

Financial Disclosure Statement

TAI YAU BANK, LIMITED

Reports and Financial Statements
For the year ended 31 December 2015

TAI YAU BANK, LIMITED

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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TAI YAU BANK, LIMITED

DIRECTORS' REPORT

The directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Bank is a private limited liability company incorporated in Hong Kong. It is a licensed bank authorised under the Hong Kong Banking Ordinance. The Bank provides banking and other related financial services to its customers and placements with banks in Hong Kong.

BUSINESS REVIEW

Our business activities as mentioned above were carried out under prudent risk management. In view of the changing macroeconomic environment, the Bank has been closely monitoring the market volatility in order to manage its liquidity risks and enhance the return on assets.

ANALYSIS OF KEY FINANCIAL DATA

For the year of 2015, operating profit after impairment allowances amounted to HK\$3,176,080 (2014: HK\$6,052,434) showing a decrease of 48% from the results in the previous year. Interest income derived from bank placements (with annual interest rates ranging from 0.04% to 1.05%) amounted to HK\$12,783,449 (2014: HK\$16,946,646), which was 25% lower than that of last year. Total assets in the current year amounted to HK\$2,674,494,792 (2014: HK\$2,577,302,925), representing a growth of 4%.

In regards of the Bank's operating expenses, the directors' emoluments and staff costs amounted to HK\$7,652,279 (2014: HK\$7,354,519), showing an increase of 4% in the current year.

Total capital adequacy ratio of 106.85% (2014: 106.84%) increased by 0.01% after the growth in total assets. Both Tier 1 capital ratio and Common Equity Tier 1 capital ratio were maintained at 106.83% (2014: 106.82%) in the current year.

Overall, the Bank's core business lines and financial health are strong and sound. Its asset quality is good, provision coverage is high and capital adequacy ratio and liquidity maintenance ratio are well above the relevant statutory requirements.

TAI YAU BANK, LIMITED

ENVIRONMENTAL POLICIES AND PERFORMANCE

Sustainability and environmental conservation is an important issue for our customers, shareholders, government and the general public. Therefore the Bank is committed to reducing its carbon footprint and consumption of natural resources in all possible aspects of business operations.

Our environmental strategy is centered on achieving a balance between the quality and efficiency of our services and the minimization of greenhouse gas emissions and environmental degradation. Accordingly, the Bank has taken a proactive approach to effect internal and external communications by means of telephone, emails or such other communication means which are efficient yet environmentally friendly. Consequently we are able to minimise physical printing.

At present, except for legal documents such as contracts and share certificates and documentary evidence for audit or legal purposes, the Bank avoids keeping duplicate of hardcopy of all documents and reports. All kinds of documents are scanned and saved in an electronic system for future retrieval.

E-mails and electronic messages have replaced letters for some formal and informal communications, both externally and internally.

COMPLIANCE WITH LAWS AND REGULATIONS

The Bank operates in a highly regulated sector where the risk of non-compliance with regulatory requirements could lead to the loss of operating licenses. Accordingly the effective management of the relationship between the Bank and its regulators could significantly impact the success of the Bank and its long term value. Therefore, we make it a top priority to ensure compliance with the relevant rules and regulations, and to stay up to date on new laws.

During the year under review, the Bank has, therefore, deployed considerable resources, as well as adopted and implemented relevant measures, to ensure that the relevant statutory and regulatory requirements are complied with and that a high standard of corporate governance practices is maintained.

Compliance with these laws, regulations and similar requirements may be onerous and expensive. Any such costs, which may rise in the future as a result of changes in these laws and regulations or in their interpretation could individually or in the aggregate make the Bank's services less attractive to the Bank's customers; delay the introduction of new services; or cause the Bank to change or limit its business practices. The Bank has implemented policies and procedures designed to ensure compliance with the most relevant laws and regulations, but there can be no assurance that the Bank's employees or agents will not violate such laws and regulations or the Bank's policies and procedures.

RELATIONSHIPS WITH EMPLOYEES

The employees of the Bank are one of the most important assets and stakeholders of the Bank and their contribution and support are valued at all times. The Bank regularly reviews compensation and benefit policies according to industry benchmark, financial results as well as the individual performance of employees. Other fringe benefits and mandatory provident fund are provided to retain loyal employees with the aim to form a professional staff and management team that can bring the Bank to new levels of success. Staff satisfaction can be seen by our low staff turnover. Furthermore, the Bank places great emphasis on the training and development of employees and regard excellent employees as a key factor in its competitiveness.

TAI YAU BANK, LIMITED

RELATIONSHIP WITH CUSTOMERS AND SUPPLIERS

Our Directors believe that maintaining good relationships with customers has been one of the critical reasons for the Bank's success. Our mission is to provide the finest services to our customers. The Bank is constantly looking at ways to improve customer relationship through enhanced services. Through carrying out the above we hope to enhance our business opportunities with our customers and reach out for new potential clients.

The Bank has no major suppliers due to the nature of the principal activities of the Bank.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Bank include strategic, operational and financial risks.

Strategic risks

The Directors maintain a strategic plan together with a financial budget at the end of each financial year based on the knowledge to external environments and a number of forecast and estimates. Given the rapid change of unforeseeable external environments in the financial industry, the Bank is facing significant strategic risks on its business decisions and capital expenditures when changing the strategic plans to adapt to the unexpected changes of external environments.

Operational risks

The Management regularly reviews the Bank's operations to ensure that the Bank's risk of losses, whether financial or otherwise, resulting from fraud, errors, omissions and other operational and compliance matters, are adequately managed. The Bank has also established its own business continuity plan to protect the Bank from the risk of interruption to its business continuity.

Financial risks

The principal financial risks are set out in note 5 to the financial statements heading "FINANCIAL RISK MANAGEMENT".

EVENT AFTER THE REPORTING PERIOD

No significant events occurred subsequent to the reporting period.

RESULTS AND APPROPRIATIONS

The results of the Bank for the year ended 31 December 2015 are set out in the statement of profit or loss and other comprehensive income on page 8.

The directors do not recommend the payment of a dividend and propose that the profit for the year be retained.

TAI YAU BANK, LIMITED

EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Details of movements in equipment and leasehold improvements of the Bank during the year are set out in note 15 to the financial statements.

SHARE CAPITAL

Details of the Bank's share capital are set out in note 18 to the financial statements. There was no movement in the Bank's share capital during the year.

DISTRIBUTABLE RESERVES OF THE BANK

The Bank's reserves available for distribution to shareholders as at 31 December 2015 comprised the retained profits of HK\$226,602,839 (2014: HK\$223,426,759).

DIRECTORS

The directors of the Bank during the year and up to the date of this report were:

Mr. Ko, Fook Kau Eric
Mr. Ko, Derek Fook Ying
Mr. Ko, Arthur Sai Chun
Mr. Ko, Sai Kit Larry
Mr. Ko, Sai Kin Kenneth
Ms. Ko, Mang Yee Adaline
Mrs. Cheung, Pauline
Mr. Young, Tsan Shao
Mr. Yuen, Man Ying

In accordance with the Bank's Articles of Association, all directors retire and, being eligible, offer themselves for re-election.

TAI YAU BANK, LIMITED

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Bank 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.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Bank was a party and in which a director of the Bank had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISION

At no time during the financial period and up to the date of this directors' report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors or any associated company.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Bank.

On behalf of the Board
Mr. Ko, Fook Kau Eric
CHAIRMAN

29 March 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TAI YAU BANK, LIMITED

(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of Tai Yau Bank, Limited (the "Bank") set out on pages 8 to 36, which comprise the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TAI YAU BANK, LIMITED - continued
(Incorporated in Hong Kong with limited liability)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 March 2016

TAI YAU BANK, LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	<u>NOTES</u>	<u>2015</u> HK\$	<u>2014</u> HK\$
Interest income	6	12,783,793	16,946,981
Interest expense	7	<u>(1,400,736)</u>	<u>(2,354,527)</u>
Net interest income		11,383,057	14,592,454
Other operating income	8	<u>3,705,120</u>	<u>3,521,087</u>
Operating income		15,088,177	18,113,541
Operating expenses	9	<u>(11,912,097)</u>	<u>(12,061,107)</u>
Profit before tax		3,176,080	6,052,434
Income tax expense	10	<u>-</u>	<u>-</u>
Profit and other comprehensive income for the year		<u><u>3,176,080</u></u>	<u><u>6,052,434</u></u>

TAI YAU BANK, LIMITED

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2015

	<u>NOTES</u>	<u>2015</u> HK\$	<u>2014</u> HK\$
ASSETS			
Cash and balances with banks and other financial institutions		416,682,131	333,953,721
Money at call and short notice		628,818,325	865,207,872
Placements with banks maturing between one and twelve months		1,614,007,054	1,363,306,876
Advances to customers and other accounts	11	2,996,562	3,129,062
Tax recoverable		285,326	-
Available-for-sale investments	13	11,460,000	11,460,000
Deferred tax assets	14	245,394	245,394
Equipment and leasehold improvements	15	-	-
TOTAL ASSETS		<u>2,674,494,792</u>	<u>2,577,302,925</u>
LIABILITIES			
Deposits from customers	16	2,145,130,899	2,050,555,536
Other accounts and provisions	17	2,661,054	3,220,630
		<u>2,147,791,953</u>	<u>2,053,776,166</u>
CAPITAL RESOURCES			
Share capital	18	300,000,000	300,000,000
Reserves		226,702,839	223,526,759
SHAREHOLDERS' FUNDS		<u>526,702,839</u>	<u>523,526,759</u>
TOTAL LIABILITIES AND CAPITAL RESOURCES		<u>2,674,494,792</u>	<u>2,577,302,925</u>

The financial statements on pages 8 to 36 were approved and authorised for issue by the Board of Directors on 29 March 2016 and are signed on its behalf by:

DIRECTORS: MR. KO, FOOK KAU ERIC
MR. KO, ARTHUR SAI CHUN
MR. KO, SAI KIN KENNETH

TAI YAU BANK, LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	<u>Share capital</u> HK\$	<u>Retained profits</u> HK\$	<u>General reserve</u> HK\$	<u>Regulatory reserve</u> HK\$	<u>Capital reserve</u> HK\$	<u>Total</u> HK\$
At 1 January 2014	300,000,000	165,867,266	46,000,000	100,000	5,507,059	517,474,325
Profit and other comprehensive income for the year	-	6,052,434	-	-	-	6,052,434
At 31 December 2014	300,000,000	171,919,700	46,000,000	100,000	5,507,059	523,526,759
Profit and other comprehensive income for the year	-	3,176,080	-	-	-	3,176,080
At 31 December 2015	<u>300,000,000</u>	<u>175,095,780</u>	<u>46,000,000</u>	<u>100,000</u>	<u>5,507,059</u>	<u>526,702,839</u>

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

The general reserve and capital reserve comprised transfers from previous years' retained profits.

TAI YAU BANK, LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	<u>2015</u>	<u>2014</u>
	HK\$	HK\$
OPERATING ACTIVITIES		
Profit before tax	3,176,080	6,052,434
Adjustments for:		
Interest income	(12,783,793)	(16,946,981)
Interest expense	1,400,736	2,354,527
Depreciation	-	36,941
Dividends from unlisted available-for-sale investments	(3,660,000)	(3,480,000)
Operating cash flows before movements in working capital	(11,866,977)	(11,983,079)
Increase in money at call and short notice with original maturity more than three months	(38,006,000)	(247,082,458)
(Increase) decrease in placements with banks with original maturity more than three months	(197,500,000)	6,922,000
Decrease (increase) in advances to customers	183,000	(267,000)
Increase in deposits from customers	94,575,363	96,151,769
Decrease in other accounts and provisions	(485,260)	(1,939,703)
Net cash used in operations	(153,099,874)	(158,198,471)
Interest received	12,733,293	16,753,451
Interest paid	(1,475,052)	(2,235,370)
Tax paid	(285,326)	-
NET CASH USED IN OPERATING ACTIVITIES	<u>(142,126,959)</u>	<u>(143,680,390)</u>
INVESTING ACTIVITIES		
Dividends received from unlisted available-for-sale investments	3,660,000	3,480,000
NET CASH FROM INVESTING ACTIVITIES	<u>3,660,000</u>	<u>3,480,000</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(138,466,959)	(140,200,390)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>1,151,968,469</u>	<u>1,292,168,859</u>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	<u><u>1,013,501,510</u></u>	<u><u>1,151,968,469</u></u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and balances with banks and other financial institutions	416,682,131	333,953,721
Money at call and short notice with original maturity at or less than three months	242,812,325	517,207,872
Placements with banks with original maturity at or less than three months	354,007,054	300,806,876
	<u><u>1,013,501,510</u></u>	<u><u>1,151,968,469</u></u>

TAI YAU BANK, LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. GENERAL

The Bank is a private limited liability company incorporated in Hong Kong. It is a licensed bank authorised under the Hong Kong Banking Ordinance. The address of the registered office and principal place of business of the Bank is 29/F, Tai Tung Building, 8 Fleming Road, Wan Chai, Hong Kong.

The major business of our Bank are the provision of banking and other related financial services to its customers and placements with banks in Hong Kong.

The financial statements are presented in Hong Kong dollars ("HK\$"), which is the functional currency of the Bank.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs applied in the current year

In the current year, the Bank has applied a number of amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are mandatorily effective for the 2015 financial year end.

The application of the amendments to HKFRSs in the current year has had no material impact on the Bank's financial performance and positions for the current and prior years and/or the disclosures set out in these financial statements.

New and revised standards issued but not yet effective

The Bank has not early applied the following new or revised HKFRSs which may be relevant to the Bank that have been issued but are not yet effective:

HKFRS 9	Financial instruments ¹
HKFRS 15	Revenue from contracts with customers ¹
Amendments to HKAS 1	Disclosure initiative ²
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation ²
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle ²

¹ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9:

- all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

HKFRS 9 Financial instruments - continued

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors anticipate that the adoption of HKFRS 9 in the future may have a material impact on the amounts reported in respect of the Bank's financial assets and financial liabilities. Regarding the Bank's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The directors do not anticipate that the application of other new or revised HKFRSs listed above will have material impact on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance ("CO").

The provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors' reports and audits became effective for the Bank for the financial year ended 31 December 2015. Accordingly the presentation and disclosure of information in the financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO but not under the new CO are not disclosed in the financial statements.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods or services.

The principal accounting policies are set out below.

Revenue recognition

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Bank and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from available-for-sale ("AFS") investments is recognised when the Bank's right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Bank and the amount of income can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Equipment and leasehold improvements

Equipment and leasehold improvements are stated in the statement of financial position at cost less subsequent accumulated depreciation and amortisation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

An item of equipment and leasehold improvements is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of equipment and leasehold improvements is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when the Bank becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Bank's financial assets are classified into loans and receivables and AFS financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial assets - continued

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including cash and balances with banks and other financial institutions, money at call and short notice, placements with banks maturing between one and twelve months, and advances to customers and other accounts) are carried at amortised cost using the effective interest method, less any impairment.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Dividends on AFS equity investments are recognised in profit or loss when the Bank's right to receive the dividend is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy in respect of impairment loss of financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as advances to customers, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of advances to customers could include the Bank's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on advances to customers.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial assets - continued

Impairment of financial assets - continued

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Bank are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Bank after deducting all of its liabilities. Equity instruments issued by the Bank are recorded at the proceeds received, net of direct issue cost.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities (including deposits from customers and others accounts) are subsequently measured at amortised cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

A financial guarantee contract issued by the Bank and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Bank measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 "Provisions, contingent liabilities and contingent assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

Derecognition

The Bank derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the assets to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Bank derecognises financial liabilities when, and only when, the Bank's obligation are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provisions

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that the Bank will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Impairment losses on tangible assets

At the end of the reporting period, the Bank reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realised based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Bank expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Leasing

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

In preparing the financial statements of the Bank, transactions in currencies other than the Bank's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences arising on settlement or retranslation of monetary items are recognised in the profit or loss in the period in which they arise.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme are recognised as expenses when employees have rendered service entitling them to the contributions.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with maturity from the date of acquisition at or less than three months, including cash, short-term funds, and placements with banks and other financial institutions.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION
UNCERTAINTY

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments 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.

