

(一) 主要會計政策 (續)

戊、收入認算

本行及其附屬公司之主要業務為提供銀行及有關之金融服務。

(i) 利息收入及支出

由二〇〇四年一月一日至二〇〇四年十二月三十一日

利息收入及支出在其產生時列入損益賬，呆賬之利息則撥入暫記賬項內，並在資產負債表內相關結餘中扣除。

貸款所收取費用按其應收款項入賬。住宅按揭貸款之現金回贈已資本化，並按直線法於損益賬內作出攤銷。有期債務證券溢價或折讓之攤銷則確認為利息收入。

由二〇〇五年一月一日起

利息收入及支出乃採用實際利息方法列入損益賬內。

實際利息方法乃是一種用以計算金融資產或金融負債之攤銷成本及於其相關期內攤分利息收入或利息支出之方法。實際利率指能將預計未來之現金付賬或收入，從相關金融工具之預計年期(或較短之年期，如適用)折算至與金融資產或金融負債之賬面值之利率。在計算實際利率時，本集團乃按金融工具之所有合約條款(如提早清還之行使權)而估計其現金流量，但不考慮未發生之信貸損失。此計算包括所有合約內交易雙方所收取或支付能構成整體實際利息之費用及利率差價、交易成本及所有其他溢價或折讓。

若金融資產價值因減值虧損被調低，其利息收入則以計算有關減值虧損時所採用來折算未來現金流量之利率來確認。

1 Principal accounting policies (continued)

(e) Income recognition

The Bank and its subsidiaries are engaged in the provision of banking and related financial services.

(i) Interest income and expense

From 1 January 2004 to 31 December 2004

Interest income and expense were recognised in the profit and loss account as it accrued, except in the case of doubtful debts where interest was credited to a suspense account which was netted in the balance sheet against the relevant balances.

Fees on loan origination were accounted for as and when they were receivable. Cash rebates granted in relation to residential mortgage loans were capitalised and amortised to the profit and loss account on a straight line basis. The amortisation of premiums and discounts arising on acquisition of dated debt securities was included as part of interest income.

From 1 January 2005 onwards

Interest income and expense are recognised in the profit and loss account by using the effective interest method.

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

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

(一) 主要會計政策(續)

戊、收入認算(續)

(ii) 保險費收入

保險費收入乃承保之毛保費總額，扣除分出之再保險費用並就未滿期保費作出調整。所承保之毛保費收入在承擔相關風險時確認。

(iii) 其他營業收入

服務費、佣金及租金收入按其應收款項入賬。股息收入在收取款項之權利確定時列賬。

己、金融資產

由二〇〇四年一月一日至二〇〇四年十二月三十一日

所有金融資產乃按成本值或攤銷成本值，扣除減值準備後列賬，持作買賣用途之證券及非持作買賣用途之證券則以公平價值列賬。

(i) 持作買賣用途之證券

持作買賣用途之證券指擬從短期的價格波動中獲利而購入之證券，此類證券乃按其公平價值入賬。公平價值乃指交易對手均在知情並願意情況下按公平原則磋商訂立之資產交換或支付債務的金額。

公平價值之改變於產生時列入損益賬內。

(ii) 非持作買賣用途之證券

非持作買賣用途之證券包括除持至到期證券或持作買賣用途證券以外之債務及股權證券。非持作買賣用途之證券乃按公平價值列於資產負債表內。

非持作買賣用途證券公平值之改變於重估投資儲備內確認，直至該證券沽出或被評定為耗蝕時，屆時有關之累積收益或虧損，會從重估投資儲備轉往損益賬內。

1 Principal accounting policies (continued)

(e) Income recognition (continued)

(ii) Premium income

Premium income represents gross insurance premium written less reinsurance ceded, as adjusted for unearned premium. Gross premiums written are recognised at date of risk inception.

(iii) Other operating income

Fees, commission and rental income are accounted for as and when they are receivable. Dividend income is recognised when the right to receive payment is established.

(f) Financial assets

From 1 January 2004 to 31 December 2004

All financial assets were carried at cost or amortised cost, net of impairment provisions, except for those securities held for trading and non-trading purposes which were held at fair value.

