

2004 中期业绩报告 Interim Report



中國銀行(香港)有限公司
BANK OF CHINA (HONG KONG) LIMITED

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管理层讨论及分析

财务概述

财务表现

港币百万元	半年结算至 2004年 6月30日	半年结算至 2003年 6月30日
提取拨备前经营溢利	5,357	6,139
提取拨备后经营溢利	6,597	4,470
除税前溢利	6,777	3,266
股东应占溢利	5,582	3,031

本集团股东应占溢利为55.82亿港元，较2003年上半年上升25.51亿港元或84.16%。提取拨备前经营溢利为53.57亿港元，较2003年上半年下跌7.82亿港元或12.74%。下跌的主要原因是净利息收入减少，而其他经营收入的增加部分缓解了这一跌幅。

净利息收入及净利息收益率

港币百万元，百分比除外	半年结算至 2004年 6月30日	半年结算至 2003年 6月30日
利息收入	7,304	9,358
利息支出	(1,795)	(2,776)
净利息收入	5,509	6,582
平均生息资产	708,490	701,544
净息差(年率)	1.49%	1.79%
净利息收益率(年率)	1.56%	1.89%

净利息收入为55.09亿港元，较2003年上半年减少10.73亿港元或16.30%。净利息收益率下跌33点子至1.56%，其中净息差收窄30点子，无息资金的收益贡献减少3点子。自去年9月下旬，同业拆息持续低企，令利息收入减少，而利息支出的减少只能抵减部分的损失。

利息收入的减少，主要由于拆放、放款及债务证券的平均收益率下跌所致。其中港元拆放收益率的下跌幅度与同业拆息相近。2004年上半年，香港银行1个月及3个月同业拆息平均较2003年上半年下跌125及110点子至0.11%及0.27%。因此，以香港银行同业拆息为基准的放款收益率亦同时下降。市场价格竞争激烈令住宅按揭贷款及企业贷款的收益率受压。在低利率的环境下，债务证券的利率重订也令其收益率下降。期内，我行亦缩短了证券组合的平均年期。

利息支出下降的主要原因是市场利率下降，客户存款减少，加上期内定期存款持续转向储蓄存款所致。但是，在利率罕有地偏低的环境下，我行管理负债成本的能力也受到限制。

管理层讨论及分析(续)

其他经营收入

港币百万元，百分比除外	半年结算至 2004年 6月30日	半年结算至 2003年 6月30日
服务费及佣金收入	2,221	1,690
服务费及佣金支出	(508)	(311)
服务费及佣金净收入	1,713	1,379
证券投资股息收入	13	31
其他证券投资之净收益	24	156
外汇业务之净收益	584	478
其他交易业务之净收益	54	17
投资物业之租金净收入	76	88
其他	52	105
其他经营收入	2,516	2,254
非利息收入占总经营收入比率	31.35%	25.51%

其他经营收入较2003年上半年上升2.62亿港元或11.62%至25.16亿港元。其中服务费及佣金净收入增加3.34亿港元或24.22%至17.13亿港元。主要受到财富管理收入增长4.60亿港元或134%的带动。财富管理收入包括来自代客执行证券交易所赚取的佣金、代售投资基金和零售债券之收入及销售人寿保险产品，在低利率的环境下，顾客对股票业务和另类投资产品的需求大增。

服务费及佣金支出增加1.97亿港元或63.34%至5.08亿港元。主要因为在业务量增加的情况下，证券交易佣金支出及住宅按揭现金回赠总额皆上升。此外，信用卡手续费支出亦在商户收单额增长的带动下上升。

代客买卖外汇交易量增加，令外汇业务之净收益上升1.06亿港元或22.18%。

管理层讨论及分析(续)

经营支出

港币百万元，百分比除外	半年结算至 2004年 6月30日	半年结算至 2003年 6月30日
人事费用	1,625	1,632
房产及设备支出(不包括折旧)	346	309
自置固定资产之折旧	293	322
其他经营支出	404	434
经营支出	2,668	2,697
成本对收入比率	33.25%	30.52%

在严格的成本控制下，经营支出减少0.29亿港元或1.08%至26.68亿港元。成本对收入比率上升2.73个百分点至33.25%，主要受经营收入减少所影响。人事费用维持在2003年上半年的水平。资讯科技支出有所增加，但折旧则在固定资产减少的情况下下降。另外其他经营支出出现下降，主要由于2003年中期进行特别审查而涉及额外的专业费用。以上支出的减少部分抵销了资讯科技支出增加的影响。

2004年6月底，本集团连同属下所有附属机构的员工人数为13,009人，较上年底减少179人。

呆坏账拨回/(拨备)

港币百万元	半年结算至 2004年 6月30日	半年结算至 2003年 6月30日
特别准备		
— 新提拨	(811)	(2,537)
— 拨回	1,327	482
— 收回已撤销账项	733	220
一般准备	1,249	(1,835)
	(9)	166
拨回/(支取)损益账净额	1,240	(1,669)

本集团资产质素持续改善，令呆坏账净拨回达12.40亿港元。与2003年上半年的呆坏账净拨备16.69亿港元比较，有显著的改善。新提特别准备金减少17.26亿港元或68.03%至8.11亿港元，反映了本集团因贷款组合质素改善令新增加不履约贷款减少。特别准备拨回增加8.45亿港元或175.31%至13.27亿港元，主要因为押品价值回升及催理收回的增加。收回已撤销账项也上升了5.13亿港元或233.18%至7.33亿港元。

管理层讨论及分析(续)

财务状况

港币百万元，百分比除外	2004年 6月30日	2003年 12月31日
库存现金及短期资金	126,705	134,106
一至十二个月内到期之银行及其他金融机构存款	78,753	78,240
持有之存款证	18,837	18,776
香港特别行政区政府负债证明书	35,320	31,460
证券投资*	164,946	172,518
贷款及其他账项	302,435	300,094
固定资产	17,144	17,582
其他资产#	7,873	9,810
资产总额	752,013	762,586
香港特别行政区流通纸币	35,320	31,460
银行及其他金融机构之存款及结余	64,156	41,347
客户存款	564,820	600,826
发行之存款证	2,423	2,432
其他账项及准备	26,210	29,163
负债总额	692,929	705,228
少数股东权益	1,177	1,156
股东资金	57,907	56,202
负债及资本来源总额	752,013	762,586
贷存比率	54.62%	51.36%