Impairment of available-for-sale investments

The Bank 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 judgment. 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 operational and financing cash flows.

5. FINANCIAL RISK MANAGEMENT

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance.

The Bank's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by the Credit, Asset and Liability Management Committee (the "CALCO") under policies approved by the Board of Directors. CALCO identifies, evaluates and hedges financial risks in close co-operation with the Bank's operating units. The Board provides written principles covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of non-derivative financial instruments. In addition, internal audit is responsible for the independent review of risk management and the control environment. The most important types of risks from the use of financial instruments are credit risk, market risk and liquidity risk. Market risk includes currency risk, interest rate and other price risk.

Strategy in using financial instruments

By their nature, the Bank's activities are principally related to the use of financial instruments. The Bank accepts deposits from customers for various periods, and seeks to earn interest margins by investing these funds in high-quality assets. The Bank maintains sufficient liquidity to meet all claims that might fall due.

Credit risk

The Bank takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Bank's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position. Impairment allowances are made for losses that have been incurred at the end of each reporting period. Significant changes in the economy or financial states of counterparties could result in losses that are different from those provided for at the end of each reporting period. Management therefore carefully manages its exposure to credit risk.

Management of credit risk

The Bank's lending and credit policies have been formulated on the basis of its own experience, the Banking Ordinance, Hong Kong Monetary Authority guidelines and other statutory requirements.

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

5. FINANCIAL RISK MANAGEMENT - continued

Management of credit risk - continued

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

Impairment and provisioning policies

Impairment allowances are recognised for financial reporting purposes only for losses that have been incurred at the end of the reporting period based on objective evidence of impairment.

The impairment allowances shown in the statement of financial position at year-end is derived from the five rating grades adopted by the Hong Kong Monetary Authority. At the end of the reporting period, 100% (2014: 100%) of the Bank's on- and off-balance sheet items relating to loans and advances falls within the 'pass' category.

The Bank's policy requires the review of individual financial assets at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at the end of the reporting period on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held and the anticipated receipts for that individual account.

Collectively assessed impairment allowances are provided for: (i) portfolios of homogenous assets that are individually below materiality thresholds; and (ii) losses that have been incurred but have not yet been identified, by using the available historical experience, experienced judgment and statistical techniques.

Concentration of risks of financial assets with credit risk exposure

Concentration of credit risk exists when changes in geographic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is material in relation to the Bank's total exposures.

Categories of financial instruments

	<u>2015</u> HK\$'000	<u>2014</u> HK\$'000
Financial assets		
Loans and receivables	2,662,504	2,565,598
Available-for-sale investments	11,460	11,460
	<u> </u>	<u> </u>
Financial liabilities		
Amortised cost	2,146,350	2,052,334
	<u> </u>	<u> </u>

The Bank's major financial instruments include cash and balances with banks and other financial institutions, money at call and short notice, placements with banks maturing between one and twelve months, advances to customers and other accounts, available-for-sale investments, deposits from customers and other accounts. Details of the financial instruments are disclosed in the respective notes. The risks associated with those financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

5. FINANCIAL RISK MANAGEMENT - continued

Disclosures of credit risk under HKFRS 7

The below analysis shows the exposures to credit risk in accordance with HKFRS 7 "Financial instruments: Disclosures".

Maximum exposure to credit risk before collateral held or other credit enhancements

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Bank's maximum exposure to credit risk. There is no collateral held as security or other credit enhancements in respect of loans and advances.

Credit quality

Credit quality of loans and advances are summarised as follows:

	<u>Advances to customers</u>	
	<u>2015</u>	<u>2014</u>
	HK\$'000	HK\$'000
Neither past due nor impaired	540	723

Loans and advances to customers represent term loans granted to employees of the Bank.

The credit risk on balances with bank and other financial institutions, money at call and short notice and placements with banks is limited because the counterparties are mainly banks and other financial institutions regulated by the Hong Kong Monetary Authority with high credit ratings assigned by international credit-rating agencies.

Market risk

The Bank takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate and currency, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads and foreign exchange rates.

The Bank's market risk exposures mainly arise from the interest rate risk and foreign exchange risk.

Management of market risk

The management of market risk is principally undertaken in treasury function using risk limits approved by the Board of Directors. The Bank has dedicated standards, policies and procedures in place to control and monitor the market risk. The market risks arise on the operation are assessed and managed under the supervision of CALCO. The Bank has met all the de minimise exemption criteria for calculation of market risk as set out in Banking (Capital) Rules issued by the Hong Kong Monetary Authority.

TAI YAU BANK, LIMITED

5. FINANCIAL RISK MANAGEMENT - continued

Foreign exchange risk

The Bank undertakes certain transactions denominated in foreign currencies; hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts where appropriate. The Board of Directors sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

The following table indicates the concentration of currency risk at the end of the reporting period including Hong Kong dollars:

Equivalent in HK\$'000	<u>HK\$</u>	<u>US\$</u>	<u>GBP</u>	<u>CAD</u>	<u>Total</u>
<u>2015</u>					
<u>ASSETS</u>					
Cash and balances with banks and other financial institutions	407,189	8,063	1,027	403	416,682
Money at call and short notice	470,000	24,868	125,270	8,680	628,818
Placements with banks maturing between one and twelve months	1,460,000	47,736	106,271	-	1,614,007
Advances to customers and other accounts	2,831	29	136	1	2,997
Available-for-sale investments	11,460	-	-	-	11,460
	<u>2,351,480</u>	<u>80,696</u>	<u>232,704</u>	<u>9,084</u>	<u>2,673,964</u>
<u>LIABILITIES</u>					
Deposits from customers	1,837,517	71,214	229,997	6,403	2,145,131
Other payables	1,177	4	38	-	1,219
	<u>1,838,694</u>	<u>71,218</u>	<u>230,035</u>	<u>6,403</u>	<u>2,146,350</u>
Net on-balance sheet position	<u>512,786</u>	<u>9,478</u>	<u>2,669</u>	<u>2,681</u>	<u>527,614</u>

TAI YAU BANK, LIMITED

5. FINANCIAL RISK MANAGEMENT - continued

Foreign exchange risk - continued

Equivalent in HK\$'000	<u>HK\$</u>	<u>US\$</u>	<u>GBP</u>	<u>CAD</u>	<u>Total</u>
<u>2014</u>					
<u>ASSETS</u>					
Cash and balances with banks and other financial institutions	324,014	7,903	1,527	510	333,954
Money at call and short notice	670,000	37,034	148,013	10,161	865,208
Placements with banks maturing between one and twelve months	1,220,000	35,100	108,207	-	1,363,307
Advances to customers and other accounts	2,953	17	154	5	3,129
Available-for-sale investments	11,460	-	-	-	11,460
	<u>2,228,427</u>	<u>80,054</u>	<u>257,901</u>	<u>10,676</u>	<u>2,577,058</u>
<u>LIABILITIES</u>					
Deposits from customers	1,715,973	71,831	255,215	7,536	2,050,555
Other payables	1,730	4	44	1	1,779
	<u>1,717,703</u>	<u>71,835</u>	<u>255,259</u>	<u>7,537</u>	<u>2,052,334</u>
Net on-balance sheet position	<u>510,724</u>	<u>8,219</u>	<u>2,642</u>	<u>3,139</u>	<u>524,724</u>

Foreign currency sensitivity

The Bank is exposed to US\$ and no sensitivity analysis is prepared as the management considered that the effect is insignificant under the linked exchange rate system.

In addition, the following table details the Bank's sensitivity to a 5% increase and decrease in HK\$ against GBP and CAD. The 5% is the sensitivity rate used when reporting the foreign currency risk internally to key management personnel and represent management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currencies denominated monetary items and adjust their translation at the year end at 5% change in foreign currency rates. For a 5% weakening/strengthening of the HK\$ against the relevant currencies, the impact on the profit after tax would be as follows:

	<u>Impact</u>	
	<u>2015</u>	<u>2014</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>
Profit after tax	267/(267)	289/(289)

5. FINANCIAL RISK MANAGEMENT - continued

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. Limits are set on the level of mismatch of interest rate repricing that may be undertaken, which is monitored regularly.

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

The tables below summarise the Bank's exposure to interest rate risk. Included in the tables are the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Up to <u>1 month</u> HK\$'000	1 - 3 <u>months</u> HK\$'000	3 - 12 <u>months</u> HK\$'000	1 - 5 <u>years</u> HK\$'000	Over <u>5 years</u> HK\$'000	Non- interest bearing HK\$'000	<u>Total</u> HK\$'000
<u>At 31 December 2015</u>							
<u>ASSETS</u>							
Cash and balances with banks and other financial institutions	-	-	-	-	-	416,682	416,682
Money at call and short notice	628,818	-	-	-	-	-	628,818
Placements with banks maturing between one and twelve months	-	1,204,007	410,000	-	-	-	1,614,007
Advances to customers and other accounts	-	60	60	389	30	2,458	2,997
Available-for-sale investments	-	-	-	-	-	11,460	11,460
	<u>628,818</u>	<u>1,204,067</u>	<u>410,060</u>	<u>389</u>	<u>30</u>	<u>430,600</u>	<u>2,673,964</u>
<u>LIABILITIES</u>							
Deposits from customers	1,199,646	862,611	-	-	-	82,874	2,145,131
Other payables	-	-	-	-	-	1,219	1,219
	<u>1,199,646</u>	<u>862,611</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,093</u>	<u>2,146,350</u>
Total interest sensitivity gap	<u>(570,828)</u>	<u>341,456</u>	<u>410,060</u>	<u>389</u>	<u>30</u>	<u>346,507</u>	<u>527,614</u>

TAI YAU BANK, LIMITED

5. FINANCIAL RISK MANAGEMENT - continued

Interest rate risk - continued

	Up to <u>1 month</u> HK\$'000	1 - 3 <u>months</u> HK\$'000	3 - 12 <u>months</u> HK\$'000	1 - 5 <u>years</u> HK\$'000	Over <u>5 years</u> HK\$'000	Non- interest bearing HK\$'000	<u>Total</u> HK\$'000
<u>At 31 December 2014</u>							
<u>ASSETS</u>							
Cash and balances with banks and other financial institutions	-	-	-	-	-	333,954	333,954
Money at call and short notice	865,208	-	-	-	-	-	865,208
Placements with banks maturing between one and twelve months	-	923,307	440,000	-	-	-	1,363,307
Advances to customers and other accounts	-	92	92	432	107	2,406	3,129
Available-for-sale investments	-	-	-	-	-	11,460	11,460
	<u>865,208</u>	<u>923,399</u>	<u>440,092</u>	<u>432</u>	<u>107</u>	<u>347,820</u>	<u>2,577,058</u>
<u>LIABILITIES</u>							
Deposits from customers	1,408,675	574,864	-	-	-	67,016	2,050,555
Other payables	-	-	-	-	-	1,779	1,779
	<u>1,408,675</u>	<u>574,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,795</u>	<u>2,052,334</u>
Total interest sensitivity gap	<u>(543,467)</u>	<u>348,535</u>	<u>440,092</u>	<u>432</u>	<u>107</u>	<u>279,025</u>	<u>524,724</u>

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to floating interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 25 basis point (2014: 25 basis points) increase is used when reporting interest rate risk internally to management and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points (2014: 25 basis points) higher/lower and all other variables were held constant, the impact on the profit after tax, mainly attributable to the Bank's exposure to interest rates on its variable rate customer deposits, would be as follows:

	<u>Impacts</u>	
	<u>2015</u> HK\$'000	<u>2014</u> HK\$'000
Profit after tax	(1,952)/1,952	(2,018)/2,018

Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

5. FINANCIAL RISK MANAGEMENT - continued

Management of liquidity risk

Management is responsible for monitoring the Bank's liquidity position, and does so through the periodic review of the statutory liquidity maintenance ratio, the maturity profile of assets and liabilities, loan-to-deposit ratio and inter-bank transactions. Liquidity policy is monitored by management and reviewed regularly by the CALCO and Board of Directors of the Bank. The Bank's policy is to maintain a conservative level of liquid funds on a daily basis so that the Bank is prepared to meet its obligations when they fall due in the normal course of business and to satisfy statutory liquidity maintenance ratio requirements, and also to deal with any funding crises that may arise. Limits are set on the minimum proportion of maturing funds available to meet all the calls on cash resources such as overnight deposits, current accounts and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The Bank's management sets internal target levels in respect of the daily and monthly average liquidity maintenance ratios. The Bank's accountant is responsible for monitoring these ratios and, where a liquidity position falls under the internal limits, the accountant reports his findings to the management who, after consultation with members of the CALCO, decides the appropriate corrective actions to be taken.

Liquidity table

The following table details the Bank's remaining contractual maturity for its non-derivative financial liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the financial liabilities including interest that will accrue to those liabilities except where the Bank is entitled and intends to repay the liability before its maturity.

	Less than <u>1 month</u> HK\$'000	1 - 3 <u>months</u> HK\$'000	3 months to <u>1 year</u> HK\$'000	1 - 5 <u>years</u> HK\$'000	Over <u>5 years</u> HK\$'000	Total HK\$'000	Carrying amount HK\$'000
FINANCIAL LIABILITIES							
<u>As at 31 December 2015</u>							
Deposits from customers	1,282,614	862,855	-	-	-	2,145,469	2,145,131
Other payables	1,148	71	-	-	-	1,219	1,219
	<u>1,283,762</u>	<u>862,926</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,146,688</u>	<u>2,146,350</u>
<u>As at 31 December 2014</u>							
Deposits from customers	1,475,882	575,080	-	-	-	2,050,962	2,050,555
Other payables	1,705	74	-	-	-	1,779	1,779
	<u>1,477,587</u>	<u>575,154</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,052,741</u>	<u>2,052,334</u>

TAI YAU BANK, LIMITED

5. FINANCIAL RISK MANAGEMENT - continued

Off-balance sheet items

The dates of the contractual amounts of the Bank's off-balance sheet financial instruments that commit it to extend credit to customers and other facilities, financial guarantees (based on the earliest contractual maturity date) are summarised in the table below.

	No later than <u>1 year</u> HK\$'000	<u>1-5 years</u> HK\$'000	<u>Total</u> HK\$'000
<u>At 31 December 2015</u>			
Guarantee, acceptances and other financial facilities	3,490	-	3,490
<u>At 31 December 2014</u>			
Guarantee, acceptances and other financial facilities	3,590	-	3,590

Analysis of assets and liabilities by remaining maturity

The maturity analysis based on the remaining period at the end of the reporting period to the contractual maturity date in accordance with the guideline issued by the Hong Kong Monetary Authority is shown below.