(i) Trading securities

Trading securities represented those securities which were acquired for the purpose of generating a profit from short-term fluctuations in price and were stated at fair value at the balance sheet date. Fair value was the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Changes in fair value of trading securities were recognised in the profit and loss account as they arose.

(ii) Non-trading securities

Non-trading securities included debt and equity securities other than those classified as held-to-maturity securities or trading securities. Non-trading securities were stated at fair value at the balance sheet date.

Changes in the fair value of non-trading securities were recognised in the investment revaluation reserve until the security was sold, or was determined to be impaired, at which time the cumulative gain or loss was transferred from the investment revaluation reserve to the profit and loss account.

(一) 主要會計政策 (續)

己、金融資產 (續)

由二〇〇五年一月一日起

本集團之金融資產分為以下類別。此等分類乃按購入投資時之目的而歸類，並由管理層在最初確認投資時決定其分類。

(i) 貸款及應收賬項

貸款及應收賬項包括庫存現金及短期資金、定期存放同業及同業貸款、商業票據及客戶貸款，此等項目為固定或可確定付款金額及沒有活躍市場報價的非衍生金融資產。此乃本集團直接為債務人提供金錢、貨品或服務並在無意向用作買賣用途之情況下產生。貸款及應收賬項採用實際利息方法計算攤銷成本列賬。

(ii) 持作買賣用途之證券

擬在短期內出售而購入之金融資產被分類為持作買賣用途，並以公平價值列於資產負債表內。持作買賣用途證券之公平價值變動，將於損益賬內確認為「持作買賣用途之證券淨收益/虧損」。除被指定作為對沖用途外，衍生工具亦分類為持作買賣用途。

(iii) 以公平價值誌入損益賬之金融資產

以公平價值誌入損益賬之金融資產乃不擬於短期內出售而購入之證券，但在符合下列條件下由管理層在起初所指定列入此類別：

- 該指定能消除或主要地減低以不同基礎上計量資產、負債或確認其損益而出現不一致之計量或確認之情況(或稱為「會計錯配」)；或
- 一些包含固有衍生工具之金融工具，因其衍生工具可重大調整由金融工具產生之現金流量，如非指定為此類金融資產，則須分開列賬。

1 Principal accounting policies (continued)

(f) Financial assets (continued)

From 1 January 2005 onwards

The Group classifies its financial assets in the following categories. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

(i) Loans and receivables

Loans and receivables, including cash and short term funds, placements with and advances to banks and other financial institutions, trade bills and loans and advances to customers, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables are carried at amortised cost using the effective interest method.

(ii) Trading securities

A financial asset is classified as trading if it is acquired principally for the purpose of selling in the short term and is stated at fair value at the balance sheet date. Changes in fair value of trading securities are recognised as “Net gain/loss from trading securities” in the profit and loss account as they arise. Derivatives are also categorised as held for trading unless they are designated as hedges.

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

Financial assets at fair value through profit or loss are not those financial assets acquired principally for the purpose of selling in the short term but designated by management as such at inception if it meets the following criteria:

- it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as “an accounting mis-match”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- it relates to those financial instruments embedded with derivatives which significantly modify the cash flows of the financial instruments, and which would otherwise require separate accounting.

(一)主要會計政策(續)

己、金融資產(續)

由二〇〇五年一月一日起(續)

(iii) 以公平價值誌入損益賬之金融資產(續)

此等金融資產首先以公平價值確認，其交易成本直接列入損益賬內。公平價值變動均在其產生之期間列入損益賬作為「以公平價值誌入損益賬之金融工具淨收益/虧損」。

(iv) 持至到期證券

持至到期證券乃本集團之管理層有肯定意向及能力持至期滿之固定或可確定付款金額及有固定年期之非衍生金融資產，此等資產以實際利息方法計算其攤銷成本列賬。若本集團出售持至到期資產，除不重大數額外，整個類別均被禁止使用並須重新分類為可供出售用途。

(v) 可供出售證券

可供出售證券乃有意作無期限持有但可因應流動資金所需或利率、匯率或股票價格變動而出售，並以公平價值列示之資產。公平價值變動所產生之損益會直接在權益內確認，直至金融資產在賬項中沖銷或減值，於其時在權益內以前已確認之累計損益將於損益賬內確認。