* 证券投资包括持有至到期日证券、投资证券及其他证券投资。

贸易票据及投资联营公司包括在其他资产内。

在2004年6月30日，本集团资产总额为7,520.13亿港元，较2003年底减少105.73亿港元或1.39%。

证券投资余额，包括持有至到期日证券、投资证券及其他证券投资，减少75.72亿港元或4.39%至1,649.46亿港元。其中，持有至到期日证券余额上升556.29亿港元或55.04%至1,566.94亿港元，主要因为本集团将大部分的其他证券投资分类转至为持有至到期日证券以切合反映本集团之持有意向。根据本集团的会计政策，持有至到期日证券按摊销成本列账，而其他证券投资则按公允价值列账。

虽然信贷需求依然疲弱，客户贷款总额维持在3,085.13亿港元。贷存比率较2003年底上升3.26个百分点至54.62%。按行业分类，在香港使用之工商金融业贷款减少83.00亿港元或5.26%，其跌幅被在香港使用之个人贷款增长40.31亿港元或3.38%及在香港以外使用之贷款增长45.91亿港元或21.18%所抵消。

管理层讨论及分析(续)

在香港使用之工商金融业贷款的减少，主要由于大量的核销和催收成效所致。积极的信贷风险管理、催收及核销呆账皆有助于本集团改善资产质素。

在香港使用之个人贷款增长，主要动力来自住宅按揭贷款(不包括政府资助置屋计划下的按揭贷款)48.47亿港元或5.39%的增长。此外，本集团内地分行的贷款业务表现理想，贷款余额增长46%。加上其他海外贷款的增长，使在香港以外使用之贷款持续上升。

期内，核销和催理收回贷款分别达到15.81亿港元及42.51亿港元。若剔除大量的核销和催理收回贷款，客户贷款总额将录得增长。

本集团房产和投资物业之账面净值由2003年12月31日之164.60亿港元减少至2004年6月30日之160.65亿港元，原因是本集团于2004年上半年出售了共2.35亿港元的房产及投资物业和1.65亿港元之折旧开支。

客户存款较2003年底下降360.06亿港元或5.99%至5,648.20亿港元，主要出于严格的存款成本控制，加上客户在低利率的环境下持续将存款转为其他较高回报的投资。而2004年上半年储蓄及支票存款则持续增加。

资本比率及资金流动性

港币百万元，百分比除外	2004年 6月30日	2003年 12月31日
扣减后的资本基础总额	61,997	60,323
风险加权资产总额	375,257	399,158
经调整市场风险后之风险加权资产总额	375,535	396,682
资本充足比率		
未调整市场风险	16.52%	15.11%
经调整市场风险	16.51%	15.21%
	半年结算至 2004年 6月30日	半年结算至 2003年 6月30日
平均流动资金比率 [#]	34.64%	37.93%

[#] 本银行年内每月之平均流动资金比率之简单平均数。

本集团保持雄厚的资本实力及充裕的资金流动性。资本充足比率由2003年底的15.11%上升至2004年6月30日的16.52%。资本基础受惠于盈利的累积而录得2.78%的增长，而企业贷款及债务证券减少则令风险加权资产下降5.99%。2004年上半年的平均流动资金比率下降3.29个百分点至34.64%，反映了短期拆放下降的影响。

管理层讨论及分析(续)

资产质素

港币百万元，百分比除外	2004年 6月30日	2003年 12月31日
客户贷款	308,513	308,582
一般准备	(5,415)	(5,406)
特别准备	(3,410)	(5,507)
不履约贷款	12,673	17,832
就不履约贷款作出之特别准备	(3,357)	(5,467)
特别准备占不履约贷款之比率	26.49%	30.66%
特别准备及押品占特定分类贷款之覆盖比率	93.70%	90.95%
总准备占不履约贷款之比率	69.64%	61.20%
不履约贷款比率	4.11%	5.78%
特定分类贷款比率	4.12%	5.82%
住宅按揭贷款*		
拖欠** 及经重组贷款比率	0.78%	1.10%
信用卡贷款－拖欠比率***	0.47%	0.75%
	半年结算至 2004年 6月30日	半年结算至 2003年 6月30日
信用卡贷款－撇账比率#	4.67%	10.75%

* 住宅按揭贷款不包括“居者有其屋计划”及其他政府资助置屋计划下的按揭贷款。

** 拖欠比率指逾期超过3个月之贷款总额占未偿还贷款总额之比率。

按金管局之定义计算。

通过有效的信贷风险管理、催收和核销，不履约贷款比率及特定分类贷款比率分别由2003年底的5.78%及5.82%下降至4.11%及4.12%。期内本集团资产质素改善，主要因为新增不履约贷款减少、催收力度加大及押品值回升。

押品占特定分类贷款覆盖比率由2003年底的60.54%上升至2004年6月30日的67.32%。同时，特别准备及押品占特定分类贷款覆盖比率由2003年底的90.95%上升至2004年6月30日的93.70%，反映本集团拨备相当充裕。而总准备占不履约贷款比率亦由6个月前的61.20%上升至69.64%。

2004年上半年特定分类贷款比率较2003年底已下跌1.70个百分点，2003年上半年的跌幅则是0.18个百分点。2004年上半年新增特定分类贷款净额约6亿港元，明显地低于2003年上半年的约40亿港元。新增特定分类贷款大幅减少的外在因素是2004年上半年经济强劲反弹及房地产价格上升。内在因素方面，本集团自上市以来，通过各项风险管理措施，信贷质素不断改善，贷款结构亦有所优化。

管理层讨论及分析(续)

