經驗，現為中國工商銀行股份有限公司戰略管理與投資者關係部集團派駐子公司董監事辦公室高級專家、專職派出董事。

尚軍先生 *(非執行董事)*

尚先生，五十八歲，自二零一七年九月起獲委任為本銀行非執行董事，為本銀行董事會風險管理委員會替任主席及薪酬委員會委員。尚先生持有復旦大學與香港大學國際工商管理碩士學位及鄭州大學經濟學碩士學位。尚先生擁有逾四十一年銀行業務經驗，現為中國工商銀行股份有限公司戰略管理與投資者關係部集團派駐子公司董監事辦公室資深專家、專職派出董事。尚先生現為工銀瑞信基金管理有限公司董事長、中國工商銀行(澳門)股份有限公司非執行董事。

王于漸教授，S.B.S.，太平紳士 *(獨立非執行董事)*

王教授，六十五歲，自二零零零年七月起獲委任為本銀行獨立非執行董事，為本銀行戰略與企業管治委員會及提名委員會主席、審核委員會及董事會風險管理委員會委員。他持有美國芝加哥大學經濟學博士學位。王教授現為香港大學經濟學講座教授，他積極推動有關香港及中國經濟政策之研究活動，為香港經濟研究中心和香港經濟及商業策略研究所之創辦總監。王教授於一九九九年獲香港特別行政區政府頒授銀紫荊星章，以表揚其對香港教育、房屋、工業及科技發展所作出之貢獻。王教授現為鷹君集團有限公司、東方海外(國際)有限公司、盈科大衍地產發展有限公司及新鴻基地產發展有限公司之獨立非執行董事(上述公司均於香港聯交所上市)。

徐耀華先生 *(獨立非執行董事)*

徐先生，六十八歲，自二零零零年八月起獲委任為本銀行獨立非執行董事，為本銀行董事會風險管理委員會主席、審核委員會、戰略與企業管治委員會及薪酬委員會委員。他持有美國田納西州大學理學士及工程學碩士(工業工程學)學位。他於美國哈佛大學甘迺迪政府研究院修畢政府高級經理管理學課程。徐先生由二零零一年七月至二零零二年六月期間於深圳證券交易所擔任諮詢顧問及理事，並於二零零零年八月至二零零一年二月期間出任香港勵晶太平洋集團有限公司行政總裁，該公司於香港聯合交易所上市。於二零零一年十二月至二零零四年十二月期間，徐先生曾任香港證券專業學會之主席。徐先生於一九九四年加入香港聯合交易所有限公司為財務及運作服務科執行總監，並於一九九七年至二零零零年期間出任行政總裁一職。徐先生於二零零零年三月至二零零零年七月期間出任香港交易及結算所有限公司之集團營運總裁，並於一九八九年至一九九三年期間出任香港證券及期貨事務監察委員會之總經理(財務、資訊及人力資源)、助理總監(發牌科)兼總經理(人力資源)。徐先生過往亦積極參與多項政府及社會活動，其中包括香港盈富基金監督委員會前主席、香港廉政公署證券、期貨及投資界專業道德推廣計劃籌劃委員會前主席、香港公司法改革常務委員會前委員、香港貿易發展局金融服務諮詢委員會前委員、香港公益金商業及僱員募捐計劃籌劃委員會前委員(銀行及金融組別)、香港職業訓練局銀行及金融業訓練委員會前委員及禁毒基金會管理委員會投資小組委員會前委員。徐先生現為中遠海運國際(香港)有限公司、太平洋網絡有限公司、康達國際環保有限公司、大唐西市絲路投資控股有限公司及凱升控股有限公司(上述公司均於香港聯交所上市)及新濠博亞娛樂有限公司(於美國納斯達克上市)的獨立非執行董事。他亦為ATA Inc.(於美國納斯達克上市)及Melco Resorts and Entertainment (Philippines) Corporation(於菲律賓證券交易所上市)之獨立董事。

董事及高層管理人員簡歷

截至2018年3月20日止

袁金浩先生，FHKIoD *(獨立非執行董事)*

袁先生，七十三歲，自二零零三年四月起獲委任為本銀行獨立非執行董事，為本銀行薪酬委員會主席、董事會風險管理委員會、戰略與企業管治委員會及提名委員會委員。他現為新昌集團控股有限公司的獨立非執行董事，該公司於香港聯合交易所上市。袁先生持有香港大學經濟及政治學榮譽學士學位。袁先生分別在美國麻省Cambridge國際市務學院修讀國際市場管理課程，及獲香港政府保薦往英國牛津大學深造公共行政及國際關係，並於法國歐洲商業學院(INSEAD)參與國際工商管理人員培訓計劃。於二零零三年六月，袁先生被邀參與美國哈佛大學肯尼地行政管理學院主辦的領袖發展計劃。於二零零四年六月，袁先生參與美國加州史丹福大學「公司管治」研修會議。在二零零六年初，史丹福大學社會創建學院更邀請袁先生為訪問學者作短期研修。袁先生自一九九七年九月起九年內曾出任「香港明天更好基金」行政總裁。於加入「香港明天更好基金」前，袁先生於香港政府新聞處擔任新聞處助理處長及署理副處長。袁先生積極參與籌組於香港舉行之重要國際會議，並曾擔當多項公職，其中包括出任國際策略發展局董事局成員。於二零零三年至二零零七年期間，袁先生曾任香港特別行政區政府中央政策組香港泛珠江三角洲流域研究委員會成員。在二零零六年一月至二零一三年一月期間，袁先生曾為中國人民政治協商會議廣西壯族自治區委員會委員、中國社會科學院財政與貿易經濟研究所顧問、中國上海社會科學院港澳研究中心顧問及中國廣州市國際投資促進中心顧問。袁先生現為香港大學校董會委員及聯合國亞太經濟和社會委員會委員。袁先生為香港董事學會之資深會員、英國管理學會及英國市務學會會員，並曾獲前任美國總統布殊親函嘉許其支持世界反恐工作的貢獻。

武捷思博士 *(獨立非執行董事)*

武博士，六十六歲，自二零一三年三月起獲委任為本銀行獨立非執行董事，為本銀行審核委員會主席、戰略與企業管治委員會、薪酬委員會及董事會風險管理委員會委員。武博士持有中國人民銀行金融研究所經濟學博士學位，並獲天津南開大學授予教授資格。武博士擁有逾三十年企業管理與投資經驗，現為深圳市富海銀濤資產管理股份有限公司董事長。武博士亦為北京控股有限公司及中國太平保險控股有限公司的獨立非執行董事、銀基集團控股有限公司及深圳控股有限公司的非執行董事(上述公司均於香港聯交所上市)。武博士亦為中信銀行(國際)有限公司獨立非執行董事。武博士曾任中國工商銀行股份有限公司深圳市分行行長、深圳市政府副市長及廣東省省長助理。

梁銘謙先生 *(副行政總裁兼替任行政總裁)*

梁先生，五十五歲，自二零零一年七月加入本銀行，於二零一一年八月起獲委任為本銀行副行政總裁，並於二零一六年四月獲委任為替任行政總裁。梁先生現負責本銀行個人金融業務、私人銀行業務、信用卡業務、中小企業銀行業務、個人信貸業務以及證券經紀業務。梁先生持有英國紐卡素大學會計及財務分析學士學位和英國倫敦大學法律學士學位。梁先生為英格蘭及威爾斯特許會計師公會之資深會員並為其香港分會委員，亦為香港會計師公會及英國特許公認會計師公會之資深會員。他擁有逾二十年企業財務之經驗。

唐希強先生 *(副行政總裁)*

唐先生，六十歲，於二零一一年八月獲委任為本銀行副行政總裁，現主要負責本銀行公司業務、機構業務及亞太銀行業務的發展。唐先生持有布魯內爾大學工商管理系碩士學位。唐先生亦為特許銀行學會之會士，擁有逾三十一年企業及商業銀行業務經驗。

羅麗軍女士 *(副行政總裁)*

羅女士，四十六歲，自二零一二年六月加入本銀行為助理行政總裁，並於二零一六年八月獲委任為副行政總裁。現主要負責本銀行內控合規、法律及營運管理。她持有中國人民大學歷史學學士學位、中國人民大學財政金融學院經濟學碩士學位及復旦大學與香港大學國際工商管理碩士學位。於二零零九年八月至二零一零年六月期間，羅女士赴美國伊利諾伊大學海外研修。羅女士擁有逾二十五年的銀行業務管理經驗。

許蒙女士 *(副行政總裁兼首席風險官)*

許女士，四十九歲，自二零一七年九月加入本銀行為副行政總裁兼首席風險官。現主要負責本銀行信貸審批、風險管理、放款管理及信貸與投資管理。她持有北京工商大學經濟學學士學位及復旦大學與香港大學國際工商管理碩士學位。許女士擁有逾二十六年的銀行業務管理經驗。

董事及高層管理人員簡歷

截至2018年3月20日止

王超明先生 *(副行政總裁兼首席信息官)*

王先生，四十八歲，自二零一一年五月加入本銀行，於二零一五年七月獲委任為助理行政總裁兼首席訊息官，並於二零一七年十月獲委任為副行政總裁。王先生現主要負責本銀行信息科技、產品創新管理、電子銀行業務及總務。王先生持有浙江大學電機工程學系工學學士學位及工學碩士學位及復旦大學與香港大學國際工商管理碩士學位。王先生擁有逾二十三年銀行業務經驗。

李冬先生 *(副行政總裁)*

李先生，四十二歲，自二零一六年五月加入本銀行，於二零一六年十一月獲委任為助理行政總裁，並於二零一八年二月獲委任為副行政總裁。他負責本銀行公司業務、全球資本融資、資產托管及資產管理業務。他持有南京建築工程學院(現稱為「南京工業大學」)工業與民用建築本科工學學士學位及東南大學工商管理碩士學位。李先生擁有逾二十年的銀行業務管理經驗。

陳銀彬先生 *(助理行政總裁)*

陳先生，四十七歲，於二零一七年十月獲委任為本銀行助理行政總裁。他負責管理本銀行全資附屬公司華商銀行的業務以及牽頭負責粵港澳大灣區業務。他持有武漢大學物理系學士學位、南京大學國際貿易碩士學位及復旦大學與香港大學國際工商管理碩士學位。陳先生擁有逾十八年的銀行業務管理經驗。

Chairman's Statement

In 2017, global economic recovery was gathering steam while brisk transactions went through on capital markets. However, the foundation for a rebound in the world's economy was not strong enough, not least because of the markedly divergent developments in different regions. Meanwhile, anti-globalization movement and protectionism are rearing their heads, compounding the situation. In the financial sector, regulation became more stringent while competition in the banking industry intensified. To cope with the complicated external environment, ICBC (Asia) actively grasped business opportunities on the markets and stepped up business development with the strategic guidance and support of its parent bank. As a result, it succeeded in surmounting the financial market fluctuations and in achieving steady, robust growth following the record highs in its operating results for the previous year. For the year 2017, the Bank's after-tax net profit grew by HK$372 million to HK$7.767 billion.

In its operations, ICBC (Asia) enhanced its capability to predict the development of the market and demand of customers. It explores new strategies for business in the light of the anticipated United States interest rate hike. For instance, the bank stepped up its efforts to attract more new customers and to unlock the potential value in the existing customer base. Overall, the bank's business segments maintained the momentum of steady growth. As at the end of 2017, the Bank's total assets amounted to HK$898.1 billion, up by HK$99.4 billion compared with that at the end of 2016; its total liabilities amounted to HK$806.4 billion, up by HK$91.6 billion compared with that at the end of the previous year. Meanwhile, the Bank forged ahead with its strategy for business transformation. By making precise judgment and predictions about the market and by adopting appropriate measures to transform its business, the Bank has succeeded in building a number of solid businesses with good performances. It has also enhanced both its operational effectiveness and efficiency through internal management. These achievements can serve as a solid foundation for the Bank's exponential growth and great strides in its development in the future.

In its corporate banking business, the Bank grasped the opportunities arising from the government policies on connecting the capital markets of mainland China and Hong Kong, namely the "Shanghai-Hong Kong Stock Connect", "Shenzhen-Hong Kong Stock Connect" and "Bond Connect". For instance, it underwrote a number of sizeable bond transactions as one of the first batch of eligible Hong Kong-based settlement banks under the "Bond Connect" scheme, as a global custodian bank and as an institutional investor. It also underwrote the issuance of such innovative securities as "green bonds" and "perpetual bonds" in the capacity of a lead manager for the first time. The Bank has also been gaining ground steadily in the markets for syndicated loans and structured finance in terms of business volume and status. Moreover, the bank enhanced the competitiveness of its business of investment and financing. Another important development is the Bank's decision to diversify into global transaction banking under its business transformation plan. The Bank started comprehensive marketing campaigns according to the customers' different types of transaction behaviours. As a result, both the number of customers of the cash management and deposits increased. Overall, the transformation of the Bank's corporate banking business has yielded results.

The Bank's retail banking business continued to refine its policies and processes. It put in more effort to develop such mainstays as the businesses of mortgage, personal consumption loans and wealth management. This led to rapid growth in both the business volume and customer base. The Bank also introduced such innovative products as "Flexi Plus" and "Interest Plus" and enriched the products and services of its wealth management businesses, namely those of insurance, treasury management and funds. As a result, the Bank increased the competitiveness of its products and expanded its market share. Meanwhile, the Bank cooperated with the mainland China-based financial institutions of its parent bank in serving high-end customers across the border between the mainland and Hong Kong, thus building up its brand image as "the preferred bank in cross-border finance". The move enabled the cross-border retail banking business to make substantial progress.

Chairman's Statement

In its global market business, the Bank exploited business opportunities from the fluctuations in the yield of the national debt of the United States by strengthening the management of its bond portfolio. The move resulted in greater contribution to the revenues. The Bank continued to enhance its capability to conduct transactions on the financial market, thus maintaining its status as a major offshore renminbi (CNH) market maker. It also became the first Hong Kong-based, mainland China-funded bank to be engaged in round-the-clock foreign exchange market-making on the electronic trading platform of Thomson Reuters FXall. Meanwhile, the Bank was authorized by its parent bank to be an all-purpose centre for offshore transactions and a data back-up centre for the head office. This can pave the way for significant development of the Bank's global market and trading business in the future.

As to the asset management business, the Bank's subsidiary ICBC (Asia) Investment Management Company Limited changed its name to ICBC Asset Management (Global) Company Limited with the parent bank's blessing to reflect its evolution into ICBC Group's integrated operation platform for global asset management. ICBC Asset Management (Global) Company Limited leverages Hong Kong's role as a bridge between the domestic and overseas financial markets and its own multiple licences to provide various financial services so as to enrich its products in asset management and to foster the coordinated development with the asset management, custody business, private banking and institutional business. It also launched a custody service for Bond Connect. All these measures led to considerable growth in the scale of both the asset management and asset custody businesses.

The Bank's internet-based finance grasped the opportunity of the development of financial technology by enhancing its internet banking and mobile banking with various new functions and by launching new products through them. Among the innovative services are "Binding ICBC (Asia) Bank Account to WeChat Pay HK" and "ICBC Cross-border Bill Payment Service". In Hong Kong, the Bank was first to introduce the service of answering enquiries about external risks. The Bank also conducted a series of campaigns at the Hong Kong section of the e-commerce platform "ICBC Mall" and a local e-commerce platform "My Life" to boost the transaction volume and enhance the user experience there. This helped to enhance the brand awareness.

The Bank strengthened its cooperation with ICBC Group's operations in Asia Pacific to boost the development of its business in the region. In 2017, the Bank finished a number of important financing projects, which led to rapid growth in both the scale and operating profit of its business in Asia Pacific. The Bank and ICBC Group's operations in Asia Pacific worked together to provide efficient services for customers, thus earning customers' recognition and praise from the financial sector. For instance, two awards, namely the "Best M&A in Indonesia" from "The Asset" and "Indonesia Capital Markets Deal of the Year" from "IFR Asia" were received in recognition of the success in the Bank's one financing project in Indonesia.

In an effort to enhance its management, the Bank enhanced the mechanisms for credit management and regulatory compliance by setting up a market risk management committee. The move is aimed at improving the risk management system. Aiming for effective risk control, the Bank also took precise measures to manage the quality of the financing that it provided and to speed up the process of writing off non-performing loans or converting them into equities in debtors. As a result, the quality of the Bank's assets improved consistently. In addition, the Bank has been adhering to its corporate culture and values which advocate people-oriented approach to business and development for mutual benefits through harmony. A case in point is the Bank's efforts to invest in and foster the talent, to improve the organizational structure and to promote its corporate culture. All these measures are aimed at fostering a sense of belonging among the staff and thus enhancing its stability.

Chairman's Statement

In 2018, global economy is expected to enter a stage which will be crucial to its sustainable recovery. While China and the regions covered by the Belt and Road Initiative are poised to become global economic hotspots, Europe is still overshadowed by political and economic uncertainties. The situation will also be compounded by the risks associated with the current level of leverage and the stock market bubble around the world. The year 2018 marks the beginning of the new three-year plan for development of ICBC (Asia). The Bank will gauge the trends and adapt itself to the changes while it steps up innovative efforts and presses ahead with the strategies for business management. It will continue to consolidate its business in Hong Kong and, at the same time, cooperate with the ICBC Group's operations in Asia Pacific and mainland China in providing diverse, integrated financial services for the customers. This is part of the efforts by ICBC (Asia) to attain faster and better development.

For 2017, ICBC (Asia) achieved encouraging operating results thanks to the guidance and firm support from the parent bank and the Bank's Board of Directors, the dedication of the management, customer loyalty and trust, the diligence of the entire staff of the Bank and the support from society. I would like to extend my heartfelt gratitude to all of them!

Gao Ming
Chairman

20 March 2018

Management's Discussion and Analysis

FINANCIAL REVIEW

The Group achieved a record high profit after tax of HK$7,767 million for the year 2017, representing an increase of HK$372 million as compared to the previous year.

As a result of strong growth in interest-bearing assets, ICBC (Asia)'s net interest income increased by HK$909 million, or 10%, to HK$10,052 million. Net fee and commission income increased by HK$260 million, or 12%, to HK$2,416 million. The ratio of non-interest income to total operating income was 20.4%.

Total operating expenses were 10% higher than the previous year. The cost to income ratio slightly increased from 22.5% in 2016 to 24.2% in 2017.

Operating profit after impairment losses was HK$8,991 million, an increase of HK$184 million, or 2%, as compared with 2016.

The Group recorded HK$470 million of net gain from disposal of investment securities as compared to HK$239 million in 2016.

Share of profit from associates increased to HK$22 million from HK$21 million in 2016.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2017, ICBC (Asia)'s total assets amounted to HK$898.1 billion, representing an increase of HK$99.4 billion, or 12%, as compared with the previous year-end position.

Loans and customers' deposits reached HK$459.8 billion and HK$496.3 billion respectively, representing an increase of 10% and 18% respectively as compared to the position as at 31 December 2016.

As at 31 December 2017, total outstanding certificates of deposit issued amounted to HK$91.0 billion, representing an increase of 109% as compared to the position as at 31 December 2016.

CAPITAL AND LIQUIDITY MANAGEMENT

The capital adequacy ratio of the Bank was 16.6% as at the end of 2017 (the end of 2016: 17.0%). The average liquidity coverage ratio for the year 2017 amounted to 134.8% (average of 2016: 128.8%).

ASSET QUALITY

Under the Bank's prudent risk management policy, the asset quality remained continuously at a satisfactory level. As at the end of 2017, impaired loans amounted to HK$3,064 million while the impaired loan ratio decreased by 8 basis points to 0.66% as compared with 2016.

As at 31 December 2017, the cumulative loan impairment allowances aggregated to HK$4,397 million (2016: HK$3,801 million). This included HK$2,108 million (2016: HK$1,829 million) of individual impairment allowances and HK$2,289 million (2016: HK$1,972 million) of collective impairment allowances. The increase of impairment allowances was mainly due to the increase of loan portfolio.

As at 31 December 2017, total overdue advances increased by HK$22 million, to HK$2,725 million, as compared to the previous year-end position.

Management's Discussion and Analysis

BUSINESS REVIEW

Corporate Banking

In 2017, China's economy turned from high-speed growth to high-quality development. The Bank has been closely keeping pace with the trend of economic development, and appropriately adjusting asset structure, to expand its customer base in mainland China, and explore further business opportunities from premium customers. At the same time, the Bank promoted sales to high-quality customers in the Guangdong-Hong Kong-Macao Greater Bay Area and fostered cooperation in projects in the regions covered by "Belt and Road" initiative by actively providing comprehensive financial services for such high-quality customers as large corporations and small and medium-sized enterprises within and outside China.

During the year under review, the Bank underwrote the issuance of such innovative securities as overseas green bonds and perpetual bonds in the capacity of a lead manager for the first time. It has also been gaining ground steadily in the markets for syndicated loans and structured finance in terms of business volume and status. As a result, the Bank enhanced the competitiveness of its business of investment and financing. In addition, the Bank actively responded to the Hong Kong Government's call for support for local small and medium-sized enterprises ("SMEs"). It helped hundreds of SMEs in Hong Kong apply for the SME Financing Guarantee Scheme (SFGS) and obtain the loans during the year, thus bolstering the local SMEs' development.

In Asia Pacific, the Bank continued to press ahead with its strategy for business development in the region, and achieved steady progress. During the year, the Bank granted a number of loans in mainland China, Australia, Czech Republic, Hong Kong, Indonesia, Malaysia, United Kingdom and Vietnam, etc. To answer the call for support for "Belt and Road" initiative, the Bank grasped the opportunities to participate in some sizeable Asia-Pacific customers' transnational financing projects that also involved other parties from Europe, the United States, South America and some emerging markets, etc. The financing projects were well received in the respective industries and markets. For the merger and acquisition project of Star Energy Group in Indonesia in which the Bank was a mandated lead arranger and book-runner in the deal, the Bank won the following awards:

- The "Best Acquisition Financing in Indonesia" and the "Best M&A in Indonesia" from "The Asset"
- The "Indonesia Capital Markets Deal of the Year" from "IFR Asia"

In 2018, the Bank will adhere to the strategy of "Taking root in Hong Kong, Connecting with mainland China, Spanning across Asia Pacific, Facing the World" so as to press ahead with the development of its corporate banking business, reinforce the cooperation with governments and corporations, and accelerate the transformation of its operation. All these measures are aimed at sustaining the steady growth of the corporate banking business.

Personal Banking

In 2017, the Bank's personal banking business maintained rapid growth on the back of expanded scale and optimized business mix. The business recorded satisfactory growth in deposits, loans, securities, mutual funds and treasury products. Its customer base continued to grow, with a significantly increasing proportion of affluent customers.

Deposits continued to increase in size and, notably low-interest deposits surpass other types of deposits in growth because of the Bank's two signature products, "Flexi Plus" and "Interest Plus". These two well-received products enabled the Bank to win the "Excellence Award for Deposit Services" from "Sky Post", a subsidiary of Hong Kong Economic Times Holdings Limited.

As for loans, the Bank maintained strong growth momentum in its mortgage business, which improved its ranking by share of the local mortgage market in 2017. The Bank ranked fourth in terms of number of the new mortgages registered in October[1]. Furthermore, the Bank continued to develop its assets-based secure lending business and SME lending business, thus diversifying its loan business further for steady development.

[1]Source: Centaline Property Agency Limited – Statistics on Mortgages of Local Building Units of Major Bank Groups

Management's Discussion and Analysis

For the non-interest income, the bullish investment market sentiment boosted the Bank's wealth management business. By offering comprehensive investment products, automatic digital trading channel and enhanced fund service platform, the Bank realized strong growth in income from its businesses of securities, investment fund and the sales of treasury products in 2017.

Moreover, customer base of the Bank's cross-border banking continued to expand as it actively tapped its customers' demand. As a result, both the number of its customers and the size of the assets involved increase. The Bank's cross-border banking business grew substantially. During the year, the Bank conducted tours for its cross-border customers under the themes of "Studying in Hong Kong" and "Studying Abroad". The activities were aimed at promoting the comprehensive cross-border banking services for the customers and their children studying abroad, which received overwhelming responses.

As to its retail banking network in Hong Kong, the Bank also further improved the networks of its branches and automated teller machines. As of 31 December 2017, the Bank provides services through 57 retail outlets and 171 automated teller machines in areas with high pedestrian traffic.

In 2018, the Bank will continue to develop its personal banking business, and will step up its efforts to broaden its customer base. With its advantage in cross-border banking services, the Bank will continue to enhance its service platform to meet customers' needs and improve its competitiveness.

Electronic Banking

In 2017, the Bank thoroughly implemented the smart banking strategy e-ICBC 3.0 of ICBC ("parent bank") in various aspects. It strengthened innovation, improved customer service and operation, aiming at enhancing customer experience and creating value. The Bank has made great achievement in promoting the intelligent, diversified and valuable electronic banking services. In 2017, the e-banking business made extraordinary progress – the intermediate business income jumped by 40% and more than 70% of its customers used the Bank's services through electronic banking.

As to its internet banking services, the Bank has attached great importance to product innovation with emphasis on usability and convenience. The operation process has been simplified while customer experience has been improved. Meanwhile, a number of new products were launched, such as corporate e-statements, margin FX and precious metal trading services for corporate internet banking, and personal car loans and "Flexi Plus" for personal internet banking.

To enhance its mobile banking business, the Bank gave full play to its advantage in mobile phone financing, innovated the mode of mobile banking service, and made more offline banking services available on mobile devices. For instance, the Bank launched a number of innovative applications, including fingerprint login for iOS and QR code transfer in 2017.

When it comes to the e-commerce, the Bank made great efforts to establish an internet financial service system combining financial services and e-commerce together in order to provide one-stop service for both customers and merchants. The Bank officially launched "My Life", a local e-commerce platform in 2017 while further developing the Hong Kong section of the cross-border e-commerce platform "ICBC Mall", offering various services related to customers' daily life.

The Bank's electronic banking business highly recognized by the market and the industry in 2017. It won such accolades as "Capital Excellent Mobile Banking" from CAPITAL Magazine and "Excellent Brand of Online Banking Services" in "Hong Kong Leaders' Choice" of Metro Finance in 2017.

In 2018, the Bank's electronic banking business is going to accelerate the transformation of electronic banking business from development of functions to development of scenarios, from operation channel to operation platform. The goal of these measures is to speed up the transformation and innovation of internet finance. This will undoubtedly enhance the competitiveness of the Banks' electronic banking services.

Development of Financial Technology

The Bank continued its endeavor in developing financial technology, to facilitate innovation of customer services and enhancement of internal operation and management, so as to build an image of the Bank as an innovative, smart bank, thus attracting customers, building the brand, and enhancing its influence and competitiveness.

In 2017, the Bank had a number of achievements in innovative application. It developed and launched innovative products such as the private banking "video service", "ICBC (Asia) Bank Account Binding WeChat Pay HK", and "Apple Pay", etc. It also launched innovative functions such as the intelligent information management platform, the light touch interactive desktop, and the online reservation account, etc., at the Bank's retail outlets. Based on big data technology, the Bank has launched numerous products and tools to enhance the internal operation and management, and to improve efficiencies of different operational procedures.

In 2017, the Bank and the Hong Kong Applied Science and Technology Research Institute Company Limited ("ASTRI") have jointly launched the "ICBC (Asia)-ASTRI FinTech Innovation Laboratory", aiming to carry out research on important finance technology ("FinTech"). The cooperation will provide opportunity and ample room for the Bank's financial innovation, adding impetus to the reform and innovation of the Bank.

In 2018, financial technology will remain an area where the Bank can make breakthroughs in business. The Bank will actively develop innovative applications and research in the most cutting-edge technologies in the market. It will build its own financial technology platform, or introduce such platform from the parent bank, to bring to customers high-end, cutting-edge and innovative financial service experiences.

Securities and Brokerage

In 2017, Hong Kong's stock market benefited from a number of favorable factors such as global economic recovery, weaker U.S. dollars and capital influx from mainland China. Heng Sang Index hit a 10-year high in November 2017, the market turnover turned active. As the market sentiment improved, the Bank's securities brokerage business performed well with its trading volume growth surpassing that of the overall market, and thus recorded satisfactory growth in income.

The Bank continued to enhance the promotion of the securities business and to improve the standards of its service in line with the development of the investment market. During the year, the Bank effectively increased the number of mainland customers. It also improved the telephone system to make trading more efficient and smoother. New mobile banking functions were added to enable margin account transfer and Renminbi settlement account registration services with the aim of providing customers with more diverse high-quality securities services.

In 2018, the Bank will continue to expand its customer base proactively, step up product innovation and enhance both the transaction system and its security features in an effort to improve the overall competitiveness and profitability of its securities business.

Management's Discussion and Analysis

Private Banking

In 2017, the Bank actively fine-tuned the way of operating its private banking business. The adjustment enabled the business to develop continuously, with the size of the assets under management increased by around 30% over the previous year on the back of optimizing the customers' asset structure. The Bank actively expanded both the local and overseas customer bases through enhanced cooperation with the parent bank's mainland and overseas branches, and the active expansion of the local and overseas customer base, the number of customers of the Bank's private banking business increased by around 20%.

During the year, the Bank launched a brand new "video customer service" function, it enabled designated customer relationship managers to provide "one-on-one" exclusive customer service through a remote video system for some private banking customers. This showcased the Bank's ability to upgrade customer service with financial technology. Moreover, to provide value-added services beside financial services, the Bank organized the "Private Banking Prestige Client Event" and the "Finance Practice and Integrated Development Summer Program" for the customers and their children in Hong Kong.

In 2018, the Bank will focus on developing wealth management products and services through more cross-businesses cooperation so as to provide more innovative wealth management products with desirable returns for private baking customers. The Bank will also provide highly personalized wealth management and investment consulting services to meet the customers' special needs and continue to provide more non-financial value-added services to enhance the customer satisfaction and our brand reputation.

Global Markets Business

In 2017, the Bank's global market business actively seized market opportunities in different sectors and expanded market shares while maintaining effective risk control procedures.

The Bank's bond investment portfolio continued to increase steadily with a modest risk appetite. Against the backdrop of rising interest rates, the Bank was able to boost its income through selective bond investments and enhanced dynamic portfolio management. At the same time, the Bank actively looked for opportunities for cross-market investment, including those in Renminbi. As a result, interest income from the portfolio increased significantly.

The Bank has been making great effort to diversify its revenue sources in terms of client base and product variety. It was noted that the profit generated from retail and private banking line substantially increased as a result of the significant growth of the Bank's wealth management business. Product innovation has been another highlight this year, and the Bank successfully launched new products such as gold and silver options for margin customers, which received quite positive feedback from its customers.

The Bank's market making business has proven to be a success by continuously providing competitive quotes to counterparties via different channels. Its market share in offshore Renminbi (CNH) market has been steadily increased, and the trading volume in major electronic trading platform maintained top ranking. In 2017, the trading hours of its market-making business on the electronic platform was also extended to 24 hours to provide better client service.

The Bank has been a major participant in Bond Connect Scheme which was launched in July this year. It offered clients "one-stop" financial services. This scheme has also enabled the Bank to seize the investment opportunities in the bond market of mainland China with risk diversification and yield enhancement.

In 2018, it is expected that global economic recovery will continue while the internationalization of Renminbi will accelerate. This brings more opportunities to the Bank's global markets client business and market-making business. Meanwhile, the fixed income sector is expected to face more challenges amid the normalization of global monetary policies. With all the opportunities and challenges, the Bank will continue enhancing the core competencies of its global markets business targeting a steady growth in the years ahead.

Global Capital Financing

Leveraging the parent bank's strengths such as enormous capital and customer base, extensive sales channels and network, the Bank has gradually grown its business across different traditional commercial banking areas. At the same time, it also keeps exploring potentials in global capital financing. The Bank's bond underwriting, syndicated loans and loan asset trading businesses have been growing in scale, reflecting the important role played by the Bank in Asia Pacific capital market.

The Bank's bond underwriting business maintained its robust growth momentum in 2017. It remained active in the market for mainland Chinese enterprises' offshore bonds, and acted as a lead arranger for the first-time issues of offshore bonds for many large state-owned and provincial government-owned enterprises of China. The Bank's bond underwriting for financial institutions has been growing noticeably in terms of business volume and transaction share. There were also breakthroughs of bond issue in the areas of green bonds, preferred shares, perpetual bonds, and multi-tenor and multi-currency bonds. The Bank had increasingly taken the role of a global coordinator in bond underwriting business. All these moves had enhanced the Bank's market status and helped increase the number of deals it undertook. During the year, the Bank underwrote a total of 50 deals, including local- and foreign-currency bonds, medium-term notes and certificates of deposits. The total value of all the issues amounted to HK$43.3 billion. The Bank has become one of the most prominent and influential underwriters in the market.

Besides, the Bank continued its efforts to expand market share in loan syndication. Its loan syndication business had reached HK$49.3 billion in total volume, representing a 29% growth over 2016. The deals in which the Bank acted as a lead arranger included the syndicated loans for China Aircraft Leasing Group Holdings Limited and Country Garden Holdings Company Limited, etc. In particular, the Bank arranged syndicated financing for the privatization of Belle International Holdings Limited. This syndicated financing project was one of the largest and most noticeable transactions in Hong Kong's capital market in 2017.

In respect of loan trading business, the Bank actively participated in the secondary loan market, and made use of the secondary loan market for improving the Bank's asset turnover and liquidity. Its secondary loan business maintained its majority share of the market. Furthermore, in line with its own strategy for developing its Asia-Pacific business, the Bank had promptly established its Asia-Pacific loan trading network during the year.

In 2018, the Bank will actively seize new opportunities presented by "Belt and Road" initiative and Renminbi's internationalization by providing comprehensive global capital financing services for customers, and by reinforcing its advantages and position in Asia Pacific's capital market.

Management's Discussion and Analysis

Institutional Business

In 2017, the Bank's institutional business achieved significant progress in key areas such as the transformation and restructuring of its asset business, the implementation of the "blue ocean strategy" for central banks and sovereign wealth funds, the development of quality asset business of non-bank financial institutions, interbank collaboration among the Chinese financial institutions and innovation in business development in the "Free Trade Zone" (FTZ). The Bank actively gave full play to the advantages of its products and distribution channels when grasping opportunities for market development and capitalizing on favourable policies. It developed comprehensively the liabilities business of various types of customers, and successfully promoted numerous transaction banking products.

During the year, the Bank actively improved the functions of its institutional business and optimized the processes of internal operation and management. Such measures transformed the institutional business into a platform for coordination between the Bank and other institutions.

In addition, the customer base of the institutional business has been expanded extensively. The Bank's innovative, diverse products and solutions such as asset-backed notes, special fixed income funds, bank customer swap deposits, bank securities transfer, e-Payments and Rong An E Xin, etc., have met with good responses from the customers.

In 2018, the Bank will continue to closely keep pace with the economic development and trends on the financial market so that it can meet the real needs of the customers promptly. The Bank will focus on boosting comprehensive cooperation with the Chinese banking institutions, while expanding the customer base of local public institutions and foreign non-bank institutions.

Asset Management

In 2017, ICBC (Asia) Investment Management Company Limited, the wholly owned subsidiary of the Bank, was renamed as ICBC Asset Management (Global) Company Limited and newly repositioned as ICBC Group's integrated platform for global asset management. ICBC Asset Management (Global) has achieved significant growth. As at the end of 2017, total assets under management reached HK$108.354 billion, up by 445% compared to the end of 2016. Operating income was approximately HK$61.29 million for 2017 while profit after tax was HK$24.62 million.

During the year, ICBC Asset Management (Global) has made breakthroughs in both local and cross-border businesses. Its local business enabled its customers to invest in preferred shares through its leveraged structure notes products, thus successfully matching both the preferred share issuers' need to raise funds and the customers' need to invest. Through its cross-border business, ICBC Asset Management (Global) signed the "Business Cooperation Framework Agreement for Overseas Investment" with the ICBC head office, under which it would act as the parent bank's overseas investment adviser.

In 2017, ICBC Asset Management (Global) set up a trading platform for the "Stock Connect" which links the stock markets of both mainland China and Hong Kong, and for the Bond Connect. While managing several private equity funds as well as discretionary mandates for institutional clients, it acted as an investment manager for a European UCITS fund and SIF private equity fund, providing asset management services for European clients.

ICBC Asset Management (Global) wholly owned subsidiary in Shenzhen — 工銀亞投股權投資管理(深圳)有限公司 has obtained a license of a private equity manager from the Asset Management Association of China ("AMAC"). In October 2017, it applied to launch its first private equity fund product.

In 2018, ICBC Asset Management (Global) will speed up the development of several flagship products, including products for the "Stock Connect", a global fund of fund, products for the "Bond Connect", a global mergers and acquisitions product and initial public offering fund, senior secured loans fund, a money market fund; a cross-border index investment fund and the "Belt and Road Initiative" Bond Funds, etc., so as to expand the scale of its business and enhance its position in the market.

Credit Card Business

In 2017, intense competition persisted in Hong Kong's credit card market. To cope with the situation, the Bank's credit card business conducted market segmentation when carrying out its sales and marketing strategies. It broadened its customer base with themed promotional campaigns for credit cards and by adding unique features to them.

As to the issue of new credit cards, the Bank jointly launched the ICBC Sands Lifestyle Mastercard during the year, offering benefits to customers who went shopping and enjoyed entertainment in Macau. The new card met with the market's enthusiastic responses.

Meanwhile, the Bank's merchant acquiring business restructured its merchant portfolio and enlarged the income source by stepping up the effort to focus on such businesses as grocery stores, convenience stores, restaurants, hospitals and clinics. These initiatives resulted in a breakthrough, as reflected by the momentum of considerable growth in the merchant acquiring business. The Bank's unsecured loan business enhanced its products to boost the development of the lending business.

In 2018, competition in the credit card market is expected to remain intense, while the merchant acquiring business will also face challenges. The Bank will capitalize on the recovery in the local retail industry and the development of the Guangdong-Hong Kong-Macau Greater Bay Area by bringing more convenient and favorable credit card products and services to the local customers and those who cross the border between mainland China and Hong Kong.

Renminbi Business

The confidence about holding Renminbi outside of China was restored in 2017, leading to a rebound in the total amount of Renminbi in circulation offshore. With the launch of "Bond Connect", the further development of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), the renewal of the bilateral currency swap agreement between the People's Bank of China and the Hong Kong Monetary Authority, and the increasingly important role played by offshore Renminbi as a currency for investment and financing under the "Belt and Road" initiative, the internationalization of RMB enters a new stage.

On the day when "Bond Connect" scheme was launched, the Bank, as one of the first Hong Kong-based settlement banks eligible for the scheme, as a global custodian bank and as an institutional investors, successfully completed a series of significant bond transactions. By the end of the first trading day, the bank became an overseas institutional investor with the largest trading volume and, at the same time, helped to make the ICBC head office the domestic market maker with the largest trading volume.

The Bank remained a major offshore Renminbi (CNH) market maker. At the beginning of 2017, it became the first Hong Kong-based, mainland China-funded bank to provide round-the-clock running quotations on the electronic trading platform of Thompson Reuters FXall. The Bank also ranked first by trading volume on the FXall platform for 10 months in 2017[2]. In addition, it also started market-making business on major trading platforms as Bloomberg and 360T. It also maintained its leading position as a voice broker in the market.

[2]Source: FXall taker report

Management's Discussion and Analysis

As to its Renminbi clearing and settlement business, the Bank extended the service hours for Renminbi clearing in 2017, and promoted Cross-border Inter-bank Payment System (CIPS), thus increasing its share of the market for clearing service and strengthening its overall offshore Renminbi clearing capability.

To promote its cross-border Renminbi business, in 2017, the Bank participated in the Hong Kong Stock Exchange's Renminbi Fixed Income and Currency Conference as a Platinum Sponsor and organized the grand cross-border financial service forum, further enhancing its status and professional image in the offshore Renminbi markets.

In 2018, the Bank will continue to closely monitor the changes to the regulators' policies and the Renminbi's exchange rate movements. It will also capitalize on the window periods for its business so as to thoroughly and comprehensively press ahead with the development of its cross-border Renminbi business.

Cash Management Business

ICBC Asia-Pacific Cash Management Center ("CMC") is the first regional cash management center established in the ICBC group. With the support from the parent bank, CMC had gained rich experience in undertaking projects and developed many cash management products in the past seven years, assisting more than 2,600 clients to build up the local and cross-border cash management businesses in Hong Kong.

During the year, the Bank continued to serve its customers well in the markets for cash management in mainland China, Hong Kong and Asia Pacific, and actively expanded the customer base in mainland China, Hong Kong and other countries or regions, significantly enhancing the competitiveness of its cash management business. At the same time, the Bank capitalized on several developments, namely the Hong Kong government's preferential tax policy which is aimed at reinforcing Hong Kong's status as a hub of corporate treasury centres, the policies on the two-way cross-border capital flows in free trade zones, and the growing trend of Chinese enterprises going global. It successfully launched its global cash management business for a number of large corporations. In addition, the Bank successfully launched cross-border electronic remittance services which were targeted at mainland Chinese students studying in Hong Kong. ICBC (Asia) became the only bank in Hong Kong to provide such services.

In 2017, the Bank continued to introduce new cash management products and services, including the well-received innovative deposit products "Account/Group Interest Optimization" and "Flexi-Term Deposit"; and the "Smart Account" products for corporate clients engaged in insurance and telecommunication industries. To keep pace with the latest trend in mobile payment, the Bank successfully launched the innovative service "ICBC (Asia) Bank Account Binding WeChat Pay HK", which is a breakthrough in the Bank's cooperation with third-party payment service providers in the payments industry.

In 2018, CMC will reinforce its foothold in Hong Kong, give full play to its advantages and serve the region. With the cash management business as the core operation, the Bank will provide one-stop integrated services for both mainland Chinese and Hong Kong customers, with an emphasis on balanced developments of various product lines, thus gradually extending its business presence to the whole Asia Pacific region.

Chinese Mercantile Bank

In 2017, Chinese Mercantile Bank (CMB), the Bank's wholly-owned subsidiary, achieved steady growth in its profit. The net profit grew by 25.31% to an all-time high of HK$1.343 billion. It also succeeded in reducing both the amount of non-performing loans and the non-performing loan ratio, thus greatly improving its capability to sustain development.

During the year, CMB continuously and actively controlled asset size, constantly optimized business mix, and steadily improved profitability. For assets, CMB expanded the amount of its high-yield loans, flexibly allocated the interbank assets and improved both the fund utilization efficiency and the return on assets. For liabilities, CMB stabilized the size of the existing deposits and, at the same time, further developed customer-deposit business to expand the source of funds. It had been taking various measures to ensure a sufficient level of liabilities.

In 2017, CMB accelerated the transformation of its operation and development, and made breakthroughs in investment banking, asset management, private banking and financial market business, etc. Firstly, CMB's integrated system for domestic and overseas investment banking operation took shape and was put into operation. Secondly, it successfully launched its first open-end wealth management product "華商周周利1號" which enhanced the competitiveness of its deposit business. Thirdly, it steadily developed its private banking business and successfully launched finanicial products for high-net-worth investors. Fourthly, it pressed ahead with innovation in the businesses of foreign exchange and derivative products. For instance, it successfully launched Renminbi interest rate swap and Renminbi-foreign exchange currency swap.

CMB continuously improved the internal control system, further developed and enhanced the information system, and strengthened the control of credit risks, operation risks and market risks, etc. so as to enhance risk management comprehensively.

In 2017, CMB won several honors such as "Outstanding Member of Chinese Bond Market" from China Central Depository & Clearing Co., Ltd, "Outstanding Dealer Award" from Chinese Bond Market and the title of "The Most Socially Responsible Company" from China Banking Association. The accolades showed CMB's enhanced market position and increased brand influence.

In 2018, CMB will consolidate its footholds in Shenzhen and Guangzhou, and thoroughly develop the market of the Guangdong-Hong Kong-Macau Greater Bay Area. It will also seek to enter the markets of some other economically developed areas in China. Such moves will allow CMB to give full play to the advantages of cross-border business and accelerate the development of offshore businesses. They reflect the direction of CMB's business transformation and development which can be summed up by "the combination of domestic and overseas operations", "the combination of commercial banking and investment banking", and "the adoption of the asset-light business model and capital-light business model".

Management's Discussion and Analysis

Human Resources

The Bank always regards its staff as its most valuable asset. It adopts a "people-oriented" management concept to drive the development of both the Bank and its employees.

To foster the development of its staffs, the Bank further improved its policy on the staffs' career development, and continued to implement various talent development programs to meet the career development needs of staffs at different levels. During the year, the Bank provided its employees with over 350 sessions of various training classes, including courses in banking and other professional knowledge and management skills, etc. At the same time, the Bank organized various types of cross-border exchange and training programs together with the parent bank's mainland-based branches and training institutions to enhance the staff's cross-border business skills and experience. The Bank implements the management concept and mechanism for linking individual and corporate performance with the aim of enhancing the performance of both the Bank and its employees.

In 2017, the Bank participated in career talks and recruitment events organized by various educational institutions, and continued to recruit more talents to meet its own needs for the implementation of business strategy and business development. As of 31 December 2017, ICBC (Asia) Group's total number of employees was 2,713.

The Bank attaches great importance to maintaining effective communication with its employees. During the year, the senior management of the Bank held numerous meetings with staffs to exchange opinions on different aspects of the Bank's business. The Bank improved various staff benefits, including upgrading insurance plans, increasing holiday gift vouchers, and organizing a number of staff events with the aim of building a corporate culture of caring about the employees and fostering harmony in the work place.

In 2018, the Bank's human resources management work will focus on regional development, optimization of appraisal mechanism, training and development of talent pool, improvement of staff benefits, and enhancement of internal management effectiveness to enable the Bank and its staff to develop together in harmony.

Corporate Social Responsibility

As the Chairman of Caritas Hong Kong Fund Raising Committee for 19 consecutive years, the Bank remains committed to fully supporting Caritas Hong Kong in its fund-raising activities, including organizing the Charity Golf Day, donating money to the Caritas charity events, sponsoring Caritas's charity sales of cookies, taking part in bazaars, and participating in the sales of Caritas raffle tickets, etc. The Bank's staff also participated in "Caritas x ICBC (Asia)" voluntary work, as a way to serve a wider section of society so as to spread the Bank's love and care to people of all walks of life. In 2017, the Bank helped Caritas Hong Kong raise more than HK$3.7 million, which was a record high.

The year of 2017 marked the twentieth anniversary of the return of Hong Kong to Chinese sovereignty. The Bank sponsored Hong Kong Tourism Board's large-scale summer events "ICBC (Asia) Hong Kong Summer Fun" and "ICBC (Asia) e-Sports & Music Festival Hong Kong", working together with the Tourism Board to publicize and enhance the image of Hong Kong as "Asia's Capital for Events".

Management's Discussion and Analysis

The Bank has also participated in other diverse charitable projects. With respect to charitable activities, the Bank participated in Hong Kong's large-scale charity event "Walk for Millions" for the sixth year in a row, with a record number of participants. The Bank's employees participated in the "Bloomberg Square Mile Relay" for the second consecutive year to give support to local charitable sports activities in Hong Kong. With respect to financial education, the Bank actively adhered to the concept of "Banks and the Community, We Care We Share" of the Hong Kong Association of Banks, and participated in a series of corporate social responsibility activities, including the "HKAB Food for Love Project - Fun Day", the "ATM Education Talks for Elderly", and the "Financial Education Workshop", etc. In the field of the arts and culture, the Bank solely sponsored the finale performance of the Hong Kong Arts Festival for the fifth consecutive year to promote the development of the international arts and culture in Hong Kong.

Apart from participating in numerous external charitable activities, the Bank also vigorously promoted "Green Office" project, implementing multiple environment-friendly measures in office, and advocating the virtue of waste reduction, energy conservation and recycling.

In 2018, the Bank will continue to contribute to charity in Hong Kong, taking up the responsibility of corporate citizenship, and joining hands with others in building a harmonious and loving society.

Biographical Details of Directors & Senior Management

As at 20 March 2018

Ms. Gao Ming *(Chairman & Executive Director)*

Ms. Gao, aged 52, was appointed as the Chairman and Executive Director of the Bank in February 2017. She is a Member of Strategy and Corporate Governance Committee of the Bank. Ms. Gao has been appointed as the Chairman of Chinese Mercantile Bank, a wholly-owned subsidiary of the Bank, since April 2017. Ms. Gao holds two Master's Degrees, one in Applied Finance from Macquarie University and another in English from Jilin University of Technology. She has over 27 years of banking business experience and served in several positions including the General Manager of Industrial and Commercial Bank of China, Luxembourg Branch, the Chairman of Industrial and Commercial Bank of China (Europe) S.A. and the General Manager of the International Business Department of Industrial and Commercial Bank of China Limited.

Mr. Jiang Yisheng *(Executive Director & Chief Executive Officer)*

Mr. Jiang, aged 50, was appointed as the Executive Director and Chief Executive Officer of the Bank in December 2015. He is a Member of Strategy and Corporate Governance Committee and Risk Management Committee of Board of Directors of the Bank. Mr. Jiang also serves as a Director in several wholly-owned subsidiaries of the Bank, including Chinese Mercantile Bank, ICBC Asset Management (Global) Company Limited and SINO-CEEF Holding Company Limited. Mr. Jiang holds a Bachelor's Degree of Electrical Engineering from Xi'an Jiaotong University and a Master's Degree in Economics of Money and Banking from Shanxi Institute of Finance & Economics. He has over 21 years of banking business experience and served in several positions including Chief Executive of Industrial and Commercial Bank of China Limited, Zhuhai Branch, Deputy Chief Executive of Guangdong Provincial Branch of Industrial and Commercial Bank of China Limited and Chief Executive Officer of Industrial and Commercial Bank of China (Macau) Limited.

Mr. Lu Jian *(Executive Director, Deputy Chief Executive & Alternate Chief Executive)*

Mr. Lu, aged 41, joined the Bank in February 2017 as the Assistant Chief Executive. He was appointed as the Deputy Chief Executive of the Bank in August 2017 and was appointed as the Executive Director and Alternate Chief Executive of the Bank in October 2017. Mr. Lu is a Member of Risk Management Committee of Board of Director of the Bank. Mr. Lu holds a Bachelor's Degree in International Finance from Dongbei University of Finance & Economics and a Master's Degree in Financial Analysis from The Hong Kong University of Science and Technology. He is also a Chartered Financial Analyst Charterholder. Mr. Lu has over 17 years of banking experience. He had served in the Bank for over 8 years from April 2007 to July 2015 and once served as the Executive Director and Chief Executive of Industrial and Commercial Bank of China (Thai) Public Company Limited.

Mr. Xi Deying *(Non-executive Director)*

Mr. Xi, aged 57, was appointed as a Non-executive Director of the Bank in May 2017, he is the Alternate Chairman of Audit Committee and a Member of Nomination Committee of the Bank. Mr. Xi holds a Master's Degree in Business Administration from Murdoch University, Australia and a Bachelor's Degree in Economics from Xi'an Jiaotong University. Mr. Xi has over 35 years of banking experience and is the Senior Expert and Accredited Director of Administration Office of Directors and Supervisors to Subsidiaries of Corporate Strategy and Investor Relations Department of Industrial and Commercial Bank of China Limited. Mr. Xi is currently the Chairman of Industrial and Commercial Bank of China (Argentina) S.A. and a Non-executive Director of Industrial and Commercial Bank of China (Brasil) S.A..

Biographical Details of Directors & Senior Management

As at 20 March 2018

Mr. Hong Guilu *(Non-executive Director)*

Mr. Hong, aged 51, was appointed as a Non-executive Director of the Bank in December 2016. He is a Member of Audit Committee and Strategy and Corporate Governance Committee of the Bank. Mr. Hong holds a Master's Degree in Accounting from George Washington University. Mr. Hong has over 17 years of banking experience and is the Expert and Accredited Director of Administration Office of Directors and Supervisors to Subsidiaries of Corporate Strategy and Investor Relations Department of Industrial and Commercial Bank of China Limited.

Mr. Shang Jun *(Non-executive Director)*

Mr. Shang, aged 58, was appointed as a Non-executive Director of the Bank in September 2017, he is the Alternate Chairman of Risk Management Committee of Board of Directors and a Member of Remuneration Committee of the Bank. Mr. Shang holds a Master of International Business Administration Degree from Fudan University and The University of Hong Kong and a Master Degree in Economics from Zheng Zhou University. Mr. Shang has over 41 years of banking experience and is the Senior Expert and Accredited Director of Administration Office of Directors and Supervisors to Subsidiaries of Corporate Strategy and Investor Relations Department of Industrial and Commercial Bank of China Limited. He is currently the Chairman of ICBC Credit Suisse Asset Management Co., Ltd. and a Non-executive Director of Industrial and Commercial Bank of China (Macau) Limited.

Professor Wong Yue Chim, Richard, S.B.S., J.P. *(Independent Non-executive Director)*

Professor Wong, aged 65, was appointed as an Independent Non-executive Director of the Bank in July 2000. He is the Chairman of Strategy and Corporate Governance Committee and Nomination Committee and also a Member of Audit Committee and Risk Management Committee of Board of Directors of the Bank. Professor Wong holds a PhD in Economics from the University of Chicago. He is Professor of Economics at The University of Hong Kong. He has been active in advancing economic research on policy issues in Hong Kong and the People's Republic of China through his work as founding Director of both the Hong Kong Centre for Economic Research and Hong Kong Institute of Economics and Business Strategy. Professor Wong was awarded the Silver Bauhinia Star in 1999 by the Government of the HKSAR for his contributions in education, housing, industry and technology development. Professor Wong is currently an Independent Non-executive Director of Great Eagle Holdings Limited, Orient Overseas (International) Limited, Pacific Century Premium Developments Limited and Sun Hung Kai Properties Limited, all of them are listed on the Hong Kong Stock Exchange.

Biographical Details of Directors & Senior Management

As at 20 March 2018

Mr. Tsui Yiu Wa, Alec *(Independent Non-executive Director)*

Mr. Tsui, aged 68, was appointed as an Independent Non-executive Director of the Bank in August 2000. He is the Chairman of Risk Management Committee of Board of Directors and also a Member of Audit Committee, Strategy and Corporate Governance Committee and Remuneration Committee of the Bank. He holds a Bachelor of Science Degree and a Master of Engineering Degree in Industrial Engineering from University of Tennessee. He has completed the Program for Senior Managers in Government at the John F. Kennedy School of Government at Harvard University. Mr. Tsui was the Adviser and Council Member of the Shenzhen Stock Exchange from July 2001 to June 2002 and was the Chief Executive of Regent Pacific Group Limited, a Hong Kong listed investment company, from August 2000 to February 2001. He was also the Chairman of Hong Kong Securities Institute from December 2001 to December 2004. He joined The Stock Exchange of Hong Kong Limited in 1994 as an Executive Director of the Finance and Operations Services Division and became the Chief Executive from 1997 to 2000. He was also the Chief Operating Officer of Hong Kong Exchanges and Clearing Limited from March 2000 to July 2000 and the General Manager (Finance, Technology & Human Resources), and then Assistant Director (Licensing), and at the same time the General Manager (Human Resources) of the Securities and Futures Commission of Hong Kong from 1989 to 1993. Mr. Tsui also involved in numerous government and community activities, including being a former Chairman of the Supervisory Committee of Tracker Fund of Hong Kong and the Organizing Committee of Independent Commission Against Corruption Professional Ethics Programme for the Securities, Futures and Investments Sectors, a former member of the Standing Committee on Company Law Reform, the Hong Kong Trade Development Council Financial Services Advisory Committee, The Community Chest of Hong Kong Corporate and Employee Contribution Programme Organizing Committee (Banking and Finance Group), the Banking and Finance Industry Training Board of the Vocational Training Council and the Investment Sub-Committee of the Government Committee of the Beat Drugs Fund Association. Mr. Tsui is currently an independent non-executive director of COSCO SHIPPING International (Hong Kong) Co., Ltd., Pacific Online Limited, Kangda International Environmental Company Limited, DTXS Silk Road Investment Holdings Company Limited and Summit Ascent Holdings Limited, all of them are listed on the Hong Kong Stock Exchange, and Melco Resorts & Entertainment Limited, a company listed on the NASDAQ and an independent director of ATA Inc., a company listed on NASDAQ and Melco Resorts and Entertainment (Philippines) Corporation, a company listed on the Philippine Stock Exchange.

Biographical Details of Directors & Senior Management

As at 20 March 2018

Mr. Yuen Kam Ho, George, FHKIoD *(Independent Non-executive Director)*

Mr. Yuen, aged 73, was appointed as an Independent Non-executive Director of the Bank in April 2003. He is the Chairman of Remuneration Committee and also serves as a Member of Risk Management Committee of Board of Directors, Strategy and Corporate Governance Committee and Nomination Committee of the Bank. He is currently an independent non-executive director of Hsin Chong Group Holdings Limited, a Hong Kong listed company. He holds a Bachelor's Degree (Honors) in Economics and Political Science from The University of Hong Kong. Mr. Yuen had attended post-graduate studies in marketing management at the International Marketing Institute, Cambridge, Massachusetts, U.S.A. and had completed the Hong Kong Administrators Course (commissioned by the Hong Kong Government) in public administration and international relations at Oxford University, the United Kingdom, and the International Executive Program in INSEAD, France respectively. In June 2003, Mr. Yuen was admitted to the Leadership in Development Program organised by Kennedy School of Government, Harvard University. In June 2004, Stanford University, California, U.S.A. had also invited Mr. Yuen to participate in its "Corporate Governance" forum and in early 2006 the University awarded a fellowship to Mr. Yuen as a non-profit leader at its Centre for Social Innovation. Mr. Yuen had been Chief Executive of The Better Hong Kong Foundation for nine years since September 1997. Prior to his joining the Foundation, he was the Assistant Director/Acting Deputy Director of the Information Services Department of the Hong Kong Government. Mr. Yuen plays an active role in organising international business conferences in Hong Kong and also takes part in numerous government and community activities, including being a board member of the East-West Strategic Development Commission. Mr. Yuen was the Panel member of the Central Policy Unit of the Government of the HKSAR on the Pan-Pearl River Delta between 2003-2007. From January 2006 to January 2013, Mr. Yuen had been a member of The Chinese People's Political Consultative Conference, Guangxi Autonomous Region, China; an advisor of the Institute of Finance and Trade Economics, Chinese Academy of Social Sciences, China; an advisor of The Shanghai Academy of Social Sciences, China; and an advisor of The Board of International Investment of Guangzhou Municipality, China. At present, Mr. Yuen is a member of the Court of The University of Hong Kong and a member of Business Advisory Council of United Nations Economic and Social Commission for Asia and the Pacific. Mr. Yuen is a Fellow of the Hong Kong Institute of Directors, a member of the British Institute of Management and the Institute of Marketing, United Kingdom, and was also commended by the former U.S. President, George W. Bush for his efforts in support of coalition's campaign against global terrorism.

Dr. Wu Jie Si *(Independent Non-executive Director)*

Dr. Wu, aged 66, was appointed as an Independent Non-executive Director of the Bank in March 2013. He is the Chairman of Audit Committee and also a Member of Strategy and Corporate Governance Committee, Remuneration Committee and Risk Management Committee of Board of Directors of the Bank. Dr. Wu holds a Doctorate degree in Economics from Graduate School of the People's Bank of China and has got a Professor's Qualification at Tianjin Nankai University. Dr. Wu has over 30 years corporate management and investment experience and is the Chairman of the Shenzhen Fuhaiyintao Asset Management Co., Ltd.. Dr. Wu is currently an Independent Non-executive Director of Beijing Enterprises Holdings Limited and China Taiping Insurance Holdings Company Limited, an Non-executive Director of Silver Base Group Holdings Limited and Shenzhen Investment Limited, all of them are listed on the Hong Kong Stock Exchange. Dr. Wu is also an Independent Director of China Citic Bank International Limited. Dr. Wu was previously the President of Industrial and Commercial Bank of China Limited, Shenzhen Branch, the Deputy Mayor of the Shenzhen Municipal Government and the assistant to the Governor of Guangdong Province.

Biographical Details of Directors & Senior Management

As at 20 March 2018

Mr. Leung Ming Hym, Peter *(Deputy Chief Executive & Alternate Chief Executive)*

Mr. Leung, aged 55, joined the Bank in July 2001 and was appointed as the Deputy Chief Executive of the Bank in August 2011. He was appointed as the Alternate Chief Executive of the Bank in April 2016. Mr. Leung is currently responsible for the Bank's personal banking business, private banking business, credit card business, SME banking business, personal loan business and securities brokerage business. Mr. Leung holds a Bachelor's Degree in Accounting and Financial Analysis from Newcastle University, UK and a Bachelor's Degree in Laws from University of London, UK. Mr. Leung is a fellow member of The Institute of Chartered Accountants in England and Wales and serves as a member of its Hong Kong Chapter Committee. He is also a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants (UK). He has over 20 years of experience in corporate finance.

Mr. Tong Hee Keung, Samuel *(Deputy Chief Executive)*

Mr. Tong, aged 60, was appointed as the Deputy Chief Executive of the Bank in August 2011. He is currently responsible for the Bank's corporate banking business, institutions business and asia-pacific banking business. Mr. Tong holds a Master's Degree in Business Administration from the University of Brunel, United Kingdom. Mr. Tong is also an associate member of The Chartered Institute of Bankers and has over 31 years of corporate and commercial banking experience.

Ms. Luo Lijun *(Deputy Chief Executive)*

Ms. Luo, aged 46, joined the Bank in June 2012 as the Assistant Chief Executive. She was appointed as the Deputy Chief Executive of the Bank in August 2016. She is currently responsible for the Bank's internal control and compliance, legal, and operations management. She holds a Bachelor's Degree in History from Renmin University of China, a Master's Degree in Economics from The School of Finance of Renmin University of China and a Master's Degree in International Business Administration from Fudan University and The University of Hong Kong. Ms. Luo had further study at the University of Illinois, U.S.A. between August 2009 and June 2010. Ms. Luo has over 25 years of banking management experience.

Ms. Xu Meng *(Deputy Chief Executive & Chief Risk Officer)*

Ms. Xu, aged 49, joined the Bank in September 2017 as the Deputy Chief Executive and Chief Risk Officer. She is currently responsible for the Bank's credit approval, risk management, loans administration and credit and investment management. She holds a Bachelor's Degree in Economics in Beijing Technology and Business University and a Master's Degree in International Business Administration from Fudan University and The University of Hong Kong. Ms. Xu has over 26 years of banking management experience.

Biographical Details of Directors & Senior Management

As at 20 March 2018

Mr. Wang Chaoming *(Deputy Chief Executive & Chief Information Officer)*

Mr. Wang, aged 48, joined the Bank in May 2011 and was appointed as the Assistant Chief Executive and Chief Information Officer in July 2015. He was appointed as the Deputy Chief Executive of the Bank in October 2017. He is currently responsible for the Bank's information technology, product development, electronic banking business and general administration. Mr. Wang holds a Bachelor's Degree and a Master's Degree in Electrical Engineering from Zhejiang University and a Master's Degree in International Business Administration from Fudan University and The University of Hong Kong. Mr. Wang has over 23 years of banking experience.

Mr. Li Dong *(Deputy Chief Executive)*

Mr. Li, aged 42, joined the Bank in May 2016 and was appointed as the Assistant Chief Executive in November 2016. He was appointed as the Deputy Chief Executive of the Bank in February 2018. He is currently responsible for the Bank's corporate banking business, global capital financing business, custody services and asset management business. Mr. Li holds a Bachelor's Degree in engineering (industrial and civil engineering) from Nanjing Institute of Architectural and Civil Engineering (Now known as "Nanjing Tech University") and a Master's Degree in Business Administration from SouthEast University. Mr. Li has over 20 years of banking experience.

Mr. Chen Yinbin *(Assistant Chief Executive)*

Mr. Chen, aged 47, was appointed as the Assistant Chief Executive of the Bank in October 2017. He is currently responsible for overseeing the business of Chinese Mercantile Bank, the wholly-owned subsidiary of the Bank, and the business of the Guangdong-Hong Kong-Macao Bay Area. Mr. Chen holds a Bachelor's Degree in Physics from Wuhan University, a Master's Degree in International Trade from Nanjing University and a Master's Degree in International Business Administration from Fudan University and The University of Hong Kong. Mr. Chen has over 18 years of banking experience.

董事會報告
Report of the Directors

董事會報告

中國工商銀行(亞洲)有限公司(「本銀行」)董事會(「董事會」)欣然提呈本集團(本銀行連同其附屬公司統稱「本集團」)截至二零一七年十二月三十一日止年度之年報及經審核財務報表。

主要業務及分部業務分析

本銀行之主要業務為提供銀行、財務及其他財務相關服務,而各附屬公司之主要業務則載於財務報表附註34。

本集團於本年度按業務及地區分部劃分之業績分析載於財務報表附註5。

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之業績載於第76頁之綜合收益表。

董事會建議截至二零一七年十二月三十一日止年度不派發末期股息。

儲備

股東應佔溢利7,767,358,000港元(二零一六年:7,395,366,000港元)已轉入儲備。本銀行及本集團之儲備於年內之變動詳情分別載於財務報表附註42及綜合權益變動表。

捐款

本集團於年內之慈善及其他捐款總額為3,765,000港元。

投資物業及物業及設備

年內,本集團之投資物業及物業及設備變動詳情分別載於財務報表附註31及32。

REPORT OF THE DIRECTORS

The Board of Directors (the "Board") of Industrial and Commercial Bank of China (Asia) Limited (the "Bank") have pleasure in submitting its annual report together with the audited financial statements of the Group (the Bank together with its subsidiaries hereinafter referred to as the "Group") for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS

The principal activities of the Bank are the provision of banking, financial and other financial related services. The principal activities of the subsidiaries are shown in Note 34 to the financial statements.

An analysis of the Group's performance for the year by business and geographical segments is set out in Note 5 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2017 are set out in the consolidated income statement on page 76.

The Board has not recommended the payment of final dividend for the year ended 31 December 2017.

RESERVES

Profit attributable to shareholders of HK$7,767,358,000 (2016: HK$7,395,366,000) has been transferred to reserves. Details of movements in the reserves of the Bank and the Group during the year are set out in Note 42 to the financial statements and in the consolidated statement of changes in equity, respectively.

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK$3,765,000.

INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

Details of the movements in investment properties and property, plant and equipment of the Group during the year are set out in Notes 31 and 32 to the financial statements respectively.

股本

本銀行年內之股本變動詳情載於財務報表附註40。

SHARE CAPITAL

Details of the movements in share capital of the Bank are set out in Note 40 to the financial statements.

五年財務摘要

以下為本集團過去五個財政年度之業績、資產及負債摘要。

FIVE YEAR'S FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below.

		2017 **千港元** **HK$'000**	2016 千港元 HK$'000	2015 千港元 HK$'000	2014 千港元 HK$'000	2013 千港元 HK$'000
業績	**Results**					
股東應佔溢利	Profit attributable to shareholders	**7,767,358**	7,395,366	6,783,664	6,370,245	5,256,656
資產及負債	**Assets and liabilities**					
資產總額	Total assets	**898,109,027**	798,674,517	733,551,025	680,618,627	569,756,920
負債總額	Total liabilities	**806,422,987**	714,788,371	663,213,567	629,094,051	525,297,177
權益總額	**Total equity**	**91,686,040**	83,886,146	70,337,458	51,524,576	44,459,743

董事會報告
Report of the Directors

董事會

本銀行董事會於本年度至本年報之董事會報告的日期止之成員如下：

高明女士(於二零一七年二月一日獲委任)
姜壹盛先生
盧建先生(於二零一七年十月二十七日獲委任)
席德應先生*(於二零一七年五月二十二日獲委任)
洪貴路先生*
尚軍先生*(於二零一七年九月六日獲委任)
王于漸教授，S.B.S.，太平紳士**
徐耀華先生**
袁金浩先生，FHKIoD**
武捷思博士**
楊學寧先生*(於二零一七年三月三日辭任)
葉冠東先生(於二零一七年九月一日辭任)
馬向軍先生*(於二零一七年九月六日辭任)
蔡耀君先生，S.B.S.，FHKIB**
(於二零一七年十月一日辭任)

* 非執行董事
** 獨立非執行董事

楊學寧先生自二零一七年三月三日起辭任非執行董事。葉冠東先生自二零一七年九月一日起辭任執行董事。馬向軍先生自二零一七年九月六日起辭任非執行董事。蔡耀君先生自二零一七年十月一日起辭任獨立非執行董事。

盧建先生自二零一七年十月二十七日起獲委任為執行董事，席德應先生及尚軍先生分別自二零一七年五月二十二日及二零一七年九月六日起獲委任為非執行董事。

根據章程細則第93條的規定，於年內獲董事會委任的董事任期將於下屆股東週年大會屆滿，惟可於該股東週年大會重選連任。據此盧建先生，席德應先生及尚軍先生的任期將於應屆股東週年大會上屆滿，並願意獲選連任。

BOARD OF DIRECTORS

The Board of the Bank during the year and up to the date of the Report of the Directors of this Annual Report was:

Ms. Gao Ming (appointed on 1 February 2017)
Mr. Jiang Yisheng
Mr. Lu Jian (appointed on 27 October 2017)
Mr. Xi Deying* (appointed on 22 May 2017)
Mr. Hong Guilu*
Mr. Shang Jun* (appointed on 6 September 2017)
Professor Wong Yue Chim, Richard, S.B.S., J.P.**
Mr. Tsui Yiu Wa, Alec**
Mr. Yuen Kam Ho, George, FHKIoD**
Dr. Wu Jie Si**
Mr. Yang Xuening* (resigned on 3 March 2017)
Mr. Ip Koon Tung (resigned on 1 September 2017)
Mr. Ma Xiangjun* (resigned on 6 September 2017)
Mr. Choi Yiu Kwan, S.B.S., FHKIB** (resigned on 1 October 2017)

* Non-executive Director
** Independent Non-executive Director

Mr. Yang Xuening resigned as Non-executive Director with effect from 3 March 2017. Mr. Ip Koon Tung resigned as Executive Director with effect from 1 September 2017. Mr. Ma Xiangjun resigned as Non-executive Director with effect from 6 September 2017. Mr. Choi Yiu Kwan resigned as Independent Non-executive Director with effect from 1 October 2017.

Following the above changes, Mr. Lu Jian was appointed as Executive Director with effect from 27 October 2017 and Mr. Xi Deying and Mr. Shang Jun were appointed as Non-executive Directors with effect from 22 May 2017 and 6 September 2017 respectively.

In accordance with Article 93 of the Articles of Association, any Director appointed by the Board during the year shall hold office only until the next annual general meeting of the Bank, and shall then be eligible for re-election at such meeting. Accordingly, Mr. Lu Jian, Mr. Xi Deying and Mr. Shang Jun, will retire at the forthcoming annual general meeting and being eligible, will offer themselves for re-election.

董事會報告
Report of the Directors

本銀行之非執行董事及獨立非執行董事的委任並無指定任期，惟須根據章程細則第94(1)及94(2)條的規定最少每3年一次於股東週年大會上輪值告退及獲選連任。據此，徐耀華先生及袁金浩先生將根據章程細則的規定，於應屆股東週年大會上輪值告退，並願意重選連任。

The Non-executive Directors and the Independent Non-executive Directors of the Bank are not appointed for specific term but subject to the retirement by rotation at least once every three years and re-election at the annual general meeting in accordance with the Articles 94(1) and 94(2) of the Articles of Association. Accordingly, Mr. Tsui Yiu Wa, Alec and Mr. Yuen Kam Ho, George will retire by rotation and, all being eligible, offer themselves for re-election at the forthcoming annual general meeting in accordance with the Articles of Association.

董事之權益

本銀行、其控股公司、各附屬公司或各同系附屬公司於年內任何時間概無訂立任何安排，致使本銀行董事可藉認購本銀行或任何其他法人團體之股份或債券而獲益。

DIRECTORS' INTERESTS

At no time during the year was the Bank or any of its holding company, or its subsidiaries, or fellow subsidiaries a party to any arrangements 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.

本銀行或其控股公司、附屬公司或同系附屬公司並無參與訂立與本集團業務有重大關係而於本年度結算時或本年度任何時間內生效且本銀行董事直接或間接擁有重大權益之重大合約。

No transaction, arrangement or contract of significance to which the Bank, or any of its holding company, subsidiaries, or fellow subsidiaries was a party, and in which a Director of the Bank had a material interest, subsisted at the end of the year or at any time during the year.

附屬公司董事名單

由二零一七年一月一日至本年報之董事會報告的日期止之期間(除另有註明外)，服務本銀行附屬公司董事會的董事姓名，現詳列如下：

陳志良
陳永光
陳冶軍#
杜后揚
馮兆明#
高明
何海潮
姜建清
姜壹盛
詹偉基
郭偉奇
賴錫和
羅翠霞
梁翠兒
梁銘謙
李冬
劉磊
劉瑞霞
劉希猛
羅麗軍
牛佳耕
譚少玲
尹凱貴
王軼寧
邢志盈#
閆峻
楊帆
楊啟明
于洪

他／她已經辭任／不再擔任本銀行有關附屬公司的董事職務。

LIST OF DIRECTORS OF SUBSIDIARIES

The names of Directors who have served on the Board of the Bank's subsidiaries during the period from 1 January 2017 to the date of the Report of the Directors of this Annual Report (unless otherwise stated) are set out below:-

Chan Chi Leung
Chan Wing Kwong
Chen Yejun#
Du Houyang
Fung Siu Ming#
Gao Ming
He Hai Chao
Jiang Jianqing
Jiang Yisheng
Jim Wai Kee
Kwok Wai Ki, Henry
Lai Shek Wo
Law Chui Ha, Joanne
Leung Chui Yee, Flora
Leung Ming Hym, Peter
Li Dong
Liu Lei
Liu Ruixia
Liu Ximeng
Luo Lijun
Niu Jiageng
Tam Siu Ling
Wan Hoi Kwai
Wang Yining
Xing Zhi Ying#
Yan Jun
Yang Fan
Yeung Kai Ming
Yu Hong

He/She had resigned/ceased as a Director of the relevant subsidiary(ies) of the Bank.

董事會報告
Report of the Directors

管理合約

年內並無訂立或訂有任何涉及本銀行全部或大部分業務之管理及行政合約。

彌償條文

為保障本銀行各董事的獲准許之彌償條文(根據香港公司條例第469條)於本年度及目前仍然生效。本銀行獲准許之彌償條文,詳列於本年報「企業管治報告」一節內。

企業管治

本銀行致力維持和強化高水平之企業管治常規。在截至二零一七年十二月三十一日止的財政年度內,本銀行已遵守香港金融管理局發出之《本地註冊認可機構的企業管治》監管政策手冊所載之指引。本銀行企業管治常規之詳情載於二零一七年年報第57至68頁之企業管治報告內。

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表已完全符合《銀行業(披露)規則》中所適用的披露規定。

審計師

本銀行審計師畢馬威會計師事務所現遵章告退並於應屆股東週年大會上提呈續聘彼等為審計師之決議案。

承董事會命

主席
高明女士
香港,二零一八年三月二十日

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Bank were entered into or existed during the year.