持作買賣用途之證券、以公平價值誌入損益賬之金融資產，持至到期及可供出售證券之購入與出售，按其交易日期(即本集團承諾購入或出售資產之日期)列賬。而貸款則在有關現金貸予借款人時列賬。

1 Principal accounting policies (continued)

(f) Financial assets (continued)

From 1 January 2005 onwards (continued)

(iii) Financial assets at fair value through profit or loss (continued)

These financial assets are recognised initially at fair value and transaction costs taken directly to the profit and loss account. Changes in fair value are recognised as “Net gain/loss arising from financial instruments at fair value through profit or loss” in the profit and loss account in the period in which they arise.

(iv) Held-to-maturity securities

Held-to-maturity securities are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group’s management has the positive intention and ability to hold to maturity and are carried at amortised cost using the effective interest method. Were the Group to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale.

(v) Available-for-sale securities

Available-for-sale securities are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices and are stated at fair value. Gains and losses arising from changes in the fair value are recognised directly in equity, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity is recognised in the profit and loss account.

Purchases and sales of trading securities, financial assets at fair value through profit or loss, held-to-maturity and available-for-sale securities are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Loans are recognised when cash is advanced to the borrowers.

(一) 主要會計政策 (續)

庚、金融資產減值

由二〇〇四年一月一日至二〇〇四年
十二月三十一日

若本集團對貸款之最終可收回全部本息存有懷疑，均已撥存準備。本集團會按個別情況對該等貸款所潛在之虧損作個別評估，經考慮其抵押品後，提撥特殊準備，將該等資產之賬面價值減至預期可變現之淨值。若貸款之抵押品已被收回，而收回資產之預期可變現淨值與該等貸款結欠之差額均會作出提撥準備。

若虧損未能可靠地估計，本集團則按照預設的提準備準則對應個別貸款之等級，為無抵押貸款部份提撥準備。本集團於內部已將貸款分類為不同的級別。貸款之等級大部份乃按照借款人之還款能力及其收回利息及/或本金之可能性而作出評估。貸款等級之評定亦已考慮拖欠償還利息及/或本金之時間。

此外另有撥出一筆款項作為一般呆賬準備。特殊及一般準備已從資產負債表之「貸款及其他賬項」及「商業票據」中扣除。若債務結欠並無實際可收回之前景，該等債務均被撇除。

貸款以外之金融資產，須在每一結算日檢討，以釐定有否出現任何減值跡象。若資產之可收回價值低於賬面值，則須減值至其可收回價值，該等減值虧損在損益賬內扣除。非持作買賣用途證券以公平價值在權益內列賬，任何以前誌入權益之虧損將轉入損益賬內。

1 Principal accounting policies (continued)

(g) Impairment of financial assets

From 1 January 2004 to 31 December 2004

Provisions were made against specific loans and advances as and when the Group has doubt on the ultimate recoverability of principal or interest in full. Specific provision was made to reduce the carrying value of the asset, taking into account available collateral, to the expected net realisable value based on the Group's assessment of the potential losses on those identified loans and advances on a case-by-case basis. For loans and advances where assets had been repossessed, provision was made for any shortfall between the expected net realisable value of the repossessed assets and the outstanding advances.

Where it is not possible to reliably estimate the loss, the Group applied pre-determined provisioning levels to the unsecured portion of loans and advances based on the Group's loan classification procedures. The Group internally classified loans and advances into different categories. The classification of loans and advances was largely based on the assessment of the borrowers' capacity to repay and on the degree of doubt about the collectibility of interest and/or principal. The periods that payments of interest and/or principal had been overdue were also taken into account when classifying the loans and advances.

In addition, amounts had been set aside as a general provision for bad and doubtful debts. Both specific and general provisions were deducted from "Advances and other accounts" and "Trade bills" in the balance sheet. When there was no realistic prospect of recovery, the outstanding debt was written off.

Financial assets, other than loans and advances, were reviewed at each balance sheet date to determine whether there was any indication of impairment. If the recoverable amount of the asset was estimated to be less than its carrying amount, the carrying amount of the asset was reduced to its recoverable amount and the impairment loss was recognised in the profit and loss account. For non-trading securities carried at fair value through equity, any losses previously recognised in equity was transferred to the profit and loss account.

