

# Financial Disclosure Statement

TAI YAU BANK, LIMITED

Reports and Financial Statements  
For the year ended 31 December 2017

TAI YAU BANK, LIMITED

REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

<u>CONTENTS</u>	<u>PAGE(S)</u>
DIRECTORS' REPORT	1 - 5
INDEPENDENT AUDITOR'S REPORT	6 - 8
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	9
STATEMENT OF FINANCIAL POSITION	10
STATEMENT OF CHANGES IN EQUITY	11
STATEMENT OF CASH FLOWS	12
NOTES TO THE FINANCIAL STATEMENTS	13 - 42

# 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 2017.

### PRINCIPAL ACTIVITIES

Tai Yau Bank, Limited (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 ended 31 December 2017, profit before tax amounted to HK\$248,250,580 (2016: HK\$5,935,395) showing an increase of 4,083% from the results in the previous year. Interest income derived from bank placements with annual interest rates ranging from 0.03% to 1.78% (2016: from 0.01% to 1.75%) amounted to HK\$19,697,348 (2016: HK\$15,949,345), which was 23% higher than that of last year. Total assets in the current year amounted to HK\$2,853,916,999 (2016: HK\$2,656,483,880), representing an increase of 7%.

In regards of the Bank's operating expenses, the directors' emoluments and staff costs amounted to HK\$8,378,131 (2016: HK\$8,068,542), showing an increase of 4% in the current year.

Total capital adequacy ratio of 157.29% (2016: 106.90%) increased by 47% after the increase in total assets. Both Tier 1 capital ratio and Common Equity Tier 1 capital ratio were maintained at 157.27% (2016: 106.88%), representing an increase of 47% in the current year.

For the year ended 31 December 2017, the net interest margin is 0.74% (2016: 0.60%) showing an increase of 23% from the results in the previous year. Return on average total assets is 8.88% (2016: 0.21%) increased by 4,129%. Return on equities is 31.60% (2016: 1.09%) representing an increase of 2,799%.

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

## 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 4 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 2017 are set out in the statement of profit or loss and other comprehensive income on page 9.

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

## TAI YAU BANK, LIMITED

### 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 2017 comprised the retained profits, general reserve, capital reserve and investments revaluation reserve of HK\$483,248,814 (2016: HK\$232,418,234).

### 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.

### 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.

TAI YAU BANK, LIMITED

PERMITTED INDEMNITY PROVISION

In accordance with Article 126 of the Bank's Articles of Association, there is a permitted indemnity provision for the benefit of the directors of the Bank which is currently in force and was in force throughout the year.

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, Derek Fook Ying  
CHAIRMAN (ACTING)

27 March 2018

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF TAI YAU BANK, LIMITED

(Incorporated in Hong Kong with limited liability)

#### **Opinion**

We have audited the financial statements of Tai Yau Bank, Limited (the "Bank") set out on pages 9 to 42, which comprise the statement of financial position as at 31 December 2017, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

#### **Basis for Opinion**

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

#### **Other Information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## INDEPENDENT AUDITOR'S REPORT

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

### **Responsibilities of Directors and Those Charged with Governance for the Financial Statements**

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

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

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

## INDEPENDENT AUDITOR'S REPORT

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

### **Auditor's Responsibilities for the Audit of the Financial Statements** - continued

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Deloitte Touche Tohmatsu**  
Certified Public Accountants  
Hong Kong  
27 March 2018

TAI YAU BANK, LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017

	<u>NOTES</u>	<u>2017</u> HK\$	<u>2016</u> HK\$
Interest income	6	19,697,875	15,949,682
Interest expense	7	(2,659,596)	(1,553,878)
Net interest income		17,038,279	14,395,804
Other operating income	8	3,251,744	3,950,182
Operating income		20,290,023	18,345,986
Operating expenses	9	(12,967,350)	(12,410,591)
Gain on disposal of an available-for-sale investment	13, 22	240,927,907	-
Profit before tax		248,250,580	5,935,395
Income tax expense	10	(730,000)	(120,000)
Net profit for the year		<u>247,520,580</u>	<u>5,815,395</u>
<b>Other comprehensive income for the year</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Available-for-sale investments			
Net fair value changes during the year		244,237,907	-
Reclassification adjustment to profit or loss on disposal		(240,927,907)	-
Other comprehensive income for the year		<u>3,310,000</u>	<u>-</u>
Total comprehensive income for the year		<u>250,830,580</u>	<u>5,815,395</u>

TAI YAU BANK, LIMITED

STATEMENT OF FINANCIAL POSITION  
AT 31 DECEMBER 2017

	<u>NOTES</u>	<u>2017</u> HK\$	<u>2016</u> HK\$
<b>ASSETS</b>			
Cash and balances with banks and other financial institutions		562,071,620	390,316,599
Money at call and short notice		831,897,487	799,411,658
Placements with banks maturing between one and twelve months		1,451,728,820	1,450,176,308
Advances to customers and other accounts	11	4,363,678	4,873,921
Available-for-sale investments	13	3,610,000	11,460,000
Deferred tax assets	14	245,394	245,394
Equipment and leasehold improvements	15	-	-
<b>TOTAL ASSETS</b>		<u>2,853,916,999</u>	<u>2,656,483,880</u>
<b>LIABILITIES</b>			
Deposits from customers	16	2,066,853,213	2,121,117,369
Other accounts and provisions	17	3,278,164	2,728,277
Tax payable		436,808	120,000
		<u>2,070,568,185</u>	<u>2,123,965,646</u>
<b>CAPITAL RESOURCES</b>			
Share capital	18	300,000,000	300,000,000
Reserves		483,348,814	232,518,234
<b>SHAREHOLDERS' FUNDS</b>		<u>783,348,814</u>	<u>532,518,234</u>
<b>TOTAL LIABILITIES AND CAPITAL RESOURCES</b>		<u>2,853,916,999</u>	<u>2,656,483,880</u>

The financial statements on pages 9 to 42 were approved and authorised for issue by the Board of Directors on 27 March 2018 and are signed on its behalf by:

DIRECTORS: MR. KO, DEREK FOOK YING  
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 2017

	Share capital HK\$	Retained profits HK\$	General reserve HK\$	Regulatory reserve HK\$	Capital reserve HK\$	Investments revaluation reserve HK\$	Total HK\$
At 1 January 2016	300,000,000	175,095,780	46,000,000	100,000	5,507,059	-	526,702,839
Profit and other comprehensive income for the year	-	5,815,395	-	-	-	-	5,815,395
At 31 December 2016	300,000,000	180,911,175	46,000,000	100,000	5,507,059	-	532,518,234
Profit for the year	-	247,520,580	-	-	-	-	247,520,580
Other comprehensive income for the year	-	-	-	-	-	3,310,000	3,310,000
Available-for-sale investments - Net fair value changes during the year	-	-	-	-	-	244,237,907	244,237,907
- Reclassification adjustment to profit or loss on disposal	-	-	-	-	-	(240,927,907)	(240,927,907)
At 31 December 2017	300,000,000	428,431,755	46,000,000	100,000	5,507,059	3,310,000	783,348,814

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 2017

	<u>2017</u> HK\$	<u>2016</u> HK\$
OPERATING ACTIVITIES		
Profit before tax	248,250,580	5,935,395
Adjustments for:		
Interest income	(19,697,875)	(15,949,682)
Interest expense	2,659,596	1,553,878
Dividends from unlisted available-for-sale investments	(2,820,000)	(3,900,000)
Gain on disposal of an available-for-sale investment	(240,927,907)	-
Operating cash flows before movements in working capital	(12,535,606)	(12,360,409)
Decrease (increase) in money at call and short notice with original maturity more than three months	306,006,000	(20,000,000)
Decrease in placements with banks with original maturity more than three months	152,087,886	150,764,281
Decrease (increase) in advances to customers	221,000	(599,000)
Decrease in deposits from customers	(54,264,156)	(24,013,530)
Increase in other accounts and provisions	408,058	39,343
Net cash generated from operations	391,923,182	93,830,685
Interest received	19,987,118	14,671,323
Interest paid	(2,517,767)	(1,525,998)
Hong Kong Profits Tax (paid) refund	(413,192)	285,326
NET CASH GENERATED FROM OPERATING ACTIVITIES	408,979,341	107,261,336
INVESTING ACTIVITIES		
Dividends received from unlisted available-for-sale investments	2,820,000	3,900,000
Proceeds on disposal of an available-for-sale investment	252,087,907	-
NET CASH FROM INVESTING ACTIVITIES	254,907,907	3,900,000
NET INCREASE IN CASH AND CASH EQUIVALENTS	663,887,248	111,161,336
CASH AND CASH EQUIVALENTS AT 1 JANUARY	1,124,662,846	1,013,501,510
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	1,788,550,094	1,124,662,846
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and balances with banks and other financial institutions	562,071,620	390,316,599
Money at call and short notice with original maturity at or less than three months	731,897,487	393,405,658
Placements with banks with original maturity at or less than three months	494,580,987	340,940,589
	1,788,550,094	1,124,662,846

# TAI YAU BANK, LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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### 1. GENERAL

Tai Yau Bank, Limited (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 2017 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 standards issued but not yet effective

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

HKFRS 9	Financial instrument <sup>1</sup>
HKFRS 15	Revenue from contracts with customers and the related amendments <sup>1</sup>
HKFRS 16	Leases <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019.

Except for the new HKFRSs as mentioned below, the directors do not anticipate that the application of other new or amendments to HKFRSs and interpretations will have material impact on the financial statements in the foreseeable future.