INDEMNITY PROVISION

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 during the year. Details of the Bank's permitted indemnity provision are set out in the "Corporate Governance Report" of this report.

CORPORATE GOVERNANCE

The Bank is committed to maintaining and upholding high standards of corporate governance practices. Throughout the year ended 31 December 2017, the Bank has complied with the guidelines set out in the Supervisory Policy Manual entitled "Corporate Governance of Locally Incorporated Authorized Institutions" issued by the Hong Kong Monetary Authority. Details of the Bank's corporate governance practices are set out in the Corporate Governance Report on pages 57 to 68 of its 2017 Annual Report.

COMPLIANCE WITH THE BANKING (DISCLOSURE) RULES

The financial statements for the year ended 31 December 2017 comply fully with the applicable disclosure provisions as set out in the Banking (Disclosure) Rules.

AUDITORS

KPMG 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

Ms. Gao Ming
Chairman
Hong Kong, 20 March 2018

企業管治報告
Corporate Governance Report

截至2018年3月20日止
As at 20 March 2018

本銀行致力維持和強化高水平之企業管治常規。在截至二零一七年十二月三十一日止的財政年度內，本銀行已遵循香港金融管理局(「金管局」)發出之《本地註冊認可機構的企業管治》監管政策手冊所載之指引。

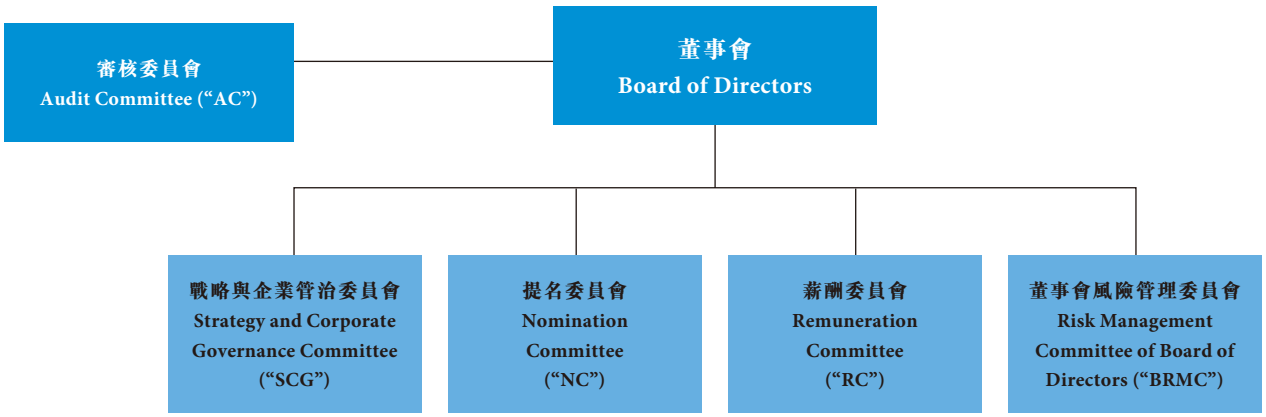
The Bank is committed to maintaining and upholding high standards of corporate governance practices. Throughout the year ended 31 December 2017, the Bank has followed the guidelines set out in the Supervisory Policy Manual entitled "Corporate Governance of Locally Incorporated Authorized Institutions" issued by the Hong Kong Monetary Authority ("HKMA").

為突顯本銀行持續維持良好企業管治之承諾，本銀行已自二零零九年三月二十四日制訂「公司治理制度」，並會根據市場趨勢及監管機構所發佈的指引和要求進行相應修訂，力求符合國際和本地有關企業管治最佳慣例的要求。

In order to show its continuous commitment in the development of sound corporate governance, the Bank has adopted its "Corporate Governance Manual" since 24 March 2009 and keeps reviewing according to market trend as well as guidelines and requirements issued by regulatory authorities.

本銀行之企業管治架構

CORPORATE GOVERNANCE STRUCTURE OF THE BANK



審核委員會 Audit Committee	戰略與企業管治委員會 Strategy and Corporate Governance Committee	提名委員會 Nomination Committee	薪酬委員會 Remuneration Committee	董事會風險管理委員會 Risk Management Committee of Board of Directors
成員： Members: 武捷思博士# *(主席)* Dr. Wu Jie Si# *(Chairman)* 席德應先生 *(替任主席)* Mr. Xi Deying *(Alternate Chairman)* 洪貴路先生 Mr. Hong Guilu 王于漸教授，S.B.S.，太平紳士# Professor Wong Yue Chim, Richard, S.B.S., J.P.# 徐耀華先生# Mr. Tsui Yiu Wa, Alec#	成員： Members: 王于漸教授，S.B.S.，太平紳士# *(主席)* Professor Wong Yue Chim, Richard, S.B.S., J.P.# *(Chairman)* 高明女士 Ms. Gao Ming 姜壹盛先生 Mr. Jiang Yisheng 洪貴路先生 Mr. Hong Guilu 袁金浩先生，FHKIoD# Mr. Yuen Kam Ho, George, FHKIoD# 徐耀華先生# Mr. Tsui Yiu Wa, Alec# 武捷思博士# Dr. Wu Jie Si#	成員： Members: 王于漸教授，S.B.S.，太平紳士# *(主席)* Professor Wong Yue Chim, Richard, S.B.S., J.P.# *(Chairman)* 席德應先生 Mr. Xi Deying 袁金浩先生，FHKIoD# Mr. Yuen Kam Ho, George, FHKIoD#	成員： Members: 袁金浩先生，FHKIoD# *(主席)* Mr. Yuen Kam Ho, George, FHKIoD# *(Chairman)* 尚軍先生 Mr. Shang Jun 徐耀華先生# Mr. Tsui Yiu Wa, Alec# 武捷思博士# Dr. Wu Jie Si#	成員： Members: 徐耀華先生# *(主席)* Mr. Tsui Yiu Wa, Alec# *(Chairman)* 尚軍先生 *(替任主席)* Mr. Shang Jun *(Alternate Chairman)* 姜壹盛先生 Mr. Jiang Yisheng 盧建先生 Mr. Lu Jian 王于漸教授，S.B.S.，太平紳士# Professor Wong Yue Chim, Richard, S.B.S., J.P.# 袁金浩先生，FHKIoD# Mr. Yuen Kam Ho, George, FHKIoD# 武捷思博士# Dr. Wu Jie Si#

\# *獨立非執行董事*
\# *Independent Non-executive Directors*

企業管治報告
Corporate Governance Report

截至2018年3月20日止
As at 20 March 2018

董事會

董事會

董事會負有領導及管治本銀行的責任，並共同承擔指導及監督本銀行事務以推動本銀行成功發展。董事會制定本銀行之策略，並監查高級管理層之表現及運作。董事會須確保本銀行以高度的誠信及在法律和政策的架構內審慎經營業務，董事會履行其責任時應顧及股東、存戶及其他相關持份者的合法權益。

為不斷提升本銀行之企業管治水平，本銀行董事會主席及行政總裁的角色清晰劃分。該等角色區分有利於本銀行管理，主席負責確保董事會適當地履行其職能，貫徹良好企業管治常規，適時處理所有重要和合適的事項，而行政總裁則負責領導高級管理層，落實董事會所採納的重要策略，執行本銀行的日常運作及有關事務。

董事會每年檢討及評估其工作程序及效能，以便作出改善。

董事會結構

於本報告刊發日期，本銀行之董事會由十名董事組成，當中包括三名執行董事、三名非執行董事及四名獨立非執行董事。獨立非執行董事的人數與比例均超過有關法例及法規的要求。本銀行受惠於各董事豐富之業務、銀行及專業經驗。有關董事履歷之詳情載於本銀行二零一七年年報「董事及高層管理人員簡歷」一節。

董事會會議

董事會應最少每季舉行一次會議，該等常規董事會會議一般由過半數董事會成員親身或透過其他電子通訊方式積極參與。董事會於有需要時將舉行特別會議。

BOARD OF DIRECTORS

The Board

The Board has responsibility for leadership and control of the Bank and is collectively responsible for promoting the success of the Bank by directing and supervising the Bank's affairs. The Board sets strategies for the Bank and monitors the performance and activities of the senior management. The Board ensures prudent management of the Bank with high degree of honesty and within the legal and regulatory framework, and the Board takes into account the legitimate interests of shareholders, depositors and other relevant stakeholders.

To further enhance corporate governance standard, the roles of Chairman and Chief Executive Officer are segregated. The Bank benefits from the segregation in which the Chairman is responsible for ensuring that the Board properly discharges its responsibilities, conforms to good corporate governance practices and procedures and all key and appropriate issues are discussed by the Board timely, and the Chief Executive Officer is responsible for leading the Senior Management and implementing important policies adopted by the Board, managing the Bank's operations and relevant issues.

The Board reviews and evaluates its work process and effectiveness annually, with a view to identifying areas for improvement and further enhancement.

Board Structure

As at the date of this report, the Board consisted of ten Directors comprising three Executive Directors, three Non-executive Directors and four Independent Non-executive Directors ("INED"). Both the number and percentage of the INED are well above the requirements set by relevant rules and regulations. The Bank benefits from the substantial business, banking and professional experience of its Directors. Biography of the Directors is set out in the "Biographical Details of Directors and Senior Management" section under the Bank's 2017 Annual Report.

Board Meetings

Board meetings are held at least once every quarter. Such regular Board meetings will normally involve the active participation, either in person or through other electronic means of communication, of a majority of Board members. Special Board meetings will be held when necessary.

企業管治報告
Corporate Governance Report

截至2018年3月20日止
As at 20 March 2018

本銀行董事會常規會議之議程經諮詢董事後擬定。董事可於適當情況尋求獨立專業意見，董事亦可於合理情況下並經取得董事會主席及／或行政總裁同意後，要求於董事會會議前舉行預備會議，以協助彼履行本銀行之職務。此外，所有董事有權全面地和及時地獲得與本銀行有關之所有資料並有自行接觸本銀行管理層之獨立途徑，以使彼等在履行作為董事之職務及職責上可作出知情決定。所有董事可獲得公司秘書之意見及服務，確保董事會程序及所有適用規則及規例均獲得遵守。

Directors are consulted on matters to be included in the agenda of regular Board meetings. Directors may seek independent professional advice or request pre-meetings ahead of Board or Board Committees meetings with the consent of the Chairman and/or Chief Executive Officer when appropriate to assist him in discharging his duties to the Bank. Besides, all Directors have been given rights on fully and timely access to all relevant information of the Bank and have separate and independent access to the management of the Bank so that they can make an informed decision in discharging their duties and responsibilities as Directors. All Directors have access to advice and services of the Company Secretary to ensure due compliance with the Board procedures, and all applicable rules and regulations.

每年之董事會會議召開日期通常會於上一個年度結束前經咨詢董事會成員決定。公司秘書於舉行會議日期最少兩星期前向全體董事發出正式會議通告，以讓所有董事獲得充裕之通知期，方便安排時間出席。在特殊情況，公司秘書將盡快以電話通知所有董事有關會議日期。載有分析及背景資料之議程及會議文件須於董事會會議指定日期前不少於七天發送予全體董事。

Board meeting dates of each year are normally determined before the end of the previous year in consultation with the Directors. Formal notice of meeting shall be given to all Directors by the Company Secretary at least two weeks before the date of the meeting to provide sufficient notice to give all Directors an opportunity to attend. Under special circumstances, the Company Secretary will promptly contact all Directors by way of telephone. Agenda and accompanying papers containing analysis and background information are circulated to all Directors not less than 7 days before the intended date of Board meeting.

董事會及其附屬委員會之會議紀錄，已對會議上董事會及其附屬委員會所考慮事項及達致之決定作足夠詳細之記錄，其中包括董事提出之任何疑慮或所表達之反對意見(如有)。董事會及其附屬委員會會議紀錄之初稿及最終定稿會發送全體董事或(根據情況而定)董事會附屬委員會之委員，以供彼等分別發表意見及存檔之用。

Minutes of the meetings of the Board and the Board Committees have been recorded in sufficient detail including the matters considered by the Board and the Board Committees, decisions reached, and concerns raised by Directors or dissenting views (if any) expressed. Draft and final versions of the minutes of the Board and the Board Committees are sent to all Directors or members of the Board Committees (as the case may be) for their comments and records respectively.

任何董事亦可在任何合理時段透過合理通知查閱董事會及其所有附屬委員會之會議記錄、會議文件及相關資料。

Minutes and papers of the meetings of the Board and all the Board Committees, and relevant materials are open for inspection at any reasonable time on reasonable notice by any Director.

倘董事在任何事項(包括與關連人士之重大交易)中存有董事會認為屬重大之利益衝突，有關事項將根據《公司條例》及本銀行章程細則所載規定在董事會會議上處理。

If a Director has a conflict of interest in a matter (including material transaction with connected persons) which the Board has determined to be material, the relevant matter will be dealt with at a Board meeting in accordance with the requirements as set out in the Companies Ordinance and the Articles of Association of the Bank.

企業管治報告
Corporate Governance Report

截至2018年3月20日止
As at 20 March 2018

委任和重選董事會

本銀行訂明一套正式、經審慎考慮並具透明度之程序以委任新董事，確保董事具備所需的勝任能力及技能，以有效推動本銀行業務增長。提名委員會將多方面評估候選人的合適性並商議新董事之委任，經同意後始推薦予董事會考慮及批准。如候選人擔任獨立非執行董事，須確保該候選人能夠符合獨立性的要求，以及金管局發出之提升香港銀行業獨立非執行董事的專業能力的規定。根據《銀行業條例》之規定，委任任何新董事亦須先獲得金管局批准。根據本銀行章程細則規定，所有新委任董事於獲委任生效後首個股東週年大會上由本銀行股東選舉，並符合資格獲選連任。本銀行之非執行董事及獨立非執行董事並無指定任期，但須根據本銀行之章程細則於股東週年大會上輪值告退及獲選連任。提名委員會檢討各獨立非執行董事的獨立性，對於已擔任董事超過9年的獨立非執行董事將另作評估，並向董事會提交其是否適合繼續留任之建議供董事會批准。

於每屆股東週年大會上當時三分一之董事(若董事數目並非三之倍數，則取其最接近者，但不能超過三分一)須輪值告退，並可重選連任。徐耀華先生及袁金浩先生將於本銀行應屆股東週年大會上輪值告退，並願意重選連任。

Appointments and Re-election of the Board

The Bank uses a set of formal, prudent and transparent procedures for the appointment of new Directors to ensure the Directors have the necessary competencies and skills to support the development and growth of the Bank. The suitability of new Directors will be evaluated in various aspects and the appointment of new Directors will be discussed by NC before recommending to the Board for consideration and approval after due deliberation. A candidate who is to be appointed as an INED should ensure he/she meets the independence requirements and also the requirements of the guidance on "Empowerment of Independence Non-Executive Directors in the Banking Industry in Hong Kong" issued by the HKMA. In accordance with the requirement under the Banking Ordinance, approval from HKMA shall also be obtained for any appointment of new Directors. According to the Bank's Articles of Association, all new Directors are subject to election by shareholder(s) of the Bank at the next scheduled annual general meeting after their appointments have become effective, and shall then be entitled for re-election. The non-executive Directors and the INEDs of the Bank are not appointed for specific term but subject to the retirement by rotation and re-election at the annual general meeting in accordance with the Bank's Articles of Association. The NC conducts review of the independence of the INED, additional assessment will be conducted for these INED who have been serving on the Board for more than 9 years. NC will make recommendations based on the results of assessment on the suitability of the INED to continue to act as director to the Board for approval.

At each annual general meeting, one-third of the Directors for the time being or, if their number is not a multiple of three, then the number nearest to but not exceeding one-third, shall retire from office by rotation. All the retiring Directors are eligible for re-election. Mr. Tsui Yiu Wa, Alec and Mr. Yuen Kam Ho, George will offer themselves for retirement and being eligible, will be entitled for re-election at the forthcoming Annual General Meeting of the Bank.

企業管治報告
Corporate Governance Report

截至2018年3月20日止
As at 20 March 2018

盧建先生自二零一七年十月二十七日起獲委任為執行董事，席德應先生及尚軍先生分別於二零一七年五月二十二日及二零一七年九月六日獲委任為非執行董事。盧建先生，席德應先生及尚軍先生的任期將於應屆股東週年大會上屆滿，並願意獲選連任。

除上述退任董事將於本銀行應屆股東週年大會上獲選連任外，截至本報告刊發日期，並無董事自上一次獲選後連任超過三年。

董事責任保險

本銀行於年內已為各董事購買適當之責任保險，以保障彼等因本銀行經營業務而承受之風險。

此外，本銀行章程細則規定，董事倘於特定情況下遭第三方提出申索，彼等有權要求本銀行彌補其損失。

Mr. Lu Jian was appointed as Executive Director with effect from 27 October 2017, Mr. Xi Deying and Mr. Shang Jun were appointed as Non-executive Directors with effect from 22 May 2017 and 6 September 2017 respectively. All of them will retire at the forthcoming annual general meeting of the Bank and will offer themselves for re-election.

Save for the above-mentioned retiring Directors, who will offer themselves for re-election at the forthcoming annual general meeting of the Bank, as at the date of this report, no Director held office for over three years since last re-election.

Directors' Liability Insurance Policy

The Bank has put in force an appropriate insurance cover for its Directors' liabilities against risk exposure arising from operating businesses of the Bank.

Further, the Bank's Articles of Association provide that Directors are entitled to be indemnified out of the Bank's assets against claims from third parties in respect of certain liabilities.

企業管治報告
Corporate Governance Report

截至2018年3月20日止
As at 20 March 2018

董事培訓及專業發展

為確保新委任董事對本銀行的業務運作有充分瞭解及確保董事能定期更新其知識，以便向董事會提供具有充分依據的建議及意見，增加彼等對本銀行的貢獻，董事會據此制定了一套關於董事入職介紹的董事指引及培訓之制度。

本銀行亦適時向各董事會成員提供關於影響董事及本銀行的有關監管條例的重大修訂。此外，本銀行鼓勵各董事會成員積極參與持續培訓課程，亦會適時安排各項相關的專業培訓課程予各董事會成員參加。年內，所有董事均已參與持續專業培訓以擴展并更新其知識及技能。

薪酬披露資料

根據金管局監管手冊CG-5《穩健的薪酬制度指引》，註冊認可機構需就其薪酬制度作出適當披露。本銀行已遵循該指引第3部分有關薪酬披露之要求。有關本銀行薪酬披露資料將登載於本銀行網站。

Directors' Training and Professional Development

To ensure that the newly appointed Directors have adequate understanding of the Bank's business operations and to enable Directors to update their knowledge regularly so as to provide informed recommendation and advice and make contribution to the Bank, the Board establishes a set of written policy specifying guidelines on Directors' induction and training upon appointment.

The Bank also provides regular updates to Board members on material changes to regulatory requirements applicable to the Directors and the Bank on a timely basis. In addition, Board members are encouraged to participate actively in continuous training programmes and the Bank also arranges relevant professional training programmes for Board members. In 2017, all Directors have attended continuous training programmes to update their knowledge and technique.

Disclosure on remuneration

According to HKMA's Supervisory Policy Manual CG-5 "Guideline on a Sound Remuneration System", authorized institutions are required to make disclosures in relation to their remuneration systems as appropriate. The Bank has fully complied with HKMA's disclosure requirements set out in Part 3 of the said Guideline. Disclosure on remuneration of the Bank will be uploaded to the Bank's website.

企業管治報告
Corporate Governance Report

截至2018年3月20日止
As at 20 March 2018

董事會附屬委員會

董事會已設立五個附屬委員會並授予各項責任以協助董事會履行其職責。該等附屬委員會包括審核委員會、戰略與企業管治委員會、董事會風險管理委員會、薪酬委員會及提名委員會。該等附屬委員會各自以書面列明具體職責範圍，清楚載列其目標、職能及職責。董事會將對這些職責範圍進行定期檢討及適當更新。

所有董事會附屬委員會主要由非執行董事及獨立非執行董事組成，並由獨立非執行董事出任主席，定期向董事會報告其決策及推薦建議。根據該等附屬委員會之職責範圍，重大事項須提交董事會批准。

審核委員會

審核委員會負責協助董事會獨立地監察本銀行財務匯報程序、外部審計監察、內部監控(包括風險管理制度)及合規的成效以及監督內部審計職能。同時，本委員會亦會定期檢討本銀行對遵守各項規則的情況，包括但不限於監管機構、業內或法例的規定及指引。審核委員會共有5名成員，其中包括3名獨立非執行董事。

審核委員會於二零一七年舉行了四次會議，本銀行之相關高級管理人員、內部審計人員及外聘審計師代表均列席全部會議。審核委員會在年內所履行之主要工作摘要如下：

- 會見外聘審計師以商討其審計工作之一般範圍；
- 檢討致管理層之外聘審計師審核情況說明函件及管理層之回應；
- 檢討二零一七年年度外聘審計師之審核計劃；

BOARD COMMITTEES

The Board has set up five committees which are delegated with different responsibilities to assist the Board in performing its duties. They are Audit Committee, Strategy and Corporate Governance Committee, Risk Management Committee of Board of Directors, Remuneration Committee and Nomination Committee.

Each of these Board Committees has specific written Terms of Reference which state clearly its objectives, functions and responsibilities. All Board Committees are comprised mainly of Non-executive Directors and INED, and chaired by the INED. All Board Committees report to the Board on their decisions or recommendations on a regular basis. Material matters are reserved for the approval of the Board according to the terms of reference of such committees. The Board will conduct regular review and update on the terms of reference of such committees.

Audit Committee

AC assists the Board in monitoring the Bank's financial reporting process independently and external audit function, ensuring an effective system of internal control and compliance (including risk management system), and supervising the internal audit function. Meanwhile, the committee is also responsible for reviewing the Bank's compliance with applicable rules, including but not limited to the requirements and guidelines of regulators, businesses or laws. AC comprises five members and three of them are INEDs.

AC held four meetings during the year 2017 and all the meetings were with the participation of the relevant senior management, internal audit officers of the Bank and representatives from the external auditors of the Bank. Major works performed by AC were summarised as follows:

- Met with external auditors to discuss the general scope of their audit work;
- Reviewed external auditor's management letter and management response;
- Reviewed the external auditor's 2017 audit plan;

企業管治報告
Corporate Governance Report

截至2018年3月20日止
As at 20 March 2018

- 檢討監管機構和外聘審計師報告及發現以及管理層之回應；
- 檢討二零一七年年度之內部審計計劃；
- 檢討內部審計報告，包括內部監控評級；
- 檢討截至二零一六年十二月三十一日止財政年度經審核財務報表；
- 檢討截至二零一七年六月三十日止六個月之中期財務資料披露報表；
- 檢討本銀行反洗錢工作；及
- 檢討本銀行內控合規部於二零一七年所執行之工作。

審核委員會亦負責就本銀行外聘審計師之委任、重選、解聘及薪酬提供推薦建議。畢馬威會計師事務所為本銀行的外聘審計師。外聘審計師就其財務報告責任所作之聲明載於本銀行二零一七年年報第69頁至第75頁之獨立核數師報告書。

- Reviewed the regulators' and external auditor's reports and findings and the management response;
- Reviewed the internal audit plan for the year of 2017;
- Reviewed the internal audit reports covering the evaluation of internal control;
- Reviewed the audited financial statements for financial year ended 31 December 2016;
- Reviewed the Interim Financial Disclosure Statements for the six months ended 30 June 2017;
- Reviewed the operation of Anti-money laundering of the Bank; and
- Reviewed the work performed by Internal Control and Compliance Department of the Bank for the year of 2017.

AC is also responsible for making recommendations on the appointment, re-appointment, removal and remuneration of the Bank's external auditor. KPMG is the external auditors of the Bank. A statement by the external auditor with respect to their responsibilities is included in the Independent Auditor's Report on pages 69 and 75 of the Bank's 2017 Annual Report.

戰略與企業管治委員會

戰略與企業管治委員會旨在加強本銀行戰略性發展及規劃和監察本銀行的企業管治制度，包括但不限於對本銀行戰略發展規劃、戰略性資本配置和重大機構重組及調整方案進行檢討，並向董事會提出建議。同時，本委員會亦會就董事會履行與本銀行文化相關的職責方面向董事會提供意見及協助並持續檢討本銀行對戰略與企業管治相關的規範、法律及監管要求的遵守情況，就企業管治常規提供意見，提高本銀行信息披露的透明度及質素，以及跟進法規變動，藉以提高可持續的企業價值及股東利益。戰略與企業管治委員會共有7名成員，其中包括4名獨立非執行董事。

Strategy and Corporate Governance Committee

SCG aims to enhance the strategic development and planning of the Bank and to strengthen the corporate governance framework of the Bank, including but not limited to reviewing the Bank's strategic development plan, strategic capital deployment and major institutional restructuring and adjustment plans, and makes recommendation to the Board. Meanwhile, the committee is also responsible for reviewing the Bank's compliance with legal, regulatory and corporate governance standards, providing advice on corporate governance practice, enhancing the transparency and quality of information disclosure of the Bank, advising and assisting the Board in discharging its responsibilities for the Bank's culture-related matters and keeping abreast of changes in regulations, with the aim to maximise sustainable corporate values and shareholder's interests. SCG comprises seven members and four of them are INEDs.

企業管治報告
Corporate Governance Report

截至2018年3月20日止
As at 20 March 2018

戰略與企業管治委員會於二零一七年舉行了三次會議。本委員會年內所履行之主要工作摘要如下：

- 檢討本銀行《公司治理制度》之修訂；
- 審議本銀行三年發展戰略規劃及三年資本規劃；及
- 檢討本銀行《董事利益衝突政策》。

In 2017, SCG held three meetings. The major works performed by SCG during the year included:

- Reviewed the revised "Corporate Governance Manual" of the Bank;
- Discussed the three years strategic development plan and capital plan of the Bank; and
- Reviewed the "Directors' conflict of interest policy" of the Bank.

董事會風險管理委員會

董事會風險管理委員會負責檢討本銀行的各種風險狀況，並審批風險管理原則、重大政策、指引及本銀行的風險承受能力，亦會監控及檢討本銀行風險管理體系的有效性，包括其承受壓力狀況的能力，其監管的主要風險包括信用、市場、操作、利率、法律及合規、流動性、聲譽及戰略風險。董事會風險管理委員會共有7名成員，其中包括4名獨立非執行董事。

董事會風險管理委員會於二零一七年舉行了四次會議。本委員會年內所履行之主要工作摘要如下：

- 定期審閱本銀行的風險報告，其中包括主要風險的壓力測試結果等；
- 審批《工銀亞洲恢復計劃》的年檢；
- 檢討本銀行風險文化、風險偏好及信貸偏好；
- 檢討及審批本銀行風險相關的重大政策、限額及辦法，其中包括壓力測試的政策、市場風險手冊及風險管理辦法等；及
- 監督本銀行執行風險管理政策及遵守相關法例及法規。

Risk Management Committee of Board of Directors

BRMC reviews the Bank's position in various risks and approves risk management principles, major policies, guidelines and risk appetite of the Bank. It also monitors and reviews the effectiveness of the risk management system of the Bank, including its ability to withstand stress conditions. The key risks it oversees include credit, market, operational, interest rate, legal and compliance, liquidity, reputation and strategic risks. BRMC comprises seven members and four of them are INEDs.

In 2017, BRMC held four meetings. The major works performed by BRMC during the year included:

- Reviewed the risk management reports of the Bank regularly, including the bank-wide stress-testing results etc;
- Approved the annual review of "ICBC Asia's Recovery Plan";
- Reviewed the risk culture of the Bank, the risk appetite and credit preference;
- Reviewed and approved the risk management major policies, limits and measures of the Bank including the stress testing policy, market risk manual and risk management measures etc; and
- Oversaw the implementation of risk management policies of the Bank and compliance with relevant laws and regulations.

企業管治報告
Corporate Governance Report

截至2018年3月20日止
As at 20 March 2018

薪酬委員會

薪酬委員會負責監督本銀行董事及高級管理人員之薪酬，以確保彼等之薪酬與其職責相稱，並與本銀行之文化、策略、市場情況及相關監管規則配合一致。薪酬委員會亦負責就本銀行之薪酬政策架構向董事會作出推薦建議。薪酬委員會共有4名成員，其中包括3名獨立非執行董事。

薪酬委員會於二零一七年度舉行了一次會議。本委員會年內所履行之主要工作摘要如下：

- 考慮及向董事會推薦本銀行表現花紅之分配(包括發放予執行董事)；
- 考慮及向董事會推薦高級管理人員截至二零一六年十二月三十一日止年度之表現花紅；
- 考慮及向董事會推薦非執行董事及獨立非執行董事截至二零一六年十二月三十一日止年度之董事袍金；
- 考慮及向董事會推薦本銀行截至二零一七年十二月三十一日止年度分派表現花紅之薪酬政策；及
- 檢討本銀行之薪酬政策及規劃。

有關各董事於二零一七年薪酬之資料載於本銀行財務報表附註17。

提名委員會

提名委員會負責就本銀行所有新委任董事及高級管理人員評估候選人是否合適及向董事會作出該等委任之推薦建議。提名委員會亦負責定期檢討董事會之架構及組成，並對董事會效能進行評價。提名委員會共有3名成員，其中包括2名獨立非執行董事。

提名委員會於二零一七年度舉行了兩次會議，本委員會年內所履行之主要工作摘要如下：

- 審閱董事會效能表現綜合評價報告並向董事會傳閱；

Remuneration Committee

RC is responsible for overseeing the remuneration of the Directors and senior management of the Bank to ensure their remuneration is appropriate for their duties and consistent with the Bank's culture, strategy and control environment. RC is also responsible for recommending to the Board on the Bank's remuneration policy framework. RC comprises four members and three of them are INEDs.

In 2017, RC held one meeting. The major works performed by RC during the year included:

- Considered the allocation of performance bonus of the Bank (including that distributed to the Executive Directors) and made recommendation to the Board;
- Considered the performance bonus of senior management for the year ended 31 December 2016 and made recommendation to the Board;
- Considered the Directors' fee of the Non-executive Directors and INEDs for the year ended 31 December 2016 and made recommendation to the Board;
- Considered the remuneration policy on distribution of performance bonus of the Bank for the year ended 31 December 2017 and made recommendation to the Board; and
- Reviewed the remuneration policy and planning of the Bank.

Information relating to the remuneration of each Director for 2017 is set out in Note 17 to the financial statements of the Bank.

Nomination Committee

NC is responsible for assessing the suitability of the candidates and recommending to the Board all new appointments of Directors and senior management executives. NC also reviews the structure and composition of the Board on a regular basis, and assesses the efficiency of the Board. NC comprises three members and two of them are INEDs.

In 2017, NC held two meetings. Major works performed by NC during the year included:

- Reviewed the Board Performance Appraisal Report and circulated to the Board;

企業管治報告
Corporate Governance Report

截至2018年3月20日止
As at 20 March 2018

- 考慮及向董事會推薦本銀行高級管理人員；
- 考慮及向董事會推薦本銀行董事；
- 考慮及向董事會推薦有關本銀行董事會附屬委員會成員之變更；
- 檢討本銀行之董事及高級管理人員的委任及繼任政策及安排；
- 年度檢討本銀行董事會成員的任期；及
- 審議本銀行任期超過9年的獨立非執行董事的獨立性報告。

- Considered the appointment of Senior Management and made recommendation to the Board;
- Considered the nomination of Directors of the Bank and made recommendation to the Board;
- Considered the changes of committee members of the Board Committees of the Bank and made recommendation to the Board;
- Reviewed the appointment and succession planning policy for Directors and Senior Management of the Bank;
- Performed annual review of the tenure of the existing Directors of the Bank; and
- Reviewed the independence assessment report for those Independent Non-executive Directors who have been serving on the Board for more than 9 years.

董事會權力之轉授

管理功能

董事會承擔領導及管治本銀行之責任，並將其管理及行政功能方面之權力轉授予本銀行高級管理人員。董事會就高級管理人員獲授權之權力制定清晰之指引，特別是報告機制及須經董事會批准之事項(例如管理層結構、業務目標、策略及業務計劃、政策以及規定出現重大變動以致可能對本銀行之財務及風險管理產生重大影響之事宜)。

除董事會附屬委員會外，董事會亦成立執行委員會並向董事會匯報。執行委員會負責督導本銀行整體營運。為此，董事會訂立了清晰的書面指引，列明具體職責範圍，清楚載列其職能及職責。董事會將對這些授權和指引進行定期重檢。執行委員會主席由董事會主席擔任，其成員包括執行董事、行政總裁、副行政總裁，以及助理行政總裁。

DELEGATION OF THE BOARD

Management Functions

The Board assumes the responsibility for leadership and governance of the Bank and delegates aspects of its management and administration functions to the Senior Management. The Board sets up clear guidelines governing the powers delegated to the senior management, in particular, with respect to reporting mechanism and the matters that are subject to the approval of the Board (such as substantial changes in the management structure, the business objectives, strategies and business plans, the policies and manuals which may have a material impact on the financial and risk management of the Bank).

Apart from the Board Committees, the Board has also established the Executive Committee, which reports to the Board. The Executive Committee has specific written Terms of Reference which state clearly its functions and responsibilities. The Board will conduct regular review and update on the terms of reference of the Executive Committee. The Executive Committee was established to supervise the overall operation of the Bank. The Executive Committee is chaired by the Chairman of the Board of Directors and consists of Executive Directors, Chief Executive Officer, Deputy Chief Executives and Assistant Chief Executives, as members.

企業管治報告
Corporate Governance Report

截至2018年3月20日止
As at 20 March 2018

內部監控

董事會負責建立本銀行之內部監控，並透過穩健妥善之組織架構及全面之程序、政策及標準，檢討其效率。

本銀行已制定體系、政策及程序，用以識別、衡量、監控及監視本銀行面對的主要風險類別。業務部門負責評估其負責領域所產生之個別風險類別，根據風險管理程序管理風險，並就風險管理作出報告。

高級管理人員、高級管理層風險管理委員會及風險管理部會定期檢討及修訂風險管理政策及程序。管理本銀行的各主要風險類別(包括信用、市場、流動性、利率、業務操作、法律及合規、聲譽，以及策略風險)之政策及程序詳情載於本銀行財務報表附註4。

審計部於本銀行內部監控架構內發揮重要作用，定期核查以確保適當遵守有關政策及程序。審計部負責監察內部監控程序之效能，以確保本銀行所有部門遵守既定之政策及準則，亦會持續評估本銀行內部監控，並就有關內部監控之重要發現每年至少四次向審核委員會作出匯報。本銀行審計部主管向審核委員會及董事會主席匯報。

INTERNAL CONTROL

The Board is responsible for establishing the internal control of the Bank and for reviewing its effectiveness through well-established organisational structure and comprehensive procedures, policies and standards.

Systems, policies and procedures are in place to identify, measure, control and monitor the major types of risks the Bank faces. Business units are responsible for the assessment of individual types of risk arising from their area of operations where risks are managed and reported in accordance with risk management procedures and arrangements.

The senior management, Senior Executive Risk Management Committee and Risk Management Department review and revise the risk management policies and procedures on a regular basis. Details of the policies and procedures for management of each of the major types of risks, including credit, market, liquidity, interest rate, operational, legal and compliance, reputation and strategic risks, are included in Note 4 to the financial statements of the Bank.

The Internal Audit Department plays an important role in the Bank's internal control framework. It performs regular checks to ensure due compliance with policies and procedures. It monitors the effectiveness of internal control procedures and compliance with stated policies and standards across all departments of the Bank. It also evaluates the Bank's internal control on an ongoing basis and reports to the Audit Committee at least four times each year on significant findings on internal control. The Head of Internal Audit Department of the Bank reports to the Audit Committee and the Chairman of the Board.

問責

董事會知悉其有編製本銀行財務報表之責任並已按持續經營基準編製本銀行財務報表。於二零一七年十二月三十一日止，董事並不知悉有任何重大不明朗因素與可能導致本銀行按持續經營基準營運構成疑問之事件或情況。

ACCOUNTABILITY

The Board acknowledges its responsibility for preparing the financial statements of the Bank and has prepared the financial statements of the Bank on a going concern basis. As at 31 December 2017, the Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Bank's ability to continue as a going concern.

獨立核數師報告書
Independent Auditor's Report

致中國工商銀行(亞洲)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」)已審計列載於第76至228頁的中國工商銀行(亞洲)有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)的綜合財務報表,此綜合財務報表包括於2017年12月31日的綜合財務狀況表與截至該日止年度的綜合損益表、綜合損益及其他全面收益表、綜合權益變動表和綜合現金流量表,以及綜合財務報表附註,包括主要會計政策概要。

我們認為,該等綜合財務報表已根據香港會計師公會頒布的《香港財務報告準則》真實而中肯地反映了貴集團於2017年12月31日的綜合財務狀況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布的《香港審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就綜合審計財務報表承擔的責任」部分中作進一步闡述。根據香港會計師公會頒布的《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。

關鍵審計事項

關鍵審計事項是根據我們的專業判斷,認為對本期綜合財務報表的審計最為重要的事項。該等事項是在我們審計整體綜合財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

TO THE MEMBERS OF INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED

(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Industrial and Commercial Bank of China (Asia) Limited (the "Bank") and its subsidiaries (together the "Group") set out on pages 76 to 228, which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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.

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.

獨立核數師報告書
Independent Auditor's Report

關鍵審計事項(續)

客戶貸款的減值

詳情請參閱分別列載於綜合財務報表101及196頁的附註2.8(a)及26.2

關鍵審計事項

在當前的經濟環境下，香港及中國大陸銀行業的客戶貸款減值金額都出現了上升的趨勢。

集團的不良貸款總額由2016年12月31日的31.4億港元下降至2017年12月31日的30.6億港元。貸款減值準備總額由2016年12月31日的38.0億港元上升至2017年12月31日的44.0億港元。

由於在估算貸款減值準備中需要運用到較多的管理層判斷，因此，這也是一個相對主觀的領域。

從集團的角度來說，在決定貸款減值損失時不確定性最大的是運用組合減值損失模型來計算減值損失的貸款組合，因為這些貸款通常為無擔保貸款或者面臨著押品價值不足以覆蓋貸款餘額風險。

組合減值損失的計算在很大程度上依賴於外部宏觀經濟環境及集團內部的信用風險管理策略。集團的組合減值損失是通過集團的歷史貸款損失、損失發生期（即導致違約的事件發生至減值損失賬務被沖銷之間的時間）及其他調整因素計算得出。

我們的應對

審計方法：

- 圍繞客戶貸款的審批、記錄、監控及重組、貸款評級和個別減值準備計量的關鍵內部控制的設計、執行及運行有效性進行測試。
- 通過對需要主觀判斷的資訊參數進行審慎評估、從外部管道獲得相應證明和與集團其他內部及我們的歷史資料所記載的減值損失進行對比，評價集團用於計算組合貸款損失的模型及假設的恰當性。在這一過程中，我們將會對集團所使用的假設及資訊參數的修訂，運用經濟因素時發揮判斷的一致性、損失發生期及往年損失追溯期的長短提出質疑。我們也會將模型中所運用的經濟因素與市場訊息進行對比，以評價這些資料是否與市場及經濟的發展相符。我們還會通過追蹤逾期帳戶從發生影響信貸事件到將該帳戶降級至不良貸款的週期來評價損失發生期的恰當性。在對以上因素進行綜合考慮以後，我們對組合減值損失進行了重新計算以確定該項目的金額；

KEY AUDIT MATTERS (continued)

Impairment of advances to customers

Refer to notes 2.8(a) and 26.2 to the consolidated financial statements and the accounting policies on pages 101 and 196 respectively.

Key Audit Matter

The current economic environment in Hong Kong and mainland China has contributed to an overall increase in impairment of advances to customers across the banking industry.

The amount of non-performing loans of the Group decreased from HKD3,143 million as at 31 December 2016 to HKD3,064 million as at 31 December 2017, whereas total impairment allowances increased from HKD3,801 million as at 31 December 2016 to HKD4,397 million as at 31 December 2017.

Impairment of advances to customers is a subjective area due to the level of judgement applied by management in determining allowances.

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

How the matter was addressed in our audit

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

- assessing the design, implementation and operating effectiveness of key internal controls over the approval, recording, monitoring and restructuring of advances to customers, the credit grading process and the measurement of impairment allowances for individually assessed advances to customers;
- evaluating the validity of the models used and assumptions adopted in the Group's calculation of collective impairment allowances by critically assessing input parameters involving subjective judgement, seeking collaborative evidence from external sources and comparing the historical losses against 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 models to market information to assess whether they were aligned with market and economic development. We also assessed the emergence period by tracing the lifecycle of overdue accounts from the specific credit event to downgrading the account to a non-performing loan. Having considered the above, we performed re-calculations to assess the amount of collective impairment allowances;

獨立核數師報告書
Independent Auditor's Report

關鍵審計事項(續)

客戶貸款的減值

詳情請參閱分別列載於綜合財務報表101及196頁的附註2.8(a)及26.2

關鍵審計事項

管理層會在出現明顯的客觀減值跡象時對個別減值準備進行預測。管理層會根據一系列的因素來作出判斷以決定損失的規模。這些因素包括是否存在收回貸款的補救措施、借款人的財務情況、抵押品價值、索賠資格和是否存在其他債權人及其合作程度。雖然集團聘請了外部估值機構對地產及其他非流動抵押品進行估值，但是清償的可執行性、執行時間及資產變現的方式都會影響最終的回收金額，從而影響報告日的減值損失金額。

由於客戶貸款的減值所內含的不確定性和所涉及的管理層判斷以及其對集團財務表現和資本的重大影響，我們將其認定為一項關鍵審計事項。

我們的應對

- 運用以風險為基礎的方法選擇樣本進行信貸審閱以評價個別減值損失是否恰當。我們按行業對集團的貸款組合進行了分析，並且從更易受到當前經濟放緩衝擊的行業中選取樣本進行信貸審閱。我們的資訊技術專家亦參與評估了逾期報告的匯總過程。我們還根據其他的風險因素，例如過往逾期情況、借款人主要客戶及所在行業的負面新聞和其他影響借款人關聯企業的事件，挑選了信貸審閱的樣本。
- 對減值貸款的現金流預測進行審慎評估，對集團回收方案的可行性提出疑問，對抵押品變現的時間及方式進行評價，並考慮管理層主張的其他還款來源。我們還評估了管理層在運用關鍵性假設時的一致性、基本原則改變的合理性以及將獲取的資訊與我們內部資訊來源進行了對比。
- 對由集團所聘請的外部估值機構的資質及職業操守進行評估，並且採用抽樣的方式將外部估值機構所提供的抵押品估值與市場公開的資訊進行了對比。
- 對於在處理客戶貸款中比較關鍵的系統，我們的資訊技術專家也參與了評估這些系統中相關自動控制的設計、執行及運行有效性。我們還評估了包括系統存取權限和資訊及變更管理等內部控制的設計、執行及運行有效性。

KEY AUDIT MATTERS (continued)

Impairment of advances to customers

Refer to notes 2.8(a) and 26.2 to the consolidated financial statements and the accounting policies on pages 101 and 196 respectively.

Key Audit Matter

The determination of collective impairment allowances is heavily dependent on the external macro environment and the Group's internal credit risk management strategy. The Group's collective impairment allowances are derived from estimates including the Group's historical losses for loans, the loss emergence period (i.e. the time lapse between the occurrence of the event causing eventual default to the actual charge-off) and other adjustment factors.

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 the 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 allowances as at the reporting date.

We identified impairment of advances to customers 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.

How the matter was addressed in our audit

- assessing the impairment allowances for individually impaired advances to customers by selecting samples for credit review by using a risk-based approach. We analysed the loan portfolio by industry sector to select samples for credit review in industries more vulnerable to the current economic slowdown. We engaged our information technology specialists to assess the compilation of the overdue report. We also selected samples based on other risk criteria such as frequent overdue history, adverse news about the borrowers' customers, the industries in which they operate and about events affecting related companies;
- 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. We also assessed the consistency of management's application of key assumptions, assessed the reasonableness of any change in basis and compared the data to our own data sources;
- evaluating the competence and integrity of the external valuers engaged by the Group to value certain collateral and comparing the valuation of collateral provided by the external valuers with publicly available information on a sample basis; and
- for the key underlying systems used for the processing of transactions in relation to advances to customers we utilised our information technology specialists to assess the design, implementation and operating effectiveness of a selection of relevant automated controls within these systems. We also assessed the design, implementation and operating effectiveness of the key internal controls over these underlying systems, including controls over access to these systems and controls over data and change management.

獨立核數師報告書
Independent Auditor's Report

關鍵審計事項(續)

金融工具公允價值的確定

詳情請參閱分別列載於綜合財務報表99, 105, 159, 188, 189及199頁的附註2.7(f), 2.10, 4.6, 23, 24, 25及27

關鍵審計事項

以公允價值列賬的金融工具是集團持有的重要資產之一。集團於2017年12月31日以公允價值計量的金融資產金額為937億港幣。其中，在公允價值級次第一層、第二層及第三層的金融資產公允價值分別為656億港幣、279億港幣及2億港幣。集團於2017年12月31日以公允價值計量的金融負債金額為152億港幣，均屬於公允價值級次第二層的金融負債。

集團所持有以公允價值計量的金融工具是用一系列市場數據及需要大量參數的估值模型進行計量的。這其中有大部分的資訊是從流動市場的公開信息中獲得的。一些不能從公開信息中獲得的資料，例如運用於公允價值級次第三層的金融工具中的資料，則需要運用管理層的判斷進行估計。

集團已經形成了用於對特定的某些在公允價值級次第二層及第三層的金融工具進行估值的模型。這些模型也都涉及重大的管理層判斷。

由於金融工具估值方面的複雜性及決定所採用的參數和模型所需的管理層判斷的程度，我們將金融工具公允價值的計量認定為一項關鍵審計事項。

我們的應對

審計方法：

- 測試圍繞金融工具的估值及獨立第三方價值確認的關鍵內部控制的設計、執行及運行有效性。
- 採用抽樣的方式，將集團計算所得的公允價值級次第一層級和第二層級的金融工具之公允價值與市場公開信息進行比較。
- 採用抽樣的方式，讓我們的內部估值專家對公允價值級次第二層級的金融工具進行獨立估值，並將結果與集團的計算進行比較。我們的獨立估值包括形成估值模型、獨立獲取參數及驗證參數。
- 評估運用於所有公允價值級次第三層的金融工具的估值模型，對集團所採用的假設提出質疑並將其與市場公開信息進行比較。
- 根據主要的相關會計準則，確定綜合財務報表中的披露是否適當地反映了集團的金融工具估值風險敞口。
- 對於在處理金融工具中比較關鍵的系統，我們的資訊技術專家也參與了評估這些系統中相關自動控制的設計、執行及運行有效性。我們還評估了包括系統存取權限和資訊及變更管理等內部控制的設計、執行及運行有效性。

KEY AUDIT MATTERS (continued)

Assessment of the fair value of financial instruments

Refer to notes 2.7(f), 2.10, 4.6, 23, 24, 25 and 27 to the consolidated financial statements on pages 99, 105, 159, 188, 189 and 199 respectively.

Key Audit Matter

Financial instruments carried at fair value accounted for a significant portion of the Group's assets. At 31 December 2017, the fair value of the Group's financial assets was HKD93,749 million of which HKD65,576 million, HKD27,923 million and HKD250 million were classified under the fair value hierarchy as level 1, 2 and 3 financial assets respectively. At 31 December 2017, the fair value of the Group's financial liabilities was HKD15,202 million which were all classified under the fair value hierarchy as level 2 financial liabilities.

The valuation of the Group's financial instruments, held at fair value, 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.

The Group has developed its own models to value certain level 2 and level 3 financial instruments, which also involves significant management judgement.

We identified the assessment of 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.

How the matter was addressed in our audit

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

- assessing the design, implementation and operating effectiveness of key internal controls over the valuation and independent price verification of financial instruments;
- comparing the fair values of a sample of level 1 and level 2 financial instruments applied by the Group with publicly available market data;
- engaging our internal valuation specialists to assist us in performing, on a sample basis, independent valuations of level 2 financial instruments and comparing these valuations with the Group's valuations. Our independent valuation included developing models, obtaining inputs independently and verifying the inputs;
- assessing the valuation models applied for all level 3 financial instruments, challenging the assumptions applied by the Group and assessing inputs applied by comparing them with publicly available information;
- assessing whether the disclosures in the consolidated financial statements appropriately reflected the Group's exposure to financial instrument valuation risk with reference to the requirements of the prevailing accounting standards; and
- for the key underlying systems used for the processing of transactions in relation to financial instruments we utilised our information technology specialists to assess the design, implementation and operating effectiveness of a selection of relevant automated controls within these systems. We also assessed the design, implementation and operating effectiveness of the key internal controls over these underlying systems, including controls over access to these systems and controls over data and change management.

獨立核數師報告書
Independent Auditor's Report

綜合財務報表及其核數師報告以外的信息

董事需對其他信息負責。其他信息包括刊載於年報告內的全部信息，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表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鑒證結論。

結合我們對綜合財務報表的審計，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與綜合財務報表或我們在審計過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

董事就綜合財務報表須承擔的責任

董事須負責根據香港會計師公會頒布的《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表，並對其認為為使綜合財務報表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。

在擬備綜合財務報表時，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。

董事在審計委員會的協助下履行監督集團財務報告過程的義務。

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.

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 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

獨立核數師報告書
Independent Auditor's Report

核數師就審計綜合財務報表承擔的責任

我們的目標，是對綜合財務報表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，並出具包括我們意見的核數師報告。我們是按照香港《公司條例》第405條的規定，僅向整體成員報告。除此以外，我們的報告不可用作其他用途。我們概不就本報告的內容，對任何其他人士負責或承擔法律責任。

合理保證是高水平的保證，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，如果合理預期它們單獨或滙總起來可能影響綜合財務報表使用者依賴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。

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

- 識別和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這些風險，以及獲取充足和適當的審計憑證，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的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。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。如果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。我們的結論是基於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。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, 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.
- 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.

獨立核數師報告書
Independent Auditor's Report

核數師就審計綜合財務報表承擔的責任(續)

- 就貴集團內實體或業務活動的財務信息獲取充足、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、監督和執行。我們為審計意見承擔全部責任。

除其他事項外，我們與董事溝通了計劃的審計範圍、時間安排、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。

我們也向審計委員會提供了一份關於我們已遵守與獨立性相關道德要求的聲明，並與他們就可能會被合理地認為對我們的獨立性以及相關保護措施(如適用)有影響的所有關係和其他相關事項進行了溝通。

根據與審計委員會溝通的事項，我們確定了本年度綜合財務報表審計中最重要的事項，並將該等事項視為關鍵的審計事項。我們會在審計報告中陳述這些事項，除非法律或法規禁止對該等事項的公開披露。或在極少數情況下，我們由於披露此事項所造成的負面影響會被合理地預計超過其所帶來的公共利益而決定不在報告中披露該等事項。

本次獨立核數師報告的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
遮打道十號
太子大廈八樓
二零一八年三月二十日

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

- 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 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 Ms. Wong Po Shan.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
20 March 2018

綜合收益表
Consolidated Income Statement

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

		附註 Notes	2017 千港元 HK$'000	2016 千港元 HK$'000
利息收入	Interest income	(6)	**20,927,956**	18,241,846
利息支出	Interest expense	(6)	**(10,876,391)**	(9,098,991)
淨利息收入	**Net interest income**	(6)	**10,051,565**	9,142,855
收費及佣金收入	Fee and commission income	(7)	**2,714,004**	2,464,051
收費及佣金支出	Fee and commission expense	(7)	**(298,469)**	(308,540)
收費及佣金收入淨額	Net fee and commission income	(7)	**2,415,535**	2,155,511
淨交易收入	Net trading income	(8)	**77,790**	1,067,453
指定以公平價值經收益表入賬金融資產及負債之淨收益	Net gain on financial assets and liabilities designated at fair value through profit or loss	(9)	**69,399**	18,419
來自金融投資之股息收入	Dividend income from financial investments	(10)	**8,109**	7,475
其他營業收入	Other operating income	(11)	**12,429**	17,932
營業收入	**Operating income**		**12,634,827**	12,409,645
營業支出	Operating expenses	(12)	**(3,063,715)**	(2,790,811)
未扣除減值損失之營業溢利	**Operating profit before impairment losses**		**9,571,112**	9,618,834
存款減值損失支銷	Charge for impairment losses on placement		**(1,034)**	–
貸款減值損失支銷	Charge for impairment losses on loans and advances	(14)	**(559,008)**	(878,597)
持有至到期金融投資減值損失支銷	Charge for impairment losses on held-to-maturity financial investments		**(2,229)**	–
備供銷售金融投資減值損失回撥	Write back of impairment losses on available-for-sale financial investments		**4,964**	67,050
其他資產減值損失支銷	Charge for impairment losses on other asset		**(22,488)**	–
扣除減值損失之營業溢利	**Operating profit after impairment losses**		**8,991,317**	8,807,287
重估投資物業溢利	Revaluation gain on investment properties	(31)	**500**	1,262
物業及設備之虧損淨額	Net loss from property, plant and equipment	(15)	**(3,326)**	(2,889)
出售附屬公司及聯營公司溢利	Gain on disposal of subsidiary and associate		**–**	2,984
出售貸款虧損	Loss on disposal of loans and advances		**–**	(322)
出售備供銷售金融投資之淨溢利	Net gain on disposal of available-for-sale financial investments		**438,144**	233,439
出售持有至到期金融投資之淨溢利	Net gain on disposal of held-to-maturity financial investments		**31,676**	5,909
營業溢利	**Operating profit**		**9,458,311**	9,047,670
應佔聯營公司溢利	Share of profits of associates		**22,396**	21,064
除稅前溢利	**Profit before tax**		**9,480,707**	9,068,734
所得稅開支	Income tax expense	(16)	**(1,713,349)**	(1,673,368)
年內本銀行股東應佔溢利	**Profit for the year attributable to shareholders of the Bank**		**7,767,358**	7,395,366
每股盈利 – 基本和攤薄	**Earnings per share – Basic and diluted**	(19)	**HK$3.01**	HK$2.87

綜合全面收益表
Consolidated Statement of Comprehensive Income

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

		2017 千港元 HK$'000	2016 千港元 HK$'000
年內溢利	**Profit for the year**	**7,767,358**	7,395,366
不可重新分類至收益表的項目：	**Item that will not be reclassified to income statement:**		
銀行物業重估盈餘	Revaluation surplus on bank premises	**23,079**	20,002
所得稅影響	Income tax effect	**(37,887)**	(2,925)
		(14,808)	17,077
可能於結算日後重新分類至收益表之項目：	**Items that may be reclassified subsequently to income statement:**		
現金流對冲之對冲工具之公平價值變動	Change of fair value of hedging instruments under cash flow hedges	**(41,627)**	(28,734)
所得稅影響	Income tax effect	**6,868**	4,741
		(34,759)	(23,993)
備供銷售金融投資之公平價值儲備變動	Change in fair value reserve of available-for-sale financial investments	**(611,057)**	(838,030)
所得稅影響	Income tax effect	**85,803**	137,439
		(525,254)	(700,591)
換算海外附屬公司業績產生之匯兑差額	Exchange differences arising from translation of results of a foreign subsidiary	**791,664**	(731,027)
年內除稅後其他全面收益	**Other comprehensive income for the year, net of tax**	**216,843**	(1,438,534)
年內除稅後全面收益總額	**Total comprehensive income for the year, net of tax**	**7,984,201**	5,956,832
本銀行股東應得之全面收益總額	**Attributable to:** **Shareholders of the Bank**	**7,984,201**	5,956,832

綜合財務狀況表
Consolidated Statement of Financial Position

於二零一七年十二月三十一日
As at 31 December 2017

		附註 Notes	二零一七年十二月三十一日 31 December 2017 千港元 HK$'000	二零一六年十二月三十一日 31 December 2016 千港元 HK$'000
資產	**Assets**			
現金及在銀行同業與其他金融機構之結存	Cash and balances with banks and other financial institutions	(21)	**160,925,901**	165,606,506
在銀行同業及其他金融機構之存款	Placements with banks and other financial institutions	(22)	**78,670,984**	26,593,495
持作交易用途金融資產	Financial assets held for trading	(23)	**–**	672,251
指定以公平價值經收益表入賬之金融資產	Financial assets designated at fair value through profit or loss	(24)	**731,157**	–
衍生金融工具	Derivative financial instruments	(25)	**15,394,138**	18,415,757
貸款及其他賬項	Advances and other accounts	(26)	**459,830,199**	419,655,275
金融投資：	Financial investments:		**172,808,568**	154,974,415
－備供銷售	– Available-for-sale	(27)	**77,623,934**	80,692,819
－持有至到期	– Held-to-maturity	(28)	**95,184,634**	74,281,596
於聯營公司之投資	Investments in associates	(29)	**405,722**	383,199
商譽及其他無形資產	Goodwill and other intangible assets	(30)	**1,017,282**	1,027,525
投資物業	Investment properties	(31)	**117,407**	79,658
物業及設備	Property, plant and equipment	(32)	**905,768**	944,313
現行稅項資產	Current income tax assets		**5,367**	14,855
遞延稅項資產	Deferred income tax assets	(37)	**320,505**	269,650
其他資產	Other assets	(33)	**6,976,029**	10,037,618
資產總額	**Total assets**		**898,109,027**	798,674,517
負債	**Liabilities**			
銀行同業及其他金融機構之存款	Deposits from banks and other financial institutions	(35)	**177,631,111**	208,329,544
衍生金融工具	Derivative financial instruments	(25)	**8,617,305**	18,003,999
客戶存款	Deposits from customers	(36)	**496,311,783**	421,579,909
已發行存款證	Certificates of deposit issued		**91,040,542**	43,561,378
已發行債券	Debt securities in issue		**8,115,874**	1,023,179
－指定以公平價值經收益表入賬	– Designated at fair value through profit or loss		**6,585,182**	72,101
－以攤銷成本入賬	– At amortised cost		**1,530,692**	951,078
現行稅項負債	Current income tax liabilities		**326,016**	289,289
以攤銷成本入賬之後償債項	Subordinated debts measured at amortised cost	(38)	**11,698,483**	11,603,948
其他負債	Other liabilities	(39)	**12,681,873**	10,397,125
負債總額	**Total liabilities**		**806,422,987**	714,788,371
權益	**Equity**			
股本	Share capital	(40)	**36,379,331**	36,379,331
保留溢利	Retained earnings		**44,301,642**	37,150,962
其他儲備	Other reserves		**3,266,735**	2,617,521
歸屬於本銀行股東權益總額	Total equity attributable to shareholders of the Bank		**83,947,708**	76,147,814
額外權益工具	Additional equity instruments	(41)	**7,738,332**	7,738,332
權益總額	**Total equity**		**91,686,040**	83,886,146
權益及負債總額	**Total equity and liabilities**		**898,109,027**	798,674,517

高明
主席兼執行董事

盧建
執行董事 副行政總裁 兼替任行政總裁

Gao Ming
Chairman & Executive Director

Lu Jian
Executive Director, Deputy Chief Executive & Alternate Chief Executive

綜合權益變動表
Consolidated Statement of Changes in Equity

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

		附註 Notes	股本 Share capital 千港元 HK$'000	銀行物業重估儲備 Bank premises revaluation reserve 千港元 HK$'000	投資重估儲備 Investment revaluation reserve 千港元 HK$'000	現金流對沖儲備 Cash flow hedge reserve 千港元 HK$'000	匯兌儲備 Exchange reserve 千港元 HK$'000	一般儲備 General reserve 千港元 HK$'000	保留溢利 Retained earnings 千港元 HK$'000	額外權益工具 Additional equity instruments 千港元 HK$'000	總計 Total 千港元 HK$'000
於二零一七年一月一日	At 1 January 2017		36,379,331	607,297	(464,382)	143,232	(687,267)	3,018,641	37,150,962	7,738,332	83,886,146
年內溢利	Profit for the year		-	-	-	-	-	-	7,767,358	-	7,767,358
本年度其他全面收益：	Other comprehensive income for the year:										
備供銷售金融投資之公平價值變動	Change in fair value of available-for-sale financial investments		-	-	(424,279)	-	-	-	-	-	(424,279)
出售備供銷售金融投資之已變現儲備	Reserve realised on disposal of available-for-sale financial investments		-	-	(186,778)	-	-	-	-	-	(186,778)
現金流對沖之公平價值變動	Change in fair value of cash flow hedge		-	-	-	(41,627)	-	-	-	-	(41,627)
銀行物業重估盈餘	Revaluation surplus on bank premises		-	23,079	-	-	-	-	-	-	23,079
遞延稅項變動	Change in deferred tax	(37)	-	(37,887)	85,803	6,868	-	-	-	-	54,784
匯兌差額	Exchange differences		-	-	-	-	791,664	-	-	-	791,664
本年度全面收益總額	Total comprehensive income for the year		-	(14,808)	(525,254)	(34,759)	791,664	-	7,767,358	-	7,984,201
發行額外權益工具	Issuance of additional equity instruments		-	-	-	-	-	-	-	-	-
轉撥部分保留溢利至一般儲備	Partial transfer of retained earnings to general reserve		-	-	-	-	-	432,371	(432,371)	-	-
其他調整項目	Other adjustments		-	-	-	-	-	-	(184,307)	-	(184,307)
於二零一七年十二月三十一日	At 31 December 2017		36,379,331	592,489	(989,636)	108,473	104,397	3,451,012	44,301,642	7,738,332	91,686,040

綜合權益變動表
Consolidated Statement of Changes in Equity

截至二零一六年十二月三十一日止年度
For the year ended 31 December 2016

		附註 Notes	股本 Share capital 千港元 HK$'000	銀行物業重估儲備 Bank premises revaluation reserve 千港元 HK$'000	投資重估儲備 Investment revaluation reserve 千港元 HK$'000	現金流對沖儲備 Cash flow hedge reserve 千港元 HK$'000	匯兌儲備 Exchange reserve 千港元 HK$'000	一般儲備 General reserve 千港元 HK$'000	保留溢利 Retained earnings 千港元 HK$'000	額外權益工具 Additional equity instrument 千港元 HK$'000	總計 Total 千港元 HK$'000
於二零一六年一月一日	At 1 January 2016		36,379,331	590,220	236,209	167,225	43,760	2,917,975	30,002,738	–	70,337,458
年內溢利	Profit for the year		–	–	–	–	–	–	7,395,366	–	7,395,366
本年度其他全面收益:	Other comprehensive income for the year:										
備供銷售金融投資之公平價值變動	Change in fair value of available-for-sale financial investments		–	–	(840,597)	–	–	–	–	–	(840,597)
出售備供銷售金融投資之已變現儲備	Reserve realised on disposal of available-for-sale financial investments		–	–	2,567	–	–	–	–	–	2,567
現金流對沖之公平價值變動	Change in fair value of cash flow hedge		–	–	–	(28,734)	–	–	–	–	(28,734)
銀行物業重估盈餘	Revaluation surplus on bank premises		–	20,002	–	–	–	–	–	–	20,002
遞延稅項變動	Change in deferred tax	(37)	–	(2,925)	137,439	4,741	–	–	–	–	139,255
匯兌差額	Exchange differences		–	–	–	–	(731,027)	–	–	–	(731,027)
本年度全面收益總額	Total comprehensive income for the year		–	17,077	(700,591)	(23,993)	(731,027)	–	7,395,366	–	5,956,832
發行額外權益工具	Issuance of additional equity instruments		–	–	–	–	–	–	–	7,738,332	7,738,332
轉撥部分保留溢利至一般儲備	Partial transfer of retained earnings to general reserve		–	–	–	–	–	100,666	(100,666)	–	–
其他調整項目	Other adjustments		–	–	–	–	–	–	(146,476)	–	(146,476)
於二零一六年十二月三十一日	At 31 December 2016		36,379,331	607,297	(464,382)	143,232	(687,267)	3,018,641	37,150,962	7,738,332	83,886,146

綜合現金流量表
Consolidated Statement of Cash Flows

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

		附註 Notes	2017 千港元 HK$'000	2016 千港元 HK$'000
營業活動之現金流量：	Cash flows from operating activities:			
除税前溢利	Profit before tax		**9,480,707**	9,068,734
貸款減值損失支銷	Charge for impairment losses on loans and advances	(14)	**559,008**	878,597
備供銷售金融投資減值損失回撥	Write back of impairment losses on available-for-sale financial investments		**(4,964)**	(67,050)
持有至到期金融投資減值損失支銷	Charge for impairment losses on held-to-maturity financial investments		**2,229**	–
存款減值損失支銷	Charge for impairment losses on placement		**1,034**	–
其他資產減值損失支銷	Charge for impairment losses on other assets		**22,488**	–
以攤銷成本入賬之已發行債券攤銷	Amortisation of debt securities in issue measured at amortised cost		**112,222**	–
無形資產攤銷	Amortisation of intangible assets	(30)	**15,049**	24,046
折舊	Depreciation	(32)	**99,934**	92,572
以攤銷成本入賬之後償債項利息支出	Interest expenses on subordinated debts measured at amortised cost		**555,803**	649,687
已發行債券利息支出	Interest expenses on debt securities in issue		**287**	148,370
收回已撇銷貸款	Recoveries of loans and advances written off	(14)	**2,387**	3,358
物業及設備之虧損淨額	Net loss from property, plant and equipment	(15)	**3,326**	2,889
重估投資物業溢利	Revaluation gain on investment properties	(31)	**(500)**	(1,262)
出售備供銷售金融投資之淨溢利	Net gain on disposal of available-for-sale financial investments		**(438,144)**	(233,439)
出售持有至到期金融投資之淨溢利	Net gain on disposal of held-to-maturity financial investments		**(31,676)**	(5,909)
指定以公平價值經收益表入賬金融資產及負債之淨收益	Net gain on financial assets and liabilities designated at fair value through profit or loss		**(69,399)**	–
出售貸款虧損	Loss on disposal of loans and advances		**–**	322
應佔聯營公司溢利	Share of profits of associates		**(22,396)**	(21,064)
來自上市備供銷售金融投資之股息收入	Dividend income received from listed available-for-sale financial investments	(10)	**(244)**	(250)
來自非上市備供銷售金融投資之股息收入	Dividend income received from unlisted available-for-sale financial investments	(10)	**(7,865)**	(7,225)
後償債項之匯兑差額	Exchange difference from subordinated debts		**89,250**	(78,011)
已發行債券及存款證之匯兑差額	Exchange difference from debt securities and certificates of deposit in issue		**5,606,523**	(224,177)
			15,975,059	10,230,188
營業資產(增加)／減少：	(Increase)/decrease in operating assets:			
原到期日為三個月以上之庫券	Treasury bills with original maturity beyond three months		**(20,873,591)**	4,421,525
原到期日為三個月以上之銀行同業及其他金融機構之存款	Placements with banks and other financial institutions with original maturity beyond three months		**(47,513,212)**	(920,595)
持作交易用途金融資產	Financial assets held for trading		**672,251**	(506,534)
指定以公平價值經收益表入賬之金融資產	Financial assets designated at fair value through profit or loss		**(728,155)**	–
備供銷售金融投資	Available-for-sale financial investments		**2,900,936**	(649,362)
貸款及其他賬項以及其他資產	Advances and other accounts and other assets		**(37,698,415)**	(35,526,875)
衍生金融工具	Derivative financial instruments		**2,972,079**	(7,074,904)
營業負債增加／(減少)：	Increase/(decrease) in operating liabilities:			
銀行同業及其他金融機構存款	Deposits from banks and other financial institutions		**(30,698,433)**	52,499,590
客戶存款	Deposits from customers		**74,731,874**	23,048,698
存款證	Certificates of deposit		**41,872,641**	(24,618,040)
其他負債	Other liabilities		**2,099,717**	1,125,196
衍生金融工具	Derivative financial instruments		**(9,447,512)**	7,003,801
源自營業之現金流量	Cash flows from operations		**(5,734,761)**	29,032,688
已繳香港利得税淨額	Hong Kong profits tax paid		**(1,165,964)**	(968,556)
已付海外税款	Overseas tax paid		**(538,815)**	(528,215)
(用於)／源自營業活動之現金流量淨額	Net cash flows (used in)/generated from operating activities		**(7,439,540)**	27,535,917

綜合現金流量表
Consolidated Statement of Cash Flows

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

		附註 Notes	2017 千港元 HK$'000	2016 千港元 HK$'000
投資活動之現金流量：	Cash flows from investing activities:			
聯營公司償還股東貸款	Repayment of shareholder loans from associate		–	20,063
購買無形資產	Purchase of intangible assets	(30)	**(4,048)**	(6,572)
購買物業及設備	Purchase of property, plant and equipment	(32)	**(55,134)**	(75,695)
購買聯營公司權益	Purchase of shareholding in associates		–	(97,320)
出售物業及設備所得款項	Proceeds from disposal of property, plant and equipment		**14,733**	8,870
來自上市備供銷售金融投資之股息收入	Dividend income received from listed available-for-sale financial investments	(10)	**244**	250
來自非上市備供銷售金融投資之股息收入	Dividend income received from unlisted available-for-sale financial investments	(10)	**7,865**	7,225
用於投資活動之現金流量淨額	Net cash flows used in investing activities		**(36,340)**	(143,179)
融資活動之現金流量：	Cash flows from financing activities:			
發行額外權益工具	Issuance of additional equity instruments		–	7,738,332
發行以攤銷成本入賬之已發行債券	Issuance of debt securities in issue measured at amortised cost		**467,392**	11,667,528
贖回以攤銷成本入賬之後償債項	Redemption of subordinated debts measured at amortised cost		–	(1,700,229)
以攤銷成本入賬之已發行債券到期	Mature of debt securities in issue measured at amortised cost		–	(17,409,283)
發行指定以公平價值經損益表入賬之已發行債券	Issuance of debt securities designated at fair value through profit or loss		**6,579,478**	93,456
以攤銷成本入賬之後償債項已支付利息	Interest paid on subordinated debts measured at amortised cost		**(550,082)**	(659,981)
以攤銷成本入賬之已發行債券已支付利息	Interest paid on debt securities in issue measured at amortised cost		–	(176,690)
源自／(用於)融資活動之現金流量淨額	Net cash flows from/(used in) financing activities		**6,496,788**	(446,867)
匯兑差額之影響	Effects of foreign exchange differences		**863,798**	(742,346)
現金及等同現金項目之(減少)／增加淨額	Net (decrease)/increase in cash and cash equivalents		**(115,294)**	26,203,525
於一月一日之現金及等同現金項目	Cash and cash equivalents at 1 January		**173,356,946**	147,153,421
於十二月三十一日之現金及等同現金項目	Cash and cash equivalents at 31 December		**173,241,652**	173,356,946

就綜合現金流量表而言，現金及現金等同項目包括下列原到期日為三個月或以下之結餘：

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprises the following balances with original maturity of three months or less:

		2017 千港元 HK$'000	2016 千港元 HK$'000
現金及在銀行同業與其他金融機構之結存(附註21)	Cash and balances with banks and other financial institutions (Note 21)	**55,749,320**	35,649,110
在銀行同業及其他金融機構之存款	Placements with banks and other financial institutions	**117,492,332**	137,707,836
		173,241,652	173,356,946
源自經營業務活動的現金流量包括：	Cash flows from operating activities included:		
利息收入	Interest received	**25,443,102**	22,785,882
利息支出	Interest paid	**12,451,077**	11,432,530

財務報表附註
Notes to the Financial Statements

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

1.1 主要業務

本銀行之主要業務為提供銀行、財務及其他相關服務。各附屬公司之主要業務載於財務報表附註34。

1.2 主要營業地點

本銀行為於香港註冊成立並於香港為本籍的持牌銀行，其註冊辦事處及主要營業地點為香港中環花園道3號中國工商銀行大廈33樓。

2 主要會計政策概述

編製本綜合財務報表採用之主要會計政策如下所述。

2.1 編製基準

本集團之綜合財務報表依照所有適用的香港財務報告準則(「香港財務報告準則」，當中包含由香港會計師公會(「香港會計師公會」)發出的所有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原則，以及香港公司條例的規定編製。

本綜合財務報表乃按歷史成本慣例編製，但有以下例外：對於某些房屋樓宇，本綜合財務報表採用「重估市價」計量，對於備供銷售金融資產、持作交易用途之金融資產及金融負債、以公平價值經收益表入賬之金融資產及金融負債，以及衍生金融工具則以公平價值來計量。

按香港財務報告準則編製財務報表時需採用若干重要之會計估計，亦要求管理層於採用本集團會計政策之過程中作出判斷。涉及較多判斷或複雜性之方面，或對本綜合財務報表而言屬重要之假設及估計，均已在附註3內披露。

1.1 PRINCIPAL ACTIVITIES

The principal activities of the Bank are the provision of banking, financial and other related services. The principal activities of the subsidiaries are shown in Note 34 to the financial statements.

1.2 PRINCIPAL PLACE OF BUSINESS

The Bank is a licensed bank incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 33/F, ICBC Tower, 3 Garden Road, Central, Hong Kong.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, except for certain buildings modified by the revaluation, available-for-sale financial assets, financial assets and financial liabilities held for trading, financial assets and financial liabilities at fair value through profit or loss and derivative financial instruments which have been measured at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

財務報表附註
Notes to the Financial Statements

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

2 主要會計政策概述(續)

2.2 新訂或經修訂香港財務報告準則及香港會計準則的影響

香港會計師公會已頒布數項於本集團的本會計期間首次生效的香港財務報告準則修訂本。這些都不會影響本集團的會計政策。然而，附註21已新增披露，以滿足*香港會計準則第7號修訂「現金流量表：披露計劃」*引入的新披露要求，當中要求各實體提供披露，使財務報表使用者能夠評估因融資活動產生的負債變動，包括因現金流量和非現金變化而產生的變動。

本集團尚未應用任何於本會計期間尚未生效的新準則或詮釋。

2.3 已頒布但尚未在截至二零一七年十二月三十一日止年度生效的修訂、新訂準則和詮釋可能構成之影響

截至本財務報表刊發日，香港會計師公會已頒布若干項在截至二零一七年十二月三十一日止年度尚未生效，亦沒有在本財務報表採用的數項修訂、新準則和詮釋。這些準則變化包括下列可能與本集團相關的項目。

	在以下日期或之後開始的會計期間生效
《香港財務報告準則》第9號「金融工具」	2018年1月1日
《香港財務報告準則》第15號「來自客戶合約的收入」	2018年1月1日
經修訂《香港會計準則》第40號「投資物業：投資物業的轉讓」	2018年1月1日
香港《國際財務報告準則詮釋委員會詮釋》第22號「外幣交易和預付對價」	2018年1月1日
《香港財務報告準則》第16號「租賃」	2019年1月1日
香港《國際財務報告準則詮釋委員會詮釋》第23號「所得稅不確定性的處理」	2019年1月1日

本集團現正評估該等修訂及新訂準則預期於應用初期產生之影響。因此，迄今為止結論為採納該等修訂及新訂準則對本集團財務狀況應不會有重大影響，以下項目除外：

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Impact of new/revised Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKASs")

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these impact on the accounting policies of the Group. However, additional disclosure has been included in Note 21 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.