本集团住宅按揭贷款组合的质素好转。拖欠及重组贷款比率由2003年底的1.10%下降至2004年6月30日的0.78%。

本集团信用卡贷款的质素亦有所改善。拖欠比率由2003年底的0.75%下降至2004年6月30日的0.47%。撇账比率亦由2003年上半年的10.75%下降至2004年上半年的4.67%。

业务回顾

本港的就业情况持续改善，本地生产总值保持强劲增长，而个人游计划规模的扩大带来了本地零售消费市场强劲的反弹。此外，本港消费者信心提升亦有助物业市场的复苏。2004年上半年的经济形势总体来说对本集团的零售和财资业务的增长及发展都是有利的。

零售银行

本集团零售银行业务，受益于经济的持续复苏而得到发展，在财富管理、信用卡、住宅按揭及个人人民币业务方面，在2004年上半年也录得强劲的增长。

在财富管理方面：财富管理的业务量大幅增加。股票代理的交易量和投资基金的销售量分别上升了150%和112%。同时，在人寿保险产品的销售上，保险费也录得了139%的强劲增长。

为满足客户对财富管理服务日益增长的需要，本集团加强与基金管理公司的合作，特别是与中银国际-英国保诚资产管理公司的合作，推出了一系列的投资基金产品，例如独家发售的中银香港中国收入基金。

在利率低企的环境下，本集团积极推广短期储蓄保险及保障计划，并将人寿保险产品范围拓宽至覆盖人生不同阶段对不同保障计划和储蓄的需要。这些产品包括“息得保5年期储蓄保险计划”、“存为您丰盛10年、15年储蓄保险计划”及“五光拾息储蓄保险计划”。另外，我们还推出了“生活无忧十全十美保障系列”，提供全面的个人保险计划。除提供崭新的保险产品外，本集团亦改善了销售渠道，为客户提供网上的旅游保险和高尔夫球保险的投保服务。

在住宅按揭方面：本集团的住宅按揭业务在上半年表现强劲。住宅按揭贷款余额较2003年底增长5%，而同期市场平均增长则只有0.4%。此外，住宅按揭贷款的资产质素亦取得可观的改善。拖欠及重组贷款比率下降至0.78%，低于市场平均水平。由于住宅物业市道复苏，负资产按揭比重由2003年底的13%大幅下降至2004年6月底的5%。

在信用卡业务方面：本集团继续为客户提供创新产品。本年4月，本集团成为本地第一家发行人民币信用卡的银行。期内，本行亦推出了华纳迷你卡和2004中银欧罗万事达卡。

本集团信用卡的卡户消费额较去年同期上升46%。由于商户网络的加强和中国银联收单业务效应，商户收单业务总额录得了48%的增长。信用卡总发卡量以及应收账款亦分别较2003年底上升了14%和2%。同时，撇账比率和拖欠比率亦能保持在低水平。

管理层讨论及分析(续)

本集团在信用卡业务上的增长取得良好的成绩，并获得了同业的认同，赢得了多个由Visa国际和万事达国际设立的奖项，其中包括：

- 2003年度香港区最高卡户签帐额增长银奖
- 2003年度香港区最高商户收单额银奖
- 2003年度澳门区最高商户收单额金奖
- 2003年度澳门区最高卡户签帐额增长金奖
- 2003年度香港及澳门区发卡银行最佳诈骗控管奖
- 2003年度香港区商务卡类别卡户签帐额最高市场份额奖
- 2003年度香港区商户收单额最高增长银奖

在个人人民币业务方面：由2004年2月开始，本集团向客户提供包括存款、兑换、汇款和信用卡等多样化的个人人民币服务，帮助客户抓紧由香港和中国内地之间经济互动关系所带来的商机。客户更可在香港享用本集团所提供优良的人民币服务网络，其中包括分行、自动柜员机、智达网上银行和电话银行。

在销售渠道方面：本集团的分行合理化计划已进入了提高销售及服务能力的新阶段。2004年上半年本集团共关闭了2家分行。2004年6月30日，本集团分行总数是302家，其中287家分行分布于香港不同的地区。

藉著大力发展电子渠道，本集团智达网上银行的客户数量和交易宗数均大幅上升。期内，本集团改善了网上银行服务，加入财富管理服务的新功能。

企业银行及金融机构

由于大量的催收和核销，本集团2004年6月底的企业放款余额较2003年底下降。然而，本集团保持本地银团贷款主要牵头行的地位，并于海外放款业务方面取得增长。

通过有效的催收、核销和信贷风险管理，企业放款组合的信贷质素取得显著的改善。与此同时，本集团调整了放款组合，在海外(包括内地分行)放款方面录得22%的显著增长，而本地物业发展的放款比重则减少。

本集团在拓展电子销售渠道上取得了进展。本年5月，本集团推出了中银企业网上银行，为企业客户提供一站式及多样化的财务管理服务，成为更全面和更方便的电子理财渠道，从而降低企业客户的操作成本，提高效率。

基于本集团拥有经营香港与深圳之间即时支付结算系统(RTGS)的丰富经验和良好纪录，本行被委任为粤港港元及美元即时支付结算代理行，并于3月起开始投入服务。此外，我们也被委任为深港美元票据联合结算服务的代理行。

我们不断致力于加强贸易融资服务，并在国际保理商组织(一个由主要保理公司组成的国际网络)举办的进出口保理服务素质评选中取得了高分。另外，根据国际保理商组织统计资料显示，在2004年上半年进口保理业务量方面，本集团成绩表现优越。

管理层讨论及分析(续)

财资业务

利率持续低企的环境下财资业务同样富有挑战性。期内，我们继续优化投资组合以提高回报。预期利息可能上升，本集团亦缩短了债务证券组合的年期。

在非利息收入业务方面，在货币及黄金市场大幅波动环境下，外汇交易量、贵金属交易量和期权存款产品与2003年上半年相比录得强劲增长。本集团成功抓住了业务量上升的时机扩展客户基础，提升非利息收入。本集团并通过提供更多及更具特色的财资产品，包括向零售及企业客户开展结构性财资产品，以发掘交叉销售机会，进一步拓展了以客户为导向的财资业务平台。