	Maturity Date						Undated HK\$'000	Total HK\$'000
	Repayable on demand HK\$'000	One month or less HK\$'000	Three months or less but over one month HK\$'000	One year or less but over three months HK\$'000	Five years or less but over one year HK\$'000	Over five years HK\$'000		
<u>At 31 December 2015</u>								
<u>ASSETS</u>								
Cash and balances with banks and other financial institutions	416,682	-	-	-	-	-	-	416,682
Money at call and short notice	-	628,818	-	-	-	-	-	628,818
Placements with banks maturing between one and twelve months	-	-	1,204,007	410,000	-	-	-	1,614,007
Advances to customers and other accounts	-	928	1,227	423	389	30	-	2,997
Tax recoverable	-	-	-	285	-	-	-	285
Available-for-sale investments	-	-	-	-	-	-	11,460	11,460
Deferred tax assets	-	-	-	-	-	-	245	245
Equipment and leasehold improvements	-	-	-	-	-	-	-	-
	<u>416,682</u>	<u>629,746</u>	<u>1,205,234</u>	<u>410,708</u>	<u>389</u>	<u>30</u>	<u>11,705</u>	<u>2,674,494</u>
<u>LIABILITIES</u>								
Deposits from customers	864,105	418,415	862,611	-	-	-	-	2,145,131
Other accounts and provisions	1,076	72	71	-	-	-	1,442	2,661
	<u>865,181</u>	<u>418,487</u>	<u>862,682</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,442</u>	<u>2,147,792</u>
Net liquidity gap	(448,499)	211,259	342,552	410,708	389	30	10,263	526,702
<u>At 31 December 2014</u>								
<u>ASSETS</u>								
Cash and balances with banks and other financial institutions	333,954	-	-	-	-	-	-	333,954
Money at call and short notice	-	865,208	-	-	-	-	-	865,208
Placements with banks maturing between one and twelve months	-	-	923,307	440,000	-	-	-	1,363,307
Advances to customers and other accounts	-	1,160	1,081	349	432	107	-	3,129
Available-for-sale investments	-	-	-	-	-	-	11,460	11,460
Deferred tax assets	-	-	-	-	-	-	245	245
Equipment and leasehold improvements	-	-	-	-	-	-	-	-
	<u>333,954</u>	<u>866,368</u>	<u>924,388</u>	<u>440,349</u>	<u>432</u>	<u>107</u>	<u>11,705</u>	<u>2,577,303</u>
<u>LIABILITIES</u>								
Deposits from customers	874,947	600,744	574,864	-	-	-	-	2,050,555
Other accounts and provisions	1,561	144	74	-	-	-	1,442	3,221
	<u>876,508</u>	<u>600,888</u>	<u>574,938</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,442</u>	<u>2,053,776</u>
Net liquidity gap	(542,554)	265,480	349,450	440,349	432	107	10,263	523,527

5. FINANCIAL RISK MANAGEMENT - continued

Fair value of financial assets and liabilities

The fair value of other financial assets and other financial liabilities are determined in accordance with generally accepted pricing models on discounted cash flow analysis.

The directors considered that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements are approximately their fair values.

Capital management

The Bank has adopted a policy of maintaining a strong capital base to:

- comply with the capital requirements under the Banking (Capital) Rules of the Banking Ordinance; and
- support the Bank's stability so as to provide reasonable returns for shareholders.

Capital adequacy ratio, computed as a ratio of total regulatory capital to the risk-weighted assets, has remained well above the statutory minimum ratio for the past two years.

Capital adequacy position and the use of regulatory capital are monitored closely by the Bank's management, employing techniques based on the Banking (Capital) Rules. The required information is filed with the Hong Kong Monetary Authority on a quarterly basis in the form of a statistical return.

The Bank has an established business planning process to assess the adequacy of its capital to support current and future activities. The process states the Bank's capital adequacy goals in relation to risk, taking into account its strategic focus and business plan.

6. INTEREST INCOME

	<u>2015</u> HK\$	<u>2014</u> HK\$
Interest on deposits with banks	12,783,449	16,946,646
Interest on advances to customers	344	335
	<u>12,783,793</u>	<u>16,946,981</u>

7. INTEREST EXPENSE

	<u>2015</u> HK\$	<u>2014</u> HK\$
Interest on deposits from customers	<u>1,400,736</u>	<u>2,354,527</u>

TAI YAU BANK, LIMITED

8. OTHER OPERATING INCOME

	<u>2015</u> HK\$	<u>2014</u> HK\$
Dividends from unlisted available-for-sale investments	3,660,000	3,480,000
Fees and commission income	30,062	31,525
Other income	15,058	9,562
	<u>3,705,120</u>	<u>3,521,087</u>

9. OPERATING EXPENSES

	<u>2015</u> HK\$	<u>2014</u> HK\$
Auditor's remuneration	540,000	500,000
Depreciation and amortisation of equipment and leasehold improvements	-	36,941
Net exchange loss arising from foreign currencies position	474,563	478,134
Directors' emoluments		
- fees	420,000	420,000
- other emoluments	1,120,000	1,120,000
Other operating expenses	2,063,541	2,518,141
Operating lease payments	1,181,714	1,173,372
Staff costs		
- salaries and bonus	5,913,826	5,628,884
- contributions to Mandatory Provident Fund	198,453	185,635
	<u>11,912,097</u>	<u>12,061,107</u>

10. INCOME TAX EXPENSE

The tax charge comprises:

	<u>2015</u> HK\$	<u>2014</u> HK\$
Hong Kong Profits Tax		
- Current year	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated profit for both years.

TAI YAU BANK, LIMITED

10. INCOME TAX EXPENSE - continued

The tax charge for the year can be reconciled to the profit per the statement of profit or loss and other comprehensive income as follows:

	<u>2015</u> HK\$	<u>2014</u> HK\$
Profit before tax	3,176,080	6,052,434
Tax at Hong Kong Profits Tax rate of 16.5%	524,053	998,652
Tax effect of income not taxable	(603,900)	(574,200)
Utilisation of tax losses previously not recognised	-	(422,165)
Tax effect of tax losses not recognised	87,508	-
Others	(7,661)	(2,287)
	<u>-</u>	<u>-</u>

At the end of the reporting period, the Bank has unused tax losses of approximately HK\$1,359,000 (2014: HK\$829,000) available for offset against future profits. The tax losses can be carried forward indefinitely.

11. ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS

The advances to customers and other accounts comprise:

	<u>2015</u> HK\$	<u>2014</u> HK\$
Advances to customers	539,500	722,500
Interest receivable	2,457,062	2,406,562
	<u>2,996,562</u>	<u>3,129,062</u>

There was no impaired loan as at 31 December 2015 and 31 December 2014.

12. OVERDUE, RESCHEDULED AND REPOSSESSED ASSETS

There were no overdue, rescheduled and repossessed assets as at 31 December 2015 and 31 December 2014.

TAI YAU BANK, LIMITED

13. AVAILABLE-FOR-SALE INVESTMENTS

	<u>2015</u> HK\$	<u>2014</u> HK\$
Unlisted securities:		
- equity securities at cost	11,160,000	11,160,000
- club debentures	<u>300,000</u>	<u>300,000</u>
Total	<u><u>11,460,000</u></u>	<u><u>11,460,000</u></u>

All unlisted securities are issued by corporate entities in Hong Kong. The unlisted equity securities are measured at cost less impairment at the end of the reporting period because the directors are of the opinion that their fair values cannot be measured reliably.

14. DEFERRED TAXATION

The followings are the major deferred tax assets and deferred tax liabilities recognised by the Bank.

	<u>Accelerated</u> <u>tax</u> <u>depreciation</u> HK\$	<u>Provision for</u> <u>long service</u> <u>payments</u> HK\$	<u>Total</u> HK\$
At 1 January 2014, 31 December 2014 and 31 December 2015	<u>(1,391)</u>	<u>246,785</u>	<u>245,394</u>

The directors consider movements in deferred tax assets and liabilities during the current and prior years are not significant.

15. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

	<u>Equipment</u> HK\$	<u>Leasehold</u> <u>improvements</u> HK\$	<u>Total</u> HK\$
COST			
At 1 January 2014	738,924	1,472,938	2,211,862
Additions	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2014 and 31 December 2015	<u>738,924</u>	<u>1,472,938</u>	<u>2,211,862</u>
ACCUMULATED DEPRECIATION AND AMORTISATION			
At 1 January 2014	701,983	1,472,938	2,174,921
Provided for the year	<u>36,941</u>	<u>-</u>	<u>36,941</u>
At 31 December 2014 and 31 December 2015	<u>738,924</u>	<u>1,472,938</u>	<u>2,211,862</u>
CARRYING AMOUNT			
At 31 December 2015	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
At 31 December 2014	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

The above items of equipment and leasehold improvements are depreciated and amortised on a straight-line basis at 33.3% per annum.

TAI YAU BANK, LIMITED

16. DEPOSITS FROM CUSTOMERS

	<u>2015</u> HK\$	<u>2014</u> HK\$
Current accounts	82,873,382	67,016,092
Savings deposits	781,231,516	807,930,719
Time, call and notice deposits	1,281,026,001	1,175,608,725
	<u>2,145,130,899</u>	<u>2,050,555,536</u>

17. OTHER ACCOUNTS AND PROVISIONS

	<u>2015</u> HK\$	<u>2014</u> HK\$
Interest payable	143,694	218,010
Provision for long service payments	1,441,633	1,441,633
Others	1,075,727	1,560,987
	<u>2,661,054</u>	<u>3,220,630</u>

18. SHARE CAPITAL

	<u>Number</u> <u>of shares</u>	<u>Amount</u> HK\$
Authorised:		
At 1 January 2014		
Ordinary shares of HK\$100 each	3,000,000	300,000,000
At 31 December 2014 and 31 December 2015	<u>N/A (Note)</u>	<u>N/A (Note)</u>
Issued and fully paid:		
At 1 January 2014		
Ordinary shares of HK\$100 each	3,000,000	300,000,000
At 31 December 2014 and 31 December 2015		
Ordinary shares with no par value	<u>3,000,000</u>	<u>300,000,000</u>

Note: The Bank has no authorised share capital and its shares have no par value since the commencement date of the new Hong Kong Companies Ordinance (i.e. 3 March 2014).

There was no movement in the Bank's share capital for both years.

TAI YAU BANK, LIMITED

19. OFF-BALANCE SHEET EXPOSURES

At the end of the reporting period, the Bank has the following outstanding contractual amounts of contingent liabilities and commitments:

	<u>2015</u> HK\$	<u>2014</u> HK\$
Direct credit substitutes	<u>3,490,000</u>	<u>3,590,000</u>

The credit risk weighted amount of contingent liabilities and commitments is HK\$Nil (2014: HK\$Nil).

20. RETIREMENT BENEFITS PLAN

The Bank operates a Mandatory Provident Fund Scheme (the "Scheme") for all qualifying employees. The assets of the Scheme are held separately from those of the Bank, in funds under the control of trustees. The Bank contributes 5% of relevant payroll costs to the Scheme, and the related contribution is matched by the respective employee.

Contributions payable to the Scheme by the Bank for the year amounting to HK\$198,453 (2014: HK\$185,635) have been charged to the statement of profit or loss and other comprehensive income.

21. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Bank had commitments for future minimum lease payments under non-cancellable operating leases for office premises which fall due as follows:

	<u>2015</u> HK\$	<u>2014</u> HK\$
Within one year	1,120,080	461,500
In the second to fifth years inclusive	<u>466,700</u>	<u>-</u>
	<u>1,586,780</u>	<u>461,500</u>

Operating lease payments represent rentals payable by the Bank for its office premises. The current lease will expire in 2017 (2014: expire in 2015) and rent is fixed for the lease period.

22. RELATED PARTY TRANSACTIONS

The Bank has undertaken a number of transactions, which include principally the acceptance of deposits, with its related parties, including key management personnel and their close family members and companies controlled or significantly influenced by them.

During the year, the Bank entered into the following transactions with related parties:

	<u>2015</u> HK\$	<u>2014</u> HK\$
Interest expense on deposits	734,251	1,196,001
Rental and other related expenses	1,181,714	1,173,372
	<u>1,915,965</u>	<u>2,369,373</u>

At the end of the reporting period, the Bank had the following outstanding balances with related parties:

	<u>2015</u> HK\$	<u>2014</u> HK\$
Current accounts	58,583,049	45,438,799
Savings deposits	675,572,118	570,612,965
Time, call and notice deposits	734,494,435	757,887,710
	<u>1,468,649,602</u>	<u>1,373,939,474</u>

The balance of current accounts is non-interest bearing and repayable on demand. The balance of savings deposits is interest bearing at 0.01% and repayable on demand. The balance of time, call and notice deposits is interest bearing ranging from 0.01% to 0.31% (2014: 0.01% to 0.31%) with maturity from within one month to three months.

The transactions were carried out on terms similar to those applicable to transactions with unrelated parties.

The Bank has issued letters of guarantee, majority to utility companies in lieu of deposits amounting to HK\$3,490,000 (2014: HK\$3,490,000) for a company connected with directors of the Bank and of which the Bank is a shareholder.

Key management compensation

	<u>2015</u> HK\$	<u>2014</u> HK\$
Salaries and allowances (including directors' fees)	4,273,600	4,144,002
	<u>4,273,600</u>	<u>4,144,002</u>

There were no sign-on awards and severance payments provided during the year ended 31 December 2015 (2014: HK\$Nil).

TAI YAU BANK, LIMITED

Unaudited Supplementary Financial Information
For the year ended 31 December 2015

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2015

The unaudited supplementary financial information regarding corporate governance and other financial information disclosed pursuant to the Banking (Disclosures) Rules issued by the Hong Kong Monetary Authority is as follows:

1. CORPORATE GOVERNANCE

The Board of Directors is assisted by the Audit Committee, Credit, Asset and Liability Management Committee, Remuneration Committee and Executive Committee in corporate governance matters.

The Audit Committee consists of three independent non-executive directors and one non-executive director who report regularly to the Board. It monitors compliance with policies approved by the Board and other internal and statutory regulations. It provides an oversight of the Bank's internal and external auditors and thereby assists the Board in providing independent review of the effectiveness of the financial reporting process and internal control systems of the Bank.

The Credit, Asset and Liabilities Management Committee comprises the Managing Director, Alternative Chief Executive, the General Manager, the Manager, the Treasurer and the Heads of Accounts and Operations. The Committee is established to implement and maintain the overall risk management framework relating to credit, liquidity positions, cash flows, maturities, interest rate as well as exchange rate trends and compliance functions. It also acts as support for the Remuneration Committee.

The Bank has established a Remuneration Committee with specific written Terms of Reference which deal clearly with its authority and duties. The Remuneration Committee consists of three independent non-executive directors and one non-executive director who report regularly to the Board. The Remuneration Committee is responsible for making recommendations to the Board on the Bank's policy, practices and structure for all remunerations of Directors and members of Senior Management, and determining their specific remuneration packages. The Bank will ensure that no Director or any of his associates is involved in deciding his own remuneration and at least an annual review of the Bank's remuneration system and its operation is carried out independently of management. During the year 2015, two meetings were held and attended by all committee members.