2.3 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2017

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards 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.

	Effective for accounting periods beginning on or after
HKFRS 9, *Financial instruments*	1 January 2018
HKFRS 15, Revenue from contracts with customers	1 January 2018
Amendments to HKAS 40, *Investment property: Transfers of investment property*	1 January 2018
HK(IFRIC) 22, *Foreign currency transactions and advance consideration*	1 January 2018
HKFRS 16, *Leases*	1 January 2019
HK(IFRIC) 23, *Uncertainty over income tax treatments*	1 January 2019

The Group is in process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's financial statements except for the following:

2 主要會計政策概述(續)

2.3 已頒布但尚未在截至二零一七年十二月三十一日止年度生效的修訂、新準則和詮釋可能構成影響(續)

香港財務報告準則第9號「金融工具」
香港財務報告準則第9號取代香港會計準則第39號「*金融工具：確認和計量*」關於金融工具會計核算的現行準則。香港財務報告準則第9號引入了金融資產分類和計量、金融資產減值計算和套期會計的新要求。另一方面，香港財務報告準則第9號納入香港會計準則第39號關於金融工具確認和終止確認以及金融負債分類的要求，並無作出實質性改變。

香港財務報告準則第9號將於二零一八年一月一日或之後開始的年度期間生效，按追溯法採用。本集團計劃使用比較資料重列的豁免權，並於二零一八年一月一日的權益確認過渡調整。

新要求對本集團財務報表的預期影響如下：

(a) 分類和計量
香港財務報告準則第9號包含三種主要金融資產的分類標準：(1)以攤銷成本計量，(2)以公允價值計量且其變動計入當期損益(以下簡稱FVTPL)以及(3)以公允價值計量且其變動計入其他綜合收益(以下簡稱FVTOCI)：

- 債務工具的分類根據主體管理金融資產的商業模式和金融資產的合同現金流量特點進行確定。如果債務工具被歸為「FVTPL類」，那麼資產的利息收入減值及處置所得／損失按實際利率法計入當期損益。本集團計劃選擇將價值15,748,804,000港元的持有至到期債券重新分類至FVTOCI。初始應用香港財務報告準則第9號後，本集團於二零一八年一月一日的總資產及其他綜合收益將分別增加339,292,860港元。

- 至於權益證券，不論何種商業模式，均歸為「FVTPL類」。唯一的特殊情況是，如果權益證券並非為交易性，主體不可撤銷地選擇指定該證券歸為「FVTOCI類」。如果權益證券指定為「FVTOCI類」，只有該證券的股息收入會在損益中確認。該證券的所得、損失和減值會在其他綜合收益中確認，不可轉回。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year 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, including the measurement of impairment for 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 and measurement of financial liabilities.

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.

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):

- 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 interest revenue, impairment and gains/losses on disposal will be recognised in profit or loss. The Group plans to elect the option to reclassify the value of HK$15,748,804,000 held-to-maturity bonds to FVTOCI. Upon the initial adoption of HKFRS 9, the Group's total assets and other comprehensive income will increase by HK$339,292,860 respectively on 1 January 2018.

- 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.

財務報表附註
Notes to the Financial Statements

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

2 主要會計政策概述(續)

2.3 已頒布但尚未在截至二零一七年十二月三十一日止年度生效的修訂、新準則和詮釋可能構成之影響(續)

(a) 分類和計量(續)

關於本集團當前歸為「可供出售」的權益證券投資，本集團可在過渡至香港財務報告準則第9號時將此類投資歸為不可撤銷地選擇指定歸為「FVTOCI類」。本集團選擇指定於二零一八年一月一日持有的權益投資為「FVTOCI類」。根據香港財務報告中準則第9號指定「可供出售」權益證券投資為「FVTOCI類」後，於其他全面收益確認之公平值收益及虧損將不會重新分類至收益，即使該等投資已減值或出售。這會引起會計政策的變更，因為當前關於可供出售權益投資的會計政策是在其他綜合收益中確認公允價值的變動額，直至資產處置或減值，根據本集團的政策將所得或損失轉回至當期收益確認。此項政策改變不會重大影響本集團的資產淨額和其他綜合收益。

與香港會計準則第39號相比，香港財務報告準則第9號下的金融負債計量和分類要求大體上沒有改變，除了香港財務報告準則第9號要求指定歸為「FVTPL類」的金融負債，其自身信用風險變動引致的公允價值變動，需確認在其他綜合收益中(不重新分類至損益)。本集團預期新規定不會對本集團財務報表產生重大影響。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2017 (continued)

(a) Classification and measurement (continued)

With respect to the Group's financial assets currently classified as "available-for-sale", some of these are investments in equity securities which the Group has the option to irrevocably designate as FVTOCI (without recycling) on transition to HKFRS 9. The Group plans to elect this designation option for equity investments held on 1 January 2018. With the designation of FVTOCI option under HKFRs 9, fair value gains and losses recognised in other comprehensive income will not be reclassified to profit or loss, even when these investments are impaired or disposed of. This will give rise to a change in accounting policy as currently the Group recognises the fair value changes of available-for-sale equity investments in other comprehensive income until disposal or impairment, when gains or losses are recycled to profit or loss in accordance with the Group's policies. This change in policy will have no significant impact on the Group's net assets and other comprehensive income.

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 credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group expects that the new requirement will not have a significant impact on the Group's financial statements.

2 主要會計政策概述(續)

2.3 已頒布但尚未在截至二零一七年十二月三十一日止年度生效的修訂、新準則和詮釋可能構成之影響(續)

(b) 減值

香港財務報告準則第9號中的新減值模型是「預期信用損失」模型，取代了香港會計準則第39號的「已發生損失」模型。在「預期信用損失」模型下，損失事件無需在確認減值損失之前發生。相反，主體需要根據資產和事實及情況，將預期信用損失確認和計量為12個月的預期信用損失或生命週期的預期信用損失。本集團預計採用預期信用損失模型可能引起信用損失的提前確認。根據初步評估，倘本集團於二零一七年十二月三十一日採納新的減值規定，則於該日的累計減值虧損將與根據香港會計準則第39號確認的減值虧損相比增加約11%。因此，於二零一八年一月一日，淨資產和留存溢利的期初餘額將作出約503,205,000港元的調整。

(c) 套期會計

香港財務報告準則第9號並未從根本上改變香港會計準則第39號有關計量及確認無效性的規定。然而，在符合套期會計處理的交易類別引入了更大的靈活性。本集團已作出評估，香港財務報告準則第9號時的當前的套期關係將符合香港財務報告準則下持續套期的條件，因此預期其套期關係的會計處理將不會受到重大影響。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2017 (continued)

(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 either a 12-month expected credit loss or a lifetime expected credit loss, depending on the asset and the facts and circumstances. The Group expects that the application of the expected credit loss model will result in earlier recognition of credit losses. Based on a preliminary assessment, if the Group were to adopt the new impairment requirements at 31 December 2017, accumulated impairment loss at that date would increase by approximately 11% as compared with that recognised under HKAS 39. As a consequence, an adjustment of approximately HK$503,205,000 will be made to the opening balances of net assets and retained profits at 1 January 2018.

(c) Hedge accounting

HKFRS 9 does not fundamentally change the requirements relating to measuring and recognising ineffectiveness under HKAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting. The Group has assessed 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.

財務報表附註
Notes to the Financial Statements

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

2 主要會計政策概述(續)

2.3 已頒布但尚未在截至二零一七年十二月三十一日止年度生效的修訂、新準則和詮釋可能構成之影響(續)

(d) 香港財務報告準則第16號「租賃」

如附註2.24所披露，目前本集團根據租賃分類，將租賃分類為融資租賃及經營租賃，並就租賃安排作出不同的會計處理。本集團作為出租人和其他人作為承租人簽訂了一些租賃協議。

香港財務報告準則第16號預計不會對出租人在租賃下的權利和義務的處理方式產生重大影響。然而，一旦採納香港財務報告準則第16號，承租人將不再區分融資租賃及經營租賃。相反，承租人將視乎實際情況按照與當前融資租賃會計方法類似的方式對所有租賃進行會計處理，即在租賃開始日，承租人將以最低未來租賃付款的現值確認和計量租賃負債，並將確認相應的「使用權」資產。在初始確認該資產和負債後，承租人將確認租賃負債的未償還餘額產生的利息費用和使用權資產的折舊，而不是根據當前政策在租賃期內有系統地在收益表內確認租賃費用。視乎實際情況，承租人可選擇不將此會計模式應用於短期租賃(即租賃期為12個月或以下)和低價值資產的租賃，在這種情況下，租賃費用將繼續有系統地在租賃期內確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2017 (continued)

(d) HKFRS 16, Leases

As disclosed in Note 2.24, currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in 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.

2 主要會計政策概述(續)

2.3 已頒布但尚未在截至二零一七年十二月三十一日止年度生效的修訂、新準則和詮釋可能構成之影響(續)

(d) 香港財務報告準則第16號「租賃」(續)

香港財務報告準則第16號將主要影響本集團作為目前分類為經營租賃的物業、廠房及設備租賃承租人的會計處理。新會計模式的應用預計會導致資產和負債增加，並影響租賃期間損益表中確認費用的時間。如附註45.3所披露，於二零一七年十二月三十一日，本集團根據不可撤銷經營租賃的未來最低租賃付款為土地及樓宇租賃的907,303,000元，當中大部分應於報告日期後一至五年內支付。因此，一旦採納香港財務報告準則第16號，部分金額可能需要確認為租賃負債及相應的使用權資產。本集團將需要進行更詳細的分析，以確定採納香港財務報告準則第16號後經營租賃承諾產生的新資產及負債金額，當中已計及實際權益的適用性，並就任何於目前及採納香港財務報告準則第16號期間訂立或終止的租賃及貼現影響作出調整。

香港財務報告準則第16號於二零一九年一月一日或之後開始的年度期間生效。該準則提供不同的過渡方案，包括豁免先前就現有安排屬於或包含租賃的評估。如果選擇這種方案，本集團將僅對初始應用日期或之後訂立的合約，應用香港財務報告準則第16號中有關租賃的新定義。如果沒有選擇該方案，本集團將需要使用新的定義重新評估所有關於現有合同是否屬於或包含租賃的決定。根據本集團是否選擇採用追溯性准則或按照經修訂的追溯方法確認初始應用當日的權益期初餘額作出累計影響調整，本集團不一定需要就任何重新評估導致的會計變化重列比較信息。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2017 (continued)

(d) HKFRS 16, Leases (continued)

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As disclosed in Note 45.3, at 31 December 2017 the Group's future minimum lease payments under non-cancellable operating leases amount to 907,303,000 for land and buildings, the majority of which is payable between 1 and 5 years after the reporting date. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The standard offers different transition options and practical expedients, including the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. If this practical expedient is chosen, the Group will apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. If the practical expedient is not chosen, the Group will need to reassess all of its decisions about which existing contracts are, or contain, leases, using the new definition. Depending on whether the Group elects to adopt the standard retrospectively or follow a modified retrospective method of recognising a cumulative-effect adjustment to the opening balance of equity at the date of initial application, the Group may or may not need to restate comparative information for any changes in accounting resulting from the reassessment.

財務報表附註
Notes to the Financial Statements

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

2 主要會計政策概述(續)

2.4 綜合基準

綜合財務報表包括本銀行及其附屬公司截至二零一七年十二月三十一日止年度之財務報表以及應佔其聯營公司之業績及儲備(統稱「本集團」)。

(a) 附屬公司

附屬公司為本集團所控制之實體。當透過參與從而令本集團面對或獲取不同之回報,及有能力透過控制該實體而影響所獲取之回報,本集團被視作可控制該實體。在評估本集團是否有控制權時,只考慮實質的權力(由本集團及其他人士所擁有)。

集團成員公司間所有交易及結餘已在綜合財務報表內對銷。

業務合併乃以收購法入賬。轉讓之代價乃以收購日期的公平價值計算,該公平價值為本集團轉讓的資產於收購日期的公平價值、本集團自被收購方的前擁有人承擔的負債,以及本集團發行以換取被收購方控制權的股本權益的總和。於各業務合併中,收購方以公平價值或被收購方可識別資產淨值的應佔比例,計算於被收購方的非控股權益。收購相關成本於產生時扣除。

當本集團收購一項業務時,會根據合約條款、於收購日期的經濟環境及相關條件,評估將承接的金融資產及負債,以作出適合的分類及指定,其中包括將被收購方主合約中的嵌入式衍生工具分開。

倘業務合併是分階段進行,先前持有的股權按收購日期的公平價值重新計量,任何由此產生的溢利或虧損於損益確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Basis of consolidation

The consolidated financial statements include the financial statements of the Bank and its subsidiaries and attributable share of results and reserves of its associate (collectively referred to as the "Group") for the year ended 31 December 2017.

(a) 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.

All intra-group transactions and balances are eliminated on consolidation.

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

2 主要會計政策概述(續)

2.4 綜合基準(續)

(a) 附屬公司(續)

由收購方將予轉讓的任何或然代價將於收購日期按公平價值確認。分類為金融工具且在香港會計準則第39號範疇內一項資產或負債的或然代價按公平價值計量，相關公平價值的變動則於損益確認或作為其他全面收益的變動。倘或然代價並非在香港會計準則第39號的範疇內，則按合適的香港財務報告準則計量。分類為權益的或然代價不會重新計量，而其後結算於權益中入賬。

倘本集團失去附屬公司的控制權，則會取消確認(i)該附屬公司的資產(包括商譽)及負債；(ii)任何非控股權益的賬面值；及(iii)計入股東權益的累計匯兑差額；並且確認(i)已收代價的公平價值；(ii)任何獲保留投資的公平價值；及(iii)計入損益的任何盈餘或虧絀。先前於其他全面收益已確認的本集團應佔成份，乃視乎情況重新分類至損益或保留溢利。

對附屬公司所有權權益的變動但並未失去其控制權時應以股權交易入賬。

附屬公司之業績以已收及應收股息計入本銀行之收益表。本銀行於附屬公司之投資按成本減任何減值損失列賬。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Basis of consolidation (continued)

(a) Subsidiaries (continued)

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as change to other comprehensive income. If the contingent consideration is not within the scope of HKAS39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

The results of subsidiaries are included in the Bank's income statement to the extent of dividends received and receivable. The Bank's investments in subsidiaries are stated at cost less any impairment losses.

財務報表附註
Notes to the Financial Statements

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

2 主要會計政策概述(續)

2.4 綜合基準(續)

(b) 聯營公司

聯營公司為附屬公司或共同控制實體以外，且本集團一般持有其股本投票權不少於20%權益作長期投資而對其管理有重大影響力之公司。

本集團於聯營公司之權益按本集團根據權益會計法分佔之資產淨值減任何減值損失，計入綜合財務狀況表。本集團分佔聯營公司之收購後業績及儲備分別計入綜合收益表及綜合儲備內。因本集團與其聯營公司進行之交易而產生之未變現收益及虧損以本集團於聯營公司之投資為限予以對銷，惟如未變現虧損有證據證明所轉讓資產出現減值則除外。因收購聯營公司產生之商譽計入為本集團於聯營公司之權益之一部分，且不會單獨進行減值測試。

聯營公司之業績以已收及應收股息計入本銀行之收益表。本銀行於聯營公司之投資視為非流動資產及按成本減任何減值損失列賬。

為符合監管匯報的要求，計算本集團綜合資本充足比率之綜合基準載於「附加財務資料」之附註1內。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Basis of consolidation (continued)

(b) Associate

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's interests in associate are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of associate is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associate 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. Goodwill arising from the acquisition of associate is included as part of the Group's interests in associate and is not individually tested for impairment.

The results of associate are included in the Bank's income statement to the extent of dividends received and receivable. The Bank's investments in associate are treated as non-current assets and are stated at cost less any impairment losses.

For regulatory reporting, the basis of consolidation for calculation of consolidated capital adequacy ratio of the Group is set out in Note 1 of the "Supplementary Financial Information" section.

2 主要會計政策概述(續)

2.5 利息收入及支出

所有附息金融工具之利息收入及支出乃採用實際利率法於收益表確認。

實際利率法是一種計算金融資產或金融負債攤銷成本，以及於相關期間分配利息收入及利息支出之方法。實際利率是可準確將金融工具在預計年期內產生之未來現金支出或收入折算為現值，或(如適用)在較短期內折算為該金融資產或金融負債賬面值之利率。當計算實際利率時，本集團在估計現金流時須考慮金融工具(例如預付選擇權)之所有合約條款，但不包括未來信貸損失。實際利率組成部分之計算包括所有合約對手之間所支付或收取之收費及利率差價、交易成本及其他所有溢價或折扣。

若金融資產或一組相類之金融資產之價值因減值損失而被撇減，計算利息收入時則以計算減值損失時用以折現未來現金流量之利率確認。

2.6 非利息收入

費用及佣金收入及支出
費用及佣金一般當提供有關服務時按應計基準確認。有關很可能被提取之貸款之貸款承擔費用予以遞延(連同相關直接成本)，並確認為對該貸款實際利率之調整。銀團貸款費是在銀團貸款完成後，而本集團沒有為本身保留任何該貸款組合，或所保留之部分貸款與其他參與方之實際利率相同時，確認為收入。

組合及其他管理諮詢及服務費一般按時間比例基準，根據適用服務合約確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Interest income and expense

Interest income and expense are recognised in the income statement for all interest-bearing financial instruments using the effective interest method.

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

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, an interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.6 Non-interest income

Fee and commission income and expense
Fees and commissions are generally recognised on an accrual basis when the service has been provided. Commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. Loan syndication fees are recognised as revenue when the syndication has been completed and the Group retained no part of the loan package for itself or retained a part at the same effective interest rate as the other participants.

Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time- apportionate basis.

財務報表附註
Notes to the Financial Statements

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

2 主要會計政策概述(續)

2.6 非利息收入(續)

淨交易收入
淨交易收入包括所有分類為持作交易及備供銷售用途的金融資產及金融負債公平價值變動之損益。衍生工具公平價值變動產生之損益，以附註2.10所載之會計政策所述者為限列報為「淨交易收入」。

外匯買賣及其他交易之損益亦列報為「淨交易收入」，惟根據載於附註2.15之會計政策於匯兌儲備確認之外幣換算之損益除外。

股息收入
股息乃於本集團收取付款之權利確定時於收益表確認。

2.7 金融資產

初步確認及計量
於香港會計準則第39號範疇之金融資產分類為以公平價值經收益表入賬之金融資產、貸款及應收款項、持有至到期投資及備供銷售金融投資或指定為作實際對沖工具的衍生工具(如適用)。

本集團於初步確認時釐定其金融資產之分類。當金融資產初步確認時按公平價值加交易成本計量，惟以公平價值經收益表入賬之金融資產除外。

金融資產之所有恆常性買賣按交易日期(即本集團買賣該項資產之日期)確認。金融資產之恆常性買賣指買賣須於有關市場規則或慣例設定之時限內交付之金融資產。

本集團之金融資產包括現金及銀行結存、應收賬款及其他應收款項、應收貸款、有報價及無報價金融工具，以及衍生金融工具。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Non-interest income (continued)

Net trading income
Net trading income comprises all gains and losses from changes in the fair value of financial assets and financial liabilities classified as held for trading and available for sale. Gains or losses arising from changes in fair value of derivatives to the extent as described in the accounting policy set out in Note 2.10 are reported as "Net trading income".

Gains and losses on foreign exchange trading and other transactions are also reported as "Net trading income" except for those gains and losses on translation of foreign currencies recognised in the foreign exchange reserve in accordance with the accounting policy set out in Note 2.15.

Dividend income
Dividends are recognised in the income statement when the Group's right to receive payment is established.

2.7 Financial assets

Initial recognition and measurement
Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus transaction costs, except in the case of financial asset recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include cash and bank balances, trade and other receivables, loans receivable, quoted and unquoted financial instruments, and derivative financial instruments.

2 主要會計政策概述(續)

2.7 金融資產(續)

其後計量
金融資產之其後計量視乎以下分類而定：

(a) 以公平價值經收益表入賬之金融資產
以公平價值經收益表入賬之金融資產包括持作交易用途之金融資產及於初步確認時指定為以公平價值經收益表入賬之金融資產。倘購入之金融資產主要為短期持作交易用途，則歸類為持作交易用途之金融資產。

衍生工具，包括分開處理之內含衍生工具亦歸類為持作交易用途，除非已指定作為實際對沖工具(定義見香港會計準則第39號)。以公平價值經收益表入賬之金融資產於財務狀況表按公平價值列賬，而公平價值變動淨額於收益表確認。該等公平價值淨額變動並不包含就該等金融資產賺取之任何股息或利息。

指定為以公平價值經收益表入賬之金融資產乃於初步確認日期及只有能夠符合香港會計準則第39號之準則之情況作此指定。

本集團評估以公平價值經收益表入賬之金融資產(持作交易用途)以估計於短期內將其出售之意圖是否仍適合。當在罕見情況中，交易市場不活躍和管理層出售有關資產之意圖在可預見之將來會發生重大變動，致使此類金融資產無法進行交易，本集團或會謹慎地對其進行重新分類。以公平價值經收益表入賬之金融資產會根據資產性質而重新分類至貸款及應收款項、備供銷售金融投資或持有至到期投資。

就內含於主合約的衍生工具而言，倘若其經濟特徵及風險並不與該等主合約密切相關，且持有主合約並非用作交易或指定以公平價值經收益表入賬，則其列作獨立衍生工具並按公平價值記賬。該等內含式衍生工具按公平價值計量，而公平價值變動於收益表確認。只有當合約變動導致大幅修改將另行需要的現金流量時，方會對合約進行重估。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial assets (continued)

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value net with changes in fair value recognised in the income statement. These net fair value changes do not include any dividends or interest earned on these financial assets.

Financial assets designated at fair value through profit or loss are designated at the date of initial recognition and only if the criteria under HKAS 39 are satisfied.

The Group evaluates its financial assets at fair value through profit or loss (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When, in rare circumstance, the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets. The reclassification from financial assets at fair value through profit or loss to loans and receivables, available-for-sale financial investments or held-to-maturity investments depends on the nature of the assets.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

財務報表附註
Notes to the Financial Statements

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

2 主要會計政策概述(續)

2.7 金融資產(續)

其後計量(續)

(b) 貸款及應收款項

貸款及應收款項(包括現金及短期資金、在銀行同業及其他金融機構之存款及貸款、商業票據以及客戶和銀行同業之貸款)為有固定或可確定付款之非衍生金融資產，此等資產並沒有在活躍市場報價。於初步計量後，該等資產其後按使用實際利率法之已攤銷成本減任何減值撥備計量。

已攤銷成本乃經計及任何收購折讓或溢價後計算，包括屬實際利率整體一部分的費用或成本。實際利率攤銷包括在收益表的淨利息收入內。減值損失於收益表內確認。

(c) 持有至到期投資

付款金額固定或可以確定及有固定到期日且本集團管理層有明確意向及能力持有至到期非衍生金融資產乃分類為持有至到期投資。持有至到期投資其後按已攤銷成本減任何減值撥備計量。已攤銷成本乃經計及任何收購折讓或溢價以及屬實際利率整體一部分之費用或成本後而計算。實際利率攤銷包括在收益表之淨利息收入內。減值損失於收益表內確認。如本集團出售或重新分類(持有至到期投資金額可忽略不計則除外)，則整個類別將受影響並重新分類為備供銷售。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial assets (continued)

Subsequent measurement (continued)

(b) Loans and receivables

Loans and receivables, including cash and short-term funds, placements with and advances to banks and other financial institutions, trade bills and loans and advances to customers and banks, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment.

Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in net interest income in the income statement. The loss arising from impairment is recognised in the income statement.

(c) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortised cost less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in net interest income in the income statement. The loss arising from impairment is recognised in the income statement. Where the Group to sell or reclassify other than an insignificant amount of held-to-maturity investments, the entire category would be tainted and reclassified as available-for-sale.

2 主要會計政策概述(續)

2.7 金融資產(續)

其後計量(續)

(d) 備供銷售金融投資

備供銷售金融投資為於上市及非上市股票投資及債券之非衍生金融資產。分類為備供銷售之股本投資指既未分類為持作交易用途亦未指定以公平價值經收益表入賬之投資。於此類別中之債券指擬持作不確定期限且可因應流動資金需要或市況變動予以出售之證券。

於初步確認後，備供銷售金融投資其後按公平價值計量，而未變現收益或虧損在投資取消確認(此時累計收益或虧損於收益表之其他收益內確認)或投資釐定為減值(此時累計收益或虧損由備供銷售投資重估儲備重新分類至收益表)前，作為其他全面收益於備供銷售金融投資重估儲備內列賬。持有備供銷售金融投資所賺取之利息及股息分別呈報為利息收入及股息收入，並於收益表確認為「淨利息收入」及「來自金融投資之股息收入」。

當非上市股票證券之公平價值因(i)合理公平價值估計之波幅對該項投資而言過闊或(ii)於此範圍內各項估計之可能性於估計公平價值時不能可靠地予以評估及使用，而不能可靠地計量時，該等證券按成本減任何減值損失列賬。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial assets (continued)

Subsequent measurement (continued)

(d) Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available-for-sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale financial investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for- sale investment revaluation reserve to the income statement. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the income statement as "net interest income" and "dividend income from financial investments".

When the fair value of unlisted equity investments cannot be reliably measured because (i) the variability in the range of reasonable fair value estimates is significant for that investment or (ii) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

財務報表附註
Notes to the Financial Statements

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

2 主要會計政策概述(續)

2.7 金融資產(續)

其後計量(續)

(d) 備供銷售金融投資(續)

本集團根據在短期內將備供銷售金融投資出售之能力及意圖是否仍然適用而評估其有關資產。當在罕見情況中，交易市場不活躍及管理層出售有關資產之意圖在可預見之將來會發生重大變動，致使此類金融資產無法進行交易，本集團或會謹慎地對其進行重新分類。若金融資產符合貸款及應收款項之定義並且本集團在可預見之將來有能力將其持有或持有至到期，則允許將其重新分類為貸款及應收款項。只有在本集團有能力及意圖持有金融資產至到期日時，才能將其重新分類為持有至到期類別。

當某項金融資產在備供銷售類別中重新分出時，於重新分類日期之公平價值賬面值將成為其經攤銷之新成本，而與該資產相關之原計入儲備之收益或損失，在投資之剩餘年限按照實際利率攤銷至收益表。經攤銷之新成本與到期金額之間之差額亦應在該資產之剩餘年限按照實際利率攤銷。倘該資產其後釐定減值，原計入儲備之金額則重新分類至收益表。

(e) 取消確認金融資產

金融資產在以下情況下取消確認：

- 從該資產取得現金流量之權利已過期；或
- 本集團已轉讓從該資產收取現金流量之權利，或根據一項「通過」安排，在未有嚴重延緩第三方之情況下，已就有關權利悉數承擔支付收取現金流量之責任；且(a)本集團已轉讓資產之絕大部分風險及回報，或(b)本集團未轉讓或承擔資產之絕大部分風險及回報，但已轉讓資產之控制權。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial assets (continued)

Subsequent measurement (continued)

(d) Available-for-sale financial investments (continued)

The Group evaluates whether the ability and intention to sell its available-for-sale financial investments in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. Reclassification to the held-to- maturity category is permitted only when the group has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount on the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in reserve is amortised to the income statement over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in reserve is reclassified to the income statement.

(e) Derecognition of financial assets

A financial asset is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay in full without material delay to a third party under a "pass through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

2 主要會計政策概述(續)

2.7 金融資產(續)

其後計量(續)

(e) 取消確認金融資產(續)

倘若本集團已轉讓其取得某項資產的現金流的權利，或已訂立一項通過安排，則會評估其是否保留資產擁有權之風險及回報以及保留之程度如何。當未轉讓該項資產之絕大部分風險及回報，亦未轉讓對該項資產之控制權，則該項資產以本集團於其中持續參與之部分為限予以確認。於此情況下，本集團亦確認相關負債。已轉讓資產及相關負債按反映本集團所保留權利及責任之基準計量。

以所轉讓的資產設立的擔保為表現形式的持續參與，按該項資產原有賬面值與本集團可被要求償付之最高代價金額兩者中較低者計量。

(f) 公平價值

於活躍市場買賣的金融工具公平價值乃參考市場報價或交易商報價(長倉的買入價及短倉的賣出價)釐定，且未扣除任何交易成本。就無活躍市場的金融工具而言，使用合適的估值技術釐定公平價值。本集團會採用估值方法訂出公平價值。有關方法包括採用近期按公平原則進行之市場交易、參考另一項大致相同的工具的目前市場價值、現金流量折現分析及經改進以反映發行人特殊情況之期權定價模式釐定公平價值。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial assets (continued)

Subsequent measurement (continued)

(e) Derecognition of financial assets (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates it and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(f) Fair value

The fair values of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. The Group establishes the fair value by using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument which is substantially the same, a discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

財務報表附註
Notes to the Financial Statements

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

2 主要會計政策概述(續)

2.8 金融資產減值

本集團會於各報告期結束時評估是否存在客觀證據證明某項金融資產或金融資產組別出現減值。減值之客觀證據為因應一宗或多宗於初步確認資產後產生之事件(「虧損事件」),而該宗(或該等)虧損事件對該項或該組金融資產之估計未來現金流量構成之影響可以可靠地作出估計。

證明某項或某組金融資產減值之客觀證據,包括本集團得悉有關以下虧損事件之可觀察資料:

- 發行人或義務人出現重大財政困難;
- 違反合約,例如逾期支付或拖欠利息或本金;
- 本集團為著與借款人之財政困難有關之經濟或法律理由,給予借款人一項借款人在其他情況下不會考慮之優惠;
- 借款人可能會破產或進行其他財務重組;
- 因為出現財政困難而導致該金融資產失去活躍市場;
- 抵押品價值縮減;
- 降低至投資級別水平以下;或
- 可察覺之資料顯示一組金融資產自首次確認入賬後,其估計未來現金流量出現可計量之下跌,儘管尚未能確認組合內導致有關下跌之個別金融資產,包括該組別之借款人付款狀況出現逆轉;或與該組別資產拖欠情況有關之國家或當地經濟狀況。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or a group of financial assets is impaired includes observable data that comes to the attention of the Group about the following loss events:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Group, for economic or legal reasons relating to the borrower's financial difficulty granting to the borrower, a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties;
- deterioration in the value of collateral;
- downgrading below investment grade level; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including adverse changes in the payment status of borrowers in the group; or national or local economic conditions that correlate with the defaults on the assets in the group.

2 主要會計政策概述(續)

2.8 金融資產減值(續)

(a) 以攤銷成本列賬之金融資產

對於按攤銷成本列賬的金融資產，本集團首先對單項金額重大的金融資產單獨進行評估是否有客觀減值證據，或對單項金額不重大的金融資產共同進行評估。倘若本集團認定單獨評估的金融資產並不存在客觀減值證據，無論其金額是否重大，其應當包括在具有類似信用風險特性的金融資產組合內進行減值測試。已單獨進行減值測試及已確認減值損失或繼續確認減值損失的金融資產，不應包括在金融資產組合中進行減值測試。

若有客觀證據證明出現減值損失，則以資產之賬面值，與估計未來現金流量(不包括未產生之未來信貸虧損)之現值兩者之間之差額計算虧損之金額。估計未來現金流量之現值按金融資產原來之實際利率(即按初步確認時計算的實際利率)折現。倘貸款以浮動利率計息，則計量任何減值損失之折現率為現行實際利率。

資產之賬面值透過在準備賬內扣減，虧損金額則於收益表內確認。利息收入在削減的賬面值中持續產生，並採用計算減值損失時用以折現未來現金流量之利率計算。貸款及應收款項連同任何相關準備乃當預期日後實際上不可收回及所有抵押品已變賣或已轉移至本集團時予以撇銷。本集團可實際上以觀察所得市價按工具之公平價值計量減值。

已抵押金融資產之估計日後現金流量現值減去有關獲得及出售抵押品之成本，反映取消贖回權可能產生之現金流量，而不論是否可能取消贖回權。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Impairment of financial assets (continued)

(a) Financial assets carried at amortised cost

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

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowances are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

The present value of the estimated future cash flows of a collateralised financial asset less costs for obtaining and selling the collateral reflects the cash flows that may result from foreclosure whether or not the foreclosure is probable.

財務報表附註
Notes to the Financial Statements

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

2 主要會計政策概述(續)

2.8 金融資產減值(續)

(a) 以攤銷成本列賬之金融資產

按組合基準進行減值評估時,金融資產按類同信用風險特點(即本集團考慮資產類別、行業、地區、抵押類別、過往逾時情況及其他相關因素)分類。該等特點反映債務人根據受評估資產之合約條款於所有債務到期時還款之能力,因而與估計該等資產組別之日後現金流量有關。

一組按組合基準進行減值評估之金融資產之日後現金流量,乃按該組別資產之合約現金流量及與該組別資產具相若信用風險特質之資產過往虧損經驗作出估計。過往虧損經驗會根據現時可觀察之資料作調整,以反映並沒有對過往經驗所依據之該期間產生影響之現有狀況之影響,以及消除於過往期間出現但現時並不存在之條件之影響。

財務報表內必須反映資產組別日後現金流量之預期改變,並須與不同期間相關之可觀察資料之變動(如失業率、物業價格、付款情況,或其他可顯示該組別損失之可能性及損失程度之改變)方向一致。本集團定期檢討用作預計日後現金流量之方法及假設,以減低虧損估計與實際虧損之間之差距。

未能收回之貸款將在貸款減值相關之準備中予以撇銷。該等貸款將於完成所有必須程序及確定虧損金額後予以撇銷。倘日後收回過往所撇銷之金額,將在收益表中扣除貸款減值準備。

倘於某一將來之期間,估計減值損失金額因確認減值後發生的事項(例如債務人信貸評級改善)而增加或減少,則透過調整準備賬增加或減少過往確認之減值損失。倘日後撇銷其後收回,則收回金額計入收益表。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Impairment of financial assets (continued)

(a) Financial assets carried at amortised cost (continued)

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Group's grading process that considers asset type, industry, geographical location, collateral type, overdue status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows from groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Group and the historical loss experience for assets with credit risk characteristics similar to those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowances for loan impairment. Such loan is written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the allowances for loan impairment in the income statement.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the income statement.

2 主要會計政策概述(續)

2.8 金融資產減值(續)

(b) 備供銷售金融投資

就備供銷售金融投資而言，本集團於各報告期結束時評估是否有客觀跡象顯示一項投資或一組投資出現減值。

倘備供銷售資產減值，其成本(扣除任何本金付款及攤銷)與其目前公平價值之間的差額減去任何先前已於收益表確認的減值損失乃於其他全面收益中移除並於收益表確認。

就列為備供銷售的股本投資而言，客觀跡象包括投資的公平價值大幅或長期跌至低於其成本以下。釐定「重大」或「長期」須行使判斷力。「重大」針對投資的原來成本而評估，而「長期」則針對公平價值低於其原來成本的期間而評估。倘出現減值跡象，則累計虧損(按收購成本與目前公平價值之間差額再減去該項投資先前已於收益表確認的任何減值損失而計量)於其他全面收益中移除及於收益表內確認。對於列為備供銷售的股本工具而言，減值損失不會透過收益表撥回。於減值後增加的公平價值，直接於其他全面收益中確認。

就列為備供銷售的債務工具而言，根據以攤銷成本列賬的金融資產的相同準則評估減值。然而，就減值入賬的數額為攤銷成本與目前公平價值之間差額減去該項投資先前已於收益表確認的任何減值損失而計量。未來利息收入繼續根據資產的經減少賬面值而累計，並且使用用作折現未來現金流量以計量減值損失的利率而累計。利息收入作為部分利息收入入賬。倘債務工具的公平價值增加與於收益表確認減值損失後發生的事件具有客觀關係，則透過收益表撥回有關工具的減值損失。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Impairment of financial assets (continued)

(b) Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or "prolonged" requires judgement. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity instruments classified as available-for-sale are not reversed through the income statement. Increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of interest income. Impairment losses on debt instruments are reversed through the income statement if the increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

財務報表附註
Notes to the Financial Statements

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

2 主要會計政策概述(續)

2.9 金融負債

(a) 以公平價值經收益表入賬之金融負債

此歸類細分為兩個類別：持作交易用途之金融負債，以及指定以公平價值經收益表入賬之金融負債。

於初步確認時指定為以公平價值經收益表入賬之金融負債乃於初步確認日期及只有能夠符合香港會計準則第39號之準則之情況作此指定。

以公平價值經收益表入賬之金融負債(包括本集團本身已發行債券)於訂立時指定為此類別。以公平價值經收益表入賬之金融負債按公平價值列賬，而公平價值變動產生之任何盈虧均於收益表確認。

倘購入金融負債主要為短期銷售用途，則歸類為持作交易用途。該類別包括本集團所訂立但未被指定為對沖關係之對沖工具(定義見香港會計準則第39號)的衍生金融工具。

就該等金融負債支付之任何利息計入收益表「利息支出」項下。此分類金融負債按公平價值列值，而任何因公平價值變動產生之盈虧均於收益表內確認。

(b) 其他金融負債

其他金融負債初步按公平價值扣除所產生之交易成本確認，及其後以攤銷成本列賬。扣除交易成本後所得款項與贖回價值兩者之差額，均按實際利率法於其他金融負債年期內於收益表確認，惟如折現之影響微不足道，則按成本列賬。相關利息支出在收益表「利息支出」內確認。

(c) 取消確認金融負債

金融負債於負債承擔被解除或取消或到期時即取消確認。

倘現有金融負債被來自同一貸款人條款基本不同之其他金融負債取代，或現有負債之條款被大幅修訂，則該等變動或修訂被當作不再確認原負債及確認新負債處理，原負債與新負債各自賬面值之差額於收益表內確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial liabilities

(a) Financial liabilities at fair value through profit or loss

This category has two sub-categories: financial liabilities held for trading and those designated at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria of HKAS 39 are satisfied.

Financial liabilities designated as at fair value through profit or loss, including the Group's own debt securities in issue are designated as such at inception. Financial liabilities designated at fair value through profit or loss are carried at fair value and any gains and losses from changes in fair value are recognised in the income statement.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39.

Any interests charged on these financial liabilities are included in the income statement under "Interest expense". It is carried at fair value and any gains and losses from changes in fair value are recognised in the income statement.

(b) Other financial liabilities

Other financial liabilities are recognised initially at fair value net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the other financial liabilities using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised within "Interest expense" in the income statement.

(c) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

2 主要會計政策概述(續)

2.10 衍生金融工具及對沖會計處理

衍生工具最初於訂立衍生工具合約之日按公平價值確認，其後按公平價值重新計量。公平價值乃根據活躍市場所報之市價釐定，包括最近市場交易及估值方法(包括現金流量折現模式及期權定價模式)(如適用)。當衍生工具之公平價值為正數時，均作為資產入賬；當公平價值為負數時，則作為負債入賬。

首次確認衍生工具之公平價值以交易價格(即所給或所收代價之公平價值)為最佳方法，除非該衍生工具之公平價值可按從現有市場上其他相同衍生工具之交易(即未經修訂或改動)比較更好證明或根據變數僅包括從可觀察市場中資料之估值方法計算。如有關證據存在，本集團將於首日確認溢利。

當其他金融工具內含之若干衍生工具之經濟性質及風險與主合約並無密切關係時，而主合約並非以公平價值經收益表入賬，則作為個別衍生工具處理。該等內含衍生工具以公平價值計量，而公平價值變動則於收益表另行確認，除非本集團選擇指定為以公平價值經收益表入賬之混合合約。

符合作對沖會計處理之衍生工具
公平價值收益或虧損結果之確認方法取決於衍生工具是否指定為對沖工具，如屬者則須取決對沖項目性質。本集團指定若干衍生工具為：(i)已確認資產或負債或未確認落實承擔之公平價值之對沖(公平價值對沖)；或(ii)歸屬於已確認資產或負債極有可能之未來現金流或預期交易之對沖(現金流對沖)。以此方法指定之衍生工具採納對沖會計方式處理，惟須符合若干條件。

本集團於訂立交易時將訂立文據，訂明對沖工具與所對沖項目之關係，以及其風險管理目標及進行若干對沖交易之策略。

本集團亦於開始對沖時持續將其就用於對沖交易之衍生工具是否對抵銷公平價值變動或所對沖項目的現金流量有顯著成效所進行之評估作出記錄。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e., the fair value of the consideration given or received) unless the fair value of that instrument is better evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognises profits on day one.

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value separately recognised in the income statement unless the Group chooses to designate the hybrid contracts at fair value through profit or loss.

Derivatives that qualify for hedge accounting
The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (i) hedges of the fair value of recognised assets or liabilities or unrecognised firm commitments (fair value hedge); or (ii) hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge). Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions.

The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

財務報表附註
Notes to the Financial Statements

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

2 主要會計政策概述(續)

2.10 衍生金融工具及對沖會計處理(續)

(a) 公平價值對沖

被指定及適合作公平價值對沖之衍生工具之公平價值變動，連同與對沖風險相關之對沖資產或負債之任何公平價值變動，於收益表中入賬。

倘對沖不再符合對沖會計處理之標準，則採用實際利率法釐定對沖項目賬面值之調整，於到期前期間在收益表攤銷。倘若取消確認被對沖之項目，則即時於收益表確認未攤銷公平價值調整。

(b) 現金流對沖

指定並合資格成為現金流量對沖之衍生工具之公平價值如有任何變動，其有效部分均在現金流量對沖儲備中確認為其他全面收益。涉及無效部分之損益即時在收益表中確認。

其他全面收益中確認之金額於對沖項目將會影響損益之期間(例如進行已對沖之預測銷售)在收益表中再次重新處理。

當某項對沖工具到期或出售時，或當對沖安排不再符合對沖會計之條件時，當時存在於其他全面收益中之任何累計損益依舊列作其他全面收益，並在預計交易影響損益時始予入賬。當預計某項預測交易不再進行時，在權益當中呈報之累計損益須即時轉撥至收益表。

不符合作對沖會計處理之衍生工具

若干衍生工具並不符合作對沖會計處理。任何不符合作對沖會計處理之衍生工具之公平價值變動即時於收益表內確認。

2.11 抵銷金融工具

倘且僅倘有現行可予執行的權利抵銷確認金額及計劃以淨額結算，或同時變賣資產以清償負債，金融資產和金融負債互相抵銷，而在財務狀況表內以淨額列示。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Derivative financial instruments and hedge accounting (continued)

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the income statement over the period to maturity. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the income statement.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income in the cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts recognised in other comprehensive income are recycled to the income statement in the periods in which the hedged item will affect profit or loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised when the forecast transaction affects profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

2.11 Offsetting financial instruments

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

2 主要會計政策概述(續)

2.12 買賣協議

倘承讓人有權根據合約或慣例出售或轉按抵押品時，根據購回協議(「購回協議」)售出之證券在財務報表內歸類為抵押資產；對手方之負債列入在銀行同業及其他金融機構之存款或客戶存款(視乎適合而定)。根據轉售協議(「轉售協議」)購入之證券列為客戶及銀行之貸款或銀行及其他金融機構之存款(視乎適合而定)。

售價與購回價之差額作為利息處理，並採用實際利率法於協議之年期內計算。借予對手方之證券亦保留在財務報表內。

借入之證券不在財務報表內確認，除非該等證券出售給第三方(在該情況下，買賣及盈虧包含於交易收益內)。歸還該等證券之責任作為交易負債按公平價值記錄。

2.13 收回資產

已收回抵押資產列作資產負債表外項目並按公平價值列值。在收回減值貸款及墊款時，本集團會通過法庭程序或借款人自願交出擁有權收回抵押品資產。根據本集團附註2.8(a)所載的會計政策，計算減值貸款及墊款之減值準備已計及抵押品資產之可變現淨值。於將收回資產出售後，所收取款額將首次用於沖銷貸款及墊款，直至貸款及墊款全數收回為止，而任何餘額將退還予借款人。

2.14 分部報告

經營分部是實體中符合以下條件的組成部分：(a)其從事商業活動而可能藉此而賺取收入及錄得支出(包括與同一實體內的其他組成部分進行的交易有關的收入及支出)；(b)其經營業績由該實體的主要營運決策人定期審閱，以決定分配資源到該分類並評估其表現；及(c)可獲提供個別的財務資料。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Sale and repurchase agreements

Securities sold subject to repurchase agreements ("repos") are reclassified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral; the counterparty liability is included in deposits from banks and other financial institutions or deposits from customers, as appropriate. Securities purchased under agreements to resell ("reverse repos") are recorded as loans and advances to customers and banks or placements with banks and other financial institutions, as appropriate.

The difference between sale and repurchase prices is treated as an interest and accrued over the life of the agreements using the effective interest method. Securities lent to counterparties are also retained in the financial statements.

Securities borrowed are not recognised in the financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in the trading income. The obligation to return them is recorded at fair value as a trading liability.

2.13 Repossessed assets

Repossessed collateral assets are reported as off balance-sheet items and are stated at fair value. In the recovery of impaired loans and advances, the Group may take possession of the collateral assets through court proceedings or voluntary delivery of possession by the borrowers. In accordance with the Group's accounting policy set out in Note 2.8(a), impairment allowances for impaired loans and advances are maintained after taking into account the net realisable value of the collateral assets. On a sale transaction of repossessed assets, the amount received will be used to offset the loans and advances first until they are fully recovered, and any remaining amount will be released to the borrowers.

2.14 Segment reporting

An operating segment is a component of an entity: (a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (c) for which discrete financial information is available.

財務報表附註
Notes to the Financial Statements

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

2 主要會計政策概述(續)

2.15 外幣換算

(a) 功能及呈列貨幣

本集團旗下各機構之財務報表中所載項目乃採用該機構營運之主要經濟環境所使用之貨幣(「功能貨幣」)計量。綜合財務報表乃以港元呈列。港元乃本銀行之功能及呈列貨幣。

(b) 交易及結餘

外幣交易按交易日現行之匯率換算為功能貨幣。該等交易結算及以外幣結算之貨幣性資產或負債按年終日之匯率換算所產生之匯兌收益及虧損,將於收益表內確認,惟於其他全面收益中遞延為合資格現金流量對沖或合資格淨投資對沖除外。

按公平價值計量而公平價值變動於收益表確認的非貨幣性項目,如持有以公平價值列入收益表的股本工具之換算差額將作為公平價值收益或虧損之一部分呈報。按公平價值計量而公平價值變動於股東權益確認的非貨幣性項目(如歸類為備供銷售之金融資產之證券)之換算差額則記錄作其他全面收益並列入股東權益內之公平價值儲備。

(c) 集團旗下公司

本集團旗下所有功能與呈列貨幣不同的機構(均無擁有高通脹經濟之功能貨幣)之業績及財務狀況按以下方式換算為呈列貨幣:

- 該等機構之資產及負債按報告期結束時之收市匯率換算;
- 彼等之收益表按平均匯率換算(如果此平均值並非該等交易日期通行匯率的累積效果之合理約數,收入及支出將按交易日期之匯率進行換算);及
- 所有兑換之差額確認為其他全面收益,並於權益內作為一個獨立項目累計。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Bank's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year- end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items that are measured at fair value whose fair value changes recognised in the income statement, such as equity held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items that are measured at fair value whose fair value changes recognised in the equity, such as equities classified as available-for-sale financial assets, are recorded as other comprehensive income and included in the fair value reserve in equity.

(c) Group companies

The results and financial positions of all the group entities (none of which has a functional currency which is the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities of these entities are translated at the closing rate at the end of the reporting period;
- their income statements are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates prevailing at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity.

2 主要會計政策概述(續)

2.15 外幣換算(續)

(c) 集團旗下公司(續)

於合併財務報表時，換算外國機構淨投資及指定作為對沖該等投資之貸款及其他貨幣工具所產生之兌換差額，分別單獨列入權益。倘外國業務被售出，該等兌換差額列作出售所得盈利或虧損之部分在收益表內確認。

因收購外國機構產生之商譽及公平價值調整，被當作該外國機構之資產及負債處理，並按於結算日之匯率換算。

(d) 綜合現金流量表

就綜合現金流量表而言，海外附屬公司之現金流乃按現金流產生當日之匯率換算為港元。海外附屬公司於整個年度之經常性循環現金流按年內之加權平均匯率換算為港元。

2.16 物業及設備

銀行房產及物業主要包括分行及辦事處。銀行房產及物業按公平價值(公平價值乃根據外部獨立估值師至少每三年一次定期進行之估值減後續折舊後得出)列示。於重估日期，任何累積折舊以資產之賬面值總額變動按比例列賬，以使重估後之資產賬面值相等於重估金額。所有其他物業及設備按歷史成本減折舊及減值損失列賬。歷史成本包括收購該等項目直接應佔之支出。成本亦可包括來自因外幣購買物業及設備之合資格現金流量對沖而產生之任何盈利或虧損自權益轉出之部分。

在物業及設備投入運作後產生的開支(如修理及保養費用)通常於產生該等開支之期間自收益表扣除。倘若符合確認準則，則大型檢查的開支會於資產賬面值中資本化作為重置。倘須定期替換重大部分的物業及設備，則本集團會將該等部分確認為有特定可使用年期個別資產及隨之計提折舊。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Foreign currency translation (continued)

(c) Group companies (continued)

On consolidation, the exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are included in a separate component of equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(d) Consolidated statement of cash flows

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

2.16 Property, plant and equipment

Bank premises and properties comprise mainly branches and offices. Bank premises and properties are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation. Any accumulated depreciation at the date of revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount. All other items of property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

財務報表附註
Notes to the Financial Statements

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

2 主要會計政策概述(續)

2.16 物業及設備(續)

因重估銀行房產及物業產生之賬面值增加計入股東權益下其他儲備中。用作抵銷同一資產過往增加之減值，乃直接於權益中與銀行物業重估儲備抵銷；所有其他減值於收益表內扣除。每年，以收益表內扣除之資產之重估賬面值為基準之折舊金額與以該資產之原始成本為基準之折舊金額之差額由銀行物業重估儲備轉撥到保留溢利內。

物業及設備之折舊採用直線法計算，以按下文所示之年期內將成本或重估金額撥入其於估計使用年期之剩餘價值：

銀行房產及物業	於該等物業所在土地之剩餘租賃年期或其預計使用年限五十年，以較短者為準
租賃物業裝修	於租賃房產之租賃年期或其預計使用年限十年，以較短者為準
傢俬及設備	四至十年

於各財政年度結束時需檢討資產之剩餘價值、使用年期及折舊方法，並在合適之情況下作調整。

倘資產之賬面值大於其估計可收回金額，則該資產之賬面值立即減值至其可收回金額，而減值金額直接計入收益表。

物業及設備及初步確認之任何重大部分於出售之後或預期其使用或出售將不會產生未來經濟利益時即取消確認。於資產取消確認年度之收益表內確認之出售或報廢之任何盈虧，乃銷售所得款項淨額與相關資產賬面值之差額。於出售重估資產時，就上次估值已變現之儲備相關部分轉撥至保留溢利，列為儲備變動。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Property, plant and equipment (continued)

Increases in the carrying amount arising on revaluation of bank premises and properties are credited to other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against bank premises revaluation reserve directly in equity; all other decreases are expensed in the income statement. Each year the difference between the depreciation amount based on the revalued carrying amount of the asset expensed in the income statement and the depreciation amount based on the asset's original cost is transferred from the bank premises revaluation reserve to retained earnings.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Bank premises and properties	Over the remaining lease period of the land on which the properties are situated or their estimated useful lives of 50 years, whichever is shorter
Leasehold improvements	Over the lease term of the leased premises or their estimated useful lives of 10 years whichever is shorter
Furniture and equipment	4 to 10 years

The residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at each financial year end.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount, with the amount charged directly to the income statement.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset. On disposal of a revalued asset, the relevant portion of the reserve realised in respect of previous valuations is transferred to retained earnings as a movement in reserves.

2 主要會計政策概述(續)

2.17 投資物業

持作收取長期收益或資本增值或兩者並行而非由本集團公司佔用之物業分類為投資物業。

投資物業初步按成本(包括相關交易成本)確認。於初步確認後,投資物業以公平價值列賬。公平價值乃根據活躍市場價格計算,並按相關資產之性質、位置或狀況之任何差異作出必要調整。如此資料不可用,本集團使用替代估值方法,例如較不活躍之市場之近期交易價格或已折現現金流量預期。該等估值根據國際估值準則委員會頒布之指引進行,並由外界估值師每年予以檢討。再發展以持續作投資物業用途之投資物業,或市場活躍度降低之投資物業將繼續以公平價值計量。

投資物業之公平價值反映(其中包括)即期租賃之租金收入以及根據現時市況所作有關未來租賃租金收入之假設。

公平價值亦按相似基準反映物業預期可產生之任何現金流出。此等流出之若干部分確認為負債,包括與分類作投資物業之土地有關之融資租約負債;包括或然租金之其他現金流出則不會於財務報表中確認。

其後開支僅於當與項目有關之未來經濟利益很有可能會流入本集團,而項目成本能夠可靠地計量,方會於資產之賬面值扣除。所有其他維修及保養成本於產生之財政期間自收益表扣除支銷。

公平價值變動於收益表確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Investment properties

Property that is held for long-term yields or for capital appreciation or both and that is not occupied by the companies in the Group is classified as investment property.

Investment properties are measured initially at cost, including related transaction costs. After initial recognition, investment properties are carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent transaction prices on less active markets or discounted cash flow projections. These valuations are performed in accordance with the guidance issued by the International Valuation Standards Committee. These valuations are reviewed annually by external valuers. Investment properties that are being redeveloped for continuing use as investment properties, or for which the market has become less active, continue to be measured at fair value.

The fair value of investment properties reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the properties. Some of those outflows are recognised as liabilities, including finance lease liabilities in respect of land classified as investment properties; other outflows including contingent rent payments, are not recognised in the financial statements.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

Changes in fair values are recognised in the income statement.

財務報表附註
Notes to the Financial Statements

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

2 主要會計政策概述(續)

2.17 投資物業(續)

如投資物業由擁有人佔用，則重新列為物業及設備，而就會計處理而言，其於重新分類當日之公平價值將變為成本。建設中或發展中以供未來用作投資物業之物業列為物業及設備，並以成本列賬，直至建設或發展工作完成為止，此時重新分類為投資物業及其後按此入賬。

倘物業及設備項目因用途改變而成為投資物業，該等物業於轉變當日之賬面值與公平價值產生之差額，將根據香港會計準則第16號「物業及設備」於權益內確認為物業及設備重估。然而，如公平價值收益抵銷先前減值損失，則該項收益將於收益表內確認。

2.18 商譽

商譽指一項收購之成本超逾本集團分佔所收購附屬公司於收購日期之可識別資產及負債淨額及所承擔之或然負債之公平價值之部分。收購附屬公司之商譽列入無形資產。收購聯營公司產生之商譽計入「於聯營公司之投資」。商譽的賬面值每年檢討減值，或如發生事件或情況改變顯示賬面值可能已減值，則更頻繁地進行減值檢討。商譽按成本減累計減值損失列賬。就商譽確認之減值損失於其後之期間不予撥回。出售實體之盈虧包括與所出售實體有關之商譽之賬面值。

商譽就減值測試目的被分配至各現金產生單位。每一該等現金產生單位由每一主要呈報分類代表。

2.19 無形資產(不包括商譽)

個別收購的無形資產於初步確認時按成本計量。於業務合併中收購無形資產的成本乃於收購日期的公平價值。無形資產之使用年期經評估分為有限期及無限期兩類。具有有限年期之無形資產其後於使用經濟年期內攤銷，並於有跡象顯示無形資產可能減值時進行減值評估。

具有有限使用年期之無形資產之攤銷期及攤銷方法至少於各財政年度結束時進行評估。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Investment properties (continued)

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Properties that are being constructed or developed for future use as investment properties are classified as property, plant and equipment and stated at cost until construction or development is completed, at which time they are reclassified and subsequently accounted for as investment properties.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement.

2.18 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets and liabilities and contingent liabilities assumed of the acquired subsidiaries at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of an associate is included in "Investments in associate". The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Goodwill is carried at cost less accumulated impairment losses. An impairment loss recognised for goodwill is not reversed in a subsequent period. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units is represented by each primary reporting segment.

2.19 Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

2 主要會計政策概述(續)

2.19 無形資產(不包括商譽)(續)

取消確認無形資產之盈虧乃按出售所得款項淨額與資產賬面值之差額計算，並於取消確認該項資產時於收益表內確認。

(a) 電腦軟件

所購入之電腦軟件可按收購所產生之成本及將軟件達致使用狀況為基準予以資本化。此等成本於估計可使用年期內四年攤銷。

與開發或維護電腦軟件程式有關之成本，於產生時確認為開支。直接與製造可辨認及由本集團控制之獨有軟件產品有關，並且很可能於一年後產生超出其成本之經濟利益之成本，乃確認為無形資產。直接成本包括軟件開發人員成本及於有關雜項開支之應佔部分。

確認為無形資產之電腦軟件開發成本，乃於其估計可使用年期內(不超過四年)攤銷。

(b) 交易權

交易權指符合資格在香港聯合交易所有限公司或透過其進行交易之權利，具有無限使用年期，並每年進行減值測試。該類無形資產不予攤銷。使用年期每年進行評估，以確定無限年期之判定是否繼續有理據支持，如否，則由無限期轉變為有限期之使用年期之評估按預先基準計算。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Intangible assets (other than goodwill) (continued)

Gains or losses from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the assets are derecognised.

(a) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life of four years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as intangible assets are amortised over their estimated useful life (not exceeding four years).

(b) Trading rights

Trading rights represent eligibility rights with indefinite useful lives to trade on or through The Stock Exchange of Hong Kong Limited and are tested for impairment annually. Such intangible assets are not amortised. The useful life is reviewed annually to determine whether indefinite life assessment continues to be supportable, if not, the change in the useful life assessment from indefinite to infinite is accounted for on a prospective basis.

財務報表附註
Notes to the Financial Statements

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

2 主要會計政策概述(續)

2.20 非金融資產減值

具有無限使用年期之資產毋需攤銷，但須每年進行減值測試。須作出攤銷之資產於出現其賬面值可能不能收回之事件或環境變動時需進行減值評估。減值損失按資產之賬面金額超出其回收金額之部分確認。可收回金額為資產之公平價值減出售成本，以及使用價值兩者中之較高者。就評估減值而言，資產乃於現金流可分開辨識(現金產生單位)之最基本層分類。於評估使用價值時，估計未來現金流按可反映目前市場對貨幣時間值及資產特定風險之評估之稅前折現率折現至其現值。減值損失於其產生期間自收益表內扣除，惟資產以重估金額列賬時，其減值損失按該重估資產之有關會計原則入賬。只有在用以釐定資產之可收回金額之估計發生改變時，該資產除商譽外先前已確認之減值損失方予以撥回，惟數額不得高於假設於過往年度並無就資產確認減值損失之情況下原應已釐定之賬面值(減任何折舊／攤銷)。被撥回之減值損失於撥回期間計入收益表。

2.21 所得稅

所得稅包括當期及遞延稅項。有關損益外確認項目的所得稅於損益外確認，不論是否於其他全面收益或直接於權益內確認。

當前及過往期間之當期稅項資產及負債，乃根據已頒布或於報告期結束時已大致頒布之稅率(及稅務法例)，並考慮本集團業務所在國家／司法權區之現有詮釋及慣例，按預期將自稅務部門收回或付予稅務部門之金額計量。

遞延稅項乃就綜合財務報表中資產及負債之稅基與彼等賬面值之間於報告期結束時產生之所有暫時差額，以負債法作出撥備。然而，倘遞延稅項乃來自初步確認交易(並非業務合併)之資產或負債，且交易時並不影響會計溢利及應課稅溢利或虧損，則不入賬列為遞延稅項。遞延稅項採用於報告期結束時已經或基本已經實施及預計於相關遞延稅項資產變現或遞延稅項負債清償時將適用之稅率(及稅法)釐定。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation, but are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). 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. An impairment loss is charged to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which it arises.

2.21 Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for as deferred income tax. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2 主要會計政策概述(續)

2.21 所得稅(續)

遞延稅項資產乃於未來將有可能產生應課稅溢利以動用暫時差額以作抵銷時方予確認。

遞延稅項須就投資於附屬公司及聯營公司而產生之暫時差異作出撥備，除非暫時差異撥回之時間由本集團控制及該暫時差異很可能不會在可見未來撥回。

與備供銷售投資及現金流量對沖之公平價值重新計量相關之遞延稅項，亦直接在權益中扣除或計入權益，其後連同遞延損益在收益表中確認。

遞延稅項資產之賬面值於各報告期結束時進行評估，並在不再可能產生足夠應課稅溢利以動用全部或部分遞延稅項資產作抵銷時予以削減。未確認之遞延稅項資產於報告期結束時重新進行評估，並於將有可能產生足夠應課稅溢利以收回全部或部分遞延稅項資產作抵銷時方予確認。

遞延稅項資產及負債於擁有合法權利以即期稅項資產抵銷即期稅項負債及遞延稅項與同一應課稅實體及同一稅務部門有關時予以互相抵銷。

2.22 僱員福利

(a) *僱員假期*
僱員應享有之年假及長期服務假期會於確立時確認。根據僱員至報告期結束時已提供的服務而估算的未享用年假及長期服務假期已作撥備。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Income tax (continued)

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associate, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax related to fair value re-measurement of available-for-sale investments and cash flow hedges, which are charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the income statement together with the deferred gain or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of the reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.22 Employee benefits

(a) *Employee leave entitlements*
Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

財務報表附註
Notes to the Financial Statements

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

2 主要會計政策概述(續)

2.22 僱員福利(續)

(b) 退休金責任

本集團分別根據職業退休計劃條例及強制性公積金計劃條例為合資格及選擇參與之集團員工提供定額供款退休金計劃(「職業退休計劃」)及強制性公積金計劃(「強積金計劃」)。本集團向職業退休計劃之供款乃根據合資格員工基本薪金之一個百分比計算，而於強積金計劃之供款則根據合資格員工有關收入(定義見強制性公積金計劃條例)計算。該等供款會於產生時列作支出。此等供款於產生時列作支出，並可按本集團僱員在全數取得僱主供款前離開計劃而被沒收之供款扣減。上述計劃之資產乃由獨立管理之基金持有，與本集團之資產分開管理。

2.23 撥備

倘(i)本集團因過往事件而產生現時法律或推定責任；(ii)可能須就解除責任而導致經濟資源流出之可能性高於不會導致經濟流出之可能性；及(iii)可就責任之款額作出可靠估計時，則需確認重組成本及法律索償之撥備。重組撥備包括租約終止罰款及僱員終止付款。未來經營虧損不會確認撥備。

倘有多項相似之責任時，解除該等責任所需導致資源流出之可能性按責任之類別從整體予以釐定。即使在同一類別責任內任何一項目導致資源流出之可能性可能細微，亦需就此確認撥備。

2.24 租賃

凡將資產擁有權(法定業權除外)之絕大部分回報與風險撥歸本集團之租賃，均列作融資租賃。於融資租賃開始時，租賃資產之成本按最低租金之現值資本化，並連同債項(不包括利息部分)列賬，以反映購買及融資事項。以資本化融資租賃持有之資產計入物業及設備內，並按租賃年期或資產估計使用年期(以較短者為準)計提折舊。租賃之融資成本從收益表扣除，以便反映租賃年期內之平均費用率。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Employee benefits (continued)

(b) Pension obligations

The Group operates a defined contribution retirement scheme under the Occupational Retirement Schemes Ordinance (the "ORSO Scheme") and another defined contribution retirement scheme under the Mandatory Provident Fund Schemes Ordinance (the "MPF Scheme") for those employees of the Group who are eligible and have elected to participate in the schemes. The Group's contributions to the ORSO Scheme are made based on a percentage of the eligible employees' basic salaries and those made to the MPF Scheme are made based on a percentage of the eligible employees' relevant income as defined in the MPF Scheme. These contributions are expensed as incurred and are reduced by contributions forfeited by those employees of the Group who leave the schemes prior to the contributions vesting fully. The assets of the schemes are held separately from those of the Group in independently administered funds.

2.23 Provisions

Provisions for restructuring costs and legal claims are recognised when (i) the Group has a present legal or constructive obligation as a result of past events; (ii) it is more likely than not that an outflow of resources will be required to settle the obligation; and (iii) the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there is a number of similar obligations, the likelihood that an outflow of resources will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow of resources with respect to any one item included in the same class of obligations may be small.

2.24 Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms.

2 主要會計政策概述(續)

2.24 租賃(續)

擁有權的絕大部分風險及回報皆由出租公司承擔的租約歸類為經營租賃。經營租賃下的付款在扣除自出租公司收取之任何獎勵金後，於租約期內以直線法在收益表中支銷。本集團於租賃土地之權益及土地使用權亦計作經營租賃。

根據經營租賃，倘本集團為出租人時，訂約出租之資產在財務狀況表列為物業及設備。該等資產按相類之自有物業及設備之基準，於其預計使用年期內折舊。租金收入(扣除任何給予承租人之獎勵)按租約年期以直線基準確認。

根據經營租賃預付之土地租賃款最初按成本列賬，其後以直線基準於租期內確認。

2.25 現金及等同現金項目

就綜合現金流量表而言，現金及等同現金項目包括於購入時起計三個月內到期的結餘，包括現金及在銀行同業與其他金融機構之結存以及於銀行同業及其他金融機構的存款。

2.26 或然負債及或然資產

或然資產指因為已發生之事件而可能產生之資產，此等資產只能就本集團不能完全控制之一宗或多宗未來不確定事件之出現與否才能確認。

或然負債是指由過去已發生的事件引起的可能需要履行的責任，其存在將由一宗或多宗本集團所不能完全控制的未來不確定事件出現與否來確認，或是由於過去已發生事件而引致的現有責任，但由於估計不會導致用作償還責任之經濟利益的流出或因不能足夠和可靠地估量責任金額，故未有被確認。

或然資產不會被確認，但如有可能收到經濟利益時，會在財務報表附註中披露。若將會收到之經濟利益可被實質確定時，將確認為資產。

或然負債不會被確認為準備，但會在財務報表附註中加以披露。如情況發生變化，使經濟利益的流出變得很有可能時，則會將其確認為準備。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Leases (continued)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed in the income statement on the straight-line basis over the period of the lease. The Group's interests in leasehold land and land use rights are also accounted as operating leases.

Where the Group is a lessor under operating leases, assets leased out are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on the straight-line basis over the lease term.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

2.25 Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and balances with banks and other financial institutions and placements with banks and other financial institutions.

2.26 Contingent liabilities and contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the Group's control.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Group's control, or a present obligation arising from past events that is not recognised either because an outflow of resources embodying economic benefits will be required to settle the obligation but is not probable or the amount of obligation cannot be measured with sufficient reliability.

A contingent asset is not recognised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When the inflow is virtually certain, it will be recognised as an asset.

A contingent liability is not recognised as a provision but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

財務報表附註
Notes to the Financial Statements

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

2 主要會計政策概述(續)

2.27 關連人士

任何人士如屬以下情況，即視為本集團的關連人士：

(a) 該人士為以下個人或其近親：

(i) 控制或共同控制本集團；

(ii) 對本集團行使重大影響力；或

(iii) 為本集團或本集團母公司主要管理層成員。主要管理層成員為該等擁有權力直接或間接並且負責計劃、指揮及控制本銀行及其控股公司業務之人士，包括任何董事(不論是執行董事或其他)、本集團執行委員會成員或高級管理層(定義見薪酬政策)。

(b) 該人士為下列任何條件適用的實體：

(i) 該實體與本集團為相同集團的成員公司。

(ii) 一個實體為另一實體(或另一實體的母公司、附屬公司或同系附屬公司)的聯營公司或合營企業。

(iii) 該實體與本集團為相同第三方的合營企業。

(iv) 一個實體為第三方實體的合營企業，而另一個實體為該第三方實體的聯營公司。

(v) 該實體為本集團或與本集團有關實體為僱員福利設立的退休福利計劃。

(vi) 該實體受(a)所指個人控制或共同控制。

(vii) (a)(i)所指個人對該實體行使重大影響力或為該實體(或該實體母公司)主要管理人員中的其中一名成員。

(viii) 屬於向本集團或本集團的母行提供主要管理人員服務的實體或組別內任何成員的一部分。

一名人士的直系家族成員為在與有關實體進行交易時預期將影響或被該人士影響的該等家族成員。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.27 Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and 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. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank and its holding companies, directly or indirectly, including any directors (whether executive or otherwise), executive committee members and senior management (as defined under the remuneration policy) of the Group.

(b) the party is an entity where any of the following conditions applies:

(i) The entity and the Group are members of the same group.

(ii) One entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity).

(iii) The entity and the Group are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

2 主要會計政策概述(續)

2.28 股息

董事擬派付之末期股息歸類為財務狀況表權益部分中保留溢利之單獨分配，直至獲股東於股東大會上批准為止。該等股息於獲股東批准並獲宣派時確認為負債。

因本銀行組織章程大綱及章程細則授權董事宣派中期股息，中期股息於同一時間建議及宣派。因此，中期股息在建議及宣派時即時確認為負債。

2.29 受託人業務

本集團一般擔任受託人及其他受託人身份，導致代表個別人士、信託、退休福利計劃及其他機構持有或配售資產。由此產生之資產及收入因並非屬本集團所有而不計入該等財務報表。

3 關鍵會計估計及假設

本集團就影響下一財政年度所呈報之資產負債金額作出估計及假設。此等估計及判斷乃基於過往經驗及其他因素，包括在有關情況下對未來事項作出合理之預期。本集團將會對此等估計及判斷持續作出評估。

3.1 貸款減值準備

本集團每月審閱其貸款組合，以評估減值。對於應否於收益表內列入減值損失，本集團會判斷是否有明顯數據，反映貸款組合之預計現金流量是否有可量化之減值(在找出導致該等減值之個別貸款前)。此類證據包括有可觀察數據顯示某一組別之借款人之還款狀況出現逆轉，或出現與借款人組別之資產拖欠相關之國家或地區性經濟狀況。管理層就未來現金流量作出估計時，會基於資產的風險特點及客觀減值證據與有關組合內之資產相若之資產過往虧損經驗作出評估。用以預算未來現金流量之金額及時間的方法及假設將定期進行審查，以減少預計及實際虧損經驗之差別。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.28 Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained earnings within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Bank's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.29 Fiduciary 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 income arising thereon are excluded from these financial statements, as they are not assets of the Group.

3 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Impairment allowances on loans and advances

The Group reviews its loan portfolios to assess impairment on a monthly basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or in the national or local economic conditions that correlate with defaults on assets in the group of borrowers. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

財務報表附註
Notes to the Financial Statements

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

3 關鍵會計估計及假設(續)

3.2 衍生工具的公平價值

本集團根據金融工具之性質採用多種估值方法釐定非活躍市場的金融工具的公平價值的報價。該等方法包括第三方報價、折現現金流量法及期權定價模型。該等模式由知名系統供應者建立並廣泛獲市場應用。該等模式經獨立於建立此等模式之領域之合資格人士審閱及調整。此等系統使用相關現時市場參數得出估值結果，並於用作財務報告目的前先經核實。

3.3 備供銷售金融投資減值

若備供銷售投資之公平價值明顯或持續地低於其成本，本集團即判定其價值已有所減值。釐定重大及持續之定義需要作出判斷。於作出該判斷時，本集團評估(包括其他因素)股價之日常波動。此外，倘被投資公司之財務穩健程度、行業及類別表現惡化、技術、營運及融資現金流量出現變動，可適當作出減值。

3.4 持有至到期金融投資

本集團遵循香港會計準則第39號之指引分類具有固定或可確定付款及固定到期日之非衍生金融資產為持有至到期。此一分類須作出重大判斷。在作出此判斷時，本集團評估其持有該等資產至到期之意向及能力。倘本集團未能持有此等投資至到期，不包括特別情況－例如在接近到期時出售少量部分該等投資－則其將須重新分類整個類別為備供銷售金融投資。該等投資將因而按其公平價值而非攤銷成本計量。

3.5 銀行房產及物業之公平價值

租賃樓宇之公平價值根據由獨立專業合資格估值師以公開市場基準作出之估值進行估計。

3.6 估計商譽減值

本集團按會計政策每年測試是否存在任何商譽減值。現金產生單位之可收回金額已按使用價值基準計算。此等計算需要對折現率及長遠增長率作出估計。

3 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

3.2 Fair value of derivatives

The fair values of financial instruments that are not quoted in active markets are determined by using various valuation techniques according to the nature of the financial instruments. These include third party price quotation, a discounted cash flow and option pricing models. These models are built by reputable system suppliers and are widely used in the market. They are reviewed and calibrated by qualified personnel independent of the area that created them. Valuation outputs are generated from these systems using relevant current observable market parameters and are verified before they are used for financial reporting purposes.

3.3 Impairment of available-for-sale financial investments

The Group determines that available-for-sale investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates among other factors, the normal volatility in share prices. In addition, impairment may be appropriate when there is evidence of a deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operating and financing cash flows.

3.4 Held-to-maturity financial investments

The Group follows the guidance of HKAS 39 to classify non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than for the specific circumstances, for example, selling an insignificant amount close to maturity, it will be required to reclassify the entire class as available-for-sale financial investments. The investments would therefore be measured at fair value and not at amortised cost.

3.5 Fair value of bank premises and properties

The fair value of the leasehold building is estimated based on the valuation made by an independent professionally qualified valuer on an open market basis.

3.6 Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units have been determined based on the value-in-use calculations. These calculations require the use of estimates of discount rate and long-term growth rate.