内地分行及中国相关业务

本集团内地分行在2004年上半年持续表现良好。提取拨备前经营溢利上升28%至0.73亿港元。然而除税前溢利因2003年上半年有大额准备拨回而同比下跌26%至1.00亿港元。与上年底比较，客户总放款上升46%至89.07亿港元，客户总存款上升6%至20.61亿港元。内地分行的资产质素取得明显改善，2004年6月30日特定分类贷款比率较上年底下降4.51个百分点至5.84%。

在2004年上半年，本集团在提高内地分行的银行服务方面做了大量工作，包括在年初推出智达网上银行和电话银行服务，使内地客户能快捷方便地查核账户资料。

本年4月，本集团的深圳分行和上海分行获批扩大人民币业务至中资企业。此外，内地六家分行已递交经营金融衍生产品业务的申请书，而广州、大连及福州分行正在申请开办人民币业务，南商深圳分行亦在申请扩大人民币业务范围至中资企业。此举能够拓展中国内地的客户基础。同时本集团继续与中国银行合作，参与了多个联动项目。

最近，本集团制定了新的中国业务模型，重点是加强对本港客户的内地业务所需的银行服务，同时将内地分行作为本集团零售银行及企业银行服务的伸延。新的中国业务模型明确界定了内地分行组织架构、市场定位策略、客户分层及产品拓展策略。我们希望透过落实新的业务模型，增加交叉销售机会，提高中国业务对本集团的整体盈利贡献。

风险管理

总览

风险管理是本集团业务的基础和策略的组成部分。本集团业务的主要内在风险包括信贷风险、市场风险(包括利率风险及汇率风险)、流动资金风险及操作风险。本集团的风险管理目标是争取经风险调节后的长期资本回报的最大化、减少收益的大幅波动及提高股东价值，同时确保风险在可接受的水平之内。

风险管理架构

本银行的风险管理政策是用以识别及分析信贷风险、市场风险、流动资金风险及操作风险，并设定适当的风险限额，同时透过管理及资讯系统持续监察这些风险及限额。本银行不断改良和提升其风险管理政策及程序，以配合市场及产品的转变。

董事会属下的风险管理委员会负责审批风险管理政策及程序，以及资产负债管理委员会所提议的各项重要资产负债管理政策。

每个策略业务单位负责落实风险管理相关的政策、程序及控制。本银行风险管理总监领导及监察风险管理部的运作，直接向风险管理委员会负责，协助总裁组织全行信贷风险、市场风险及操作风险的管理工作，并就三类风险的管理状况，每月向董事会风险管理委员会提出独立报告。

管理层讨论及分析(续)

本银行首席财务官负责监察本集团的资本及收益的健全性，并在司库协助下监控全行的利率风险及流动资金风险，定期向资产负债管理委员会及风险管理委员会报告。

本银行稽核部负责向董事会和稽核委员会报告现有的风险管理政策、程序和内部控制的执行情况。

本银行的主要附属银行—南商及集友亦面对同样的业务风险，因此亦采用与本银行一致的风险管理策略及政策。这两家附属公司独立执行风险管理策略，并定期向本银行管理层汇报。

信贷风险管理

信贷风险指客户或交易对手将不能或不愿意履行与本银行达成的承诺。信贷风险主要来自银行的借贷、贸易融资及财资业务。

本银行的信贷风险管理目标是将信贷风险维持在可接受水平之内，同时尽量提高经风险调节后之资本回报。此外，本银行已建立和实施一套全面性的政策及程序，用以识别、量度及监控整个机构内的信贷风险。

董事会负责制订信贷风险管理的策略性目标及原则。董事会以尽量扩大银行经风险调节后之收益及股东价值为目标，对银行的整体信贷风险管理负最终责任。

风险管理委员会直属董事会，负责制订及修订本银行的信贷风险管理政策及程序。本银行相信，独立监察及作出适当平衡是施行有效风险管理的关键。为此，在本银行的组织／管理架构中，风险管理部及稽核部会分别直接向风险管理委员会及稽核委员会汇报，形成独立监察机制。

总裁负责施行信贷风险管理策略及经董事会批核的政策。总裁亦负责在为银行资产争取高回报的目标及在股东可接受的水平内进行风险管理二者之间作出平衡。

风险管理部独立于授信申请单位，根据风险管理策略及政策协助总裁管理信贷风险，并就识别、量度、监察及控制信贷风险作独立尽职审查。为避免出现利益冲突，信贷检讨独立于业务单位之外。主要根据信贷人员的专业经验、能力与责任，设置多级审批权限。所有信贷审批权限均由本银行董事会授权。

特殊资产管理部负责催收不履约贷款。其他上述未提及的部门也需要负责与信贷风险管理相关的事务。

本银行对高风险和低风险的贷款采用不同的审批程序。

符合有关信贷类别、贷款目的、贷款金额、担保、抵押品覆盖及抵押足够度的若干规定的低风险信贷交易，可以采用低风险审批程序处理。授信申请单位的信贷授权人员可以依据这些程序批核此类信贷申请而毋须由风险管理部预先审核。风险管理部内相应的审核人员会对这些预先批核的低风险信贷交易作贷后独立检查，并评估最初的信贷决定是否按照既定程序执行。

至于高风险贷款，授信申请单位的信贷人员只能够接受及审阅贷款申请，并作出初步贷款决定。然后，信贷申请须经由风险管理部的审核人员对该申请是否符合政策程序规定、信贷风险评估是否足够及资料是否充足等作出独立评估。风险管理部有权依据评估结果作出否决或同意。

对于属副总裁或以上审批权限的贷款，则需要由信贷评审委员会进行独立的风险评审。信贷评审委员会对总裁负责，是本行授信业务专家评审委员会。信贷评审委员会负责对重大授信进行独立风险评审，其评审结论是风险管理总监进行授信审核、副总裁、总裁进行授信审批的重要依据。信贷评审委员会没有授信审批权。

如贷款超越总裁的审批权限，还须由风险管理委员会审批。

管理层讨论及分析(续)