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

HKFRS 9 Financial instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9:

- all recognised financial assets that are within the scope of HKFRS 9 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 fair value through other comprehensive income ("FVTOCI"). All other financial assets are measured at their fair value at 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 Financial instruments: recognition and measurement, 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

Based on the Bank's financial instruments and risk management policies as at 31 December 2017, the directors of the Bank anticipate the following potential impact on initial application of HKFRS 9:

*Classification and measurement:*

- Debt instruments classified as loans receivable carried at amortised cost as disclosed in note 4 these are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortised cost upon the application of HKFRS 9;
- Club debentures classified as available-for-sale investments carried at fair value as disclosed in note 13: these Club debentures qualified for designation as measured at FVTOCI under HKFRS 9, however, the Bank plans not to elect the option for the designation and will measure these securities at fair value with subsequent fair value gains or losses to be recognised in profit or loss. Upon initial application of HKFRS 9, investments revaluation reserve of HK\$3,310,000 related to these available-for-sale investments will be transferred to retained profits at 1 January 2018; and
- All other financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

*Impairment*

In general, the directors of the Bank anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Bank's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Bank.

Based on the assessment by the directors of the Bank, if the expected credit loss model were to be applied by the Bank, the accumulated amount of impairment loss to be recognised by the Bank as at 1 January 2018 would be slightly increased as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on placements with banks maturing between one and twelve months. Such further impairment recognised under expected credit loss model would reduce the opening retained profits at 1 January 2018.

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

HKFRS 15 Revenue from contracts with customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Bank anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Bank do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

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

HKFRS 16 Leases - continued

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Bank currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows respectively by the Bank.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2017, the Bank has non-cancellable operating lease commitments of HK\$1,772,420 as disclosed in note 21.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the financial statements include applicable disclosures required by the Hong Kong Companies Ordinance ("CO").

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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Bank takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

For financial instruments which are transferred at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equals the transaction price.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Bank and when specific criteria have been met for each of the Bank's activities, as described below.

Interest income from a financial asset 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position 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 (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**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.

*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 ("FVTPL"), loans and receivables or held-to-maturity investments.

Equity and debt securities held by the Bank that are classified as AFS financial assets are measured at fair value at the end of each reporting period except for unquoted equity investments whose fair value cannot be reliably measured. Changes in the carrying amount of AFS debt instruments relating to interest income calculated using the effective interest method, are recognised in profit or loss. Dividends on AFS equity instruments are recognised in profit or loss when the Bank's right to receive the dividends is established. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

**Financial assets** - continued

*AFS financial assets* - continued

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

*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 measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

*Impairment of financial assets*

Financial assets other than those at FVTPL 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

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

**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 recognised 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.

*Financial liabilities at amortised cost*

Financial liabilities (including deposits from customers, interest payable and others) 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.

Financial guarantee contracts issued by the Bank are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured 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, where appropriate, cumulative amortisation recognised over the guarantee period.

**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. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, 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.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Provisions - continued

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 (where the effect of time value of money is material).

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.

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 relevant asset is estimated in order to determine the extent of the impairment loss (if any).

When it is not possible to estimate the recoverable amount of an individual asset, the Bank estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal 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 for which the future cash flows have not been adjusted. 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. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. 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.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

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 bases 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.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Bank is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Taxation - continued

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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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. 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.

4. 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% (2016: 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>2017</u> HK\$'000	<u>2016</u> HK\$'000
Financial assets		
Loans and receivables	2,850,062	2,644,778
Available-for-sale investments	3,610	11,460
	<u>          </u>	<u>          </u>
Financial liabilities		
Amortised cost	2,068,689	2,122,403
	<u>          </u>	<u>          </u>

4. FINANCIAL RISK MANAGEMENT - continued

Categories of financial instruments - continued

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 others. 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.

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>2017</u>	<u>2016</u>
	HK\$'000	HK\$'000
Neither past due nor impaired	918	1,139

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.

4. FINANCIAL RISK MANAGEMENT - continued

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.

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>2017</u>					
<u>ASSETS</u>					
Cash and balances with banks and other financial institutions	552,174	8,436	875	587	562,072
Money at call and short notice	710,000	29,640	83,880	8,377	831,897
Placements with banks maturing between one and twelve months	1,350,000	4,680	97,049	-	1,451,729
Advances to customers and other accounts	4,207	57	99	1	4,364
Available-for-sale investments	3,610	-	-	-	3,610
	<u>2,619,991</u>	<u>42,813</u>	<u>181,903</u>	<u>8,965</u>	<u>2,853,672</u>
<u>LIABILITIES</u>					
Deposits from customers	1,850,906	28,265	180,601	7,081	2,066,853
Other payables	1,773	16	47	-	1,836
	<u>1,852,679</u>	<u>28,281</u>	<u>180,648</u>	<u>7,081</u>	<u>2,068,689</u>
Net on-balance sheet position	<u>767,312</u>	<u>14,532</u>	<u>1,255</u>	<u>1,884</u>	<u>784,983</u>

4. 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>2016</u>					
<u>ASSETS</u>					
Cash and balances with banks and other financial institutions	380,942	8,031	904	439	390,316
Money at call and short notice	700,000	15,522	75,877	8,013	799,412
Placements with banks maturing between one and twelve months	1,340,000	19,188	90,988	-	1,450,176
Advances to customers and other accounts	4,792	24	58	-	4,874
Available-for-sale investments	11,460	-	-	-	11,460
	<u>2,437,194</u>	<u>42,765</u>	<u>167,827</u>	<u>8,452</u>	<u>2,656,238</u>
<u>LIABILITIES</u>					
Deposits from customers	1,919,291	28,572	166,754	6,500	2,121,117
Other payables	1,261	3	22	-	1,286
	<u>1,920,552</u>	<u>28,575</u>	<u>166,776</u>	<u>6,500</u>	<u>2,122,403</u>
Net on-balance sheet position	<u>516,642</u>	<u>14,190</u>	<u>1,051</u>	<u>1,952</u>	<u>533,835</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>2017</u>	<u>2016</u>
	HK\$'000	HK\$'000
Profit after tax	157/(157)	150/(150)

4. 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 repricing 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	Total HK\$'000
<u>At 31 December 2017</u>							
<u>ASSETS</u>							
Cash and balances with banks and other financial institutions	-	-	-	-	-	562,072	562,072
Money at call and short notice	831,897	-	-	-	-	-	831,897
Placements with banks maturing between one and twelve months	-	1,261,729	190,000	-	-	-	1,451,729
Advances to customers and other accounts	1,440	1,656	566	662	40	-	4,364
Available-for-sale investments	-	-	-	-	-	3,610	3,610
	<u>833,337</u>	<u>1,263,385</u>	<u>190,566</u>	<u>662</u>	<u>40</u>	<u>565,682</u>	<u>2,853,672</u>
<u>LIABILITIES</u>							
Deposits from customers	1,417,973	524,838	-	-	-	124,042	2,066,853
Other payables	-	-	-	-	-	1,836	1,836
	<u>1,417,973</u>	<u>524,838</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,878</u>	<u>2,068,689</u>
Total interest sensitivity gap	<u>(584,636)</u>	<u>738,547</u>	<u>190,566</u>	<u>662</u>	<u>40</u>	<u>439,804</u>	<u>784,983</u>

4. FINANCIAL RISK MANAGEMENT - continued

Interest rate risk - continued

	Up to 1 month HK\$'000	1 - 3 months HK\$'000	3 - 12 months HK\$'000	1 - 5 years HK\$'000	Over 5 years HK\$'000	Non- interest bearing HK\$'000	Total HK\$'000
<u>At 31 December 2016</u>							
<u>ASSETS</u>							
Cash and balances with banks and other financial institutions	-	-	-	-	-	390,316	390,316
Money at call and short notice	799,412	-	-	-	-	-	799,412
Placements with banks maturing between one and twelve months	-	1,010,176	440,000	-	-	-	1,450,176
Advances to customers and other accounts	-	101	121	777	140	3,735	4,874
Available-for-sale investments	-	-	-	-	-	11,460	11,460
	<u>799,412</u>	<u>1,010,277</u>	<u>440,121</u>	<u>777</u>	<u>140</u>	<u>405,511</u>	<u>2,656,238</u>
<u>LIABILITIES</u>							
Deposits from customers	1,425,476	496,956	100,288	-	-	98,397	2,121,117
Other payables	-	-	-	-	-	1,286	1,286
	<u>1,425,476</u>	<u>496,956</u>	<u>100,288</u>	<u>-</u>	<u>-</u>	<u>99,683</u>	<u>2,122,403</u>
Total interest sensitivity gap	<u>(626,064)</u>	<u>513,321</u>	<u>339,833</u>	<u>777</u>	<u>140</u>	<u>305,828</u>	<u>533,835</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 (2016: 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 (2016: 25 basis points) higher 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>2017</u> HK\$'000	<u>2016</u> HK\$'000
Profit after tax	(2,392)	(2,424)

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.