3 關鍵會計估計及假設(續)

3.7 所得稅

本集團在多個司法權區均須繳納所得稅。釐定世界各地之所得稅撥備時需作出重大估計。於日常業務過程中進行之很多交易及計算之最終稅項無法確定。本集團按是否有應繳之額外稅項之估計，就預期之稅務審計事宜確認負債。如此等事宜之最終稅務結果有別於原先記錄之金額，該等差別將影響所得稅，並將在釐定之期間內就遞延稅項作出撥備。

4 財務風險管理

4.1 整體風險管理

由於新資本協定自二零零七年一月起施行，本集團在與新協定之原則及規定一致方面實施穩健的風險管理。董事會加強對企業管治的關注，負責監管及在本集團之風險管理架構、流程、政策及內部監控採取由上而下的策略。特別是，於建立促進銀行流動性風險概況靈活性之巴塞爾資本協定三架框後，本集團已大大提升其流動性風險管理標準。至於其業務計劃及活動，本集團確定、評估、監察、控制、報告及審閱有關主要風險，以確保資本充足、符合監管指引和董事會之承受風險水平(包括壓力時期)。

風險管理架構及原則

本集團已制定關於識辨、衡量、控制及監察風險因素(包括信用、流動資金、市場、利率、業務操作、聲譽、策略、法律及合規風險)之政策及程序。本集團風險管理的核心為董事會監管，而董事會負責審批所有核心風險管理政策以及日後之修訂。兩個風險管理委員會(一個屬董事會層面，而另一個屬高級管理人員層面)幫助董事會及管理層加強監管風險管理架構、流程及政策。本集團管理層、相關功能委員會及風險管理部門定期檢討和修訂該等政策及程序。本集團之審計部亦會對遵守政策及程序的情況定期進行獨立檢討。

3 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

3.7 Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4 FINANCIAL RISK MANAGEMENT

4.1 Overall risk management

Pursuant to the implementation of the New Capital Accord since January 2007, the Group has been practising sound risk management in congruence with the principles and requirements of the New Accord. Increased attention to corporate governance, Board oversight and a top-down approach permeated through the Group's risk management structure, processes, policies and internal control. In particular, following the establishment of the Basel III framework which promotes the resilience of banks' liquidity risk profile, the Group has been sufficiently upgrading its liquidity risk management standards. For its business plan and activities, the Group identifies, assesses, monitors, controls, reports and reviews the major risks to ensure capital adequacy, compliance with regulatory guidelines, and adherence to the Board's risk appetite, including during times of stress.

Risk management structure and principles

The Group has established policies and procedures for the identification, measurement, control and monitoring of risk factors (including credit, liquidity, market, interest rate, operational, reputation, strategic, legal and compliance risks). Central to the Group's risk management is the Board's oversight, which ultimately endorses all core risk management policies and their subsequent amendments. Two Risk Management Committees, one at Board level and the other at senior executive level, reinforce the Board and management's oversight in the risk management structure, process and policies. The management of the Group, the relevant functional committees and the Risk Management Department review and revise these policies and procedures on a regular basis. The Group's Internal Audit Department also performs regular independent review on compliance with policies and procedures.

財務報表附註
Notes to the Financial Statements

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

4 財務風險管理(續)

4.1 整體風險管理(續)

推出新產品及服務
推出新銀行產品及服務須透過開發及批准程序等所需步驟進行，以確保其商業可行性、操守適用性及法定合規。產品開發及管理部門或其他相關業務部門負責就任何新產品或服務向新產品及業務委員會(由本銀行一名副行政總裁擔任主席)提呈建議以供其批准。該流程之主要目的在於確認及評估與產品有關之風險；以及採取措施以消除或控制這些風險。

根據新資本協定，本集團就於計算其資本充足比率時面臨之信用、市場及業務操作風險採納以下計算法：

信用風險	– 標準計算法
市場風險	– 標準計算法
業務操作風險	– 基本指標計算法

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Overall risk management (continued)

Launch of new products and services
The launch of new banking products and services has to go through the essential steps of a development and approval process to ensure their commercial viability, ethical suitability and statutory compliance. The Product Development and Management Department or other relevant business unit is responsible to prepare a proposal for any new product or service to the New Product & Business Committee (chaired by a Deputy Chief Executive of the Bank) for approval. The main objective of the process is to identify and assess the risks associated with the product, and to implement steps to mitigate or control these risks.

In accordance with New Basel Accord, the Group adopts the following approaches for its credit, market and operational risk exposure in the calculation of its capital adequacy ratio ("CAR"):

Credit risk	– Standardized approach
Market risk	– Standardized approach
Operational risk	– Basic indicator approach

財務報表附註
Notes to the Financial Statements

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

4 財務風險管理(續)

4.1 整體風險管理(續)

推出新產品及服務(續)

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Overall risk management (continued)

Launch of new products and services (continued)

管理架構

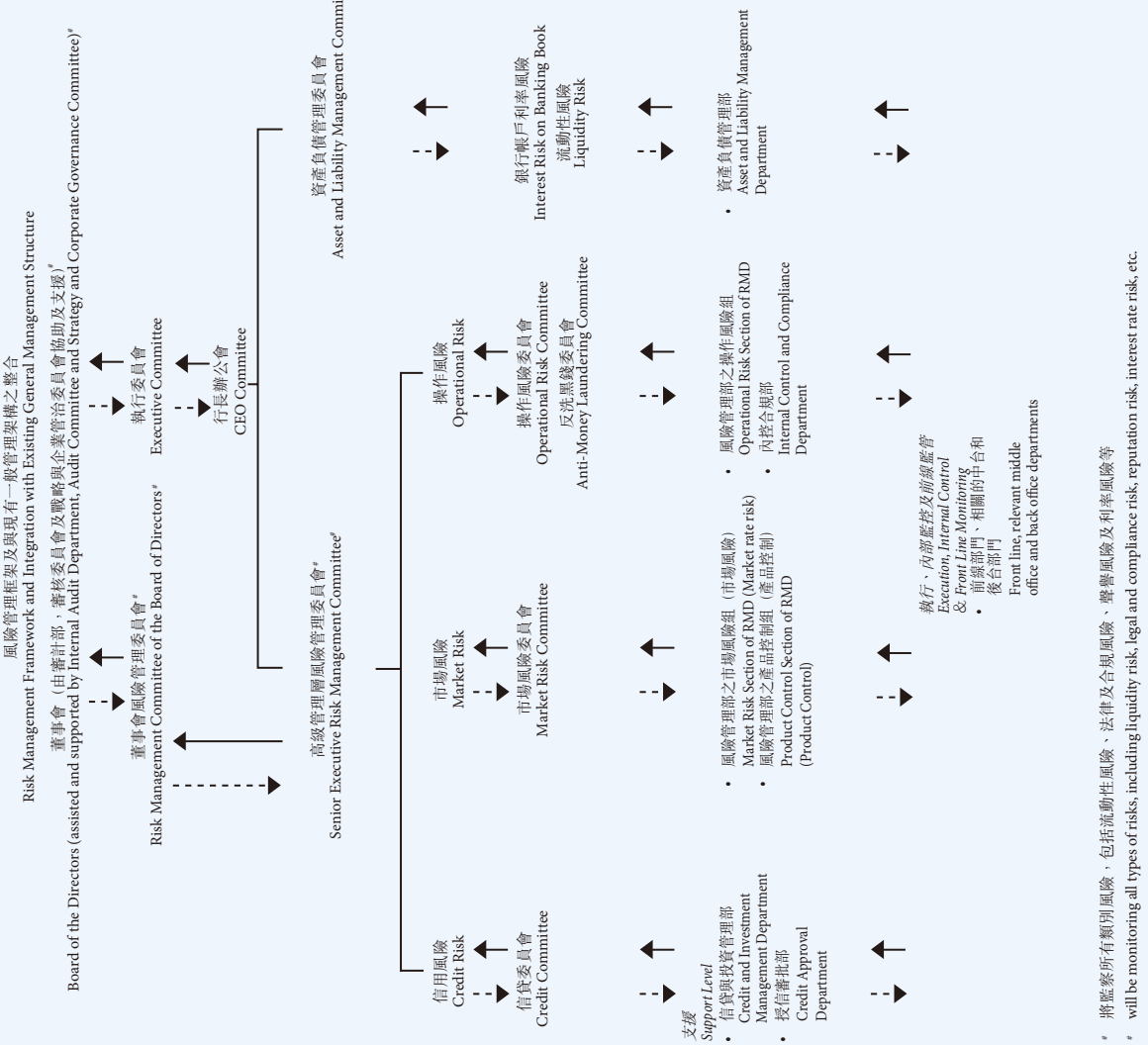
任務

1. 董事會
風險承受能力、風險政策確認、監督有關其完整性、可靠性及合理性之內部監控、企業管治、資本配置、巴塞爾協定監督、盈利預期規範
2. 董事會附屬委員會
風險承受能力、風險政策決定和風險監察、資本規劃、資本充足性、符合新巴塞爾協定有關之操作
3 專責委員會
各專責委員會具備不同的專業知識以協助高級管理層履行其職務
4. 風險識別監察、監控及匯報、巴塞爾資本協定方案與合規，包括模型驗證、反向測試及壓力測試；資本規劃；風險政策制定、設計和建議
5. 營運、內部監控及前線監管

Management Structure

Role

1. Board of Directors
Risk Appetite; Decision of Risk Policies; Oversight of Internal Control for its Integrity, Reliability and Reasonableness; Corporate Governance; Capital Planning; Basel oversight; Earning Expectation Specification
2. Board Committees
Risk Appetite; Risk Policy Decision and Monitoring; Capital Adequacy; Steering of Basel Compliance
3. Specialised Committees
Different specialized committees have been formed to assist the senior management to carry out their roles with specialized professional expertise.
4. Risk Identification, Monitoring, Control and Reporting; Basel Initiatives and Compliance, including Model Validation, Backtesting and Stress Testing; Capital Planning; Risk Policies Formulation, Design and Proposal
5. Operation, Internal Control and Front Line Monitoring



財務報表附註
Notes to the Financial Statements

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

4 財務風險管理(續)

4.2 信用風險

信用風險乃指本集團之借款人或交易對手方未能或不願意履行其還款責任之風險。本集團已制訂多項標準、政策及程序，並設立指定職能部門控制及監察有關風險。

本集團投入大量資源以維持健全之信用風險管理。管理層編製各項信貸政策及系統以識辨、衡量及監控各項信貸業務所潛藏之風險。該過程確保本集團對信貸保持審慎態度，盡量降低信貸事項之業務操作疏漏，以及及早發現潛在問題，進而使業務損失降至最低。

本集團高層次之信貸政策方針，由相關功能部及委員會負責制定、檢討及定期更新，至於重大問題則由管理層甚至董事會權衡市場變化情況及監管規定，再配合日常慎重審批做法及最新業務部署等因素，加以制定、檢討及定期修訂。所有該等信貸政策、程序及慣例(隨著不斷改進、更新、審核及修訂)被列入信貸審批政策及補充借貸產品手冊以供內部控制及規管。鑑於本銀行於二零一零年底私有化以及其後與中國工商銀行(「母行」)的政策和風險承受能力更為貼近，本銀行之信用風險管理已愈加考慮母行的信貸程序、政策和信息，期望最終將可有建設地融入母行的統一而整合的信用風險政策。

信貸授權乃授予個別批核人，以維持效率及生產力。除的士／輕型公共巴士貸款以及小額消費貸款外，概無任何前台業務部門可單獨審批任何貸款。至於前台部門可以批核的貸款，該等貸款須受到信貸部或信貸委員會所預先制定的審批條件和標準所約束。否則，本集團將要求「雙重」審批程序，據此，貸款建議書須得到前台業務部門及信貸部門之共同審批。倘若其代表信貸批核人不同意，本銀行之信貸委員會(審批所有信貸政策及大額貸款)在母行批准的信貸授權內概不會通過任何信貸部門審批人員不同意之貸款建議書。只有已獲信貸委員會審批之大額貸款建議書，才會於有需要時呈交行政總裁批核。

4 FINANCIAL RISK MANAGEMENT (continued)

4.2 Credit risk

Credit risk is the risk that a borrower or counterparty of the Group will be unable or unwilling to honour a repayment obligation. The Group has standards, policies and procedures and designated functional departments in place to control and monitor these risks.

The Group devotes considerable resources to maintaining sound credit risk management. Management has set credit policies and systems to identify, measure, monitor and control risks inherent in various lending businesses. This process ensures prudence, minimises operational omissions in credit matters, and aims at early detection of potential problems, thereby minimising business loss.

High-level credit policies of the Group are set, reviewed and constantly updated by the relevant functional departments and committees, and for prominent issues, by the management or even the Board to take balanced account of dynamic market situations, regulatory requirements, the Group's usual prudent lending practices and its latest business strategies. All these credit policies, processes and practices, as they are developed, updated, reviewed and revised, are written from time to time into Credit Manuals and supplementary lending product manuals for internal control and compliance purposes. Given the Bank's privatisation in late 2010 and its subsequently more intimate alignment with the policies and risk appetite of ICBC (the "Parent Bank"), the Bank's credit risk management have been increasingly taking into account the Parent Bank's credit process, policies and information. This is with an ultimate goal to fit constructively into the Parent Bank's unified and consolidated credit risk policy.

Credit authorities are delegated to individual approvers for efficiency and productivity purposes. Except for taxi/public light bus loans, and consumer loans with small amount, no business originating units can singly approve any loan. Loans approved by business originating units are subject to approval criteria pre-set by the Credit Function or Credit Committee. Otherwise, the Group requires a "dual" approval whereby loan proposals shall require joint approval by the Business Line and Credit Function. The Bank's Credit Committee, which deliberates all credit policies and large loans, within its credit authority approved by the Parent Bank, shall not pass any credit-related proposal if its Credit Function approvers disagree. Only the sizable loan proposals deliberated by the Credit Committee would be submitted to the Chief Executive for signature if and where it is needed.

4 財務風險管理(續)

4.2 信用風險(續)

信貸審批部(CAD)及放款管理部(LAD)乃集中本銀行授權分別執行信貸評估及信貸管理之部門。此外，該等部門亦提供獨立信貸評估、審批後信貸管理及其他信貸監控等，務求信貸過程符合管理層制訂之信貸政策及指引。除獨立信貸評估及分層審批過程外，信貸及投資管理部(CMD)及稽核亦就特定貸款組合或營運單位進行定期貸款考查。為了保持獨立性，本銀行之信貸審批部、放款管理部，以及信貸及投資管理部直接向非主管業務之副行政總裁作出匯報。相同的控制，輔之以系統支援，並由風險管理部定期按市值訂價，亦適用於所有衍生工具產品的交易對手的信用風險。

本集團採用RAROC技術以確保其貸款資產乃相當於根據新巴塞爾資本協定原則按信用風險調整基準所定價。

管理層竭盡所能，致力監控貸款組合之質量及變化。本集團之內部信用風險評級制度由十五級組成，乃基於新巴塞爾資本協定要求而制定，以區別信用風險。經過多年內部數據累積後，預期本集團將可更進一步利用信貸統計數據，捕捉並剖析信用風險流向，計算拖欠還款之機會率，及實施其他信用風險管理程序(而新信貸評級模式將成為其主要部分)。

本集團的信用風險承受能力乃於日常信貸決定中詳細闡明、載列及提述，旨在將信貸批准程序中所列之信貸建議範疇限制在本集團基於其以往經驗、董事會之優先評估及風險／回報評估而得出的與本集團之風險承受能力相稱的水平。

本銀行對風險集中非常警覺，因此，對個人客戶實行全額信用風險限制，並按本銀行權益比例，對行業及地區市場實行限制。

4 FINANCIAL RISK MANAGEMENT (continued)

4.2 Credit risk (continued)

The Credit Approval Department (CAD) and the Loans Administration Department (LAD) are the centralised departments in the Bank mandated to carry out credit assessment and credit administration respectively. They perform independent credit assessment, post-approval credit administration and other credit control functions to ensure that the credit process complies with credit policies and guidelines laid down by the management. Apart from the independent credit assessment and matrix approval process, regular post-approval inspection by the Credit and Investment Management Department (CMD) and audits are conducted on specific loan portfolios or operating units in the credit process. To maintain their independence, the Credit Approval Department, Loans Administration Department and Credit and Investment Management Department of the Bank have direct reporting lines to a Deputy Chief Executive who is independent of business. The same control, supplemented by system support and regular mark-to-market by the Risk Management Department, also applies to the counterparty credit risk of all derivative products.

The Group employs RAROC techniques to help ensure that its loan assets are commensurately priced on a credit risk-adjusted basis according to New Basel Accord principles.

Management spares no efforts in monitoring the quality and behavior of the loan portfolio. The Group's internal credit risk grading system consisting of 15 grades built on New Basel Accord–Compliant Attributes is adopted for credit risk differentiation purposes. With internal data to be constantly enriched through years of experience, it is expected that the Group can make further use of the credit statistics to profile and track down credit risk migration, to measure loan default probabilities and to practise other credit risk management processes, of which the new credit rating model is and will substantially be an integral part.

The Group's credit risk appetite is spelt out, disseminated and referred to in daily credit decisions. The purpose is to limit the range of credit proposals presented in the credit approval process to those that fit the Group's risk appetite developed out of the Group's past experience, the Board's preference and risk/reward evaluation.

The Bank is vigilant about risk concentration and has therefore been practising credit risk exposure limits to individual customers in absolute amount and as a percentage of the Bank's equity, to industry sectors and to geographical markets.

財務報表附註
Notes to the Financial Statements

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

4 財務風險管理(續)

4.2 信用風險(續)

本集團多年來一直有實行季度信貸指引及貸款組合檢討。遇上經濟不景氣，該機制會啟動風險防控措施，以幫助穩定本集團貸款資產組合之質素。現在更加上母行的信用風險承受能力、行業及普遍的客戶信貸政策作輔補。母行的信貸資源對本集團的貸款業務有明顯助益，不論是客戶挑選、篩選、信貸審閱及決策亦然。

本集團對貸後信貸管理愈加重視。信貸及投資管理部檢閱客戶，抽出潛在風險客戶，也對關注類客戶和處身高風險組別的客戶作出排查。而前綫客戶經理和信貸部也根據指示，識別有早期警號的客戶，按時作出報告檢視。

(a) 於持有抵押品或其他信貸加強措施前之最大信用風險

4 FINANCIAL RISK MANAGEMENT (continued)

4.2 Credit risk (continued)

The Group's quarterly credit guidelines and loan portfolio review have been implemented for years. In economic bad times, it is basic to the mechanism for initiating pre-emptive measures to help stabilise the quality of the Group's loan asset portfolio. These have by now been supplemented by the Parent Bank's credit risk appetites, industry and common customer credit policies. The credit resources of the Parent Bank have been significantly useful to the Group in its loan business, in customer selection, screening, credit review and decision.

The Group attaches increasing importance to post-approval risk monitoring. This is performed by the Credit and Investment Management Department which reviews for potentially problematic borrowing accounts and performs group review of special mention accounts and customers in high risk portfolios. It is also performed by Business Line relationship managers and Credit Approval Department who identify and review Early Warning List customers.

(a) Maximum exposure to credit risk before collateral held or other credit enhancements

		2017 千港元 HK$'000	2016 千港元 HK$'000
有關資產負債表內之信用風險計有：	**Credit risk exposures relating to on-balance sheet assets are as follows:**		
現金及在銀行同業與其他金融機構之結存	Cash and balances with banks and other financial institutions	**160,925,901**	165,606,506
在銀行同業及其他金融機構之存款	Placements with banks and other financial institutions	**78,670,984**	26,593,495
持作交易用途金融資產	Financial assets held for trading	**–**	672,251
指定以公平價值經收益表入賬之金融資產	Financial assets designated at fair value through profit or loss	**731,157**	–
衍生金融工具	Derivative financial instruments	**15,394,138**	18,415,757
貸款及其他賬項	Advances and other accounts	**459,830,199**	419,655,275
備供銷售金融投資	Available-for-sale financial investments	**77,623,934**	80,692,819
持有至到期金融投資	Held-to-maturity financial investments	**95,184,634**	74,281,596
有關資產負債表以外之信用風險計有：	**Credit risk exposures relating to off-balance sheet items are as follows:**		
貸款承諾及其他信貸相關承諾	Loan commitments and other credit related commitments	**233,727,162**	239,822,761
財務擔保及其他信貸相關或然負債	Financial guarantees and other credit related contingent liabilities	**24,421,396**	29,670,686
於報告期結束時	**At the end of the reporting period**	**1,146,509,505**	1,055,411,146

4 財務風險管理(續)

4.2 信用風險(續)

(b) 信貸質素

貸款總額

(i) 按信貸質素分類之貸款總額概述如下：

		2017 千港元 HK$'000	2016 千港元 HK$'000
客戶及其他賬項之貸款總額：	Gross loans and advances to customers and other accounts:		
– 既未逾期亦未減值	– neither past due nor impaired	**457,244,802**	414,477,254
– 已逾期但未減值	– past due but not impaired	**818,676**	2,703,438
– 已減值	– impaired	**3,063,807**	3,143,237
總計	Total	**461,127,285**	420,323,929

		2017 千港元 HK$'000	2016 千港元 HK$'000
銀行同業之貸款總額：	Gross loans and advances to banks:		
– 既未逾期亦未減值	– neither past due nor impaired	**1,771,997**	2,159,837
– 已逾期但未減值	– past due but not impaired	**–**	–
– 已減值	– impaired	**–**	–
總計	Total	**1,771,997**	2,159,837

(ii) 既未逾期亦未減值之貸款總額分類

於報告期結束時既未逾期亦未減值之貸款組合之信貸質素可參照本集團所採納之內部評級系統進行評估。

	信貸評級 Credit rating	內部評級 Internal rating	2017 千港元 HK$'000	2016 千港元 HK$'000
正常級別	Pass grade	A-E	**113,361,003**	133,753,229
		F-H	**212,912,953**	183,712,750
		I-J	**129,321,106**	93,909,542
關注級別	Special mention grade	K-L	**3,421,737**	5,261,570
總計	Total		**459,016,799**	416,637,091

4 FINANCIAL RISK MANAGEMENT (continued)

4.2 Credit risk (continued)

(b) Credit quality

Gross loans and advances

(i) Distribution of gross loans and advances by credit quality is summarised as follows:

(ii) Distribution of gross loans and advances that are neither past due nor impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired at the end of the reporting periods can be assessed by reference to the internal rating system adopted by the Group.

財務報表附註
Notes to the Financial Statements

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

4 財務風險管理(續)

4.2 信用風險(續)

(b) 信貸質素(續)
貸款總額(續)

(ii) 既未逾期亦未減值之貸款總額分類(續)

信貸部門與信貸委員會決定個別借款人之信貸評級。信貸評級為定量及管理屬性之個別違約概率標回函數，包括經濟前景、往來記錄及行業風險。本集團就大型公司及中小企業設置不同評級基礎。標準普爾、穆迪及惠譽等外界評級將在可用情況下作為參考。

下表呈列並無逾期亦無減值的貸款組合的內部評級與金管局採用的貸款分類架構的配對。

正常級別	A至J
關注級別	K至L

A – J級：借款人目前在應付承諾及悉數償還利息及本金方面沒有問題之貸款。執行類別分為A至J共10個級別。

K – L級：貸款逾期期間超過一個月之所有正常級別借款人須調低至關注級別或以下，除非有很強理據才可不按此要求。其餘符合香港金融管理局關注類或不良貸款類一個或超過一個元素的貸款客戶或只因為周邊市場環境變差的，儘管沒有逾期還款或違約紀錄，都有可能被調降至關注類。這是較嚴謹的評級做法，在於提高本集團的信用風險警覺。

4 FINANCIAL RISK MANAGEMENT (continued)

4.2 Credit risk (continued)

(b) Credit quality (continued)
Gross loans and advances (continued)

(ii) Distribution of gross loans and advances that are neither past due nor impaired (continued)

The Credit Function and Credit Committee decide an individual borrower's credit rating. Credit rating is a function of quantitative and management attributes that include economic outlook, account conduct and industry risk. The Group has a different rating scale for large corporates and SMEs. The external ratings of S&P, Moody's and Fitch will be referenced, if available.

The following table gives a mapping of the internal rating of the portfolio of loans and advances that were neither past due nor impaired to the loan classification framework adopted by the HKMA.

Pass Grades	A to J
Special Mention Grades	K to L

Grades A – J: Loans where borrowers are currently meeting commitment and full repayment of interest and principal is not in doubt. There are 10 grades within the performing category from A to J.

Grades K – L: All pass grade borrowers which have overdue loans for a period exceeding one month are downgraded to special mention rating or below, unless with strong justification irrespective of the internal ratings. Borrowers exhibiting one or more of the characteristics per the HKMA's special mention or non-performing grades definition or as the general economic environment deteriorates, may also be graded K & L, notwithstanding the absence of overdue loan or default record. This is a stringent credit rating approach to raise the Group's credit risk alertness.

4 財務風險管理(續)

4.2 信用風險(續)

(b) 信貸質素(續)
貸款總額(續)

(iii) 已逾期但未減值之貸款總額

以下分析列示於報告期結束時已逾期但未減值之客戶及銀行同業之貸款總額：

4 FINANCIAL RISK MANAGEMENT (continued)

4.2 Credit risk (continued)

(b) Credit quality (continued)
Gross loans and advances (continued)

(iii) Gross loans and advances which were past due but not impaired

The analysis below shows the gross loans and advances to customers and banks that were past due but not impaired at the end of the reporting periods:

		2017 千港元 HK$'000	2016 千港元 HK$'000
逾期不超過30日	Past due up to 30 days	**763,114**	2,406,652
逾期31–60日	Past due 31-60 days	**37,789**	56,541
逾期61–90日	Past due 61-90 days	**1,402**	165,209
逾期90日以上	Past due over 90 days	**16,371**	75,036
總計	Total	**818,676**	2,703,438
抵押品之公平價值	Fair value of collateral	**730,469**	2,657,010

除貸款總額外，於二零一七年及二零一六年之報告期結束時，並無任何金融資產為已逾期但未減值。

Other than gross loans and advances, no financial assets were past due but not impaired at the end of the reporting periods of 2017 and 2016.

倘抵押品價值高於貸款總額，則僅計入最多不超過貸款總額之抵押品金額。

Where collateral values are greater than gross loans and advances, only the amount of collateral up to the gross loans and advances was included.

財務報表附註
Notes to the Financial Statements

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

4 財務風險管理(續)

4.2 信用風險(續)

(b) 信貸質素(續)
貸款總額(續)

(iv) 個別已減值之貸款

本集團已有制定政策，監督將無抵押貸款已逾期超過90日之客戶調低至不良貸款級別。無抵押貸款已逾期90日以上之借款人仍保留在正常級別，而不是在已減值當中的非常少。已減值借貸賬項一般轉至由特殊資產部門管理，以便回收之前景及方式能夠更加獨立地予以評估、決定及實施。倘認為有關之客戶能夠重振業務，而又或者該客戶之持續營運是需要這些抵押品輔助，本集團便不會即時採取行動，也有時會加入有一致立場之其他債權人銀行或尋求與彼等達成協議。否則，本集團將採取適當措施，以保護客戶之資產、盡量收回，並且及時快速透過私人出售或公開拍賣以接近外界估值之平均值之價格盡快變現抵押品。

本集團採納一項客觀個別減值政策以符合香港會計準則第39號之規定。減值規定(如有)可一直追溯至合理預期已折現償還現金流量及／或經評估之抵押品可變現淨值。

(v) 本來會變成逾期或減值之重組貸款

重組活動包括已延期之付款安排、經批准之外界管理計劃、修訂及延期付款。於重組後，先前逾期客戶賬項乃重新設定為沒有逾期並與其他類似賬項繼續由特殊資產部管理。重組政策及安排乃由管理層根據已定指標判斷，認為還款可以自此持續而作出。此等政策持續予以檢討。於二零一七年十二月三十一日，本來會變成逾期或減值之重組貸款共計為5億8千2百萬港元(二零一六年：4億6千8百萬港元)。該等貸款將保留在不良貸款直至本銀行有充足理由相信債務人將可滿足重組貸款之償還條款。

4 FINANCIAL RISK MANAGEMENT (continued)

4.2 Credit risk (continued)

(b) Credit quality (continued)
Gross loans and advances (continued)

(iv) Loans and advances individually impaired

The Group has a policy to govern customers downgraded to the non-performing grades when their unsecured loans are overdue over 90 days. It is very seldom that a borrower with an unsecured loan outstanding due for over 90 days would be retained in performing loan instead of impaired. Impaired borrowing accounts are typically transferred to management by the Special Assets Department, so that the prospect and means of recovery can be more independently evaluated, decided and implemented. The Special Assets Department may not take any immediate recovery action. It may even help in circumstances where the customer in question is deemed to be able to be rehabilitated and the collateral is important to the customer's continued business operation. The Group may at times join or seek agreement with other creditor banks to stand still in concert. Otherwise, the Group will take appropriate measures to preserve the customer's assets, to maximise recovery and to quickly realise property collateral in a timely manner either by private sale or by public auction at prices that are in acceptable proximity to the average of several external valuations.

The Group adopts an objective individual impairment policy in compliance with the requirement of HKAS 39. Impairment requirement, if any, can always be traceable back to reasonably expected discounted repayment cash flows and/or the assessed net realisable value of the collateral.

(v) Renegotiated loans that would otherwise be past due or impaired

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to a normal status and managed together with other similar restructured debts by the Special Assets Department. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continual review. Renegotiated loans that would otherwise be past due or impaired totalled HK$582 million as at 31 December 2017 (2016: HK$468 million). They are retained in non-performing loans as long as there is no sufficiently good reason to believe that the obligor will be able to sustainably meet the re-scheduled loan repayment terms.

4 財務風險管理(續)

4.2 信用風險(續)

(b) 信貸質素(續)
債券及股票證券

(i) 按評級代理指定劃分之金融投資

下表列示於十二月三十一日按評級機構指定劃分之金融投資分析，乃根據標準普爾之評級或彼等相當於各自之金融投資類別進行。在沒有該等發行評級之情況下，則採用有關發行人採納之評級等級。

4 FINANCIAL RISK MANAGEMENT (continued)

4.2 Credit risk (continued)

(b) Credit quality (continued)
Debt and equity securities

(i) Financial investments by rating agency designation

The table below presents an analysis of financial investments by rating agency designation at 31 December, based on S&P's ratings or their equivalent to the respective categories of financial investments. In the absence of such issue ratings, the rating scale adopted by the issuers is used.

二零一七年 2017	持作交易之金融資產 Financial Assets held for trading 千港元 HK$'000	指定以公平價值經收益表入賬之金融資產 Financial assets designated at fair value through profit or loss 千港元 HK$'000	備供銷售金融投資 Available-for-sale financial investments 千港元 HK$'000	持有至到期金融投資 Held-to-maturity financial investments 千港元 HK$'000	總計 Total 千港元 HK$'000
AAA AAA	–	–	**8,732,734**	**11,536,555**	**20,269,289**
AA- 至AA+ AA- to AA+	–	–	**9,157,850**	**24,820,364**	**33,978,214**
A- 至A+ A- to A+	–	–	**35,988,529**	**38,060,000**	**74,048,529**
低於A- Lower than A-	–	–	**14,538,529**	**9,007,553**	**23,546,082**
未評級 Unrated	–	**731,157**	**9,206,292**	**11,760,162**	**21,697,611**
總計 Total	–	**731,157**	**77,623,934**	**95,184,634**	**173,539,725**

二零一六年 2016	持作交易之金融資產 Financial Assets held for trading 千港元 HK$'000	指定以公平價值經收益表入賬之金融資產 Financial assets designated at fair value through profit or loss 千港元 HK$'000	備供銷售金融投資 Available-for-sale financial investments 千港元 HK$'000	持有至到期金融投資 Held-to-maturity financial investments 千港元 HK$'000	總計 Total 千港元 HK$'000
AAA AAA	–	–	14,101,289	7,171,220	21,272,509
AA- 至AA+ AA- to AA+	–	–	22,539,604	30,206,530	52,746,134
A- 至A+ A- to A+	–	–	17,853,265	20,420,066	38,273,331
低於A- Lower than A-	–	–	12,183,418	6,808,401	18,991,819
未評級 Unrated	672,251	–	14,015,243	9,675,379	24,362,873
總計 Total	672,251	–	80,692,819	74,281,596	155,646,666

財務報表附註
Notes to the Financial Statements

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

4 財務風險管理(續)

4.2 信用風險(續)

(b) 信貸質素(續)
債券及股票證券

(ii) 投資組合

於二零一七年十二月三十一日，本集團之債券組合為1,726億港元，較二零一六年十二月三十一日之1,508億港元增長14%，其中620億港元或組合之36%將於二零一八年到期。組合之大部分以美元、港元及人民幣計值，而其餘以澳元及歐元等其他貨幣計值。該組合總額之45%以備供銷售賬戶類別存置。該組合總額之74%屬於投資級別類別內。本集團之債券組合根據嚴格及審慎之風險管理框架經營，並符合所有預先釐定之內部投資指引，該等內部投資指引乃經由信貸委員會及資產負債管理委員會每年進行一次審批。

(c) 衍生工具
本集團對未平倉衍生合約金額嚴格控制。於任何時間，承受信用風險之金額以有利於本集團之工具(即公平價值為正數之該等資產)，以現行公平價值為上限，就衍生工具而言只佔合約之一個少部分，或不受未償還工具之名義價值限制。由衍生工具交易所生的信用風險是綜合於該交易對手按名義金額的整體放貸限額內一併管理。就信用風險所獲得之抵押品或其他抵押乃以保證金形式或按市價計值虧損超過預先釐定限額時獲得。

(d) 總淨額結算安排
本集團與進行大量交易的交易對方訂立淨額結算協議，藉此進一步減少信用風險。淨額結算協議不一定會導致財務狀況表上資產及債務的對銷，原因是交易通常還是按總額結算。然而，有關之信用風險會藉著淨額結算協議降低，於拖欠發生時，便可以停止交收或按淨額結算。

4 FINANCIAL RISK MANAGEMENT (continued)

4.2 Credit risk (continued)

(b) Credit quality (continued)
Debt and equity securities

(ii) Investment portfolio

As at 31 December 2017, the Group's debt securities portfolio amounted to HK$172.6 billion, a 14% increase over the HK$150.8 billion as at 31 December 2016. HK$62 billion or 36% of the portfolio will mature in 2018. The majority of the portfolio is denominated in USD, HKD and CNY whereas the rest are in other currencies, such as AUD and EUR. 45% of the portfolio is kept in the available-for-sale book category, 74% of the portfolio falls within the investment grade category. The Group's debt securities portfolio operates under a strict and prudent risk management framework and is in compliance with all pre-determined internal investment guidelines, which are reviewed and approved annually by the Credit Committee and ALCO.

(c) Derivatives
The Group maintains strict control limits on open derivative positions. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Group (i.e. assets where their fair values are positive), which is only a small fraction of the contracts in relation to derivatives, or is not limited to the notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with counterparties on nominal amounts. Collateral or other security is obtained for credit risk exposures either in the form of margin deposits or when the accrued marked-to-market loss exceeds a pre-determined threshold.

(d) Master netting arrangements
The Group further restricts its exposure to credit risk by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of assets and liabilities in the statement of financial position, as transactions are usually settled on a gross basis. However, the credit risk is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis.

4 財務風險管理(續)

4.2 信用風險(續)

(e) 信貸相關承諾

該等工具之主要目的是確保客戶有足夠資金應付其債務時。擔保及備用信用證乃本集團所作出不能撤回的保證，確認本集團將會在客戶未能向第三方履行責任時作出償付，而該等工具帶有與貸款相同之信用風險。跟單及商業信用證為本集團書面承諾代表客戶授權第三方按訂明之條款及條件向本集團提取某一訂明金額之款項，這些付款承諾乃以相關之付運貨物作為抵押，因此較直接借貸之風險為低。

發出信貸之承諾代表以貸款、擔保書及信用證等形式確認已批核信貸之未動用部分。有關所發出信貸承擔之信用風險，本集團面對之潛在損失風險應相當於未動用承諾之總額。

然而，即使在最壞的情況下，因為客戶大多還是未能滿足一些特定信貸要求，實際需支付之金額往往少於未動用承諾的總金額。本集團會控制信貸承諾之時間長短，因較長年期之承諾一般較短期承諾存在較大程度的信用風險。

(f) 抵押品及其他改善信貸條件

本集團以物業按揭、其他以資產設立的已登記抵押、現金存款及擔保書之形式持有客戶貸款及墊款之抵押品。銀行同業貸款及墊款通常沒有抵押品，除非證券作為回購及證券買賣活動之一部分。至於因應貸款及墊款以外的金融資產而持有之抵押品則取決於該工具之性質。

(g) 信用風險壓力測試

根據香港金融管理局監管政策指引，本集團定期在估計輕微、溫和及嚴重危機情況之可能信貸損失方面，進行信用風險壓力測試。本集團根據一九九八年至二零零四年之亞洲金融危機期間(包括二零零三年沙士疫症及二零零八年金融海嘯)內蒐集之經驗數據進行信用風險壓力測試。高級管理層風險管理委員會審閱壓力測試、其參數及其對本集團監管資本充足比率之影響。如認為有必要，將採取臨時措施以控制可能的不利情況。

4 FINANCIAL RISK MANAGEMENT (continued)

4.2 Credit risk (continued)

(e) Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer to settle his obligations as required. Guarantees and standby letters of credit which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties carry the same credit risk as loans. Documentary and commercial letters of credit which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than direct lending.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments.

However, even in the worst scenario, loss is likely to be less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

(f) Collateral and other credit enhancements

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

(g) Credit risk stress test

In accordance with the HKMA's supervisory policy guidelines, the Group runs the credit risk stress test periodically in estimation of the probable credit loss in mild, moderate and severe crisis scenarios. The Group performs the credit risk stress test on the basis of the empirical data gathered during the Asian financial crisis spanning 1998 and 2004 (including the 2003 SARS epidemic and the 2008 financial tsunami). The Senior Executive Risk Management Committee reviews the stress test, its parameters and their impact on the Group's regulatory capital adequacy ratio. Contingency measures will be devised to control possible adversities, if deemed necessary.

財務報表附註
Notes to the Financial Statements

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

4 財務風險管理(續)

4.2 信用風險(續)

(g) 信用風險壓力測試(續)

下表概述本集團之最近期交易對手信用風險壓力測試之結果。

4 FINANCIAL RISK MANAGEMENT (continued)

4.2 Credit risk (continued)

(g) Credit risk stress test (continued)

The following table summarises the result of the Group's latest credit risk stress tests for counterparties.

危機情況			Crisis scenario	二零一七年十二月三十一日 31 December 2017	二零一六年十二月三十一日 31 December 2016
輕微	不履約貸款級別（百萬港元）	Mild	Non-performing loans ("NPL") (HK$' million)	**7,568**	7,173
	不履約貸款級別比率 (%)		NPL ratio (%)	**2.19%**	2.18%
	預期信貸損失（百萬港元）		Expected credit loss (HK$' million)	**5,729**	5,272
溫和	不履約貸款級別（百萬港元）	Moderate	NPL (HK$' million)	**10,105**	9,540
	不履約貸款級別比率 (%)		NPL ratio (%)	**2.93%**	2.89%
	預期信貸損失（百萬港元）		Expected credit loss (HK$' million)	**7,418**	6,754
嚴重	不履約貸款級別（百萬港元）	Severe	NPL (HK$' million)	**12,475**	11,749
	不履約貸款級別比率 (%)		NPL ratio (%)	**3.62%**	3.56%
	預期信貸損失（百萬港元）		Expected credit loss (HK$' million)	**9,276**	8,426

所有上述信用風險報告每月由信貸委員會進行審閱或每季度由高級管理層風險管理委員會進行審閱。警告信號或政策偏離(如有)將予以調查、討論、調整或處理，及如有必要會於適當時候向董事會匯報以獲取有關資料、指示或批准。

All the above credit risk reports are reviewed monthly by the Credit Committee or quarterly by the Senior Executive Risk Management Committee. Warning signals or policy deviations, if any, will be investigated, discussed, rectified or dealt with, and, if necessary, be reported to the Board in due course for information, instruction or approval.

4 財務風險管理(續)

4.3 市場風險管理

市場風險為資產、負債與資產負債表外項目倉盤之市場利率及價格出現變化而引起溢利或虧損之風險。一般而言，本集團之市場風險與外匯、貨幣市場、債券及衍生工具及股票投資的持倉額相關。大部分資產負債表以外之衍生工具持倉額源自執行客戶相關指令及用作對沖之持倉額。基本上，向客戶提供結構性產品在大多數情況下乃按背對背方式提供，以因應本集團之風險承擔能力，並在維持本銀行之市場競爭力之同時，將市場風險盡量降低。

本集團市場風險管理之目標乃按照與本集團提供卓越金融產品及服務之地位以及符合本集團的風險特性之方式，優化回報及管控風險。

本集團將市場風險承擔分類為交易或非交易組合。交易組合包括市場莊家產生的該等倉盤及自營交易倉盤。非交易組合主要因對本集團的零售、企業及商業銀行資產及負債的有效外匯和利率管理而產生。

(a) *市場風險管理框架*

各類交易之市場風險乃按照董事會風險管理委員會、高級管理層風險管理委員會(「高級管理層風險管理委員會」)及市場風險委員會(「市場風險委員會」)制定之風險限額及指引進行管理。風險按照風險值(「VaR」)、倉盤、止蝕、DV01、對沖值、伽瑪、Vega系數等限額之基準衡量及監察。每日風險管理由風險管理部之市場風險單位獨立地進行，確保所有交易活動以恰當模式在許可之限額內進行。本集團之市場風險乃由董事會風險管理委員會、高級管理層風險管理委員會及市場風險委員會定期進行審核。定期進行壓力測試，以估計極端市況下可能造成之損失。本集團之審計部亦定期對交易活動進行檢討及測試，以確保符合所有內部指引。

4 FINANCIAL RISK MANAGEMENT (continued)

4.3 Market risk management

Market risk is the risk that market rates and prices on assets, liabilities and off-balance sheet positions change, thus causing profits or losses. Generally, the Group's market risk is associated with its positions in foreign exchange, the money market, debt securities, derivatives and stocks. Most off-balance sheet derivative positions arise from the execution of customer-related orders and positions taken for hedging purposes. Structured products are basically offered to customers in most cases on a back-to-back basis to maintain the Bank's market competitiveness at minimal market risk, commensurate with the Group's risk appetite.

The objective of the Group's market risk management is to optimise return and control market risk in ways consistent with the Group's risk appetite and its status as a premier provider of financial products and services.

The Group categorises market risk exposures into either trading or non-trading portfolios. Trading portfolios include those positions arising from market-making and proprietary trading positions. Non-trading portfolios primarily arise from the effective foreign exchange and interest rate management of the Group's retail, corporate and commercial banking assets and liabilities.

(a) *Market risk management framework*

Market risk exposure for different types of transactions is managed within risk limits and guidelines approved by the Board RMC, the Senior Executive Risk Management Committee (the "SERMC") and Market Risk Committee (the "MRC"). Exposures are measured and monitored against limits on Value-at-Risk ("VaR"), positions, stop-loss, DV01, delta, gamma, vega, etc. Daily risk monitoring is carried out independently by Market Risk Section of the Risk Management Department, which ensures all dealing activities are conducted in a proper mode and within approved limits. The Group's market risk exposures are periodically reviewed by the Board RMC, SERMC and MRC. Stress tests are performed regularly to estimate the possible losses under extreme circumstances. The Group's Internal Audit Department also performs regular review and testing on dealing activities to ensure compliance with all internal guidelines.

財務報表附註
Notes to the Financial Statements

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

4 財務風險管理(續)

4.3 市場風險管理(續)

(b) 市場風險計量

為量化因本銀行之交易及非交易活動而產生之市場風險所使用之計量技術包括風險值數值、敏感度分析及壓力測試。敏感度措施、集中及止損限額乃使用作為風險管理工具。限額乃就每個組合、產品及風險類型進行設定。壓力測試乃定期進行(最少每月一次),以評估在極端情況下之潛在虧損。董事會風險管理委員會、高級管理層風險管理委員會及市場風險委員會定期審閱壓力測試結果。

(c) 利率風險

利率風險乃本集團之持倉額可能受到市場利率變動不利影響之風險。利率風險主要因計息資產與負債之重定息年期錯配及收益率曲線變動而產生。利率風險亦根據資產負債管理委員會批准及監控之風險限額管理。非交易組合的利率風險每日計算,並每月向資產負債管理委員會報告一次及每季度向高級管理層風險管理委員會和董事會風險管理委員會報告一次。

本集團透過訂立資產負債表內或以外之利率風險對沖工具方式管理其利率風險。對沖活動之功效乃定期根據香港會計準則第39號進行評估。

本集團將採用及依賴止損限額、管理層設定限額、壓力測試及安裝軟件系統的方式以達到監管其利率風險的目的。

4 FINANCIAL RISK MANAGEMENT (continued)

4.3 Market risk management (continued)

(b) Measurement of market risk

Measurement techniques used to quantify the market risk arising from the Bank's trading and non-trading activities include VaR metrics, sensitivity analysis and stress testing. Sensitivity measures, concentration and stop-loss limits are also used as the risk management tools. Limits are set for each portfolio, product and risk type. Stress tests are performed regularly (at least monthly) to assess the potential losses under extreme circumstances. The Board RMC, SERMC and RMC review stress test results on a regular basis.

(c) Interest rate risk

Interest rate risk is the risk that the Group's position may be adversely affected by a change in market interest rates. Interest rate risk arises mainly from the mismatch of repricing tenors of interest-bearing assets and liabilities and yield curve movements. Interest rate risk exposures are managed within risk limits approved and monitored by the ALCO. Interest rate risk exposures in the non-trading portfolio are measured on a daily basis and the results are reported to the ALCO monthly and SERMC and the Board RMC quarterly.

The Group manages its interest rate risk by way of entering into on- or off-balance sheet interest rate risk hedging instruments. The effectiveness of the hedging activities is assessed regularly in accordance with HKAS 39.

The Group will use and count on stop-loss limits, management trigger limits, stress testing and a software system in installation to manage its interest rate risk.

財務報表附註
Notes to the Financial Statements

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

4 財務風險管理(續)

4.3 市場風險管理(續)

(c) 利率風險(續)

下表概述本集團所面臨之利率風險，並按賬面值列示本集團之資產及負債，而資產及負債則按重定息日或到期日(以較早者為準)分類。

4 FINANCIAL RISK MANAGEMENT (continued)

4.3 Market risk management (continued)

(c) Interest rate risk (continued)

The table below summarises the Group's exposure to interest rate risks. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

二零一七年十二月三十一日	31 December 2017	一個月內 Up to 1 month 千港元 HK$'000	一至三個月 1-3 months 千港元 HK$'000	三至十二個月 3-12 months 千港元 HK$'000	一至五年 1-5 years 千港元 HK$'000	五年以上 Over 5 years 千港元 HK$'000	不計息 Non-interest Bearing 千港元 HK$'000	總計 Total 千港元 HK$'000
資產	**Assets**							
現金及在銀行同業與其他金融機構之結存	Cash and balances with banks and other financial institutions	130,805,511	-	-	-	-	30,120,390	160,925,901
在銀行同業及其他金融機構之存款	Placements with banks and other financial institutions	-	32,910,195	45,760,789	-		-	78,670,984
持作交易用途金融資產	Financial assets held for trading	-	-	-	-	-	-	-
指定以公平價值經收益表入賬之金融資產	Financial assets designated at fair value through profit or loss	-	-	-	-	731,157	-	731,157
衍生金融工具	Derivative financial instruments	-	-	-	-	-	15,394,138	15,394,138
貸款及其他賬項	Advances and other accounts	5,561,233	338,769,636	52,085,241	41,691,727	13,041,117	8,681,245	459,830,199
備供銷售金融投資	Available-for-sale financial investments	3,719,660	1,564,273	5,893,591	38,143,452	28,052,594	250,364	77,623,934
持有至到期金融投資	Held-to-maturity financial investments	13,943,656	14,540,233	21,996,663	31,504,634	13,199,448	-	95,184,634
其他資產	Other assets	-	-	-	-	-	9,748,080	9,748,080
資產總額	**Total assets**	154,030,060	387,784,337	125,736,284	111,339,813	55,024,316	64,194,217	898,109,027
負債	**Liabilities**							
銀行同業及其他金融機構之存款	Deposits from banks and other financial institutions	68,468,114	48,423,216	32,324,242	28,415,539	-	-	177,631,111
衍生金融工具	Derivative financial instruments	-	-	-	-	-	8,617,305	8,617,305
客戶存款	Deposits from customers	288,958,670	76,000,154	112,758,216	18,573,772	20,971	-	496,311,783
已發行存款證	Certificates of deposit issued	2,954,562	71,271,690	16,193,384	620,906	-	-	91,040,542
指定以公平價值經收益表入賬之已發行債券	Debt securities in issue designated at fair value through profit or loss	-	-	3,320,760	3,264,422	-	-	6,585,182
以攤銷成本入賬之已發行債券	Debt securities in issue designated at amortised cost	-	467,392	1,000	1,062,300	-	-	1,530,692
以攤銷成本入賬之後償債項	Subordinated debts measured at amortised cost	-	-	-	3,897,774	7,800,709	-	11,698,483
其他負債	Other liabilities	852,747	-	-	-	-	12,155,142	13,007,889
負債總額	**Total liabilities**	361,234,093	196,162,452	164,597,602	55,834,713	7,821,680	20,772,447	806,422,987
利率敏感度缺口總額	**Total interest sensitivity gap**	(207,204,033)	191,621,885	(38,861,318)	55,505,100	47,202,636	43,421,770	91,686,040

財務報表附註
Notes to the Financial Statements

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

4 財務風險管理(續)

4.3 市場風險管理(續)

(c) *利率風險(續)*

4 FINANCIAL RISK MANAGEMENT (continued)

4.3 Market risk management (continued)

(c) *Interest rate risk (continued)*

二零一六年十二月三十一日	31 December 2016	一個月內 Up to 1 month 千港元 HK$'000	一至三個月 1-3 months 千港元 HK$'000	三至十二個月 3-12 months 千港元 HK$'000	一至五年 1-5 years 千港元 HK$'000	五年以上 Over 5 years 千港元 HK$'000	不計息 Non-interest Bearing 千港元 HK$'000	總計 Total 千港元 HK$'000
資產	**Assets**							
現金及在銀行同業與其他金融機構之結存	Cash and balances with banks and other financial institutions	147,362,188	–	–	–	–	18,244,318	165,606,506
在銀行同業及其他金融機構之存款	Placements with banks and other financial institutions	–	26,593,495	–	–	–	–	26,593,495
持作交易用途金融資產	Financial assets held for trading	–	331,341	323,354	–	–	17,556	672,251
指定以公平價值經收益表入賬之金融資產	Financial assets designated at fair value through profit or loss	–	–	–	–	–	–	–
衍生金融工具	Derivative financial instruments	–	–	–	–	–	18,415,757	18,415,757
貸款及其他賬項	Advances and other accounts	1,656,233	316,595,824	49,259,319	34,593,365	13,628,343	3,922,191	419,655,275
備供銷售金融投資	Available-for-sale financial investments	1,792,510	5,546,681	9,047,839	34,975,491	29,152,762	177,536	80,692,819
持有至到期金融投資	Held-to-maturity financial investments	5,611,969	8,284,425	24,140,402	26,738,671	9,506,129	–	74,281,596
其他資產	Other assets	4,061,442	–	–	–	–	8,695,376	12,756,818
資產總額	**Total assets**	160,484,342	357,351,766	82,770,914	96,307,527	52,287,234	49,472,734	798,674,517
負債	**Liabilities**							
銀行同業及其他金融機構之存款	Deposits from banks and other financial institutions	121,227,715	65,899,124	15,562,697	354,152	–	5,285,856	208,329,544
衍生金融工具	Derivative financial instruments	–	–	–	–	–	18,003,999	18,003,999
客戶存款	Deposits from customers	218,159,366	76,649,855	78,346,237	48,424,451	–	–	421,579,909
已發行存款證	Certificates of deposit issued	1,387,524	19,084,289	22,754,705	334,860	–	–	43,561,378
指定以公平價值經收益表入賬之已發行債券	Debt securities in issue designated at fair value through profit or loss	–	–	–	72,101	–	–	72,101
以攤銷成本入賬之已發行債券	Debt securities in issue designated at amortised cost	3,000	–	–	948,078	–	–	951,078
以攤銷成本入賬之後償債項	Subordinated debts measured at amortised cost	–	–	–	3,864,938	7,739,010	–	11,603,948
其他負債	Other liabilities	519,535	–	–	–	–	10,166,879	10,686,414
負債總額	**Total liabilities**	341,297,140	161,633,268	116,663,639	53,998,580	7,739,010	33,456,734	714,788,371
利率敏感度缺口總額	**Total interest sensitivity gap**	(180,812,798)	195,718,498	(33,892,725)	42,308,947	44,548,224	16,016,000	83,886,146

4 財務風險管理(續)

4.3 市場風險管理(續)

(c) *利率風險(續)*

交易組合

本集團對利率風險之監控乃根據有關屬於市場風險限額內交易之受限個別營運及一系列董事會風險管理委員會及市場風險委員會(依據個別授權)授權之可允許工具進行。尤其是,衍生產品之交易受到健全之監控系統支持,而更為複雜之衍生工具基本上是以背靠背基準進行交易。VaR、敏感度措施、集中及止損限額乃作為風險管理工具使用。風險限額乃每日進行獨立監察。

非交易組合

非交易組合(亦稱為「銀行賬戶」)之利率風險管理之主要目標是優化淨利息收入但不至於承受過多風險,這由金融市場部(「金融市場部」)每日進行,並在資產負債管理委員會監督下管理非庫務業務之利率風險。當產品之行為特徵與其合同特徵不同時,則對行為特徵進行評估以釐定彼等之實際相關利率風險。資產負債管理委員會監察所有該等行為假設及利率風險狀況,以確保彼等符合當時適用的利率風險限額。利率風險限額乃就規管因非交易組合產生之利率風險而設定。該等限額定期進行測量及獨立監察。

本集團就其銀行賬戶面對之利率風險主要包括以下四個形式:重新定價風險、收益率曲線風險、基準風險及期權風險。利率風險乃就利率變動對盈利或經濟價值之影響而計量,並假設所有其他因素維持不變,如金融市場部或其他業務部門中並無採取任何行動以減低此利率風險之影響,以及所有年期項目之利率按同一金額計算。預付款及提前償還客戶貸款或提取存款通常不予接受或錄得費用。

4 FINANCIAL RISK MANAGEMENT (continued)

4.3 Market risk management (continued)

(c) *Interest rate risk (continued)*

Trading portfolio

The Group's control of interest rate risk is based on restricting individual operations to trading within the market risk limits, and a list of permissible instruments authorised by the Board RMC, and MRC where authority delegated. In particular, trading in the derivative products is supported by robust control systems whereas more complicated derivatives are basically undertaken on a back-to-back basis. VaR, sensitivity measures, concentration and stop-loss limits are used as risk management tools. Risk limits are independently monitored by Market Risk Section of Risk Management Department on a daily basis.

Non-trading portfolio

The principal objective of interest rate risk management of non-trading portfolios (also known as "banking book") is to optimise net interest income but without exposure to excessive risk. This is done on a daily basis by the Global Markets and Trading Department ("GMT") taking over the interest rate risk in non-treasury business under the supervision of the ALCO. When the behavioural characteristics of a product differ from its contractual characteristics, the behavioural characteristics are assessed to determine their actual underlying interest rate risk. The ALCO monitors all such behavioural assumptions and interest rate risk positions to ensure they comply with the prevailing interest rate risk limits which are set for the purpose of governing the interest rate risk arising from the non-trading portfolio. The limits are measured and independently monitored on a regular basis.

There are four primary forms of interest rate risk faced by the Group with regard to its banking book: re-pricing risk, yield curve risk, basis risk and option risk. Interest rate risk is measured in relation to the impact of changes in interest rates on earnings or economic values assuming all other factors remained constant, e.g. no action taken by GMT or other business units to mitigate the impact of this interest rate risk and interest rates at all term points move by the same amount. Prepayment and early withdrawal of customer loans or deposits are usually not entertained or will incur fees.

財務報表附註
Notes to the Financial Statements

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

4 財務風險管理(續)

4.3 市場風險管理(續)

(c) *利率風險(續)*

銀行賬戶之利率風險
盈利或經濟價值對利率變動的敏感度概要如下：

		2017 港元 HK$ 百萬港元 HK$ million	2017 美元 US$ 百萬港元 HK$ million	2017 人民幣 CNY 百萬港元 HK$ million	2017 歐元 EUR 百萬港元 HK$ million	2017 紐元 NZ$ 百萬港元 HK$ million	2017 日元 JPY 百萬港元 HK$ million	2016 港元 HK$ 百萬港元 HK$ million	2016 美元 US$ 百萬港元 HK$ million	2016 人民幣 CNY 百萬港元 HK$ million	2016 歐元 EUR 百萬港元 HK$ million	2016 紐元 NZ$ 百萬港元 HK$ million	2016 日元 JPY 百萬港元 HK$ million
倘利率上調200個基點對未來12個月的盈利影響	Impact on earnings over the next 12 months if interest rates rise by 200 basis points	1,593	(414)	(46)	(381)	-	-	781	349	58	(145)	(9)	(25)
倘利率上調200個基點對經濟價值的影響	Impact on economic value if interest rates rise by 200 basis points	(316)	3,105	227	168	-	-	(257)	3,333	774	212	(3)	-

分析乃根據以下假設進行：

(i) 收益率曲線及利率出現平行移動；

(ii) 組合並無其他變動；

(iii) 沒有提早償還貸款；及

(iv) 沒有固定到期日的存款於翌日再定息。

4 FINANCIAL RISK MANAGEMENT (continued)

4.3 Market risk management (continued)

(c) *Interest rate risk (continued)*

Interest rate exposures in banking book
Sensitivities of earnings or economic value to interest rate changes are summarised below:

The analysis is based on the following assumptions:

(i) there is a parallel shift in the yield curve and in interest rates;

(ii) there are no other changes to the portfolio;

(iii) there is no loan prepayment; and

(iv) deposits without fixed maturity dates are repriced on the next day.

4 財務風險管理(續)

4.3 市場風險管理(續)

(c) *利率風險(續)*

敏感度分析

下表顯示有關本銀行分別於二零一七年及二零一六年十二月對交易賬項及投資組合進行最後一次之壓力測試。本年度壓力測試之測試情況分析(孳息曲線變動之基點)代表在所有其他變量維持不變的情況下，本銀行之收益表對利率之合理可能的敏感度：

二零一七年
利率交易之利率風險壓力測試

(千港元)
(HK$'000)

		情況分析 Scenario					
		輕微 Light		溫和 Moderate		嚴重 Extreme	
孳息曲線變動	Yield curve shift	−100個基點 −100 bps	+100個基點 +100 bps	−200個基點 −200 bps	+200個基點 +200 bps	−300個基點 −300 bps	+300個基點 +300 bps
二零一七年十二月	**December 2017**	**(9,894)**	**9,894**	**(19,788)**	**19,788**	**(29,682)**	**29,682**

投資賬項債券之利率風險 *(HTM賬戶及EFN除外)*

(千港元)
(HK$'000)

		情況分析 Scenario						
		輕微 Light	溫和 Moderate	嚴重 Extreme	孳息曲線上升 Yield curve steepen		孳息曲線變平 Yield curve flatten	
孳息曲線變動	Yield curve shift	+100個基點 +100 bps	+200個基點 +200 bps	+300個基點 +300 bps	100個基點 100 bps	300個基點 300 bps	100個基點 100 bps	300個基點 300 bps
二零一七年十二月	**December 2017**	**(661,322)**	**(1,322,645)**	**(1,983,968)**	**(324,828)**	**(974,484)**	**(336,494)**	**(1,009,484)**

4 FINANCIAL RISK MANAGEMENT (continued)

4.3 Market risk management (continued)

(c) *Interest rate risk (continued)*

Sensitivity analysis

The tables below show the last stress tests on the Bank's trading and investment portfolios conducted in December 2017 and 2016 respectively. The testing scenario (bps of yield curve shift) of the stress test represents the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Bank's income statement:

2017
Interest rate stress test for interest rate trading

(HK$'000)

		Scenario					
		Light		Moderate		Extreme	
Yield curve shift		−100 bps	+100 bps	−200 bps	+200 bps	−300 bps	+300 bps
December 2017		**(9,894)**	**9,894**	**(19,788)**	**19,788**	**(29,682)**	**29,682**

Interest rate risk for investment book debt securities *(exclude HTM book and EFNs)*

(HK$'000)

		Scenario						
		Light	Moderate	Extreme	Yield curve steepen		Yield curve flatten	
Yield curve shift		+100 bps	+200 bps	+300 bps	100 bps	300 bps	100 bps	300 bps
December 2017		**(661,322)**	**(1,322,645)**	**(1,983,968)**	**(324,828)**	**(974,484)**	**(336,494)**	**(1,009,484)**

財務報表附註
Notes to the Financial Statements

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

4 財務風險管理(續)

4.3 市場風險管理(續)

(c) 利率風險(續)

敏感度分析(續)

二零一六年

利率交易之利率風險壓力測試

(千港元)
(HK$'000)

		情況分析 Scenario					
		輕微 Light		溫和 Moderate		嚴重 Extreme	
孳息曲線變動	Yield curve shift	−100個基點 −100 bps	+100個基點 +100 bps	−200個基點 −200 bps	+200個基點 +200 bps	−300個基點 −300 bps	+300個基點 +300 bps
二零一六年十二月	December 2016	(5,579)	5,579	(11,157)	11,157	16,736	(16,736)

投資賬項債券之利率風險(*HTM賬戶及EFN除外*)

(千港元)
(HK$'000)

		情況分析 Scenario						
		輕微 Light	溫和 Moderate	嚴重 Extreme	孳息曲線上升 Yield curve steepen		孳息曲線變平 Yield curve flatten	
孳息曲線變動	Yield curve shift	+100個基點 +100 bps	+200個基點 +200 bps	+300個基點 +300 bps	100個基點 100 bps	300個基點 300 bps	100個基點 100 bps	300個基點 300 bps
二零一六年十二月	December 2016	(1,205,848)	(2,411,696)	(3,617,544)	(976,623)	(2,929,868)	(229,225)	(687,676)

(d) 貨幣風險

貨幣風險乃金融工具之價值因外匯變化而將出現波動之風險。

本集團之外匯風險主要包括金融市場部進行之外匯交易及源自於本集團銀行業務之貨幣風險。因非交易業務產生之貨幣風險乃轉至金融市場部，以按市場風險委員會所批准之外匯倉盤限額進行集中化管理。管理層按貨幣對倉盤設定限額。風險管理部依據經批准限額對倉盤進行逐日獨立監察。

4 FINANCIAL RISK MANAGEMENT (continued)

4.3 Market risk management (continued)

(c) Interest rate risk (continued)

Sensitivity analysis (continued)

2016

Interest rate stress test for interest rate trading

(HK$'000)

		Scenario					
		Light		Moderate		Extreme	
Yield curve shift		−100 bps	+100 bps	−200 bps	+200 bps	−300 bps	+300 bps
December 2016		(5,579)	5,579	(11,157)	11,157	16,736	(16,736)

Interest rate risk for investment book debt securities *(exclude HTM book and EFNs)*

(HK$'000)

		Scenario						
		Light	Moderate	Extreme	Yield curve steepen		Yield curve flatten	
Yield curve shift		+100 bps	+200 bps	+300 bps	100 bps	300 bps	100 bps	300 bps
December 2016		(1,205,848)	(2,411,696)	(3,617,544)	(976,623)	(2,929,868)	(229,225)	(687,676)

(d) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group's foreign exchange exposures mainly comprise foreign exchange dealing by GMT, and currency exposures originated from the Group's banking business. Currency exposures arising from non-trading businesses are transferred to GMT for centralised management within foreign exchange position limits approved by the MRC. Management has set limits on positions by currency. Positions are independently monitored by Risk Management Department against the approved limits on a daily basis.

財務報表附註
Notes to the Financial Statements

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

4 財務風險管理(續)

4.3 市場風險管理(續)

(d) 貨幣風險(續)

下表概述本集團面對之外匯風險。該表包括本集團按賬面值列賬之資產及負債(衍生金融工具除外),按貨幣進行分類。

4 FINANCIAL RISK MANAGEMENT (continued)

4.3 Market risk management (continued)

(d) Currency risk (continued)

The tables below summarise the Group's exposure to foreign currency exchange risk. Included in the tables are the Group's assets and liabilities at carrying amounts, excluding derivative financial instruments, categorised by currency.

二零一七年十二月三十一日	31 December 2017	港元 HK$ 千港元 HK$'000	美元 US$ 千港元 HK$'000	人民幣 CNY 千港元 HK$'000	其他 Other 千港元 HK$'000	總計 Total 千港元 HK$'000
資產	**Assets**					
現金及在銀行同業與其他金融機構之結存	Cash and balances with banks and other financial institutions	41,635,264	89,529,838	28,632,466	1,128,333	160,925,901
在銀行同業及其他金融機構之存款	Placements with banks and other financial institutions	15,380,000	59,125,180	2,499,240	1,666,564	78,670,984
持作交易用途金融資產	Financial assets held for trading	–	–	–	–	
指定以公平價值經收益表入賬之金融資產	Financial assets designated at fair value through profit or loss	–	–	731,157	–	731,157
貸款及其他賬項	Advances and other accounts	187,207,065	135,670,256	113,112,054	23,840,824	459,830,199
備供銷售金融投資	Available-for-sale financial investments	388,075	57,770,774	13,012,305	6,452,780	77,623,934
持有至到期金融投資	Held-to-maturity financial investments	18,993,711	43,415,394	32,028,527	747,002	95,184,634
於聯營公司之投資	Investments in associates	405,722	–	–	–	405,722
商譽及其他無形資產	Goodwill and other intangible assets	1,017,282	–	–	–	1,017,282
投資物業	Investment properties	78,100	–	39,307	–	117,407
物業及設備	Property, plant and equipment	725,738	–	180,030	–	905,768
其他資產,包括現行及遞延稅項資產	Other assets, including current and deferred tax assets	1,303,859	3,199,849	2,649,383	148,810	7,301,901
資產總額(衍生金融工具除外)	**Total assets (excluding derivative financial instruments)**	267,134,816	388,711,291	192,884,469	33,984,313	882,714,889
負債	**Liabilities**					
銀行同業及其他金融機構之存款	Deposits from banks and other financial institutions	16,267,019	88,572,113	63,052,464	9,739,515	177,631,111
客戶存款	Deposits from customers	192,459,695	170,182,978	99,933,375	33,735,735	496,311,783
已發行存款證	Certificates of deposit issued	14,070,626	69,910,030	6,002,726	1,057,160	91,040,542
指定以公平價值經收益表入賬之已發行債券	Debt securities in issue designated at fair value through profit or loss	–	–	107,548	6,477,634	6,585,182
以攤銷成本入賬之已發行債券	Debt securities in issue at amortised cost	1,000	–	1,062,300	467,392	1,530,692
以攤銷成本入賬之後償債項	Subordinated debts measured at amortised cost	–	11,698,483	–	–	11,698,483
其他負債,包括現行及遞延稅項負債	Other liabilities, including current and deferred tax liabilities	2,800,542	5,038,841	5,027,556	140,950	13,007,889
負債總額(衍生金融工具除外)	**Total liabilities (excluding derivative financial instruments)**	225,598,882	345,402,445	175,185,969	51,618,386	797,805,682
資產負債表內倉盤淨額	**Net on-balance sheet position**	41,535,934	43,308,846	17,698,500	(17,634,073)	84,909,207
信貸承諾	**Credit commitments**	90,620,961	121,100,760	7,469,579	38,957,258	258,148,558

財務報表附註
Notes to the Financial Statements

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

4 財務風險管理(續) / 4 FINANCIAL RISK MANAGEMENT (continued)

4.3 市場風險管理(續) / 4.3 Market risk management (continued)

(d) 貨幣風險(續) / (d) Currency risk (continued)

二零一六年十二月三十一日	31 December 2016	港元 HK$ 千港元 HK$'000	美元 US$ 千港元 HK$'000	人民幣 CNY 千港元 HK$'000	其他 Other 千港元 HK$'000	總計 Total 千港元 HK$'000
資產	**Assets**					
現金及在銀行同業與其他金融機構之結存	Cash and balances with banks and other financial institutions	72,316,642	60,856,433	22,684,737	9,748,694	165,606,506
在銀行同業及其他金融機構之存款	Placements with banks and other financial institutions	10,000,000	10,119,753	4,023,132	2,450,610	26,593,495
持作交易用途金融資產	Financial assets held for trading	–	17,556	654,695	–	672,251
貸款及其他賬項	Advances and other accounts	238,126,743	131,873,356	41,196,809	8,458,367	419,655,275
備供銷售金融投資	Available-for-sale financial investments	380,009	51,658,144	24,353,449	4,301,217	80,692,819
持有至到期金融投資	Held-to-maturity financial investments	16,536,687	40,309,735	16,783,465	651,709	74,281,596
於聯營公司之投資	Investments in associates	285,953	97,246	–	–	383,199
商譽及其他無形資產	Goodwill and other intangible assets	959,934	–	67,591	–	1,027,525
投資物業	Investment properties	43,100	–	36,558	–	79,658
物業及設備	Property, plant and equipment	778,115	–	166,198	–	944,313
其他資產,包括現行及遞延稅項資產	Other assets, including current and deferred tax assets	2,908,218	5,166,693	1,769,697	477,515	10,322,123
資產總額(衍生金融工具除外)	**Total assets (excluding derivative financial instruments)**	342,335,401	300,098,916	111,736,331	26,088,112	780,258,760
負債	**Liabilities**					
銀行同業及其他金融機構之存款	Deposits from banks and other financial institutions	78,868,728	67,783,695	47,155,569	14,521,552	208,329,544
客戶存款	Deposits from customers	160,556,994	138,964,591	109,107,322	12,951,002	421,579,909
已發行存款證	Certificates of deposit issued	11,143,878	25,140,422	7,277,078	–	43,561,378
指定以公平價值經收益表入賬之已發行債券	Debt securities in issue designated at fair value through profit or loss	–	–	72,101	–	72,101
以攤銷成本入賬之已發行債券	Debt securities in issue at amortised cost	3,000	–	948,078	–	951,078
以攤銷成本入賬之後償債項	Subordinated debts measured at amortised cost	–	11,603,948	–	–	11,603,948
其他負債,包括現行及遞延稅項負債	Other liabilities, including current and deferred tax liabilities	5,280,709	3,038,229	2,237,163	132,313	10,688,414
負債總額(衍生金融工具除外)	**Total liabilities (excluding derivative financial instruments)**	255,853,309	246,530,885	166,797,311	27,604,867	696,786,372
資產負債表內倉盤淨額	**Net on-balance sheet position**	86,482,092	53,568,031	(55,060,980)	(1,516,755)	83,472,388
信貸承諾	**Credit commitments**	97,769,426	126,500,290	16,306,929	28,916,802	269,493,447

4 財務風險管理(續)

4.3 市場風險管理(續)

(d) 貨幣風險(續)

壓力測試
下表為十二月進行最後一次之壓力測試計算在所有其他變量維持不變的情況下，即期匯率及外匯波動於二零一七年及二零一六年之合理可能變動所產生之按元計量之變化。

二零一七年
外匯倉盤風險壓力測試

(千港元) **(HK$'000)**		**情況分析** **Scenario** **輕微** **Light** **即期(10%)** **Spot (10%)** **波幅(4%)** **Volatility (4%)**	**溫和** **Moderate** **即期(12%)** **Spot (12%)** **波幅(6%)** **Volatility (6%)**	**嚴重** **Extreme** **即期(15%)** **Spot (15%)** **波幅(10%)** **Volatility (10%)**
最低即期及波幅變動(人民幣除外)	Worst of spot and volatility change (excluding CNY)	**(149,982)**	**(671,387)**	**(1,582,811)**

(千港元) **(HK$'000)**		**情況分析** **Scenario** **輕微** **Light** **即期(3%)** **Spot (3%)** **波幅(3%)** **Volatility (3%)**	**溫和** **Moderate** **即期(5%)** **Spot (5%)** **波幅(4%)** **Volatility (4%)**	**嚴重** **Extreme** **即期(7%)** **Spot (7%)** **波幅(6%)** **Volatility (6%)**
最低即期及波幅變動(人民幣)	Worst of spot and volatility change (CNY)	**(310,145)**	**(516,909)**	**(723,672)**

4 FINANCIAL RISK MANAGEMENT (continued)

4.3 Market risk management (continued)

(d) Currency risk (continued)

Stress test
The tables below show the last stress tests conducted in December which calculated the change in dollar term of a reasonably possible movement of spot rates and foreign exchange volatility for 2017 and 2016, with all other variables held constant.

2017
Risk stress testing for foreign exchange position

財務報表附註
Notes to the Financial Statements

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

4 財務風險管理(續)

4.3 市場風險管理(續)

(d) *貨幣風險(續)*

壓力測試(續)

二零一六年
外匯倉盤風險壓力測試

(千港元) (HK$'000)		情況分析 Scenario 輕微 Light 即期(10%) Spot (10%) 波幅(4%) Volatility (4%)	溫和 Moderate 即期(12%) Spot (12%) 波幅(6%) Volatility (6%)	嚴重 Extreme 即期(15%) Spot (15%) 波幅(10%) Volatility (10%)
最低即期及波幅變動(人民幣除外)	Worst of spot and volatility change (excluding CNY)	(359,332)	(1,046,850)	(1,734,348)

(千港元) (HK$'000)		情況分析 Scenario 輕微 Light 即期(3%) Spot (3%) 波幅(3%) Volatility (3%)	溫和 Moderate 即期(5%) Spot (5%) 波幅(4%) Volatility (4%)	嚴重 Extreme 即期(7%) Spot (7%) 波幅(6%) Volatility (6%)
最低即期及波幅變動(人民幣)	Worst of spot and volatility change (CNY)	(239,862)	(572,252)	(802,108)

鑑於在岸人民幣和離岸人民幣的波動性上升，本銀行將檢討在執行市場風險壓力測試計劃時所採用的在岸人民幣和離岸人民幣波動性。

4 FINANCIAL RISK MANAGEMENT (continued)

4.3 Market risk management (continued)

(d) *Currency risk (continued)*

Stress test (continued)

2016
Risk stress testing for foreign exchange position

In view of increased volatility of CNY and CNH, the Bank will review the volatility of CNY and CNH adopted in the market risk stress test programme in accordance with the prevailing market situation.