本银行风险管理部下设独立处室，专责统筹对全行单一客户及客户集团进行全面深入的监察，以识别及控制个别及整体贷款组合的信贷风险。

本银行建立了早期预警系统，以便有效监察客户信用状况的恶化征兆，从而对潜在问题贷款客户进行更严密的监控，以防止客户状况进一步恶化。

为确保有足够资源解决不履约贷款，本银行建立了一套控制指标，以衡量及评估处理问题贷款的成效。风险管理部负责定期向银行高层提供进度监控报告。

市场风险管理

市场风险是指因为利率或市场价格波动导致资产负债表以内及以外持仓出现亏损的风险。本银行的市场风险包括来自客户业务及自营持仓。与市场风险有关的自营持仓每日均会按市值计价基准评估。

市场风险透过由风险管理委员会批核的风险限额进行管理。整体风险限额参照不同的风险因素，例如利率、汇率、商品及股票价格，细分为更具体的限额。在考虑有关产品的不同性质后，采用多种风险计算技术，包括持仓限额及敏感度限额，制定具体管理措施。

风险管理部下设市场风险管理处，负责日常市场风险管理。该处透过每日监察程序，计算实际风险水平与经核准风险限额的差距，并提出具体措施，以确保整体和个别的市场风险均限制在可接受水平之内。

“涉险值”是一种统计学方式，用以在一段特定时间内，按指定的置信度，估计由于利率、汇率、商品及股票价格波动而可能对风险持仓所造成的潜在损失。本银行以方差／共变方差基准方法，计算投资组合及个别“涉险值”，并采用了市场利率及价格的历史变动、99%置信水平及一天持有期等基准，同时考虑不同市场及价格的互相影响关系。

2004年6月30日，本银行所有自营市场风险持仓的涉险值为港币220万元(2003年12月31日：港币80万元)，所有自营利率风险持仓的涉险值为港币180万元(2003年12月31日：港币70万元)，而所有自营汇率风险持仓的涉险值为港币140万元(2003年12月31日：港币60万元)。2004年上半年内本银行所有自营市场风险持仓的平均涉险值为港币330万元(2003年上半年：港币410万元)，最高为560万元，最低为90万港元。

截至2004年上半年，本银行从市场风险相关的自营活动赚得的每日平均收益为港币250万元(2003年上半年：港币230万元)，其标准差为港币250万元(2003年上半年：港币320万元)。最多出现的每日交易收益界乎港币200万元至400万元之间，占48日。最高单日交易收益为港币900万元(2003年上半年：港币1,140万元)。

外汇风险管理

本银行向客户提供外币存款、孖展买卖及远期交易等服务。本银行在外币市场上的交易活动令其须承担汇率风险。本银行透过同业市场活动管理汇率风险。其中，本银行透过设定持仓限额及整体外汇交易亏损限额，减低外汇风险。所有限额均经风险管理委员会审批。风险管理部负责每日监察外汇风险及其亏损限额，并控制本银行在外汇交易中产生的信贷风险。

管理层讨论及分析(续)

利率风险管理

本银行的利率风险包括自营业务和结构性风险。结构性持仓主要的利率风险类别为：〔1〕利率重订风险：由于资产及负债到期日或重订价格期限出现错配；〔2〕利率基准风险：不同交易的不同定价基准，令资产的收益率和负债的成本率可能以不同的幅度变化，即使在同一重订价格期间，亦会产生利率风险。

本银行的资产负债管理委员会主责利率风险管理；委员会制订的利率风险管理政策须由风险管理委员会审批。本银行首席财务官负责督导司库执行经批准的利率风险管理政策，及发展风险管理系统以识别、衡量、监察及控制利率风险。

缺口分析是本银行主要用来量度利率风险的工具。这项分析提供资产负债状况之到期情况及重订价格特点之静态资料。这差额或缺口显示了新订或重订价格的资产和负债引致息差方面的潜在变动风险。本银行会采用利率衍生工具来对冲利率风险，在一般情况下会利用简单的利率互换合约对冲有关风险。

盈利对利率变化的敏感度可利用模拟的孳息曲线平衡上移或下移100个基点的利率震荡来测度，本银行需按政策将利率风险控制在当年预算的净利息收入之5%。有关的结果定期向首席财务官报告。

在利率基准风险评估方面，定期透过情景分析，监察利率基准不同步变化对未来净利息收入的增减的影响。有关情景包括短期内预计息率的可能变化及压力环境下的情况。资产负债管理委员会负责在政策所设定的限额的规范下监察压力测试的结果，并决定是否需采取补救措施。

流动资金风险管理

流动资金风险来自借贷、自营交易及投资活动，以及管理自营交易持仓时而产生。流动资金风险包括在到期日因受不能预计的资金成本上升而令本银行资产组合出现再融资的风险，和未能及时／或按合理价格变现某类持仓所产生的风险。

流动资金管理的目标是令本银行能够按时(即使在恶劣市况下)应付所有到期债务，以及为其资产增长和投资机会提供所需资金。

本银行有多元化的流动资金来源，可灵活地满足其融资需求。本银行的业务资金主要来自零售及公司客户的存款。此外，本银行亦可发行存款证以获取长期资金或因应需要透过出售投资筹集资金。

本银行将所得资金大部分用于贷款、投资债券或作同业拆放。一般而言，接受存款的平均到期日较同业拆放的平均到期日为短，而同业拆放的平均到期日较贷款或投资的平均到期日为短。

本银行持有具高度流动性及高质素的证券缓冲组合。这些证券一般可按市场价格随时售出，以配合紧急出现的资金需求。虽然本银行在同业市场上主要为资金拆出者，但亦可透过这一市场短期拆入，藉以管理其流动资金。同业市场一般可按市况调整的利率提供足够的流动资金。

本银行资产负债管理策略的主要目标是要保持足够的流动性和资本金水平，在有效的风险管理机制内及合理的融资成本要求下，争取最佳回报。本银行的资产负债管理委员会负责制定政策方针，并透过司库的职责，确保本银行有足够的流动资金及以最低成本取得融资，同时紧密策划及监察本银行资产负债表内、表外持仓量所衍生的风险。本银行司库会按情况调整银行的流动资金及外汇管理盘的持仓水平，以配合资产负债管理委员会的政策，并就投资、融资和外汇管理的现有水平和预计变化，向资产负债管理委员会作出汇报和分析。