4. 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 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 2017</u>							
Deposits from customers	1,542,244	525,309	-	-	-	2,067,553	2,066,853
Other payables	1,700	136	-	-	-	1,836	1,836
	<u>1,543,944</u>	<u>525,445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,069,389</u>	<u>2,068,689</u>
<u>As at 31 December 2016</u>							
Deposits from customers	1,523,997	497,191	100,404	-	-	2,121,592	2,121,117
Other payables	1,217	59	10	-	-	1,286	1,286
	<u>1,525,214</u>	<u>497,250</u>	<u>100,414</u>	<u>-</u>	<u>-</u>	<u>2,122,878</u>	<u>2,122,403</u>

4. 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 2017 and 31 December 2016</u>			
Guarantee, acceptances and other financial facilities	3,490	-	3,490

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							
	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	Undated HK\$'000	Total HK\$'000
<u>At 31 December 2017</u>								
<u>ASSETS</u>								
Cash and balances with banks and other financial institutions	562,072	-	-	-	-	-	-	562,072
Money at call and short notice	-	831,897	-	-	-	-	-	831,897
Placements with banks maturing between one and twelve months	-	-	1,261,729	190,000	-	-	-	1,451,729
Advances to customers and other accounts	-	1,440	1,656	566	662	40	-	4,364
Available-for-sale investments	-	-	-	-	-	-	3,610	3,610
Deferred tax assets	-	-	-	-	-	-	245	245
Equipment and leasehold improvements	-	-	-	-	-	-	-	-
	<u>562,072</u>	<u>833,337</u>	<u>1,263,385</u>	<u>190,566</u>	<u>662</u>	<u>40</u>	<u>3,855</u>	<u>2,853,917</u>
<u>LIABILITIES</u>								
Deposits from customers	1,081,879	460,136	524,838	-	-	-	-	2,066,853
Other accounts and provisions	1,523	177	136	-	-	-	1,442	3,278
Tax payable	-	-	-	437	-	-	-	437
	<u>1,083,402</u>	<u>460,313</u>	<u>524,974</u>	<u>437</u>	<u>-</u>	<u>-</u>	<u>1,442</u>	<u>2,070,568</u>
Net liquidity gap	(521,330)	373,024	738,411	190,129	662	40	2,413	783,349

4. FINANCIAL RISK MANAGEMENT - continued

Analysis of assets and liabilities by remaining maturity - continued

	Maturity Date							
	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	Undated HK\$'000	Total HK\$'000
<u>At 31 December 2016</u>								
<u>ASSETS</u>								
Cash and balances with banks and other financial institutions	390,316	-	-	-	-	-	-	390,316
Money at call and short notice	-	799,412	-	-	-	-	-	799,412
Placements with banks maturing between one and twelve months	-	-	1,010,176	440,000	-	-	-	1,450,176
Advances to customers and other accounts	-	1,498	1,665	794	777	140	-	4,874
Available-for-sale investments	-	-	-	-	-	-	11,460	11,460
Deferred tax assets	-	-	-	-	-	-	245	245
Equipment and leasehold improvements	-	-	-	-	-	-	-	-
	<u>390,316</u>	<u>800,910</u>	<u>1,011,841</u>	<u>440,794</u>	<u>777</u>	<u>140</u>	<u>11,705</u>	<u>2,656,483</u>
<u>LIABILITIES</u>								
Deposits from customers	1,069,054	454,819	496,956	100,288	-	-	-	2,121,117
Other accounts and provisions	1,115	102	59	10	-	-	1,442	2,728
Tax payable	-	-	-	120	-	-	-	120
	<u>1,070,169</u>	<u>454,921</u>	<u>497,015</u>	<u>100,418</u>	<u>-</u>	<u>-</u>	<u>1,442</u>	<u>2,123,965</u>
Net liquidity gap	<u>(679,853)</u>	<u>345,989</u>	<u>514,826</u>	<u>340,376</u>	<u>777</u>	<u>140</u>	<u>10,263</u>	<u>532,518</u>

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.

## 5. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

This note provides information about how the Bank determines fair values of various financial assets and financial liabilities.

Some of the Bank's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Bank uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Bank measures the fair value with reference to the quote from second hand market.

### Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

	<u>Fair value</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>fair value</u>
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
<u>31 December 2017</u>				
Available-for-sale investments				
- club debentures	-	3,610,000	-	3,610,000

During the current year, there was no transfers of financial instruments between level 1 and level 2.

In estimating the fair value of the club debentures classified as level 2, the fair value is arrived at with reference to the quote from second hand market. The available-for-sale investments were measured at cost less impairment as at 31 December 2016 because the directors were in the opinion that their fair value could not be measured reliably.

## 6. INTEREST INCOME

	<u>2017</u>	<u>2016</u>
	<u>HK\$</u>	<u>HK\$</u>
Interest on deposits with banks	19,697,348	15,949,345
Interest on advances to customers	527	337
	<u>19,697,875</u>	<u>15,949,682</u>

## 7. INTEREST EXPENSE

	<u>2017</u>	<u>2016</u>
	<u>HK\$</u>	<u>HK\$</u>
Interest on deposits from customers	<u>2,659,596</u>	<u>1,553,878</u>

TAI YAU BANK, LIMITED

8. OTHER OPERATING INCOME

	<u>2017</u> HK\$	<u>2016</u> HK\$
Dividends from unlisted available-for-sale investments	2,820,000	3,900,000
Fees and commission income	32,950	33,365
Other income	398,794	16,817
	<u>3,251,744</u>	<u>3,950,182</u>

9. OPERATING EXPENSES

	<u>2017</u> HK\$	<u>2016</u> HK\$
Auditor's remuneration	550,000	530,000
Depreciation and amortisation of equipment and leasehold improvements	-	-
Net exchange loss arising from foreign currencies position	-	26,536
Directors' emoluments		
- fees	420,000	420,000
- other emoluments	1,120,000	1,120,000
Other operating expenses	2,772,670	2,598,410
Operating lease payments	1,266,549	1,187,103
Staff costs		
- salaries and bonus	6,632,380	6,323,644
- contributions to Mandatory Provident Fund	205,751	204,898
	<u>12,967,350</u>	<u>12,410,591</u>

10. INCOME TAX EXPENSE

The tax charge comprises:

	<u>2017</u> HK\$	<u>2016</u> HK\$
Hong Kong Profits Tax		
- Current year	730,000	120,000
	<u>730,000</u>	<u>120,000</u>

Hong Kong Profits Tax was 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>2017</u> HK\$	<u>2016</u> HK\$
Profit before tax	<u>248,250,580</u>	<u>5,935,395</u>
Tax at Hong Kong Profits Tax rate of 16.5%	40,961,346	979,340
Tax effect of income not taxable	(40,218,405)	(643,500)
Utilisation of tax losses previously not recognised	-	(224,235)
Others	<u>(12,941)</u>	<u>8,395</u>
	<u>730,000</u>	<u>120,000</u>

11. ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS

The advances to customers and other accounts comprise:

	<u>2017</u> HK\$	<u>2016</u> HK\$
Advances to staff	917,500	1,138,500
Interest receivable	<u>3,446,178</u>	<u>3,735,421</u>
	<u>4,363,678</u>	<u>4,873,921</u>

There was no impaired loan as at 31 December 2017 and 31 December 2016.

12. OVERDUE, RESCHEDULED AND REPOSSESSED ASSETS

There was no overdue, rescheduled and repossessed assets as at 31 December 2017 and 31 December 2016.

13. AVAILABLE-FOR-SALE INVESTMENTS

	<u>2017</u> HK\$	<u>2016</u> HK\$
Unlisted securities:		
- equity securities at cost	-	11,160,000
- club debentures	<u>3,610,000</u>	<u>300,000</u>
Total	<u>3,610,000</u>	<u>11,460,000</u>

# TAI YAU BANK, LIMITED

## 13. AVAILABLE-FOR-SALE INVESTMENTS - continued

All unlisted securities are issued by corporate entities in Hong Kong. As at 31 December 2017, the fair value of club debentures was arrived at with reference to the quote from second hand market. As at 31 December 2016, the available-for-sale investments were measured at cost less impairment because the directors were in the opinion that their fair value could not be measured reliably.

In the current year, the Bank disposed of certain unlisted equity securities with carrying amount of HK\$11,160,000, which had been carried at cost less impairment before the disposal. A gain on disposal of HK\$240,927,907 had been recognised in profit or loss for the current year.

## 14. DEFERRED TAXATION

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

	Accelerated tax <u>depreciation</u> HK\$	Provision for long service <u>payments</u> HK\$	<u>Total</u> HK\$
At 1 January 2016, 31 December 2016 and 31 December 2017	<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 improvements</u> HK\$	<u>Total</u> HK\$
<b>COST</b>			
At 1 January 2016, 31 December 2016 and 31 December 2017	<u>738,924</u>	<u>1,472,938</u>	<u>2,211,862</u>
<b>ACCUMULATED DEPRECIATION AND AMORTISATION</b>			
At 1 January 2016, 31 December 2016 and 31 December 2017	<u>738,924</u>	<u>1,472,938</u>	<u>2,211,862</u>
<b>CARRYING AMOUNT</b>			
At 31 December 2016 and 31 December 2017	<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>2017</u> HK\$	<u>2016</u> HK\$
Current accounts	124,041,599	98,397,580
Savings deposits	957,837,010	970,656,683
Time, call and notice deposits	984,974,604	1,052,063,106
	<u>2,066,853,213</u>	<u>2,121,117,369</u>

17. OTHER ACCOUNTS AND PROVISIONS

	<u>2017</u> HK\$	<u>2016</u> HK\$
Interest payable	313,403	171,574
Provision for long service payments	1,441,633	1,441,633
Others	1,523,128	1,115,070
	<u>3,278,164</u>	<u>2,728,277</u>

18. SHARE CAPITAL

	<u>2017</u>		<u>2016</u>	
	Number of <u>shares</u>	<u>Amount</u> HK\$	Number of <u>shares</u>	<u>Amount</u> HK\$
Issued and fully paid:				
Ordinary shares				
At beginning and end of year	<u>3,000,000</u>	<u>300,000,000</u>	<u>3,000,000</u>	<u>300,000,000</u>

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

19. OFF-BALANCE SHEET EXPOSURES

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

	<u>2017</u> HK\$	<u>2016</u> HK\$
Direct credit substitutes	<u>3,490,000</u>	<u>3,490,000</u>

The credit risk weighted amount of contingent liabilities and commitments was HK\$ Nil (2016: 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\$205,751 (2016: HK\$204,898) had 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>2017</u> HK\$	<u>2016</u> HK\$
Within one year	1,251,120	466,700
In the second to fifth years inclusive	<u>521,300</u>	<u>-</u>
	<u>1,772,420</u>	<u>466,700</u>

Operating lease payments represent rentals payable by the Bank for its office premises. The current lease will expire in 2019 (2016: expire in 2017) 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>2017</u> HK\$	<u>2016</u> HK\$
Interest expense on deposits	2,625,319	1,033,122
Rental and other related expenses	1,266,549	1,187,103
Gain on disposal on an available-for-sale-investment	<u>240,927,907</u>	<u>-</u>

On 22 September 2017, the Bank disposed of certain unlisted equity securities with carrying amount of HK\$11,160,000, which had been carried at cost less impairment before the disposal, to Foo Heng Development Company, Limited, a connected party of the Bank. A gain on disposal of HK\$240,927,907 had been recognised in profit or loss for the current year. The transaction was settled on 13 October 2017.