4 財務風險管理(續)

4.3 市場風險管理(續)

(e) 股票價格風險

股票價格風險乃股票組合之公平價值因股市指數水平及個別股票價值變化而下降之風險。持倉股票之市場風險於目前階段相對並不大。

本集團於二零一七年及二零一六年的股票風險主要為長期策略性股票投資，並以附註27所載之「備供銷售金融投資」列報。附註23所載之「持作交易用途金融資產」內為持作交易用途股票，並受風險管理監控措施所規管。

為計算資本充足比率，本集團已考慮其股票風險作為風險加權資產的一部分。

有關股票投資所應用之估值及方法均於財務報表附註2定義。

4 FINANCIAL RISK MANAGEMENT (continued)

4.3 Market risk management (continued)

(e) Equity price risk

Equity price risk is the risk that the fair values of the equity portfolio decrease as the result of changes in the levels of equity indices and the value of individual stocks. Market risk positions on equity are relatively not sizeable at this stage.

The Group's equity exposures in 2017 and 2016 are mainly long-term strategic equity investments which are reported as "available-for-sale financial investments" set out in Note 27. Equities held for trading purposes are included under "Financial assets held for trading" set out in Note 23. These are subject to risk management control procedures.

The Group takes into account its equity exposure as part of risk-weighted assets for the purpose of calculating the capital adequacy ratios.

Valuation and technique methodologies applied on equity investments are detailed in Note 2 of the financial statements.

		2017 **千港元** **HK$'000**	2016 千港元 HK$'000
來自出售和兑現持有股權的累積實現虧損	Cumulative realized loss arising from sales and liquidations of equity exposure	**(38)**	2,493
在本集團的儲備內確認，但沒有經收益表入賬的未實現收益的總計	Total unrealized gains recognised in the Group's reserve but not through the income statement	**87,747**	142,955
為計算資本充足比率而包括在本集團的附加資本內的任何未實現收益的數額	Unrealised gains included in the Group's supplementary capital for capital adequacy ratio purpose	**87,747**	142,955

財務報表附註
Notes to the Financial Statements

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

4 財務風險管理(續)

4.4 流動資金風險

流動資金風險乃指本集團於財務責任到期時未能償債之風險。因此，穩健的流動資金風險管理架構，對確保在正常及緊急情況下有足夠現金流以具成本效益的方式應付所有財務責任，包括到期借貸、提取活期或合約期滿的到期存款等十分重要。本集團必須符合法定的流動資金覆蓋比率、穩定資金淨額比率及監管規定的流動資金比率。為了確保達到上述目標，本集團維持一個以零售及企業客戶存款構成的穩定而多元化的資金基礎以及一個以高流動性資產組成的強大組合。

為管理流動資金風險，本集團已制定流動資金風險管理政策，並經由資產負債管理委員會、高級管理層風險管理委員會及董事會風險管理委員會審閱和審批。本集團每日均緊密管理及預測流動資金流向，以讓資產負債管理委員會及相關部門因應不斷變化之市況迅速行動，及時實行應變計劃。此外，本集團會編製，並每月向資產負債管理委員會以及每季向高級管理層風險管理委員會和董事會風險管理委員會呈交流動資金風險管理報告，以促進有效之流動資金風險管理和監督。本銀行就內部監控及監管目的定期履行涵蓋銀行指定、一般市場及結合二者的各種危機情景的壓力測試，以評估本集團可供在嚴峻情況下是否有足夠流動資金應付何任緊急的資金需要。資產負債管理委員會就該等壓力測試結果進行審閱及討論，以考慮是否有需要制定預防性的減低風險措施，包括但不限於為本銀行的風險設限、建立更多的流動資金緩衝，及／或調整本銀行資產及負債的結構性到期組合。此等壓力測試就所有貨幣合計以及分別就港元、美元和人民幣倉盤而獨立進行。

已建立資訊管理系統，每日從各個來源擷取數據及編製必要的管理資料報告，包括法定流動資金覆蓋比率、穩定資金淨額比率、其他監管規定的流動性相關比率及現金流水平，以讓相關方可以及時進行監察和及時向管理層作出匯報。

4 FINANCIAL RISK MANAGEMENT (continued)

4.4 Liquidity risk

Liquidity risk is the risk that the Group cannot meet its financial obligations as and when they fall due. A sound liquidity risk management framework is therefore essential to ensure there is adequate cash flow to meet all financial obligations, including matured borrowings, deposits withdrawal either on demand or at contractual maturity, etc under both normal and contingency circumstances in a cost-effective manner. The Group must comply with the statutory LCR, net stable funding ratio (NSFR) and regulatory liquidity-related ratio. To ensure this, the Group maintains a stable and diversified funding base of retail and corporate customer deposits and a strong portfolio of highly liquid assets.

To manage liquidity risk, the Group has established liquidity risk management policies that are reviewed and approved by ALCO, SERMC and Board RMC. Liquidity is managed and forecasted on a daily basis to enable ALCO and relevant departments to act proactively in view of changing market conditions and to implement contingency plans on a timely basis. Also, liquidity risk management reports are prepared and reported to ALCO on a monthly basis; to SERMC and Board RMC on a quarterly basis for effective liquidity risk management oversight. Stress tests, with various crisis scenarios covering bank-specific, general market and a combination of both, are regularly conducted for both internal and regulatory purposes in order to assess the adequacy of the Group's liquidity to meet any contingent funding needs under severe conditions. ALCO examines and discusses the stress test results to consider the need for preventive and mitigating actions. These actions include but are not limited to limit the Bank's exposures, build up more liquidity cushion, and/or adjust the structural maturity profile of the Bank's assets and liabilities. Stress tests are conducted for all currencies in aggregate and separately for positions in HKD, USD and CNY.

Management information systems are in place to extract data from various sources and produce the essential management information reports, including statutory LCR, NSFR, other regulatory liquidity-related ratios and cash flow positions on a daily basis for timely monitoring by relevant parties and reporting to management.

4 財務風險管理(續)

4.4 流動資金風險(續)

本銀行維持分散之流動資金緩衝組合，當中大部分為流動性高及可隨時變現之可銷資產(即一級資本流動資產)，例如現金、外匯基金債務證券及其他優質政府債券或類似工具，此等資產可迅速或即時轉換為現金而只會涉及低額或甚至沒有價值損失或折讓。本銀行亦透過持有其他資本流動性高及可銷性高的資產(即二級資本流動資產)，增加該等流動性緩衝組合之組成成分，此等緩衝組合可用以應對壓力期間年期較長之部分，而不會導致過多之虧損或折讓。本銀行計算所需的流動資金緩衝，所用方法為參考本集團持有的流動資金緩衝，以確保任何情況下後者都處於足夠水平。

由行長辦公會組成的資產負債管理委員會，獲行長辦公會委派及獲高級管理層風險管理委員會委任管理流動資金風險。這包括但不限於：

資產及負債管理

- 監察及管理本銀行的資產與負債；
- 制定合適的資產與負債管理政策及策略；及
- 審閱及討論對資產與負債以及資本有著重大影響的項目或事宜。

流動資金管理

- 識別、計量、監察及控制流動資金風險；
- 檢討及批准流動資金風險管理政策；
- 加強本銀行的流動資金，以及監察流動資金風險指標、現金流和即日流動資金；
- 定期檢討壓力測試；及
- 制定緊急流動資金計劃，包括但不限於招攬客戶存款、發行存款證、出售債券等。

4 FINANCIAL RISK MANAGEMENT (continued)

4.4 Liquidity risk (continued)

The Bank maintains a diversified portfolio of liquidity cushion that is largely made up of the most liquid and readily marketable assets ("tier 1 assets"), such as cash, EF debt securities and other high quality government debt securities or similar instruments, that can be easily or immediately monetized with little or no loss or discount at all times. The Bank also widens the composition of the liquidity cushion by holding other liquid and marketable assets ("tier 2 assets") which can be used to cater for the longer end of the stress period without resulting in excessive losses or discounts. The Bank calculates the required liquidity cushion, which is compared to the liquidity cushion held by the Bank to ensure that the latter is sufficient in all circumstances.

The ALCO, constituted by CEO Committee, is delegated by CEO Committee and appointed by SERMC to manage liquidity risk. This includes but is not limited to:

Asset and Liability Management

- monitor and manage the Bank's assets and liabilities;
- formulate appropriate asset and liability management policies and strategies; and
- review and discuss items or matters that have significant impact on assets and liabilities as well as capital.

Liquidity Management

- identify, measure, monitor and control the liquidity risk;
- review and approve the liquidity risk management policies;
- strengthen the Bank's liquidity and monitor the liquidity risk indicators, cash flow and intraday liquidity;
- review the stress testing on a regular basis; and
- establish contingency plan on liquidity, including but not limited to solicit customer deposits, issue CDs, sell bonds, etc.

財務報表附註
Notes to the Financial Statements

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

4 財務風險管理(續)

4.4 流動資金風險(續)

資金管理

- 檢討資金需要，並確保分散的來源和有效使用資金；
- 檢討內部FTP政策及計劃；及
- 制定策略性計劃，以獲取穩定的長期資金，支持業務增長。

為確保有效之流動資金風險管理，前線業務部門須：

- 透過內部現金流呈報系統及時匯報客戶資金流入和流出情況，同時監察提取存款之趨勢；
- 吸引相對穩定之存款，以及達致管理層所設定之存款增長目標；
- 在發展需要大量流動資金之貸款業務的同時，積極達致存款增長目標；
- 於有需要時，執行資產負債管理委員會或其他管理委員會同意之流動資金管理計劃；
- 考慮本銀行之資金成本和供應等因素，妥善為借貸定價；及
- 於本銀行需要籌集流動資金時，放慢或停止承造新貸款、延遲或規管貸款之提取及／或協調出售貸款事宜。

4 FINANCIAL RISK MANAGEMENT (continued)

4.4 Liquidity risk (continued)

Funding Management

- review the funding needs and ensure diversified source and efficient use of funds;
- review the internal FTP policy and plan; and
- formulate strategic plan to secure stable long term funding to support business growth.

To ensure an effective liquidity risk management, frontline business units:

- report the customer fund in-/out-flow timely through internal cash flow reporting system and monitor the trend of deposits withdrawal;
- attract relatively stable deposits and achieve the deposit growth targets set by management;
- simultaneously comply with the deposit growth target when developing liquidity-consuming loan business;
- implement liquidity management plans as agreed in ALCO or other management committees when needed;
- price lending properly, taking into account the Bank's liquidity cost and availability; and
- slow down or cease to commit any new loans, defer or regulate loan drawdown and/or to collaborate on loan sale at times when the Bank needs to raise liquidity.

4 財務風險管理(續)

4.4 流動資金風險(續)

香港金融管理局(「金管局」)已發出《銀行業(流動性)規則》(「銀行業(流動性)規則」),詳細列明於香港執行流動資金覆蓋比率的詳情。銀行業(流動性)規則訂明所有第一類認可機構(「認可機構」)均須遵守的最低流動資金覆蓋比率。此外,金管局於二零一六年發出新版本的監管政策手冊LM – 1及LM – 2,為認可機構應用銀行業(流動性)規則以及建立穩健的流動資金風險管理架構的要素提供指引。至於提升長期的靈活性方面,將於二零一八年對認可機構推行穩定資金淨額比率(「穩定資金淨額比率」)。

本集團繼續尋求分散資金渠道,以控制過度集中的資金來源。母行中國工商銀行提供的資金支持亦足證本銀行有效增強資金實力。

資產及負債的相配和受控之錯配對本集團流動性管理而言至關重要。由於交易經常期限不定,且類型也經常不同,因此銀行做到資產與負債的年期完全相配的情況並不普遍。一方面,不相配的情況可能提高實體溢利能力,但也會增加實體的流動性風險(以及利率風險)。

本集團的資產大多來自客戶存款。於所有客戶存款中,10%為活期存款及往來戶口,24%為儲蓄存款,66%為定期及通知存款(二零一六年:10%為活期存款及往來戶口,21%為儲蓄存款,69%為定期及通知存款)。上述客戶存款的種類及到期日分佈甚為廣泛,屬於穩定的資金來源。本集團極為重視維持此等存款之穩定性,並透過旗下零售銀行業務及維持存戶對本集團雄厚資本之信心以維持此情況。雖然很多客戶賬項已訂約須即時或在給予短期通知後償還,但事實上,由於流入及流出額大致相符,故短期存款結餘穩定。

4 FINANCIAL RISK MANAGEMENT (continued)

4.4 Liquidity risk (continued)

The Hong Kong Monetary Authority ("HKMA") has issued the Banking (Liquidity) Rules ("BLR") detailing the implementation of the LCR in Hong Kong. The BLR stipulates the minimum LCR with which all Category 1 authorised institutions ("AIs") need to comply. Also, new versions of Supervisory Policy Manual LM-1 and LM-2 have been issued by the HKMA in 2016 to provide guidance to the AIs on the application of the BLR and the key elements of a sound liquidity risk management framework respectively. To promote longer-term resilience, a Net Stable Funding Ratio ("NSFR") for AIs has been introduced in 2018.

The Group continues to seek to diversify its funding channels to control excessive concentration on funding sources. Funding support from the Parent Bank, ICBC, has also proven to be efficient in strengthening the Group's liquidity capability.

The matching and controlled mismatching of assets and liabilities are fundamental to the liquidity management of the Group. It is unusual for bank's assets and liabilities to be completely matched in tenors, as transactions often entail uncertain terms and are frequently of different types. While an unmatched position potentially enhances profitability, it increases the liquidity risk (as well as the interest rate risk) of an entity.

A substantial portion of our assets is funded by customer deposits. Of total customer deposits, 10% consist of demand and current account deposits, 24% of savings deposits, and 66% of time, call and notice deposits (2016: demand and current account 10%, savings 21%, time, call and notice 69%). These customer deposits, which are widely diversified by type and maturity, represent a stable source of funds. The Group places great emphasis on the stability of these deposits, which are sustained through the Group's retail banking activities and by maintaining depositor confidence in the Group's capital strength. Although many customer accounts are contractually due for repayment on demand or at short notice, in practice inflows and outflows are broadly matched, keeping short-term deposit balances stable.

財務報表附註
Notes to the Financial Statements

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

4 財務風險管理(續)

4.4 流動資金風險(續)

由於持作交易及備供銷售組合可於到期前出售或客戶存款可能在未被取用之情況下到期，合約到期日並不完全反映未來現金流量的時間和金額。

應付擔保和備用信用證項下所需款項的流動資金需求遠少於承諾的金額，因為本集團一般不預期第三方會同一時間根據協議要求兌現。由於很多信貸承諾毋須動用資金即告屆滿或終止，因此提供信貸承擔的尚未償付合同總金額未必等同日後的現金需求。

本銀行的資產負債管理部根據既定的政策管理流動資金風險，並透過執行監察和控制流動資金風險的措施，為資產負債管理委員會提供支持。本集團時刻保持非常嚴謹之流動資金風險管理，並更加倚重客戶存款而非銀行間資金，尤其是在動盪時期。本集團將繼續採取必要措施按其營運規模和複雜性加強其流動資金實力，包括符合各種壓力情景和任何新的流動性風險要求。

應變資金計劃由資產負債管理委員會、高級管理層風險管理委員會及董事會風險管理委員會最少每年檢討及批核，其目的為確保本集團有實際及可行的計劃以應付流動資金危機。應變資金計劃是一個能夠於危機事件中管理流動資金的實用工具。其載列本集團為取得流動性及資金來源的可行方案及當不可預測的危機來臨時協定採取的行動。應變資金計劃包括仔細的行動步驟，以及列明各相關方的角色與職責。作為危機處理小組及其支援小組用以評估流動資金危機以於任何危機發生時執行步驟之實際指引，應變資金計劃包括一個完善的資產負債表到期日分析及列明所有已考慮其可信性、優先次序及需時的潛在資金來源。

4 FINANCIAL RISK MANAGEMENT (continued)

4.4 Liquidity risk (continued)

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

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitments because the Group does not generally expect its third parties to draw funds concurrently under the agreements. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, as many of these commitments will expire or be terminated without being funded.

The Bank's Asset and Liability Management Department manages the liquidity risk according to established policies and supports ALCO by implementing liquidity risk monitoring and control. The Group has always maintained high vigilance with regard to liquidity risk management, relying much more significantly on customer deposits than on inter-bank funding, particularly at volatile times. The Group will continue to take the necessary measures commensurate with its scale and complexity of operation to strengthen its liquidity capability, including meeting various stress scenarios and any new liquidity risk requirements.

The contingency funding plan ("CFP") is reviewed and approved by ALCO, SERMC and the Board RMC at least annually with the objective of ensuring that the Group has practical and operational plans in place to enable it to cope with a liquidity crisis. The CFP is a practical tool for managing liquidity during a crisis event. It sets out the options available to the Group for garnering liquidity and funding, and an agreed course of action in the event of an unexpected crisis. The CFP includes detailed action steps as well as roles and responsibilities of relevant parties. As a practical set of guidelines for the crisis management team and its support team to evaluate the liquidity crisis situation and execute action steps during any crisis, the CFP also consists of a sound balance sheet maturity analysis, and spells out all potential funding sources giving due consideration to their reliability, priority and the lead time during a crisis.

財務報表附註
Notes to the Financial Statements

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

4 財務風險管理(續)

4.4 流動資金風險(續)

下表基於報告期結束時至合約到期日之剩餘期間分析本集團於十二月三十一日之資產及負債到期分組情況。

4 FINANCIAL RISK MANAGEMENT (continued)

4.4 Liquidity risk (continued)

The tables below analyse assets and liabilities of the Group as at 31 December into relevant maturing groupings based on the remaining period at the end of reporting period to the contractual maturity date.

二零一七年十二月三十一日	31 December 2017	須要求時即時償還 Repayable on demand 千港元 HK$'000	一個月內 Up to one month 千港元 HK$'000	一至三個月 1-3 months 千港元 HK$'000	三至十二個月 3-12 months 千港元 HK$'000	一至五年 1-5 years 千港元 HK$'000	五年以上 Over 5 years 千港元 HK$'000	無限期 Indefinite 千港元 HK$'000	總計 Total 千港元 HK$'000
資產	**Assets**								
現金及在銀行同業與其他金融機構之結存	Cash and balances with banks and other financial institutions	55,749,319	105,176,582	-	-	-	-	-	160,925,901
在銀行同業及其他金融機構之存款	Placements with banks and other financial institutions	-	-	32,910,195	45,760,789	-	-	-	78,670,984
持作交易用途金融資產	Financial assets held for trading								
- 股票證券	- equity securities	-	-	-	-	-	-	-	-
- 其他債券	- other debt securities	-	-	-	-	-	-	-	-
指定以公平價值經收益表入賬之金融資產	Financial assets designated at fair value through profit or loss								
- 其他投資	- other investment	-	-	-	-	-	731,157	-	731,157
衍生金融工具	Derivative financial instruments	295,446	907,134	3,337,108	5,642,566	4,620,232	591,652	-	15,394,138
貸款及其他賬項	Advances and other accounts	7,153,077	14,654,068	32,759,366	113,695,650	191,120,587	100,447,451	-	459,830,199
備供銷售金融投資	Available-for-sale financial investments								
- 庫務票據	- treasury bills	-	-	-	-	1,165,369	2,769,757	-	3,935,126
- 股票證券	- equity securities	-	-	-	-	-	-	250,364	250,364
- 所持有之存款證	- certificates of deposit held	-	274,758	781,311	595,958	164,828	-	-	1,816,855
- 其他債券	- other debt securities	-	3,444,902	782,962	5,297,633	36,813,254	25,282,838	-	71,621,589
- 財富管理產品	- wealth management product	-	-	-	-	-	-	-	-
持有至到期金融投資	Held-to-maturity financial investments								
- 庫務票據	- treasury bills	-	4,651,915	7,187,105	10,814,080	6,794,922	724,973	-	30,172,995
- 所持有之存款證	- certificates of deposit held	-	8,408,359	5,304,409	3,049,429	-	-	-	16,762,197
- 其他債券	- other debt securities	-	883,383	2,048,718	8,133,154	24,709,712	12,474,475	-	48,249,442
於聯營公司之投資	Investments in associates	-	-	-	-	-	-	405,722	405,722
商譽及其他無形資產	Goodwill and other intangible assets	-	-	-	-	-	-	1,017,282	1,017,282
投資物業	Investment properties	-	-	-	-	-	-	117,407	117,407
物業及設備	Property, plant and equipment	-	-	-	-	-	-	905,768	905,768
其他資產，包括現行及遞延所得稅資產	Other assets, including current and deferred income tax assets	37,862	2,836,366	473,309	1,062,547	2,520,628	337,227	33,962	7,301,901
資產總額	**Total assets**	63,235,704	141,237,467	85,584,483	194,051,806	267,909,532	143,359,530	2,730,505	898,109,027
負債	**Liabilities**								
銀行同業及其他金融機構之存款	Deposits from banks and other financial institutions	30,627,215	50,142,808	36,463,220	31,982,329	28,415,539	-	-	177,631,111
衍生金融工具	Derivative financial instruments	35,587	1,114,198	3,239,786	2,535,910	1,439,437	252,387	-	8,617,305
客戶存款	Deposits from customers	168,633,527	115,764,838	80,457,465	112,861,210	18,573,772	20,971	-	496,311,783
已發行存款證	Certificates of deposit issued	-	2,954,562	38,452,470	11,193,384	38,440,126	-	-	91,040,542
已發行債券	Debt securities in issue								
- 指定以公平價值經收益表入賬	- Designated at fair value through profit or loss	-	-	-	3,320,760	3,264,422	-	-	6,585,182
- 以攤銷成本入賬	- At amortised cost	-	-	-	1,000	1,529,692	-	-	1,530,692
以攤銷成本入賬之後償債項	Subordinated debt measured at amortised cost	-	-	-	-	3,897,774	7,800,709	-	11,698,483
其他負債，包括現行及遞延所得稅負債	Other liabilities, including current and deferred income tax liabilities	3,647,954	4,647,423	943,724	2,882,052	692,763	187,647	6,326	13,007,889
負債總額	**Total liabilities**	202,944,283	174,623,829	159,556,665	164,776,645	96,253,525	8,261,714	6,326	806,422,987
流動資金缺口淨額	**Net liquidity gap**	(139,708,579)	(33,386,362)	(73,972,182)	29,275,161	171,656,007	135,097,816	2,724,179	91,686,040

財務報表附註
Notes to the Financial Statements

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

4 財務風險管理(續)

4.4 流動資金風險(續)

4 FINANCIAL RISK MANAGEMENT (continued)

4.4 Liquidity risk (continued)

二零一六年十二月三十一日	31 December 2016	須要求時即時償還 Repayable on demand 千港元 HK$'000	一個月內 Up to one month 千港元 HK$'000	一至三個月 1-3 months 千港元 HK$'000	三至十二個月 3-12 months 千港元 HK$'000	一至五年 1-5 years 千港元 HK$'000	五年以上 Over 5 years 千港元 HK$'000	無限期 Indefinite 千港元 HK$'000	總計 Total 千港元 HK$'000
資產	**Assets**								
現金及在銀行同業與其他金融機構之結存	Cash and balances with banks and other financial institutions	35,649,110	129,957,396	–	–	–	–	–	165,606,506
在銀行同業及其他金融機構之存款	Placements with and banks and other financial institutions	–	–	12,033,725	14,559,770	–	–	–	26,593,495
持作交易用途金融資產	Financial assets held for trading								
– 股票證券	– equity securities	–	–	–	–	–	–	17,556	17,556
– 其他債券	– other debt securities	–	–	331,341	323,354	–	–	–	654,695
衍生金融工具	Derivative financial instruments	116,823	1,880,483	3,956,545	7,849,281	3,912,626	699,999	–	18,415,757
貸款及其他賬項	Advances and other accounts	6,606,921	16,729,390	35,028,388	79,614,815	199,829,495	80,538,303	1,307,963	419,655,275
備供銷售投資	Available-for-sale investments								
– 庫務票據	– treasury bills	–	–	–	–	6,728,690	1,830,510	–	8,559,200
– 股票證券	– equity securities	–	–	–	–	–	–	183,652	183,652
– 所持有之存款證	– certificates of deposit held	–	–	–	521,302	252,868	–	–	774,170
– 其他債券	– other debt securities	–	323,661	3,930,591	7,001,355	27,993,933	27,322,253	–	66,571,793
– 財富管理產品	– wealth management product	–	1,462,733	1,616,089	1,525,182	–	–	–	4,604,004
持有至到期金融投資	Held-to-maturity financial investments								
– 庫務票據	– treasury bills	–	–	2,334,001	9,638,061	1,164,272	–	–	13,136,334
– 所持有之存款證	– certificates of deposit held	–	4,651,234	3,091,708	1,549,020	–	–	–	9,291,962
– 其他債券	– other debt securities	–	960,735	2,858,716	12,953,321	25,574,399	9,506,129	–	51,853,300
於聯營公司之投資	Investments in associates	–	–	–	–	–	–	383,199	383,199
商譽及其他無形資產	Goodwill and other intangible assets	–	–	–	–	–	–	1,027,525	1,027,525
投資物業	Investment properties	–	–	–	–	–	–	79,658	79,658
物業及設備	Property, plant and equipment	–	–	–	–	–	–	944,313	944,313
其他資產,包括現行及遞延所得稅資產	Other assets, including current and deferred income tax assets	11,410	2,385,963	603,705	2,286,891	4,723,006	253,921	57,227	10,322,123
資產總額	**Total assets**	42,384,264	158,351,595	65,784,809	137,822,352	270,179,289	120,151,115	4,001,093	798,674,517
負債	**Liabilities**								
銀行同業及其他金融機構之存款	Deposits from banks and other financial institutions	42,062,598	84,450,975	65,899,124	15,562,696	354,151	–	–	208,329,544
衍生金融工具	Derivative financial instruments	–	1,814,296	3,843,384	7,990,285	4,013,624	342,410	–	18,003,999
客戶存款	Deposits from customers	130,516,183	87,643,183	76,649,855	78,346,237	48,424,451	–	–	421,579,909
已發行存款證	Certificates of deposit issued	–	1,387,524	19,006,747	22,832,247	334,860	–	–	43,561,378
已發行債券	Debt securities in issue								
– 指定以公平價值經收益表入賬	– Designated at fair value through profit or loss	–	–	–	–	72,101	–	–	72,101
– 以攤銷成本入賬	– At amortised cost	1,000	2,000	–	–	948,078	–	–	951,078
以攤銷成本入賬之後償債項	Subordinated debts measured at amortised cost	–	–	–	–	3,864,938	7,739,010	–	11,603,948
其他負債,包括現行及遞延所得稅負債	Other liabilities, including current and deferred income tax liabilities	1,944,560	4,692,863	1,269,327	1,675,751	1,057,055	–	46,858	10,686,414
負債總額	**Total liabilities**	174,524,341	179,990,841	166,668,437	126,407,216	59,069,258	8,081,420	46,858	714,788,371
流動資金缺口淨額	**Net liquidity gap**	(132,140,077)	(21,639,246)	(100,883,628)	11,415,136	211,110,031	112,069,695	3,954,235	83,886,146

4 財務風險管理(續)

4.4 流動資金風險(續)

下表呈列於結算日至到期日非衍生金融負債、將以淨額基準結算的衍生金融負債及將以總額基準結算的衍生金融工具項下本集團應付現金流。鑑於本集團乃根據預測的未經折現現金流來管理內在流動資金風險，在表內所披露之數據為合約未經折現的現金流。

將以淨額結算的本集團衍生工具包括：

- 外匯衍生工具：場外交易貨幣期權；及
- 利率衍生工具：利率掉期、遠期利率協議及場外交易利率期權。

將以總額結算的本集團衍生工具包括：

- 外匯衍生工具：貨幣遠期買賣、貨幣掉期；及
- 利率衍生工具：交叉貨幣利率掉期。

4 FINANCIAL RISK MANAGEMENT (continued)

4.4 Liquidity risk (continued)

The table below presents the cash flows payable by the Group under non-derivative financial liabilities, derivative financial liabilities that will be settled on a net basis and derivative financial instruments that will be settled on gross basis by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Group manages the inherent liquidity risk based on expected undiscounted cash inflows.

The Group's derivatives that will be settled on a net basis include:

- Foreign exchange derivatives: over-the-counter currency options; and
- Interest rate derivatives: interest rate swaps, forward rate agreements and OTC interest rate options

The Group's derivatives that will be settled on a gross basis include:

- Foreign exchange derivatives: currency forward, currency swaps; and
- Interest rate derivatives: cross currency interest rate swaps.

財務報表附註
Notes to the Financial Statements

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

4 財務風險管理(續)

4.4 流動資金風險(續)

4 FINANCIAL RISK MANAGEMENT (continued)

4.4 Liquidity risk (continued)

二零一七年十二月三十一日	As at 31 December 2017	須要求時即時償還 Repayable on demand 千港元 HK$'000	三個月或以下 3 months or less 千港元 HK$'000	三至十二個月 3-12 months 千港元 HK$'000	一至五年 1-5 years 千港元 HK$'000	五年以上 Over 5 years 千港元 HK$'000	無限期 Indefinite 千港元 HK$'000	總計 Total 千港元 HK$'000
金融負債	**Financial liabilities**							
銀行同業及其他金融機構之存款	Deposits from banks and other financial institutions	34,659,390	100,505,868	30,467,953	25,292,018	–	–	190,925,229
客戶存款	Deposits from customers	166,207,607	200,665,826	116,773,163	24,359,273	21,195	–	508,027,064
已發行存款證	Certificates of deposit issued	–	39,732,034	11,016,687	37,020,439	4,808,532	–	92,577,692
指定以公平價值經收益表入賬之已發行債券	Debt securities in issue at fair value through profit or loss	–	–	–	3,320,760	3,264,422	–	6,585,182
以攤銷成本入賬之已發行債券	Debt securities in issue at amortised cost	–	467,599	1,623	1,063,755	–	–	1,532,977
以攤銷成本入賬之後償債項	Subordinated debts measured at amortised cost	–	–	559,536	5,730,859	8,334,510	–	14,624,905
其他金融負債	Other financial liabilities	3,690,050	6,511,318	2,002,208	241,418	375,294	6,326	12,826,614
金融負債總額	**Total financial liabilities**	204,557,047	347,882,645	160,821,170	97,028,522	16,803,953	6,326	827,099,663
衍生現金流	**Derivative cash flow**							
以淨額結算的衍生金融工具	Derivative financial instruments settled on net basis	651	100,892	383,115	(401,988)	(119,697)	–	(37,027)
流入總額	Total inflows	2,493	8,290,018	5,867,344	35,604,727	94,968,310	–	144,732,892
流出總額	Total outflows	(1,842)	(8,189,126)	(5,484,229)	(36,006,715)	(95,088,007)	–	(144,769,919)
以總額結算的衍生金融工具	Derivative financial instruments settled on gross basis							
流入總額	Total inflows	851	109,137,702	140,449,948	163,392,113	55,738,893	–	468,719,507
流出總額	Total outflows	(380)	(109,480,013)	(141,010,439)	(164,279,211)	(55,698,439)	–	(470,468,482)

資產負債表外項目 **Off-balance sheet items**

二零一七年十二月三十一日	At 31 December 2017	一年或以下 No later than 1 year 千港元 HK$'000	一至五年 1-5 years 千港元 HK$'000	五年以上 Over 5 years 千港元 HK$'000	總計 Total 千港元 HK$'000
貸款承諾	Loan commitments	188,027,823	13,082,580	32,616,759	233,727,162
擔保書、授信證及其他財務融通	Guarantees, acceptances and other financial facilities	24,421,396	–	–	24,421,396
已存遠期有期存款總計	Forward forward deposits placed	–	–	–	–
合計	**Total**	212,449,219	13,082,580	32,616,759	258,148,558

4 財務風險管理(續) / 4 FINANCIAL RISK MANAGEMENT (continued)

4.4 流動資金風險(續) / 4.4 Liquidity risk (continued)

二零一六年十二月三十一日	As at 31 December 2016	須要求時即時償還 Repayable on demand 千港元 HK$'000	三個月或以下 3 months or less 千港元 HK$'000	三至十二個月 3-12 months 千港元 HK$'000	一至五年 1-5 years 千港元 HK$'000	五年以上 Over 5 years 千港元 HK$'000	無限期 Indefinite 千港元 HK$'000	總計 Total 千港元 HK$'000
金融負債	**Financial liabilities**							
銀行同業及其他金融機構之存款	Deposits from banks and other financial institutions	41,155,957	150,239,058	15,261,336	4,061,711	5,965,964	–	216,684,026
客戶存款	Deposits from customers	131,828,429	164,963,594	79,295,292	48,425,453	–	–	424,512,768
已發行存款證	Certificates of deposit issued	234	20,792,168	22,792,792	904,777	1,317,905	–	45,807,876
指定以公平價值經收益表入賬之已發行債券	Debt securities in issue at fair value through profit or loss	–	–	–	72101	–	–	72,101
以攤銷成本入賬之已發行債券	Debt securities in issue at amortised cost	–	–	176,902	780,193	352,834	–	1,309,929
以攤銷成本入賬之後償債項	Subordinated debts measured at amortised cost	–	146,476	378,858	6,061,954	8,622,550	–	15,209,838
其他金融負債	Other financial liabilities	1,977,736	6,497,490	1,352,465	468,634	–	46,858	10,343,183
金融負債總額	**Total financial liabilities**	174,962,356	342,638,786	119,257,645	60,774,823	16,259,253	46,858	713,939,721
衍生現金流	**Derivative cash flow**							
以淨額結算的衍生金融工具	Derivative financial instruments settled on net basis	623	33,640	123,261	63,803	49,811	–	271,138
流入總額	Total inflows	1,193	1,612,754	4,880,169	34,196,755	64,910,560	–	105,601,431
流出總額	Total outflows	(570)	(1,579,114)	(4,756,908)	(34,132,952)	(64,860,749)	–	(105,330,293)
以總額結算的衍生金融工具	Derivative financial instruments settled on gross basis							
流入總額	Total inflows	336	170,405,327	172,322,086	300,418,498	73,369,773	–	716,516,020
流出總額	Total outflows	(483)	(170,400,782)	(172,129,286)	(300,565,462)	(73,398,723)	–	(716,494,736)

資產負債表外項目 **Off-balance sheet items**

二零一六年十二月三十一日	At 31 December 2016	一年或以下 No later than 1 year 千港元 HK$'000	一至五年 1-5 years 千港元 HK$'000	五年以上 Over 5 years 千港元 HK$'000	總計 Total 千港元 HK$'000
貸款承諾	Loan commitments	181,598,324	18,954,733	28,989,784	229,542,841
擔保書、授信證及其他財務融通	Guarantees, acceptances and other financial facilities	29,670,686	–	–	29,670,686
已存遠期有期存款總計	Forward forward deposits placed	10,279,920	–	–	10,279,920
合計	**Total**	221,548,930	18,954,733	28,989,784	269,493,447

財務報表附註
Notes to the Financial Statements

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

4 財務風險管理(續)

4.5 採用金融工具策略

本集團之業務性質主要與使用金融工具(包括衍生工具)有關。本集團按定息或浮息及不同年期接受客戶存款，以及透過將資金投資於高質素之資產優化息差收入。本集團尋求透過整合短期資金及按較高利率借出年期較長之款項增加此等息差收入，同時在過程中維持足夠流動資金應付到期負債的需要。

本集團亦透過向多家不同信貸級別之商業及零售借款人貸款，以獲取減除撥備後較高之息差，藉此提高息差收入。此等活動風險不只牽涉資產負債表內之貸款及墊款。本集團亦訂立擔保及其他承擔，例如信用證及保函及其他債券。

本集團亦通過持有場外工具之倉盤，藉貨幣、利率及證券價格之短期波動以賺取利潤，據此管理金融工具的風險。管理層就金融產品之風險水平設定交易限額。

(a) *公平價值對沖*
本集團透過利率掉期，對沖其定息資產之部分現有港元及外幣利率風險。此等掉期於二零一七年十二月三十一日之公平淨值為正1億5千2百萬港元(二零一六年：正1億9千3百萬港元)。

(b) *現金流對沖*
本集團使用利率掉期保障按可變利率計息的非交易資產及負債免受未來現金流量波動的風險。於二零一七年十二月三十一日，此等掉期之公平淨值為正1億3千萬港元(二零一六年：正1億6千9百萬港元)。

4 FINANCIAL RISK MANAGEMENT (continued)

4.5 Strategy in using financial instruments

By their nature, the Group's activities are principally related to the use of financial instruments including derivatives. The Group accepts deposits from customers at both fixed and floating rates, and for various periods, and seeks to optimise the interest margins by investing these funds in high-quality assets. The Group seeks to increase these margins generally by consolidating short-term funds and lending for longer periods at higher rates, while maintaining sufficient liquidity in the process to meet all claims that might fall due.

The Group also seeks to raise its interest margins, net of allowances, through lending to commercial and retail borrowers with a range of credit standings. Such exposures involve not just on-balance sheet loans and advances but also guarantees and other commitments such as letters of credit and performance and other bonds.

The Group also manages the risk of financial instruments by taking positions in OTC instruments to take advantage of short-term market movements in currencies, interest rates and securities prices. The management places risk limits on the level of exposure to financial products.

(a) *Fair value hedges*
The Group hedges part of the existing Hong Kong dollar and foreign currency interest rate risk in its fixed rate assets by means of interest rate swaps. The net fair value of these swaps as at 31 December 2017 was HK$152 million positive (2016: HK$193 million positive).

(b) *Cash flow hedges*
The Group uses interest rate swaps to protect against exposures to variability in future cash flows on non-trading assets and liabilities which bear interest at variable rates. The net fair value of these swaps as at 31 December 2017 was HK$130 million positive (2016: HK$169 million positive).

4 財務風險管理(續)

4.6 金融資產及負債之公平價值

使用估值方法以公平價值計量之金融工具

在活躍市場上買賣之標準化金融資產及金融負債之公平價值根據市場報價釐定。至於所有其他金融工具，本集團使用估值法釐定公平價值。一般而言，如有提供活躍市場報價，將採用此一價格。如沒有提供活躍市場報價，則將採用合適的估值法。

估值法包括淨現值及折現現金流模型、類似工具之比較(如市場上有可觀察之價格)、柏力克–舒爾斯及多項式期權定價模型，以及其他估值法。估值法下使用之假設和輸入值包括無風險及指標利率、信貸息差及估計折現率時所用之其他溢價、債券及股票價格、外幣匯述、股票及股票指數價格，以及預期價格波幅和相互關係。估值法之目標為達致能反映於報告日期市場參與者之間在有秩序交易下出售資產時所收取或轉讓負債時所支付之金融工具價格之公平價值計量。

本集團使用廣被認可之估值模型釐定普通金融工具之公平價值。市場數據輸入值為獨立及可在市場上觀察得出，避免任何對公平價值之操控。本集團亦已設立估值委員會，以制定計量公平價值之控制框架。估值委員會負責檢討對金融工具進行估值時所採用之全部市場價格及利率來源，以及利率曲線、估值方法和模型。

本集團之場外衍生工具持倉已加入一個信貸估值調整(CVA)因子，以於計量衍生工具之公平價值時計入交易對手違約風險。CVA是對公平值作出按市價計值調整，以反映本集團場外衍生工具組合之潛在交易對手信貸風險。CVA乃透過於將預期虧損率乘以買賣層面工具之風險價值計算。

本集團參考具有相若內部信貸級別之交易對手之歷史虧損率，估計預期之虧損率。本集團已採用一個債務估值調整(DVA)因子，以於衍生工具之公平價值內計入本集團本身之信貸風險，而估值之方法與CVA相同。

4 FINANCIAL RISK MANAGEMENT (continued)

4.6 Fair values of financial assets and liabilities

Financial instruments measured at fair value using a valuation technique

Fair values of standardized financial assets and financial liabilities that are traded in active market are based on quoted market prices. For all other financial instruments, the Group determines fair values using valuation techniques. In general, quoted prices in active market will be used if available. When quoted prices in active markets are not available, an appropriate valuation technique will be employed.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price of the financial instrument that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the reporting date.

The Group uses widely recognised valuation models for determining the fair value of the common financial instruments. The market data inputs are independent and observable in the market which avoids any manipulation of the fair values. The Group has also established the Valuation Committee to set up control framework with respect to the measurement of fair values. Valuation Committee is responsible for review of all market prices and rate sources used as well as curves, methodology and models for valuation of financial instruments.

A Credit Valuation Adjustment (CVA) is applied to the Group's over-the-counter derivative exposures to take into account the counterparty's risk of default when measuring the fair value of the derivatives. CVA is the mark-to-market adjustment to the fair value to reflect potential credit risk from counterparties in the Group's over-the-counter derivative portfolio. CVA is calculated by multiplying the expected loss rates and the exposure value of the instruments at deal level.

The Group estimates the expected loss rates by referencing the historical loss rates of the counterparties at similar internal credit grading level. A Debit Valuation Adjustment (DVA) is applied to incorporate the Group's own credit risk in the fair value of derivatives, using same methodology as for CVA.

財務報表附註
Notes to the Financial Statements

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

4 財務風險管理(續)

4.6 金融資產及負債之公平價值(續)

釐定公平價值等級

根據香港財務報告準則第13號「公平價值計量」三級公平價值分級之分類定義，下表列示本集團於報告期末按重覆發生基準以釐定金融工具之公平價值。分類予每一分級之公平價值釐定取決於以下所採用的估值模式的參數之可觀察性及重要性：

等級一估值： 釐定公平價值只採用第一級參數，即於釐定日在活躍市場相同資產或負債的報價。

等級二估值： 釐定公平價值採用第二級參數，即第一級估值內可直接或間接就資產或負債觀察所得的可觀察市場報價以外的參數。

等級三估值： 釐定公平價值採用非可觀察參數。非可觀察參數是在未能提供相關可觀察參數時用以釐定公平價值的參數。

4 FINANCIAL RISK MANAGEMENT (continued)

4.6 Fair values of financial assets and liabilities (continued)

Determination of fair value hierarchy

The following table presents the fair value of the Group's financial instruments 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 valuations: Fair value measured using only Level 1 inputs i.e. quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 valuations: Fair value measured using Level 2 inputs i.e inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 valuations: Fair value measured using unobservable inputs. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available.

4 財務風險管理(續)

4.6 金融資產及負債之公平價值(續)

釐定公平價值等級(續)

4 FINANCIAL RISK MANAGEMENT (continued)

4.6 Fair values of financial assets and liabilities (continued)

Determination of fair value hierarchy (continued)

二零一七年十二月三十一日	31 December 2017	等級一 Level 1 千港元 HK$'000	等級二 Level 2 千港元 HK$'000	等級三 Level 3 千港元 HK$'000	總額 Total 千港元 HK$'000
經常性公平價值計量	**Recurring fair value measurements**				
金融資產	**Financial assets**				
衍生金融工具	Derivative financial instruments				
遠期外匯合約	Forward foreign exchange contracts	–	6,261,779	–	6,261,779
結構性外匯合約	Structured foreign exchange contracts	–	1,277	–	1,277
貨幣掉期	Currency swaps	–	1,328,373	–	1,328,373
外匯期權	FX options	–	103,196	–	103,196
利率掉期	Interest rate swaps	–	1,097,815	–	1,097,815
商品遠期	Commodity forward	–	–	–	–
利率期貨	Interest rate futures	–	4,128	–	4,128
股票掉期	Equity swaps	–	6,597,564	–	6,597,564
股票期權	Equity options	–	6	–	6
		–	15,394,138	–	15,394,138
持作交易用途金融資產	Financial assets held for trading				
債券	Debts securities	–	–	–	–
股票	Equities	–	–	–	–
		–	–	–	–
指定以公平價值經收益表入賬金融資產	Financial assets designated at fair value Through profit or loss				
債券	Debts securities	–	731,157	–	731,157
		–	731,157	–	731,157
備供銷售金融投資	Available-for-sale financial investments				
債券	Debts securities	65,575,454	11,798,116	–	77,373,570
股票	Equities	–	–	250,364	250,364
財富管理產品	Wealth management products	–	–	–	–
		65,575,454	11,798,116	250,364	77,623,934
金融資產總額	Total financial assets	65,575,454	27,923,411	250,364	93,749,229
金融負債	**Financial liabilities**				
衍生金融工具	Derivative financial instruments				
遠期外匯合約	Forward foreign exchange contracts	–	6,246,844	–	6,246,844
結構性外匯合約	Structured foreign exchange contracts	–	1,278	–	1,278
貨幣掉期	Currency swaps	–	1,358,960	–	1,358,960
外匯期權	FX options	–	139,508	–	139,508
利率掉期	Interest rate swaps	–	583,374	–	583,374
商品遠期	Commodity forward	–	–	–	–
利率期貨	Interest rate futures	–	82	–	82
股票掉期	Equity swaps	–	287,253	–	287,253
股票期權	Equity options	–	6	–	6
		–	8,617,305	–	8,617,305
指定以公平價值經收益表入賬金融負債	Financial liabilities designated at fair value through profit or loss				
已發行債券	Debt securities in issue	–	6,585,182	–	6,585,182
		–	6,585,182	–	6,585,182
金融負債總額	Total financial liabilities	–	15,202,487	–	15,202,487

財務報表附註
Notes to the Financial Statements

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

4 財務風險管理(續)

4.6 金融資產及負債之公平價值(續)

釐定公平價值等級(續)

4 FINANCIAL RISK MANAGEMENT (continued)

4.6 Fair values of financial assets and liabilities (continued)

Determination of fair value hierarchy (continued)

二零一六年十二月三十一日	31 December 2016	等級一 Level 1 千港元 HK$'000	等級二 Level 2 千港元 HK$'000	等級三 Level 3 千港元 HK$'000	總額 Total 千港元 HK$'000
經常性公平價值計量	**Recurring fair value measurements**				
金融資產	**Financial assets**				
衍生金融工具	Derivative financial instruments				
遠期外匯合約	Forward foreign exchange contracts	–	10,399,556	–	10,399,556
結構性外匯合約	Structured foreign exchange contracts	–	99,543	–	99,543
貨幣掉期	Currency swaps	–	6,061,034	–	6,061,034
外匯期權	FX options	–	338,803	–	338,803
利率掉期	Interest rate swaps	–	1,032,472	–	1,032,472
商品遠期	Commodity forward	–	474,806	–	474,806
利率期貨	Interest rate futures	–	9,516	–	9,516
股票掉期	Equity swaps	–	–	–	–
股票期權	Equity options	–	27	–	27
		–	18,415,757	–	18,415,757
持作交易用途金融資產	Financial assets held for trading				
債券	Debt securities	–	654,695	–	654,695
股票	Equities	–	17,556	–	17,556
		–	672,251	–	672,251
備供銷售金融投資	Available-for-sale financial investments				
債券	Debt securities	58,904,085	16,993,239	–	75,897,324
股票	Equities	54,772	–	128,572	183,344
財富管理產品	Wealth management products	–	2,836,808	–	2,836,808
		58,958,857	19,830,047	128,572	78,917,476
金融資產總額	Total financial assets	58,958,857	39,918,055	128,572	98,005,484
金融負債	**Financial liabilities**				
衍生金融工具	Derivative financial instruments				
遠期外匯合約	Forward foreign exchange contracts	–	10,216,188	–	10,216,188
結構性外匯合約	Structured foreign exchange contracts	–	100,749	–	100,749
貨幣掉期	Currency swaps	–	6,114,222	–	6,114,222
外匯期權	FX options	–	352,748	–	352,748
利率掉期	Interest rate swaps	–	510,444	–	510,444
商品遠期	Commodity forward	–	476,090	–	476,090
利率期貨	Interest rate futures	–	5,643	–	5,643
股票掉期	Equity swaps	–	227,888	–	227,888
股票期權	Equity options	–	27	–	27
		–	18,003,999	–	18,003,999
指定以公平價值經收益表入賬金融負債	Financial liabilities designated at fair value through profit or loss				
已發行債券	Debt securities in issue	–	72,101	–	72,101
		–	72,101	–	72,101
金融負債總額	Total financial liabilities	–	18,076,100	–	18,076,100

4 財務風險管理(續)

4.6 金融資產及負債之公平價值(續)

按公平價值計量之等級三金融工具之變動

下表載列按公平價值列賬之等級三金融資產及負債之年初餘額與年終餘額之對賬：

4 FINANCIAL RISK MANAGEMENT (continued)

4.6 Fair values of financial assets and liabilities (continued)

Movements in level 3 financial instruments measured at fair value

The following table shows a reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities which are recorded at fair value:

		於二零一七年一月一日 At 1 January 2017 千港元 HK$'000	增添／(出售) Addition/ (disposal) 千港元 HK$'000	由持有至到期投資重新分類 Reclassify from held-to-maturity investment 千港元 HK$'000	於權益內列賬之虧損總額 Total losses recorded in equity 千港元 HK$'000	於二零一七年十二月三十一日 At 31 December 2017 千港元 HK$'000
金融資產	**Financial assets**					
備供銷售金融投資	Available-for-sale financial investments					
債券	Debt securities	–	–	–	–	–
股票	Equities	**128,572**	**121,929**	–	**(137)**	**250,364**
等級三金融資產總值	Total level 3 financial assets	**128,572**	**121,929**	–	**(137)**	**250,364**

		於二零一六年一月一日 At 1 January 2016 千港元 HK$'000	增添／(出售) Addition/ (disposal) 千港元 HK$'000	由持有至到期投資重新分類 Reclassify to held-to-maturity investment 千港元 HK$'000	於權益內列賬之收益總額 Total gains recorded in equity 千港元 HK$'000	於二零一六年十二月三十一日 At 31 December 2016 千港元 HK$'000
金融資產	**Financial assets**					
備供銷售金融投資	Available-for-sale financial investments					
債券	Debts securities	89,649	(89,649)	–	–	–
股票	Equities	97,017	–	–	31,555	128,572
等級三金融資產總值	Total level 3 financial assets	186,666	(89,649)	–	31,555	128,572

財務報表附註
Notes to the Financial Statements

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

4 財務風險管理(續)

4.6 金融資產及負債之公平價值(續)

按公平價值計量之等級三金融工具之變動(續)

計入本年度收益表之等級三金融工具之收益／虧損包括：

4 FINANCIAL RISK MANAGEMENT (continued)

4.6 Fair values of financial assets and liabilities (continued)

Movements in level 3 financial instruments measured at fair value (continued)

Gains/losses on Level 3 financial instruments included in the income statement for the year comprise:

二零一七年	**2017**	**未變現虧損 Unrealised losses 千港元 HK$'000**	**未變現收益 Unrealised gains 千港元 HK$'000**	**總額 Total 千港元 HK$'000**
計入本年度收益表之收益／(虧損)總額	Total gains/(losses) included in income statement for the year	–	–	–

二零一六年	2016	未變現虧損 Unrealised losses 千港元 HK$'000	未變現收益 Unrealised gains 千港元 HK$'000	總額 Total 千港元 HK$'000
計入本年度收益表之收益／(虧損)總額	Total gains/(losses) included in income statement for the year	–	21,387	21,387

4 財務風險管理(續)

4.6 金融資產及負債之公平價值(續)

等級一與等級二之間的重大轉移

下表列出按公平價值記賬之金融資產及負債的公平價值等級中，等級一與等級二之間的重大轉移：

4 FINANCIAL RISK MANAGEMENT (continued)

4.6 Fair values of financial assets and liabilities (continued)

Significant transfers between Level 1 and 2

The following tables show significant transfers between Level 1 and Level 2 of the fair value hierarchy for financial assets and liabilities which are recorded at fair value:

		由等級一轉移至等級二 Transfers from level 1 to level 2	
		2017	2016
		千港元	千港元
二零一七年	**2017**	**HK$'000**	HK$'000
備供銷售金融投資	Available-for-sale financial investments		
債券	Debt securities	–	221,762

上列金融資產由等級一轉移至等級二，是因為該等資產於本年度已不再有活躍交易，相關公平價值乃於其後運用可觀察的市場輸入數據而以估值方法取得。

The above financial assets were transferred from Level 1 to Level 2 as they ceased to be actively traded during the year and fair values were consequently obtained using valuation techniques using observable market inputs.

		由等級二轉移至等級一 Transfers from level 2 to level 1	
		2017	2016
		千港元	千港元
		HK$'000	HK$'000
備供銷售金融投資	Available-for-sale financial investments		
債券	Debt securities	**986,360**	763,890

上列金融資產由等級二轉移至等級一，是因為該等資產於本年度有活躍交易，相關公平價值已經不再運用可觀察的市場輸入數據以估值方法取得。

The above financial assets were transferred from Level 2 to Level 1 as they have been actively traded during the year and fair values were no longer obtained using valuation techniques using observable market inputs.

在公平價值等級之間的轉移被視為於報告期末發生。

Transfers between levels of the fair value hierarchy are deemed to occur at the end of the reporting period.

財務報表附註
Notes to the Financial Statements

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

4 財務風險管理(續)

4.6 金融資產及負債之公平價值(續)

並非以公平價值計量之金融工具

金融資產及負債之公平價值估計如下：

(a) 銀行同業及其他金融機構之結存及存款

存放同業的浮息存款和隔夜存款的公平價值即其賬面值，固定利率存款(存款期少於一年)的估計公平價值，是基於貼現現金流量按貨幣市場利率及剩餘年期計算。因此，其公平價值約等於其賬面值。

(b) 貸款及其他賬項

貸款及其他賬項在扣除減值準備後列賬。除小部分客戶貸款外，其餘額均以浮動利率計息。本集團計算客戶及銀行同業之貸款之公平價值時已考慮相關之市場利率及減去減值準備，並注意到公平價值總額與賬面總值並無重大差異。

(c) 持有至到期金融投資

持有至到期債券之公平價值乃參照可用市值釐定。如市場報價並不可用，則公平價值根據定價模式或其他估值方法估計。

(d) 客戶、銀行同業及其他金融機構之存款及結存

未註明到期日的存款及結存的估計公平價值為即時償還的金額，該等浮息結餘的公平價值即為其賬面值。

定息同業存款及客戶存款而無市場報價，其估計公平價值是基於貼現現金流量採用同類剩餘到期日的債務利率計算，由於該等結餘期限自報告期結束時起計通常少於一年，因此，其公平價值約等於其賬面值。

4 FINANCIAL RISK MANAGEMENT (continued)

4.6 Fair values of financial assets and liabilities (continued)

Financial instruments not measured at fair value

The fair values of financial assets and liabilities are estimated as follows:

(a) Balances and placements with banks and other financial institutions

The fair values of floating rate placements and overnight deposits are their carrying amounts. The estimated fair value of fixed interest-bearing deposits, all of which are less than one year, is based on the discounted cash flows using prevailing money-market interest rates and the remaining maturity. Therefore, the fair value is approximately equal to the carrying value.

(b) Advances and other accounts

Advances and other accounts are net of allowances for impairment. All items, except a very insignificant portion of loans and advances to customers, bear interest at a floating rate. The Group has assessed the fair values of loans and advances to customers and banks, after taking into account the relevant market interest rates and net of allowances for impairment and noted that the total fair value is not materially different from the total carrying value.

(c) Held-to-maturity financial investments

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 or using other valuation techniques.

(d) Deposits and balances from customers, banks and other financial institutions

The estimated fair value of deposits and balances with no stated maturity is the amount repayable on demand. The fair value of those balances having an interest at a floating rate is their carrying value.

The estimated fair values of the fixed interest-bearing deposits of banks and deposits from customers without quoted market prices is based on discounted cash flows using interest rates for new debts with similar remaining maturity. As their maturity is normally less than one year from the end of the reporting period, their fair values are approximately equal to their carrying values.

4 財務風險管理(續)

4.6 金融資產及負債之公平價值(續)

並非以公平價值計量之金融工具(續)

(e) 已發行存款證

本集團計算已發行存款證之公平價值時已考慮相關之收益率曲線，並注意到公平價值總額與賬面值總額並無重大差異。

(f) 其他資產及其他負債

其他資產及其他負債一般為不帶有利息之結餘，因此其估計公平價值為其賬面值。

本集團以成本或攤銷成本入賬之金融工具賬面值，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距，惟以下金融工具除外。該等金融工具之賬面值及公平價值以及所屬之公平價值等級如下：

4 FINANCIAL RISK MANAGEMENT (continued)

4.6 Fair values of financial assets and liabilities (continued)

Financial instruments not measured at fair value (continued)

(e) Certificates of deposit issued

The Group has assessed the fair value of certificates of deposit issued after taking into account the relevant yield curve and noted that the total fair value is not materially different from the total carrying value.

(f) Other assets and other liabilities

The estimated fair value of the other assets and other liabilities, which are normally non-interest-bearing, is their carrying values.

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2017 and 2016 except for the following financial instruments, for which their carrying amounts and fair value and the level of fair value hierarchy are disclosed below:

二零一七年	**2017**	**賬面值 Carrying amount 千港元 HK$'000**	**公平價值 Fair value 千港元 HK$'000**	**等級一 Level 1 千港元 HK$'000**	**等級二 Level 2 千港元 HK$'000**	**等級三 Level 3 千港元 HK$'000**
金融負債 以攤銷成本入賬之後償債項	Financial liabilities Subordinated debts measured at amortised cost	**11,698,483**	**11,967,021**	**8,059,971**	**3,907,050**	**–**

二零一六年	**2016**	賬面值 Carrying amount 千港元 HK$'000	公平價值 Fair value 千港元 HK$'000	等級一 Level 1 千港元 HK$'000	等級二 Level 2 千港元 HK$'000	等級三 Level 3 千港元 HK$'000
金融負債 以攤銷成本入賬之後償債項	Financial liabilities Subordinated debts measured at amortised cost	11,603,948	12,077,210	8,095,143	3,982,067	–

財務報表附註
Notes to the Financial Statements

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

4 財務風險管理(續)

4.7 非金融資產及負債之公平價值

公平價值等級

下表呈列於報告期末按經常性基準計量本集團之銀行物業和房產以及投資物業之公平價值，並按香港財務報告準則第13號「公平價值計量」界定之三個公平價值等級進行分類。公平價值計量之等級乃參考以下估值技巧所用之輸入數據之可觀察性和重要性而分類：

等級一估值：只使用等級一輸入數據計量公平價值，即使用同類資產或負債於計量日在活躍市場的報價(未調整)計量公平價值

等級二估值：使用等級二輸入值計量公平價值，即按照不符合等級一之可觀察輸入數據，而不會主要使用不可觀察輸入數據計量公平價值。不可觀察輸入數據為無提供市場數據之輸入數據

等級三估值：主要使用不可觀察輸入數據計量公平價值

於二零一七年十二月三十一日之公平價值

4 FINANCIAL RISK MANAGEMENT (continued)

4.7 Fair values of non-financial assets and liabilities

Fair value hierarchy

The following table presents the fair value of the Group's bank premises and properties and investment 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 valuations: 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 valuations: 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 valuations: Fair value measured using significant unobservable inputs

Fair value at 31 December 2017

		千港元 HK$'000	等級一 Level 1 千港元 HK$'000	等級二 Level 2 千港元 HK$'000	等級三 Level 3 千港元 HK$'000
經常性公平價值計量	**Recurring fair value measurement**				
銀行物業和房產	Bank premises and properties	**645,804**	–	–	**645,804**
投資物業	Investment properties	**117,407**	–	–	**117,407**

於二零一六年十二月三十一日之公平價值

Fair value at 31 December 2016

		千港元 HK$'000	等級一 Level 1 千港元 HK$'000	等級二 Level 2 千港元 HK$'000	等級三 Level 3 千港元 HK$'000
經常性公平價值計量	Recurring fair value measurement				
銀行物業和房產	Bank premises and properties	655,436	–	–	655,436
投資物業	Investment properties	79,658	–	–	79,658

截至二零一七年十二月三十一日止年度，等級一及等級二之間並無轉移，亦無轉入或轉出等級三之項目。本集團之政策為於轉移發生之報告期間期末確認公平價值等級之間之轉移。

During the year ended 31 December 2017, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

4 財務風險管理(續)

4.7 非金融資產及負債之公平價值(續)

公平價值等級(續)

本集團所有投資物業以及銀行物業和房產於二零一七年十二月三十一日重新估值。本銀行投資物業以及銀行物業和房產之估值由獨立專業合資格估值師韋堅信測量師行有限公司進行。本銀行附屬公司投資物業以及銀行物業和房產之估值由中國內地之獨立專業合資格估值師深圳市國眾聯資產評估土地房地產估價諮詢有限公司進行。此等估值師均具備所估值物業所在地點和物業類別之近期估值經驗。本集團之管理層已與測量師就於各中期及年度報告日期履行估值時所用之估值假設及估值結果進行討論。

關於等級三公平價值計量之資料

4 FINANCIAL RISK MANAGEMENT (continued)

4.7 Fair values of non-financial assets and liabilities (continued)

Fair value hierarchy (continued)

All of the Group's investment properties and bank premises and properties were revalued as at 31 December 2017. The valuations on the Banks's investment properties and bank premises and properties were carried out by an independent professionally qualified valuer, A.G. Wilkinson & Associates. The investment properties and bank premises and properties of the Bank's subsidiary were carried out by an independent professionally qualified valuer in the Mainland China, Shenzhen GuoZhongLian Asset and Real Estate Appraisal Consulting Co., Ltd. The valuers are with recent experience in the location and category of property being valued. The Group's management has discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

Information about Level 3 fair value measurements

	估值方法 Valuation techniques	不可觀察輸入數據 Unobservable input	範圍 Range
投資物業			
– 香港	投資法	市場收益率	
– 中國內地	折現現金流	風險調整折現率	
		預期市場租金增長	
		預期出租率	
Investment properties			
– Hong Kong	Investment method	Market yield	2.63%
– Mainland China	Discount cash flow	Risk adjusted discount rate	5.3%
		Expected market rental growth	2.5% – 4%
		Expected occupancy rate	97%
銀行物業和房產			
– 香港	直接比較法	物業特點之溢價／(折讓)	
– 中國內地方法1	折現現金流	風險調整折現率	
		預期市場租金增長	
		預期出租率	
– 中國內地方法2	直接比較法	市場價折現率	
Bank premises and properties			
– Hong Kong	Direct comparison approach	Premium/(discount) on characteristic of the properties	11.24% to (32%)
– Mainland China method 1	Discount cash flow	Risk adjusted discount rate	5%
		Expected market rental growth	4%
		Expected occupancy rate	97%
– Mainland China method 2	Direct comparison approach	Market value discount rate	5%

財務報表附註
Notes to the Financial Statements

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

4 財務風險管理(續)

4.7 非金融資產及負債之公平價值(續)

關於等級三公平價值計量之資料(續)

就分類為等級三之投資物業而言，公平價值以下列方法估值：

(i) 以投資法進行估值，並評估了合約租金收入和預期未來市值租金收入，再按實際市場之預期適用市場收益率就支出和維修保養需要作出撥備；及

(ii) 使用風險調整折現率，將與該等物業有關之預測現金流量折現。估值計及各物業之預期市值租金增長率和出租率。所用之折現率已就樓宇之質素和所在地點以及租戶之信貸質素作出調整。公平價值計量與預期市值租金及出租率成正比關係，並與風險調整折現率成反比關係。

就分類為等級三之銀行房產及物業而言，公平價值乃按以下方式釐定：

(i) 使用風險調整折現率，將與該等物業有關之預測現金流量折現。估值計及各物業之預期市值租金增長率和出租率。所用之折現率已就樓宇之質素和所在地點以及租戶之信貸質素作出調整。公平價值計量與預期市值租金及出租率成正比關係，並與風險調整折現率成反比關係；及

(ii) 使用直接比較法按各物業之現行狀況和用途，假設可即時交吉出售及參考可比較之銷售，以市場基準進行估值。估值已計及物業之特點，包括地點、面積、形狀、景觀、樓層、落成年份和其他因素，從整體上考慮。因有較佳特點而獲評較高溢價之物業將有較高之公平值計量。

4 FINANCIAL RISK MANAGEMENT (continued)

4.7 Fair values of non-financial assets and liabilities (continued)

Information about Level 3 fair value measurements (continued)

For investment properties classified under level 3, the fair values are valued by:

i) investment method of valuation and have assessed the contractual rental income and the expected future market rental income after allowing for outgoings and maintenance requirements at appropriate market yields as perceived in the actual market; and

ii) discounting a projected cash flow series associated with the properties using risk adjusted discount rates. The valuation takes into account expected market rental growth and occupancy rate of the respective properties. The discount rates used have been adjusted for the quality and location of the buildings and the tenant credit quality. The fair value measurement is positively correlated to the expected market rental growth and the occupancy rate, and negatively correlated to the risk adjusted discount rates.

For bank premises and properties classified under level 3, the fair values are determined by:

i) discounting a projected cash flow series associated with the properties using risk adjusted discount rates. The valuation takes into account expected market rental growth and occupancy rate of the respective properties. The discount rates used have been adjusted for the quality and location of the buildings and the tenant credit quality. The fair value measurement is positively correlated to the expected market rental growth and the occupancy rate, and negatively correlated to the risk-adjusted discount rates; and

ii) using direct comparison approach to value properties in their respective existing states and uses on the market basis assuming sale with immediate vacant possession and by making reference to comparable sales evidence. The valuations take into account the characteristic of the properties which included the location, size, shape, view, floor level, year of completion and others factors collectively. Higher premium for properties with better characteristic will result in a higher fair value measurement.

4 財務風險管理(續)

4.7 非金融資產及負債之公平價值(續)

關於等級三公平價值計量之資料(續)

等級三公平值計量之期間內之變動如下：

銀行房產及物業：	**Bank premises and properties:**	**千港元 HK$'000**
於二零一七年一月一日	At 1 January 2017	**655,436**
年內增添	Addition for the year	**–**
轉入投資物業	Transferred to investment properties	**(34,500)**
匯率調整	Exchange adjustment	**19,135**
年內折舊支出	Depreciation charge for the year	**(17,346)**
重估盈餘	Surplus on revaluation	**23,079**
於二零一七年十二月三十一日	At 31 December 2017	**645,804**

銀行房產及物業：	Bank premises and properties:	千港元 HK$'000
於二零一六年一月一日	At 1 January 2016	653,564
年內增添	Addition for the year	–
匯率調整	Exchange adjustment	(99)
年內折舊支出	Depreciation charge for the year	(18,031)
重估盈餘	Surplus on revaluation	20,002
於二零一六年十二月三十一日	At 31 December 2016	655,436

投資物業：	**Investment properties:**	**千港元 HK$'000**
於二零一七年一月一日	At 1 January 2017	**79,658**
由銀行房產及物業轉入	Transferred from bank premises and properties	**34,500**
公平價值調整	Fair value adjustment	**500**
匯率調整	Exchange adjustment	**2,749**
於二零一七年十二月三十一日	At 31 December 2017	**117,407**

投資物業：	Investment properties:	千港元 HK$'000
於二零一六年一月一日	At 1 January 2016	80,919
公平價值調整	Fair value adjustment	1,262
滙率調整	Exchange adjustment	(2,523)
於二零一六年十二月三十一日	At 31 December 2016	79,658

4 FINANCIAL RISK MANAGEMENT (continued)

4.7 Fair values of non-financial assets and liabilities (continued)

Information about Level 3 fair value measurements (continued)

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

財務報表附註
Notes to the Financial Statements

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

4 財務風險管理(續)

4.8 資本管理

本集團之資本管理目標是以有效及風險為本之方法調撥資本，以優化給予股東之經風險調整回報。本集團定期審閱其資本架構及維持堅實之資本基礎以支持其業務長遠發展。自本銀行於二零一零年私有化後，本集團對獲母行注資的需求得到比以前更重視的反應，而母行於其後的多項注資即為明證。與此同時，本銀行的信貸評級亦因為私有化而獲得提升，讓本銀行可以通過比以前更符合成本效益的方式從資本市場籌集附加資本。

本集團透過管理其資本，有效地執行其策略性業務計劃，以及支持其增長和投資。本集團不時調整其業務策略及放貸方針，以優化其風險回報組合。為確保遵守監管規定，本銀行已編製一項詳盡的資本管理和資本充足比率管理政策。

香港金融管理局要求本銀行維持規定的監管資本總額與加權風險資產之比例(資本充足比率)。本集團之若干附屬公司亦須符合其他監管機構如香港證券及期貨事務監察委員會所制定之法定資本規定。資本充足狀況及法定資本之運用由本銀行管理層以資本規則所訂定之方法執行緊密之監察。所需資料將按季度以統計數據報表形式提交予香港金融管理局。資本充足狀況及資本基礎之披露載於附加財務資料附註1。

於截至二零一七年及二零一六年十二月三十一日止兩個年度內，本集團遵守了香港金融管理局對外頒布之所有資本規定。

4 FINANCIAL RISK MANAGEMENT (continued)

4.8 Capital management

The Group's objective for managing capital is to allocate capital in an efficient and risk-based approach to optimise risk-adjusted return to the shareholders. The Group periodically reviews its capital structure and maintains a strong capital base to support the development of its business. The privatisation of the Bank in 2010 facilitates greater responsiveness than before to the Group's need for capital injection from the Parent Bank as and when it arises. This was evidenced by the various capital injections from the Parent Bank thereafter. At the same time, the credit standing of the Bank is also enhanced as a result of the privatisation, which enables the Bank to raise supplementary capital from the capital market in a more cost-efficient manner than before.

The Group manages its capital to execute its strategic business plans and support its growth and investments in an efficient way. The Group adjusts its business and lending strategy from time to time to optimise its risk-return profile. To ensure compliance with regulatory requirements, detailed capital management and capital adequacy ratio management policies have been drawn up by the Bank.

The HKMA requires the Bank to maintain a prescribed ratio of total regulatory capital to risk-weighted assets (the CAR). Certain subsidiaries of the Group are also subject to statutory capital requirements from other regulatory authorities, such as the Hong Kong Securities and Futures Commission. Capital adequacy and the use of regulatory capital are closely monitored by the Bank's management, employing techniques based on the Capital Rules. The required information is filed with the HKMA on a quarterly basis. The disclosure of capital adequacy and capital base are shown in Note 1 of the Supplementary Financial Information.

During the two years ended 31 December 2017 and 2016, the Group complied with all of the capital requirements externally imposed by the HKMA.

4 財務風險管理(續)

4.9 業務操作風險管理

業務操作風險指因缺乏或失誤之內部程序、人員、系統或外部事件而造成意料之外之財務虧損之風險。每家商業機構的日常業務運作均存在業務操作風險，分布於各個不同層面，及由多個不同的成因造成。本集團採用「三重防禦」方法管理業務操作風險。操作風險委員會提供足夠的監督，以確保透過足夠的監控措施和程序，識別、評估、減低及報告業務操作風險。本銀行亦透過執行各種管理工具，包括主要操作風險評估、主要風險指標、收集營運損失數據及事件報告、內部控制制度等，監察業務操作風險。本集團將根據巴塞爾資本協定委員會和香港金融管理局分別發出的指引和原則，堅持實行主動積極的業務操作風險管理。

4.10 法律及合規風險管理

法律風險為本銀行因無法依法強制執行合約、法律訴訟或不利的判決而產生的風險，可能會干擾或對本銀行的業務操作或財政狀況造成負面影響。合規風險為本集團因違反或不符合所有與經營業務有關之適用法律及規例而可能遭受之法律及法規制裁、財務虧損或名譽損失。

法律及合規職員就法律及法規發展給予管理層意見及協助其建立政策、程序及監控系統以確保符合相關之法律及法規要求。合規職員會執行定期合規檢查，以使本銀行能識別潛在違規事項並及時採取補救措施。法律及合規職員亦定期安排培訓以更新職員對相關法律及法規規定之知識，並就相關法律及合規事宜，包括違規事項以及法律和法規發展等向行政委員會作出定期報告。

5 分部報告

5.1 業務種類

本集團包括七個經營分部。亞太業務主要包括亞太地區銀行業務。企業投資銀行業務主要包括企業銀行、債務資本市場及投資銀行業務。商業銀行業務指商業借貸及貿易融資。零售銀行業務指零售銀行、租購租賃和信用卡業務。金融市場部業務指外匯、貨幣市場及資本市場業務。機構銀行業務主要包括金融機構業務。華商銀行主要包括本銀行於內地附屬公司之業務。未分類的項目主要包括中央管理部、銀行物業、分部間抵銷項目及無法合理地分配至特定業務分部的任何項目。

4 FINANCIAL RISK MANAGEMENT (continued)

4.9 Operational risk management

Operational risk is the risk of unexpected financial losses resulting from inadequate or failed internal processes, people, systems or from external events. It is inherent to every aspect of daily business operations within an organization, which covers a wide spectrum of issues and root causes. The Group is adopting the "Three Lines of Defence" approach to manage operational risk. The Operational Risk Committee is established to provide adequate oversight to ensure operational risks are identified, assessed, mitigated, and reported with adequate control measures and procedures. Operational risk is also monitored through the implementation of various management tools, including key risk assessment, key risk indicators, operational loss data collection and incident reporting, internal control checking, etc. The Group will keep on pursuing proactively the effective operational risk management practice in accordance with the relevant guidelines and principles issued by the BASEL Committee and the HKMA respectively.

4.10 Legal and compliance risk management

Legal risk is the risk of unenforceable contracts, lawsuits or adverse judgments which may disrupt or otherwise negatively affect the operations or financial conditions of the Bank. Compliance risk is the potential risk of compliance sanctions, financial loss, or reputational loss that the Group may suffer as a result of violations of, or non-compliance with, applicable laws and regulations with respect to the conduct of business.

Legal and compliance staff members advise the management on legal and regulatory developments and assist the management in establishing policies, procedures and monitoring programmes to ensure compliance with relevant legal and regulatory requirements. Compliance staff conducts regular compliance checking so that the Bank can identify potential non-compliance issues and take remedial actions on a timely basis. Legal and compliance staff also arranges regular training sessions to update staff members with relevant legal and regulatory requirements. Regular reports on related legal and compliance issues including non-compliance issues and legal and regulatory developments are presented to various Board-level Committees.

5 SEGMENT REPORTING

5.1 Class of business

The Group comprises seven operating segments. Asia Pacific Business represents the banking business in Asia Pacific Region. Corporate and investment banking mainly comprises corporate banking, the provision of debt capital market and investment banking. Commercial banking represents commercial lending and trade financing. Retail banking represents retail banking, hire purchase and leasing, and credit card business. Global markets and trading represents foreign exchange, money market and capital market activities. Institutional banking represents financial institution business. Chinese Mercantile Bank represents the business of the Bank's subsidiary in Mainland China. Unallocated items mainly comprise the central management unit, bank premises, inter-group elimination entries and any items which cannot be reasonably allocated to specific operating segments.