(一)主要會計政策(續)

庚、金融資產減值(續)

由二〇〇五年一月一日起

(i) 以攤銷成本列賬之金融資產

若最初確認金融資產後，因發生若干損失事項並存在減值之客觀證據，而此等損失事項對金融資產之未來現金流量之估計構成影響，金融資產即作減值準備。

個別大額金融資產之減值損失會作個別評估，而非個別大額之金融資產則作個別或綜合評估。就經個別評估而未被釐定存有客觀減值證據之金融資產，則以相同信貸特質基準為組合，作綜合評估。

按攤銷成本列賬之金融資產，若有客觀證據證明減值出現，該金融資產之賬面值與按金融資產原本之實際利率用折現方式計算預計將來現金流量之現值差額(但不包括未發生之信貸損失)衡量減值損失。此損失會透過減值準備賬在資產之賬面值內扣除並於損益賬內確認。

在進行減值綜合評估時，金融資產是按相同信貸風險特質作出分類。同一類別之金融資產其未來現金流量乃根據該類別資產之合約現金流量及相同信貸特質資產之過往損失經驗作出評估。過往損失經驗會因應就觀察所得之經濟及信貸環境資料數據而作調整，以反映未有影響過往損失經驗之近期市況及除去該等現時不存在但令致過往損失之因素。

(ii) 以公平價值誌賬之金融資產

可供出售證券須在每一結算日評估有否出現客觀減值證據。當可供出售證券被釐定為減值時，以前誌入權益之累計虧損將誌入損益賬內。

1 Principal accounting policies (continued)

(g) Impairment of financial assets (continued)

From 1 January 2005 onwards

(i) Financial assets carried at amortised cost

Impairment allowances are made on a financial asset when there is objective evidence of impairment as a result of the occurrence of certain loss events after the initial recognition of the financial asset, and these loss events will have impact on the estimated future cash flows of the financial asset.

Impairment loss is assessed individually for individually significant financial assets, and individually or collectively for financial assets that are not individually significant. Financial assets which have been assessed individually and determined to have no objective evidence of impairment are grouped by similar credit characteristics and collectively assessed for impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit and loss account.

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

(ii) Financial assets at fair value

Available-for-sale securities are assessed for objective evidence of impairment at each balance sheet date. When the available-for-sale securities are determined to be impaired, the cumulative losses previously recognised in equity are transferred to the profit and loss account.

(一) 主要會計政策 (續)

辛、金融負債

由二〇〇四年一月一日至二〇〇四年十二月三十一日

所存金融負債除持作買賣用途證券空倉外，均以成本或經攤銷成本列賬，持作買賣用途證券空倉按公平價值列賬而任何由公平價值變動產生之盈利或虧損均誌入損益賬內。

由二〇〇五年一月一日起

本集團之金融負債按下列類別基準確認：

(i) 交易賬項下之負債

持作買賣用途證券空倉按公平價值列賬。由公平價值之變動所產生之盈利或虧損將誌入損益賬內。

(ii) 以公平價值誌入損益賬之金融負債

以公平價值誌入損益賬之金融負債，包括若干已發行之結構性存款證，乃根據一些已釐定的條件由管理層指定以公平價值誌入損益賬之類別入賬，該等條件已列於「以公平價值誌入損益賬之金融資產」項下。

因公平價值改變而產生之盈利或虧損，會列入損益賬內之「以公平價值誌入損益賬之金融工具淨收益/虧損」項下。

(iii) 存款、發行之存款證及其他負債

除該等交易賬項下之負債或指定為以公平價值列賬之負債外，存款及發行之存款證，及其他負債均以經攤銷成本列賬。扣除交易費用後所得款項與贖回價值兩者之差額，均按實際利息方法於其他負債年內於損益賬確認。

1 Principal accounting policies (continued)

(h) Financial liabilities

From 1 January 2004 to 31 December 2004

Financial liabilities except short positions in trading securities were carried at cost or amortised cost. Short positions in trading securities were carried at fair value and any gains and losses arising from changes in fair value were recognised through the profit and loss account.