管理层讨论及分析(续)

资本管理

资本管理的主要目标是维持充裕的资本实力，同时为股东带来最大回报。我们在有需要时会考虑调节资本结构，以达致整体最低的资本成本。资产负债管理委员会在司库协助下，采用资本充足比率作为主要量度标准，以监控中银香港的资本充足性。在报表披露的经营期间，本集团的资本水平符合各项法定要求。

操作风险管理

操作风险涉及因操作流程不完善或失效、人为过失、电脑系统故障或外部突发事件等因素造成的经济损失。本银行的目标是以业内最佳实践水平，管理操作风险。

本银行管理操作风险的方法包括识别、评估、监察、控制及减缓有关风险，与流程、活动及产品相关的操作风险进行风险识别及评估，对操作风险损失进行监控并向董事会及高级管理层汇报。为达有效的内部控制，本银行各项业务流程均备有规章制度，并就可能引致的操作风险制定了控制措施，职责分工及授权管理贯穿于各项业务操作。

为支援灾难事件发生时的业务运作，本银行备有紧急事故应变方案及充足的后备设施并定期进行演练。本银行的控股公司并已购买保险以减低因操作风险可能引致的损失。

压力测试

本银行以压力测试补充各项的风险分析。压力测试是一项风险管理工具，用以评估因市场或宏观经济变化所引起极端不利但有可能出现的环境下银行的风险暴露情况。本银行定期进行压力测试，并由首席财务官及资产负债管理委员会进行监控。

Management's Discussion and Analysis

FINANCIAL REVIEW

Financial Performance

HK\$m	Half-year ended 30 June 2004	Half-year ended 30 June 2003
Operating profit before provisions	5,357	6,139
Operating profit after provisions	6,597	4,470
Profit before taxation	6,777	3,266
Profit attributable to shareholders	5,582	3,031

The Group's profit attributable to shareholders was HK\$5,582 million, up HK\$2,551 million or 84.16%, compared to the first half of 2003. Operating profit before provisions was HK\$5,357 million, down HK\$782 million or 12.74%, compared to the first half of 2003. The decline was mainly due to a decrease in net interest income, which was partially offset by an increase in other operating income.

Net interest income and margin

HK\$m, except percentage amounts	Half-year ended 30 June 2004	Half-year ended 30 June 2003
Interest income	7,304	9,358
Interest expense	(1,795)	(2,776)
Net interest income	5,509	6,582
Average interest-earning assets	708,490	701,544
Net interest spread (annualised)	1.49%	1.79%
Net interest margin (annualised)	1.56%	1.89%

Net interest income was HK\$5,509 million, down HK\$1,073 million or 16.30%, compared to the first half of 2003. Net interest margin fell by 33 basis points to 1.56%, a result of 30 and 3-basis point decline in net interest spread and contribution of net free funds respectively. The persistently low HIBOR since last September led to the decline in interest income, which was only partially offset by the decrease in interest expense.

The decrease in interest income was mainly attributable to the decline in average yields from interbank placements, loans and debt securities. The drop in yield from Hong Kong dollar interbank placements was consistent with that of HIBOR. In the first half of 2004, average 1-month HIBOR and 3-month HIBOR fell by 125 and 110 basis points to 0.11% and 0.27% respectively when compared to the first half of 2003. Hence, the yield from HIBOR-based loans fell as well. Keen pricing competition also compressed the yields from residential mortgage and corporate loans. The debt securities portfolio recorded a decrease in yield on repricing under the low interest rate environment. During the period, we also reduced the average duration of the portfolio.

The decrease in interest expense was mainly attributable to falling market interest rates, the decrease in deposits from customers as well as the continued shift of time deposits towards savings deposits during the period. However, in this exceptionally low interest rate environment, our ability to manage liability costs was restricted.

Management's Discussion and Analysis (continued)

Other operating income

HK\$m, except percentage amounts	Half-year ended 30 June 2004	Half-year ended 30 June 2003
Fees and commission income	2,221	1,690
Fees and commission expenses	(508)	(311)
Net fees and commission income	1,713	1,379
Dividend income from investments in securities	13	31
Net gain from other investments in securities	24	156
Net gain from foreign exchange activities	584	478
Net gain from other dealing activities	54	17
Net rental income from investment properties	76	88
Others	52	105
Other operating income	2,516	2,254
Non-interest income to total operating income ratio	31.35%	25.51%

Other operating income was HK\$2,516 million, up HK\$262 million or 11.62%, compared to the first half of 2003. Net fees and commission income was HK\$1,713 million, up HK\$334 million or 24.22%, primarily due to the increase of HK\$460 million or 134% in income from wealth management business, including stockbroking and the distribution of investment funds, retail bonds and life insurance products, as a result of higher stock turnover and stronger demand for alternative investments under the low interest rate environment.

Fees and commission expenses were HK\$508 million, up HK\$197 million or 63.34%, mainly due to higher stock commission expenses and cash rebates for residential mortgage as the volume of business increased. In addition, the growth of our merchant acquiring business also raised the commission expenses related to credit cards.

Net gain from foreign exchange activities increased by HK\$106 million or 22.18% due to higher volume of customer transactions.

Management's Discussion and Analysis (continued)

Operating expenses

HK\$m, except percentage amounts	Half-year ended 30 June 2004	Half-year ended 30 June 2003
Staff costs	1,625	1,632
Premises and equipment expenses (excluding depreciation)	346	309
Depreciation on owned fixed assets	293	322
Other operating expenses	404	434
Operating expenses	2,668	2,697
Cost to income ratio	33.25%	30.52%

Operating expenses were HK\$2,668 million, down HK\$29 million or 1.08%, as a result of disciplined cost control. The cost to income ratio increased by 2.73 percentage points to 33.25% mainly due to the decline in operating income. Staff costs were maintained at the same level as the first half of 2003. Expenses on information technology increased, which were offset by lower depreciation expenses due to the reduction in fixed assets and the decline in other operating expenses, which were higher in the 2003 interim period due to additional professional expenses incurred for the special review.