財務報表附註
Notes to the Financial Statements

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

5 分部報告(續)

5.1 業務種類(續)

5 SEGMENT REPORTING (continued)

5.1 Class of business (continued)

二零一七年十二月三十一日	31 December 2017	亞太區業務 Asia-Pacific Business 千港元 HK$'000	企業與投資銀行 Corporate and investment banking 千港元 HK$'000	商業銀行 Commercial banking 千港元 HK$'000	零售銀行 Retail banking 千港元 HK$'000	金融市場部 Global markets and trading 千港元 HK$'000	機構銀行 Institutional banking 千港元 HK$'000	華商銀行 Chinese Mercantile Bank 千港元 HK$'000	未分類 Unallocated 千港元 HK$'000	總計 Total 千港元 HK$'000
淨利息收入	Net interest income	221,144	1,024,623	2,539,895	1,479,630	1,111,824	874,778	2,213,714	585,957	10,051,565
收費及佣金收入	Fee and commission income	127,095	401,967	839,001	756,277	11	265,686	239,758	84,209	2,714,004
收費及佣金支出	Fee and commission expense	-	(13,407)	(11,659)	(269,263)	-	(95)	(4,045)	-	(298,469)
收費及佣金收入淨額	Net fee and commission income	127,095	388,560	827,342	487,014	11	265,591	235,713	84,209	2,415,535
淨交易收入/(支出)	Net trading income/(expense)	5,294	70,638	286,125	130,784	124,867	91,451	(175,877)	(455,492)	77,790
指定以公平價值經收益表入賬金融資產及負債收益淨額	Net gain on financial assets and liabilities designated at fair value through profit or loss	-	-	-	-	66,397	-	3,002	-	69,399
來自金融投資之股息收入	Dividend income from financial investments	-	-	-	-	-	-	-	8,109	8,109
其他營業收入	Other operating income	-	-	528	794	46	79	7,654	3,328	12,429
營業收入	Operating income	353,533	1,483,821	3,653,890	2,098,222	1,303,145	1,231,899	2,284,206	226,111	12,634,827
營業支出	Operating expenses	(70,730)	(187,842)	(563,787)	(1,241,752)	(314,187)	(190,533)	(383,519)	(111,365)	(3,063,715)
未扣除減值損失之營業溢利	Operating profit before impairment losses	282,803	1,295,979	3,090,103	856,470	988,958	1,041,366	1,900,687	114,746	9,571,112
存款減值損失支銷	Charge for impairment losses on placement	-	-	-	-	-	-	(1,034)	-	(1,034)
貸款減值損失支銷	Charge for impairment losses on loans and advances	(41,334)	(216,772)	(78,308)	(89,510)	-	(42,446)	(90,625)	(13)	(559,008)
持有至到期金融投資減值損失支銷	Charge for impairment losses on held-to-maturity financial investments	-	-	-	-	-	-	(2,229)	-	(2,229)
備供銷售金融投資減值損失回撥	Write back of impairment losses on available-for-sale financial investments	-	-	-	-	4,964	-	-	-	4,964
其他資產的減值損失支銷	Charge for impairment losses on other asset	-	-	-	-	-	-	-	(22,488)	(22,488)
扣除減值損失之營業溢利	Operating profit after impairment losses	241,469	1,079,207	3,011,795	766,960	993,922	998,920	1,806,799	92,245	8,991,317
重估投資物業溢利	Revaluation gain on investment properties	-	-	-	-	-	-	-	500	500
物業及設備之虧損淨額	Net loss from property, plant and equipment	-	-	(2)	(1,730)	-	-	-	(1,594)	(3,326)
出售備供銷售金融投資之收益淨額	Net gain on disposal of available-for-sale financial investments	-	-	-	-	360,594	-	7,759	69,791	438,144
出售持有至到期金融投資之收益淨額	Net gain on disposal of held-to-maturity financial investments	-	-	-	-	31,676	-	-	-	31,676
營業溢利	Operating profit	241,469	1,079,207	3,011,793	765,230	1,386,192	998,920	1,814,558	160,942	9,458,311
應佔聯營公司溢利	Share of profits of associates	-	-	-	-	-	-	-	22,396	22,396
除稅前溢利	Profit before tax	241,469	1,079,207	3,011,793	765,230	1,386,192	998,920	1,814,558	183,338	9,480,707
分部資產	Segment assets	19,704,336	85,850,838	142,638,402	70,172,180	166,711,370	41,036,441	153,472,215	218,117,523	897,703,305
於聯營公司之投資	Interest in associates	-	-	-	-	-	-	-	405,722	405,722
總資產	Total assets	19,704,336	85,850,838	142,638,402	70,172,180	166,711,370	41,036,441	153,472,215	218,523,245	898,109,027
總負債	Total liabilities	17,224,347	70,986,014	112,146,178	174,751,431	11,604,859	89,262,294	140,800,952	189,646,912	806,422,987
資本性支出	Capital expenditure	207	57	165	25,612	631	59	7,506	24,948	59,185
折舊及攤銷費用	Depreciation and amortisation charge	72	112	951	48,062	4,359	789	17,756	42,882	114,983

財務報表附註
Notes to the Financial Statements

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

5 分部報告(續)

5.1 業務種類(續)

5 SEGMENT REPORTING (continued)

5.1 Class of business (continued)

二零一六年十二月三十一日	31 December 2016	企業與投資銀行 Corporate and investment banking 千港元 HK$'000	商業銀行 Commercial banking 千港元 HK$'000	零售銀行 Retail banking 千港元 HK$'000	金融市場部 Global markets and trading 千港元 HK$'000	機構銀行 Institutional banking 千港元 HK$'000	華商銀行 Chinese Mercantile Bank 千港元 HK$'000	未分類 Unallocated 千港元 HK$'000	總計 Total 千港元 HK$'000
淨利息收入	Net interest income	1,231,457	2,855,446	1,350,231	1,241,176	632,232	2,115,573	(283,260)	9,142,855
收費及佣金收入	Fee and commission income	381,695	833,172	720,041	3	262,330	183,263	83,547	2,464,051
收費及佣金支出	Fee and commission expense	(14,457)	(18,522)	(269,141)	–	(58)	(6,355)	(7)	(308,540)
收費及佣金收入淨額	Net fee and commission income	367,238	814,650	450,900	3	262,272	176,908	83,540	2,155,511
淨交易收入	Net trading income	95,115	318,670	108,255	(22,327)	39,011	32,697	496,032	1,067,453
指定以公平價值經收益表入賬金融資產及負債收益/(虧損)淨額	Net gain/(loss) on financial assets and liabilities designated at fair value through profit or loss	–	–	–	18,525	–	–	(106)	18,419
來自金融投資之股息收入	Dividend income from financial investments	–	–	–	–	–	–	7,475	7,475
其他營業收入	Other operating income	–	1,306	265	–	3	10,862	5,496	17,932
營業收入	Operating income	1,693,810	3,990,072	1,909,651	1,237,377	933,518	2,336,040	309,177	12,409,645
營業支出	Operating expenses	(182,154)	(554,144)	(1,146,857)	(302,394)	(173,334)	(432,006)	78	(2,790,811)
未扣除減值損失之營業溢利	Operating profit before impairment losses	1,511,656	3,435,928	762,794	934,983	760,184	1,904,034	309,255	9,618,834
貸款減值損失(支銷)/撥回	(Charge for)/write back of impairment losses on loans and advances	(364,735)	(7,990)	(29,418)	–	(39,177)	(437,671)	394	(878,597)
備供銷售金融投資減值損失回撥	Write back of impairment losses on available-for-sale financial investments	–	–	–	67,050	–	–	–	67,050
扣除減值損失之營業溢利	Operating profit after impairment losses	1,146,921	3,427,938	733,376	1,002,033	721,007	1,466,363	309,649	8,807,287
重估投資物業溢利	Revaluation gain on investment properties	–	–	–	–	–	462	800	1,262
物業及設備之虧損淨額	Net loss from property, plant and equipment	–	(8)	(2,523)	–	–	(291)	(67)	(2,889)
出售附屬公司及聯營公司之溢利	Gain on disposal of subsidiary and associate	–	–	–	–	–	–	2,984	2,984
出售貸款之虧損	Loss on disposal of loans and advances	–	–	–	–	(322)	–	–	(322)
出售備供銷售金融投資之收益淨額	Net gain on disposal of available-for-sale financial investments	–	–	–	127,452	–	17,129	88,858	233,439
出售持有至到期金融投資之收益淨額	Net gain on disposal of held-to-maturity financial investments	–	–	–	5,909	–	–	–	5,909
營業溢利	Operating profit	1,146,921	3,427,930	730,853	1,135,394	720,685	1,483,663	402,224	9,047,670
應佔聯營公司溢利	Share of profits of associates	–	–	–	–	–	–	21,064	21,064
除稅前溢利	Profit before tax	1,146,921	3,427,930	730,853	1,135,394	720,685	1,483,663	423,288	9,068,734
分部資產	Segment assets	95,808,319	151,418,285	53,832,978	102,142,622	36,215,128	139,354,582	219,519,404	798,291,318
於聯營公司之投資	Investment in associates	–	–	–	–	–	–	383,199	383,199
總資產	Total assets	95,808,319	151,418,285	53,832,978	102,142,622	36,215,128	139,354,582	219,902,603	798,674,517
總負債	Total liabilities	94,036,088	147,657,331	54,621,092	99,300,774	41,995,297	128,373,118	148,804,671	714,788,371
資本性支出	Capital expenditure	15	857	32,739	994	69	5,156	42,437	82,267
折舊及攤銷費用	Depreciation and amortisation charges	144	658	40,137	5,514	1,458	27,381	41,326	116,618

財務報表附註
Notes to the Financial Statements

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

5 分部報告(續)

5.2 按地域劃分

本集團主要在香港經營業務。按主要營業地點劃分之地域分析如下：

5 SEGMENT REPORTING (continued)

5.2 Geographical area

The Group operates predominantly in Hong Kong. The geographical analysis, which has been classified by the location of the principal operations, is as follows:

二零一七年	2017	香港 Hong Kong 千港元 HK$'000	除香港以外之亞太地區 Asia Pacific (excluding Hong Kong) 千港元 HK$'000	綜合 Consolidated 千港元 HK$'000
營業收入	Operating income	**10,335,425**	**2,299,402**	**12,634,827**
除稅前溢利	Profit before taxation	**7,647,533**	**1,833,174**	**9,480,707**
資產總額	Total assets	**744,641,795**	**153,467,232**	**898,109,027**
負債總額	Total liabilities	**665,620,646**	**140,802,341**	**806,422,987**
或然負債及承擔	Contingent liabilities and commitments	**222,441,929**	**35,706,629**	**258,148,558**
年內資本性支出	Capital expenditure during the year	**51,679**	**7,506**	**59,185**

二零一六年	2016	香港 Hong Kong 千港元 HK$'000	除香港以外之亞太地區 Asia Pacific (excluding Hong Kong) 千港元 HK$'000	綜合 Consolidated 千港元 HK$'000
營業收入	Operating income	9,952,875	2,456,770	12,409,645
除稅前溢利	Profit before taxation	7,461,554	1,607,180	9,068,734
資產總額	Total assets	659,324,888	139,349,629	798,674,517
負債總額	Total liabilities	586,421,344	128,367,027	714,788,371
或然負債及承擔	Contingent liabilities and commitments	244,231,479	25,261,968	269,493,447
年內資本性支出	Capital expenditure during the year	77,111	5,156	82,267

於二零一七年或二零一六年，概無與單一外部客戶或對手交易之收入佔本集團總收入10%或上。

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue in 2017 or 2016.

財務報表附註
Notes to the Financial Statements

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

6 淨利息收入

6 NET INTEREST INCOME

		2017 千港元 HK$'000	2016 千港元 HK$'000
以下項目之利息收入：	Interest income on:		
現金及在銀行同業與其他金融機構之結存	Cash and balances with banks and other financial institutions	**417,477**	662,563
在銀行同業與其他金融機構之存款	Placements with banks and other financial institutions	**1,701,261**	435,951
貸款及其他賬項	Advances and other accounts	**14,339,374**	12,685,718
金融投資 – 備供銷售	Financial investments – available-for-sale	**2,390,262**	2,590,385
金融投資 – 持有至到期	Financial investments – held-to-maturity	**2,079,582**	1,867,229
		20,927,956	18,241,846
以下項目之利息支出：	Interest expense on:		
銀行同業及其他金融機構之存款	Deposits from banks and other financial institutions	**3,624,401**	1,499,689
客戶存款	Deposits from customers	**5,926,014**	5,738,507
已發行存款證	Certificates of deposit issued	**692,501**	1,004,204
已發行債券	Debt securities in issue	**287**	148,370
以攤銷成本入賬之後償債項	Subordinated debts measured at amortised cost	**555,803**	649,687
其他	Others	**77,385**	58,534
		10,876,391	9,098,991
淨利息收入	Net interest income	**10,051,565**	9,142,855

計入上述項目為已減值金融資產應計之利息收入37,008,000港元(二零一六年：32,776,000港元)，但包括貸款減值損失之利息折扣轉回26,498,000港元(二零一六年：28,729,000港元)。

Included in the above is interest income accrued on impaired financial assets of HK$37,008,000 (2016: HK$32,776,000), but including unwinding of discounts on loan impairment losses of HK$26,498,000 (2016: HK$28,729,000).

財務報表附註
Notes to the Financial Statements

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

7 收費及佣金收入淨額 7 NET FEE AND COMMISSION INCOME

		2017 千港元 HK$'000	2016 千港元 HK$'000
貸款、透支及擔保	Loans, overdrafts and guarantees	**1,339,231**	1,217,147
證券及經紀	Securities and brokerage	**275,141**	213,659
貿易融資	Trade finance	**188,290**	177,443
信用卡	Credit card	**313,513**	321,873
匯款	Remittance	**87,754**	84,830
保險	Insurance	**105,390**	161,031
其他零售及商業銀行服務	Other retail and commercial banking services	**156,091**	34,819
證券安排費	Securities arrangement fee	**61,397**	29,383
其他	Others	**187,197**	223,866
收費及佣金收入	Fee and commission income	**2,714,004**	2,464,051
收費及佣金支出	Fee and commission expense	**(298,469)**	(308,540)
收費及佣金收入淨額	Net fee and commission income	**2,415,535**	2,155,511
其中：	Of which:		
由非持作交易用途或指定以公平價值經收益表入賬金融資產或金融負債所產生之淨收費收入(不包含計算實際利率之金額)	Net fee income, other than amounts included in determining the effective interest rate, arising from financial assets or financial liabilities that are not held for trading nor designated at fair value through profit or loss	**1,449,452**	1,329,689
因本集團代表其客戶持有資產或投資之信託及其他受託人業務而產生之淨收費收入	Net fee income on trust and other fiduciary activities where the Group holds or invests on behalf of its customers	**103,176**	92,394
其中：	Of which:		
按產品組成之收費及佣金收入不少於收費及佣金總額百分之十，如下：	Fee and commission income by product line constituting not less than 10% of the total amount of fee and commission income, as follows:		
– 銀團貸款	– syndication loan	**526,398**	503,716
– 有期貸款	– term loan	**474,216**	509,121
– 信用卡	– credit card	**313,513**	321,873
– 證券及經紀	– securities and brokerage	**275,141**	213,659

8 淨交易收入 / 8 NET TRADING INCOME

		2017 千港元 HK$'000	2016 千港元 HK$'000
股權投資	Equity investments	**(421)**	(2,466)
債券	Debt securities		
– 持作交易用途金融資產	– financial assets held for trading	**56,438**	34,598
– 備供銷售金融投資	– available-for-sale financial investments	**20,190**	(2,899)
衍生工具	Derivatives	**55,973**	(136,591)
外匯	Foreign exchange	**(53,220)**	1,175,203
		78,960	1,067,845
對沖活動之收益／(虧損)	Gain/(loss) from hedging activities		
公平價值對沖	Fair value hedges		
– 對沖風險導致之對沖項目虧損淨額	– Net loss on hedged items attributable to the hedged risk	**(97,529)**	(222,597)
– 對沖工具收益淨額	– Net gain on hedging instruments	**96,359**	222,205
		(1,170)	(392)
淨交易收入總額	Total net trading income	**77,790**	1,067,453

二零一七年之淨交易收入總額中並無以攤銷成本入賬之金融負債的收益或虧損(二零一六年：無)。

There is no gain or loss on financial liabilities measured at amortised cost which is included in total net trading income in 2017 (2016: Nil).

9 指定以公平價值經收益表入賬金融資產及負債之淨收益 / 9 NET GAIN ON FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

		2017 千港元 HK$'000	2016 千港元 HK$'000
指定以公平價值經收益表入賬之金融資產	Financial assets designated at fair value through profit or loss	**3,002**	–
指定以公平價值經收益表入賬之金融負債	Financial liabilities designated at fair value through profit or loss	**66,397**	18,419
指定以公平價值經收益表入賬之金融資產及負債淨收益總額	Total net gain on financial assets and liabilities designated at fair value through profit or loss	**69,399**	18,419

10 來自金融投資之股息收入 / 10 DIVIDEND INCOME FROM FINANCIAL INVESTMENTS

		2017 千港元 HK$'000	2016 千港元 HK$'000
上市備供銷售金融投資之股息收入	Dividend income from listed available-for-sale financial investments	**244**	250
非上市備供銷售金融投資之股息收入	Dividend income from unlisted available-for-sale financial investments	**7,865**	7,225
來自金融投資之股息收入總額	Total dividend income from financial investments	**8,109**	7,475

財務報表附註
Notes to the Financial Statements

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

11 其他營業收入 / 11 OTHER OPERATING INCOME

		2017 千港元 HK$'000	2016 千港元 HK$'000
租金收入	Rental income	**216**	(38)
投資物業之租金收入	Rental income from investment properties	**3,077**	3,476
減：年內產生租金收入之投資物業之直接營業支出	Less: Direct operating expenses arising from investment properties that generated rental income during the year	**(77)**	(85)
其他	Others	**9,213**	14,579
其他營業收入總額	Total other operating income	**12,429**	17,932

12 營業支出 / 12 OPERATING EXPENSES

		2017 千港元 HK$'000	2016 千港元 HK$'000
員工支出：	Staff costs:		
– 薪金及其他支出	– Salaries and other costs	**1,624,059**	1,393,781
– 退休金支出	– Retirement benefit costs	**82,891**	74,407
		1,706,950	1,468,188
物業及設備支出（不包括折舊及攤銷）：	Premises and equipment expenses, excluding depreciation and amortisation:		
– 物業租金	– Rental of premises	**425,893**	453,409
– 其他	– Others	**174,874**	134,171
		600,767	587,580
折舊及攤銷支出	Depreciation and amortisation expenses	**114,406**	116,618
審計師酬金	Auditors' remuneration	**5,382**	4,680
行政費用	General administration expenses	**107,656**	93,840
推廣費用	Business promotion expenses	**186,947**	149,909
通訊費用	Communication expenses	**84,890**	84,066
其他營業支出	Other operating expenses	**256,717**	285,930
營業支出總額	Total operating expenses	**3,063,715**	2,790,811

13 退休金支出

自收益表扣除之退休金計劃支出指本集團根據職業退休金計劃及強積金計劃(「該等計劃」)須作出之供款。

根據該等計劃，本集團之員工在符合資格全數取得僱主供款前退出該等計劃，本集團可沒收供款以扣減應付之供款。年內已動用合共6,000,000港元(二零一六年：8,200,000港元)之沒收供款，於年結日尚餘381,000港元(二零一六年：550,000港元)留作日後扣減供款之用。

於年結日並無應付予該等計劃之供款(二零一六年：無)。該等計劃之資產由基金獨立持有與本集團之資產分開管理。

13 RETIREMENT BENEFIT COSTS

The retirement benefit scheme cost charged to the income statement represents contributions payable by the Group to the ORSO Scheme and the MPF Scheme (the "Schemes").

Under the Schemes, the Group's contributions are reduced by contributions forfeited by those employees who leave the Schemes prior to the contributions vesting fully. Forfeited contributions totaling HK$6,000,000 (2016: HK$8,200,000) were utilised during the year leaving HK$381,000 (2016: HK$550,000) available at the year-end to reduce future contributions.

No contributions were payable to the Schemes at the year-end (2016: Nil). The assets of the Schemes are held separately from those of the Group in independently administered funds.

14 貸款減值損失支銷

14 CHARGE FOR IMPAIRMENT LOSSES ON LOANS AND ADVANCES

		2017 千港元 HK$'000	2016 千港元 HK$'000
貸款減值損失支銷	Charge for impairment losses on loans and advances		
個別評估	Individually assessed		
– 新增撥備	– New allowances	**433,137**	684,993
– 撥回	– Releases	**(118,500)**	(99,904)
– 收回(附註26)	– Recoveries (Note 26)	**(2,387)**	(3,358)
個別評估貸款減值損失支銷淨額(附註26)	Net charge for impairment losses on individually assessed loans and advances (Note 26)	**312,250**	581,731
組合評估	Collectively assessed		
– 新增撥備	– New allowances	**246,758**	296,866
組合評估貸款減值損失支銷淨額(附註26)	Net charge for impairment losses on collectively assessed loans and advances (Note 26)	**246,758**	296,866
於收益表支銷淨額	Net charge to the income statement	**559,008**	878,597

15 物業及設備之虧損淨額

15 NET LOSS FROM PROPERTY, PLANT AND EQUIPMENT

		2017 千港元 HK$'000	2016 千港元 HK$'000
出售物業及設備之虧損淨額	Net loss on disposal of property, plant and equipment	**(3,302)**	(2,832)
銀行物業重估虧絀支出	Charge for revaluation deficits of bank premises	**(24)**	(57)
		(3,326)	(2,889)

財務報表附註
Notes to the Financial Statements

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

16 稅項

香港利得稅乃根據本年度來自香港之估計應課稅溢利按稅率16.5%(二零一六年:16.5%)準備。有關海外分行及附屬公司應課稅溢利的稅項按本集團營運所在國家的現行稅率計算。

於綜合收益表支銷的稅項為:

16 TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable for overseas branches and subsidiaries have been calculated at the rates of tax prevailing in the countries in which the Group operates.

The amount of tax charged to the consolidated income statement represents:

		2017 千港元 HK$'000	2016 千港元 HK$'000
本年稅項	Current tax		
– 年內香港利得稅準備	– Provision for Hong Kong profits tax for the year	**1,278,522**	1,225,419
– 年內海外稅項準備	– Provision for overseas tax for the year	**460,694**	587,612
往年撥備不足/(超額準備)	Under/(over)-provision in respect of prior years	**11,779**	(65,558)
遞延稅額	Deferred taxation	**(37,646)**	(74,105)
		1,713,349	1,673,368

本集團有關除稅前溢利之稅項支出與假若按現行稅率而計算之理論稅額之差額如下:

The difference between the tax expense for the Group's profit before tax and the theoretical amount that would arise using the current tax rate is as follows:

		2017 千港元 HK$'000	2016 千港元 HK$'000
除稅前溢利	Profit before tax	**9,480,707**	9,068,734
按稅率16.5%(二零一六年:16.5%)計算	Calculated at a tax rate of 16.5% (2016: 16.5%)	**1,564,317**	1,496,341
其他國家不同稅率之影響	Effect of different tax rates in other countries	**165,193**	173,691
無須課稅之收入	Income not subject to tax	**(56,051)**	(28,835)
就稅務而言不可扣減之支出	Expenses not deductible for tax purposes	**31,805**	101,205
過往期間稅項調整	Adjustments in respect of current tax of previous periods	**11,779**	(65,558)
分佔聯營公司稅項	Share of tax of an associate	**(3,694)**	(3,476)
稅項支出	Tax charge	**1,713,349**	1,673,368

17 董事酬金

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部分披露的董事酬金如下：

17 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of Hong Kong Companies Ordinance and part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

		2017 千港元 HK$'000	2016 千港元 HK$'000
袍金	Fees	**3,010**	2,400
其他酬金：	Other emoluments:		
薪金及津貼	Salaries and allowances	**6,793**	9,294
酌情花紅	Discretionary bonuses	**2,228**	1,084
公積金供款(定義見附註13)	Contribution to the Schemes (as defined in Note 13)	**503**	491
		12,534	13,269

薪酬制度

本銀行的政策是根據本銀行的表現和行業慣例維持公允公平並且在市場具競爭力的薪酬組合。

向非執行董事支付的袍金水平是參照多項因素釐定，譬如其他機構所支付的袍金以及非執行董事的工作範圍及其付出。

釐定執行董事的薪酬組合時已考慮以下因素：

- 業務需要
- 業務表現
- 經濟及市場情況
- 以往和將來對本銀行業務的個人貢獻
- 本銀行的整體風險及其他非財務因素

為免產生利益衝突，董事將不會參與釐定本身的薪酬。

Remuneration system

It is the Bank's policy to maintain a fair, equitable and market competitive remuneration packages based on the Bank's performance and industry practice.

The level of fees paid to Non-executive Directors is determined by factors such as fees paid by other institutions, and the Non- executive Directors' scope of work and efforts.

In determining the remuneration packages of Executive Directors, the following factors are considered:

- Business needs
- Business performance
- Economic and market situation
- Individual contributions to the Bank's business in the past and future
- Overall risk and non-financial factors of the Bank

To avoid conflict of interest, the Directors will not be involved in the determination of their own remuneration.

財務報表附註
Notes to the Financial Statements

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

18 股息

董事會建議不派付截至二零一七年十二月三十一日止年度的股息(二零一六年：無)。

18 DIVIDENDS

The Board has not recommended the payment of dividend for the year ended 31 December 2017 (2016: Nil).

19 每股盈利

本年度每股基本盈利數額乃按本銀行股東應佔年內溢利除以年內已發行普通股之加權平均數計算。

19 EARNINGS PER SHARE

Basic earnings per share amount is calculated by dividing the profit for the year attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the year.

		2017	2016
股東應佔溢利(千港元)	Profit attributable to shareholders (HK$'000)	**7,767,358**	7,395,366
已發行普通股之加權平均數(千股)	Weighted average number of ordinary shares in issue (thousands)	**2,577,000**	2,577,000
每股基本盈利(港元)	Basic earnings per share (HK$)	**3.01**	2.87

由於本銀行於截至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止年度並無已發行潛在攤薄普通股，故該等年度之每股攤薄盈利金額與每股基本盈利相同。

Diluted earnings per share amount for the year ended 31 December 2017 and 31 December 2016 were the same as basic earnings per share, as the Bank had no potential dilutive ordinary shares in issue during these years.

財務報表附註
Notes to the Financial Statements

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

20 會計分類

20 ACCOUNTING CLASSIFICATIONS

於二零一七年十二月三十一日 At 31 December 2017		持作交易用途 Held for trading 千港元 HK$'000	持作對沖用途 Held for hedging 千港元 HK$'000	指定以公平價值經收益表入賬 Designated at fair value through profit or loss 千港元 HK$'000	備供銷售 Available-for-sale 千港元 HK$'000	持有至到期 Held-to-maturity 千港元 HK$'000	貸款及應收款項 Loans and receivables 千港元 HK$'000	其他已攤銷成本 Other amortised cost 千港元 HK$'000	總計 Total 千港元 HK$'000
資產	**Assets**								
現金及在銀行同業與其他金融機構之結存	Cash and balances with banks and other financial institutions	-	-	-	-	-	-	160,925,901	160,925,901
在銀行同業及其他金融機構之存款	Placements with banks and other financial institutions	-	-	-	-	-	78,670,984	-	78,670,984
衍生金融工具	Derivative financial instruments	14,965,355	428,783	-	-	-	-	-	15,394,138
貸款及其他賬項	Advances and other accounts	-	-	-	-	-	459,830,199	-	459,830,199
金融投資	Financial investments	-	-	731,157	77,623,934	95,184,634	-	-	173,539,725
金融資產總值	Total financial assets	14,965,355	428,783	731,157	77,623,934	95,184,634	538,501,183	160,925,901	888,360,947
非金融資產	Non-financial assets								9,748,080
總資產	**Total assets**								898,109,027
負債	**Liabilities**								
銀行同業及其他金融機構之存款	Deposits from banks and other financial institutions	-	-	-	-	-	-	177,631,111	177,631,111
衍生金融工具	Derivative financial instruments	8,469,802	147,503	-	-	-	-	-	8,617,305
客戶存款	Deposits from customers	-	-	-	-	-	-	496,311,783	496,311,783
已發行存款證	Certificates of deposit issued	-	-	-	-	-	-	91,040,542	91,040,542
已發行債券	Debt securities in issue	-	-	6,585,182	-	-	-	1,530,692	8,115,874
- 指定以公平價值經收益表入賬	- Designated at fair value through profit or loss	-	-	6,585,182	-	-	-	-	6,585,182
- 以攤銷成本入賬	- Measured at amortised cost	-	-	-	-	-	-	1,530,692	1,530,692
以攤銷成本入賬之後償債項	Subordinated debts measured at amortised cost	-	-	-	-	-	-	11,698,483	11,698,483
金融負債總額	Total financial liabilities	8,469,802	147,503	6.585.182	-	-	-	778,212,611	793,415,098
非金融負債	Non-financial liabilities								13,007,889
負債總額	**Total liabilities**								806,422,987

財務報表附註
Notes to the Financial Statements

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

20 會計分類(續)

20 ACCOUNTING CLASSIFICATIONS (continued)

	於二零一六年十二月三十一日 At 31 December 2016	持作交易用途 Held for trading 千港元 HK$'000	持作對沖用途 Held for hedging 千港元 HK$'000	指定以公平價值經收益表入賬 Designated at fair value through profit or loss 千港元 HK$'000	備供銷售 Available-for-sale 千港元 HK$'000	持有至到期 Held-to-maturity 千港元 HK$'000	貸款及應收款項 Loans and receivables 千港元 HK$'000	其他已攤銷成本 Other amortised cost 千港元 HK$'000	總計 Total 千港元 HK$'000
資產	**Assets**								
現金及在銀行同業與其他金融機構之結存	Cash and balances with banks and other financial institutions	–	–	–	–	–	–	165,606,506	165,606,506
在銀行同業及其他金融機構之存款	Placements with banks and other financial institutions	–	–	–	–	–	26,593,495	–	26,593,495
衍生金融工具	Derivative financial instruments	18,008,315	407,442	–	–	–	–	–	18,415,757
貸款及其他賬項	Advances and other accounts	–	–	–	–	–	419,655,275	–	419,655,275
金融投資	Financial investments	672,251	–	–	80,692,819	74,281,596	–	–	155,646,666
金融資產總值	Total financial assets	18,680,566	407,442	–	80,692,819	74,281,596	446,248,770	165,606,506	785,917,699
非金融資產	Non-financial assets								12,756,818
總資產	**Total assets**								798,674,517
負債	**Liabilities**								
銀行同業及其他金融機構之存款	Deposits from banks and other financial institutions	–	–	–	–	–	–	208,329,544	208,329,544
衍生金融工具	Derivative financial instruments	17,959,516	44,483	–	–	–	–	–	18,003,999
客戶存款	Deposits from customers	–	–	–	–	–	–	421,579,909	421,579,909
已發行存款證	Certificates of deposit issued	–	–	–	–	–	–	43,561,378	43,561,378
已發行債券	Debt securities in issue	–	–	72,101	–	–	–	951,078	1,023,179
–指定以公平價值經收益表入賬	– Designated at fair value through profit or loss	–	–	72,101	–	–	–	–	72,101
–以攤銷成本入賬	– Measured at amortised cost	–	–	–	–	–	–	951,078	951,078
以攤銷成本入賬之後償債項	Subordinated debts measured at amortised cost	–	–	–	–	–	–	11,603,948	11,603,948
金融負債總額	Total financial liabilities	17,959,516	44,483	72,101	–	–	–	686,025,857	704,101,957
非金融負債	Non-financial liabilities								10,686,414
負債總額	**Total liabilities**								714,788,371

21 現金及在銀行同業與其他金融機構之結存

21 CASH AND BALANCES WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

		2017 千港元 HK$'000	2016 千港元 HK$'000
現金	Cash on hand	**555,221**	494,430
中央銀行之結存	Balances with central banks	**23,068,844**	22,863,053
其他銀行及金融機構之結存	Balances with other banks and financial institutions	**32,125,254**	12,291,627
於一個月以內到期之銀行同業及其他金融機構存款	Placements with banks and other financial institutions maturing within one month	**105,176,582**	129,957,396
		160,925,901	165,606,506

源自融資活動產生的負值之對賬下表列

載本集團由融資活動產生的負值之變動，包括現金及非現金之變動。源自融資活動產生的負值指在本集團的綜合現金流量表內分類為由融資活動產生的現金流或未來現金流產生的負債。

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

		以攤銷成本入賬之已發行債券 Debt securities in issue at amortised cost 千港元 HK$'000	指定以公平價值經收益表入賬之已發行債券 Debt securities in issue designated at fair value through profit or loss 千港元 HK$'000	以攤銷成本入賬之後償債項 Subordinated debts measured at amortised cost 千港元 HK$'000	以攤銷成本入賬之後償債項應付利息 Interest payable on Subordinated debts measured at amortised cost 千港元 HK$'000	總計 Total 千港元 HK$'000
於二零一七年一月一日	**At 1 January 2017**	951,078	72,101	11,603,948	56,854	12,683,981
融資活動之現金流量之變動：	**Changes from financing cash flows:**					
發行指定以公平價值經損益表入賬之已發行債券	Issuance of debt securities designated at fair value through profit or loss	–	6,579,478	–	–	6,579,478
發行以攤銷成本入賬之已發行債券	Issuance of debt securities measured at amortised cost	467,392	–	–	–	467,392
以攤銷成本入賬之後償債項已支付利息	Interest paid on subordinated debts measured at amortised cost	–	–	–	(550,082)	(550,082)
		467,392	6,579,478	–	(550,082)	6,496,788
匯兑差額調整	**Exchange adjustments**	–	–	89,250	–	89,250
其他變動：	**Other changes:**					
以攤銷成本入賬之已發行債券攤銷	Amortisation of debt securities in issue measured at amortised cost	112,222	–	–	–	112,222
以攤銷成本入賬之後償債項攤銷	Amortisation of subordinated debts measured at amortised cost	–	–	5,285	–	5,285
以攤銷成本入賬之後償債項利息支出	Interest expenses on subordinated debts measured at amortised cost	–	–	–	555,803	555,803
指定以公平價值經收益表入賬之金融資產及負債淨收益	Net gain on financial assets and liabilities desingated at fair value through profit or loss	–	(66,397)	–	–	(66,397)
其他變動總額	Total other changes	112,222	(66,397)	5,285	555,803	606,913
於二零一七年十二月三十一日	**At 31 December 2017**	1,530,692	6,585,182	11,698,483	62,575	19,876,932

財務報表附註
Notes to the Financial Statements

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

22 在銀行同業及其他金融機構之存款

22 PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

		2017 千港元 HK$'000	2016 千港元 HK$'000
於一到十二個月到期之銀行同業及其他金融機構存款	Placements with banks and other financial institutions maturing between one and twelve months	**78,670,984**	26,593,495

23 持作交易用途金融資產

23 FINANCIAL ASSETS HELD FOR TRADING

		2017 千港元 HK$'000	2016 千港元 HK$'000
債券，按公平價值： 非上市	Debt securities, at fair value: Unlisted	–	654,695
		–	654,695
股票證券，按公平價值： 非上市	Equity securities, at fair value: Unlisted	–	17,556
		–	17,556
持作交易用途金融資產總值	Total financial assets held for trading	–	672,251
持作交易用途之金融資產按發行人類別分析如下： 銀行同業及其他金融機構 企業	Financial assets held for trading are analysed by category of issuer as follows: Banks and other financial institutions Corporate entities	– –	654,695 17,556
		–	672,251

24 指定以公平價值經收益表入賬金融資產

24 FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

		2017 千港元 HK$'000	2016 千港元 HK$'000
其他投資	Others	**731,157**	–
		731,157	–
指定以公平價值經收益表入賬金融資產總值	Total financial assets designated at fair value through profit or loss	**731,157**	–
指定以公平價值經收益表入賬金融資產按發行人類別分析如下： 企業	Financial assets designated at fair value through profit or loss are analysed by category of issuer as follows: Corporate entities	**731,157**	–
		731,157	–

25 衍生金融工具

本集團訂立下列股份權益、匯率及利率相關的衍生金融工具合約用作買賣及風險管理之用：

遠期外匯合約是指於未來某一日期買賣外幣的承諾。

貨幣及利率掉期是指交換不同現金流量的承諾。掉期的結果是交易不同貨幣、利率(如固定利率或浮動利率)或以上的所有組合(即交叉貨幣利率掉期)。除某些貨幣掉期合約外，該等交易無需交換本金。

外匯、利率及股份權益合約期權是指期權的賣方(出讓方)為買方(持有方)提供在未來某一特定日期或之前或未來一定時期內按約定的價格買進(認購期權)或賣出(認沽期權)一定數量的金融工具的權利(而非承諾)的一種協定。作為承擔外匯和利率風險的代價，期權的賣方從買方收取一定的期權費。本集團期權合約是與對手方在場外協商達成協定的或透過交易所進行(如於交易所進行買賣之期權)。

本集團所持有之衍生金融工具合約／名義合約數額及其公平價值詳列於下表。各類型金融工具的合約／名義金額僅顯示了於報告期結束時之未完成交易量，而若干金融工具之合約／名義合約數額則提供了一個與綜合財務狀況表內所確認的以公平價值入賬之金融工具的對比基礎。但是，這並不代表所涉及的未來的現金流量或當前的公平價值，因而也不能反映本集團所面臨的信用風險或市場風險。隨著與衍生金融工具合約條款相關的市場利率、匯率和股份權益的波動，衍生金融工具的估值可能產生對銀行有利(資產)或不利(負債)的影響。衍生金融工具之資產及負債之公平價值總額會不時可能大幅波動。

本集團進行場內及場外衍生產品交易的主要目的是開展客戶業務。本集團對客戶及對同業市場的衍生產品交易均需嚴格遵從本集團的各相關風險管理政策。

衍生產品亦應用於管理銀行賬的利率風險，只有獲批准之產品名單上載有的衍生產品方可進行交易。由衍生產品交易產生的風險承擔名義數額以設限控制，並制訂交易的最長期限及其損益之管理預警限額。每宗衍生產品交易必須記錄於相應的系統，以進行結算、市價重估、報告及監控。

25 DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into the following equity, foreign exchange and interest rate related derivative financial instruments for trading and risk management purposes:

Currency forwards represent commitments to purchase and sell foreign currency on a future date.

Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an exchange of currencies, interest rates (for example, fixed rate for floating rate), or a combination of all these (i.e., cross-currency interest rate swaps). Except for certain currency swap contracts, no exchange of principal takes place.

Foreign currency, interest rate and equity options are contractual agreements under which the seller (writer) grants the purchaser (holder) the rights, but not an obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of the financial instrument at a predetermined price. In consideration for the assumption of foreign exchange and interest rate risk, the seller receives a premium from the purchaser. Options are negotiated OTC between the Group and its counterparty or traded through the stock exchange (for example, exchange-traded stock option).

The contractual/notional amounts and fair values of derivative financial instruments held by the Group are set out in the following tables. The contractual/notional amounts of these instruments indicate the volume of transactions outstanding at the end of reporting periods and certain of them provide a basis for comparison with fair value instruments recognised on the consolidated statement of financial position. However, they do not necessarily indicate the amounts of future cash flows involved or the current fair values of the instruments and, therefore, do not indicate the Group's exposure to credit or market risks. The derivative financial instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates, foreign exchange rates and equity relative to their terms. The aggregate fair values of derivative financial instruments (assets and liabilities) can fluctuate significantly from time to time.

The Group trades derivative products (both exchange-traded or OTC) mainly for customer business. The Group strictly follows risk management policies in providing derivative products to the customers and in trading derivative products in the interbank market.

Derivatives are also used to manage the interest rate risk of the banking book. A derivative instrument must be included in the approved product list before any transactions for that instrument can be made. There are limits to control the notional amount of exposure arising from derivative transactions and the maximum tenor of the deal and management alert limit in profit or loss is set. Every derivative transaction must be input into the relevant system for settlement, mark to market revaluation, reporting and control.

財務報表附註
Notes to the Financial Statements

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

25 衍生金融工具(續)

下表為衍生金融工具中每項重要類別於十二月三十一日之合約／名義數額之概要：

25 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The following tables summaries the contractual/notional amounts of each significant type of derivative financial instruments as at 31 December:

二零一七年	2017	合約／名義金額 Contractual/ notional amounts 千港元 HK$'000	公平價值資產 Fair value assets 千港元 HK$'000	公平價值負債 Fair value liabilities 千港元 HK$'000
1) 持作交易用途之衍生工具	1) Derivatives held for trading			
a) 外匯衍生工具	a) Foreign exchange derivatives			
– 貨幣遠期	– Currency forwards	486,542,985	7,590,152	(7,605,804)
– 場外貨幣期權買入	– OTC currency options purchased	30,178,371	103,092	(1,402)
– 場外貨幣期權賣出	– OTC currency options written	28,908,605	104	(138,106)
– 結構性外匯工具	– Structured foreign exchange instruments	331,328	1,277	(1,278)
外匯衍生工具總額	Total foreign exchange derivatives		7,694,625	(7,746,590)
b) 利率衍生工具	b) Interest rate derivatives			
– 利率掉期	– Interest rate swaps	132,640,241	669,032	(435,871)
– 利率期貨	– Interest rate futures	2,734,935	4,128	(82)
利率衍生工具總額	Total interest rate derivatives		673,160	(435,953)
c) 股本衍生工具	c) Equity derivatives			
– 股票期權	– Equity options	2,098	6	(6)
– 股票掉期	– Equity swaps	9,010,672	6,597,564	(287,253)
股本衍生工具總額	Total equity derivatives		6,597,570	(287,259)
持作交易用途衍生工具資產／(負債)總額	Total derivative assets/(liabilities) held for trading		14,965,355	(8,469,802)
(2) 持作對沖用途衍生工具	2) Derivatives held for hedging			
(a) 指定為公平價值對沖之衍生工具	a) Derivatives designated as fair value hedges			
– 利率掉期	– Interest rate swaps	16,247,287	286,329	(133,945)
(b) 指定為現金流量對沖之衍生工具	b) Derivatives designated as cash flow hedges			
– 利率掉期	– Interest rate swaps	12,471,304	142,454	(13,558)
持作對沖用途之衍生工具資產／(負債)總額	Total derivative assets/(liabilities) held for hedging		428,783	(147,503)
已確認衍生工具資產／(負債)總額	Total recognised derivative assets/(liabilities)		15,394,138	(8,617,305)

財務報表附註
Notes to the Financial Statements

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

25 衍生金融工具(續) 25 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

二零一六年	2016	合約／名義金額 Contractual/ notional amounts 千港元 HK$'000	公平價值資產 Fair value assets 千港元 HK$'000	公平價值負債 Fair value liabilities 千港元 HK$'000
(1) 持作交易用途之衍生工具	1) Derivatives held for trading			
(a) 外匯衍生工具	a) Foreign exchange derivatives			
– 貨幣遠期	– Currency forwards	707,501,681	16,460,590	(16,330,410)
– 場外貨幣期權買入	– OTC currency options purchased	23,070,823	334,392	–
– 場外貨幣期權賣出	– OTC currency options written	25,415,975	4,411	(352,748)
– 結構性外匯工具	– Structured foreign exchange instruments	527,181	99,543	(100,749)
外匯衍生工具總額	Total foreign exchange derivatives		16,898,936	(16,783,907)
(b) 利率衍生工具	b) Interest rate derivatives			
– 利率掉期	– Interest rate swaps	98,354,536	625,030	(465,961)
– 利率期貨	– Interest rate futures	17,659,551	9,516	(5,643)
利率衍生工具總額	Total interest rate derivatives		634,546	(471,604)
(c) 股本衍生工具	c) Equity derivatives			
– 股票期權	– Equity options	8,067	27	(27)
– 股票掉期	– Equity swaps	2,309,648	–	(227,888)
股本衍生工具總額	Total equity derivatives		27	(227,915)
(d) 商品合約	d) Commodity contract	9,088,063	474,806	(476,090)
持作交易用途衍生工具資產／(負債)總額	Total derivative assets/(liabilities) held for trading		18,008,315	(17,959,516)
(2) 持作對沖用途衍生工具	2) Derivatives held for hedging			
(a) 指定為公平價值對沖之衍生工具	a) Derivatives designated as fair value hedges			
– 利率掉期	– Interest rate swaps	4,341,017	215,448	(21,815)
(b) 指定為現金流量對沖之衍生工具	b) Derivatives designated as cash flow hedges			
– 利率掉期	– Interest rate swaps	16,465,912	191,994	(22,668)
持作對沖用途之衍生工具資產／(負債)總額	Total derivative assets/(liabilities) held for hedging		407,442	(44,483)
已確認衍生工具資產／(負債)總額	Total recognised derivative assets/(liabilities)		18,415,757	(18,003,999)

財務報表附註
Notes to the Financial Statements

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

25 衍生金融工具(續)

或然負債及承擔以及衍生金融工具的合約或名義金額僅表示於報告期結束時的未完成業務量，與風險承擔的相關風險則無甚關連。

上述衍生金融工具當中之若干項目被指定用作對沖工具。

本集團採用公平價值對沖以保障其免受市場利率變動導致的金融資產公平價值變動產生的影響。就利率風險予以對沖的金融工具主要包括備供銷售債券。本銀行採用利率掉期及交叉貨幣掉期對沖利率風險。

根據因年內已於收益表確認的衍生工具及獲對沖風險的相關獲對沖項目公平價值變動作出的對沖有效性分析列示如下：

25 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The contractual or notional amounts of contingent liabilities and commitments and derivative financial instruments provide only an indication of the volume of business outstanding at the end of the reporting period and bear little relation to the underlying risks of the exposures.

Among the above derivative financial instruments, certain of them were designated as hedging instruments.

Fair value hedges are used by the Group to protect it against changes in the fair value of financial assets due to movements in market interest rates. The financial instruments hedged for interest rate risk mainly include available-for-sale debt securities. The Bank uses interest rate swaps and cross currency swaps to hedge interest rate risk.

The effectiveness of the hedge based on changes in fair value of the derivatives and the hedged items attributable to the hedged risk recognised in the income statement during the year is presented as follows:

		2017 **千港元** **HK$'000**	2016 千港元 HK$'000
公平價值對沖收益／(虧損)，扣減以下項目：	Gain/(loss) arising from fair value hedge, net:		
– 對沖工具	– Hedging instruments	**96,359**	222,205
– 獲對沖風險之相關獲對沖項目	– Hedged items attributable to the hedged risk	**(97,529)**	(222,597)
		(1,170)	(392)

現金流量對沖包括已訂立之利率掉期，用於保護本集團免受浮動利率資產及負債波動所帶來的風險。掉期有效部分產生之收益及虧損初步直接於權益內之現金流量對沖儲備確認，並當預測現金流量會影響收益表時撥至收益表。該等衍生工具無效部分產生之收益及虧損乃即時於收益表確認。年內，並無於收益表內確認因現金流量對沖產生之無效部分(二零一六年：無)。

Cash flow hedge consists of interest rate swaps entered into that are used to protect the Group against exposures to variability of floating-rate assets and liabilities. Gains and losses on the effective portion of the swaps are initially recognised directly in equity, in the cash flow hedge reserve, and are transferred to the income statement when the forecast cash flows affect the income statement. The gains and losses on ineffective portions of such derivatives are recognised immediately in the income statement. During the year, there was no ineffectiveness recognised in the income statement that arose from cash flow hedges (2016: Nil.)

25 衍生金融工具(續)

下表列出截至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，預期出現被對沖的現金流量之期間以及預期該等被對沖的現金流量將會影響損益的時間：

二零一七年	**2017**	**一年內 Within 1 year 百萬港元 HK$ million**	**一至三年 1-3 years 百萬港元 HK$ million**	**三至八年 3-8 years 百萬港元 HK$ million**	**八年以上 Over 8 years 百萬港元 HK$ million**
現金流入(資產)	Cash inflows (assets)	**59**	**112**	**–**	**–**
現金流出(負債)	Cash outflows (liabilities)	**(88)**	**(138)**	**(125)**	**–**
現金流量淨額	Net cash flow	**(29)**	**(26)**	**(125)**	**–**

二零一六年	2016	一年內 Within 1 year 百萬港元 HK$ million	一至三年 1-3 years 百萬港元 HK$ million	三至八年 3-8 years 百萬港元 HK$ million	八年以上 Over 8 years 百萬港元 HK$ million
現金流入(資產)	Cash inflows (assets)	38	74	34	–
現金流出(負債)	Cash outflows (liabilities)	(101)	(106)	(110)	(6)
現金流量淨額	Net cash flow	(63)	(32)	(76)	(6)

年內，先前於權益中的現金流對沖儲備內確認之42,324,000港元已變現收益已撥至收益表，並計入淨利息收入(二零一六年：16,792,000港元)。

並無交易之現金流對沖會計因為預期不會出現原先極有可能取得之現金流而須於二零一七年終止。

25 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Below is a schedule indicating as at 31 December 2017 and 31 December 2016, the periods when the hedged cash flows are expected to occur and when they are expected to affect profit or loss:

During the year, realised gain amounted to HK$42,324,000 previously recognised in equity under the cash flow hedge reserve was transferred to the income statement and included in the net interest income (2016: HK$16,792,000).

There were no transactions for which cash flow hedge accounting had to be ceased in 2017 as a result of the highly probable cash flows no longer being expected to occur.

財務報表附註
Notes to the Financial Statements

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

25 衍生金融工具(續)

上述或然負債及承擔以及衍生金融工具的總重置成本及信用風險加權金額為：

25 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The aggregate replacement costs and credit risk weighted amounts of the above contingent liabilities and commitments and derivative financial instruments are:

		2017		2016	
		重置成本 Replacement cost 千港元 HK$'000	**信用風險加權金額 Credit risk weighted amount 千港元 HK$'000**	重置成本 Replacement cost 千港元 HK$'000	信用風險加權金額 Credit risk weighted amount 千港元 HK$'000
或然負債及承擔	Contingent liabilities and commitments	–	**27,360,886**	–	32,369,742
外匯合約	Exchange rate contracts				
– 遠期	– Forwards	**3,241,603**	**1,442,662**	10,058,763	3,911,926
– 掉期	– Swaps	**1,058,943**	**1,732,202**	5,987,111	5,021,705
– 購買期權	– Option purchased	**35,225**	**54,619**	70,519	69,615
– 沽售期權	– Option written	**16,433**	**144,494**	20,978	128,717
– 結構性外匯	– Structure FX	**1,125**	**462,772**	99,543	487,789
		4,353,329	**3,836,749**	16,236,914	9,619,752
利率合約	Interest rate contracts				
– 歐元期貨產品	– Eurodollar Futures Product	**4,125**	**4,125**	7,266	19,673
– 掉期	– Swaps	**539,370**	**653,657**	751,573	799,077
		543,495	**657,782**	758,839	818,750
股本合約	Equity contracts				
– 沽售期權	– Option written	**6**	**14**	27	54
– 掉期	– Swaps	**6,597,564**	**7,251,608**	–	184,772
		6,597,570	**7,251,622**	27	184,826
貴金屬，黃金除外	Precious metal except Gold				
– 遠期	– Forward	**96**	**943**	–	–
		96	**943**	–	–
債券或其他商品	Debt securities or other commodities				
– 商品	– Commodities	–	–	472,408	866,843
– 美國庫券期貨產品	– US Treasury Futures Product	**2**	**3,909**	2,251	47,460
		2	**3,909**	474,659	914,303
雙邊淨額結算協議有關的場外衍生交易	OTC with netting				
– 遠期	– Forwards	**1,829,442**	**532,295**	–	–
– 購買期權	– Option purchased	**12,264**	**11,073**	–	–
– 沽售期權	– Option written	**33,349**	**20,891**	–	–
– 結構性外匯	– Structure FX	–	**104,487**	–	–
– 掉期	– Swap	**22,199**	**28,744**	–	–
		1,897,254	**697,490**	–	–
總計	Total	**13,391,746**	**39,809,381**	17,470,439	43,907,373

上述風險項目之重置成本及信用風險加權金額並沒有雙邊淨額結算安排之影響。

The replacement costs and credit risk weighted amounts of the exposures do not have the effects of bilateral netting arrangements.

26 貸款及其他賬項

26.1 客戶、銀行同業之貸款以及商業票據

26 ADVANCES AND OTHER ACCOUNTS

26.1 Loans and advances to customers, banks and trade bills

		2017 千港元 HK$'000	2016 千港元 HK$'000
客戶貸款	Advances to customers	**450,742,307**	392,966,358
銀行同業貸款	Advances to banks	**1,771,997**	2,159,837
商業票據	Trade bills	**10,384,978**	27,357,571
客戶、銀行同業之貸款以及商業票據總額	Gross loans and advances to customers, banks and trade bills	**462,899,282**	422,483,766
應計利息	Accrued interest	**1,328,277**	972,928
		464,227,559	423,456,694
減：減值準備	Less: Impairment allowances		
– 個別評估	– Individually assessed	**(2,107,891)**	(1,828,704)
– 組合評估	– Collectively assessed	**(2,289,469)**	(1,972,715)
		459,830,199	419,655,275

		2017 千港元 HK$'000	2016 千港元 HK$'000
減值貸款總額	Gross impaired loans and advances	**3,063,807**	3,143,237
上述貸款之減值準備	Impairment allowances made in respect of such loans	**2,107,891**	1,828,704
減值貸款總額佔貸款總額之百分比	Gross impaired loans and advances as a percentage of total gross loans and advances	**0.66%**	0.74%
抵押品市值	Market value of collateral	**639,550**	773,281

減值貸款定義為因於首次確認資產後出現一件或多件對可以可靠估計未來現金流量有影響之事件(「虧損事件」)，而導致個別確定存在客觀減值證據而須個別評估的貸款。

Impaired loans and advances are defined as those loans which are individually determined to have objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event has an impact on the estimated future cash flows of the loans that can be reliably estimated.

於二零一七年十二月三十一日，客戶貸款的減值貸款比率為0.68%(二零一六年：0.80%)。

The impaired loan ratio of advances to customers was 0.68% as at 31 December 2017 (2016: 0.80%).

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，本集團貸予銀行同業的款項及商業票據並沒有減值，亦沒有就該等貸款及商業票據提撥任何個別減值準備。

There were no impaired advances to banks and trade bills as at 31 December 2017 and 31 December 2016; nor were there any individual impairment allowances made for them on these two dates.

財務報表附註
Notes to the Financial Statements

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

26 貸款及其他賬項(續)

26.2 客戶及銀行同業貸款之貸款減值準備

26 ADVANCES AND OTHER ACCOUNTS (continued)

26.2 Loan impairment allowances against advances to customers and banks

二零一七年	2017	個別評估 Individual assessment 千港元 HK$'000	組合評估 Collective assessment 千港元 HK$'000	總額 Total 千港元 HK$'000
貸款減值準備變動：	Movement in impairment allowances on loans and advances:			
於二零一七年一月一日餘額	Balance at 1 January 2017	**1,828,704**	**1,972,715**	**3,801,419**
減值損失(附註14)	Impairment losses (Note 14)	**312,250**	**246,758**	**559,008**
撇銷不能收回之貸款	Loans written off as uncollectibles	**(37,759)**	**–**	**(37,759)**
確認為利息收入的貸款減值準備折現值撥回(附註6)	Unwinding of discounts of loan impairment allowances` recognised as interest income (Note 6)	**(26,498)**	**–**	**(26,498)**
收回過往年度已撇銷貸款(附註14)	Recoveries of loans written off in previous years (Note 14)	**2,387**	**–**	**2,387**
匯兑及其他調整	Exchange and other adjustments	**28,807**	**69,996**	**98,803**
於二零一七年十二月三十一日	At 31 December 2017	**2,107,891**	**2,289,469**	**4,397,360**
扣除自：	Deducted from:			
客戶貸款	Advances to customers	**2,107,891**	**2,257,832**	**4,365,723**
銀行同業貸款	Advances to banks	**–**	**6,139**	**6,139**
商業票據	Trade bills	**–**	**25,498**	**25,498**
		2,107,891	**2,289,469**	**4,397,360**

二零一六年	2016	個別評估 Individual assessment 千港元 HK$'000	組合評估 Collective assessment 千港元 HK$'000	總額 Total 千港元 HK$'000
貸款減值準備變動：	Movement in impairment allowances on loans and advances:			
於二零一六年一月一日餘額	Balance at 1 January 2016	1,486,171	1,735,920	3,222,091
減值損失(附註14)	Impairment losses (Note 14)	581,731	296,866	878,597
撇銷不能收回之貸款	Loans written off as uncollectibles	(193,275)	–	(193,275)
確認為利息收入的貸款減值準備折現值撥回(附註6)	Unwinding of discounts of loan impairment allowances recognised as interest income (Note 6)	(28,729)	–	(28,729)
收回過往年度已撇銷貸款(附註14)	Recoveries of loans written off in previous years (Note 14)	3,358	–	3,358
匯兑及其他調整	Exchange and other adjustments	(20,552)	(60,071)	(80,623)
於二零一六年十二月三十一日	At 31 December 2016	1,828,704	1,972,715	3,801,419
扣除自：	Deducted from:			
客戶貸款	Advances to customers	1,828,704	1,816,073	3,644,777
銀行同業貸款	Advances to banks	–	5,852	5,852
商業票據	Trade bills	–	150,790	150,790
		1,828,704	1,972,715	3,801,419

26 貸款及其他賬項(續)

26.3 逾期客戶及銀行同業貸款(不包括商業票據及應收款項)

本集團截至二零一七年及二零一六年十二月三十一日之已逾期的客戶貸款總額(不包括商業票據及應收款項)分析如下：

26 ADVANCES AND OTHER ACCOUNTS (continued)

26.3 Overdue advances to customers and banks (excluding trade bills and receivables)

The gross amount of the Group's advances to customers (excluding trade bills and receivables) overdue as at 31 December 2017 and 2016 is analysed as follows:

		貸款總額 Gross advances 千港元 HK$'000	佔客戶貸款百分比 % of advances to customers	抵押品市值 Market value of collateral 千港元 HK$'000	有抵押結餘金額 Amount of secured balance 千港元 HK$'000	無抵押結餘金額 Amount of unsecured balance 千港元 HK$'000	個別減值準備 Individual impairment allowance 千港元 HK$'000
二零一七年	**2017**						
逾期：	Overdue for:						
六個月或以下但超過三個月	Six months or less but over three months	**30,990**	**0.0**	**69,668**	**23,698**	**7,292**	**5,227**
一年或以下但超過六個月	One year or less but over six months	**52,961**	**0.0**	**31,445**	**28,529**	**24,432**	**9,157**
超過一年	Over one year	**2,640,816**	**0.6**	**390,169**	**215,735**	**2,425,081**	**1,936,040**
		2,724,767	**0.6**	**491,282**	**267,962**	**2,456,805**	**1,950,424**
二零一六年	2016						
逾期：	Overdue for:						
六個月或以下但超過三個月	Six months or less but over three months	53,232	0.0	58,834	37,244	15,988	13,987
一年或以下但超過六個月	One year or less but over six months	338,626	0.1	96,513	60,342	278,284	125,630
超過一年	Over one year	2,311,236	0.6	304,812	277,437	2,033,799	1,622,265
		2,703,094	0.7	460,159	375,023	2,328,071	1,761,882

合資格抵押品標準如下：

- 抵押品市值易於釐定或可合理地確定及驗證；
- 抵押品可予銷售，且易於覓得二手市場出售抵押品；
- 本銀行收回抵押品的權利可依法強制執行且概無任何阻礙；及
- 倘抵押品為可移動資產，則其應由本銀行保管，或本銀行可確定其所處位置。

合資格抵押品主要為物業、存款及股票。

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，並無借予銀行已逾期超過三個月的貸款(不包括商業票據及應收款項)。

The criteria for eligible collateral are as follows:

- The market value of the collateral is readily determinable or can be reasonably established and verified;
- The collateral is marketable and there exists a readily available secondary market for disposing of the collateral;
- The Bank's rights to repossess the collateral is legally enforceable and without impediment; and
- If the collateral is a movable asset, it should be under the Bank's custody, or its whereabouts can be located by the Bank.

The eligible collateral is mainly properties, deposits and shares.

There were no advances to banks (excluding trade bills and receivables) which were overdue for over 3 months as at 31 December 2017 and 31 December 2016.

財務報表附註
Notes to the Financial Statements

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

26 貸款及其他賬項(續)

26.4 其他逾期資產

		2017 應計利息 Accrued interest 千港元 HK$'000	2017 其他資產 Other assets 千港元 HK$'000	2016 應計利息 Accrued interest 千港元 HK$'000	2016 其他資產 Other assets 千港元 HK$'000
逾期：	Overdue for:				
六個月或以下但超過三個月	Six months or less but over three months	**18**	–	240	–
一年或以下但超過六個月	One year or less but over six months	–	–	214	–
超過一年	Over one year	**78,093**	–	43,349	–
		78,111	–	43,803	–
重組資產	Rescheduled assets	–	–	–	–
		78,111	–	43,803	–

其他資產指商業票據及應收款項。

26 ADVANCES AND OTHER ACCOUNTS (continued)

26.4 Other overdue assets

Other assets refer to trade bills and receivables.

26.5 重組貸款

		2017 千港元 HK$'000	2016 千港元 HK$'000
重組貸款(不包括超過三個月之逾期貸款)	Rescheduled advances (excluding overdue loans over three months)	**554,251**	423,550
客戶貸款所佔百分比	As % of advances to customers	**0.12**	0.11

根據經修訂償還條款已逾期超過三個月的重組貸款屬上文附註26.3對逾期貸款的分析範圍。

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，並無任何銀行同業的重組貸款。

26.5 Rescheduled advances

Rescheduled advances which have been overdue for more than three months under the revised repayment terms are included in the analysis of overdue advances in Note 26.3 above.

There were no rescheduled advances to banks as at 31 December 2017 and 31 December 2016.

26.6 收回資產

於二零一七年十二月三十一日，本集團有兩項收回資產(二零一六年十二月三十一日：無)。於二零一七年十二月三十一日，本集團持有的該兩項收回資產的賬面總值為87,166,000港元。收回資產僅包括就全面或部分解除借款人責任而取得(如透過法律行動或相關借款人自願下)取用或控制權之物業。

26.6 Repossessed assets

There are two repossessed assets of the Group as at 31 December 2017 (31 December 2016: Nil). The two repossessed assets are held by the Bank with a total carrying market value of HKD87,166,000 as at 31 December 2017. Repossessed assets only comprise properties which the Group has acquired access or control (e.g. through legal actions or voluntary actions by the borrowers concerned) for releasing in full or in part on the obligations of the borrowers.

26.7 證券借入及轉售協議的現金抵押品

就轉售交易而言，於二零一七年十二月三十一日，並無由本集團持有並可以出售或抵押的抵押品(二零一六年十二月三十一日：無)。於年結日，本集團實際上並無將抵押品出售或抵押。進行交易的條款屬於標準借貸活動的一般及慣常條款。

26.7 Cash collateral on securities borrowed and reverse repurchase agreements

In respect of reverse repurchase transactions, there were no collateral held by the Group which were permitted to be sold or pledged as at 31 December 2017 (31 December 2016: Nil). No collateral has been actually sold or pledged by the Group as at the year end. The transactions are conducted on terms that are usual and customary to standard lending activities.

財務報表附註
Notes to the Financial Statements

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

27 備供銷售金融投資 27 AVAILABLE-FOR-SALE FINANCIAL INVESTMENTS

		2017 千港元 HK$'000	2016 千港元 HK$'000
債券	Debt securities		
於香港上市	Listed in Hong Kong	**30,391,965**	20,844,039
於香港以外地區上市	Listed outside Hong Kong	**36,860,612**	39,806,079
非上市	Unlisted	**10,120,993**	15,255,045
		77,373,570	75,905,163
股票證券	Equity securities		
於香港以外地區上市	Listed outside Hong Kong	**–**	54,772
非上市	Unlisted	**250,364**	128,880
		250,364	183,652
財富管理產品	Wealth Management Products		
非上市	Unlisted	**–**	4,604,004
備供銷售金融投資總額	Total available-for-sale financial investments	**77,623,934**	80,692,819
上市證券之市值	Market value of listed securities	**67,252,577**	60,704,890
經計入減值損失之債券包括以下項目：	Debt securities after taking into account of impairment loss are comprised of the following items:		
庫券	Treasury bills	**3,935,126**	8,559,200
所持有之存款證	Certificates of deposit held	**1,816,855**	774,170
其他債券	Other debt securities	**71,621,589**	66,571,793
		77,373,570	75,905,163
備供銷售金融投資按發行人類別分析如下：	Available-for-sale financial investments are analysed by category of issuer as follows:		
中央政府及中央銀行	Central governments and central banks	**8,643,787**	15,982,561
公營機構	Public sector entities	**628,925**	865,387
銀行同業及其他金融機構	Banks and other financial institutions	**41,174,775**	35,547,441
企業	Corporate entities	**27,176,447**	28,297,430
		77,623,934	80,692,819

備供銷售金融投資之個別減值準備變動 Movement in individual impairment allowances on available-for-sale financial investments

		2017 千港元 HK$'000	2016 千港元 HK$'000
於一月一日	At 1 January	**82,923**	122,578
年內撥回	Write-back for the year	**(4,964)**	(67,050)
轉撥自持有至到期投資及客戶貸款	Transfer from held-to-maturity investments and advances to customers	**–**	26,887
匯兑差額	Exchange difference	**601**	508
於十二月三十一日	At 31 December	**78,560**	82,923

財務報表附註
Notes to the Financial Statements

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

28 持有至到期金融投資 28 HELD-TO-MATURITY FINANCIAL INVESTMENTS

		2017 千港元 HK$'000	2016 千港元 HK$'000
債券	Debt securities		
於香港上市	Listed in Hong Kong	**21,943,970**	25,911,718
於香港以外地區上市	Listed outside Hong Kong	**26,619,754**	13,683,906
非上市	Unlisted	**46,620,910**	34,685,972
持有至到期金融投資總額	Total held-to-maturity financial investments	**95,184,634**	74,281,596
上市證券之市值	Market value of listed securities	**48,219,671**	39,830,565
經計入減值損失之債券包括以下項目：	Debt securities after taking into account of impairment losses are comprised of the following items:		
庫券	Treasury bills	**30,172,995**	13,136,334
所持之存款證	Certificates of deposits held	**16,762,197**	9,291,962
其他債券	Other debt securities	**48,249,442**	51,853,300
		95,184,634	74,281,596
持有至到期金融投資按發行人類別分析如下：	Held-to-maturity financial investments are analysed by category of issuer as follows:		
中央政府及中央銀行	Central governments and central banks	**39,071,532**	21,822,768
公營機構	Public sector entities	**1,082,295**	658,723
銀行同業及其他金融機構	Banks and other financial institutions	**36,139,838**	26,106,825
企業	Corporate entities	**18,890,969**	25,693,280
		95,184,634	74,281,596

持有至到期金融投資之組合減值準備變動：

Movement in collective impairment allowances on held-to-maturity financial investment:

		2017 千港元 HK$'000	2016 千港元 HK$'000
於一月一日	At 1 January	**–**	–
年內支銷	Charge for the year	**2,229**	–
於年末	At 31 December	**2,229**	–

29 於聯營公司之投資 29 INVESTMENTS IN ASSOCIATES

		2017 千港元 HK$'000	2016 千港元 HK$'000
應佔淨資產	Share of net assets	**375,936**	353,413
收購時產生之商譽	Goodwill on acquisition	**29,786**	29,786
		405,722	383,199

財務報表附註
Notes to the Financial Statements

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

29 於聯營公司之投資(續)

以下列載包括對本集團個別地沒有重大影響的聯營公司。該等聯營公司為非上市企業實體(故並無市場報價)。

29 INVESTMENTS IN ASSOCIATES (continued)

The following list contains the particulars of associates which are unlisted corporate entitle where quoted market prices are not available. None are considered individually material to the Group:

	業務架構形式 Form of business structure	註冊成立及營業地點 Place of incorporation and business	已發行及繳足股本之詳情 Particulars of issued and paid up capital	本集團之實際權益 Group's effective interest	主要業務 Principal activity
IEC Investments Limited	註冊成立 Incorporated	香港 Hong Kong	100,000股之普通股 100,000 ordinary shares	40%	投資控股 Investment holding
世福資本管理有限公司 SINO-CEEF Capital Management Company Limited	註冊成立 Incorporated	香港 Hong Kong	10,000,000股之普通股 10,000,000 ordinary shares	37%	提供資產管理服務 Provision of asset management services

IEC Investments Limited(「IEC」)在香港從事投資控股。本集團於二零零七年收購IEC之40%股權,作為策略性投資。本集團於年內擁有40,000股IEC普通股。世福資本管理有限公司(「世福」)在香港從事資產管理服務。於二零一六年的重組計劃中,集團對世福的持股量由100%減少至37%。年內,本集團持有世福3,700,000股普通股。上述聯營公司使用權益法在綜合財務報表內列值。

IEC Investments Limited ("IEC") engages in investment holding in Hong Kong. The Group acquired 40% stake of IEC in 2007 as a strategic investment. The Group held 40,000 ordinary shares of IEC during the year. SINO-CEEF Capital Management Company Limited ("SCM") engages in asset management services in Hong Kong. The Group decreased its shareholding in SCM from 100% to 37% as part of the Group's restructuring plan in 2016. The Group held 3,700,000 ordinary shares of SCM during the year. The above associates are accounted for using equity method in the consolidated financial statements.

		2017 **千港元** **HK$'000**	2016 千港元 HK$'000
個別不重大聯營公司之總和資料	Aggregate information of associates that are not individually material		
個別不重大聯營公司在綜合財務報表之總和賬面值	Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**405,722**	383,199
本集團佔該等聯營公司之總和金額	Aggregate amounts of the Group's share of those associates		
源自持續營運溢利	Profit from continuing operations	**22,396**	21,064
全面收益總額	Total comprehensive income	**22,396**	21,064
賬面值與本集團於聯營公司的權益對賬	Reconciliation of carrying amounts to the Group's total interest in the associates		
重大聯營公司之賬面值	Carrying amount of material associates	–	–
個別不重大聯營公司之賬面值	Carrying amount of individually immaterial associates	**405,722**	383,199
在綜合財務報表中聯營公司權益	Interest in associates in the consolidated financial statements	**405,722**	383,199

財務報表附註
Notes to the Financial Statements

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

30 商譽及其他無形資產

30 GOODWILL AND OTHER INTANGIBLE ASSETS

		商譽 Goodwill 千港元 HK$'000	電腦軟件 Computer software 千港元 HK$'000	交易權 Trading rights 千港元 HK$'000	合計 Total 千港元 HK$'000
成本值	Cost				
於二零一七年一月一日	At 1 January 2017	**999,715**	**263,075**	**1,895**	**1,264,685**
添置	Additions	**–**	**4,048**	**–**	**4,048**
出售	Disposals	**–**	**–**	**–**	**–**
其他調整	Other adjustments	**–**	**921**	**–**	**921**
於二零一七年十二月三十一日	At 31 December 2017	**999,715**	**268,044**	**1,895**	**1,269,654**
累積攤銷	Accumulated amortisation				
於二零一七年一月一日	At 1 January 2017	**–**	**237,160**	**–**	**237,160**
年內攤銷	Charge for the year	**–**	**15,049**	**–**	**15,049**
出售	Disposals	**–**	**–**	**–**	**–**
其他調整	Other adjustments	**–**	**163**	**–**	**163**
於二零一七年十二月三十一日	At 31 December 2017	**–**	**252,372**	**–**	**252,372**
賬面淨值	Net book value				
於二零一七年十二月三十一日	At 31 December 2017	**999,715**	**15,672**	**1,895**	**1,017,282**

		商譽 Goodwill 千港元 HK$'000	電腦軟件 Computer software 千港元 HK$'000	交易權 Trading rights 千港元 HK$'000	合計 Total 千港元 HK$'000
成本值	Cost				
於二零一六年一月一日	At 1 January 2016	999,715	257,118	1,895	1,258,728
添置	Additions	–	6,572	–	6,572
出售	Disposals	–	–	–	–
其他調整	Other adjustments	–	(615)	–	(615)
於二零一六年十二月三十一日	At 31 December 2016	999,715	263,075	1,895	1,264,685
累積攤銷	Accumulated amortisation				
於二零一六年一月一日	At 1 January 2016	–	213,515	–	213,515
年內攤銷	Charge for the year	–	24,046	–	24,046
出售	Disposals	–	–	–	–
其他調整	Other adjustments	–	(401)	–	(401)
於二零一六年十二月三十一日	At 31 December 2016	–	237,160	–	237,160
賬面淨值	Net book value				
於二零一六年十二月三十一日	At 31 December 2016	999,715	25,915	1,895	1,027,525

30 商譽及其他無形資產(續)

附註：

(i) 綜合業務網絡系統於二零零五年十月進行升級，直接成本包括軟件開發顧問費及僱員成本，並分別確認為於二零零九年及二零零八年十二月三十一日之無形資產。

(ii) 於二零零四年，本銀行向富通銀行收購ICBC Asia Wa Pei Limited集團之全部已發行股本。此項收購之商譽為322,317,000港元。

(iii) 包含商譽的現金生產單位已進行減值測試。

本集團按業務分部分配商譽予可辨別的現金生產單位(「現金生產單位」)如下：

30 GOODWILL AND OTHER INTANGIBLE ASSETS (continued)

Notes:

(i) The Core banking system was upgraded in October 2005 with direct costs including software development consultancy fees and employee costs recognised as intangible asset as at 31 December 2009 and 2008 respectively.

(ii) In 2004, the Bank acquired all the issued share capital of ICBC Asia Wa Pei Limited group from Fortis Bank. The goodwill of the acquisition amounted to HK$322,317,000.

(iii) Impairment tests are performed for cash-generating units containing goodwill.

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

		2017 **千港元** **HK$'000**	2016 千港元 HK$'000
企業與投資銀行	Corporate and Investment Banking	**585,715**	585,715
商業銀行	Commercial Banking	**230,450**	230,450
零售銀行	Retail Banking	**142,386**	142,386
其他	Others	**41,164**	41,164
		999,715	999,715

現金生產單位的可收回金額則根據使用價值計算。計算方法按照管理層已核准而涵蓋五年期間的財務預算的現金流估計。超過一年期間的現金流按下述的估計利率作推斷。按一年期應用於現金流預期之增長率不可超過該現金生產單位所經營業務的長期平均增長率。

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

用於計算使用價值的折現率為9%至13%。

The discount rates used for value-in-use calculations are ranging from 9% to 13%.