From 1 January 2005 onwards

The Group's financial liabilities are recognised based on the following classification:

(i) Trading liabilities

Short positions in trading securities are carried at fair value. Gains and losses arising from changes in fair value are recognised through the profit and loss account.

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

Financial liabilities at fair value through profit or loss, including certain structured certificates of deposit issued, are designated by management as such at inception according to the classification criteria of financial liabilities at fair value through profit or loss set out under the caption of "Financial assets at fair value through profit or loss".

Gains and losses arising from changes in fair value are recognised as "Net gain/loss arising from financial instruments at fair value through profit or loss" in the profit and loss account.

(iii) Deposits, certificates of deposit issued and other liabilities

Deposits and certificates of deposit issued, other than those designated as trading liabilities or at fair value, and other liabilities are carried at amortised cost. Any difference between proceeds net of transaction costs and the redemption value is recognised in the profit and loss account over the period of the other financial liabilities using the effective interest method.

(一)主要會計政策(續)

壬、衍生金融工具及對沖會計處理方法

由二〇〇四年一月一日至二〇〇四年十二月三十一日

資產負債表以外之金融工具包括本行在外匯、利率及股票市場內進行之衍生工具如期貨、遠期、期權及掉期之交易。此等工具之入賬方式視乎有關交易是用作買賣或風險對沖而定。

衍生金融工具，除該等交易作為風險對沖之用途外，均被視為持作買賣用途之用。

用作買賣之交易均以市值標價，由此而帶來之損益均列入損益賬作為「外匯買賣淨收益/虧損」或「衍生工具買賣淨收益/虧損」。來自按市值標價交易之未變現收益均列入資產負債表上「貸款及其他賬項」內，而未變現虧損均列入「其他賬項及預提」內。

非交易所買賣之衍生工具之公平價值，是根據一籃子方法及假設，並考慮到不同金融工具之風險特質、貼現率、估計未來現金流量及其他因素等而評估本集團於結算日終止合約時，可收取或需付出之金額。

在訂立衍生工具合約時，本集團會界定某些衍生交易作對沖用途。若衍生工具能符合以下之準則均屬對沖交易：

- (i) 衍生工具預期能合理地配合或抵銷因匯率、利率及市價潛在波動而影響所對沖資產、負債或持倉淨盤之內在風險之重大部份；及
- (ii) 有充分證據證明對沖之意圖。於對沖交易開始，便要就所對沖之資產、負債或持倉淨盤之內在風險建立起連繫。

用作風險對沖之交易按所對沖之資產、負債或淨持倉盤之相同基準計算價值。任何損益均按有關資產、負債或持倉淨盤引起損益之相同基準列入損益賬。

衍生交易如一旦未能符合上述對沖之準則，此衍生工具即被視為持作買賣用途並根據上述方式入賬。

1 Principal accounting policies (continued)

(i) Derivative financial instruments and hedge accounting

From 1 January 2004 to 31 December 2004

Off-balance sheet financial instruments included derivatives such as futures, forward, option and swap transactions undertaken by the Group in the foreign exchange, interest rate and equity markets. The accounting for these instruments was dependent upon whether the transactions were undertaken for trading purposes or to hedge risk.

Derivative financial instruments other than those transacted to hedge risk were deemed to be held for trading purposes.

Transactions undertaken for trading purposes were marked to market value and the gain or loss arising was recognised in the profit and loss account as “Net gain/loss from foreign exchange trading” or “Net gain/loss arising from derivative products”. Unrealised gains on transactions which were marked to market were included in “Advances and other accounts” on the balance sheet. Unrealised losses on transactions which were marked to market were included in “Other accounts and accruals”.

The fair value of derivatives that were not exchange-traded was estimated at the amount that the Group would receive or pay to terminate the contract at the balance sheet date based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors.

On the date a derivative contract was entered into, the Group might designate certain derivative transactions as hedges. Derivatives were classified as a hedge when the following criteria were met:

- (i) the derivative instrument must be reasonably expected to match or eliminate a significant proportion of the risk inherent in the assets, liabilities or net positions being hedged which resulted from potential movements in exchange rates, interest rates and market values; and
- (ii) there was adequate evidence of the intention to hedge and linkage with the underlying risk inherent in the assets, liabilities or net positions being hedged, was established at the outset of the transaction.