The Remuneration Committee is provided with sufficient resources to discharge its duties. The following is a summary of the work performed during the year:

- (i) Reviewed the remuneration systems and its operations of the Bank;
- (ii) Reviewed annual salary payment for the year;
- (iii) Reviewed the remuneration of senior management, key personnel and other staff; and
- (iv) Reviewed the remuneration policy.

1. CORPORATE GOVERNANCE - continued

The Bank has reviewed its remuneration policy for all employees of the Bank. The remuneration policy covers guidelines and procedures that are commensurate with the business of the Bank. It also supports the Bank's ethical values, objectives, strategies and control environment. The remuneration structure is designed to encourage employee behavior that supports the Bank's risk management framework and long-term financial soundness. There was no change to our remuneration policy during the year.

The remuneration package of the Bank consists entirely of fixed salary payable in cash only. In considering the remuneration structure, the Bank has regarded to the seniority, role, responsibilities and activities of the employees and the need to promote behavior among employees that supports the Bank's risk management framework and long-term financial soundness.

A systematic role evaluation methodology is used to establish each employee's appropriate level of remuneration. By means of an annual/periodic performance review, the degree to which each employee is satisfying the requirements of the role and the degree to which established performance objectives have been achieved are to be assessed. The Bank will reward employees' achievement by directly linking pay to performance outcomes. Poor performance may affect the level of remuneration increment in the coming year.

The senior management consisting of 8 persons and key personnel of 6 persons were paid with fixed remuneration in cash of HK\$3,109,026 and HK\$1,164,574 respectively during the year, totalling HK\$4,273,600 (2014: HK\$4,144,002). We did not provide other form of remuneration including guaranteed bonuses, sign-on awards and severance payments during the year.

The Executive Committee consists of at least three, but no more than five executive directors including the Chairman. The Committee ensures the continuity in the management of the business and affairs of the Bank and carries the full power and authority of the Board on matters requiring urgent approval or other action of the Board in between board meetings.

The directors of the Bank are of the opinion that the Bank has complied with the Supervisory Policy Manual "Corporate Governance of Locally Incorporated AIs" issued by the Hong Kong Monetary Authority.

2. SEGMENTAL INFORMATION

(a) By geographical area

All the business operations of the Bank are in Hong Kong.

(b) By class of business

The Bank operates predominantly in the commercial banking business.

TAI YAU BANK, LIMITED

2. SEGMENTAL INFORMATION - continued

(c) Advances to customers - by industry sectors

The information concerning advances to customers by industry sectors has been classified according to the usage of the loan and is stated gross of any provisions.

	<u>2015</u> HK\$	<u>2014</u> HK\$
Loans for use in Hong Kong		
Individuals - other private purposes	<u>539,500</u>	<u>722,500</u>

The loan borrowers are predominantly located in Hong Kong.

3. OTHER FINANCIAL INFORMATION

(a) Liquidity position

The average liquidity maintenance ratio is the simple average of each calendar month's average liquidity maintenance ratio. Each monthly average liquidity maintenance ratio is calculated as the ratio of the average liquefiable assets to the average qualifying liabilities after relevant deductions in accordance with the Banking (Liquidity) Rules effective from 1 January 2015.

The average liquidity ratio for year ended 31 December 2014 was the simple average of each calendar month's average ratio. Each monthly average liquidity ratio was calculated as the ratio of the average liquefiable assets to the average qualifying liabilities, as specified in the Fourth Schedule of Banking Ordinance.

	<u>31.12.2015</u> %	<u>31.12.2014</u> %
Average liquidity maintenance ratio for the year	<u>66.54</u>	<u>N.A.</u>
Average liquidity ratio for the year	<u>N.A.</u>	<u>77.26</u>

3. OTHER FINANCIAL INFORMATION - continued

(b) Capital adequacy

Capital adequacy ratios were calculated on a solo basis, 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 on 1 January 2013 for the implementation of the "Basel III" capital accord. The Bank has adopted the basic approach for the calculation of the risk-weighted assets for credit risk and the basic indicator approach for the calculation of operational risk.

	<u>2015</u> %	<u>2014</u> %
Total capital ratio	<u>106.85</u>	<u>106.84</u>
Tier 1 capital ratio	<u>106.83</u>	<u>106.82</u>
Common Equity Tier 1 capital ratio	<u>106.83</u>	<u>106.82</u>

The detailed disclosures required by the Banking (Disclosure) Rules will be disclosed under "Regulatory Disclosures" on the website of the Bank (www.tybhk.com.hk).

(c) Leverage ratio

The bank is required under section 45A of the Banking (Disclosure) Rules to disclose its leverage ratio effective from 31 March 2015. Leverage ratio was calculated on a solo basis, in accordance with the Capital Rules issued by the HKMA. Comparative figures are not required as this is the first year of disclosure.

	<u>31.12.2015</u> %
Leverage ratio	<u>19.66</u>

The detailed disclosures can be viewed under "Regulatory Disclosures" on the website of the Bank (www.tybhk.com.hk).

(d) Capital charge for operational risk

The capital charge for operational risk calculated in accordance with the basic indicator approach at the end of the reporting period is:

	<u>2015</u> HK\$'000	<u>2014</u> HK\$'000
Capital charge for operational risk	<u>2,329</u>	<u>2,326</u>

4. OPERATIONAL RISK

Operational risk is the risk of unexpected losses attributable to human error, systems failures, fraud, or inadequate internal controls and procedures.

Risk management is carried out by the Credit, Asset and Liability Management Committee under the policies approved by the Board of Directors to manage operational risks through proper human resources policies, delegation of authorities, segregation of duties, and timely and accurate management information.

A comprehensive contingency plan is available to ensure that key business functions continue and normal operations are restored effectively and efficiently in the event of business interruption.

5. INTERNATIONAL CLAIMS

The information of international claims discloses exposures to counterparties on which the ultimate risk lies, and is derived according to the location of the counterparties after taking into account any transfer of risk. In general, such transfer of risk takes place if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country. Only countries constituting 10% or more of the aggregated international claims are disclosed.

	<u>Banks</u> HK\$'000
<u>As at 31 December 2015</u>	
Developed countries	58,507
Offshore centres	341,367
- of which: Hong Kong	241,281
Developing Asia and Pacific	1,044,625
- of which: China	772,791
Taiwan	121,722
Malaysia	150,112
<u>As at 31 December 2014</u>	
Developed countries	258,503
- of which: Japan	250,090
Offshore centres	295,014
- of which: Hong Kong	245,004
Developing Asia and Pacific	967,094
- of which: China	472,997
Taiwan	293,897
Malaysia	200,200

TAI YAU BANK, LIMITED

6. CURRENCY RISK

Foreign currency exposure arising from non-trading and structural position which constitute 10% or more of the total net position in all foreign currencies are as follows:

	<u>At 31 December 2015</u> (Equivalent in HK\$)			<u>Total</u>
	<u>USD</u>	<u>GBP</u>	<u>CAD</u>	
Spot assets	80,696,485	232,704,094	9,083,262	322,483,841
Spot liabilities	(71,217,960)	(230,036,161)	(6,402,677)	(307,656,798)
Net long position	<u>9,478,525</u>	<u>2,667,933</u>	<u>2,680,585</u>	<u>14,827,043</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	<u>At 31 December 2014</u> (Equivalent in HK\$)			<u>Total</u>
	<u>USD</u>	<u>GBP</u>	<u>CAD</u>	
Spot assets	80,054,206	257,901,317	10,675,493	348,631,016
Spot liabilities	(71,835,134)	(255,259,225)	(7,537,503)	(334,631,862)
Net long position	<u>8,219,072</u>	<u>2,642,092</u>	<u>3,137,990</u>	<u>13,999,154</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

7. OVERDUE AND RESCHEDULED LOANS AND OTHER ASSETS

As at the end of the reporting period, the Bank had no overdue or rescheduled loans and other assets.

8. MAINLAND ACTIVITIES

As at the end of the reporting period, the Bank had no non-bank exposures in the Mainland.

9. COMPLIANCE WITH DISCLOSURE REQUIREMENTS

In preparing the financial statements for the year ended 31 December 2015, the Bank has fully complied with the requirements set out in the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority.

財務披露報表

大有銀行有限公司

截至 2015 年 12 月 31 日止年度之
報告書及財務報表

大有銀行有限公司

報告書及財務報表

截至 2015 年 12 月 31 日止年度

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大有銀行有限公司

董事會報告書

董事會現呈截至 2015 年 12 月 31 日止年度之年報及經審核之財務報表。

主要業務

本銀行是於香港註冊成立之私人有限公司，是一間根據香港銀行條例授權註冊的持牌銀行。本銀行為客戶提供銀行與財務有關的服務及香港同業存放。

業務回顧

上述之活動均在審慎的風險管理下進行。鑑於經濟環境轉變迅速，本銀行就市場波動作出密切監察，以監控流動性風險以及促進資產收益。

財務數據分析

於二零一五年，經營收入在扣除減值準備金後為3,176,080港元（2014年：6,052,434港元），較上財政年度下降48%。同業存放之存款利息（年利率介乎0.04%至1.05%）金額為12,783,449港元（2014年：16,946,646港元），較上財政年度低25%。本年度的資產總值為2,674,494,792港元較上財政年度增加4%（2014年：2,577,302,925港元）。

就本銀行之經營支出而言，當中董事酬金以及員工費用為7,652,279港元（2014年：7,354,519港元），本年度較上財政年度有4%增加。

由於本年度資產總值的上升，總資本比率為106.85%（2014年：106.84%）較上財政年度上升0.01%。而本年度的一級資本比率和普通股權一級資本比率均維持於106.83%（2014年：106.82%）。

整體而言，本行擁有良好的資產水平，而撥備覆蓋率、資本充足比率、平均流動性維持比率均較相關法定要求高。可見我們有著穩健的業務及良好的財務狀況。

環境政策和表現

可持續發展和保護環境對我們的客戶、股東、政府和普羅大眾是重要議題。因此，本銀行在業務營運的每個可行範疇均致力減少碳足跡和天然資源的消耗。

我們的環保策略重點是在提供優質高效服務與致力減低溫室氣體排放和損害環境之間取得平衡。從而，本銀行已採取積極主動的做法，以電話、電子郵件或其他高效環保的通訊方式進行內部和對外通訊。因此，我們能夠將印刷減至最低。

目前，除合同及股票等法律文件以及就審核或法律目的所需的文件憑證外，本銀行避免保存所有文件和報告的印刷本。各類文件均掃描並在電子系統中保存以便未來檢索。

電子郵件和電子訊息已取代部份正式和非正式通訊（不論是對外或內部）中所使用的信件。

遵守法律和法規

本銀行所經營的行業受到嚴格規管，若不符監管規定，我們可能被吊銷營業執照。從而，我們與監管機構之間關係的有效管理能左右本銀行的成就及其長遠價值。因此，我們將遵守相關規則和規例列作首要任務並恪守新法律。

於回顧年度，為確保銀行已遵守有關規則和規例並保持高品質的企業管治水平，我們已通過和實施相關措施並進行有效的資源調配。

遵守此等法律、法規和類似規定可能甚為繁瑣和所費不菲。任何有關成本（可能因為此等法律法規或相關詮釋的改變而產生）可單獨或合計使到本銀行的服務對客戶的吸引力減少；新服務因此須延期推出；或導致本銀行改變或限制其商業慣常做法。本銀行已實行旨在遵守最相關法律法規的政策和程序，惟無法保證本銀行的僱員或代理將不會違反有關法律法規或本銀行的政策和程序。

僱傭關係

本銀行的僱員是本銀行最重要的資產和持份者之一，銀行一直珍視彼等的貢獻和支持。本銀行根據行業基準、財務業績以及僱員個人表現定期檢討薪酬和福利政策。本銀行亦提供其他附帶福利及強制性公積金以挽留忠誠僱員，務求構建專業的員工和管理團隊，推動本銀行續創佳績。從銀行的低員工流失率可見員工樂意留效本銀行。此外，本銀行十分重視僱員的培訓和發展，並視優秀僱員為其競爭力的關鍵要素。

大有銀行有限公司

與客戶和供應商的關係

董事們相信與客戶保持融洽關係一直是本銀行取得佳績的關鍵因素之一。我們的使命是為客戶提供最出色的服務。本銀行不斷尋找方法，通過提升服務水平而增進客戶關係。通過上文所述，我們冀望促進與現有客戶的商機並招徠新的潛在客戶。

本銀行因主要業務的性質並無主要供應商。

主要風險和不確定因素

本銀行面對的主要風險和不確定因素包括策略、營運和財務風險。

策略風險

各董事根據其時所知的外部環境以及多項預測和估計而在各財政年度年結時訂有策略計劃及財務預算。鑑於金融業的不可預見外部環境的轉變迅速，本銀行在更改策略計劃以應對外部環境中未能預見的轉變時，乃就本身的商業決定及資本開支需求面對顯著的策略風險。

營運風險

管理層定期審視本銀行的營運，以確保本銀行因欺詐、錯誤、遺漏以及其他營運和合規事宜而蒙受損失（無論是財務或其他方面）的風險得到充分管控。本銀行亦制訂本身的業務永續計劃，以就本銀行業務持續運作受到中斷的風險提供保障。

財務風險

主要財務風險載於財務報表附註5「財務風險管理」。

報告期後事項

報告期後無重大事項發生。

業績及分配

本銀行截至 2015 年 12 月 31 日止年度之業績詳列載於第 8 頁之損益及其他全面收益表內。

董事會不建議派發股息，並提議留存本年之盈利。

大有銀行有限公司

設備及租賃物業裝修

本銀行的設備及租賃物業裝修之變動詳列於財務報表附註 15 內。

股本

本銀行之股本詳情詳列載於財務報表附註 18 內。本年內沒有任何股本變動。

可供分派儲備

本銀行於 2015 年 12 月 31 日的可供分派予股東之儲備包括保留溢利港幣 226,602,839 元（2014 年：港幣 223,426,759 元）。

董事

本年內及於本報告書發表時，本銀行董事如下：

高福球先生
高福楹先生
高世準先生
高世杰先生
高世堅先生
高孟儀女士
張鄭寶蓮女士
楊贊韶先生
阮民英先生

根據本銀行之組織章程，所有董事將會退任，惟符合資格並願意參選連任。

大有銀行有限公司

認購股份及債券權益之安排

本銀行在本年內任何時間，並未涉及任何使本銀行的董事可透過認購本銀行或其他法人團體之股份或債券而獲取利益的合約安排。

董事在重要合約之利益

於年結日或本年度內任何時間，本銀行各董事概無直接或間接在本銀行所訂立之重要合約中享有重大的直接或間接利益。

獲准許的彌償條文

由本財政年度期間至本董事會報告書簽發日均沒有任何有效的獲准許彌償條文令任何董事及子公司獲益。

核數師

本銀行將於股東週年大會上提呈續聘德勤·關黃陳方會計師行為本銀行核數師之決議案。

承董事會命

高福球

主席

2016年3月29日

獨立核數師報告書

致大有銀行有限公司股東
(於香港註冊成立之有限公司)

本核數師(以下簡稱「我們」)已審計列載於第 8 頁至第 36 頁大有銀行有限公司(「貴銀行」)的財務報表,此財務報表包括於二零一五年十二月三十一日之財務狀況表,與截至該日止年度的損益及其他全面收益表、股東權益變動表及現金流量表,以及主要會計政策概要及其他附註解釋資料。