22. RELATED PARTY TRANSACTIONS - continued

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

	<u>2017</u> HK\$	<u>2016</u> HK\$
Current accounts	115,990,283	82,154,268
Savings deposits	906,262,078	919,022,098
Time, call and notice deposits	977,058,968	1,043,715,967
	<u>1,999,311,329</u>	<u>2,044,892,333</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% (2016: 0.01%) and repayable on demand. The balance of time, call and notice deposits is interest bearing ranging from 0.05% to 0.90% (2016: 0.05% to 0.53%) 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 had issued letters of guarantee, majority to utility companies in lieu of deposits amounting to HK\$3,490,000 (2016: HK\$3,490,000) for a company connected with directors of the Bank and of which the Bank was a shareholder before the disposal of interest during the year.

Key management compensation

	<u>2017</u> HK\$	<u>2016</u> HK\$
Salaries and allowances (including directors' fees)	<u>4,636,760</u>	<u>4,396,100</u>

There was no sign-on awards and severance payments provided during the year ended 31 December 2017 (2016: HK\$Nil).

TAI YAU BANK, LIMITED

Unaudited Supplementary Financial Information  
For the year ended 31 December 2017

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2017

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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 2017, 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 9 persons and key personnel of 5 persons were paid with fixed remuneration in cash of HK\$3,241,760 and HK\$1,395,000 respectively during the year, totalling HK\$4,636,760 (2016: HK\$4,396,100). 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.

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>2017</u> HK\$	<u>2016</u> HK\$
Loans for use in Hong Kong		
Individuals - other private purposes	<u>917,500</u>	<u>1,138,500</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.

	<u>31.12.2017</u> %	<u>31.12.2016</u> %
Average liquidity maintenance ratio for the year	<u>71.25</u>	<u>62.53</u>

(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 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>2017</u> %	<u>2016</u> %
Total capital ratio	<u>157.29</u>	<u>106.90</u>
Tier 1 capital ratio	<u>157.27</u>	<u>106.88</u>
Common Equity Tier 1 capital ratio	<u>157.27</u>	<u>106.88</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](http://www.tybhk.com.hk)).

3. OTHER FINANCIAL INFORMATION - continued

(c) Leverage ratio

The bank is required under the Banking (Disclosure) Rules to disclose its leverage ratio. Leverage ratio was calculated on a solo basis, in accordance with the Capital Rules issued by the HKMA.

	<u>31.12.2017</u>	<u>31.12.2016</u>
	%	%
Leverage ratio	<u>27.41</u>	<u>20.01</u>

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

(d) Capital conservation buffer ratio

The Capital conservation buffer ratio for calculating the Bank's buffer level is 1.250% as at 31 December 2017 (2016: 0.625%) in accordance with the Banking (Capital) Rules.

(e) Countercyclical capital buffer ratio

The countercyclical capital buffer ratio was compiled in accordance with the Banking (Capital) Rules.

	<u>31.12.2017</u>	<u>31.12.2016</u>
	%	%
Countercyclical capital buffer ratio	<u>1.250</u>	<u>0.625</u>

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

(f) 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>2017</u>	<u>2016</u>
	HK\$'000	HK\$'000
Capital charge for operational risk	<u>2,691</u>	<u>2,597</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.

	Banks HK\$'000
<u>As at 31 December 2017</u>	
Developed countries	409,456
- of which: Japan	400,433
Offshore centres	189,407
- of which: Hong Kong	189,407
Developing Asia and Pacific	797,369
- of which: China	562,771
Malaysia	200,221
<u>As at 31 December 2016</u>	
Developed countries	208,583
- of which: Japan	100,110
Offshore centres	174,936
- of which: Hong Kong	174,936
Developing Asia and Pacific	957,980
- of which: China	723,016
Malaysia	200,230

6. CURRENCY RISK

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

	<u>At 31 December 2017</u> (Equivalent in HK\$)			
	<u>USD</u>	<u>GBP</u>	<u>CAD</u>	<u>Total</u>
Spot assets	42,813,301	181,903,196	8,965,748	233,682,245
Spot liabilities	(28,280,419)	(180,648,106)	(7,081,677)	(216,010,202)
Net long position	<u>14,532,882</u>	<u>1,255,090</u>	<u>1,884,071</u>	<u>17,672,043</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	<u>At 31 December 2016</u> (Equivalent in HK\$)			
	<u>USD</u>	<u>GBP</u>	<u>CAD</u>	<u>Total</u>
Spot assets	42,764,918	167,827,126	8,452,684	219,044,728
Spot liabilities	(28,575,189)	(166,775,542)	(6,500,130)	(201,850,861)
Net long position	<u>14,189,729</u>	<u>1,051,584</u>	<u>1,952,554</u>	<u>17,193,867</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 2017, 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 2017 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 2017 年 12 月 31 日止年度

<u>目錄</u>	<u>頁數</u>
董事會報告書	1 - 4
獨立核數師報告書	5 - 7
損益及其他全面收益表	8
財務狀況表	9
股東權益變動表	10
現金流量表	11
財務報表附註	12 - 38

# 大有銀行有限公司

## 董事會報告書

董事會現呈截至 2017 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。

### 財務資料分析

截至2017年12月31日，除稅前的經營溢利為248,250,580港元（2016年：5,935,395港元），較上財政年度上升4,083%。同業存放之存款利息年利率從0.03%至1.78%（2016年：從0.01%至1.75%）金額為19,697,348港元（2016年：15,949,345港元），較上財政年度高23%。本年度的資產總值為2,853,916,999港元，較上財政年度上升7%（2016年：2,656,483,880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8,378,131港元（2016年：8,068,542港元），本年度較上財政年度有4%增加。

本年度總資本比率為157.29%（2016年：106.90%）較上財政年度上升47%。而一級資本比率和普通股權一級資本比率均維持於157.27%（2016年：106.88%）較上財政年度上升47%。

截至2017年12月31日，淨利息收益率為0.74%（2016年：0.60%），較上財政年度上升23%。平均資產回報率為8.88%較上財政年度上升4,129%（2016年：0.21%）。股本回報率為31.60%較上財政年度上升2,799%（2016年：1.09%）。

整體而言，本銀行有著穩健的業務及良好的財務狀況，而且擁有良好的資產水準，資本充足比率及平均流動性維持比率均較相關法定要求高。

### 環境政策和表現

可持續發展和保護環境對本銀行的客戶、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。

本銀行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。

## 大有銀行有限公司

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。

### 與客戶和供應商的關係

董事相信，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

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。

## 大有銀行有限公司

### 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4「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 2017 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。

### 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 2017 年 12 月 31 日的可供分派予股東之儲備包括保留溢利、一般儲備、資本儲備及投資重估儲備 483,248,814 港元（2016 年：232,418,234 港元）。

### 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，現有董事將會退任，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。

### 獲准許之彌償條文

按照本銀行組織章程第 126 條的規定，本銀行之董事現在及本年度均獲有效之彌償條文。

### 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  
高福楹  
主席(署理)

二零一八年三月二十七日

## 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)

### **意見**

本核數師（以下簡稱「我們」）已審計列載於 8 至 38 頁的大有銀行有限公司（以下簡稱「貴銀行」）的財務報表，此財務報表包括於二零一七年十二月三十一日的財務狀況表與截至該日止年度的損益及其他全面收益表、股東權益變動表和現金流量表，以及財務報表附註，包括主要會計政策概要。

我們認為，該財務報表已根據香港會計師公會頒佈的《香港財務報告準則》真實而中肯地反映了貴銀行於二零一七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，並已遵照香港《公司條例》妥為擬備。

### **意見的基礎**

我們已根據香港會計師公會頒佈的《香港審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計財務報表承擔的責任」部分中作進一步闡述。根據香港會計師公會頒佈的《專業會計師道德守則》（以下簡稱「守則」），我們獨立於貴銀行，並已履行守則中的其他專業道德責任。我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

### **其他信息**

貴銀行董事需對其他信息負責。其他信息包括刊載於年報內的信息，但不包括財務報表及我們的核數師報告。

我們對財務報表的意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式的鑒證結論。

結合我們對財務報表的審計，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與財務報表或我們在審計過程中所瞭解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

## **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)

### **董事及治理層就財務報表須承擔的責任**

貴銀行董事須負責根據香港會計師公會頒佈的《香港財務報告準則》及香港《公司條例》擬備真實而中肯的財務報表，並對其認為為使財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