Transactions designated as hedges were valued on an equivalent basis to the assets, liabilities or net positions that they were hedging. Any profit or loss was recognised in the profit and loss account on the same basis as that arising from the related assets, liabilities or net positions.

If the derivative transaction no longer met the criteria for a hedge set out above, the derivative was deemed to be held for trading purposes and was accounted for as set out above.

(一) 主要會計政策 (續)

壬、衍生金融工具及對沖會計處理方法 (續)

由二〇〇五年一月一日起

衍生工具先按其合約生效日期之公平價值確認，其後以公平價值重新計算。隱含於其他金融工具內之固有衍生工具，如其經濟特質及風險與主合約工具之特質及風險並非密切連繫，而主合約工具亦非以公平價值誌入損益賬，此等衍生工具則會與主合約分開列賬。若衍生工具之公平價值為正數值，均以資產列賬，若為負數值，則確認為負債。其後公平價值之變動，將視乎該衍生工具之目的而確認。

所產生的公平價值收益或虧損之確認方法，將視乎該衍生工具是否被指定為對沖工具及所要對沖之項目的性質。本集團指定若干衍生工具為(1)以對沖資產、負債或確實承擔之公平價值(公平價值對沖)；(2)以對沖確認資產、負債或預測交易相關之現金流量(現金流量對沖)。若符合某些特定條件，將應用對沖會計處理方法入賬。

於交易開始時，本集團記錄對沖工具及被對沖之項目兩者間之關係，其風險管理目的及進行各項對沖交易之策略。本集團同時於對沖交易開始及往後持續地記錄其對用於對沖交易之衍生工具是否能有效地抵銷被對沖項目所產生之公平價值或現金流量變動而作出之評估。

(i) 公平價值對沖

被指定及符合條件作為公平價值對沖的衍生工具之公平價值變動，將連同對沖風險相關之對沖資產或負債之公平價值變動一起列入損益賬內。

若對沖交易一旦未能符合對沖會計處理方法之要求，按實際利息方法入賬之所對沖項目的賬面值作出調整，其改變乃按照計算至到期日之年期，於損益賬內攤銷。就被對沖股權證券之賬面值而作出之調整將保留於保留溢利內，直至出售該股權證券。

1 Principal accounting policies (continued)

(i) Derivative financial instruments and hedge accounting (continued)

From 1 January 2005 onwards

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Certain derivatives embedded in other financial instruments are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Subsequent changes in fair value are recognised depending on the purpose of the derivatives.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge); or, (2) hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge). Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss account, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the profit and loss account over the period to maturity. The adjustment to the carrying amount of a hedged equity security remains in retained earnings until the disposal of the equity security.

(一)主要會計政策(續)

壬、衍生金融工具及對沖會計處理方法(續)

由二〇〇五年一月一日起(續)

(ii) 現金流量對沖

當衍生金融工具被指定及符合條件作為現金流量對沖，其有對沖果效部份之公平價值變動在權益內確認。而其無對沖果效部份之收益及虧損將直接於損益賬內確認。

累計於權益內之公平價值變動，將於相關之對沖項目對損益賬產生影響時撥入損益賬內。

若對沖工具到期或已出售，或對沖交易一旦未能符合對沖會計處理方法之要求，於屆時累計於權益賬內之收益或虧損將仍保留於權益內，直至所預期之交易最終於損益賬確認時予以確認。若所預期之交易不再發生，已列入權益賬內之累計收益或虧損將即時轉撥於損益賬內。

持作買賣用途之衍生金融工具及該等不符合對沖會計處理方法之對沖工具，以公平價值誌賬及其公平價值變動在損益賬內列示。

若本集團擁有具法律約束力之行使權去抵銷已確認之金額，及有意向就該等交易作淨額結算，或本集團能同時變現資產及償付負債，衍生工具交易將互相抵銷並以淨額列於損益賬內。

癸、證券及衍生工具之估值

金融工具之公平價值乃根據於資產負債表當日之市場價格並未計及扣除將來估計之銷售成本計算。金融資產以當時之買盤價釐定，而金融負債則以當時之賣盤價釐定。若是非上市證券或金融工具於市場內不活躍，本集團會以估值方法釐定公平價值，包括運用當時之公平市場交易、參考其他類似之金融工具當時之公平價值、折算現金流量分析及期權定價模式並作適當調整以反映發行者之特定情況。

1 Principal accounting policies (continued)

(i) Derivative financial instruments and hedge accounting (continued)

From 1 January 2005 onwards (continued)

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain and loss relating to the ineffective portion is recognised immediately in the profit and loss account.