董事就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佈的香港財務報告準則及香港《公司條例》編製及真實而公平地列報該等財務報表,以及維持董事認為必要的有關內部控制,以確保編制財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

核數師的責任

我們的責任是根據我們審計工作的結果,對該等財務報表作出獨立的意見,並按照香港《公司條例》第 405 節僅向股東作出報告,而報告將不適用於其他用途。我們不會就本報告的內容,向任何其他人士負上或承擔任何責任。我們已根據香港會計師公會頒佈的香港審計準則進行審計。這些準則要求我們遵守道德規範,並規劃及執行審計,以合理確定此等財務報表是否不存有任何重大錯誤陳述。

審計涉及執程序以獲取有關財務報表所載金額及披露資料的審計憑證。所選定的程序取決於核數師的判斷,包括評估由於欺詐或錯誤而導致財務報表存在重大錯誤陳述的風險。在評估該等風險時,核數師考慮與該公司編製財務報表及真實而公平地列報財務報表相關的內部控制,以設計適當的審計程序,但並非為對公司的內部控制的效能發表意見。審計亦包括評價董事所採用的會計政策的合適性及所作出的會計估計的合理性,以及評價財務報表的整體列報方式。

我們相信,我們所獲得的審計憑證能充足和適當地為我們的審計意見提供基礎。

獨立核數師報告書

致大有銀行有限公司股東－續
(於香港註冊成立之有限公司)

意見

我們認為，該等財務報表已根據香港財務報告準則真實而公平地反映 貴銀行於二零一五年十二月三十一日的財務狀況及截至該日止年度的財務表現及現金流量，並已按照香港《公司條例》妥為編製。

德勤·關黃陳方會計師行
香港執業會計師

2016年3月29日

大有銀行有限公司

損益及其他全面收益表
截至 2015 年 12 月 31 日止年度

	附註	2015 年 港幣	2014 年 港幣
利息收入	6	12,783,793	16,946,981
利息支出	7	(1,400,736)	(2,354,527)
淨利息收入		<u>11,383,057</u>	<u>14,592,454</u>
其他經營收入	8	3,705,120	3,521,087
經營收入		<u>15,088,177</u>	<u>18,113,541</u>
經營支出	9	(11,912,097)	(12,061,107)
除稅前溢利		<u>3,176,080</u>	<u>6,052,434</u>
利得稅支出	10	-	-
全年溢利及其他全面收益總額		<u><u>3,176,080</u></u>	<u><u>6,052,434</u></u>

財務狀況表

截至 2015 年 12 月 31 日止年度

	附註	2015 年 港幣	2014 年 港幣
資產			
庫存現金及與銀行及其他金融機構的結存		416,682,131	333,953,721
即期及短期同業存放		628,818,325	865,207,872
一至十二個月內到期之定期同業存放		1,614,007,054	1,363,306,876
客戶貸款及其他賬項	11	2,996,562	3,129,062
可收回稅項		285,326	-
可供出售投資	13	11,460,000	11,460,000
遞延稅項資產	14	245,394	245,394
設備及租賃物業裝修	15	-	-
資產總額		<u><u>2,674,494,792</u></u>	<u><u>2,577,302,925</u></u>
負債			
客戶存款	16	2,145,130,899	2,050,555,536
其他賬項及撥備	17	2,661,054	3,220,630
		<u>2,147,791,953</u>	<u>2,053,776,166</u>
資本來源			
股本	18	300,000,000	300,000,000
儲備		226,702,839	223,526,759
股東權益		<u>526,702,839</u>	<u>523,526,759</u>
負債及資本來源總額		<u><u>2,674,494,792</u></u>	<u><u>2,577,302,925</u></u>

載於第 8 頁至第 36 頁之財務報表已於 2016 年 3 月 29 日獲董事會審核通過並授權簽署及印發。

董事: 高福球先生

高世準先生

高世堅先生

大有銀行有限公司

股東權益變動表

截至 2015 年 12 月 31 日止年度

	股本 港幣	保留溢利 港幣	一般儲備 港幣	法定儲備 港幣	資本儲備 港幣	合共 港幣
於 2014 年 1 月 1 日結餘	300,000,000	165,867,266	46,000,000	100,000	5,507,059	517,474,325
全年溢利及其他全面收益總額	-	6,052,434	-	-	-	6,052,434
於 2014 年 12 月 31 日結餘	300,000,000	171,919,700	46,000,000	100,000	5,507,059	523,526,759
全年溢利及其他全面收益總額	-	3,176,080	-	-	-	3,176,080
於 2015 年 12 月 31 日結餘	300,000,000	175,095,780	46,000,000	100,000	5,507,059	526,702,839

附註： 法定儲備是根據香港金融管理局之要求而成立及派發予本銀行股東前須諮詢香港金融管理局之意見。

一般儲備和法定儲備來自以往年度的保留溢利。

現金流量表
截至 2015 年 12 月 31 日止年度

	2015 年 港幣	2014 年 港幣
經營業務		
除稅前溢利	3,176,080	6,052,434
調整項目：		
利息收入	(12,783,793)	(16,946,981)
利息支出	1,400,736	2,354,527
折舊	-	36,941
非上市可供出售投資股息	(3,660,000)	(3,480,000)
營運資金變動前之經營業務現金流量	(11,866,977)	(11,983,079)
原定到期日逾三個月之即期及短期同業存放之 增加	(38,006,000)	(247,082,458)
原定到期日逾三個月之定期同業存放之(增加)減少	(197,500,000)	6,922,000
客戶貸款之減少(增加)	183,000	(267,000)
客戶存款之增加	94,575,363	96,151,769
其他賬項及撥備之減少	(485,260)	(1,939,703)
經營業務之現金使用淨額	(153,099,874)	(158,198,471)
已收利息	12,733,293	16,753,451
已支利息	(1,475,052)	(2,235,370)
已支稅項	(285,326)	-
經營業務之現金使用淨額	(142,126,959)	(143,680,390)
投資業務		
非上市可供出售投資股息	3,660,000	3,480,000
投資業務之現金流入淨額	3,660,000	3,480,000
淨現金及等同現金項目之減額	(138,466,959)	(140,200,390)
一月一日的現金及等同現金項目	1,151,968,469	1,292,168,859
十二月三十一日的現金及等同現金項目	1,013,501,510	1,151,968,469
現金及等同現金項目分析		
庫存現金及與銀行及其他金融機構的結存	416,682,131	333,953,721
原定到期日至三個月或以下之即期及短期同業存放	242,812,325	517,207,872
原定到期日至三個月或以下之定期同業存放	354,007,054	300,806,876
	1,013,501,510	1,151,968,469

1. 一般事項

本銀行是於香港註冊成立之私人有限公司，是一間根據香港銀行條例授權註冊的持牌銀行。本銀行之註冊地址及主要營業地點為香港灣仔菲林明道 8 號大同大廈 29 樓。

本銀行主要業務為客戶提供銀行與財務有關的服務及香港同業存放。

本銀行之財務報表是以港幣呈列，及主要交易項目亦均以港幣結算。

2. 採用新頒佈及經修訂香港財務報告準則

本年度採用經修訂的香港財務報告準則

於本年度，本銀行已採用由香港會計師公會頒佈的若干經修訂香港財務報告準則並於 2015 年止財務年度強制生效。

於本年度採用經修訂香港財務報告準則對本銀行於本年度及過往年度的財務表現及狀況及／或於該等財務報表所載之披露並無重大影響。

已頒佈但尚未生效之新頒佈或經修訂準則

本銀行並無提早採用以下已頒佈但尚未生效並與本銀行可能有關之新頒佈或經修訂香港財務報告準則：

香港財務報告準則第 9 號	金融工具 ¹
香港財務報告準則第 15 號	客戶合同之收入 ¹
香港會計準則第 1 號（修訂）	披露原則 ²
香港會計準則第 16 號及 第 38 號（修訂）	闡明可接受之折舊及攤銷方式 ²
香港財務報告準則（修訂）	香港財務報告準則 2012 年至 2014 年週期之年度改進 ²

¹ 於 2018 年 1 月 1 日或以後開始的年度期間開始生效並准許提早應用。

² 於 2016 年 1 月 1 日或以後開始的年度期間開始生效並准許提早應用。

2. 採用新頒佈及經修訂香港財務報告準則 - 續

香港財務報告準則第9號「金融工具」

於二零零九年頒佈之香港財務報告準則第9號引入金融資產分類及計量之新規定。香港財務報告準則第9號其後於二零一零年修訂，以包括金融負債之分類及計量及取消確認之規定，其後於二零一三年進一步修訂，以包括有關一般對沖會計法之新規定。於二零一四年頒佈之香港財務報告準則第9號之另一個經修訂版本主要加入 1)有關金融資產之減值規定；及 2)藉為若干簡單債務工具引入「按公允值計入其他全面收益」計量類別，對分類及計量規定作出有限修訂。

香港財務報告準則第9號之主要規定列述如下：

- 符合香港會計準則第39號「金融工具：確認及計量」範圍內之所有已確認金融資產其後均須按攤銷成本或公允值計量。具體而言，目的為收集合約現金流量之業務模式內所持有，以及合約現金流量僅為償還本金及尚未償還本金所產生利息之債務投資，一般於其後會計期間結束時按攤銷成本計量。於目的為同時收回合約現金流及出售金融資產之業務模式中持有之債務工具，以及金融資產條款令於特定日期產生之現金流純粹為支付本金及未償還本金之利息的債務工具，以按公允值計入其他全面收益之方式計量。所有其他債務投資及股本投資均於其後會計期間結束時按公允值計量。此外，根據香港財務報告準則第9號，實體可作出不可撤回選擇以於其他全面收益呈列股本投資（並非持作買賣）之其後公允值變動，而一般僅於損益內確認股息收入。
- 就指定為按公允值於損益確認之金融負債之計量而言，香港財務報告準則第9號規定金融負債信貸風險變動導致該負債公允值變動之金額於其他全面收益呈列，除非於其他全面收益確認該負債之信貸風險變動影響會導致或擴大於損益之會計錯配。金融負債信貸風險變動導致金融負債公允值變動其後不會重新分類至損益。根據香港會計準則第39號，指定為按公允值於損益確認之金融負債公允值變動全部金額於損益呈列。
- 與香港會計準則第39號項下已產生信貸虧損模式計算相反，香港財務報告準則第9號規定按預期信貸虧損模式計算金融資產之減值。預期信貸虧損模式規定實體於各報告日期將預期信貸虧損及該等預期信貸虧損之變動入賬，以反映信貸風險自初始確認以來之變動。換言之，毋須再待信貸事件發生方確認信貸虧損。

2. 採用新頒佈及經修訂香港財務報告準則 - 續

香港財務報告準則第9號「金融工具」 - 續

- 新訂一般對沖會計規定保留三種對沖會計處理類別。然而，新規定為合資格作對沖會計的各類交易提供更大的靈活性，特別是增加合資格作為對沖工具的工具類別及合資格作對沖會計的非金融項目之風險組成類別。此外，成效測試經仔細檢討並以「經濟關係」原則取代，對沖成效亦毋須進行追溯評核。新規定同時引入增加披露有關實體風險管理活動的規定。

董事預期日後採納香港財務報告準則第 9 號將對本銀行金融資產及金融負債所呈報金額可能構成重大影響。然而，就本銀行的金融資產而言，於完成詳細審閱前，就有關影響提供合理估計並不可行。

董事預期採用其他新頒佈或經修訂之準則都不會對財務報表產生重大影響。

3. 主要會計政策

本財務報表乃按照香港會計師公會頒佈之香港財務報告準則和香港《公司條例》（以下稱「香港《公司條例》」）中生效的條文編製。

有關編製會計帳目及董事會報告書的條文已經於本財政年度實行的新香港《公司條例》（第 622 章）中生效。因此，本財務報告的相關的表達及披露已根據香港《公司條例》妥為編製。有關於 2014 年 12 月 31 日止年度之比較資料均按照最新要求所披露，而於上年度按香港公司條例的前身適用之披露要求將不會於本年度的財務報表中呈列。

本財務報表乃按照歷史成本基準編製。歷史成本一般以交換貨品及服務時所付代價之公允值為根據。

財務報表乃以歷史成本為基礎編制。主要會計政策如下：

收入確認

凡經濟利益有可能流向本銀行，且能夠可靠計量相關收入之金額時，方可確認金融資產利息收入。金融資產利息收入以時間為基礎，參考到期本金及實際適用利率，即將金融資產整個週期內產生之預期未來現金流折現為該資產初始確認時之賬面淨值之利率。

當經濟利益很可能會流向本銀行而有關利益能可靠地計量時，可供出售投資之股息收入於本銀行收取權益確立時才予以確認。

3. 主要會計政策- 續

設備及租賃物業裝修

設備及租賃物業裝修乃以成本減相關累計折舊及攤銷及期後之累計減值虧損於財務狀況表內入賬。

根據設備及租賃物業裝修估計可使用年期扣減估計剩餘價值，確認折舊，並以直線法攤銷其成本。每逢報告期末時，銀行均會覆核可使用年期、剩餘價值及折舊的計算方法，以預期任何更改估計的理據。

設備及租賃物業裝修於出售時或當繼續使用該資產預期不會產生任何日後經濟利益時終止確認。出售或報銷任何物業及設備時，按該項目之出售款額及賬面值間之差額計算其損益。

金融工具

當本銀行成為金融工具合約其中一方時，確認金融資產及金融負債。

金融資產及金融負債初步按公平值計量。於初步確認時應直接計入收購或發行金融資產及金融負債之交易成本，適當地加入或從金融資產或金融負債之公平值扣減。

金融資產

本銀行金融資產分為貸款及應收款項及可供出售之金融資產。根據金融資產的性質及目的予以分類，並於初始確認時決定。所有從正常渠道購買或出售的金融資產均須於交易日確認或終止確認。從正常渠道購買或出售之金融資產須於法例或市場慣例訂立的期間內交付。

有效利率法

有效利率法乃計算金融資產之攤銷及於有關期間分配利息收入之方法。有效利率乃對初步確認的賬面值用以準確折讓金融資產之預計年期或適用之較短期間之預計未來現金收入（包括構成整體有效利率之一切已付或已收利率差價費用、交易成本及其他溢價及折讓）之利率。

金融資產的利息收入以有效利率基準確認。

3. 主要會計政策- 續

金融工具- 續

金融資產- 續

貸款及應收款項

貸款及應收款項屬非衍生工具金融資產，其固定或待議定之付款無須於交投活躍的市場作報價。貸款及應收款項（包括庫存現金及與銀行及其他金融機構的結存、即期及短期同業存放、一至十二個月內到期之定期同業存放、客戶貸款及其他賬項）均按有效利率法攤銷後之成本，並減去任何減值入賬。

可供出售金融資產

可供出售金融資產屬被指派或未獲分類為按公平值計入損益之金融資產、貸款及應收款項或持作到期投資之非衍生工具。

當本銀行收取股息之權利得以確立時，則於損益賬內確認可供出售股本投資的股息。

於活躍市場上未有報價以及未能可靠計算其公平值之可供出售投資，會於報告期末以成本減任何已確認減值虧損計量（詳見以下金融資產減值虧損之相關會計政策）。

金融資產減值

金融資產於每個報告期末據其減值跡象作出評估。倘有客觀證據顯示，金融資產之估計未來現金流量因初步確認金融資產後發生之一項或多項事件而受到影響，該金融資產則被視為已經減值。