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

治理層須負責監督貴銀行的財務報告過程。

### **核數師就審計財務報表承擔的責任**

我們的目標，是對財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並按照香港《公司條例》第 405 條的規定僅向全體成員出具包括我們意見的核數師報告。除此以外，我們的報告不可用作其他用途。本行並不就本行報告之內容對任何其他人士承擔任何責任或接受任何義務。合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或匯總起來可能影響財務報表使用者依賴財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

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

- 識別和評估由於欺詐或錯誤而導致財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 瞭解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴銀行內部控制的有效性發表意見。

## **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)

### **核數師就審計財務報表承擔的責任 - 續**

- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴銀行的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴銀行不能持續經營。
- 評價財務報表的整體列報方式、結構和內容，包括披露，以及財務報表是否中肯反映交易和事項。

我們與治理層溝通了計畫的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

**德勤·關黃陳方會計師行**  
執業會計師

香港  
二零一八年三月二十七日

大有銀行有限公司

損益及其他全面收益表  
截至 2017 年 12 月 31 日止年度

	附註	2017 年 港幣	2016 年 港幣
利息收入	6	19,697,875	15,949,682
利息支出	7	(2,659,596)	(1,553,878)
淨利息收入		17,038,279	14,395,804
其他經營收入	8	3,251,744	3,950,182
經營收入		20,290,023	18,345,986
經營支出	9	(12,967,350)	(12,410,591)
處置可供出售投資之收益	13, 22	240,927,907	-
除稅前溢利		248,250,580	5,935,395
利得稅支出	10	(730,000)	(120,000)
本年溢利淨額		247,520,580	5,815,395
<b>本年其他全面收益總額</b>			
<i>可於其後重新分類為損益之項目：</i>			
可供出售投資			
本年公允價值變動之淨額		244,237,907	-
重分類調整處置損益		(240,927,907)	-
本年其他全面收益總額		3,310,000	-
本年全面收益總額		250,830,580	5,815,395

大有銀行有限公司

財務狀況表

截至 2017 年 12 月 31 日止年度

	附註	2017 年 港幣	2016 年 港幣
資產			
庫存現金及與銀行及其他金融機構的結存		562,071,620	390,316,599
即期及短期同業存放		831,897,487	799,411,658
一至十二個月內到期之定期同業存放		1,451,728,820	1,450,176,308
客戶貸款及其他賬項	11	4,363,678	4,873,921
可供出售投資	13	3,610,000	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>2,853,916,999</u>	<u>2,656,483,880</u>
負債			
客戶存款	16	2,066,853,213	2,121,117,369
其他賬項及撥備	17	3,278,164	2,728,277
應付稅款		436,808	120,000
		<u>2,070,568,185</u>	<u>2,123,965,646</u>
資本來源			
股本	18	300,000,000	300,000,000
儲備		483,348,814	232,518,234
股東權益		<u>783,348,814</u>	<u>532,518,234</u>
負債及資本來源總額		<u>2,853,916,999</u>	<u>2,656,483,880</u>

載於第 8 頁至第 38 頁之財務報表已於 2018 年 3 月 27 日獲董事會審核通過並授權簽署及印發。

董事: 高福楹先生

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 2017 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	投資重估儲備 港幣	合計 港幣
於 2016 年 1 月 1 日結餘	300,000,000	175,095,780	46,000,000	100,000	5,507,059	-	526,702,839
全年溢利及其他全面收益總額	-	5,815,395	-	-	-	-	5,815,395
於 2016 年 12 月 31 日結餘	300,000,000	180,911,175	46,000,000	100,000	5,507,059	-	532,518,234
全年溢利	-	247,520,580	-	-	-	-	247,520,580
其他全面收益總額	-	-	-	-	-	3,310,000	3,310,000
可供出售投資	-	-	-	-	-	-	-
本年累計公允價值變動淨額	-	-	-	-	-	244,237,907	244,237,907
重分類調整處置損益	-	-	-	-	-	(240,927,907)	(240,927,907)
於 2017 年 12 月 31 日結餘	300,000,000	428,431,755	46,000,000	100,000	5,507,059	3,310,000	783,348,814

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。

大有銀行有限公司

現金流量表

截至 2017 年 12 月 31 日止年度

	2017 年 港幣	2016 年 港幣
經營業務		
稅前溢利	248,250,580	5,935,395
調整項目：		
利息收入	(19,697,875)	(15,949,682)
利息支出	2,659,596	1,553,878
非上市可供出售投資股息	(2,820,000)	(3,900,000)
處置可供出售投資之收益	(240,927,907)	-
營運資金變動前之經營業務現金流量	(12,535,606)	(12,360,409)
原定到期日逾三個月之即期及短期同業存放之減少（增加）	306,006,000	(20,000,000)
原定到期日逾三個月之定期同業存放之減少	152,087,886	150,764,281
客戶貸款之減少(增加)	221,000	(599,000)
客戶存款之減少	(54,264,156)	(24,013,530)
其他賬項及撥備之增加	408,058	39,343
來自業務之現金淨額	391,923,182	93,830,685
已收利息	19,987,118	14,671,323
已支利息	(2,517,767)	(1,525,998)
（已支付）已退還香港利得稅	(413,192)	285,326
來自經營業務之現金淨額	408,979,341	107,261,336
投資業務		
非上市可供出售投資股息	2,820,000	3,900,000
處置可供出售投資所得款項	252,087,907	-
來自投資業務之現金淨額	254,907,907	3,900,000
淨現金及等同現金項目之增加	663,887,248	111,161,336
一月一日的現金及等同現金項目	1,124,662,846	1,013,501,510
十二月三十一日的現金及等同現金項目	1,788,550,094	1,124,662,846
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	562,071,620	390,316,599
原定到期日至三個月或以下之即期及短期同業存放	731,897,487	393,405,658
原定到期日至三個月或以下之定期同業存放	494,580,987	340,940,589
	1,788,550,094	1,124,662,846

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 2017 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 <sup>1</sup>
香港財務報告準則第 15 號	客戶合同之收入及相關修訂 <sup>1</sup>
香港財務報告準則第 16 號	租賃 <sup>2</sup>

<sup>1</sup> 於 2018 年 1 月 1 日或以後開始的年度期間開始生效。

<sup>2</sup> 於 2019 年 1 月 1 日或以後開始的年度期間開始生效。

除下文所述新訂香港財務報告準則外，董事預期應用其他新訂或修訂香港財務報告準則及詮釋將不會在可見將來對財務報表產生重大影響。

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」

香港財務報告準則第9號引入金融工具的分類及計量之新規定包括金融資產、金融負債之分類及計量、一般對沖會計法和有關金融資產之減值規定。

香港財務報告準則第9號之主要規定列述如下：

- 符合香港財務報告準則第9號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。

根據本行於2017年12月31日的金融工具及風險管理政策，本行董事預期首次應用香港財務報告準則第9號可能會產生以下潛在影響：

分類和測量：

- 如附註4所披露歸類為應收貸款、按攤銷成本列賬之債務工具為以收回合同現金流量為目標且合同現金流量僅用於支付未償還的本金和本金利息的業務模式下持有的債務工具。因此，應用香港財務報告準則第9號後，此類金融資產將繼續以攤銷成本進行後續計量；

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

- 如附註 13 所披露歸類為可供出售投資、按公允價值計量的會所債券：該等債券符合香港財務報告準則第 9 號下按公允價值計量且其變動計入其他全面收益的指定，但本行不計劃對相關指定進行選擇，且會按公允價值計量該等證券並於損益內確認後續的公允價值利得或損失。於首次應用香港財務報告準則第 9 號後，與此類可供出售投資有關的投資重估儲備 3,310,000 港元將於 2018 年 1 月 1 日轉撥至保留溢利；及
- 所有其他金融資產及金融負債將繼續按現時根據香港會計準則第 39 號計量之相同基準計量。

減值

一般而言，本銀行董事預期應用香港財務報告準則第 9 號的預期信用損失模式將導致尚未發生的信用損失的提前撥備，該等尚未發生的信用損失予以攤餘成本計量的本銀行金融資產和應用香港財務報告準則第 9 號後需遵循減值準備規定的其他項目有關。

根據本銀行董事的評估，若本銀行採用預期信用損失模型，則將於 2018 年 1 月 1 日確認的累計減值損失金額將比香港會計準則第 39 號下確認的累計金額輕微增加，這主要是由於對一至十二個月內到期之定期同業存放的預期信用損失撥備所致。預期信用損失模型下確認的進一步減值損失將減少 2018 年 1 月 1 日的期初保留溢利。

香港財務報告準則第 15 號「客戶合同之收入」

香港財務報告準則第 15 號的發佈建立了一個單一的綜合模型以便會計主體對從客戶之間的合同產生的收入進行會計處理。香港財務報告準則第 15 號在其生效後將會取代現有的香港會計準則第 18 號「收入」和香港會計準則第 11 號「建造合同」以及相關的解釋。

香港財務報告準則第 15 號的核心原則是：確認的收入以反映承諾的商品或服務以預期的金額向客戶的轉移。該準則介紹了五個確認收入的步驟：

- 第一步：辨認與客戶的合同
- 第二步：確認合同中的履約義務
- 第三步：確定交易價格
- 第四步：將交易價格分攤至合同中的履約義務
- 第五步：在實行履約義務時確認收入

在香港財務報告準則第 15 號下，企業在履約義務成功實施時確認收入，比如當商品或服務的控制權在特定的履約義務下轉移到客戶。更具體的指引詳列於香港財務報告準則第 15 號以便處理更具體的情境。此外，香港財務報告準則第 15 號要求進一步披露。