The total number of employees of the Group, including all the subsidiary companies, was 13,009 at end of June 2004, a decrease of 179 from end-2003.

Write-back of/(charge for) bad and doubtful debts

HK\$m	Half-year ended 30 June 2004	Half-year ended 30 June 2003
Specific provisions		
– new provisions	(811)	(2,537)
– releases	1,327	482
– recoveries	733	220
	1,249	(1,835)
General provisions	(9)	166
Net credit/(charge) to profit and loss account	1,240	(1,669)

Asset quality continued to improve. The Group recorded a net write-back of provisions of HK\$1,240 million, which represented a significant improvement as compared to the net charge for bad and doubtful debts of HK\$1,669 million in the first half of 2003. New specific provisions decreased by HK\$1,726 million, or 68.03% to HK\$811 million, reflecting the lower NPL formation as credit quality of the loan portfolio improved. Releases in specific provisions increased by HK\$845 million, or 175.31% to HK\$1,327 million, mainly due to increase in collateral value and collections. Recoveries of loans previously written off also increased by HK\$513 million, or 233.18%, to HK\$733 million.

Management's Discussion and Analysis (continued)

Financial Position

HK\$m, except percentage amounts	At 30 June 2004	At 31 December 2003
Cash and short-term funds	126,705	134,106
Placements with banks and other financial institutions maturing between one and twelve months	78,753	78,240
Certificates of deposit held	18,837	18,776
Hong Kong SAR Government certificates of indebtedness	35,320	31,460
Investments in securities*	164,946	172,518
Advances and other accounts	302,435	300,094
Fixed assets	17,144	17,582
Other assets#	7,873	9,810
Total assets	752,013	762,586
Hong Kong SAR currency notes in circulation	35,320	31,460
Deposits and balances of banks and other financial institutions	64,156	41,347
Deposits from customers	564,820	600,826
Certificates of deposit issued	2,423	2,432
Other accounts and provisions	26,210	29,163
Total liabilities	692,929	705,228
Minority interests	1,177	1,156
Shareholders' funds	57,907	56,202
Total liabilities and capital resources	752,013	762,586
Loan to deposit ratio	54.62%	51.36%

* Investments in securities comprise held-to-maturity securities, investment securities and other investments in securities.

Trade bills and investments in associates are included in other assets.

The Group's total assets as at 30 June 2004 were HK\$752,013 million, down HK\$10,573 million or 1.39% from end-2003.

Investments in securities, comprising held-to-maturity securities, investment securities and other investments in securities, were HK\$164,946 million, down HK\$7,572 million or 4.39%. Among those, held-to-maturity securities increased by HK\$55,629 million, or 55.04%, to HK\$156,694 million as at 30 June 2004, mainly due to the transfer of a majority of other investments in securities to held-to-maturity securities to align with its associated intention of holding. In accordance with the Group's accounting policy, held-to-maturity securities are stated at amortised cost, while other investments in securities are stated at fair value.

Though the demand for loans remained weak, advances to customers stayed flat at HK\$308,513 million. The loan to deposit ratio was 54.62% as at 30 June 2004, up 3.26 percentage points from end-2003. In terms of economic use, loans for use in Hong Kong by industrial, commercial and financial sectors decreased by HK\$8,300 million or 5.26%. This was offset by a HK\$4,031 million or 3.38% increase in loans for use in Hong Kong by individuals, and a HK\$4,591 million or 21.18% increase in loans for use outside Hong Kong.

Management's Discussion and Analysis (continued)

The decline in loans for use in Hong Kong by industrial, commercial and financial sectors was caused mainly by large write-offs and collections. Proactive risk management, collection and write-off of bad debts are instrumental in improving asset quality.

A strong growth of HK\$4,847 million, or 5.39%, in residential mortgage loans (excluding those for the government-sponsored home purchasing schemes) was the main driver for the increase in lending to individuals. Besides, our Mainland branches also witnessed good performance in their lending business, with a 46% increase in their loan portfolio. Together with the increase in other overseas lending, loans for use outside Hong Kong continued to grow.

During the period, total write-offs and collections amounted to HK\$1,581 million and HK\$4,251 million respectively. If not for the large write-offs and collections, advances to customers would have registered growth.

The net book value of premises and investment properties reduced from HK\$16,460 million as at 31 December 2003 to HK\$16,065 million at 30 June 2004 due to the disposal of HK\$235 million's worth of premises and investment properties and the depreciation charge of HK\$165 million in the first half of 2004.

Deposits from customers were HK\$564,820 million, down HK\$36,006 million or 5.99% from end-2003 due to the tight control on cost of funding and continued shift of funds to other higher-yielding investments by customers in the low interest rate environment. In the first half of 2004, savings deposits and current accounts continued to increase.

Capital and liquidity ratios

HK\$m, except percentage amounts	At 30 June 2004	At 31 December 2003
Total capital base after deductions	61,997	60,323
Total risk-weighted assets	375,257	399,158
Total risk-weighted assets adjusted for market risk	375,535	396,682
Capital adequacy ratios		
Before adjusting for market risk	16.52%	15.11%
After adjusting for market risk	16.51%	15.21%
	Half-year ended 30 June 2004	Half-year ended 30 June 2003
Average liquidity ratio #	34.64%	37.93%

Calculated by simple average of each calendar month's average liquidity ratio of BOCHK.

The Group remained strong in capital and liquidity. The capital adequacy ratio was 16.52% as at 30 June 2004, compared to 15.11% at end-2003. The capital base grew by 2.78% whereas the risk-weighted assets dropped by 5.99%. The enlargement of the capital base was caused by the accumulation of retained profits. The decrease in risk-weighted assets was a result of the reduction of corporate loans and debt securities. The average liquidity ratio was 34.64% for the first half of 2004, down 3.29 percentage points, reflecting the decline in short-term interbank placements.