就金融資產而言，減值客觀證據可包括：

- 發行人或交易對手出現嚴重財困；或
- 違約，如無力支付或拖欠利息或本金；或
- 借貸人有可能破產或進行財務重組；或
- 因財政困難而導致該金融資產的市場不再活躍。

若干之金融資產如客戶貸款被評為不會個別減值之資產會另外滙集作減值評估。客戶貸款組合減值之客觀證據可包括本銀行收取還款之過往經驗，以及觀察客戶貸款出現違約之相關國家或本地經濟環境變動。

就按攤銷成本列賬之金融資產而言，其減值虧損會以資產賬面值與按該金融資產原有效利率折現未來現金流量預算之現值兩者之差額計算，並予以確認。

3. 主要會計政策- 續

金融工具- 續

金融資產- 續

金融資產減值- 續

就按成本列賬之金融資產而言，減值虧損以資產之賬面值與按類似金融資產現時市場回報率折現未來現金流量預算之現值兩者之差額計算。有關減值虧損不會於期後撥回。

就按攤銷成本計量之金融資產而言，倘於期後減值虧損有所減少，並且其減少與確認該減值虧損後發生的事項有客觀關係，早前確認的減值虧損可透過損益賬撥回，但減值撥回以撥回當天之資產賬面值為限，不得超過該項資產未確認減值前原來之已攤銷成本。

金融負債及股本工具

由本銀行發行的債務及股本工具乃根據所訂合約安排的內容及金融負債及股本工具的定義分類為金融負債或權益。

股本工具

股本工具證明本銀行資產於削減其所有負債後之剩餘權益之任何合約，均為股本工具的證明。由本銀行發行的股本工具以已收得款項減除直接發行成本後記錄。

有效利率法

有效利率法乃計算金融負債之攤銷成本及於有關期間分配利息支出之方法。有效利率乃對初步確認的賬面值用以準確折讓金融負債之預計年期或適用之較短期間之預計未來現金收入（包括構成整體有效利率之一切已付或已收利率差價費用、交易成本及其他溢價及折讓）之利率。

利息支出以有效利率基準確認。

其他金融負債

其他金融負債（包括客戶存款及其他賬項），以有效利率法按攤銷成本計量。

3. 主要會計政策- 續

金融工具- 續

財務擔保合約

財務擔保合約泛指當合約持有人因指定債務人未能按債務工具的條款支付到期還款而蒙受損失時，發行人須向持有人償付指定款項的合約。

本銀行發行之財務擔保合約如未透過損益賬指定其公平值，該等合約價值會初步被確認其少於交易成本之公平值，直接歸屬於該等財務擔保合約之發行。經初步確認後，本銀行會（1）根據香港會計準則第 37 條《撥備、或有負債及或有資產》合約所訂之金額；或（2）初始確認價值減根據收入確認政策所確認之累計攤銷後金額，以兩者中較高者計量財務擔保合約。

終止確認

僅於自資產獲得現金流的合約權利屆滿，或金融資產已轉讓而本銀行已將幾乎所有風險及回報擁有權同時轉讓另一實體時，本銀行方會終止確認該金融資產。

當金融資產完全被終止確認，其賬面值及已收代價及已直接於其他全面收益內確認累計收益或虧損總和之差額，而累計權益則於損益賬確認。

本銀行終止確認金融負債，是指當有關合約指定本銀行承擔之債務被解除、註銷或已經屆滿時，終止確認金融負債賬面值與已付或應付代價之差額，於損益賬確認。

撥備

當本銀行因對過往事件須於當期承擔債項(法律或推定的)，而且本銀行可能會被要求償還該債項，並能夠就該債項金額作出可靠預算，有關撥備則可予以確認。

撥備的計量是考慮過圍繞該債項之風險及不明朗因素，就履行當期還款責任於報告期末作出最佳預算撥備的估計。若撥備之計量乃利用估計現金流以償付當期債項，其賬面值則為該等現金流之現值。

當結算撥備所需要的一些或所有經濟利益可從第三方收回，如該報銷的收入是幾乎肯定而且應收的金額能夠可靠地計量，應收賬款將被確認為一項資產。

3. 主要會計政策- 續

有形資產之減值虧損

本銀行於報告期末回顧所有有形資產之賬面值，以決定資產是否存在減值的跡象。倘有任何跡象顯示資產之可收回金額低於賬面值，則須就該資產之可收回賬面值作出估計，以釐定減值之虧損程度(如有)。

資產的可收回金額乃減除成本後之公平值與使用價值兩者的較高者。評估使用價值時，預計之未來現金流量會按照能反映當時市場對時間價值和資產特定風險的評估的稅前折現率，折現至其現值。倘資產的可收回金額估計低於其賬面值，則減低該資產之賬面值至其可收回金額。減值虧損於損益賬內即時確認。

於期後回撥減值虧損時，資產之賬面值可調高至重新釐定之可收回值，惟不可高於該資產於過往年度未確認減值虧損前之賬面值。減值虧損之回撥可即時於損益賬確認。

稅項

稅項開支指當期應繳稅項及遞延稅項之總和。

當期應繳稅項乃按本年度應課稅溢利計算。應課稅溢利不同於損益及其他全面收益表所載「除稅前溢利」，應課稅溢利並不包括隨後年期應課稅或可扣稅之收入或支出賬項，也不包括從未課稅或扣稅的項目。本銀行之本期稅務負債乃採用於報告期末已頒佈或實際頒佈之稅率計算。

遞延稅項是指財務報表內的資產和負債賬面值與計算應課稅溢利所用之相應稅基的臨時差額。遞延稅項負債泛指所有應課稅的臨時差額。而遞延稅項資產一般指所有可扣減臨時差額，惟該差額不得超過將來可能用作抵銷可扣稅臨時差額的應課稅溢利。

遞延稅項資產之賬面值會於每年報告期末回顧，並減低至預期沒有足夠應課稅溢利以扣減全部或部份相關資產的稅項。

遞延稅項資產和負債乃按照於償還負債或兌現資產時期間適用之稅率，以及報告期末已頒佈或實際頒佈之稅率（及稅法）計算。

遞延稅項及資產之計算反映本銀行預期於報告期末的稅務影響，以收回其資產或清償其負債之賬面值。

當期及遞延稅項於損益賬內確認，惟當期與於其他全面收益確認或直接於權益確認之項目有關時，當期及遞延稅項亦會分別於其他全面收益確認或直接於權益確認。

3. 主要會計政策－續

租賃

除非另有系統基準更能代表租賃資產使用所產生的經濟利益之時間模式，經營租賃租金按有關租期以直線法確認為開支。

倘訂立經營租賃時收取租賃優惠，則有關優惠確認為負債，除非另有系統基準更能代表租賃資產使用所產生的經濟利益之時間模式，優惠總利益以直線法於租金開支內扣減。

外幣

於編製本銀行之財務報表時，倘交易之貨幣並非本銀行之功能貨幣（外幣），均按交易日匯率換算為其功能貨幣入賬。以外幣為單位之貨幣項目會於報告期末按當天之匯率重新折算。

由結算貨幣項目及再換算貨幣項目產生的匯兌差額，會在其產生的期間在損益賬確認。

退休福利成本

當僱員提供服務並享有供款時，強積金計劃之供款將確認為支出。

現金及現金等值項目

就現金流量表而言，現金及現金等值項目指由購入日起三個月內到期之款項，包括現金、短期資金以及在銀行和其他金融機構的結餘。

4. 關鍵會計判斷及估計不明朗因素之主要來源

本銀行作出對下一財政年度資產及負債之賬面值有所影響的估計和假設。並按照過往經驗及其他因素，包括對未來事件在該情況下的合理預期，持續評估該些估計及判斷。

可供出售投資減值

當可供出售投資的公平值明顯或持續下降至低於成本價值，本銀行確定該可供出售投資出現減值情況。確定是否明顯或持續下降則須運用判斷。另外，當有證據顯示被投資者的財務狀況、行業及業界表現、營運及財務現金流量之改變有惡化跡象時，本銀行會恰當地減值。

5. 財務風險管理

本銀行面對各種財務風險，主要涉及分析、評估接受和管理相當程度的風險或組合風險之承擔及管理。本銀行目標旨在適當地平衡風險與回報，並減低對本銀行財務業績潛在的不良影響。

本銀行的風險管理政策旨在識別並分析風險，設定合適的風險規限及控制，以及利用可靠及先進的資訊系統監察風險並嚴守規限。本銀行會定期審核其風險管理政策及系統，以反映市場、產品及最佳慣例之變化。

風險管理乃遵循董事會批准之政策，由信貸、資產及債務管理委員會執行。信貸、資產及債務管理委員會與本銀行的營運部門緊密合作，認明、評估及對沖金融風險。董事會提供書面準則涵蓋指定範疇，例如外匯風險、利率風險、信貸風險及應用非衍生金融工具。另外，內部審核負責對風險管理及環境控制作獨立審核。應用金融工具而產生的最主要風險類別為信貸風險、市場風險和流動資金風險。市場風險包括外匯風險、利率風險和其他定價風險。

應用金融工具之策略

本銀行活動主要與應用金融工具有關。本銀行接受客戶在不同週期的存款，並利用該資金投放於高質素資產以賺取息差。本銀行保持足夠流動資金應付所有到期之提取。

信貸風險

本銀行承擔之信貸風險為對手於到期時未能全數支付欠款。當對方未能就各確認的金融資產級別履行其責任，本銀行所面對的最大信貸風險為該等資產於財務狀況表的賬面值。減值準備金會於每個報告期末被當作虧損。因經濟或對手之財政狀況有重大改變，將會導致與每個報告期末已撥備數額不同之虧損。管理層因此須仔細管理其在信貸風險之風險承擔。

信貸風險管理

本銀行之貸款及信貸政策乃根據其經驗、銀行業條例、香港金融管理局指引及其他法定要求制定。

本銀行通過對單一貸款人或多組貸款人、地區及行業分類有關的所承擔之風險設定限制，為信貸風險評級制定架構。該等風險以循環基準予以監察，並作季度檢討。按產品、行業界別及國家評級的信貸風險限制須每年經董事會批准。

5. 財務風險管理－續

信貸風險管理－續

利用定期覆核貸款人及潛在貸款人的還款能力是否可以償還利息及本金，並於適當時改變貸款限制，以管理承擔之信貸風險。以獲取抵押品及企業和個人保證金以作為部份的信貸風險管理。

減值及撥備政策

減值準備僅為財務報告確認於報告期末的客觀減值證據所顯示之虧損。

於年終財務狀況表顯示之減值準備乃按香港金融管理局採用的五級評級制所衍生。於報告期末，銀行的資產負債表內及表外與貸款相關項目的『合格』貸款為 100%（2014 年：100%）。

本銀行政策要求個別金融資產需要最少每年或定期覆核。個別經評核之賬戶的減值準備會以個別個案為基準，於評估報告期末會導致之虧損作決定；並適用於所有個別大額賬戶。上述評估一般圍繞所持抵押品及個別賬戶預計可收取之還款。

整體評估減值準備已就：（1）個別低於重要界線之同類資產組合；及（2）根據現有過往紀錄、經驗判斷及統計技巧評估已發生但仍未確認之損失作出撥備。

金融資產的信用風險集中性

當區域或行業因素改變，導致多組對手的信貸風險增大，因而出現集中信貸風險，並對本銀行的整體風險承擔尤其重要。

金融工具分類

	2015 年 港幣千元	2014 年 港幣千元
金融資產		
貸款及應收款項	2,662,504	2,565,598
可供出售投資	11,460	11,460
金融負債		
攤銷成本	2,146,350	2,052,334

本銀行之主要金融工具包括庫存現金及與銀行及其他財務機構結存、即期及短期同業存放、一至十二個月內到期之同業存放、客戶貸款及其他賬項、可供出售投資和客戶存款及其他賬項。金融工具的詳情會於相關附註中披露。該等金融工具有關之風險，以及減低風險的政策可見於下文。管理層管理及監察該等所承受的風險，並確保及時有效地採取適當措施。

5. 財務風險管理－續

根據香港財務報告準則第7條所訂信貸風險之披露

下列分析為根據香港財務報告準則第7條《金融工具：披露》顯示所承受之信貸風險。

持有抵押品或其他提高信譽之物品前的可承受之最高信貸風險

於財務報告所載之金融資產賬面值，除去任何虧損準備之淨值，均代表本銀行可承受的最高信貸風險。該等貸款並未提供抵押品或其他提高信譽之物品作擔保。

信貸質素

貸款之信貸質素總括如下：

	客戶貸款	
	2015年 港幣千元	2014年 港幣千元
準時還款並未有減值	540	723

客戶貸款代表本銀行批予僱員之定期貸款。

其他同業及金融機構結存、即期及短期同業存放及同業存放之信貸風險有限、因為對手主要是受香港金融管理局監管並獲國際信貸評級機構評核為高度信貸評級。

市場風險

本銀行所面對之市場風險乃因市場價格變動而導致金融工具的公平值或未來現金流波動之風險。市場風險來自利率及貨幣產品的未平盤額，所有承受的風險為一般及指定市場變動與市場上利率及價格變化，如利率、信貸溢價及外匯。

本銀行面對之市場風險主要來自利率風險及外匯風險。

市場風險管理

市場風險管理主要按照董事會批准的風險限制執行財資活動。本銀行致力遵照準則、政策及程序以控制並監察市場風險。經營業務所引起的市場風險均由信貸、資產及債務管理委員會監督下作評估及管理。本銀行符合香港金融管理局頒佈之銀行業（資本）規則低額豁免下計算市場風險的所有條件。

5. 財務風險管理—續

外匯風險

由於本銀行若干交易以外幣為主要貨幣，因而導致本銀行須面對匯價波動的風險。匯率風險受限於董事會利用遠期外匯合約批准的政策參數。董事會就所面對的貨幣風險以及每天監察的隔夜及日內所維持的匯率總和，均設定限制。

下表顯示報告期末的集中貨幣風險，包括港幣：

港幣千元等值	港幣	美元	英鎊	加幣	合共
<u>2015年</u>					
<u>資產</u>					
庫存現金及與銀行及 其他金融機構結存	407,189	8,063	1,027	403	416,682
即期及短期同業存放	470,000	24,868	125,270	8,680	628,818
一至十二個月內到期之 定期同業存放	1,460,000	47,736	106,271	-	1,614,007
客戶貸款及其他賬項	2,831	29	136	1	2,997
可供出售投資	11,460	-	-	-	11,460
	<u>2,351,480</u>	<u>80,696</u>	<u>232,704</u>	<u>9,084</u>	<u>2,673,964</u>
<u>負債</u>					
客戶存款	1,837,517	71,214	229,997	6,403	2,145,131
其他應繳款項	1,177	4	38	-	1,219
	<u>1,838,694</u>	<u>71,218</u>	<u>230,035</u>	<u>6,403</u>	<u>2,146,350</u>
資產負債表內持倉淨額	<u>512,786</u>	<u>9,478</u>	<u>2,669</u>	<u>2,681</u>	<u>527,614</u>