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 15 號「客戶合同之收入」— 續

於 2016 年，香港會計師公會發佈了香港財務報告準則第 15 號關於確定履約義務，當事人與代理人的考慮以及許可證申請的指引。

本銀行的董事預期未來香港財務報告準則第 15 號的運用將會體現在本銀行財務報告的披露中。但是，預期採用香港財務報告準則第 15 號對有關報告時段內確認收益之時間性及金額不會有重大影響。

香港財務報告準則第 16 號「租賃」

香港財務報告準則第 16 號為識別出租人及承租人的租賃安排及會計處理引入一個綜合模式。待香港財務報告準則第 16 號生效，其將取代香港會計準則第 17 號「租賃」及有關詮釋。

香港財務報告準則第 16 號根據所識別資產是否由客戶控制來區分租賃及服務合約。除短期租賃及低價值資產的租賃外，經營租賃及融資租賃的區別自承租人會計處理中取消，並由承租人須就所有租賃確認使用權資產及相應負債的模式替代。

使用權資產初步按成本計量及其後按成本（除若干例外情況外）減累計折舊及減值虧損計量，並可因應任何租賃負債重新計量作出調整。租賃負債初步按於該日尚未支付之租賃款項之現值計量。其後，租賃負債會就利息及租賃款項以及（其中包括）租約改動等之影響予以調整。就現金流的分類，本銀行現時將預付租賃款項呈列為投資現金流將其他經營租賃款項則呈列為經營現金流。根據香港財務報告準則第 16 號，租賃負債的相關租賃款項將分攤至本金部分及利息部分，並將作為融資及經營現金流呈列。

此外，香港財務報告準則第16號要求作出更大範圍的披露。

截至2017年12月31日，本銀行之不可撤銷經營租賃承擔額為1,772,420港元，請參閱附註21之披露。

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中生效的條文編製，亦因應香港《公司條例》（以下稱「香港《公司條例》」）而作相關披露。

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。

3. 主要會計政策一續

公允價值為市場參與者於計量日期在有序交易中出售資產可能收取或轉讓負債可能支付之價格，不論該價格是否直接可觀察或使用另一項估值方法估計。估計資產或負債之公平價值時，本行考慮了市場參與者在計量日期為該資產或負債進行定價時將會考慮的資產或負債特徵。

對於以公允價值轉移的金融工具和採用不可觀察輸入資料計量以後期間公允價值的估值技術，通過校準估值技術，以使估值技術的結果等於交易價格。

此外，就財務報告而言，公允價值計量根據公允價值計量輸入資料的可觀察程度及輸入資料對公允價值計量之整體重要性分類為第一級，第二級或第三級，載述如下：

- 第一級輸入資料為實體在計量日可以存取的相同資產或負債在活躍市場之報價（未經調整）；
- 第二級輸入資料是就資產或負債直接或間接地可觀察之輸入資料（第一級內包括的報價除外）；及
- 第三級輸入資產或負債的不可觀察輸入資料。

主要會計政策如下：

收入確認

收入按已收取或應收取對價之公允價值計量確認。

凡相關收入能夠可靠計量，且其經濟利益有可能流向本銀行時，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。

可供出售投資之股息收入於本行收取股息之權利確立時確認。

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。

3. 主要會計政策－續

設備及租賃物業裝修－續

設備及租賃物業裝修于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，按該專案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允價值計量。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 (除了以公允價值計量且其變動計入損益的金融資產或金融負債之外)，適當地加入或從金融資產或金融負債之公平值扣減。直接歸屬於以公允價值計量且其變動計入損益的金融資產或金融負債之交易費用會立即確認於損益帳。

**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。所有從正常管道購買或出售的金融資產均須於交易日確認或終止確認。從正常管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。

*可供出售金融資產*

可供出售金融資產是指指派為可供出售或者未分類為以公允計量且其變動計入當期損益的金融資產、貸款及應收款項或持作到期投資的一種非衍生工具。

本行持有的被劃分為可供出售金融資產的權益和債務證券在每個報告期末均按照公允價值計量，但公允價值不能可靠計量且沒有活躍市場標價的權益投資除外。與按實際利率法計算的利息收入相關的可供出售金融債務工具賬面價值的變動在損益中確認。可供出售權益工具的股息於本行收取股息的權利確立時於損益內確認。可供出售金融資產賬面金額的其他變動於其他全面收入內確認並於投資重估儲備中累計。當投資被處置或被確定為減值時，先前累計於投資重估儲備的累計收益或虧損會重新分類至損益。

在活躍市場上沒有市場報價且公允價值不能可靠計量的可供出售投資，會於報告期末以成本減任何已確認減值虧損來進行計量。

3. 主要會計政策－續

金融工具－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，並減去任何減值入帳。

利息收入採用實際利率法確認，但確認利息不重大的短期應收款項時除外。

金融資產減值

金融資產(以公允價值計量且其變動計入當期損益的金融資產除外)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彙集作減值評估。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。

當可供出售金融資產被視為出現減值時，先前於其他全面收益內確認的累計收益或虧損於期內重新分類至損益。

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。

就可供出售權益投資而言，先前於損益內確認的減值虧損不會通過損益撥回。減值虧損後公允價值的任何增加於其他全面收益確認，並於投資重估儲備中累計。就可供出售投資的債務投資而言，倘投資的公允價值增加客觀上與確認減值虧損後發生的事件相關，則減值虧損會於損益中轉回。

3. 主要會計政策一續

**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。

*按攤銷成本計量的金融負債*

金融負債（包括客戶存款、應付利息及其他賬項），以有效利率法按攤銷成本計量。

**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按公平值作計量，如未透過損益賬指定其公平值，將會以兩者中較高者計量財務擔保合約：

- (i) 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
- (ii) 初始確認價值減根據在擔保期間收入確認政策所確認之累計攤銷後金額。

**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。如果本銀行既不轉讓同時也不保留所有風險及回報擁有權，但又繼續管有已轉讓資產，本銀行會確認其對該資產的留存權益及其可能支付的金額的相關負債。如果本銀行保留轉移金融資產的所有風險和報酬所有權，本銀行將繼續確認該金融資產，並確認所收到的收益為抵押借款。

3. 主要會計政策－續

金融工具－續

終止確認－續

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（當資金的時間價值對本行帶來重大影響）。

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。

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，以厘定減值之虧損程度(如有)。

倘無法估計個別資產之可收回金額，本銀行會估計該資產所屬現金產生單位之可收回金額。倘可識別合理及貫徹之分配基準，則公司資產亦會分配至個別現金產生單位，否則或會以合理及貫徹原則，分配至最小現金產生單位組合。

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未調整未來現金流之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。於分配減值虧損時，減值虧損會先分配以減低任何商譽的賬面價值（如適用），然後將減值虧損按其他資產的賬面值比例分配到其他資產。資產的賬面價值不低於其公允價值減去成本（如可衡量）之最高值，其使用價值（如可確定）和零。否則將分配給該資產的減值虧損的金額按照該單位的其他資產分配。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厘定之可收回值，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。

3. 主要會計政策－續

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。

倘暫時差額乃因初次確認交易（業務合併除外）中之遞延稅項資產及負債所產生，且不會對應課稅溢利或會計溢利構成影響，則該等遞延稅項資產及負債將不予確認。此外，倘暫時差額產生自商譽之初始確認，則遞延稅項負債不予確認。

遞延稅項負債按於附屬公司及聯營公司及合營公司權益投資相關之應課稅暫時差額確認，惟本銀行能控制暫時差額的撥回且暫時差額不大可能於可見將來撥回則除外。與該等投資及權益相關之可扣減暫時差額所產生之遞延稅項資產，僅於可能具有足夠應課稅溢利可動用暫時差額之利益，且預期於可見將來撥回時確認。

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。就因對業務合併進行初始會計處理而產生的即期稅項或遞延稅項而言，稅務影響乃計入業務合併的會計處理內。

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. 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。

#### 4. 財務風險管理 — 續

##### 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。

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%（2016 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。

4. 財務風險管理－續

金融工具分類

	<u>2017 年</u> 港幣千元	<u>2016 年</u> 港幣千元
金融資產		
貸款及應收款項	2,850,062	2,644,778
可供出售投資	3,610	11,460
	<u>          </u>	<u>          </u>
金融負債		
攤銷成本	2,068,689	2,122,403
	<u>          </u>	<u>          </u>

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。

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：

	<u>客戶貸款</u>	
	<u>2017 年</u> 港幣千元	<u>2016 年</u> 港幣千元
準時還款並未有減值	918	1,139
	<u>          </u>	<u>          </u>

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。

4. 財務風險管理－續

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。

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	合計
<u>2017 年</u>					
<u>資產</u>					
庫存現金及與銀行及					
其他金融機構結存	552,174	8,436	875	587	562,072
即期及短期同業存放	710,000	29,640	83,880	8,377	831,897
一至十二個月內到期之					
定期同業存放	1,350,000	4,680	97,049	-	1,451,729
客戶貸款及其他賬項	4,207	57	99	1	4,364
可供出售投資	3,610	-	-	-	3,610
	<u>2,619,991</u>	<u>42,813</u>	<u>181,903</u>	<u>8,965</u>	<u>2,853,672</u>
<u>負債</u>					
客戶存款	1,850,906	28,265	180,601	7,081	2,066,853
其他應繳款項	1,773	16	47	-	1,836
	<u>1,852,679</u>	<u>28,281</u>	<u>180,648</u>	<u>7,081</u>	<u>2,068,689</u>
資產負債表內持倉淨額	<u>767,312</u>	<u>14,532</u>	<u>1,255</u>	<u>1,884</u>	<u>784,983</u>