管理層根據過往及預計市場發展以決定預算財務表現。加權平均增長率與行業報告內所作預測是一致的。

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

財務報表附註
Notes to the Financial Statements

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

31 投資物業 31 INVESTMENT PROPERTIES

		2017 千港元 HK$'000	2016 千港元 HK$'000
於一月一日之賬面值	Carrying amount at 1 January	**79,658**	80,919
由銀行房產及物業轉入	Transferred from bank premises and properties	**34,500**	–
重估收益淨額	Net revaluation gain	**500**	1,262
匯兑差額	Exchange difference	**2,749**	(2,523)
於十二月三十一日之賬面值	Carrying amount at 31 December	**117,407**	79,658

本集團之投資物業位於香港及內地按以下租期持有：

The Group's investment properties are situated in Hong Kong and Mainland China under the following lease terms:

		2017 千港元 HK$'000	2016 千港元 HK$'000
在香港持有 長期租賃(50年以上)	Held in Hong Kong Long term leases (over 50 years)	**78,100**	43,100
在香港以外地區持有 中期租賃(10至50年)	Held outside Hong Kong Medium term leases (10-50 years)	**39,307**	36,558
		117,407	79,658

本銀行的投資物業於二零一七年十二月三十一日由獨立專業合資格測量師韋堅信產業測計師行按公開市場及當前用途基準重新估定為78,100,000港元(二零一六年：43,100,000港元)。本銀行附屬公司的投資物業於二零一七年十二月三十一日由獨立專業合資格測量師深圳市國眾聯資產評估土地房地產估價諮詢有限公司按公開市場及當前用途基準重新估定為39,307,000港元(二零一六年：36,558,000港元)。

The Bank's investment properties were revalued on 31 December 2017 by A.G. Wilkinson & Associates, an independent professionally qualified valuer, at HK$78,100,000 (2016: HK$43,100,000) on an open market, existing use basis. The investment properties of the Bank's subsidiary were revalued on 31 December 2017 by Shenzhen GuoZhongLian Asset and Real Estate Appraisal Consulting Co., Ltd., an independent professionally qualified valuer, at HK$39,307,000 (2016: HK$36,558,000) on an open market, existing use basis.

投資物業資料
二零一七年十二月三十一日

Particulars of investment properties
31 December 2017

地點 Location	用途 Use	租期 Lease term	本集團之歸屬利益 Attributable interest of the Group
香港銅鑼灣高士威道8號地下B號舖 Shop B on the Ground Floor No. 8 Causeway Road Hong Kong	商業用途 Office building	長期租賃(50年以上) Long term lease (over 50 years)	100%
九龍觀塘康寧道58號地下及閣樓 Ground Floor and Cockloft No. 58 Hong Ning Road Kwun Tong Kowloon	商業用途 Office building	長期租賃(50年以上) Long term lease (over 50 years)	100%
深圳市福田區振興路賽格科技工業園 四棟二樓A、B座 Unit A&B, 2/F, 4 Blocks SEG Technology Park Zhenxing Road, Futian District Shenzhen	商業用途 Office building	中期租賃(10至50年) Medium term lease (10-50 years)	100%

32 物業及設備 / 32 PROPERTY, PLANT AND EQUIPMENT

		銀行房產及物業 Bank premises and properties 千港元 HK$'000	租賃物業裝修 Leasehold improvements 千港元 HK$'000	傢俬及設備 Furniture and equipment 千港元 HK$'000	總計 Total 千港元 HK$'000
於二零一六年十二月三十一日及二零一七年一月一日：	At 31 December 2016 and 1 January 2017:				
成本值或估值	Cost or valuation	830,379	389,851	426,737	1,646,967
累計折舊及減值	Accumulated depreciation and impairment	(174,943)	(233,216)	(294,495)	(702,654)
於二零一六年十二月三十一日及二零一七年一月一日之賬面淨值	Net book value at 31 December 2016 and 1 January 2017	655,436	156,635	132,242	944,313
添置	Additions	–	27,481	27,653	55,134
出售	Disposals	–	(2,592)	(15,467)	(18,059)
轉入投資物業	Transferred to investment properties	(34,500)	–	–	(34,500)
重估(附註(i))	Revaluation (Note (i))	23,079	–	–	23,079
年內計提折舊	Depreciation provided during the year	(17,346)	(33,274)	(49,314)	(99,934)
匯兑及其他調整	Exchange rate and other adjustments	19,135	1,242	15,358	35,735
於二零一七年十二月三十一日之賬面淨值	Net book value at 31 December 2017	645,804	149,492	110,472	905,768
於二零一七年十二月三十一日：	At 31 December 2017:				
成本值或估值	Cost or valuation	827,563	410,947	436,593	1,675,103
累計折舊及減值	Accumulated depreciation and impairment	(181,759)	(261,455)	(326,121)	(769,335)
於二零一七年十二月三十一日之賬面淨值	Net book value at 31 December 2017	645,804	149,492	110,472	905,768
上述資產之成本或估值分析如下：	The analysis of cost or valuation of the above assets is as follows:				
於二零一七年十二月三十一日：	At 31 December 2017:				
按成本值	At cost	–	410,947	436,593	847,540
按估值	At valuation	645,804	–	–	645,804
		645,804	410,947	436,593	1,493,344

財務報表附註
Notes to the Financial Statements

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

32 物業及設備(續)

32 PROPERTY, PLANT AND EQUIPMENT (Continued)

		銀行房產及物業 Bank premises and properties 千港元 HK$'000	租賃物業裝修 Leasehold improvements 千港元 HK$'000	傢俬及設備 Furniture and equipment 千港元 HK$'000	總計 Total 千港元 HK$'000
於二零一五年十二月三十一日及二零一六年一月一日：	At 31 December 2015 and 1 January 2016:				
成本值或估值	Cost or valuation	890,286	371,516	405,047	1,666,849
累計折舊及減值	Accumulated depreciation and impairment	(236,722)	(212,178)	(271,671)	(720,571)
於二零一五年十二月三十一日及二零一六年一月一日之賬面淨值	Net book value at 31 December 2015 and 1 January 2016	653,564	159,338	133,376	946,278
添置	Additions	–	29,693	46,002	75,695
出售	Disposals	–	(2,096)	(9,663)	(11,759)
重估(附註(i))	Revaluation (Note (i))	20,002	–	–	20,002
年內計提折舊	Depreciation provided during the year	(18,031)	(29,874)	(44,667)	(92,572)
匯兑及其他調整	Exchange rate and other adjustments	(99)	(426)	7,194	6,669
於二零一六年十二月三十一日之賬面淨值	Net book value at 31 December 2016	655,436	156,635	132,242	944,313
於二零一六年十二月三十一日：	At 31 December 2016:				
成本值或估值	Cost or valuation	830,379	389,851	426,737	1,646,967
累計折舊及減值	Accumulated depreciation and impairment	(174,943)	(233,216)	(294,495)	(702,654)
於二零一六年十二月三十一日之賬面淨值	Net book value at 31 December 2016	655,436	156,635	132,242	944,313
上述資產之成本或估值分析如下：	The analysis of cost or valuation of the above assets is as follows:				
於二零一六年十二月三十一日：	At 31 December 2016:				
按成本值	At cost	–	389,851	426,737	816,588
按估值	At valuation	655,436	–	–	655,436
		655,436	389,851	426,737	1,472,024

32 物業及設備(續)

附註：

(i) 銀行物業於二零一七年十二月三十一日根據由獨立專業合資格估值師韋堅信測量師行所作出之公開市場估值進行重估。本集團附屬公司之房產已於二零一七年十二月三十一日根據由中國內地獨立專業合資格測量師深圳市國眾聯資產評估土地房地產估價諮詢有限公司所作出之公開市場估值進行重估。重估盈餘(扣除適用遞延所得稅)乃計入股東權益中之銀行物業重估儲備內。如本集團之銀行房產及物業按成本減累計折舊列賬，則彼等之賬面值將為56,318,700港元(二零一六年：56,177,569港元)。

本集團之物業位於香港及內地按以下租期持有：

32 PROPERTY, PLANT AND EQUIPMENT (continued)

Note:

(i) The bank premises were revalued at 31 December 2017 based on the open market value by A.G. Wilkinson & Associates, an independent professionally qualified valuer. The subsidiary's premises were revalued at 31 December 2017 based on the open market value by Shenzhen GuoZhongLian Asset and Real Estate Appraisal Consulting Co., Ltd, an independent professionally qualified valuer in the Mainland China. The revaluation surplus net of applicable deferred income taxes was credited to bank premises revaluation reserve in shareholders' equity. The carrying amount of the bank premises and properties of the Group would have been HK$56,318,700 (2016: HK$56,177,569) had they been stated at cost less accumulated depreciation.

The Group's properties are situated in Hong Kong and Mainland China under the following lease terms:

		2017 千港元 HK$'000	2016 千港元 HK$'000
在香港持有	Held in Hong Kong		
長期租賃(50年以上)	Long term leases (over 50 years)	**396,200**	388,683
中期租賃(10至50年)	Medium term leases (10-50 years)	**89,520**	112,596
在香港以外地區持有	Held outside Hong Kong		
中期租賃(10至50年)	Medium term leases (10-50 years)	**160,084**	154,157
		645,804	655,436

33 其他資產

33 OTHER ASSETS

		2017 千港元 HK$'000	2016 千港元 HK$'000
應收利息	Interest receivable	**2,529,062**	1,963,623
預付款項	Prepayments	**196,241**	191,857
結算賬戶	Settlement accounts	**2,287,325**	3,266,953
已付保證金	Margin deposit paid	**1,671,763**	4,252,691
保理	Factoring	**61,632**	96,348
其他	Others	**230,006**	266,146
		6,976,029	10,037,618

財務報表附註
Notes to the Financial Statements

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

34 於附屬公司之投資

以下列表只載有本集團的主要附屬公司的詳情：

34 INVESTMENT IN SUBSIDIARIES

The following list contains only the particulars of principal subsidiaries of the Group:

公司名稱 Name	註冊地點 Place of incorporation	主要業務 Principal activities	已發行及已繳足股本 Issued and paid-up capital	持有之權益 Interest held 2017	 2016
華商銀行 Chinese Mercantile Bank	中華人民共和國 People's Republic of China	銀行業務 Banking business	人民幣4,150,000,000元 RMB4,150,000,000	**100%**	100%
工銀亞洲金業有限公司 ICBC (Asia) Bullion Company Limited	香港 Hong Kong	不活躍 Inactive	港幣6,000,000元 HK$6,000,000	**100%**	100%
工銀亞洲期貨有限公司 ICBC (Asia) Futures Company Limited	香港 Hong Kong	提供期貨業務 Provision of futures business	港幣26,000,000元 HK$26,000,000	**100%**	100%
工銀資管(全球)有限公司 (前稱「工銀亞洲投資管理有限公司」) ICBC Asset Management (Global) Company Limited (formerly known as "ICBC (Asia) Investment Management Company Limited")	香港 Hong Kong	提供資產管理服務 Provision of asset management services	港幣58,828,870元 HK$58,828,870	**100%**	100%
工銀亞洲代理人有限公司 ICBC (Asia) Nominee Limited	香港 Hong Kong	提供代理人服務 Provision of nominee services	港幣10,000元 HK$10,000	**100%**	100%
工銀亞洲証券有限公司 ICBC (Asia) Securities Limited	香港 Hong Kong	提供證券經紀服務 Provision of securities brokerage services	港幣100,000,000元 HK$100,000,000	**100%**	100%
工銀亞洲信託有限公司 ICBC (Asia) Trustee Company Limited	香港 Hong Kong	提供信託服務 Provision of trustee services	港幣30,000,000元 HK$30,000,000	**100%**	100%
ICBC (Asia) Wa Pei Nominees Limited	香港 Hong Kong	不活躍 Inactive	港幣100元 HK$100	**100%**	100%
ICBCA (C.I.) Limited	開曼群島 Cayman Islands	發行債券之特設公司 Being a special-purpose vehicle for bond issuance	1美元 US$1	**100%**	100%
友聯中國業務管理有限公司 UB China Business Management Co. Ltd	英屬維爾京群島 British Virgin Islands	不活躍 Inactive	1美元 US$1	**100%**	100%
工銀亞投股權投資管理(深圳)有限公司	中華人民共和國 People's Republic of China	私募股權投資管理 Provision of equity investment	4,000,000美元 US$4,000,000	**100%**	100%
中國－中東歐金融控股有限公司 SINO-CEEF Holding Company Limited	香港 Hong Kong	投資控股公司 Investment holding company	24,708,183歐元 EUR24,708,183	**100%**	100%

35 銀行同業及其他金融機構之存款

35 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

		2017 千港元 HK$'000	2016 千港元 HK$'000
銀行同業及其他金融機構之存款	Deposits from banks and other financial institutions	**177,631,111**	208,329,544

就回購交易而言，於二零一七年十二月三十一日，本集團可以出售或轉押的抵押品的公平價值為17,195,326,000港元(二零一六年：24,337,097,000港元)。進行交易的條款屬於標準借貸活動的一般及慣常條款。

In respect of repurchase transactions, the fair value of collateral which were permitted to be sold or repledged from the Group was HK$17,195,326,000 as at 31 December 2017 (2016: HK$24,337,097,000). The transactions are conducted on terms that are usual and customary to standard lending activities.

36 客戶存款

36 DEPOSITS FROM CUSTOMERS

		2017 千港元 HK$'000	2016 千港元 HK$'000
活期存款及往來戶口	Demand deposits and current accounts	**48,434,764**	39,689,441
儲蓄存款	Savings deposits	**117,658,228**	90,255,162
定期及通知存款	Time, call and notice deposits	**330,218,791**	291,635,306
		496,311,783	421,579,909

就回購交易而言，於二零一七年十二月三十一日，本集團並無可以出售或轉押的抵押品(二零一六年：無)。進行交易的條款屬於標準借貸活動的一般及慣常條款。

In respect of repurchase transactions, there was no collateral which were permitted to be sold or repledged from the Group as at 31 December 2017 (2016: Nil). The transactions are conducted on terms that are usual and customary to standard lending activities.

37 遞延所得稅

37 DEFERRED INCOME TAX

遞遞延稅項資產／(負債)之變動如下：

The movement on the deferred tax assets/(liabilities) account is as follows:

		2017 千港元 HK$'000	2016 千港元 HK$'000
於一月一日	At 1 January	**269,650**	48,904
在收益表記賬	Credited to income statement	**37,646**	74,105
在權益記賬	Credited to equity	**54,784**	139,255
匯兑及其他調整	Exchange and other adjustments	**(41,575)**	7,386
於十二月三十一日	At 31 December	**320,505**	269,650

財務報表附註
Notes to the Financial Statements

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

37 遞延所得稅(續)

就財務報告而言，本集團之遞延稅項結餘分析如下：

37 DEFERRED INCOME TAX (continued)

The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

		2017 千港元 HK$'000	2016 千港元 HK$'000
於綜合財務狀況表確認之遞延所得稅資產淨額	Net deferred income tax assets recognised in the consolidated statement of financial position	**320,505**	269,650
於十二月三十一日	At 31 December	**320,505**	269,650

年內權益(支賬)／記賬之遞延所得稅如下：

The deferred income tax (debited)/credited to equity during the year is as follows:

		2017 千港元 HK$'000	2016 千港元 HK$'000
股東權益之公平價值儲備	Fair value reserves in shareholder's equity		
銀行物業	Bank premises	**(37,887)**	(2,925)
備供銷售金融投資及指定為現金流對沖的衍生金融工具	Available-for-sale financial investments and derivative financial instruments designated as cash flow hedge	**92,671**	142,180
		54,784	139,255

37 遞延所得稅(續)

年內遞延所得稅資產及負債(與同一稅務機關之結餘抵銷前)之變動如下：

遞延所得稅資產

		組合減值損失 Collective impairment losses		投資重估儲備 Investment revaluation reserves		加速稅項折舊 Accelerated tax depreciation		總額 Total	
		2017 千港元 HK$'000	2016 千港元 HK$'000	2017 千港元 HK$'000	2016 千港元 HK$'000	2017 千港元 HK$'000	2016 千港元 HK$'000	2017 千港元 HK$'000	2016 千港元 HK$'000
於一月一日	At 1 January	**263,009**	190,238	**148,997**	21,122	**637**	629	**412,643**	211,989
在收益表記賬/(支賬)	Credited/(charged) to income statement	**31,995**	72,773	**-**	-	**(12)**	(210)	**31,983**	72,563
在權益記賬	Credited to equity	**-**	-	**85,803**	137,439	**-**	-	**85,803**	137,439
匯兑差額	Exchange difference	**8,812**	(2)	**(50,434)**	(9,564)	**47**	218	**(41,575)**	(9,348)
於十二月三十一日	At 31 December	**303,816**	263,009	**184,366**	148,997	**672**	637	**488,854**	412,643

遞延所得稅負債

		物業重估儲備 Premises revaluation reserves		投資重估儲備 Investment revaluation reserves		加速稅項折舊 Accelerated tax depreciation		總額 Total	
		2017 千港元 HK$'000	2016 千港元 HK$'000	2017 千港元 HK$'000	2016 千港元 HK$'000	2017 千港元 HK$'000	2016 千港元 HK$'000	2017 千港元 HK$'000	2016 千港元 HK$'000
於一月一日	At 1 January	**85,782**	145,527	**28,303**	(12,893)	**28,908**	30,451	**142,993**	163,085
在收益表支賬	Charged to income statement	**-**	-	**-**	-	**(5,663)**	(1,543)	**(5,663)**	(1,543)
在權益記賬/(支賬)	Debited/(credited) to equity	**37,887**	2,925	**(6,868)**	(4,741)	**-**	-	**31,019**	(1,816)
匯兑差額	Exchange difference	**-**	(62,670)	**-**	45,937	**-**	-	**-**	(16,733)
於十二月三十一日	At 31 December	**123,669**	85,782	**(21,435)**	(28,303)	**23,245**	28,908	**168,349**	142,993

本集團在香港產生之稅項虧損14,013,200港元(二零一六年：385,128港元)，可無限期用以抵銷產生該等虧損之公司之未來應課稅溢利。由於該等虧損乃來自部分長期虧蝕之附屬公司，不大可能有應課稅溢利可供動用該等稅項虧損以作抵銷，故並無就此等虧損確認遞延稅項資產。

於二零一七年十二月三十一日，倘若本集團若干附屬公司之未來盈利已收到，本集團亦無額外應付之稅項負債，故本集團並無應付之重大未確認遞延稅項負債(二零一六年：無)。

本銀行向其股東支付之股息並不附帶任何所得稅後果。

37 DEFERRED INCOME TAX (continued)

The movements in deferred income tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year are as follows:

Deferred income tax assets

Deferred income tax liabilities

The Group has tax losses arising in Hong Kong of HK$14,013,200 (2016 HK$385,128) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for sometime and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

At 31 December 2017, there was no significant unrecognised deferred tax liability (2016 Nil) for taxes that would be payable on the future earnings of certain of the Group's subsidiaries as the Group has no liability to additional tax should such amounts be received.

There are no income tax consequences attaching to the payment of dividends by the Bank to its shareholders.

財務報表附註
Notes to the Financial Statements

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

38 以攤銷成本入賬之後償債項

38 SUBORDINATED DEBTS MEASURED AT AMORTISED COST

		2017		2016	
		千港元	**利率**	千港元	利率
		HK$'000	**Interest rate %**	HK$'000	Interest rate %
後償定息票據	Subordinated fixed rate notes				
– 最終於二零二零年十一月三十日到期	– with a final maturity on 30 November 2020	**3,897,775**	**5.125%**	3,864,938	5.125%
– 最終於二零二三年十月十日到期(可於二零一八年十月十日贖回)	– with a final maturity on 10 October 2023 (callable on 10 October 2018)	**3,893,658**	**4.5%**	3,861,710	4.5%
– 最終於二零二四年十二月三十日到期(可於二零一九年十二月三十日贖回)	– with a final maturity on 30 December 2024 (callable on 30 December 2019)	**3,907,050**	**4.5%**	3,877,300	4.5%
		11,698,483		11,603,948	

後償債項乃由本銀行籌集作業務拓展用途。定息債券已獲最終控股公司悉數認購。該等票據合資格並已按資本規則列入本銀行之附加資本。

Subordinated debts were raised by the Bank for the development and expansion of business. Fixed rate debts have been fully subscribed by the ultimate holding company. These notes have been qualified and included as the Bank's supplementary capital in accordance with the Capital Rules.

本銀行於本年度無拖欠本金、利息或其他與後償票據有關的違約情況(二零一六年:無)。

The Bank has not had any default of principal or interest or other breaches with respect to the subordinated debts during the year (2016: Nil).

39 其他負債

39 OTHER LIABILITIES

		2017 千港元 HK$'000	2016 千港元 HK$'000
應付利息	Interest payable	**5,345,577**	3,464,551
應付薪金及福利	Salaries and welfare payable	**628,045**	499,059
結算賬戶	Settlement accounts	**2,866,718**	3,982,755
已收保證金	Margin deposit received	**2,640,164**	550,800
保理	Factoring	**61,633**	96,348
其他	Others	**1,139,736**	1,803,612
		12,681,873	10,397,125

本集團及本銀行於年內就其負債並無任何拖欠本金、利息或其他違約(二零一六年：無)。

The Group and the Bank have not had any defaults of principal, interest or other breaches with respect to their liabilities during the year (2016: nil).

40 股本

40 SHARE CAPITAL

		股份數目 Number of shares 千股 in thousands	普通股 Ordinary shares 千港元 HK$'000
於二零一七年一月一日及二零一七年十二月三十一日	At 1 January 2017 & 31 December 2017	**2,577,000**	**36,379,331**
於二零一六年一月一日及二零一六年十二月三十一日	At 1 January 2016 & 31 December 2016	2,577,000	36,379,331

根據香港公司條例第135條，本銀行的普通股並無面值。

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Bank do not have a par value.

普通股的持有人有權收取不時宣派的股息，並有權就每股股份於本銀行的股東大會上享有一票投票權。所有普通股在享有本銀行的剩餘資產方面地位相等。

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Bank. All ordinary shares rank equally with regard to the Bank's residual assets.

財務報表附註
Notes to the Financial Statements

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

41 額外權益工具

41 ADDITIONAL EQUITY INSTRUMENTS

		2017 千港元 HK$'000	2016 千港元 HK$'000
10億美元無期限非累積後償額外一級資本證券	US$1 billion undated non-cumulative subordinated additional tier 1capital securities	**7,738,332**	7,738,332

於二零一六年七月二十一日，本銀行發行符合巴塞爾資本協定三之非累積後償額外一級資本證券(「額外一級資本證券」)，總額為10億美元(相等於約77.38億港元，已扣除相關之發行成本)。額外一級資本證券附帶息率4.25厘的分派，分派直至二零二一年七月二十一日之首個贖回日期。如額外一級資本證券沒有被贖回，該等分派將每五年根據當時五年期美國國庫券之息率加一個固定之初步息差(3.135厘年息率)予以重訂。

分派將每半年支付一次，首個分派日期為二零一七年七月二十一日。本銀行有權取消分派付款(受額外一級資本證券之條款及細則所載之規定限制)，被取消之分派將不予累積。

如金管局通知本銀行，金管局或相關政府部門認為，如本銀行不撇銷額外一級資本證券之本金，本銀行將無法繼續營運，則本銀行將按金管局之指示撇銷額外一級資本證券之本金額。額外一級資本證券亦附帶一項權力(Hong Kong Bail – in Power)。每名額外一級資本證券之持有人將受限於香港監管部門行使以下任何一項或多項權力：

(a) 削減或註銷額外一級資本證券之全部或部分本金及／或分派；

(b) 將額外一級資本證券之全部或部分本金及／或分派轉換為本銀行或另一名人士之股份；及／或

(c) 修改額外一級資本證券之到期日、分派付款日及／或分派金額。

本銀行享有一項贖回權，可由二零二一年七月二十一日或任何其後之分派支付日期起贖回全部未贖回之資本證券。

On 21 July 2016, the Bank issued Basel III-compliant Non-Cumulative Subordinated Additional Tier 1 Capital Securities (the "Additional Tier 1 Capital Securities") in the aggregate amount of US$1 billion (equivalent to approximately HK$7,738 million net of related issuance costs). The Additional Tier 1 Capital Securities bear a 4.25 per cent. distribution until the first call date on 21 July 2021. If the Additional Tier 1 Capital Securities are not called, the distribution will be reset based on the then prevailing 5-year US Treasury yield plus a fixed initial spread (3.135 per cent. per annum) every 5 years.

The distribution shall be payable semi-annually, with the first distribution payment date being 21 July 2017. The Bank has the right to cancel distribution payment (subject to the requirement as set out in the terms and conditions of the Additional Tier 1 Capital Securities) and the distribution cancelled shall not be cumulative.

The principal of the Additional Tier 1 Capital Securities will be written off up to the amount as directed by the HKMA if the HKMA notifies the Bank that in the opinion of the HKMA or a relevant government body, the Bank would become non-viable if there is no written off of the principal. The Additional Tier 1 Capital Securities also contain Hong Kong Bail-in Power. Each holder of the Additional Tier 1 Capital Securities shall be subject to the exercise by the Hong Kong Resolution Authority to any or a combination of the following:

(a) reduction or cancellation of all or a part of the principal and/or distribution of the Additional Tier 1 Capital Securities;

(b) the conversion of all or a part of the principal and/or distribution of the Additional Tier 1 Capital Securities into shares of the Bank or another person; and/or

(c) the amendment of the maturity, distribution payment date and/or the distribution amount of the Additional Tier 1 Capital Securities.

The Bank has a call option to redeem all the outstanding capital securities from 21 July 2021 or any subsequent distribution payment date thereafter.

42 儲備

42.1 本集團

(i) 銀行房產儲備

已設立物業重估儲備，並按附註2.16所載就土地及樓宇所採納之會計政策處理。

(ii) 投資重估儲備

投資重估儲備包括備供銷售金融資產累計直至該等金融資產取消確認為止之累計公平價值變動淨額，並按附註2.7(d)所載之會計政策處理。

(iii) 現金流對沖儲備

現金流對沖儲備包括按附註2.10(b)所載就現金流對沖所採納之會計政策，於有待已對沖現金流其後確認之期間用於現金流對沖之對沖工具累計公平價值變動淨額之有效部分。

(iv) 匯兑儲備

匯兑儲備包括因換算外國業務的財務報表而產生之所有匯兑差額。此等儲備按附註2.15(c)所述之會計政策處理。

(v) 一般儲備

本集團之一般儲備包括：

- 轉撥可供分派予本集團股東之保留溢利；及
- 附屬公司之法定盈餘儲備(相當於按中國法律及規例所規定之除税後溢利撥款之10%及風險資產賬面值之1%)。此儲備用於沖銷累計虧損或增加資本。

於二零一七年十二月三十一日，本集團從保留溢利撥出3,589,630,000港元(二零一六年：3,984,306,000港元)作「法定儲備」。法定儲備是為應付香港銀行業條例中訂明之審慎監察目的而設。該儲備之變動在向香港金融管理局作出徵詢後，直接透過保留溢利作出。

本集團股東應佔之綜合溢利中包括已於本銀行賬目處理之溢利6,251,439,000港元(二零一六年：6,104,339,000港元)。

42 RESERVES

42.1 Group

(i) Bank premises reserve

The property revaluation reserve has been set up and is dealt with in accordance with the accounting policies adopted for land and buildings in note 2.16.

(ii) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the financial assets are derecognized and is dealt with in accordance with the accounting policies in note 2.7(d).

(iii) Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition of the hedged cash flow in accordance with the accounting policy adopted for cash flow hedges in note 2.10(b).

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 2.15(c).

(v) General reserve

The general reserve of the Group is comprised of:

- the transfer of retained earnings which is distributable to the shareholders of the Group; and
- a statutory surplus reserve of a subsidiary represents 10% of the profit after tax appropriation and 1% of the book value of risk assets as required by law and regulation in PRC. This reserve is used to offset accumulated losses or increase in capital.

As at 31 December 2017, the Group has earmarked a "Regulatory Reserve" of HK$3,589,630,000 (2016: HK$3,984,306,000) from the retained earnings. The regulatory reserve is maintained to satisfy the provisions of the Hong Kong Banking Ordinance for prudential supervision purpose. Movements in the reserve are made directly through retained earnings and in consultation with the Hong Kong Monetary Authority.

The consolidated profit attributable to shareholders of the Group includes a profit of HK$6,251,439,000 (2016: HK$6,104,339,000) which has been dealt with in the accounts of the Bank.

財務報表附註
Notes to the Financial Statements

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

42 儲備(續)

42 RESERVES (continued)

42.2 本銀行

42.2 Bank

		銀行物業重估儲備 Bank premises revaluation reserve 千港元 HK$'000	投資重估儲備 Investment revaluation reserve 千港元 HK$'000	現金流對沖儲備 Cash flow hedge Reserve 千港元 HK$'000	匯兑儲備 Exchange reserve 千港元 HK$'000	一般儲備 General reserve 千港元 HK$'000	保留溢利 Retained earnings 千港元 HK$'000	總計 Total 千港元 HK$'000
於二零一七年一月一日	At 1 January 2017	438,910	(250,345)	143,232	–	219,200	31,764,687	32,315,684
備供銷售金融投資之公平價值變動	Change in fair value of available-for-sale financial investments	–	(38,509)	–	–	–	–	(38,509)
出售備供銷售金融投資之已變現儲備	Reserve realised on disposal of available-for-sale financial investments	–	40,931	–	–	–	–	40,931
現金流對沖之公平價值變動	Change in fair value of cash flow hedge	–	–	(41,627)	–	–	–	(41,627)
銀行物業重估盈餘	Revaluation surplus on bank premises	20,234	–	–	–	–	–	20,234
年內溢利	Profit for the year	–	–	–	–	–	6,251,439	6,251,439
海外投資對沖儲備	Foreign investment hedging rserve	–	–	–	(69,928)	–	–	(69,928)
遞延稅項變動	Change in deferred tax	(3,216)	(9,509)	6,868	–	–	–	(5,857)
其他調整項目	Other adjustments	–	–	–	–	–	(184,307)	(184,307)
於二零一七年十二月三十一日	At 31 December 2017	455,928	(257,432)	108,473	(69,928)	219,200	37,831,819	38,288,060

		銀行物業重估儲備 Bank premises revaluation reserve 千港元 HK$'000	投資重估儲備 Investment revaluation reserve 千港元 HK$'000	現金流對沖儲備 Cash flow hedge reserve 千港元 HK$'000	匯兑儲備 Exchange reserve 千港元 HK$'000	一般儲備 General reserve 千港元 HK$'000	保留溢利 Retained earnings 千港元 HK$'000	總計 Total 千港元 HK$'000
於二零一六年一月一日	At 1 January 2016	424,852	104,749	167,225	–	219,200	25,806,824	26,722,850
備供銷售金融投資之公平價值變動	Change in fair value of available-for-sale financial investments	–	(454,608)	–	–	–	–	(454,608)
出售備供銷售金融投資之已變現儲備	Reserve realised on disposal of available-for-sale financial investments	–	22,862	–	–	–	–	22,862
現金流對沖之公平價值變動	Change in fair value of cash flow hedge	–	–	(28,734)	–	–	–	(28,734)
銀行物業重估盈餘	Revaluation surplus on bank premises	16,983	–	–	–	–	–	16,983
年內溢利	Profit for the year	–	–	–	–	–	6,104,339	6,104,339
遞延稅項變動	Change in deferred tax	(2,925)	76,652	4,741	–	–	–	78,468
其他調整項目	Other adjustments	–	–	–	–	–	(146,476)	(146,476)
於二零一六年十二月三十一日	At 31 December 2016	438,910	(250,345)	143,232	–	219,200	31,764,687	32,315,684

財務報表附註
Notes to the Financial Statements

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

43 關連交易

以下為於一般業務過程中與最終控股公司以及同系附屬公司和聯營公司訂立之結餘及交易概要，包括接納銀行同業之存款、相關之銀行交易及資產負債表外交易。該等活動乃於交易時間按有關市場利率定價。

43.1 最終控股公司

43 RELATED PARTY TRANSACTIONS

Listed out below is a summary of the balances and transactions entered into during the ordinary course of business with the ultimate holding company and fellow subsidiaries and associate, including the acceptance of placement of interbank deposits, corresponding banking transactions and off-balance sheet transactions. The activities were priced at the relevant market rates at the time of transactions.

43.1 Ultimate holding company

		2017 千港元 HK$'000	2016 千港元 HK$'000
利息收入	Interest income	**1,069,547**	589,107
利息支出	Interest expense	**1,460,816**	1,006,307
其他營業收入[1,2]	Other operating income[1,2]	**317,539**	385,594
其他營業支出[3,4]	Other operating expense[3,4]	**387,209**	492,514
應收金額	Amounts due from	**132,669,933**	138,523,141
應付金額	Amounts due to	**173,944,147**	192,215,639

1. 根據二零零一年七月三日訂立之合作協議以及二零零五年二月四日和二零零八年二月十三日訂立之補充合作協議，本銀行就提供會計與預算、內部稽核、市場推廣及後台清算及結算等服務而向中國工商銀行香港分行(「分行」)收取管理費收入。根據二零一二年十二月二十一日訂立之合作協議，本銀行就提供管理、行政及信用卡業務服務市場推廣而向最終控股公司收取管理費收入。

2. 根據二零零七年九月四日訂立之託管代理協議及二零零八年五月十六日和二零零九年十二月三十一日訂立之補充託管代理協議，本銀行為最終控股公司之客戶就有關中國合資格境內機構投資者計劃於中國境外投資之若干投資產品提供託管、結算及交收服務而向最終控股公司收取服務費。

3. 根據二零零二年二月二十一日(經補充協議所修訂及補充)訂立之服務協議及二零零八年三月十九日與本銀行附屬公司訂立之服務協議，向本銀行及本銀行附屬公司就最終控股公司所提供之數據處理服務而需支付服務費。

4. 根據日期為二零一二年五月二十三日之租賃協議，已就租賃位於香港之物業向最終控股公司支付租金支出。

1. In accordance with the collaboration agreement dated 3 July 2001 and the supplemental collaboration agreements dated 4 February 2005 and 13 February 2008, management fee income was received from the Hong Kong Branch of ICBC (the "Branch") for the provision of services such as accounting and budgeting, internal audit, marketing and back office settlement and clearing. In accordance with the collaboration agreement dated 21 December 2012, management fee income was received from the ultimate holding company for the provision of management, administrative and marketing services of its credit card business.

2. In accordance with the custodian and trustee services agreement dated 4 September 2007 and the supplemental custodian and trustee services agreements dated 16 May 2008 and 31 December 2009, services fees were paid by the ultimate holding company to the Bank for providing custodian, settlement and clearing services in relation to the investments outside the PRC in certain investment products by the customers of the ultimate holding company in connection with the Qualified Domestic Institutional Investor Scheme of the PRC.

3. In accordance with the service level agreements with the Bank dated 21 February 2002 (as amended and supplemented by supplemental agreements), and the service levels agreement with a subsidiary of the Bank dated 19 March 2008, service fee expense was paid to the ultimate holding company for the provision of data processing services to the Bank and its subsidiary.

4. In accordance with the tenancy agreement dated 23 May 2012, rental expense was paid to the ultimate holding company for the leasing of property located in Hong Kong.

財務報表附註
Notes to the Financial Statements

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

43 關連交易(續)

43.1 最終控股公司(續)

與最終控股公司之交易包括發行定息存款證及後償定息票據，兩者均由最終控股公司及其分行全數認購。於二零一七年十二月三十一日，本銀行發行5,000,000,000美元、人民幣300,000,000元及11,000,000,000港元之定息存款證予最終控股公司的分行(二零一六年：1,200,000,000美元、人民幣300,000,000元及10,500,000港元之定息存款證)。

於二零一七年十二月三十一日，本銀行已承諾向最終控股公司授出融資為數人民幣700,000,000元(二零一六年：人民幣700,000,000元)。本銀行亦收到最終控股公司就貸款作出之合計擔保為數16,901,337,000港元(二零一六年：18,591,856,000港元)。

(i) 最終控股公司作出之承諾

為表示對本銀行之支持，最終控股公司於二零零一年七月三日簽署安慰函，據此，最終控股公司將向本銀行提供所需資金，以確保本銀行維持充足資本及流動資金水平。

於二零零一年七月三日，最終控股公司及本銀行訂立一份擔保協議，據此，最終控股公司同意就因根據業務轉讓協議轉讓予本銀行之若干「大額風險」客戶的付款責任作出高達9,000,000,000港元之擔保，及就該等的任何責任未能依法執行而產生之損失對本銀行作出賠償保證。於二零一七年十二月三十一日，並無本銀行就該項擔保大額風險所保障之資產負債表項目(二零一六年：無)。

(ii) 從屬參與貸款

本銀行與分行訂立各類資本市場交易，其中包括安排參與／從屬參與貸款、買賣銀團或個別貸款、認購及／或發行債券及節稅型融資。該等交易包括最終控股公司及／或分行從屬參與本銀行之貸款共計3,931,929,000港元(二零一六年：8,770,843,000港元)。於二零一七年，本銀行並無從屬參與分行的貸款(二零一六年：無)。於二零一七年，本銀行就上述交易向分行支付費用共約7,311,000港元(二零一六年：17,009,000港元)。該等交易乃按相關貸款協議之條款(如適用)或按可比較之相等現行市場價格，或以不遜於給予其他獨立銀團貸款成員之條款定價。

43 RELATED PARTY TRANSACTIONS (continued)

43.1 Ultimate holding company (continued)

Transactions with ultimate holding company included the issuance of floating rate certificates of deposit and subordinated floating rate notes, which were both fully subscribed by the ultimate holding company and its branches. As at 31 December 2017, the Bank has issued US$5,000,000,000, RMB300,000,000 and HKD11,000,000,000 fixed rate certificates of deposit to the branches of ultimate holding company (2016: US$1,200,000,000 and RMB300,000,000 and HKD10,500,000,000 fixed rate certificates of deposit).

As at 31 December 2017, the Bank has committed facilities to the ultimate holding company in the amount of RMB700,000,000 (2016: RMB700,000,000). The Bank also received conglomerate guarantee on loan from the ultimate holding company in the amount of HK$16,901,337,000 (2016: HK$18,591,856,000).

(i) Undertaking from the ultimate holding company

To demonstrate its support to the Bank, a letter of comfort dated 3 July 2001 was executed by the ultimate holding company, pursuant to which it will provide the Bank with such funding as may be required by the Bank to ensure that it will maintain sufficient capital and liquidity levels.

Simultaneously on 3 July 2001, the ultimate holding company and the Bank entered into a guarantee agreement whereby the ultimate holding company agreed to guarantee to the extent of HK$9,000,000,000 the payment obligations of certain customers whose "large exposures" were transferred to the Bank pursuant to a business transfer agreement and to indemnify the Bank in respect of any losses incurred if any obligation of such customers becomes unenforceable. There was no such on-balance sheet large exposures of the Bank covered by this guarantee as at 31 December 2017 (2016: Nil).

(ii) Sub-participation of loans

The Bank entered into various capital markets transactions with the Branch, which include arranging participation/sub-participation in loans, acquiring and disposing of interests in syndicated or individual loans, subscribing to and/or issuing of debt securities and tax efficient financing. These transactions included sub-participation in loans of the Bank by the ultimate holding company and/or the Branch for a total of HK$3,931,929,000 (2016: HK$8,770,843,000). There was no sub-participation in loans of the Branch by the Bank in 2017 (2016: Nil). The total fee attributable to the above transactions of approximately HK$7,311,000 was paid by the Bank to the Branch in 2017 (2016: HK$17,009,000). These transactions were priced based either on the terms of the underlying loan agreement, if applicable, or prevailing market rates if such comparable rates were available, or on terms that were no less favorable than those available to other independent loan members.

43 關連交易(續) / 43 RELATED PARTY TRANSACTIONS (continued)

43.2 同系附屬公司 / 43.2 Fellow subsidiaries

		2017 千港元 HK$'000	2016 千港元 HK$'000
利息收入	Interest income	**186,727**	176,352
利息支出	Interest expense	**20,490**	17,178
其他營業收入	Other operating income	**190,796**	208,906
其他營業支出	Other operating expense	**166,596**	231,270
應收金額	Amounts due from	**12,059,240**	5,962,418
應付金額	Amounts due to	**2,102,117**	11,502,401

43.3 聯營公司 / 43.3 Associates

		2017 千港元 HK$'000	2016 千港元 HK$'000
利息收入	Interest income	**–**	1,344
利息支出	Interest expense	**2,012**	194
應收金額	Amounts due from	**–**	–
應付金額	Amounts due to	**145,812**	259,141

43.4 與其他國家控制實體及政府機關之交易 / 43.4 Transactions with other state controlled entities and government authority

與以下國家控制實體及政府機關的交易被視為對本集團來說屬個別地重要的交易或共同地重要的交易：

- 中國財政部
- 中央滙金投資有限責任公司(「滙金」)
- 滙金擁有股本權益之受中國政府指示之若干其他銀行及金融機構

Transactions with the following state-controlled entities and government authority are considered as individually significant or collectively significant to the Group:

- The Ministry of Finance of the PRC
- Central Huijin Investment Limited ("Huijin")
- Other banks and financial institutions under the direction of the PRC government in which Huijin has equity interests

		2017 千港元 HK$'000	2016 千港元 HK$'000
利息收入	Interest income	**1,360,358**	938,099
利息支出	Interest expense	**244,133**	173,828
其他營業收入	Other operating income	**121,658**	97,644
其他營業支出	Other operating expense	**134,925**	72,051
應收金額	Amounts due from	**50,748,508**	40,477,586
應付金額	Amounts due to	**4,125,141**	11,925,641

此外，本集團亦可能與其他國家控制實體及政府機關進行交易，包括但不限於存貸和提供金融產品或服務。管理層認為，與此等國家控制實體及政府機關進行的交易是於日常業務範圍內根據正常條款及條件以及按市場費率進行。因此，概無有關交易被視為屬個別地重要的交易。

In addition, the Group may also enter into transactions with other state-controlled entities and government authority, including but not limited to lending, deposit taking and the provision of financial products or services. In the opinion of management, transactions with these state-controlled entities and government authority were conducted in the ordinary course of business under normal terms and conditions and at market rates. As a result, none of these transactions are considered individually significant.

財務報表附註
Notes to the Financial Statements

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

43 關連交易(續)

43.5 主要行政人員酬金

主要行政人員酬金，包括本銀行董事酬金，如下：

43 RELATED PARTY TRANSACTIONS (continued)

43.5 Key management personnel remuneration

Remuneration for key management personnel, including the Bank's directors' emoluments, is as follows:

		2017 千港元 HK$'000	2016 千港元 HK$'000
僱員福利	Employee benefits	**25,869**	20,900

43.6 與主要行政人員之重大交易

年內，本集團與關連人士在正常商業活動下進行之銀行交易，包括貸款、存款及其他金融相關交易。關連人士包括本銀行之主要行政人員、其家庭成員及受其控制或重大影響之公司。

43.6 Material transactions with key management personnel

During the year, the Group entered into certain banking transactions consisting of loans and advances, deposits and other financial related transactions with related parties in the normal course of business. The related parties include key management personnel of the Bank, their close family members and companies controlled or significantly influenced by them.

		2017 千港元 HK$'000	2016 千港元 HK$'000
利息收入	Interest income	**110**	14
利息支出	Interest expense	**477**	375
貸款	Loans and advances	**5,173**	2,549
存款	Deposits	**44,460**	39,433

43.7 給予董事及與董事有關連之實體之貸款

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部分披露向本銀行的董事作出貸款，包括向董事控制的法團貸款如下：

43.7 Loans to directors and entities connected with directors

Loans to directors of the Bank, including loans to bodies corporate controlled by them, 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:

		於十二月三十一日之未償還餘額 Balance outstanding at 31 December		**年內最高結餘 Maximum balance during the year**	
		2017 千港元 HK$'000	2016 千港元 HK$'000	**2017 千港元 HK$'000**	2016 千港元 HK$'000
未償還本金及利息總額	Aggregate amount outstanding in respect of principal and interest	**227**	333	**873**	917

44 金融資產的轉讓

在日常業務中，本集團進行的某些交易會將已確認的金融資產轉讓給第三方。在某些情況，這些轉讓可能令到終止確認全部或部分相關金融資產。當本集團保留了已轉讓資產的絕大部分風險與回報時，相關金融資產轉讓不符合終止確認的條件，本集團繼續確認上述轉讓資產。

回購交易及借出證券交易

不符合終止確認準則的已轉讓金融資產主要為回購交易中作為擔保物交付給對手方的證券以及根據借出證券協議借予對手方的債券，此種交易下對手方在本集團無任何違約的情況下，可以將上述證券出售或再次用於擔保，但同時需承擔在協議規定的到期日將上述證券歸還於本集團的義務。在某些情況下，若相關證券價值上升或下降，本集團可以要求對手方支付額外的現金作為抵押或需要向對手方歸還部分現金抵押物。對於上述交易，本集團認為本集團保留了相關證券的大部分風險和報酬，故未對相關證券進行終止確認。同時，本集團將收到的現金抵押品確認為一項金融負債。

下表為已轉讓給第三方而不符合終止確認條件的金融資產及相關金融負債的賬面值分析：

44 TRANSFERRED FINANCIAL ASSETS

The Group enters into transactions in the normal course of business by which it transfers recognised financial assets to third parties. In some cases these transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the transferred assets do not qualify for derecognition as the Group has retained substantially all the risks and rewards of these assets, the Group continued to recognise the transferred assets.

Repurchase transactions and securities lending transactions

Transferred financial assets that do not qualify for derecognition mainly include debt securities held by counterparties as collateral under repurchase agreements and debt securities lent to counterparties under securities lending agreements. The counterparties are allowed to sell or repledge those securities sold under agreements to repurchase in the absence of default by the Group, but has an obligation to return the securities at the maturity of the contract. If the securities increase or decrease in value, the Group may in certain circumstances require or be required to pay additional cash collateral. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them. In addition, it recognises a financial liability for cash received as collateral.

The following table analyses the carrying amount of the abovementioned financial assets transferred to third parties that did not qualify for derecognition and their associated financial liabilities:

		31 December 2017 二零一七年十二月三十一日 轉讓資產的賬面值 Carrying amount of transferred assets	**相關負債的賬面值 Carrying amount of associated liabilities**
回購協議	Repurchase agreements	**2,484,684**	**1,838,238**
借出證券協議	Securities lending agreements	**17,273,414**	**15,670,365**

		31 December 2016 二零一六年十二月三十一日 轉讓資產的賬面值 Carrying amount of transferred assets	相關負債的賬面值 Carrying amount of associated liabilities
回購協議	Repurchase agreements	6,067,494	8,968,144
借出證券協議	Securities lending agreements	24,336,666	22,343,746

財務報表附註
Notes to the Financial Statements

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

44 金融資產的轉讓(續)

貼現票據交易

在日常業務中，本集團進行的貼現票據交易會將附有追溯權條款的貼現票據轉讓給位於中國的第三方，令本集團繼續參與已轉讓的金融資產。於二零一七年十二月三十一日，本集團保留這些賬面值831,646港元(二零一六年：11,751,718港元)的已轉讓但未到期的中國貼現票據的責任。

44 TRANSFERRED FINANCIAL ASSETS (continued)

Discounted bills transactions

The Group enters into discounted bills transactions in the normal course of business by which it transfers discounted bills to third parties in the PRC with recourse term which would give rise to the Group's continuing involvement in the transferred assets. As at 31 December 2017, the Group retain obligation on those PRC discounted bills transferred but not matured with a carrying amount of HK$831,646 (2016: HK$11,751,718).

45 資產負債表外風險

45.1 或然負債及承擔

以下為每個主要類別的或然負債及承擔的合約金額概要：

45 OFF-BALANCE SHEET EXPOSURES

45.1 Contingent liabilities and commitments

The following are summaries of the contractual amounts of each significant class of contingent liabilities and commitments:

		2017 合約金額 Contractual amount 千港元 HK$'000	**2017 信用風險加權額 Credit risk weighted 千港元 HK$'000**	2016 合約金額 Contractual amount 千港元 HK$'000	2016 信用風險加權額 Credit risk weighted 千港元 HK$'000
直接信貸代替品	Direct credit substitutes	**14,120,487**	**4,623,651**	16,276,629	4,492,005
與交易有關之或然負債	Transaction-related contingencies	**82,307**	**33,920**	169,465	71,419
與貿易有關之或然負債	Trade-related contingencies	**10,218,602**	**1,988,043**	13,224,592	2,566,316
遠期有期存款	Forward forward deposits placed	**–**	**–**	10,279,920	2,055,984
到期日如下之其他承擔：	Other commitments with an original maturity of:				
可無條件撤銷	Unconditionally cancellable	**187,186,093**	**–**	180,816,984	–
原到期日少於一年	With original maturity of less than one year	**841,730**	**84,423**	781,340	156,268
原到期日在一年及以上	With original maturity of over one year	**45,699,339**	**20,630,849**	47,944,517	23,027,750
		258,148,558	**27,360,886**	269,493,447	32,369,742

或然負債及承擔來自遠期資產購置、只繳付部分股款之股份及證券欠付之金額、遠期有期存款、附追溯權之資產銷售或其他交易，以及信貸相關工具，包括信用證、擔保和批授信貸之承擔。此等信貸相關工具所涉及之風險大致上與向客戶授出貸款融資所涉及之風險相同。合約金額為倘合約金額被全數提取及客戶拖欠還款而承擔風險之額。由於融資有可能在未經提取下屆滿，合約金額不等於預期未來現金流。

Contingent liabilities and commitments arise from forward asset purchases, amounts owing on partly paid-up shares and securities, forward deposits placed, asset sales or other transactions with recourse, as well as credit-related instruments which include letters of credit, guarantees and commitments to extend credit. The risk involved in these credit-related instruments 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 client default. As the facilities may expire without being drawn upon, the contract amounts do not represent expected future cash flows.

計算信貸風險加權金額所用之風險比重介乎0%至100%。

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

45 資產負債表外風險(續)

45.2 資本承擔

於二零一七年十二月三十一日之未於財務報表內撥備的物業及設備資本承擔餘額如下：

45 OFF-BALANCESHEET EXPOSURES (continued)

45.2 Capital commitments

Capital commitments for property, plant and equipment outstanding as at 31 December 2017 not provided for in the financial statements were as follows:

		2017 千港元 HK$'000	2016 千港元 HK$'000
已訂約惟未撥備之支出	Expenditure contracted but not provided for	**30,704**	45,854
已授權惟未訂約之支出	Expenditure authorised but not contracted for	**641**	8,900
		31,345	54,754

45.3 經營租約承擔

於二零一七年十二月三十一日，本集團根據不可撤銷的經營租約於未來應付的最低租金總額如下：

45.3 Operating lease commitments

At 31 December 2017, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

		2017 千港元 HK$'000	2016 千港元 HK$'000
土地及樓宇	Land and buildings		
– 一年以內	– Not later than one year	**359,943**	367,788
– 一年以上及五年以內	– Later than one year and not later than five years	**528,770**	578,341
– 五年後	– More than five years	**18,590**	38,665
		907,303	984,794

財務報表附註
Notes to the Financial Statements

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

45 資產負債表外風險(續)

45.4 經營租約安排

本集團根據經營租約安排按商定年期為兩至八年之租約出租其投資物業(見財務報表附註31)。租約條款一般規定承租人須支付抵押按金,並訂明定期根據當時市況對租金作出調整。

於二零一七年十二月三十一日,本集團按以下到期期限根據不可撤銷的經營租約於未來應收其承租人的最低租金總額如下:

45 OFF-BALANCESHEET EXPOSURES (continued)

45.4 Operating lease arrangements

The Group leases its investment properties (Note 31 to the financial statements) under operating lease arrangements, with leases negotiated for terms ranging from two to eight years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At as 31 December 2017, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

		2017 **千港元** **HK$'000**	2016 千港元 HK$'000
一年內	Within one year	**1,971**	2,581
二至五年(包括首尾兩年)	In the second to fifth years, inclusive	**1,642**	3,364
		3,613	5,945

年內,本集團概無任何未確認應收或然租金(二零一六年:無)。

During the year, the Group had no unrecognised contingent rentals receivable (2016: Nil).

46 金融資產及金融負債之抵銷

金融資產受限於抵銷、可執行的總淨額結算安排及類似協議：

46 OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements:

					並無於資產負債表內抵銷之金額 Amounts not set off in the balance sheet		
於二零一七年十二月三十一日	At 31 December 2017	已確認金融資產之總額 Gross amounts of recognised financial assets 千港元 HK$'000	於資產負債表內抵銷之總額 Gross amounts offset in the balance sheet 千港元 HK$'000	於資產負債表呈列之淨額 Net amounts presented in the balance sheet 千港元 HK$'000	金融工具 Financial instruments 千港元 HK$'000	已收現金抵押品 Cash collateral received 千港元 HK$'000	淨額 Net amount 千港元 HK$'000
衍生金融資產	Derivative financial assets	6,549,121	–	6,549,121	(3,191,332)	(1,777,715)	1,580,074
其他資產	Other assets	814,815	–	814,815	(697,108)	–	117,707
		7,363,936	–	7,363,936	(3,888,440)	(1,777,715)	1,697,781

					並無於資產負債表內抵銷之金額 Amounts not set off in the balance sheet		
於二零一七年十二月三十一日	At 31 December 2017	已確認金融負債之總額 Gross amounts of recognised financial liabilities 千港元 HK$'000	於資產負債表內抵銷之總額 Gross amounts offset in the balance sheet 千港元 HK$'000	於資產負債表呈列之淨額 Net amounts presented in the balance sheet 千港元 HK$'000	金融工具 Financial instruments 千港元 HK$'000	已抵押現金抵押品 Cash collateral pledged 千港元 HK$'000	淨額 Net amount 千港元 HK$'000
衍生金融負債	Derivative financial liabilities	6,595,068	–	6,595,068	(3,191,332)	(740,721)	2,663,015
其他負債	Other liabilities	1,069,467	–	1,069,467	(697,108)	–	372,359
		7,664,535	–	7,664,535	(3,888,440)	(740,721)	3,035,374

財務報表附註
Notes to the Financial Statements

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

46 金融資產及金融負債之抵銷(續)

46 OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

					並無於資產負債表內抵銷之金額 Amounts not set off in the balance sheet		
於二零一六年十二月三十一日	At 31 December 2016	已確認金融資產之總額 Gross amounts of recognised financial assets 千港元 HK$'000	於資產負債表內抵銷之總額 Gross amounts offset in the balance sheet 千港元 HK$'000	於資產負債表呈列之淨額 Net amounts presented in the balance sheet 千港元 HK$'000	金融工具 Financial instruments 千港元 HK$'000	已收現金抵押品 Cash collateral received 千港元 HK$'000	淨額 Net amount 千港元 HK$'000
衍生金融資產	Derivative financial assets	12,489,415	–	12,489,415	(6,241,044)	–	6,248,371
其他資產	Other assets	292,434	–	292,434	(264,429)	–	28,005
		12,781,849	–	12,781,849	(6,505,473)	–	6,276,376

					並無於資產負債表內抵銷之金額 Amounts not set off in the balance sheet		
於二零一六年十二月三十一日	At 31 December 2016	已確認金融負債之總額 Gross amounts of recognised financial liabilities 千港元 HK$'000	於資產負債表內抵銷之總額 Gross amounts offset in the balance sheet 千港元 HK$'000	於資產負債表呈列之淨額 Net amounts presented in the balance sheet 千港元 HK$'000	金融工具 Financial instruments 千港元 HK$'000	已抵押現金抵押品 Cash collateral pledged 千港元 HK$'000	淨額 Net amount 千港元 HK$'000
衍生金融負債	Derivative financial liabilities	9,693,538	–	9,693,538	(6,241,044)	(4,061,442)	(608,948)
其他負債	Other liabilities	466,317	–	466,317	(264,429)	–	201,888
		10,159,855	–	10,159,855	(6,505,473)	(4,061,442)	(407,060)

如有合法可執行權利抵銷已確認金額，並有意按淨額基準進行結算或同時變現資產及償還負債，金融資產及金融負債將進行抵銷並按淨額呈列。

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

列入並無於資產負債表進行抵銷之金額內之衍生工具和轉售／回購協議與以下交易有關：

Derivatives and reverse repurchase/repurchase agreements included in amounts not set off in the balance sheet relate to transactions where:

- 對手方與本集團之間有可抵銷持倉並且已制定總淨額結算或類似安排，但附帶只在發生違約事件、資不抵債或破產情況下方可進行抵銷之權利，否則抵銷條件未能達成；及
- the counterparty has an offsetting exposure with the Group and a master netting or similar arrangement is in place with a right of set off only in the event of default, insolvency or bankruptcy, or the offset criteria are otherwise not satisfied; and
- 就上述交易已收／已抵押之現金抵押品。
- cash collateral received/pledged in respect of the transactions described above.

財務報表附註
Notes to the Financial Statements

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

47 本銀行層面的財務狀況表

47 BANK LEVEL STATEMENT OF FINANCIAL POSITION

		二零一七年十二月三十一日 31 December 2017 HK$'000	二零一六年十二月三十一日 31 December 2016 HK$'000
資產	**Assets**		
現金及在銀行同業與其他金融機構之結存	Cash and balances with banks and other financial institutions	**155,708,616**	147,644,158
在銀行同業及其他金融機構之存款	Placements with banks and other financial institutions	**76,958,356**	24,235,111
衍生金融工具	Derivative financial instruments	**15,394,138**	18,415,757
貸款及其他賬項	Advances and other accounts	**357,315,848**	335,226,982
金融投資：	Financial investments:	**149,012,979**	126,298,222
– 備供銷售	– Available-for-sale	**71,013,898**	63,352,063
– 持有至到期	– Held-to-maturity	**77,999,081**	62,946,159
於聯營公司之投資	Investments in associates	**106,874**	106,874
於附屬公司之投資	Investments in subsidiaries	**5,407,552**	5,287,139
商譽及其他無形資產	Goodwill and other intangible assets	**949,109**	959,934
投資物業	Investment properties	**78,100**	43,100
物業及設備	Property, plant and equipment	**725,486**	777,788
遞延所得稅資產	Deferred income tax assets	**117,137**	77,386
其他資產	Other assets	**6,739,897**	9,551,390
資產總額	**Total assets**	**768,514,092**	668,623,841
負債	**Liabilities**		
銀行同業及其他金融機構之存款	Deposits from banks and other financial institutions	**131,090,286**	173,351,059
衍生金融工具	Derivative financial instruments	**8,579,757**	18,003,999
客戶存款	Deposits from customers	**429,422,180**	337,609,972
已發行存款證	Certificates of deposit issued	**86,891,955**	41,626,810
已發行債券	Debt securities in issue	**8,115,874**	1,023,179
– 指定以公平價值經收益表入賬	– Designated at fair value through profit or loss	**6,585,182**	72,101
– 以攤銷成本入賬	– At amortised cost	**1,530,692**	951,078
現行稅項負債	Current income tax liabilities	**203,676**	111,734
以攤銷成本入賬之後償債項	Subordinated debts measured at amortised cost	**11,698,483**	11,603,948
其他負債	Other liabilities	**10,106,158**	8,859,792
負債總額	**Total liabilities**	**686,108,369**	592,190,493
權益	**Equity**		
股本	Share capital	**36,379,331**	36,379,331
保留溢利	Retained earnings	**37,831,819**	31,764,687
其他儲備	Other reserves	**456,241**	550,998
歸屬於本銀行股東權益總額	Total equity attributable to shareholders of the Bank	**74,667,391**	68,695,016
額外權益工具	Additional equity instruments	**7,738,332**	7,738,332
權益總額	**Total equity**	**82,405,723**	76,433,348
權益及負債總額	**Total equity and liabilities**	**768,514,092**	668,623,841

高明
主席兼執行董事

盧建
執行董事 副行政總裁 兼替任行政總裁

Gao Ming
Chairman, & Executive Director

Lu Jian
Executive Director, Deputy Chief Executive & Alternate Chief Executive

財務報表附註
Notes to the Financial Statements

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

48. 在未納入合併財務報表範圍的結構化主體中的權益

本集團通過直接持有投資而在第三方機構發起設立的結構化主體中享有權益。這些結構化主體未納入本集團的合併財務報表範圍，主要包括投資基金及專項資產管理計劃。這些結構化主體的性質和目的主要是管理投資者的資產並賺取管理費，其融資方式是向投資者發行投資產品。

截至二零一七年十二月三十一日，本集團通過直接持有投資而在第三方機構發起設立的結構化主體中享有的權益的賬面價值列示如下：

48. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

The Group holds an interest in some structured entities sponsored by third party institutions through investments in the notes issued by these structured entities. Such structured entities include investment funds and segregated asset management plans and the Group does not consolidate these structured entities. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors and are financed through the issue of notes to investors.

The following table sets out an analysis of the carrying amounts of interests held by the Group as at 31 December 2017 in the structured entities sponsored by third party institutions:

		2017	
		賬面價值 Carrying amount 千港元 HK$'000	最大損失敞口 Maximum exposure 千港元 HK$'000
投資基金	Investment funds	6,437,777	6,437,777
專項資產管理計劃	Segregated asset management plans	731,157	731,157
		7,168,934	7,168,934

截至二零一七年十二月三十一日，本集團通過直接持有投資而在第三方機構發起設立的結構化主體中享有的權益在本集團財務狀況表中的相關資產負債項目列示如下：

The following table sets out an analysis of the line items in the statement of financial position as at 31 December 2017 in which assets were recognised relating to the Group's interests in structured entities sponsored by third parties:

		2017	
		賬面價值 Carrying amount 千港元 HK$'000	衍生金融資產 Derivative financial assets 千港元 HK$'000
投資基金	Investment funds	–	6,437,777
專項資產管理計劃	Segregated asset management plans	731,157	–
		731,157	6,437,777

49 最終控股公司

董事認為，於中國註冊成立之中國工商銀行股份有限公司乃本銀行之最終控股公司。該公司將刊發財務報表供公眾使用。

49 THE ULTIMATE HOLDING COMPANY

In the opinion of the directors, the ultimate holding company of the Bank is Industrial and Commercial Bank of China Limited, which is established in the PRC and produces financial statements available for public use.

附加財務資料(未經審核)
Supplementary Financial Information (unaudited)

下列資料僅為財務報表附加資料之部分，並不構成經審核財務報表任何部分。

1 資本充足比率及資本基礎

資本充足比率乃根據香港金融管理局所頒布的《銀行業(資本)規則》(「《資本規則》」)計算。資本充足比率乃根據因應實施新巴塞爾資本協定三而經修訂並於二零一三年一月一日生效的《資本規則》編製。本集團因資本規則而選擇採納「標準(信用風險)計算法」計算信貸風險之風險加權資產、採納「基本指標計算法」計算業務運作風險及採納「標準(市場風險)計算法」計算市場風險。

正如財務報表附註2詳述，用於財務會計的綜合基礎乃按照香港財務報告準則而編制。根據資本規則第3C(1)條，就監管而言被綜合的附屬公司，均會列在由香港金融管理局發出的通知。

根據資本規則，計算資本比率之綜合基礎乃跟隨財務報告之綜合基礎，但撇除資本規則界定為「受規管金融實體」(即保險及證券公司)之附屬公司或其他實體。因此，該等未綜合之附屬公司之投資成本會從資本基礎中扣除。該等未綜合附屬公司概無任何資金短缺。

The following information is disclosed as part of the accompanying information to the financial statements and does not form part of the audited financial statements.

1 CAPITAL ADEQUACY AND CAPITAL BASE

Capital adequacy ratios were compiled in accordance with the Banking (Capital) Rules (the "Capital Rules") issued by the HKMA. The ratios were compiled in accordance with the amended Capital Rules effective from 1 January 2013 for the implementation of the "Basel III" capital accord. In view of the Capital Rules, the Group has adopted the "standardised (credit risk) approach" for the calculation of the risk-weighted assets for credit risk, "basic indicator approach" for the calculation of the operational risk and the "standardised (market risk) approach" for the calculation of market risk.

The basis of consolidation for financial accounting purposes is in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), as described in Note 2 to the financial statements. Subsidiaries included in the consolidation for regulatory purposes are specified in a notice from the HKMA in accordance with section 3C(1) of the Capital Rules.

Under the Capital Rules, the basis of consolidation in calculating the capital ratios follows that of the financial reporting with the exclusion of subsidiaries, or other entities which are "regulated financial entities" (e.g., Insurance and securities companies) as defined by the Capital Rules. Accordingly, the investment costs of these unconsolidated subsidiaries are deducted from the capital base. There is no capital shortfall of these unconsolidated subsidiaries.

附加財務資料(未經審核)
Supplementary Financial Information (unaudited)

1 資本充足比率及資本基礎(續)

下表列示出此等未綜合附屬公司及其他實體:

1 CAPITAL ADEQUACY AND CAPITAL BASE (continued)

A list of these unconsolidated subsidiaries and other entities is shown below:

	主要活動 Principal activities	於二零一七年十二月三十一日 At 31 December 2017 總資產 Total assets 千港元 HK$'000	 總權益 Total equity 千港元 HK$'000
工銀亞洲金業有限公司 ICBC (Asia) Bullion Company Limited	不活躍 Inactive	**7,500**	**7,482**
工銀亞洲期貨有限公司 ICBC (Asia) Futures Company Limited	提供期貨業務 Provision of futures business	**102,586**	**102,546**
工銀資管(全球)有限公司 (前稱「工銀亞洲投資管理有限公司」)* ICBC Asset Management (Global) Company Limited (formerly known as "ICBC (Asia) Investment Management Company Limited")	提供資產管理服務 Provision of asset management services	**113,493**	**103,242**
工銀亞洲証券有限公司 ICBC (Asia) Securities Limited	提供證券經紀服務 Provision of securities brokerage services	**1,374,165**	**899,659**
工銀亞洲信託有限公司 ICBC (Asia) Trustee Company Limited	提供信託服務 Provision of trustee services	**39,390**	**39,615**
ICBC (Asia) Wa Pei Nominees Limited	不活躍 Inactive	–	–
友聯中國業務管理有限公司 UB China Business Management Co. Ltd.	不活躍 Inactive	–	–
大中華基金 Greater China Fund	信託基金 Trust fund	**386,347**	**383,138**

* 包括名為工銀亞投股權投資管理(深圳)有限公司的綜合附屬公司

* Included a consolidated subsidiary in the name of ICBC (Asia) Investment Management (Shenzhen) Co., Ltd.

於二零一七年十二月三十一日,集團並沒有在會計及監管而言均被包含在綜合範圍內、但綜合方法有所差別之附屬公司。此外,集團亦沒有任何附屬公司只包含在就監管而言的綜合範圍內,而不包含在會計而言的綜合範圍內。

As at 31 December 2017, there are no subsidiaries which are included within both the accounting scope of consolidation and the regulatory scope of consolidation but the method of consolidation differs. There are also no subsidiaries which are included within the regulatory scope of consolidation but not included within the accounting scope of consolidation.

附加財務資料(未經審核)
Supplementary Financial Information (unaudited)

1 資本充足比率及資本基礎(續)

本集團於不同國家及地區營運之附屬公司，其資本受當地條例所規管而可能限制法定資本及資金在集團內調撥。

1 CAPITAL ADEQUACY AND CAPITAL BASE (continued)

The Group operates a subsidiary in other countries and territories where capital is governed by local rules and there may be restrictions on the transfer of regulatory capital and funds between members of the Group.

		二零一七年 十二月三十一日 31 December 2017 千港元 HK$'000	二零一六年 十二月三十一日 31 December 2016 千港元 HK$'000
普通股權益一級資本 普通股權益一級資本工具	Common Equity Tier 1 ("CET1") Capital CET1 capital instruments	**36,379,331**	36,379,331
普通股權益一級資本工具產生的股份溢價	Share premium arising from CET1 capital instruments	**–**	–
保留溢利	Retained earnings	**42,988,708**	35,976,769
其中：本年度未經審計的損益與待審計的上一年度損益	of which: unaudited profit or loss of the current financial year and profit or loss of the immediately preceding financial year pending audit completion	**7,628,616**	7,152,986
披露儲備	Disclosed reserves	**3,253,484**	2,606,686
其中：備供銷售投資儲備	of which: available-for-sale investment reserve	**(1,038,568)**	(464,182)
普通股權益一級資本扣減前資本	CET1 Capital before deductions	**82,621,523**	74,962,786
扣減：	Deduct:		
與金融工具對沖有關並且在資產負債表中並非以公平價值入賬的累計現金流量對沖儲備	Cumulative cash flow hedge reserves that relate to the hedging of financial instruments that are not fair valued on the balance sheet	**(108,473)**	(143,232)
以公平價值入賬及因本身之信貸風險變動而產生之機構負債累計公平價值損益	Cumulative fair value gains or losses on liabilities of the institution that are fair-valued and result from changes in the own credit risk	**–**	–
包括土地及樓宇重估所產生的累計公平價值收益	Cumulative fair value gains arising from the revaluation of land and buildings	**(605,736)**	(650,077)
一般銀行風險的監管儲備	Regulatory reserve for general banking risk	**(3,550,720)**	(3,984,306)
商譽(扣除相關遞延稅項負債)	Goodwill (net of related deferred tax liability)	**(980,154)**	(980,154)
其他無形資產(扣除相關遞延稅項負債)	Other intangible assets (net of related deferred tax liability)	**(15,676)**	(29,773)
超出遞延稅項負債的遞延稅項資產	Deferred tax assets in excess of deferred tax liabilities	**(320,505)**	(269,650)
機構持有土地及樓宇產生的低於折舊成本的累計虧損	Cumulative losses below depreciated cost arising from the Institution's holdings of land and buildings	**(302)**	(302)
有關衍生工具合約之負債估值調整	Debit valuation adjustments in respect of derivative contracts	**(53,016)**	(121,184)
普通股權益一級資本扣減後資本	CET1 Capital after deductions	**76,986,941**	68,784,108
增加：	Add:		
額外一級資本扣減後資本	Additional Tier 1 Capital after deductions	**7,802,379**	7,742,968
扣減後資本基礎總額	Tier 1 capital after deductions	**84,789,320**	76,527,076
二級資本	Tier 2 Capital		
二級資本工具的發行及股份溢價	Tier 2 capital instruments issued and share premium	**9,740,139**	10,051,714
其中：需除去金額	of which: amount that is subject to phase out	**1,943,503**	2,314,446
持有的土地及樓宇重估公平價值收益貢獻的儲備	Reserve attributable to fair value gains on revaluation of holdings of land and buildings	**272,581**	292,534
一般銀行風險之法定儲備及列入二級資本的組合減值準備(限於1.25%的信貸風險加權金額)	Regulatory reserve for general banking risks and collective provisions included in Tier 2 Capital (Limited to 1.25% of risk-weighted amount for credit risk)	**5,840,190**	5,957,021
二級資本扣減前資本	Tier 2 Capital before deductions	**15,852,910**	16,301,269
扣減	Deductions	**–**	–
二級資本扣減後資本	Tier 2 Capital after deductions	**15,852,910**	16,301,269
扣減後資本基礎總額	Total capital base after deductions	**100,642,230**	92,828,345

附加財務資料(未經審核)
Supplementary Financial Information (unaudited)

1 資本充足比率及資本基礎(續)

1 CAPITAL ADEQUACY AND CAPITAL BASE (continued)

		二零一七年 十二月三十一日 31 December 2017 千港元 HK$'000	二零一六年 十二月三十一日 31 December 2016 千港元 HK$'000
風險加權資產	Risk-weighted assets		
信用風險	Credit risk	**567,577,535**	507,222,689
市場風險	Market risk	**17,068,200**	17,297,138
運作風險	Operational risk	**22,998,675**	21,622,813
扣除:一般銀行業風險之法定儲備部分及並無包括在二級資本內的組合減值準備	Deduct: Portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 capital	–	–
不包括在二級資本內的由土地及房產重估所產生的累計公平價值變動收益部分	Portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 capital	**(333,155)**	(357,543)
風險加權資產總值	Total risk-weighted assets	**607,311,255**	545,785,097

		二零一七年 十二月三十一日 31 December 2017	二零一六年 十二月三十一日 31 December 2016
普通股權一級資本比率	CET1 capital ratio	**12.68%**	12.60%
一級資本比率	Tier 1 capital ratio	**13.96%**	14.02%
總資本比率	Total capital ratio	**16.57%**	17.01%
防護緩衝資本比率	Capital conservation buffer ratio	**1.25%**	0.63%

為符合銀行業(披露)規則,本集團在本行網站內增設「監管資本披露」一節,披露一切關於監管資本票據,以及就本集團已公佈之年度財務報表而作出之全部對賬的資料。

To comply with the Banking (Disclosure) Rules, the Group establishes a new section "Regulatory Capital Disclosure" on its website to house all the information relating to the disclosure of regulatory capital instruments and the reconciliation to the Group's published annual financial disclosure statements.

本行將於本集團之網站(www.icbcasia.com)按銀行業(披露)規則公佈披露,有關披露將包括下列資料:

The disclosure will be published on its website (www.icbcasia.com) according to the Banking (Disclosure) Rules and will include the following information:

- 本集團之普通股權一級資本、額外一級資本及二級資本之主要特點及全部條款及條件;
- A description of the main features and the full terms and conditions of the Group's CET1 capital, Additional Tier 1 capital, Tier 2 capital.
- 本集團採用金管局要求之標準範本披露本集團之普通股權一級資本、額外一級資本、二級資本,以及監管扣減之詳情;及
- A detailed breakdown of the Group's CET1 capital, Additional Tier 1 capital, Tier 2 capital and regulatory deductions, using the standard template as specified by the HKMA.
- 本集團採用金管局要求之標準範本披露本集團就財務及監管資產負債表作出之全部對賬。
- A full reconciliation between the Group's accounting and regulatory balance sheets, using the standard template as specified by the HKMA.

附加財務資料(未經審核)
Supplementary Financial Information (unaudited)

2 流動資金覆蓋比率

本集團由二零一七年一月一日起每日遵守根據香港金融管理局發出的《銀行業(流動性)規則》規定的最低流動資金覆蓋比率(「流動資金覆蓋比率」)80%的要求。

2 LIQUIDITY COVERAGE RATIO

The Group complies with the minimum requirement of 80% of Liquidity Coverage Ratio ("LCR") on a daily basis with effective from 1 January 2017 onwards, in accordance with the Banking (Liquidity) Rules issued by the HKMA.