5. 財務風險管理—續

外匯風險—續

港幣千元等值	港幣	美元	英鎊	加幣	合共
<u>2014年</u>					
<u>資產</u>					
庫存現金及與銀行及 其他金融機構結存	324,014	7,903	1,527	510	333,954
即期及短期同業存放 一至十二個月內到期之 定期同業存放	670,000	37,034	148,013	10,161	865,208
客戶貸款及其他賬項	1,220,000	35,100	108,207	-	1,363,307
可供出售投資	2,953	17	154	5	3,129
	11,460	-	-	-	11,460
	<u>2,228,427</u>	<u>80,054</u>	<u>257,901</u>	<u>10,676</u>	<u>2,577,058</u>
<u>負債</u>					
客戶存款	1,715,973	71,831	255,215	7,536	2,050,555
其他應繳款項	1,730	4	44	1	1,779
	<u>1,717,703</u>	<u>71,835</u>	<u>255,259</u>	<u>7,537</u>	<u>2,052,334</u>
資產負債表內持倉淨額	<u>510,724</u>	<u>8,219</u>	<u>2,642</u>	<u>3,139</u>	<u>524,724</u>

外幣敏感度

本銀行主要面對美元的外匯風險，但由於管理層認為在聯繫匯率下沒有明顯影響，所以沒有準備其敏感度之分析。

此外，下表詳列本銀行面對港幣兌英鎊及加幣時上升及下降5%之敏感度。高級管理人員彙報管理層對以外幣匯率可能變動進行評估時採用之影響率為5%。敏感度分析僅包括以外幣列值之未償貨幣項目及於年末以外幣匯率5%之變動進行換算調整。至於港幣兌換相關貨幣處於5%強勢/弱勢時，對除稅後溢利之影響詳列如下：

	影響	
	2015年 港幣千元	2014年 港幣千元
除稅後溢利	267/(267)	289/(289)

5. 財務風險管理—續

利率風險

現金流利率風險為因市場利率改變而導致金融工具未來現金流波動產生的風險。公平值利率風險為因市場利率改變而導致金融工具價值波動產生的風險。本銀行的現金流量風險因應市場利率現行水平波動之影響而承擔風險。息差可能會因變動而上升，但亦可因產生預計以外之波動而減少或造成虧損。管理層就可能承擔之重訂利率錯配水平設定限制，並定期監控。

本銀行量度其資產及負債在利率波動下所面對的風險時，主要以差距分析，以提供本銀行之該等狀況的到期情況及重訂價格特點的靜態資料。到期還款數據日報表把所有資產和負債按根據合約到期日或預計重新定價日期兩者較早者，以各時期分類。於任何時期類別之到期或重新定價的資產及負債的金額差別，均可指示出本銀行在淨利息收入之潛在改變時所面對的風險。

下表概括本銀行面對之利率風險，包括本銀行的資產及負債的賬面值，以合約重新訂價或到期日兩者中較前者分類。

	1 個月 或以下 港幣千元	1 個月以上 至 3 個月 或以下 港幣千元	3 個月以上 至 12 個月 或以下 港幣千元	1 年以上 至 5 年 或以下 港幣千元	5 年以上 港幣千元	不計利息 港幣千元	合共 港幣千元
於 2015 年 12 月 31 日							
<u>資產</u>							
庫存現金及與銀行及 其他金融機構結存	-	-	-	-	-	416,682	416,682
即期及短期同業存放 一至十二個月內到期之	628,818	-	-	-	-	-	628,818
定期同業存放	-	1,204,007	410,000	-	-	-	1,614,007
客戶貸款及其他賬項	-	60	60	389	30	2,458	2,997
可供出售投資	-	-	-	-	-	11,460	11,460
	<u>628,818</u>	<u>1,204,067</u>	<u>410,060</u>	<u>389</u>	<u>30</u>	<u>430,600</u>	<u>2,673,964</u>
<u>負債</u>							
客戶存款	1,199,646	862,611	-	-	-	82,874	2,145,131
其他應繳款項	-	-	-	-	-	1,219	1,219
	<u>1,199,646</u>	<u>862,611</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,093</u>	<u>2,146,350</u>
利息敏感差距	<u>(570,828)</u>	<u>341,456</u>	<u>410,060</u>	<u>389</u>	<u>30</u>	<u>346,507</u>	<u>527,614</u>

5. 財務風險管理—續

利率風險—續

	1 個月 或以下 港幣千元	1 個月以上 至 3 個月 或以下 港幣千元	3 個月以上 至 12 個月 或以下 港幣千元	1 年以上 至 5 年 或以下 港幣千元	5 年以上 港幣千元	不計利息 港幣千元	合共 港幣千元
於 2014 年 12 月 31 日							
資產							
庫存現金及與銀行及 其他金融機構結存	-	-	-	-	-	333,954	333,954
即期及短期同業存放 一至十二個月內到期之 定期同業存放	865,208	-	-	-	-	-	865,208
客戶貸款及其他賬項	-	923,307	440,000	-	-	-	1,363,307
可供出售投資	-	92	92	432	107	2,406	3,129
	-	-	-	-	-	11,460	11,460
	<u>865,208</u>	<u>923,399</u>	<u>440,092</u>	<u>432</u>	<u>107</u>	<u>347,820</u>	<u>2,577,058</u>
負債							
客戶存款	1,408,675	574,864	-	-	-	67,016	2,050,555
其他應繳款項	-	-	-	-	-	1,779	1,779
	<u>1,408,675</u>	<u>574,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,795</u>	<u>2,052,334</u>
利息敏感差距	<u>(543,467)</u>	<u>348,535</u>	<u>440,092</u>	<u>432</u>	<u>107</u>	<u>279,025</u>	<u>524,724</u>

利率敏感度

下列敏感度分析乃基於報告期末面對的浮動利率風險，並假設於報告期末未償金融工具於整個年度內一直尚未償還。利用增加 25 基點（2014: 25 基點），對利率風險假設所得的結果，管理層作內部報告及評估利率之可能變動。

若利率增加/減少 25 基點（2014: 25 基點）並假設其它因素不變，因客戶存款的浮動利率而對除稅後溢利之影響詳列如下：

	影響	
	2015 年 港幣千元	2014 年 港幣千元
除稅後溢利	(1,952)/1,952	(2,018)/2,018

流動資金風險

流動資金風險為本銀行未能就其財務負債依期履行還款責任及補充已被提取之資金所致的風險。其結果可能是未能履行責任付還存款人及履行貸款之承諾。

5. 財務風險管理－續

流動資金風險管理

管理層負責監控本銀行之流動資金狀況，並通過定期覆核法定流動性維持比率、資產和負債之到期還款數據、貸款與存款比例以及同業交易以監控情況。流動資金政策由管理層監察，並由信貸、資產及債務管理委員會與本銀行董事會覆核。本銀行之政策旨在每天維持保守程度的流動資金，使本銀行可以隨時履行其在正常業務運作中到期之責任，並符合法定流動性維持比率要求，需要時亦可以處理任何資金危機。可應用到期資金的限制設於最低比例，以應付所有現金資源回收，例如隔夜存款、往來賬戶；並以最低水平的同業和其他借款工具，補充預料以外的提款。

本銀行管理層就每日和每月之平均流動性維持比率，設定內部目標水平。本銀行會計主管負責監察該等比率，並當流動資金少於內部限額時，會計主管會向管理層作匯報，而管理層諮詢信貸、資產及債務管理委員會後，便會決定採取合適的行動以作修正。

流動資金表

下表詳列本銀行非衍生金融負債之餘下合約到期期限。乃根據金融負債之合約期限的未折現還款額而制定，包括該等負債可能導致的利息，惟本銀行已享有的利息和其打算在期限前還款所採用利息除外。

金融負債	1 個月 以下 港幣千元	1 個月以上 至 3 個月 港幣千元	3 個月以上 至 1 年 港幣千元	1 年以上 至 5 年 港幣千元	5 年以上 港幣千元	合共 港幣千元	賬面值 港幣千元
<u>於 2015 年 12 月 31 日</u>							
客戶存款	1,282,614	862,855	-	-	-	2,145,469	2,145,131
其他應繳款項	1,148	71	-	-	-	1,219	1,219
	<u>1,283,762</u>	<u>862,926</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,146,688</u>	<u>2,146,350</u>
<u>於 2014 年 12 月 31 日</u>							
客戶存款	1,475,882	575,080	-	-	-	2,050,962	2,050,555
其他應繳款項	1,705	74	-	-	-	1,779	1,779
	<u>1,477,587</u>	<u>575,154</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,052,741</u>	<u>2,052,334</u>

5. 財務風險管理—續

資產負債表外項目

下表概述本銀行資產負債表外向客戶承諾延長信貸的合約金額日期，以及其他融資和財務擔保（按最早之合約期滿日計算）總結如下：

	1年以內 港幣千元	1年至5年 港幣千元	合共 港幣千元
於2015年12月31日			
擔保、承兌及其他財務工具	3,490	-	3,490
於2014年12月31日			
擔保、承兌及其他財務工具	3,590	-	3,590

以餘下到期還款分析資產及負債

依據香港金融管理局頒佈的指引，基於在報告期末前餘下之合約期限到期還款作以下分析：

	即時還款 港幣千元	1個月 或以下 港幣千元	到期期限				無註明 日期 港幣千元	合共 港幣千元
			1個月 以上至 3個月 或以下 港幣千元	3個月 以上至 1年 或以下 港幣千元	1年 以上至 5年 或以下 港幣千元	5年以上 港幣千元		
於2015年12月31日								
資產								
庫存現金及與銀行及其他 金融機構結存	416,682	-	-	-	-	-	-	416,682
即期及短期同業存放 一至十二個月內到期之	-	628,818	-	-	-	-	-	628,818
定期同業存放	-	-	1,204,007	410,000	-	-	-	1,614,007
客戶貸款及其他賬項	-	928	1,227	423	389	30	-	2,997
可收回稅項	-	-	-	285	-	-	-	285
可供出售投資	-	-	-	-	-	-	11,460	11,460
遞延稅項資產	-	-	-	-	-	-	245	245
設備及租賃物業裝修	-	-	-	-	-	-	-	-
	416,682	629,746	1,205,234	410,708	389	30	11,705	2,674,494
負債								
客戶存款	864,105	418,415	862,611	-	-	-	-	2,145,131
其他賬項及撥備	1,076	72	71	-	-	-	1,442	2,661
	865,181	418,487	862,682	-	-	-	1,442	2,147,792
流動資金差距	(448,499)	211,259	342,552	410,708	389	30	10,263	526,702
於2014年12月31日								
資產								
庫存現金及與銀行及其他 金融機構結存	333,954	-	-	-	-	-	-	333,954
即期及短期同業存放 一至十二個月內到期之	-	865,208	-	-	-	-	-	865,208
定期同業存放	-	-	923,307	440,000	-	-	-	1,363,307
客戶貸款及其他賬項	-	1,160	1,081	349	432	107	-	3,129
可供出售投資	-	-	-	-	-	-	11,460	11,460
遞延稅項資產	-	-	-	-	-	-	245	245
設備及租賃物業裝修	-	-	-	-	-	-	-	-
	333,954	866,368	924,388	440,349	432	107	11,705	2,577,303
負債								
客戶存款	874,947	600,744	574,864	-	-	-	-	2,050,555
其他賬項及撥備	1,561	144	74	-	-	-	1,442	3,221
	876,508	600,888	574,938	-	-	-	1,442	2,053,776
流動資金差距	(542,554)	265,480	349,450	440,349	432	107	10,263	523,527

5. 財務風險管理—續

金融資產及負債的公平值

其他金融資產與其他金融負債的公平值，是根據折現現金流量分析一般採納的價格模式所釐定。

董事會認為以攤銷成本記錄於財務報表內的金融資產及金融負債之賬面值與其公平值相約。

資本管理

本銀行採納維持充足資金基礎的政策以：

- 合乎銀行業條例的銀行業（資本）規則的要求；及
- 維持本銀行之穩定以提供合理回報予股東。

按法定資本與風險性資產比例作計算的資本充足比率於過去兩年均保持在法定下限比例以上。

資本充足狀況與法定資本的使用，均由本銀行管理層運用以銀行業（資本）規則為基礎的技巧緊密監察。所需資料會以統計表形式於每季定期呈交香港金融管理局。

本銀行已制定商業計劃程序以評估其資本是否足夠應付現時和未來之銀行活動。該程序按其策略重點與商業計劃，訂出本銀行與風險相關的充足資本目標。

6. 利息收入

	<u>2015年</u> 港幣	<u>2014年</u> 港幣
同業存放之存款利息	12,783,449	16,946,646
客戶貸款之利息	344	335
	<u>12,783,793</u>	<u>16,946,981</u>

7. 利息支出

	<u>2015年</u> 港幣	<u>2014年</u> 港幣
客戶存款利息	<u>1,400,736</u>	<u>2,354,527</u>

8. 其他經營收入

	<u>2015年</u> 港幣	<u>2014年</u> 港幣
非上市可供出售投資之股息收入	3,660,000	3,480,000
收費及佣金收入	30,062	31,525
其他收入	15,058	9,562
	<u>3,705,120</u>	<u>3,521,087</u>

9. 經營支出

	<u>2015年</u> 港幣	<u>2014年</u> 港幣
核數師酬金	540,000	500,000
設備折舊及攤銷及租賃物業裝修	-	36,941
因持有外幣所產生的匯兌損失	474,563	478,134
董事酬金		
- 袍金	420,000	420,000
- 其他酬金	1,120,000	1,120,000
其他經營支出	2,063,541	2,518,141
經營租賃付款	1,181,714	1,173,372
員工費用		
- 薪金及花紅	5,913,826	5,628,884
- 強積金供款	198,453	185,635
	<u>11,912,097</u>	<u>12,061,107</u>

10. 利得稅支出

稅項支出為：

	<u>2015年</u> 港幣	<u>2014年</u> 港幣
香港利得稅		
- 本年度應課稅	-	-
遞延稅項	-	-
	<u>-</u>	<u>-</u>

上述年度之香港利得稅，均以年度之預計溢利，按 16.5%之稅率計算。

10. 利得稅支出一續

根據本年度損益及其他全面收益表與除稅前溢利對照如下：

	2015 年 港幣	2014 年 港幣
除稅前溢利	3,176,080	6,052,434
按本地利得稅稅率 16.5% 計算之稅項	524,053	998,652
免課稅的收入之稅務影響	(603,900)	(574,200)
動用以往未確認之稅務虧損	-	(422,165)
未確認稅務虧損之稅務影響	87,508	-
其他	(7,661)	(2,287)
	-	-

本銀行於報告期末的未動用稅項虧損約為港幣 1,359,000 元（2014 年：港幣 829,000 元）以抵扣未來之利潤。稅務虧損可無限期結轉。

11. 客戶貸款及其他賬項

客戶貸款及其他賬項包括：

	2015 年 港幣	2014 年 港幣
客戶貸款	539,500	722,500
應收利息	2,457,062	2,406,562
	2,996,562	3,129,062

截至 2015 年 12 月 31 日止年度及 2014 年 12 月 31 日止年度，均無減值貸款。

12. 過期、重組及收回資產

截至 2015 年 12 月 31 日止年度及 2014 年 12 月 31 日止年度，均無過期、重組及收回資產。

13. 可供出售投資

	2015年 港幣	2014年 港幣
非上市證券：		
- 按成本之股本證券	11,160,000	11,160,000
- 會所債券	300,000	300,000
合共	<u>11,460,000</u>	<u>11,460,000</u>