4. 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	合計
<u>2016 年</u>					
<u>資產</u>					
庫存現金及與銀行及					
其他金融機構結存	380,942	8,031	904	439	390,316
即期及短期同業存放	700,000	15,522	75,877	8,013	799,412
一至十二個月內到期之					
定期同業存放	1,340,000	19,188	90,988	-	1,450,176
客戶貸款及其他賬項	4,792	24	58	-	4,874
可供出售投資	11,460	-	-	-	11,460
	<u>2,437,194</u>	<u>42,765</u>	<u>167,827</u>	<u>8,452</u>	<u>2,656,238</u>
<u>負債</u>					
客戶存款	1,919,291	28,572	166,754	6,500	2,121,117
其他應繳款項	1,261	3	22	-	1,286
	<u>1,920,552</u>	<u>28,575</u>	<u>166,776</u>	<u>6,500</u>	<u>2,122,403</u>
資產負債表內持倉淨額	<u>516,642</u>	<u>14,190</u>	<u>1,051</u>	<u>1,952</u>	<u>533,835</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% 弱勢/強勢時，對稅後利潤之影響詳列如下：

	<u>影響</u>	
	<u>2017 年</u> 港幣千元	<u>2016 年</u> 港幣千元
除稅後溢利	157/(157)	150/(150)

4. 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	1 個月以上 至 3 個月 或以下	3 個月以上 至 12 個月 或以下	1 年以上 至 5 年 或以下	5 年以上	不計利息	合計
	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
<u>於 2017 年 12 月 31 日</u>							
<u>資產</u>							
庫存現金及與銀行及							
其他金融機構結存	-	-	-	-	-	562,072	562,072
即期及短期同業存放	831,897	-	-	-	-	-	831,897
一至十二個月內到期之							
定期同業存放	-	1,261,729	190,000	-	-	-	1,451,729
客戶貸款及其他賬項	1,440	1,656	566	662	40	-	4,364
可供出售投資	-	-	-	-	-	3,610	3,610
	<u>833,337</u>	<u>1,263,385</u>	<u>190,566</u>	<u>662</u>	<u>40</u>	<u>565,682</u>	<u>2,853,672</u>
<u>負債</u>							
客戶存款	1,417,973	524,838	-	-	-	124,042	2,066,853
其他應繳款項	-	-	-	-	-	1,836	1,836
	<u>1,417,973</u>	<u>524,838</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,878</u>	<u>2,068,689</u>
利息敏感差距	<u>(584,636)</u>	<u>738,547</u>	<u>190,566</u>	<u>662</u>	<u>40</u>	<u>439,804</u>	<u>784,983</u>

## 大有銀行有限公司

### 4. 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	合計 港幣千元
於 2016 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	-	-	-	-	-	390,316	390,316
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	799,412	-	-	-	-	-	799,412
客戶貸款及其他賬項	-	1,010,176	440,000	-	-	-	1,450,176
可供出售投資	-	101	121	777	140	3,735	4,874
	-	-	-	-	-	11,460	11,460
	<u>799,412</u>	<u>1,010,277</u>	<u>440,121</u>	<u>777</u>	<u>140</u>	<u>405,511</u>	<u>2,656,238</u>
<u>負債</u>							
客戶存款	1,425,476	496,956	100,288	-	-	98,397	2,121,117
其他應繳款項	-	-	-	-	-	1,286	1,286
	<u>1,425,476</u>	<u>496,956</u>	<u>100,288</u>	<u>-</u>	<u>-</u>	<u>99,683</u>	<u>2,122,403</u>
利息敏感差距	<u>(626,064)</u>	<u>513,321</u>	<u>339,833</u>	<u>777</u>	<u>140</u>	<u>305,828</u>	<u>533,835</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（2016: 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 25 基點（2016: 25 基點）並假設其它因素不變，因客戶存款的浮動利率而對稅後利潤之影響詳列如下：

	<u>影響</u>	
	<u>2017 年</u> 港幣千元	<u>2016 年</u> 港幣千元
除稅後溢利	(2,392)	(2,424)

#### 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。

4. 財務風險管理－續

流動性風險管理

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資料、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、往來帳戶；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，設定內部目標水準。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彙報，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。

	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	合計 港幣千元	賬面值 港幣千元
<b>金融負債</b>							
<u>於 2017 年 12 月 31 日</u>							
客戶存款	1,542,244	525,309	-	-	-	2,067,553	2,066,853
其他應繳款項	1,700	136	-	-	-	1,836	1,836
	<u>1,543,944</u>	<u>525,445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,069,389</u>	<u>2,068,689</u>
<u>於 2016 年 12 月 31 日</u>							
客戶存款	1,523,997	497,191	100,404	-	-	2,121,592	2,121,117
其他應繳款項	1,217	59	10	-	-	1,286	1,286
	<u>1,525,214</u>	<u>497,250</u>	<u>100,414</u>	<u>-</u>	<u>-</u>	<u>2,122,878</u>	<u>2,122,403</u>

4. 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	合計 港幣千元
於 2017 年 12 月 31 日及 2016 年 12 月 31 日			
擔保、承兌及其他財務工具	3,490	-	3,490

以餘下到期還款分析資產及負債

根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：

	到期期限						無注明 日期 港幣千元	合計 港幣千元
	即時還款 港幣千元	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 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 2017 年 12 月 31 日								
<b>資產</b>								
庫存現金及與銀行及其他 金融機構結存	562,072	-	-	-	-	-	-	562,072
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	-	831,897	-	-	-	-	-	831,897
客戶貸款及其他賬項 可供出售投資	-	-	1,261,729	190,000	-	-	-	1,451,729
遞延稅項資產	-	1,440	1,656	566	662	40	-	4,364
設備及租賃物業裝修	-	-	-	-	-	-	3,610	3,610
	-	-	-	-	-	-	245	245
	-	-	-	-	-	-	-	-
	562,072	833,337	1,263,385	190,566	662	40	3,855	2,853,917
<b>負債</b>								
客戶存款	1,081,879	460,136	524,838	-	-	-	-	2,066,853
其他賬項及撥備	1,523	177	136	-	-	-	1,442	3,278
應付稅款	-	-	-	437	-	-	-	437
	1,083,402	460,313	524,974	437	-	-	1,442	2,070,568
流動資金差距	(521,330)	373,024	738,411	190,129	662	40	2,413	783,349

4. 財務風險管理－續

以餘下到期還款分析資產及負債－續

	到期期限							
	即時還款 港幣千元	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 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	無注明 日期 港幣千元	合計 港幣千元
於 2016 年 12 月 31 日								
資產								
庫存現金及與銀行及其他								
金融機構結存	390,316	-	-	-	-	-	-	390,316
即期及短期同業存放	-	799,412	-	-	-	-	-	799,412
一至十二個月內到期之								
定期同業存放	-	-	1,010,176	440,000	-	-	-	1,450,176
客戶貸款及其他賬項	-	1,498	1,665	794	777	140	-	4,874
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	-	-	-	-	-	-	-	-
	<u>390,316</u>	<u>800,910</u>	<u>1,011,841</u>	<u>440,794</u>	<u>777</u>	<u>140</u>	<u>11,705</u>	<u>2,656,483</u>
負債								
客戶存款	1,069,054	454,819	496,956	100,288	-	-	-	2,121,117
其他賬項及撥備	1,115	102	59	10	-	-	1,442	2,728
應付稅款	-	-	-	120	-	-	-	120
	<u>1,070,169</u>	<u>454,921</u>	<u>497,015</u>	<u>100,418</u>	<u>-</u>	<u>-</u>	<u>1,442</u>	<u>2,123,965</u>
流動資金差距	(679,853)	345,989	514,826	340,376	777	140	10,263	532,518

金融資產及負債的公允價值

其他金融資產與其他金融負債的公允價值，是根據折現現金使用分析一般採納的價格模式所厘定。

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。

5. 金融工具之公允價值計量

本附註提供有關本行如何確定各種金融資產和金融負債的公允價值的資訊。

為了財務報告的目的，銀行的部分金融工具以公允價值計量。在估計公允價值時，本行在可獲得的範圍內使用市場可觀察資料。當一級輸入資料不可用時，本行參考二手市場的報價計量公允價值。

公允價值計量在財務狀況表中確認

下表提供了按初始確認後以公允價值計量的金融工具分析，根據公允價值可觀察程度分為一至三級。

	<u>公允價值</u>			<u>合計</u>
	<u>一級</u>	<u>二級</u>	<u>三級</u>	<u>公允價值</u>
	<u>港幣</u>	<u>港幣</u>	<u>港幣</u>	<u>港幣</u>
<u>於 2017 年 12 月 31 日</u>				
可供出售投資				
- 會所債券	-	3,610,000	-	3,610,000

於本年度，金融工具在一級和二級之間沒有轉移。

在評估分類為第二級的會所債券的公允價值時，公允價值是參考二手市場的報價得出的。於 2016 年 12 月 31 日，鑒於董事認為可供出售投資之公允價值無法可靠計量，故按成本減於報告期末之減值虧損計量。

6. 利息收入

	<u>2017 年 港幣</u>	<u>2016 年 港幣</u>
同業存放之存款利息	19,697,348	15,949,345
客戶貸款之利息	<u>527</u>	<u>337</u>
	<u>19,697,875</u>	<u>15,949,682</u>

7. 利息支出

	<u>2017 年 港幣</u>	<u>2016 年 港幣</u>
客戶存款利息	<u>2,659,596</u>	<u>1,553,878</u>

## 大有銀行有限公司

### 8. 其他經營收入

	<u>2017 年</u> 港幣	<u>2016 年</u> 港幣
非上市可供出售投資之股息收入	2,820,000	3,900,000
收費及佣金收入	32,950	33,365
其他收入	398,794	16,817
	<u>3,251,744</u>	<u>3,950,182</u>