Amounts accumulated in equity are recycled to the profit and loss account in the periods in which the hedged item will affect profit or loss.

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

Derivative financial instruments held for trading and those that do not qualify for hedge accounting will be accounted for with changes in fair value reported through the profit and loss account.

Derivative transactions are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(j) Valuation of securities and derivatives

The fair value of financial instruments is based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices while financial liabilities are priced at current asking prices. For unlisted securities and where the market for a financial instrument is not active, the Group estimates fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

(一) 主要會計政策 (續)

子、保險申索準備

所有保險之申索已作全數撥備。未決之保險申索乃就個別索償而作出評估，包括於年結日就已承付但未報賠之索償作出估計。雖然未能就此準備金作出精確的評估，但已根據現存之資料並考慮到有關之了結申索的開支及可向其他各方追討之款項。

丑、收回資產

收回抵押品之資產被列於「貸款及其他賬項」內之「其他賬項」，而相關之貸款已被終止確認。已收回抵押資產按賬面值及可變現淨值較低者列賬。

寅、外幣

外幣交易乃按照交易日實際匯率折算。外幣結存之貨幣資產負債均依照結算日之匯率伸算。有關匯兌損益已包括在損益賬內。

卯、固定資產

(i) 房產

房產乃指持有之自用物業，按成本值減除累積折舊後列示。以租賃持有之自用物業，若能可靠地以其租約開始當日分攤土地及房屋之價值，則土地部份視作營業租約，所攤分之租賃地價或其他租賃費用，將按其租約年期以直線法從損益賬內扣除。若物業出現減值，此減值亦會在損益賬內扣除。任何位於此租賃土地上之房屋均被視為房產的一部份，須按成本值減除累積折舊後列示。若未能可靠地以其租約開始當日分攤土地及房屋之價值，則整體將繼續視為融資租賃並以房產列賬。

房產折舊乃按照資產之估計可用年期以直線折舊法計算如下：

- 租約土地按租約尚餘年期予以折舊。
- 樓宇及其改良部份乃按四十年或租約尚餘年期之較短者予以折舊。

1 Principal accounting policies (continued)

(k) Charge for insurance claims

Full provision is made for all insurance claims. Outstanding insurance claims are assessed by reviewing individual claims and include an estimate for claims incurred but not reported at the balance sheet date. This provision, although not capable of precise assessment, has been made in the light of available information and after taking into account the related claims settling expenses and possible recoveries from other parties.

(l) Repossessed assets

Reposessed collateral assets are reported as “Other accounts” under “Advances and other accounts” and the relevant loans are derecognised. The reposessed collateral assets are measured at the lower of the carrying amount and net realisable value.

(m) Foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange ruling at the balance sheet date. All exchange gains and losses are dealt with in the profit and loss account.

(n) Fixed assets

(i) Premises

Premises represent those properties held for own use and are stated at cost less accumulated depreciation. Where the land and building elements of the leasehold properties held for own use can be allocated reliably at the inception of the lease, the land element is accounted for as operating lease. As such, any leasehold land premiums for acquiring the land leases, or other lease payments, are charged to the profit and loss account on a straight line basis over the period of the lease or where there is impairment, the impairment is charged to the profit and loss account. Any buildings which are situated on such land leases continue to be presented as part of premises. Where the land and building elements of the leasehold properties cannot be allocated reliably at the inception of the lease, the land and building elements will continue to be treated as finance lease and classified as premises.

Depreciation of premises is calculated on a straight line basis to write off the assets over their estimated useful lives as follows:

- Leasehold land is depreciated over the unexpired terms of the leases.
- Building and improvements thereto are depreciated over the lesser of 40 years or the unexpired terms of the leases.