		二零一七年 2017	二零一六年 2016
平均流動性覆蓋比率	Average liquidity coverage ratio		
– 第一季	– First quarter	**131.86%**	105.12%
– 第二季	– Second quarter	**136.31%**	124.76%
– 第三季	– Third quarter	**126.56%**	143.81%
– 第四季	– Fourth quarter	**144.58%**	141.50%

銀行業(披露)規則第30及30A條規定的流動性披露要求,可瀏覽本銀行網站www.icbcasia.com「監管披露」一節。

Liquidity disclosures as required by section 30 and 30A of the Banking (Disclosure) Rules are available in the section of Regulatory Disclosures of our website www.icbcasia.com.

附加財務資料(未經審核)
Supplementary Financial Information (unaudited)

3 信用風險、業務操作風險及市場風險之資本性支出

3.1 信用風險

(i) 本集團使用下列外部信貸評級機構(「外部信貸評級機構」)根據資本規則規定的標準(信用風險)計算法計算其資本充足要求:

- 穆迪投資者服務
- 標準普爾評級服務
- 惠譽評級

每一類風險於報告期結束時根據標準(信用風險)計算法計算的資本要求概要如下:

3 CAPITAL CHARGE FOR CREDIT, OPERATIONAL AND MARKET RISKS

3.1 Credit risk

(i) The Group uses the following external credit assessment institutions ("ECAIs") to calculate its capital adequacy requirements under the standardized (credit risk) approach prescribed in the Capital Rules:

- Moody's Investors Service
- S&P's Ratings Services
- Fitch Ratings

The capital requirements on each class of exposures under the standardized (credit risk) approach as at the end of reporting period is summarised as follows:

		二零一七年 2017 千港元 HK$'000	二零一六年 2016 千港元 HK$'000
資產負債表項目	**On-balance sheet**		
主權風險	Sovereign exposures	–	–
公營機構風險	Public sector entity exposures	**31,349**	28,963
銀行風險	Bank exposures	**9,193,034**	8,854,116
證券公司風險	Securities firm exposures	**8,209**	33,958
企業風險	Corporate exposures	**28,745,723**	23,882,523
組合投資計劃風險	Collective investment scheme exposures	**28,205**	18,560
現金項目	Cash items	**109,050**	75,507
規管性零售業風險	Regulatory retail exposures	**1,213,009**	896,919
住宅按揭貸款	Residential mortgage loans	**1,140,139**	880,333
其他並非逾期之風險	Other exposures which are not past due exposures	**936,897**	1,711,561
逾期風險	Past due exposures	**152,683**	178,920
資本負債表風險項目之資本性支出總額	Total capital charge for on-balance sheet exposures	**41,558,298**	36,561,360
資產負債表外項目	**Off-balance sheet**		
直接信貸代替品	Direct credit substitutes	**369,892**	359,360
與交易有關之或然負債	Transaction-related contingencies	**2,714**	5,714
與貿易有關之或然負債	Trade-related contingencies	**159,043**	205,305
已存遠期有期存款	Forward forward deposits placed	–	164,479
其他承擔	Other commitments	**1,650,468**	1,842,220
外匯合約	Exchange rate contracts	**306,940**	769,580
利率合約	Interest rate contracts	**52,623**	65,500
貴金屬合約	Precious metal contracts	**75**	–
受限於有效雙邊淨額結算安排的衍生工具合約	Derivatives contracts subjects to valid bilateral netting agreements	**55,799**	–
股本權益合約	Equity contracts	**580,130**	14,786
債券合約或其他商品合約	Debt Security contracts or other commodity contracts	**313**	73,144
證券融資交易	Securities financing transaction	**137,450**	59,325
資產負債表外風險之資本性支出總額	Total capital charge for off-balance sheet exposures	**3,315,447**	3,559,413
信用風險之資本性支出總額	Total capital charge for credit risk	**44,873,745**	40,120,773

附加財務資料(未經審核)
Supplementary Financial Information (unaudited)

3 信用風險、業務操作風險及市場風險之資本性支出(續)

3.1 信用風險(續)

(i) 資本要求乃以本集團由相關計算法得出之風險加權額乘以8%計算，並不反映本集團的實際監管資本。

(ii) 由上述外部信貸評級機構評估的風險按下列風險類別分類：

- 主權風險
- 公營機構風險
- 多邊發展銀行風險
- 銀行風險
- 證券公司風險
- 企業風險
- 組合投資計劃風險

(iii) 本集團銀行簿冊內用以列示外部信貸評級機構發行人評級或外部信貸評級機構發行特定評級的程序與資本規則內之規定一致。

3.2 業務操作風險

香港金融管理局已根據資本規則第24(1)(a)條批准本集團使用經更新之巴塞爾資本協定基本指標計算法以計算其業務操作風險。因此，本集團於管理業務操作風險方面應用此方法，但同時採納香港金融管理局之有關監管指引。於二零一七年十二月三十一日，業務操作風險之資本性支出為1,839,894,000港元(二零一六年：1,729,825,000港元)。

3.3 市場風險

目前由本銀行進行之市場風險活動基本上可劃分為「交易賬項」及「非交易賬項」。

交易賬項：

交易賬項包括於備供銷售或交易意向為自實際及／或預期短期價格或利率變動中獲益而認購之金融工具及衍生工具之自有倉盤。

3 CAPITAL CHARGE FOR CREDIT, OPERATIONAL AND MARKET RISKS (continued)

3.1 Credit risk (continued)

(i) The capital requirement is made by multiplying the Group's risk-weighted amount derived from the relevant calculation approach by 8%. It does not reflect the Group's actual regulatory capital.

(ii) Where exposures have been rated by the above-mentioned ECAIs, they are categorised under the following class of exposures:

- Sovereign exposures
- Public sector entity exposures
- Multilateral development bank exposures
- Bank exposures
- Securities firm exposures
- Corporate exposures
- Collective investment scheme exposures

(iii) The process used to map ECAIs issuer ratings or ECAIs issue specific ratings in the Group's banking book is consistent with those prescribed in the Capital Rules.

3.2 Operational risk

HKMA has granted approval under section 24(1)(a) of the Capital Rules for the Group to use the updated Basel Basic Indicator Approach to calculate its operational risk. The Group thus applies this approach in managing operational risk, but is simultaneously adopting the relevant supervising guidelines of the HKMA. As at 31 December 2017, the capital charge for operational risk amounted to HK$1,839,894,000 (2016: HK$1,729,825,000).

3.3 Market risk

Market risk activities currently undertaken by the Bank can basically be divided into "Trading Book" and "Non-Trading Book".

Trading Book:

It consists of proprietary positions in financial instruments and derivatives which are held for re-sale or which are taken on with the trading intention of benefiting from actual and/or expected short-term price or interest rate movements.

附加財務資料(未經審核)
Supplementary Financial Information (unaudited)

3 信用風險、業務操作風險及市場風險之資本性支出(續)

3.3 市場風險(續)

本集團於資本規則中為其市場風險採用「標準計算法」。於二零一七年十二月三十一日之資本性支出為1,592,934,000港元(二零一六年:1,383,771,000港元)。於二零一七年及二零一六年十二月三十一日有關市場風險資本規定如下:

3 CAPITAL CHARGE FOR CREDIT, OPERATIONAL AND MARKET RISKS (continued)

3.3 Market risk (continued)

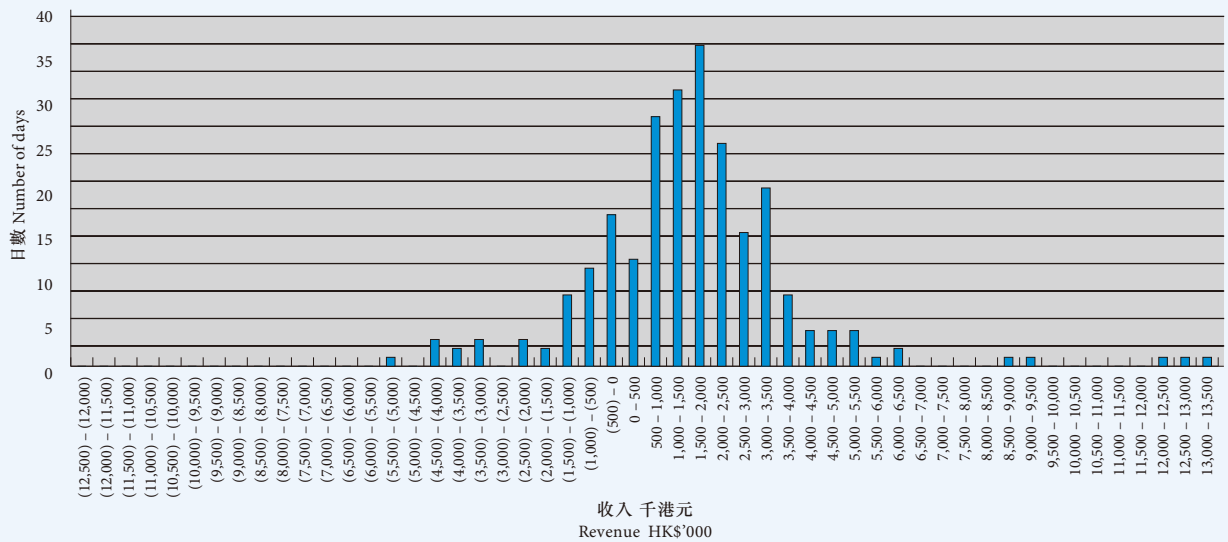
The Group applies the "standardized approach" for its market risk in the Capital Rules. The capital charge as at 31 December 2017 is HK$1,592,934,000 (2016: HK$1,383,771,000). The market risk capital requirement as at 31 December 2017 and 2016 are:

		市場風險資本性支出 Market risk capital charge	
		二零一七年 2017	二零一六年 2016
		千港元	千港元
風險類型	**Risk type**	**HK$'000**	HK$'000
利率風險 – 特定風險	Interest rate exposure – specific risk	**–**	52,376
利率風險 – 一般市場風險	Interest rate exposure – general market risk	**317,649**	507,492
股本風險	Equity exposures	**–**	–
外匯風險	Foreign exchange exposures	**1,027,466**	545,090
商品風險	Commodity exposures	**6,343**	274,677
認股權風險	Option exposures	**13,998**	4,136
總計	Total	**1,365,456**	1,383,771

以下柱狀圖顯示截至二零一六年十二月三十一日及二零一七年十二月三十一日止年度本集團之市場風險活動有關之每日收入頻率分類。

The following histograms show the frequency distribution of daily revenues related to market risk activities of the Group for years ended 31 December 2016 and 31 December 2017.

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



附加財務資料(未經審核)
Supplementary Financial Information (unaudited)

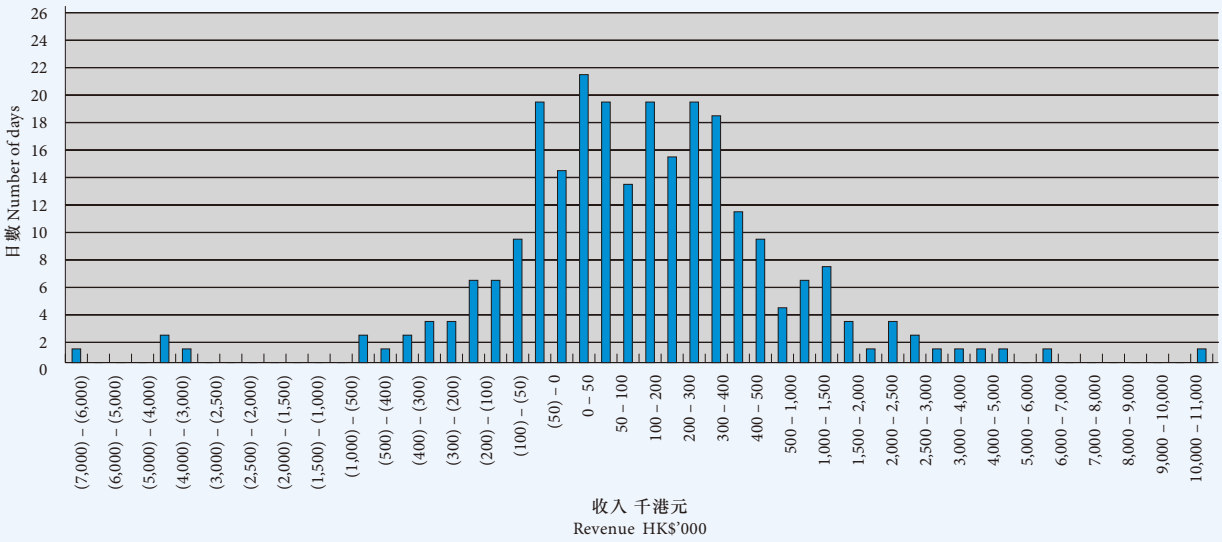
3 信用風險、業務操作風險及市場風險之資本性支出(續)

3.3 市場風險(續)

3 CAPITAL CHARGE FOR CREDIT, OPERATIONAL AND MARKET RISKS (continued)

3.3 Market risk (continued)

截至二零一六年十二月三十一日止年度
For the year ended 31 December 2016



截至二零一七年十二月三十一日止年度，本集團源自市場風險相關業務之平均每日收入為1,568,000港元(二零一六年：544,000港元)，而此每日收入之標準偏差為2,366,000港元(二零一六年：3,145,000港元)。經分析每日收入之分佈情況，在二零一七年之246個交易日中，有50日錄得虧損(二零一六年：245個交易日中，有109日錄得虧損)，而最高之一日虧損為13,014,000港元(二零一六年：12,499,000港元)。最高之一日收入則為5,150,000港元(二零一六年：13,140,000港元)。就自有買賣及客戶之預期而言，本集團將逐步增加其金融產品及服務範圍，以輔補一直以來依賴貸款資產帶來之收入。於該過程中，本集團將密切關注就此產生之市場風險、對手方信用風險、流動資金及資本影響。

The average daily revenue earned from the Group's market risk related activities during the year ended 31 December 2017 was HK$1,568,000 (2016: HK$544,000) and the standard deviation for such daily revenue was HK$2,366,000 (2016: HK$3,145,000). An analysis of the frequency distribution of daily revenue showed that losses were recorded on 50 days out of 246 trading days for the year 2017 (2016: 109 days out of 245 trading days). The maximum daily loss was HK$13,014,000 (2016: HK$12,499,000). The highest daily revenue was HK$5,150,000 (2016: HK$13,140,000). In respect of proprietary trading and customers' expectation, the Group will gradually expand the scope of treasury products and services to complement its conventional reliance on loan assets for revenue. In the process, the Group will watch out for the resulting market risk, and counterparty credit risk, liquidity and capital implications.

非交易賬項：

非交易賬項包括因融資、流動資金管理、投資及自非庫務相關業務之資產負債表活動所產生的結構性外匯及利率風險敞口。由金融市場部進行之債券活動大部分作投資及流動資金用途。

Non-Trading Book:

It consists of structured foreign exchange and interest rate risk positions arising from funding and liquidity management as well as investment and balance sheet activities from non-treasury related business. Debt securities activities undertaken by Global Markets & Trading Department are largely for investment and liquidity management purpose.

附加財務資料(未經審核)
Supplementary Financial Information (unaudited)

4 資產證券化

年內，本集團於有關證券化風險中均僅為投資者。穆迪投資服務、標準普爾及惠譽國際的評級方法獲採納用於評定證券化風險。由於本集團所持證券化風險均由資本規則指定的認可外部信貸評級機構進行評估，本集團採用標準(證券化)計算法計算加權信用風險。本集團密切監控相關風險。

下表列示於二零一七年及二零一六年十二月三十一日之證券化類別風險承擔：

4 ASSET SECURITISATION

During the year, the Group only acted as an investor in related securitisation exposure. Ratings from Moody's Investors Service, S&P's and Fitch Ratings are adopted in assessing securitisation exposures. Since the securitisation exposures held by the Group are all rated by recognised ECAIs designated by the Capital Rules, the Group uses the standardized (securitisation) approach to calculate the weighted credit risk for these exposures. The Group closely monitors the risk arising from these exposures.

The following table indicates the securitisation exposures as at 31 December 2017 and 2016:

二零一七年 **證券化類別風險承擔**	2017 **Securitisation exposures**	**餘額** **Outstanding amounts** **千港元** **HK$'000**	**風險加權金額** **Risk-weighted amounts** **千港元** **HK$'000**	**資本規定** **Capital requirements** **千港元** **HK$'000**	**核心資本** **Core capital** **千港元** **HK$'000**	**從普通股權一級資本扣減之風險承擔** **Exposures deducted from CET1 Capital** **千港元** **HK$'000**
傳統證券化 債券	Traditional securitisations Debt securities	–	–	–	–	–

二零一六年 證券化類別風險承擔	2016 Securitisation exposures	餘額 Outstanding amounts 千港元 HK$'000	風險加權金額 Risk-weighted amounts 千港元 HK$'000	資本規定 Capital requirements 千港元 HK$'000	核心資本 Core capital 千港元 HK$'000	從普通股權一級資本扣減之風險承擔 Exposures deducted from CET1 Capital 千港元 HK$'000
傳統證券化 債券	Traditional securitisations Debt securities	–	–	–	–	–

於二零一七年十二月三十一日根據標準(證券化)方法計算的證券化風險資本要求為零(二零一六年：零)。於二零一七年十二月三十一日沒有資產證券化項目可從普通股權益一級資本扣減之項目(二零一六年：無)。

Capital requirement of securitisation exposures under the standardized (securitisation) approach at 31 December 2017 was nil (2016: nil). The deductible items from CET1 capital under asset securitisation at 31 December 2017 was nil (2016: nil).

於二零一七年十二月三十一日之交易賬項中並無證券化風險入賬(二零一六年：無)。

There are no securitisation exposures booked in trading book as at 31 December 2017 (2016: Nil).

附加財務資料(未經審核)
Supplementary Financial Information (unaudited)

5 與對手方信用風險有關之風險承擔

本集團已採納現行風險承擔法釐定銀行及交易簿冊內的場外衍生工具交易對手方信用風險的風險承擔額。於二零一七年十二月三十一日，本集團概無任何回購交易或信貸衍生工具合約(二零一六年：無)。於二零一七年十二月三十一日，亦無持有任何包括已確認信貸衍生工具合約的已確認抵押品作為與對手方信用風險有關的風險承擔的信貸保障(二零一六年：無)。

根據我們於衍生工具合約下之現有抵押責任之條款，我們基於二零一七年十二月三十一日之持倉估計，如本銀行之信貸評級被降一至兩級，本銀行將毋須提供額外之抵押品(二零一六年：無)。

錯向風險為高於一般之集中度風險，乃於對手方違約可能性與相關交易按市價計算之價值之間有著強大相互關係時產生。本集團使用一系列之程序監察和控制錯向風險，包括要求前線部門在預先協定的指引以外進行錯向風險交易前，必須先取得批准。

下表列示按標準計算法計算的與對手方信用風險有關的風險承擔相關資料：

5 COUNTERPARTY CREDIT RISK-RELATED EXPOSURE

The Group has adopted the current exposure method (the "CEM") to determine the exposure amount for inter bank counterparty credit risk which arises from OTC derivative transactions in banking and trading books. As at 31 December 2017, there are no repo-style transactions nor credit derivative contracts in the Group (2016: nil). No recognised collateral including recognised credit derivative contracts is held as credit protection for counterparty credit risk-related exposure as at 31 December 2017 (2016: nil).

Under the terms of our current collateral obligations under derivative contracts, we estimate based on the positions as at 31 December 2017 that the Bank would not be required to post additional collateral in the event of one or two notch downgrade in the Bank's credit ratings (2016: nil).

Wrong-way risk is an aggravated form of concentration risk and arises when there is a strong correlation between the counterparty's PD and the mark-to-market value of the underlying transaction. The Group uses a range of procedures to monitor and control wrong-way risk, including requiring front offices to obtain prior approval before undertaking wrong way risk transactions outside pre-agreed guidelines.

The following table indicates the information of counterparty credit risk-related exposures under the standardized approach:

		總正數公平價值 Gross total Positive Fair value 千港元 HK$'000	信貸等值 Credit equivalent 千港元 HK$'000	風險加權額 Risk weighted amount 千港元 HK$'000
二零一七年 交易場外衍生工具交易：	**2017 OTC derivative transactions:**			
銀行	Bank	**6,226,201**	**12,288,186**	**3,228,970**
其他	Others	**7,165,545**	**9,438,252**	**9,219,525**
		13,391,746	**21,726,438**	**12,448,495**
二零一六年 交易場外衍生工具交易：	2016 OTC derivative transactions:			
銀行	Bank	15,517,542	25,520,906	7,706,319
其他	Others	1,991,127	3,909,078	3,850,932
		17,508,669	29,429,984	11,557,251

雙邊淨額結算安排對衍生工具交易信貸等值數額並沒有影響。

There is no effect of bilateral netting agreement on the credit equivalent amounts of the derivative transactions.

附加財務資料(未經審核)
Supplementary Financial Information (unaudited)

6 減低信用風險

6.1 管理及確認減低信用風險之程序

本集團已就按標準計算法計算的所有類別信用風險承擔(包括交易場外衍生工具交易產生的與對手方信用風險的承擔)制定經信貸委員會批准之管理及確認減低信用風險的政策。本集團審慎評估抵押品是否符合資格及其質素。可接納的減低信用風險方法由信貸委員會及/或監管機構所界定。本集團亦就抵押品指定穩健的託管人,並定期重新評估及密切監控。有價證券每日按市價調整,如未能進行每日重新評估/按市價調整,最少每月一次進行重估,而物業亦定期作出重估。

就監管資本的計算而言,只有資本規則界定的獲確認抵押品及擔保方可視為獲確認信用風險減低措施。本集團於確定信用風險減低時應用資本規則規定的簡單標準。

獲認可抵押品包括合資格擔保、現金存款、黃金、股份、債券及可轉讓證券的彙集投資,商業不動產、住宅不動產、汽車及設備。減低後的風險承擔額以抵押品採用資本規則規定的標準監督扣減率的現值釐定。獲認可擔保人為風險權重低於借方的任何主權機構、公營機構、銀行及受規管證券公司或其內部評定級別等同於外部評級的公司的A – 或以上。

於二零一七年及二零一六年十二月三十一日,擔保人主要類型及其外部評級分析如下:

6 CREDIT RISK MITIGATION

6.1 Process of managing and recognising credit risk mitigation

The Group has established policies on managing and recognising credit risk mitigation, which are approved by the Credit Committee, for all types of credit exposure under the standardized approach including counterparty credit risk-related exposure which arises from OTC derivative transactions. The Group applies prudent assessments of eligibility and quality of collateral. Acceptable credit risk mitigations are as defined by the Credit Committee and/or regulatory authorities. The Group also adheres to safe custodian of collateral, regular revaluation and close monitoring. Marketable securities are marked to market on a daily basis or, if daily revaluation/marked to market is unavailable, a minimum of once a month, whilst properties are revalued periodically.

For regulatory capital calculation, only recognised collateral and guarantee defined in the Capital Rules are considered as recognised credit risk mitigations. The Group applies the simple approach criteria as stipulated in the Capital Rules in ascertaining credit risk mitigation.

Recognised collateral includes eligible guarantees, cash deposits, gold, shares, debt securities and collective investments in transferable securities, commercial real estate, residential real estate, vehicles and equipment. The exposure amount after mitigation is determined by applying the standard supervisory haircut laid down by the Capital Rules to the current collateral value. Recognised guarantor is any sovereign entity, public sector entity, bank and regulated securities firm with a lower risk weight than the borrower, or company that is internally rated with a rating equivalent to external rating of A- or better.

The main types of guarantors and their external ratings as at 31 December 2017 and 2016 are analysed as follows:

擔保人類別 Class of guarantors	標準普爾的對等級別 S & P's equivalent	標準普爾等同 Guaranteed amount 二零一七年 2017 千港元 HK$'000	 二零一六年 2016 千港元 HK$'000
Bank 銀行	AAA/AA-	–	–
	A+/A-	**59,595,596**	81,479,576
Sovereign 主權機構	AAA/AA-	**443,335**	857,204
PSE 公營機構	A+	–	–
Corporate 企業	A+/A-	**312,606**	710,036
		60,351,537	83,046,816

本集團使用的信用風險減低措施(獲確認抵押品及擔保)有限地應用於信貸及市場風險集中,惟房產除外,其風險減低措施廣泛參照借款予非銀行機構及非機構客戶。

There are limited credit and market risk concentrations within the credit risk mitigants (recognised collateral and guarantees) used by the Group, except for real estate which is extensively relied on for risk mitigation in lending to non-bank corporate and non-corporate customers.

附加財務資料(未經審核)
Supplementary Financial Information (unaudited)

6 減低信用風險(續)

6.2 信用風險承擔

標準普爾評級服務、穆迪投資者服務及惠譽評級為本集團就以下各類及所有類別風險承擔使用的外部信貸評級機構。其用以列示外部信貸評級機構對其銀行簿冊內所載風險承擔發行人評級的程序為資本規則第4部分所規定的程序。

6 CREDIT RISK MITIGATION (continued)

6.2 Credit risk exposures

S&P's Ratings Services, Moody's Investors Service and Fitch Ratings are the ECAIs that the Group uses in relation to each and all classes of exposures below. The process it used to map ECAI issuer ratings to exposures booked in its banking book is a process as prescribed in Part 4 of the Capital Rules.

二零一七年	2017		經獲確認信用風險減低措施調整後的風險承擔 Exposures after recognised credit risk mitigation		風險加權額 Risk-weighted amounts				
風險承擔類別	Class of exposures	風險承擔總額* Total exposures*	已評級# Rated#	未評級@ Unrated@	已評級# Rated#	未評級@ Unrated@	風險加權總額 Total risk-weighted amounts	抵押品可擔保的風險承擔 Exposure covered by collateral	擔保可擔保的風險承擔 Exposure covered by guarantees
資產負債表項目	**On-balance sheet**								
主權	Sovereign	70,967,737	70,967,737	401,966	–	–	–	–	–
公營機構	Public sector entity	1,959,323	1,959,323	–	391,864	–	391,864	–	–
多邊發展銀行	Multilateral development bank	3,405,271	3,405,271	–	–	–	–	–	–
銀行	Bank	279,925,813	72,410,957	267,018,879	27,739,336	87,173,595	114,912,931	–	1,014
證券公司	Securities firm	205,234	–	205,234	–	102,617	102,617	–	–
企業	Corporate	450,726,614	65,659,009	315,087,282	44,670,233	314,651,308	359,321,541	10,126,950	60,165,979
組合投資計劃	Collective investment scheme	352,566	–	352,566	–	352,566	352,566	–	–
現金項目	Cash items	557,216	436,118	10,448,524	42,855	1,320,266	1,363,121	–	–
受規管零售業務	Regulatory retail	20,390,890	–	20,216,820	–	15,162,615	15,162,615	121,454	52,616
住宅按揭貸款	Residential mortgage loans	33,524,187	–	33,520,824	–	14,251,738	14,251,738	3,363	–
其他並非逾期的風險承擔	Other exposures which are not past due exposures	11,343,005	–	11,267,346	–	11,711,207	11,711,207	75,659	–
逾期風險承擔	Past due exposures	1,401,084	–	1,401,084	–	1,908,543	1,908,543	281,178	34,996
資產負債表外項目	**Off-balance Sheet**								
除場外衍生工具交易或信貸衍生工具合約以外的資產負債表外風險承擔	Off-balance sheet exposures other than OTC derivative transactions or credit derivative contracts	39,223,377	4,723,129	34,500,248	2,274,790	25,086,096	27,360,886	8,894,129	96,932
場外衍生工具交易	OTC derivative transactions	44,187,604	19,476,383	24,711,221	1,275,969	12,890,653	14,166,622	15,800,332	–
信貸衍生工具合約	Credit derivative contracts	–	–	–	–	–	–	–	–
本報告其他部分未予列出的其他資產負債表外風險承擔	Other off-balance sheet exposures not elsewhere specified	–	–	–	–	–	–	–	–
自資本基礎扣除的風險承擔	**Exposures deducted from capital base**	–							

附加財務資料(未經審核)
Supplementary Financial Information (unaudited)

6 減低信用風險(續)

6.2 信用風險承擔(續)

6 CREDIT RISK MITIGATION (continued)

6.2 Credit risk exposures (continued)

二零一六年	2016		經獲確認信用風險減低措施調整後的風險承擔 Exposures after recognised credit risk mitigation		風險加權額 Risk-weighted amounts				
風險承擔類別	**Class of exposures**	風險承擔總額* Total exposures*	已評級# Rated#	未評級@ Unrated@	已評級# Rated#	未評級@ Unrated@	風險加權總額 Total risk-weighted amounts	抵押品可擔保的風險承擔 Exposure covered by collateral	擔保可擔保的風險承擔 Exposure covered by guarantees
資產負債表項目	**On-balance sheet**								
主權	Sovereign	60,730,371	60,730,371	816,799	–	–	–	–	–
公營機構	Public sector entity	1,810,207	1,810,207	–	362,042	–	362,042	–	–
多邊發展銀行	Multilateral development bank	586,088	586,088	–	–	–	–	–	–
銀行	Bank	251,049,861	77,993,703	254,347,849	28,853,159	81,823,285	110,676,444	–	4,713
證券公司	Securities firm	848,958	–	848,958	–	424,479	424,479	–	–
企業	Corporate	408,656,339	58,879,103	259,446,294	40,227,954	258,303,583	298,531,537	8,324,053	82,716,925
組合投資計劃	Collective investment scheme	232,001	–	232,001	–	232,001	232,001	–	–
現金項目	Cash items	496,140	–	9,023,331	–	943,843	943,843	–	–
受規管零售業務	Regulatory retail	15,172,139	–	14,948,645	–	11,211,484	11,211,484	121,893	101,601
住宅按揭貸款	Residential mortgage loans	24,853,587	–	24,845,263	–	11,004,159	11,004,159	8,324	–
其他並非逾期的風險承擔	Other exposures which are not past due exposures	15,463,083	119,505	15,270,657	298,763	21,095,748	21,394,511	72,921	–
逾期風險承擔	Past due exposures	1,658,274	–	1,658,274	–	2,236,495	2,236,495	403,733	32,700
資產負債表外項目	**Off-balance Sheet**								
除場外衍生工具交易或信貸衍生工具合約以外的資產負債表外風險承擔	Off-balance sheet exposures other than OTC derivative transactions or credit derivative contracts	53,414,727	3,169,001	50,245,726	1,666,392	30,703,350	32,369,742	10,145,174	190,877
場外衍生工具交易	OTC derivative transactions	54,195,858	10,974,368	43,221,490	2,011,958	10,267,230	12,279,188	–	–
信貸衍生工具合約	Credit derivative contracts	–	–	–	–	–	–	–	–
本報告其他部分未予列出的其他資產負債表外風險承擔	Other off-balance sheet exposures not elsewhere specified	–	–	–	–	–	–	–	–
自資本基礎扣除的風險承擔	**Exposures deducted from capital base**	–							

* 代表扣除個別減值後的本金額或信貸等值數額(如適當)

\# 包括具有外部信貸評級機構發行特定評級的風險承擔及具有推定評級的風險承擔(即並無發行特定評級,但其風險權值已根據資本規則釐定的風險承擔,參考外部信貸評級機構就風險承擔給予債務人的發行人評級或外部信貸評級機構就債務人的任何其他風險承擔作出的發行評級)

@ 代表既無外部信貸評級機構發行特定評級亦無推定評級的風險承擔

* Representing principal amount or credit equivalent amount, as applicable, net of individual impairments

\# including exposures with ECAI issue specific rating and exposures which have an inferred rating (i.e. exposures which do not have an issue-specific rating but whose risk-weights are determined under the Capital Rules by reference to an ECAI issuer rating assigned to the obligor of the exposure or to an ECAI issue rating of any other exposures of the obligor)

@ Representing exposures which do not have the ECAI issue specific rating nor inferred rating

附加財務資料(未經審核)
Supplementary Financial Information (unaudited)

7 分部資料

7.1 客戶貸款

(i) 客戶之貸款 – 按地域劃分

本集團經計及任何風險轉移因素後按國家或地區劃分的客戶貸款總額如下：

二零一七年十二月三十一日	31 December 2017	客戶貸款總額 Gross advances to customers 千港元 HK$'000	逾期三個月以上貸款 Overdue advances for over three months 千港元 HK$'000	減值貸款 Impaired loans and advances 千港元 HK$'000	個別減值準備 Individual impairment allowances 千港元 HK$'000	組合減值準備 Collective impairment allowances 千港元 HK$'000
香港	Hong Kong	**235,017,701**	**582,164**	**921,205**	**544,134**	**950,196**
內地	Mainland China	**198,495,738**	**2,142,603**	**2,142,602**	**1,563,757**	**1,247,058**
澳門	Macau	**3,746,589**	**–**	**–**	**–**	**12,952**
亞太區(不包括香港、內地及澳門)	Asia Pacific Region (excluding Hong Kong, Mainland China and Macau)	**6,361,297**	**–**	**–**	**–**	**22,555**
其他	Others	**7,120,982**	**–**	**–**	**–**	**56,708**
總額	Total	**450,742,307**	**2,724,767**	**3,063,807**	**2,107,891**	**2,289,469**

二零一六年十二月三十一日	31 December 2016	客戶貸款總額 Gross advances to customers 千港元 HK$'000	逾期三個月以上貸款 Overdue advances for over three months 千港元 HK$'000	減值貸款 Impaired loans and advances 千港元 HK$'000	個別減值準備 Individual impairment allowances 千港元 HK$'000	組合減值準備 Collective impairment allowances 千港元 HK$'000
香港	Hong Kong	195,181,125	583,318	507,610	315,763	623,060
內地	Mainland China	185,691,014	2,119,776	2,635,627	1,512,941	1,254,667
澳門	Macau	1,295,989	–	–	–	3,888
亞太區(不包括香港、內地及澳門)	Asia Pacific Region (excluding Hong Kong, Mainland China and Macau)	4,429,848	–	–	–	14,692
其他	Others	6,368,382	–	–	–	26,347
總額	Total	392,966,358	2,703,094	3,143,237	1,828,704	1,922,654

僅於申索獲其所在國家不同於對手方的人士擔保，或申索乃向其總部位於另一國家的銀行的海外分行作出的情況下，方會轉移風險。

7 SEGMENTAL INFORMATION

7.1 Loans and advances to customers

(i) Advances to customers – by geographical areas

The Group's gross advances to customers by country or geographical area after taking into account any risk transfers are as follows:

Risk transfers are only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

附加財務資料(未經審核)
Supplementary Financial Information (unaudited)

7 分部資料(續)

7.1 客戶貸款(續)

(ii) 客戶之貸款總額 – 按業務範圍

7 SEGMENTAL INFORMATION (continued)

7.1 Loans and advances to customers (continued)

(ii) Gross loans and advances to customers – by industry sectors

		二零一七年十二月三十一日 31 Dec 2017 貸款總額 Gross advances 千港元 HK$'000	二零一七年十二月三十一日 31 Dec 2017 有抵押貸款百分比 % of secured advances	二零一六年十二月三十一日 31 Dec 2016 貸款總額 Gross loans and advances 千港元 HK$'000	二零一六年十二月三十一日 31 Dec 2016 有抵押貸款百分比 % of secured advances
在香港使用之貸款	Loans for use in Hong Kong				
工商及金融	Industrial, commercial and financial				
– 物業發展	– Property development	**30,298,217**	**35.43%**	33,808,808	25.33%
– 物業投資	– Property investment	**28,907,829**	**61.91%**	21,500,034	62.56%
– 金融企業	– Financial concerns	**37,560,084**	**0.03%**	23,657,109	0.06%
– 證券經紀商	– Stockbrokers	**3,739,229**	**0.37%**	2,839,487	2.78%
– 批發及零售業	– Wholesale and retail trade	**16,603,636**	**44.22%**	15,432,412	43.00%
– 土木工程	– Civil engineering works	**1,129,729**	**39.83%**	1,031,298	33.78%
– 製造業	– Manufacturing	**8,735,533**	**16.76%**	11,239,818	16.66%
– 運輸及運輸設備	– Transport and transport equipment	**25,105,832**	**48.46%**	25,853,326	40.12%
– 電力及燃氣	– Electricity and gas	**3,513,313**	**–**	3,571,466	–
– 資訊科技	– Information technology	**4,752,439**	**2.42%**	7,542,506	1.65%
– 酒店、公寓及飲食	– Hotels, boarding houses and catering	**1,345,980**	**60.48%**	1,032,107	73.71%
– 康樂活動	– Recreational activities	**44,629**	**97.60%**	9,865	81.21%
– 其他	– Others	**32,851,066**	**23.00%**	30,368,292	14.73%
個別人士	Individuals				
– 購買「居者有其屋」、「私人參建居屋計劃」及「租者置其屋」單位之貸款	– Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	**365,815**	**97.75%**	373,890	97.92%
– 購買其他住宅物業之貸款	– Loans for the purchase of other residential properties	**32,683,582**	**98.54%**	21,979,330	98.84%
– 信用卡貸款	– Credit card advances	**405,927**	**–**	345,058	–
– 其他	– Others	**9,211,738**	**87.62%**	6,316,085	88.47%
貿易融資	Trade finance	**14,117,654**	**20.22%**	12,502,673	18.54%
在香港境外使用之貸款	Loans for use outside Hong Kong	**199,370,075**	**31.21%**	173,562,794	25.25%
		450,742,307	**36.45%**	392,966,358	30.67%

附加財務資料(未經審核)
Supplementary Financial Information (unaudited)

7 分部資料(續)

7.1 客戶貸款(續)

(iii) 客戶之貸款總額 – 按業務範圍

佔客戶之貸款總額10%或以上的業務類別的個別減值貸款、三個月以上之逾期貸款、個別減值準備及撇銷減值貸款如下:

7 SEGMENTAL INFORMATION (continued)

7.1 Loans and advances to customers (continued)

(iii) Gross loans and advances to customers – by industry sectors

Individually impaired loans, overdue loans and advances over three months, impairment allowances and impaired loans and advances written off in respect of industry sectors that constitute 10% or more of the total advances to customers are as follows:

		二零一七年 2017 千港元 HK$'000	二零一六年 2016 千港元 HK$'000
(a) 在香港以外使用之貸款	(a) Loans for use outside Hong Kong		
個別減值貸款	Individually impaired loans	**2,690,653**	2,612,164
三個月以上之逾期貸款	Overdue loans and advances over three months	**2,386,148**	2,517,689
個別減值準備	Individual impairment allowance	**1,928,445**	1,731,520
組合減值準備	Collective impairment allowance	**1,276,506**	1,227,704
於收益表支銷之新減值準備	New impairment allowance charged to income statement	**755,085**	509,358
年內撇銷減值貸款	Impaired loans and advances written off during the year	–	135,435

7.2 國際申索

國際債權資料披露對海外交易對手風險額最終風險的所在地,並已顧及認可風險轉移因素。一般而言,有關貸款的債權獲得並非交易對手所在地的國家的一方擔保,或該債權的履行對象是某銀行的海外分行,而該銀行的總辦事處並非設於交易對手的所在地,風險便確認為由一個國家轉移到另一個國家。當某一地區的風險額佔已計算認可風險轉移的風險總額的百分之十或以上,該地區的國際債權便須予以披露。

7.2 International claims

The information on international claims discloses exposures to foreign counterparties on which the ultimate risk lies, and is derived according to the location of the counterparties after taking into account any recognised risk transfer. In general, such transfer of risk takes place if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an oversea branch of a bank whose head office is located in another country. Only regions constituting 10% or more of the aggregate international claims after taking into account any recognised risk transfer are disclosed.

附加財務資料(未經審核)
Supplementary Financial Information (unaudited)

7 分部資料(續)

7.2 國際申索(續)

本銀行之國際申索按地點及對手方類別分析如下：

7 SEGMENTAL INFORMATION (continued)

7.2 International claims (continued)

Analysis of the Bank's international claims by location and by type of counterparty is as follows:

		同業 Banks 百萬港元 HK$ million	非銀行私營機構 Non-bank private sector 官方機構 Official sector 百萬港元 HK$ million	非銀行私營機構 Non-bank private sector 非銀行金融機構 Non-bank financial institutions 百萬港元 HK$ million	非銀行私營機構 Non-bank private sector 非金融私營機構 Non-financial private sector 百萬港元 HK$ million	總計 Total 百萬港元 HK$ million
二零一七年十二月三十一日	**31 December 2017**					
發達國家	Developed countries	**41,724**	**17,348**	**4,994**	**5,280**	**69,346**
離岸中心	Offshore centres	**24,279**	**29,328**	**11,880**	**266,003**	**331,490**
發展中的歐洲國家	Developing Europe	**1**	**–**	**–**	**–**	**1**
發展中的拉丁美洲和加勒比海國家	Developing Latin America and Caribbean	**1**	**–**	**–**	**31**	**32**
發展中的非洲和中東國家	Developing Africa and Middle East	**909**	**2**	**–**	**1**	**912**
發展中的亞太區國家，其中	Developing Asia-Pacific, of which	**198,734**	**24,845**	**63,720**	**172,986**	**460,285**
－中國	－China	**197,448**	**24,845**	**63,719**	**169,748**	**455,760**
－其他	－Others	**1,286**	**–**	**1**	**3,238**	**4,525**
國際機構	International organisations	**–**	**3,405**	**–**	**–**	**3,405**
		265,648	**74,928**	**80,594**	**444,301**	**865,471**

		同業 Banks 百萬港元 HK$ million	非銀行私營機構 Non-bank private sector 官方機構 Official sector 百萬港元 HK$ million	非銀行私營機構 Non-bank private sector 非銀行金融機構 Non-bank financial institutions 百萬港元 HK$ million	非銀行私營機構 Non-bank private sector 非金融私營機構 Non-financial private sector 百萬港元 HK$ million	總計 Total 百萬港元 HK$ million
二零一六年十二月三十一日	31 December 2016					
發達國家	Developed countries	43,121	15,869	3,399	5,780	68,169
離岸中心	Offshore centres	18,543	23,355	14,216	223,676	279,790
發展中的歐洲國家	Developing Europe	1	–	–	–	1
發展中的拉丁美洲和加勒比海國家	Developing Latin America and Caribbean	6	–	–	–	6
發展中的非洲和中東國家	Developing Africa and Middle East	759	–	–	944	1,703
發展中的亞太區國家，其中	Developing Asia-Pacific, of which	142,497	22,002	46,581	160,620	371,700
－中國	－China	139,466	22,002	46,581	158,430	366,479
－其他	－Others	3,031	–	–	2,190	5,221
國際機構	International organisations	–	–	586	–	586
		204,927	61,226	64,782	391,020	721,955

附加財務資料(未經審核)
Supplementary Financial Information (unaudited)

7 分部資料(續)

7.3 內地活動

中國內地非銀行風險承擔，乃按非銀行對手方類別及依據香港金融管理局銀行業(披露)規則內界定的直接風險承擔類別，經參考「中國內地風險報表 – MA(BS) 20」第三部分進行分析，包括本銀行及其海外附屬公司及分行填報的中國內地風險承擔。

7 SEGMENTAL INFORMATION (continued)

7.3 Mainland activities

The analysis of non-bank Mainland China exposures is based on the categories of non-bank counterparties and the types of direct exposures defined by the HKMA under the Banking (Disclosure) Rules with reference to Part 3 of the "Return of Mainland China exposures – MA(BS) 20", which includes the Mainland China exposures extended by the Bank and its overseas subsidiary and branch.

二零一七年十二月三十一日	31 December 2017	資產負債表風險承擔 On-balance sheet exposures 千港元 HK$'000	或然負債 Contingent liabilities 千港元 HK$'000	外匯及衍生工具合約 FX and derivatives contract 千港元 HK$'000	風險承擔總額 Total exposure 千港元 HK$'000
對手方類別	Type of counterparties				
(a) 中央政府、中央政府擁有的實體，以及他們的附屬公司及合營公司	(a) Central government, central government-owned entities and their subsidiaries and JVs	111,667,918	1,497,674	155,048	113,320,640
(b) 地方政府、地方政府擁有的實體，以及他們的附屬公司及合營公司	(b) Local government, local government-owned entities and their subsidiaries and JVs	28,484,889	3,967,118	11,152	32,463,159
(c) 於中國內地居住的中國國民或於中國內地註冊成立的其他實體，以及他們的附屬公司及合營公司	(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	126,611,245	15,258,900	426,845	142,296,990
(c) (i) 其中，於中國內地居住的中國國民或由中國內地的權益實益擁有的實體	(c) (i) Of which, PRC nationals residing in Mainland China or entities beneficially-owned by Mainland interest	96,619,006	9,329,924	1,078	105,950,008
(d) 並未於上文(a)項內報告的中央政府的其他實體	(d) Other entities of central government not reported in item (a) above	9,356,172	–	–	9,356,172
(e) 並未於上文(b)項內報告的地方政府的其他實體	(e) Other entities of central governments not reported in item (b) above	2,867,786	521,512	25,564	3,414,862
(f) 於中國內地居住的中國國民或在中國內地以外註冊成立的實體，信貸是供於中國內地使用而授出	(f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	30,727,784	185,937	87,994	31,001,715
(g) 報告機構認為屬非中國內地銀行風險的其他交易對手	(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	24,140,650	2,336,751	41,155	26,518,556
		333,856,444	23,767,892	747,758	358,372,094

附加財務資料(未經審核)
Supplementary Financial Information (unaudited)

7 分部資料(續)

7.3 內地活動(續)

7 SEGMENTAL INFORMATION (continued)

7.3 Mainland activities (continued)

二零一六年十二月三十一日	31 December 2016	資產負債表風險承擔 On-balance sheet exposures 千港元 HK$'000	或然負債 Contingent liabilities 千港元 HK$'000	外匯及衍生工具合約 FX and derivatives contract 千港元 HK$'000	風險承擔總額 Total exposure 千港元 HK$'000
對手方類別	Type of counterparties				
(a) 中央政府、中央政府擁有的實體,以及他們的附屬公司及合營公司	(a) Central government, central government-owned entities and their subsidiaries and JVs	98,455,075	1,467,748	593,825	100,516,648
(b) 地方政府、地方政府擁有的實體,以及他們的附屬公司及合營公司	(b) Local government, local government-owned entities and their subsidiaries and JVs	26,535,958	4,017,637	49,023	30,602,618
(c) 於中國內地居住的中國國民或於中國內地註冊成立的其他實體,以及他們的附屬公司及合營公司	(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	107,154,011	46,634,886	709,922	154,498,819
(c) (i) 其中,於中國內地居住的中國國民或由中國內地的權益實益擁有的實體	(c)(i) Of which, PRC nationals residing in Mainland China or entities beneficially-owned by Mainland interest	72,957,113	37,770,930	24,008	110,752,051
(d) 並未於上文(a)項內報告的中央政府的其他實體	(d) Other entities of central government not reported in item (a) above	5,316,543	233	–	5,316,776
(e) 並未於上文(b)項內報告的地方政府的其他實體	(e) Other entities of local governments not reported in item (b) above	2,296,167	5,382	–	2,301,549
(f) 於中國內地居住的中國國民或在中國內地以外註冊成立的實體,信貸是供於中國內地使用而授出	(f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	27,053,236	14,338	73,353	27,140,927
(g) 報告機構認為屬非中國內地銀行風險的其他交易對手	(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	36,126,884	2,679,661	232,737	39,039,282
		302,937,874	54,819,885	1,658,860	359,416,619

附加財務資料(未經審核)
Supplementary Financial Information (unaudited)

8 外幣持盤量

外幣持盤量 – 下表概述本集團之外幣倉盤淨額。外幣倉盤淨額乃當該貨幣構成所有外幣倉盤淨額總額之10%或以上時予以披露。敏感度分析在所有其他變數於收益表及權益維持不變下，計算貨幣匯率對港元之合理可能變動之影響。

8 CURRENCY CONCENTRATIONS

Currency concentrations – the table below summarises the net foreign currency positions of the Group. The net positions in foreign currency is disclosed when the currency constitutes 10% or more of the total net position of all foreign currencies. A sensitivity analysis calculates the effect of a reasonably possible movement in a currency rate against the Hong Kong dollar, with all other variables in the income statement and equity held constant.

二零一七年	2017	美元 US$ 千港元 HK$'000	人民幣 RMB 千港元 HK$'000	其他外幣 Other foreign currencies 千港元 HK$'000	總計 Total 千港元 HK$'000
非結構倉盤	**Non-structural position**				
現貨資產	Spot assets	**392,203,040**	**189,091,340**	**37,589,083**	**618,883,463**
現貨負債	Spot liabilities	**(358,925,107)**	**(182,331,514)**	**(45,075,800)**	**(586,332,421)**
遠期買入	Forward purchases	**175,885,921**	**91,750,561**	**60,046,251**	**327,682,733**
遠期賣出	Forward sales	**(200,604,875)**	**(95,114,200)**	**(52,709,883)**	**(348,428,958)**
期權盤淨額	Net option position	**(371,214)**	**(1,083,456)**	**256,616**	**(1,198,054)**
長盤／(短盤)淨額	Net long/(short) position	**8,187,765**	**2,312,731**	**106,267**	**10,606,763**
結構性持盤淨額	Net structural position	**214,396**	**9,914,580**	**–**	**10,128,976**

二零一六年	2016	美元 US$ 千港元 HK$'000	人民幣 RMB 千港元 HK$'000	其他外幣 Other foreign currencies 千港元 HK$'000	總計 Total 千港元 HK$'000
非結構倉盤	Non-structural position				
現貨資產	Spot assets	298,702,881	193,608,822	26,043,361	518,355,064
現貨負債	Spot liabilities	(251,069,038)	(175,411,737)	(27,556,869)	(454,037,644)
遠期買入	Forward purchases	279,184,991	163,614,885	79,035,160	521,835,036
遠期賣出	Forward sales	(302,449,316)	(183,574,826)	(77,069,772)	(563,093,914)
期權盤淨額	Net option position	(482,018)	(10,289)	(114,429)	(606,736)
長盤／(短盤)淨額	Net long/(short) position	23,887,500	(1,773,145)	337,451	22,451,806
結構性持盤淨額	Net structural position	212,764	7,911,865	–	8,124,629

外幣風險包括因交易倉盤產生之風險。期權盤淨額乃根據所有外匯期權合約之得爾塔加權持倉為基礎計算。本集團之結構性持盤淨額為本銀行在海外附屬公司華商銀行的資本投資的結構倉盤。

Foreign currency exposures include those arising from trading position. The net option position is calculated on the basis of the delta-weighted position of option contracts. The net structural position of the Group is the structural positions of the Bank's capital investment in overseas subsidiary Chinese Mercantile Bank.

附加財務資料(未經審核)
Supplementary Financial Information (unaudited)

9 槓桿比率

於二零一七年十二月三十一日，槓桿比率符合香港金融管理局發出的槓桿比率架構。

9 LEVERAGE RATIO

The leverage ratio as at 31 December 2017 was compiled in accordance with the Leverage Ratio Framework issued by the HKMA.

		二零一七年十二月三十一日 31 December 2017	二零一六年十二月三十一日 31 December 2016
槓桿比率	Leverage ratio	**8.45%**	8.28%

銀行業(披露)規則第45A條規定的槓桿比率披露要求，可瀏覽本銀行網站www.icbcasia.com。

Leverage ratio disclosures as required by section 45A of the Banking (Disclosure) Rule are available in the section of Regulatory Disclosures Rules of our website www.icbcasia.com.

10 逆周期緩衝資本比率

10 COUNTERCYCLICAL CAPITAL BUFFER RATIO

		二零一七年十二月三十一日 31 December 2017	二零一六年十二月三十一日 31 December 2016
逆周期緩衝資本比率	Countercyclical Capital Buffer Ratio	**0.75%**	0.38%

銀行業(披露)規則第45B條規定的有關披露要求可瀏覽本銀行網站www.icbcasia.com。

The relevant disclosures pursuant to section 45B of the Banking (Disclosure) Rules are available in the section of Regulatory Disclosures of our website www.icbcasia.com.

分行、附屬及聯營公司
Branches, Subsidiaries and Associates

總辦事處

香港中環花園道3號
中國工商銀行大廈33樓
電話：(852) 3510 8888
圖文傳真：(852) 2805 1166
郵箱：香港郵政總局信箱872號
環球銀行金融電信：UBHKHKHH
網址：http://www.icbcasia.com

分行 — 香港島區

西環分行
香港皇后大道西242-244號
電話：(852) 2189 5588
圖文傳真：(852) 2559 8442

西環個人理財中心(不設櫃檯服務)
香港德輔道西345-345A地下2號舖
電話：(852) 2189 5588
圖文傳真：(852) 2547 9728

上環分行
香港上環德輔道中317-319號
啓德商業大廈地下F舖
電話：(852) 2189 5588
圖文傳真：(852) 2545 7458

皇后大道中分行
香港中環皇后大道中122-126號地庫至一樓
電話：(852) 2189 5588
圖文傳真：(852) 2805 1187

中環分行
香港皇后大道中9號1字樓
電話：(852) 2189 5588
圖文傳真：(852) 2525 3848

金鐘分行
香港金鐘道95號
統一中心1樓1013-1014號舖
電話：(852) 2189 5588
圖文傳真：(852) 2529 0669

金鐘個人理財中心(不設櫃檯服務)
香港金鐘道95號
統一中心1樓1019號舖
電話：(852) 2189 5588
圖文傳真：(852) 2324 6400

堅道分行
香港堅道22號廣堅大廈地下
電話：(852) 2189 5588
圖文傳真：(852) 2526 8478

灣仔分行
香港灣仔軒尼詩道117-123號
電話：(852) 2189 5588
圖文傳真：(852) 2865 0251

HEADQUARTER

33/F., ICBC Tower,
3 Garden Road,
Central, Hong Kong
Telephone: (852) 3510 8888
Facsimile: (852) 2805 1166
Post Box: GPO Box 872 Hong Kong
SWIFT: UBHKHKHH
Website: http://www.icbcasia.com

BRANCHES – HONG KONG ISLAND

West Point Branch
242-244 Queen's Road West,
Hong Kong
Telephone: (852) 2189 5588
Facsimile: (852) 2559 8442

West Point Personal Banking Centre (No-teller service)
Shop 2, G/F, 345-345A Des Voeux Road West,
Hong Kong
Telephone: (852) 2189 5588
Facsimile: (852) 2547 9728

Sheung Wan Branch
Shop F, G/F, Kai Tak Commercial Building,
317-319 Des Voeux Road Central, Sheung Wan,
Hong Kong
Telephone: (852) 2189 5588
Facsimile: (852) 2545 7458

Queen's Road Central Branch
Basement, Ground Floor and First Floor of 122 QRC,
Nos. 122-126 Queen's Road Central, Hong Kong
Telephone: (852) 2189 5588
Facsimile: (852) 2805 1187

Central Branch
1/F, 9 Queen's Road Central, Hong Kong
Telephone: (852) 2189 5588
Facsimile: (852) 2525 3848

Admiralty Branch
Shop 1013-1014, 1/F, United Centre,
95 Queensway, Admiralty, Hong Kong
Telephone: (852) 2189 5588
Facsimile: (852) 2529 0669

Admiralty Personal Banking Centre (No teller service)
Shop 1019, 1/F, United Centre,
95 Queensway, Admiralty, Hong Kong
Telephone: (852) 2189 5588
Facsimile: (852) 2324 6400

Caine Road Branch
G/F, Caine Building, 22 Caine Road,
Hong Kong
Telephone: (852) 2189 5588
Facsimile: (852) 2526 8478

Wanchai Branch
117-123 Hennessy Road, Wanchai,
Hong Kong
Telephone: (852) 2189 5588
Facsimile: (852) 2865 0251

分行、附屬及聯營公司
Branches, Subsidiaries and Associates

灣仔道分行
香港灣仔道133號
卓淩中心地下
電話：(852) 2189 5588
圖文傳真：(852) 2838 1817

灣仔個人理財中心(不設櫃檯服務)
香港灣仔港灣道26號華潤大廈1樓101號舖
電話：(852) 2189 5588
圖文傳真：(852) 2455 3612

銅鑼灣分行
香港銅鑼灣軒尼詩道488-490號
軒尼詩大廈地下A舖至1樓
電話：(852) 2189 5588
圖文傳真：(852) 2808 1331

跑馬地分行
香港跑馬地景光街23號
電話：(852) 2189 5588
圖文傳真：(852) 2834 3075

香港仔分行
香港香港仔中心第一期地下7A舖
電話：(852) 2189 5588
圖文傳真：(852) 2518 7007

電氣道分行
香港電氣道113-115號
電話：(852) 2189 5588
圖文傳真：(852) 2807 1697

炮台山分行
香港英皇道272-276號
光超台地下A-C號舖
電話：(852) 2189 5588
圖文傳真：(852) 2887 7094

城市花園個人理財中心(不設櫃檯服務)
香港北角電氣道233號城市中心商場23號舖
電話：(852) 2189 5588
圖文傳真：(852) 2570 7366

北角分行
香港北角英皇道436-438號地下
電話：(852) 2189 5588
圖文傳真：(852) 2510 9902

鰂魚涌分行
香港鰂魚涌華蘭路2-12號
惠安苑地下低層SLG1號舖
電話：(852) 2189 5588
圖文傳真：(852) 2565 5541

Wanchai Road Branch
G/F, Times Media Centre, No.133 Wan Chai Road,
Hong Kong
Telephone: (852) 2189 5588
Facsimile: (852) 2838 1817

Wanchai Personal Banking (No teller service)
Shop 101, 1/F, China Resources Building,
26 Harbour Road, Wanchai, Hong Kong
Telephone: (852) 2189 5588
Facsimile: (852) 2455 3612

Causeway Bay Branch
Shop A on G/F, 1/F, Hennessy Apartments,
488 & 490 Hennessy Road,
Hong Kong
Telephone: (852) 2189 5588
Facsimile: (852) 2808 1331

Happy Valley Branch
23 King Kwong Street, Happy Valley,
Hong Kong
Telephone: (852) 2189 5588
Facsimile: (852) 2834 3075

Aberdeen Branch
Shop 7A, G/F, Site 1, Aberdeen Centre,
Hong Kong
Telephone: (852) 2189 5588
Facsimile: (852) 2518 7007

Electric Road Branch
113-115 Electric Road, Hong Kong
Telephone: (852) 2189 5588
Facsimile: (852) 2807 1697

Fortress Hill Branch
Shop A-C, G/F, Kwong Chiu Terrace,
272-276 King's Road, Hong Kong
Telephone: (852) 2189 5588
Facsimile: (852) 2887 7094

City Garden Personal Banking Centre (No teller service)
Shop Unit 23, G/F, Maximall, City Garden,
233 Electric Road, North Point,
Hong Kong
Telephone: (852) 2189 5588
Facsimile: (852) 2570 7366

North Point Branch
G/F, 436-438 King's Road, North Point,
Hong Kong
Telephone: (852) 2189 5588
Facsimile: (852) 2510 9902

Quarry Bay Branch
Shop SLG1, Sub-Lower Ground Floor,
Westlands Gardens, Nos. 2-12, Westlands Road,
Quarry Bay, Hong Kong
Telephone: (852) 2189 5588
Facsimile: (852) 2565 5541

分行、附屬及聯營公司
Branches, Subsidiaries and Associates

西灣河分行
香港筲箕灣道57-87號
太安樓G10號舖
電話：(852) 2189 5588
圖文傳真：(852) 2569 6142

筲箕灣個人理財中心(不設櫃檯服務)
香港筲箕灣道195號
電話：(852) 2189 5588
圖文傳真：(852) 2940 3008

小西灣分行
香港小西灣道9號
富欣花園地下17-19號舖
電話：(852) 2189 5588
圖文傳真：(852) 2898 3077

分行 — 九龍區

尖沙咀東分行
九龍尖沙咀漆咸道南39號鐵路大廈地下B舖
電話：(852) 2189 5588
圖文傳真：(852) 2311 2810

尖沙咀分行
九龍尖沙咀漢口道35-37號地下1-2號舖
電話：(852) 2189 5588
圖文傳真：(852) 2724 4846

佐敦分行
九龍佐敦彌敦道233號佐敦薈1字樓
電話：(852) 2189 5588
圖文傳真：(852) 2375 6935

油麻地分行
九龍油麻地彌敦道542號
電話：(852) 2189 5588
圖文傳真：(852) 2770 9837

旺角分行
九龍旺角彌敦道721-725號
華比銀行大廈地下
電話：(852) 2189 5588
圖文傳真：(852) 2390 9073

太子分行
九龍旺角彌敦道777號
電話：(852) 2189 5588
圖文傳真：(852) 2380 3887

深水埗分行
九龍深水埗荔枝角道290號地下
電話：(852) 2189 5588
圖文傳真：(852) 2387 5533

荔枝角分行
九龍荔枝角長沙灣道833號
長沙灣廣場地下G06號舖
電話：(852) 2189 5588
圖文傳真：(852) 2785 5566

Sai Wan Ho Branch
Shop G10, G/F, Tai On Building,
57-87 Shau Kei Wan Road, Hong Kong
Telephone: (852) 2189 5588
Facsimile: (852) 2569 6142

Shau Kei Wan Personal Banking Centre (No teller service)
195 Shau Kei Wan Road, Hong Kong
Telephone: (852) 2189 5588
Facsimile: (852) 2940 3008

Siu Sai Wan Branch
Shop Nos 17-19, Ground Floor, Harmony Garden,
No.9 Siu Sai Wan Road, Hong Kong
Telephone: (852) 2189 5588
Facsimile: (852) 2898 3077

BRANCHES – KOWLOON

Tsimshatsui East Branch
Shop B, G/F, Railway Plaza, 39 Chatham Road South,
Tsimshatsui, Kowloon
Telephone: (852) 2189 5588
Facsimile: (852) 2311 2810

Tsim Sha Tsui Branch
Shop 1-2, G/F, 35-37 Hankow Road,
Tsimshatsui, Kowloon
Telephone: (852) 2189 5588
Facsimile: (852) 2724 4846

Jordan Branch
1/F, JD Mall, No. 233 Nathan Road,
Jordan, Kowloon
Telephone: (852) 2189 5588
Facsimile: (852) 2375 6935

Yaumatei Branch
542 Nathan Road, Yaumatei, Kowloon
Telephone: (852) 2189 5588
Facsimile: (852) 2770 9837

Mongkok Branch
G/F, Belgian Bank Building,
721-725 Nathan Road, Mongkok, Kowloon
Telephone: (852) 2189 5588
Facsimile: (852) 2390 9073

Prince Edward Branch
777 Nathan Road, Mongkok, Kowloon
Telephone: (852) 2189 5588
Facsimile: (852) 2380 3887

Shamshuipo Branch
G/F, 290 Lai Chi Kok Road, Shamshuipo, Kowloon
Telephone: (852) 2189 5588
Facsimile: (852) 2387 5533

Lai Chi Kok Branch
Shop G06, G/F, Cheung Sha Wan Plaza,
833 Cheung Sha Wan Road, Lai Chi Kok, Kowloon
Telephone: (852) 2189 5588
Facsimile: (852) 2785 5566

分行、附屬及聯營公司
Branches, Subsidiaries and Associates

美孚分行
九龍美孚新村萬事達廣場一樓N95A舖
電話：(852) 2189 5588
圖文傳真：(852) 2307 1811

何文田分行
九龍何文田窩打老道70號曾榕大廈地下
電話：(852) 2189 5588
圖文傳真：(852) 2769 7083

愛民分行
九龍何文田愛民廣場F18-F19號舖
電話：(852) 2189 5588
圖文傳真：(852) 2760 4309

紅磡分行
九龍紅磡德民街2-34E號紅磡商場地下2A舖
電話：(852) 2189 5588
圖文傳真：(852) 2365 2182

木廠街分行
九龍土瓜灣木廠街12-14號
電話：(852) 2189 5588
圖文傳真：(852) 2761 0935

新蒲崗分行
九龍新蒲崗寧遠街3-23號
越秀廣場G10號舖
電話：(852) 2189 5588
圖文傳真：(852) 2726 2317

黃大仙分行
九龍黃大仙正德街103號
黃大仙中心一樓128號舖
電話：(852) 2189 5588
圖文傳真：(852) 2267 7782

德福分行
九龍九龍灣德福廣場F19號舖
電話：(852) 2189 5588
圖文傳真：(852) 2797 8984

觀塘分行
九龍觀塘開源道79號鱷魚恤中心一樓5號和6號舖
電話：(852) 2189 5588
圖文傳真：(852) 2357 5825

分行 — 新界區

將軍澳分行
新界將軍澳欣景路8號
新都城中心2期商場1樓1025A號舖
電話：(852) 2189 5588
圖文傳真：(852) 3194 3829

Mei Foo Branch
Shop N95A, 1/F, Mount Sterling Mall, Mei Foo Sun Chuen, Kowloon
Telephone: (852) 2189 5588
Facsimile: (852) 2307 1811

Ho Man Tin Branch
G/F, Tsan Yung Mansion, No. 70 Waterloo Road,
Ho Man Tin, Kowloon
Telephone: (852) 2189 5588
Facsimile: (852) 2769 7083

Oi Man Branch
Shop F18 & F19, Oi Man Plaza,
Oi Man Estate, Homantin, Kowloon
Telephone: (852) 2189 5588
Facsimile: (852) 2760 4309

Hung Hom Branch
Shop 2A, G/F, Hung Hom Shopping Mall,
2-34E Tak Man Street, Hung Hom, Kowloon
Telephone: (852) 2189 5588
Facsimile: (852) 2365 2182

Mok Cheong Street Branch
12-14 Mok Cheong Street, Tokwawan, Kowloon
Telephone: (852) 2189 5588
Facsimile: (852) 2761 0935

San Po Kong Branch
Shop G10, Yue Xiu Plaza, 3-23 Ning Yuen Street,
San Po Kong, Kowloon
Telephone: (852) 2189 5588
Facsimile: (852) 2726 2317

Wong Tai Sin Branch
Shop 128, Level 1, Wong Tai Sin Plaza,
103 Ching Tak Street, Wong Tai Sin, Kowloon
Telephone: (852) 2189 5588
Facsimile: (852) 2267 7782

Telford Branch
Shop F19, Telford Plaza, Kowloon Bay, Kowloon
Telephone: (852) 2189 5588
Facsimile: (852) 2797 8984

Kwun Tong Branch
Shop 5 & 6, 1/F, Crocodile Center, 79 Hoi Yuen Road,
Kwun Tong, Kowloon
Telephone: (852) 2189 5588
Facsimile: (852) 2357 5825

BRANCHES – NEW TERRITORIES

Tseung Kwan O Branch
Shop 1025A, Level 1, Metro City Plaza II,
8 Yan King Road, Tseung Kwan O, New Territories
Telephone: (852) 2189 5588
Facsimile: (852) 3194 3829

分行、附屬及聯營公司
Branches, Subsidiaries and Associates

將軍澳個人理財中心(不設櫃檯服務)
新界將軍澳欣景路8號
新都城中心2期商場1樓1025B號舖
電話：(852) 2189 5588
圖文傳真：(852) 3194 3829

葵芳分行
新界葵芳葵涌廣場2字樓C63A-C66號舖
電話：(852) 2189 5588
圖文傳真：(852) 2480 0210

葵涌分行
新界葵涌和宜合道63號麗晶中心A座G02
電話：(852) 2189 5588
圖文傳真：(852) 2420 9883

荃灣青山公路分行
新界青山公路荃灣段423-427號地下
電話：(852) 2189 5588
圖文傳真：(852) 2412 1080

沙咀道分行
新界荃灣沙咀道297-313號眾安大廈地下4號舖
電話：(852) 2189 5588
圖文傳真：(852) 2439 0076

沙咀道個人理財中心(不設櫃檯服務)
新界荃灣沙咀道315-323號廣益大廈地下4號舖
電話：(852) 2189 5588
圖文傳真：(852) 2455 3592

屯門分行
新界屯門天后路18號
南豐工業城中央服務大樓217號A-F
電話：(852) 2189 5588
圖文傳真：(852) 2466 6245

仁政街分行
新界屯門仁政街11號屯門中心大廈地下4-5號地舖
電話：(852) 2189 5588
圖文傳真：(852) 2427 2117

大興分行
新界屯門大興邨商場21-23號舖
電話：(852) 2189 5588
圖文傳真：(852) 2456 3200

元朗分行
新界元朗青山道197-199號地下
電話：(852) 2189 5588
圖文傳真：(852) 2442 5448

教育路個人理財中心(不設櫃檯服務)
新界元朗教育路21號英暢大廈地下3-4號舖
電話: (852) 2189 5588
圖文傳真: (852) 2613 5099

Tseung Kwan O Personal Banking Centre (No teller service)
Shop 1025B, Level 1, Metro City Plaza II,
8 Yan King Road, Tseung Kwan O, New Territories
Telephone: (852) 2189 5588
Facsimile: (852) 3194 3829

Kwai Fong Branch
C63A-C66, 2F, Kwai Chung Plaza, Kwai Fong, New Territories
Telephone: (852) 2189 5588
Facsimile: (852) 2480 0210

Kwai Chung Branch
Unit G02, Tower A, Regent Centre, 63 Wo Yi Hop Road,
Kwai Chung, New Territories
Telephone: (852) 2189 5588
Facsimile: (852) 2420 9883

Tsuen Wan Castle Peak Road Branch
G/F, 423-427 Castle Peak Road Tsuen Wan, New Territories
Telephone: (852) 2189 5588
Facsimile: (852) 2412 1080

Sha Tsui Road Branch
Shop 4, G/F, Chung On Building, 297-313 Sha Tsui Road,
Tsuen Wan, New Territories
Telephone: (852) 2189 5588
Facsimile: (852) 2439 0076

Sha Tsui Road Personal Banking Centre (No teller service)
Shop 4, G/F, Kwong Yick Building, 315-323 Sha Tsui Road,
Tsuen Wan, New Territories
Telephone: (852) 2189 5588
Facsimile: (852) 2455 3592

Tuen Mun Branch
217 A-F Central Services Building, Nan Fung Industrial City,
18 Tin Hau Road, Tuen Mun, New Territories
Telephone: (852) 2189 5588
Facsimile: (852) 2466 6245

Yan Ching Street Branch
Shops 4 and 5, G/F, Tuen Mun Centre,
11 Yan Ching Street, Tuen Mun, New Territories
Telephone: (852) 2189 5588
Facsimile: (852) 2427 2117

Tai Hing Branch
Shop 21-23 Tai Hing Commercial Complex, Tai Hing Estate,
Tuen Mun, New Territories
Telephone: (852) 2189 5588
Facsimile: (852) 2456 3200

Yuen Long Branch
G/F, 197-199 Castle Peak Road, Yuen Long,
New Territories
Telephone: (852) 2189 5588
Facsimile: (852) 2442 5448

Kau Yuk Road Personal Banking Centre (No teller service)
Shop 3-4, G/F, Ying Cheong Building, 21 Kau Yuk Road,
Yuen Long, New Territories
Telephone: (852) 2189 5588
Facsimile: (852) 2613 5099

分行、附屬及聯營公司
Branches, Subsidiaries and Associates

大圍分行
新界大圍大圍道金山樓地下5號舖
電話：(852) 2189 5588
圖文傳真：(852) 2405 6669

沙田分行
新界沙田中心3樓22J號舖
電話：(852) 2189 5588
圖文傳真：(852) 2695 7399

沙田個人理財中心(不設櫃檯服務)
新界沙田好運中心3樓185號舖
電話: (852) 2189 5588
圖文傳真: (852) 2772 2560

大埔分行
新界大埔大榮里34至38號
美發大廈地下F舖
電話：(852) 2189 5588
圖文傳真：(852) 2638 8738

太和分行
新界大埔太和商場2樓216號舖
電話：(852) 2189 5588
圖文傳真：(852) 2650 2982

上水分行
新界上水石湖墟新豐路33號
新豐大廈地下2號舖
電話：(852) 2189 5588
圖文傳真：(852) 2639 0500

海外分行

開曼群島分行
P.O. 1353
Harbour Place
5th Floor
103 Church Street
George Town
Grand Cayman KY1-1108
Cayman Islands

附屬公司

華商銀行
工銀亞洲金業有限公司
工銀亞洲期貨有限公司
工銀資管(全球)有限公司
工銀亞洲代理人有限公司
工銀亞洲証券有限公司
工銀亞洲信託有限公司
ICBC (Asia) Wa Pei Nominees Limited
ICBCA (C.I.) Limited
友聯中國業務管理有限公司
工銀亞投股權投資管理(深圳)有限公司
中國－中東歐金融控股有限公司

聯營公司

IEC Investments Limited
世福資本管理有限公司

Tai Wai Branch
Shop No. 5, G/F, Kam Shan Building, Tai Wai Road,
Tai Wai, New Territories
Telephone: (852) 2189 5588
Facsimile: (852) 2405 6669

Shatin Branch
Shop 22J, Level 3, Shatin Centre, New Territories
Telephone: (852) 2189 5588
Facsimile: (852) 2695 7399

Shatin Personal Banking Centre (No teller service)
Shop No.185, Level 3, Shatin Lucky Plaza, Shatin, New Territories
Telephone: (852) 2189 5588
Facsimile: (852) 2772 2560

Tai Po Branch
Shop F, G/F, Mee Fat Building, No. 34-38 Tai Wing Lane,
Tai Po, New Territories
Telephone: (852) 2189 5588
Facsimile: (852) 2638 8738

Tai Wo Branch
Shop 216, 2/F, Tai Wo Plaza, Tai Wo Estate,
Tai Po, New Territories
Telephone: (852) 2189 5588
Facsimile: (852) 2650 2982

Sheung Shui Branch
Shop 2, G/F, San Fung Building, No.33 San Fung Avenue,
Shek Wu Hui, Sheung Shui, New Territories
Telephone: (852) 2189 5588
Facsimile: (852) 2639 0500

OVERSEAS BRANCH

Cayman Islands Branch
P.O. 1353
Harbour Place
5th Floor
103 Church Street
George Town
Grand Cayman KY1-1108
Cayman Islands

SUBSIDIARIES

Chinese Mercantile Bank
ICBC (Asia) Bullion Company Limited
ICBC (Asia) Futures Company Limited
ICBC Asset Management (Global) Company Limited
ICBC (Asia) Nominee Limited
ICBC (Asia) Securities Limited
ICBC (Asia) Trustee Company Limited
ICBC (Asia) Wa Pei Nominees Limited
ICBCA (C.I.) Limited
UB China Business Management Co. Ltd.
工銀亞投股權投資管理(深圳)有限公司
SINO-CEEF Holding Company Limited

ASSOCIATED COMPANIES

IEC Investments Limited
SINO-CEEF Capital Management Company Limited

中國工商銀行（亞洲）有限公司
Industrial and Commercial Bank of China (Asia) Limited

香港中環花園道3號中國工商銀行大廈33樓
33/F, ICBC Tower, 3 Garden Road, Central, Hong Kong
電話 Tel (852) 3510 8888
傳真 Fax (852) 2805 1166

www.icbcasia.com