### 9. 經營支出

	<u>2017 年</u> 港幣	<u>2016 年</u> 港幣
核數師酬金	550,000	530,000
設備折舊及攤銷及租賃物業裝修	-	-
因持有外幣所產生的匯兌損失	-	26,536
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	2,772,670	2,598,410
經營租賃付款	1,266,549	1,187,103
員工費用		
- 薪金及花紅	6,632,380	6,323,644
- 強積金供款	205,751	204,898
	<u>12,967,350</u>	<u>12,410,591</u>

### 10. 利得稅支出

稅項支出為：

	<u>2017 年</u> 港幣	<u>2016 年</u> 港幣
香港利得稅		
- 本年度應課稅	730,000	120,000
	<u>730,000</u>	<u>120,000</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。

## 大有銀行有限公司

### 10. 利得稅支出－續

根據本年度損益及其他全面收益表與稅前溢利對照如下：

	2017 年 港幣	2016 年 港幣
稅前溢利	248,250,580	5,935,395
按本地利得稅稅率 16.5%計算之稅項	40,961,346	979,340
免課稅的收入之稅務影響	(40,218,405)	(643,500)
動用以往未確認之稅務虧損	-	(224,235)
其他	(12,941)	8,395
	730,000	120,000

### 11. 客戶貸款及其他賬項

客戶貸款及其他賬項包括：

	2017 年 港幣	2016 年 港幣
客戶貸款	917,500	1,138,500
應收利息	3,446,178	3,735,421
	4,363,678	4,873,921

截至 2017 年 12 月 31 日止年度及 2016 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 2017 年 12 月 31 日止年度及 2016 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

	2017 年 港幣	2016 年 港幣
非上市證券：		
- 按成本之股本證券	-	11,160,000
- 會所債券	3,610,000	300,000
合計	3,610,000	11,460,000

13. 可供出售投資－續

所有非上市證券均由香港商營機構發行。於 2017 年 12 月 31 日，會所債券的公允價值乃參考二手市場的報價而厘定。於 2016 年 12 月 31 日，鑑於董事認為可供出售投資之公允價值無法可靠計量，故按成本減減值虧損計量可供出售投資。

於本年度，本行出售賬面價值為 11,160,000 港幣之若干非上市股本證券，其於出售前已按成本減減值計量。出售收益 240,927,907 港幣已於本年度於損益內確認。

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	合計 港幣
於 2016 年 1 月 1 日、2016 年 12 月 31 日 及 2017 年 12 月 31 日	(1,391)	246,785	245,394

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	合計 港幣
成本			
於 2016 年 1 月 1 日、2016 年 12 月 31 日 及 2017 年 12 月 31 日	738,924	1,472,938	2,211,862
累計折舊及攤銷			
於 2016 年 1 月 1 日、2016 年 12 月 31 日 及 2017 年 12 月 31 日	738,924	1,472,938	2,211,862
賬面價值			
於 2016 年 12 月 31 日及 2017 年 12 月 31 日	-	-	-

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%。

大有銀行有限公司

16. 客戶存款

	<u>2017 年</u> 港幣	<u>2016 年</u> 港幣
往來帳戶	124,041,599	98,397,580
儲蓄存款	957,837,010	970,656,683
定期、即期及通知存款	984,974,604	1,052,063,106
	<u>2,066,853,213</u>	<u>2,121,117,369</u>

17. 其他款項及撥備

	<u>2017 年</u> 港幣	<u>2016 年</u> 港幣
應付利息	313,403	171,574
長期服務金撥備	1,441,633	1,441,633
其他	1,523,128	1,115,070
	<u>3,278,164</u>	<u>2,728,277</u>

18. 股本

	<u>2017年</u>		<u>2016年</u>	
	<u>發行的</u> <u>股份數目</u>	<u>金額</u> 港幣	<u>發行的</u> <u>股份數目</u>	<u>金額</u> 港幣
發行及已繳足股本:				
於年度之首尾普通股	<u>3,000,000</u>	<u>300,000,000</u>	<u>3,000,000</u>	<u>300,000,000</u>

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>2017 年</u> 港幣	<u>2016 年</u> 港幣
直接信貸替代項目	<u>3,490,000</u>	<u>3,490,000</u>

或有負債及承付款項之信貸風險加權金額為港幣零元（2016 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份之五供款，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 205,751 元（2016 年：港幣 204,898 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>2017 年</u> 港幣	<u>2016 年</u> 港幣
一年以內	1,251,120	466,700
第二年至第五年內（包括首尾兩年）	521,300	-
	<u>1,772,420</u>	<u>466,700</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 2019 年到期（2016: 於 2017 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，以及由其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>2017 年</u> 港幣	<u>2016 年</u> 港幣
客戶存款利息支出	2,625,319	1,033,122
租金及其他相關支出	1,266,549	1,187,103
處置可供出售投資之收益	<u>240,927,907</u>	<u>-</u>

於 2017 年 9 月 22 日，本銀行向關連公司（富衡發展有限公司）出售賬面價值為 11,160,000 港幣之若干非上市股本證券，其於出售前已按成本減減值計量。出售收益 240,927,907 港幣已於本年度於損益內確認。該交易於 2017 年 10 月 13 日結算。

22. 關連人士交易－續

本銀行於報告期末尚有與關連人士的餘額如下：

	<u>2017 年</u> 港幣	<u>2016 年</u> 港幣
往來賬戶	115,990,283	82,154,268
儲蓄存款	906,262,078	919,022,098
定期、即期及通知存款	977,058,968	1,043,715,967
	<u>1,999,311,329</u>	<u>2,044,892,333</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%（2016 年：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 0.05% 至 0.90%（2016 年 0.05% 至 0.53%）及於一至三個月內到期。

此類交易按與適用於與非關連人士交易類似的條款進行。

本銀行向一家關連公司發出保證書，主要對象是公用事業公司，金額為港幣 3,490,000 元（2016 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>2017 年</u> 港幣	<u>2016 年</u> 港幣
薪金及津貼（包括董事袍金）	<u>4,636,760</u>	<u>4,396,100</u>

截至二零一七年十二月三十一日，本銀行並無提供簽約獎金和遣散費（2016 年：港幣零元）。

大有銀行有限公司

截至 2017 年 12 月 31 日止年度之  
未經審核補充財務資料

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 2017 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 2017 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－續

本行已審核本行全體員工的薪酬政策。該政策涵蓋與本銀行業務相稱的指引和程序，同時支援本銀行的道德價值、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 9 人，以及另外 5 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 3,241,760 港幣及 1,395,000 港幣，共 4,636,760 港幣（2016 年: 4,396,100 港幣）。本銀行於年內並無提供任何保證獎金、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。

	2017 年 港幣	2016 年 港幣
在香港使用的貸款		
個人－其他私人用途	917,500	1,138,500

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《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。

	2017 年 12 月 31 日 %	2016 年 12 月 31 日 %
平均流動性維持比率	71.25	62.53

(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《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。

	2017 年 %	2016 年 %
總資本比率	157.29	106.90
一級資本比率	157.27	106.88
普通股權一級資本比率	157.27	106.88

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](http://www.tybhk.com.hk))。

3. 其他財務資料 – 續

(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。該比率之披露乃根據《銀行業（披露）規則》所編制。

	2017 年 12 月 31 日 %	2016 年 12 月 31 日 %
槓桿比率	27.41	20.01

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

(丁) 防衛緩衝資本比率

於二零一七年十二月三十一日，本銀行的防衛緩衝資本比率為 1.250%（2016 年: 0.625%）乃按照《銀行業（資本）規則》計算。

(戊) 逆週期緩衝資本比率

逆週期緩衝資本比率是按照《銀行業（資本）規則》計算。

	2017 年 12 月 31 日 %	2016 年 12 月 31 日 %
逆週期緩衝資本比率	1.250	0.625

逆週期緩衝資本比率的資料披露可於本銀行網站 ([www.tybhk.com.hk](http://www.tybhk.com.hk)) 之「監管披露」內瀏覽。

(己) 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：

	2017 年 港幣千元	2016 年 港幣千元
營運風險的資本支出	2,691	2,597

4. 營運風險

營運風險涉及人為錯誤、系統失靈、欺詐、或內部監控及程式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畫，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占總風險額 10%或以上，該國家的風險額便予以披露。

銀行  
港幣千元

於 2017 年 12 月 31 日

發達國家	409,456
其中：日本	400,433
離岸中心	189,407
其中：香港	189,407
發展中的亞洲和太平洋地區	797,369
其中：中國	562,771
馬來西亞	200,221

於 2016 年 12 月 31 日

發達國家	208,583
其中：日本	100,110
離岸中心	174,936
其中：香港	174,936
發展中的亞洲和太平洋地區	957,980
其中：中國	723,016
馬來西亞	200,230

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 2017 年 12 月 31 日 (港幣同值)			合計
	美元	英鎊	加幣	
現貨資產	42,813,301	181,903,196	8,965,748	233,682,245
現貨負債	(28,280,419)	(180,648,106)	(7,081,677)	(216,010,202)
長盤淨額	<u>14,532,882</u>	<u>1,255,090</u>	<u>1,884,071</u>	<u>17,672,043</u>
結構性倉盤淨額	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

  

	於 2016 年 12 月 31 日 (港幣同值)			合計
	美元	英鎊	加幣	
現貨資產	42,764,918	167,827,126	8,452,684	219,044,728
現貨負債	(28,575,189)	(166,775,542)	(6,500,130)	(201,850,861)
長盤淨額	<u>14,189,729</u>	<u>1,051,584</u>	<u>1,952,554</u>	<u>17,193,867</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. 遵守資訊披露規定

本銀行擬定截至 2017 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。