所有非上市證券均由香港商營機構發行。鑑於董事會認為非上市股本證券之公平值不能確實地計算，所以全部非上市股本證券均以成本減除於報告期末之減值虧損計算。

14. 遞延稅項

以下為本銀行確認之主要遞延稅項資產與遞延稅項負債。

	加速 稅務折舊 港幣	長期 服務金撥備 港幣	合共 港幣
於 2014 年 1 月 1 日、2014 年 12 月 31 日 及 2015 年 12 月 31 日	<u>(1,391)</u>	<u>246,785</u>	<u>245,394</u>

董事會認為本年度和過往年度期間遞延稅項資產與負債的變動並不顯著。

15. 設備及租賃物業裝修

	設備 港幣	租賃物業裝修 港幣	合共 港幣
成本			
於 2014 年 1 月 1 日	738,924	1,472,938	2,211,862
添置	<u>-</u>	<u>-</u>	<u>-</u>
於 2014 年 12 月 31 日及 2015 年 12 月 31 日	<u>738,924</u>	<u>1,472,938</u>	<u>2,211,862</u>
累計折舊及攤銷			
於 2014 年 1 月 1 日	701,983	1,472,938	2,174,921
年內開支	36,941	-	36,941
於 2014 年 12 月 31 日及 2015 年 12 月 31 日	<u>738,924</u>	<u>1,472,938</u>	<u>2,211,862</u>
賬面值			
於 2015 年 12 月 31 日	<u>-</u>	<u>-</u>	<u>-</u>
於 2014 年 12 月 31 日	<u>-</u>	<u>-</u>	<u>-</u>

上述折舊及攤銷乃按設備及租賃物業裝修以直線法計算，每年折舊率為 33.3%。

16. 客戶存款

	<u>2015 年</u> 港幣	<u>2014 年</u> 港幣
往來賬戶	82,873,382	67,016,092
儲蓄存款	781,231,516	807,930,719
定期、即期及通知存款	<u>1,281,026,001</u>	<u>1,175,608,725</u>
	<u>2,145,130,899</u>	<u>2,050,555,536</u>

17. 其他款項及撥備

	<u>2015 年</u> 港幣	<u>2014 年</u> 港幣
應付利息	143,694	218,010
長期服務金撥備	1,441,633	1,441,633
其他	<u>1,075,727</u>	<u>1,560,987</u>
	<u>2,661,054</u>	<u>3,220,630</u>

18. 股本

	<u>發行的</u> <u>股份數目</u>	<u>金額</u> 港幣
法定股本:		
於 2014 年 1 月 1 日		
普通股每股面值港幣 100 元	<u>3,000,000</u>	<u>300,000,000</u>
於 2014 年 12 月 31 日及 2015 年 12 月 31 日	<u>不適用(附註)</u>	<u>不適用(附註)</u>
發行及已繳足股本:		
於 2014 年 1 月 1 日		
普通股每股面值港幣 100 元	<u>3,000,000</u>	<u>300,000,000</u>
於 2014 年 12 月 31 日及 2015 年 12 月 31 日		
無面值普通股	<u>3,000,000</u>	<u>300,000,000</u>

附註：根據 2014 年 3 月 3 日生效的香港《公司條例》，法定股本之概念不再適用，同時本銀行股份不再擁有面值。

於本年度和過往年度期間，本銀行之股份數目並無變動。

19. 資產負債表外之風險

於報告期末，本銀行尚有下列或有負債及承付款項之重要的合約金額：

	<u>2015年</u> 港幣	<u>2014年</u> 港幣
直接信貸替代項目	3,490,000	3,590,000

或有負債及承付款項之信貸風險加權金額為港幣零元（2014年：港幣零元）。

20. 退休福利計劃

本銀行參與一個根據職業退休計劃條例註冊之退休計劃，保障所有合資格僱員。計劃的資產與本銀行資產分開處理，以基金形式受託管人管核。本銀行向計劃提供有關薪金之百分之五供款，僱員亦以相同數目向計劃供款。

本銀行本年度的有關計劃供款為港幣 198,453 元（2014年：港幣 185,635 元），該款項已列入損益及其他全面收益表內。

21. 經營租賃承擔

根據不可撤銷之經營租賃合約，下列為本銀行於報告期末未來有關租賃承擔所有所須支付之最低租金：

	<u>2015年</u> 港幣	<u>2014年</u> 港幣
一年以內	1,120,080	461,500
第二年至第五年內（包括首尾兩年）	466,700	-
	<u>1,586,780</u>	<u>461,500</u>

經營租賃付款即本銀行租用其辦公處所應繳租金。現行租賃於 2017 年到期（2014：於 2015 年到期），而租賃期內租金維持不變。

22. 關連人士的交易

本銀行與關連人士（包括主要管理人員與其直系親屬，以及由該等人士控制或具有重大影響力的公司）進行多項交易，當中主要為接受其存款。

本銀行於本年度與關連人士進行之交易如下：

	<u>2015年</u> 港幣	<u>2014年</u> 港幣
客戶存款利息支出	734,251	1,196,001
租金及其他相關支出	1,181,714	1,173,372
	<u>1,915,965</u>	<u>2,369,373</u>

本銀行於報告期末尚有與關連人士的餘額如下：

	<u>2015年</u> 港幣	<u>2014年</u> 港幣
往來賬戶	58,583,049	45,438,799
儲蓄存款	675,572,118	570,612,965
定期、即期及通知存款	734,494,435	757,887,710
	<u>1,468,649,602</u>	<u>1,373,939,474</u>

往來賬戶存款結餘為非付利息計算及需應要求即時付還。儲蓄存款結餘年利率為 0.01% 及需應要求即時付還。定期、即期及通知存款結餘年利率為介乎 0.01% 至 0.31%（2014 年：0.01% 至 0.31%）及於一至三個月內到期。

此等交易均應用與非關連人士交易之相同條款進行。

本銀行向一家關連公司發出保證書，主要給予公用事業公司，金額為港幣 3,490,000 元（2014 年：港幣 3,490,000 元）。本銀行及其董事均為該關連公司的股東。

主要管理人員酬金

	<u>2015年</u> 港幣	<u>2014年</u> 港幣
薪金及津貼（包括董事袍金）	4,273,600	4,144,002

截至二零一五年十二月三十一日，本銀行並無提供簽約獎金和遣散費（2014 年：港幣零元）。

大有銀行有限公司

截至 2015 年 12 月 31 日止年度之
未經審核補充財務資料

未經審核補充財務資料
截至 2015 年 12 月 31 日止年度

以下為有關企業管治及依據香港金融管理局頒佈的《銀行業（披露）規則》披露的其他資訊，這些補充財務資料未經審核：

1. 企業管治

審核委員會、信貸、資產及債務管理委員會、薪酬委員會及執行委員會在企業管治事情上協助董事會。

審核委員會成員包括三名獨立非執行董事、及一名非執行董事，並向董事會定期匯報。審核委員會監察經董事會通過之政策及其他內部與法定規條的遵守。並監察本銀行內部及外聘核數師工作，從而就本銀行之財務匯報程序及內部管控系統的效益向董事會提供獨立意見。

信貸、資產及債務管理委員會之成員包括本銀行之行政總裁、副總裁、總經理、經理、司庫和會計及營運主管。該委員會旨在執行及維持有關信貸、流動資金狀況、現金流量、到期項目、利率及匯率趨勢以及法規遵守職能的整體風險管理架構。該委員會亦會支援薪酬委員會。

本銀行成立薪酬委員會，並以書面列明其職權範圍，釐清其權力及職責。薪酬委員會由三名獨立非執行董事與一名非執行董事組成，並定期向董事會匯報。薪酬委員會負責向董事會就本銀行所有董事和高級管理人員的薪酬政策、慣例及架構提出建議，以釐定其薪酬待遇。本銀行會確保任何董事或其下屬均不得參與其個人的薪酬制定，並且每年最少有一次覆核本銀行之薪酬系統及其運作。在 2015 年間，薪酬委員會召開兩次會議，薪酬委員會所有成員均有出席會議。

薪酬委員會獲充足資源以履行其職責。薪酬委員會於 2015 年之工作概述如下：

- (i) 檢討本銀行薪酬制度及其運作；
- (ii) 檢討年度薪金支付情況；
- (iii) 檢討高級管理層、主要人員及其他員工的薪酬；及
- (iv) 檢討薪酬政策

1. 企業管治一續

本銀行為所有本銀行的僱員檢討薪酬政策。該政策涵蓋與本銀行業務相稱的指引和程序，同時支持本銀行的道德價值、目標、策略和控制環境。薪酬架構的設計旨在鼓勵員工支持本銀行風險管理架構和財政長遠穩健。本銀行之薪酬政策於年內並無任何改變。

本銀行之薪酬待遇中僅包含以現金支付之固定薪酬，本銀行因應員工之職級、職務、職責及負責業務和促進員工以支援本銀行的風險管理及長期財政健全之需要，以制定有關薪酬架構。

本銀行以有系統的評估方法定立每個僱員的適當薪酬。通過每年或定期檢討員工的表現，評估每個僱員在工作上的要求和工作表現的目標是否已經達到。本銀行將以薪酬作為獎勵員工的成就。表現不佳的員工，其來年的薪酬遞增水平可能會受到影響。

本銀行的高級管理人員為 8 人，以及另外 6 人被視為本銀行之關鍵人員，並以固定薪酬支薪。本年內以現金支付酬金金額分別為港幣 3,109,026 元及港幣 1,164,574 元，共港幣 4,273,600 元（2014 年：港幣 4,144,002 元）。本銀行於年內並無提供任何保證花紅、簽約獎金及遣散費。

執行委員會由不少於三個，但不超過，包括主席在內的五名執行董事。該委員會確保銀行在董事會會議之間的業務和事務之連續性，並擁有董事會的授權及享有同等權力以批核事項或採取合適行動。

本銀行董事會認為本銀行已完全遵守香港金融管理局監管政策手冊的《本地註冊認可機構的企業管治》。

2. 分部資料

(甲) 按地區劃分

本銀行所有業務皆於香港運作。

(乙) 按業務劃分

本銀行主要經營商業銀行業務。

2. 分部資料－續

(丙) 客戶貸款－以行業劃分

客戶貸款的行業類別是按該等貸款用途分類，未減除任何撥備。

	<u>2015年</u> 港幣	<u>2014年</u> 港幣
在本港使用的貸款		
個人－其他私人用途	539,500	722,500

貸款客戶主要位於香港。

3. 其他財務資料

(甲) 流動資金狀況

按照於二零一五年一月一日生效的《銀行業(流動性)規則》計算，平均流動性維持比率是每月平均流動性維持比率的簡單平均數，每月平均流動性維持比率按平均流動資產與經作出相關扣除後之平均限定負債之比例計算。

截至二零一四年十二月三十一日止之平均流動資金比率是每月平均比率的簡單平均數，按照《銀行業條例》附表四訂明，每月平均流動資金比率按平均流動資產與平均限定負債之比例計算。

	<u>2015年</u> <u>12月31日</u> %	<u>2014年</u> <u>12月31日</u> %
平均流動性維持比率	66.54	不適用
平均流動資金比率	不適用	77.26

3. 其他財務資料－續

(乙) 資本充足

資本充足比率是按照香港金融管理局頒佈的《銀行業（資本）規則》以獨立基礎計算。該比率乃根據於二零一三年一月一日生效的《巴塞爾資本協定 III》而修訂的《銀行業（資本）規則》所編製。本銀行採納基本方法以計算信貸風險的風險加權資產，並以基本指標方法計算營運風險。

	<u>2015 年</u> %	<u>2014 年</u> %
總資本比率	106.85	106.84
一級資本比率	106.83	106.82
普通股權一級資本比率	106.83	106.82

本銀行於本網站內設立「監管披露」一節以披露《銀行業（披露）規則》有關資本的資料。以上資料可見於本銀行網站 (www.tybhk.com.hk)。

(丙) 槓桿比率

槓桿比率是按照香港金融管理局頒佈的《銀行業（資本）規則》以獨立基礎計算。該比率之披露要求乃根據二零一五年三月三十一日生效的《銀行業（披露）規則》第 45A 條。於披露之首年，毋須呈列比較數字。

	<u>2015 年</u> <u>12 月 31 日</u> %
槓桿比率	19.66

槓桿比率的資料披露可於本銀行網站 (www.tybhk.com.hk) 之「監管披露」內瀏覽。

(丁) 營運風險的資本支出

報告期末之營運風險的資本支出按基本指標方法計算如下：

	<u>2015 年</u> 港幣千元	<u>2014 年</u> 港幣千元
營運風險的資本支出	2,329	2,326

4. 營運風險

營運風險涉及人為錯誤、系統失靈、欺詐、或內部監控及程序不善所引致的不可預見之損失。

依照董事會批核的政策，風險管理是由信貸、資產及債務管理委員會負責。該委員會透過妥善的人力資源政策、授權、權責劃分和最新準確的資訊，以管理營運風險。

一旦業務受到任何干預，現有一套全面的應變計劃，確保重要業務繼續運作，日常營運亦可以及時有效地回復正常。

5. 國際債權

國際債權資料披露對交易對手風險額最終風險的所在地，並已顧及轉移風險因素。一般而言，在以下所述的情況下才轉移風險，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。當某一國家的風險額佔總風險額 10%或以上，該國家的風險額便予以披露。

	銀行 港幣千元
<u>於 2015 年 12 月 31 日</u>	
發達國家	58,507
離岸中心	341,367
其中： 香港	241,281
發展中的亞洲和太平洋地區	1,044,625
其中： 中國	772,791
台灣	121,722
馬來西亞	150,112
<u>於 2014 年 12 月 31 日</u>	
發達國家	258,503
其中： 日本	250,090
離岸中心	295,014
其中： 香港	245,004
發展中的亞洲和太平洋地區	967,094
其中： 中國	472,997
台灣	293,897
馬來西亞	200,200

6. 貨幣風險

下表列明因非買賣及結構性倉盤而承受的外匯風險額，而該等外匯淨額佔所持有外匯淨盤總額的 10%或以上者：

	於 2015 年 12 月 31 日 (港幣同值)			合共
	美元	英鎊	加幣	
現貨資產	80,696,485	232,704,094	9,083,262	322,483,841
現貨負債	(71,217,960)	(230,036,161)	(6,402,677)	(307,656,798)
長盤淨額	<u>9,478,525</u>	<u>2,667,933</u>	<u>2,680,585</u>	<u>14,827,043</u>
結構性倉盤淨額	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	於 2014 年 12 月 31 日 (港幣同值)			合共
	美元	英鎊	加幣	
現貨資產	80,054,206	257,901,317	10,675,493	348,631,016
現貨負債	(71,835,134)	(255,259,225)	(7,537,503)	(334,631,862)
長盤淨額	<u>8,219,072</u>	<u>2,642,092</u>	<u>3,137,990</u>	<u>13,999,154</u>
結構性倉盤淨額	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

7. 逾期及重整貸款和其他資產

於報告期末，本銀行並無逾期及重整貸款和其他資產。

8. 中國內地活動

於報告期末，本銀行並無對中國內地非銀行風險承擔。

9. 遵守信息披露規定

本銀行擬定截至 2015 年 12 月 31 日止年度之財務報表時，完全遵守香港金融管理局的《銀行業（披露）規則》所載之規定。