Management's Discussion and Analysis (continued)

Asset Quality

HK\$m, except percentage amounts	At 30 June 2004	At 31 December 2003
Advances to customers	308,513	308,582
General provisions	(5,415)	(5,406)
Specific provisions	(3,410)	(5,507)
Non-performing loans	12,673	17,832
Specific provisions made in respect of non-performing loans	(3,357)	(5,467)
Specific provisions as a percentage of non-performing loans	26.49%	30.66%
Specific provisions and collateral coverage for classified loans	93.70%	90.95%
Loan loss reserve as a percentage of non-performing loans	69.64%	61.20%
Non-performing loan ratio	4.11%	5.78%
Classified loan ratio	4.12%	5.82%
Residential mortgage loans*		
Delinquency** and rescheduled loan ratio	0.78%	1.10%
Card advances - delinquency ratio***	0.47%	0.75%
	Half-year ended 30 June 2004	Half-year ended 30 June 2003
Card advances - charge-off ratio#	4.67%	10.75%

* Residential mortgage loans exclude those under the Home Ownership Scheme and other government-sponsored home purchasing schemes.

** Delinquency ratio is measured by a ratio of total amount of overdue loans (more than three months) to total outstanding loans.

Computed according to the HKMA's definition.

Through effective risk management, collection and write-off, NPL ratio and classified loan ratio improved to 4.11% and 4.12% as at 30 June 2004 from 5.78% and 5.82% at end-2003 respectively. During this period, lower NPL formation, enhanced collection effort and increase in collateral value all helped improve the loan quality.

Collateral coverage for classified loans increased to 67.32% at 30 June 2004 from 60.54% at end-2003. Total specific provisions and collateral coverage ratio for classified loans was 93.70%, compared to 90.95% at end-2003, reflecting the adequacy of provisions. The loan loss reserve ratio also rose to 69.64% from 61.20% six months ago.

The classified loan ratio fell by 1.70 percentage points in the first half of 2004 from end-2003, as compared to the corresponding improvement of 0.18 percentage point in the first half of 2003 from end-2002. A net migration of approximately HK\$600 million's worth of loans to classified loans in the first half of 2004 was recorded, which was significantly lower than that of approximately HK\$4,000 million in the first half of 2003. Externally, this was due to the strong rebound of the economy and property prices in the first half of 2004. Internally, the Group's loan quality has progressively improved since the IPO through various risk management initiatives and the adjustment of our loan mix.

Management's Discussion and Analysis (continued)

The quality of the Group's residential mortgage portfolio improved. The combined delinquency and rescheduled loan ratio decreased to 0.78% as at 30 June 2004 from 1.10% at end-2003.

The quality of the Group's credit card advances also improved. The delinquency ratio fell from 0.75% at end-2003 to 0.47% at 30 June 2004. The charge-off ratio decreased from 10.75% in the first half of 2003 to 4.67% in the first half of 2004.

BUSINESS REVIEW

In Hong Kong, the employment situation continued to improve and GDP growth was strong. The extension of the individual visit scheme led to a strong rebound in the domestic retail market. Besides, purchasers' greater confidence in the economy helped revitalise the property market. The economic conditions in the first half of 2004 were generally favorable to the growth and development of our retail banking and treasury businesses.

Retail banking

Our retail banking business has been well positioned to benefit from the continuous recovery of the economy. Our wealth management, credit cards, residential mortgage and personal RMB banking businesses demonstrated particularly strong growth in the first half of 2004.

Wealth management: The volume of wealth management business increased considerably. Stockbroking transactions and the sales of investment funds rose by 150% and 112% respectively. At the same time, the distribution of life insurance products also registered a substantial increment of 139% in premium.

To meet our customers' increasing demand for wealth management services, we strengthened our cooperation with investment fund houses, in particular BOCI-Prudential Asset Management, by launching a series of investment funds, such as the exclusive distribution of BOCHK China Income Fund.

Against the backdrop of low interest rate, we made greater efforts in promoting short-term endowment and protection plans by broadening our range of life insurance products to cover various protection and saving needs at different stages of a person's life. These included "Smart Saver 5-Year Life Endowment Plan", "All-for-You Fruitful 10 Years, 15 Years Endowment Plan", and "5 Year Pay-10 Year Saving Plan". Moreover, we introduced the "Life in Bliss Perfect Protection Series", which provided general personal insurance plans. Apart from new insurance product offerings, we also improved our distribution channels through the provision of online subscription in our Travel Insurance and Golfer Insurance schemes to our customers.

Residential mortgage: Our residential mortgage business performed strongly in the first half. The mortgage loan balance increased by 5% from end-2003, against the market average growth of 0.4%. Moreover, the asset quality of the mortgage portfolio improved markedly. The delinquency and rescheduled loan ratio fell to 0.78%, which was below market average. Owing to the recovery of the residential property market, the negative equity ratio dropped significantly from 13% at end-2003 to 5% at the end of June this year.

Credit cards: We continued to provide innovative card products to our customers. In April, we became the first bank in Hong Kong to issue RMB credit cards. During the period, we also launched Warner Mini Card and 2004 BOC Euro Commemorative MasterCard.

Our card business recorded a 46% growth in cardholder spending volume, compared to the first half of 2003. Merchant acquiring volume increased by 48% due to a strengthened merchant network and the effect of the China UnionPay Card acquiring business. The number of cards issued and card advances also grew by 14% and 2% respectively from end-2003. At the same time, we were able to maintain our charge-off ratio and delinquency ratio at a low level.

Management's Discussion and Analysis (continued)

The good progress we made in growing our card business was duly recognised by the industry. We won several awards from Visa International and MasterCard International:

- 2003 Silver Prize of "Largest Card Sales Volume Growth in Hong Kong Award"
- 2003 Silver Prize of "Highest Merchant Sales Volume in Hong Kong Award"
- 2003 Gold Prize of "Highest Merchant Sales Volume in Macau Award"
- 2003 Gold Prize of "Largest Card Sales Volume Growth in Macau Award"
- 2003 Best Issuer Fraud Control in Hong Kong & Macau Award
- The Highest Market Share in 2003 Cardholder Spending for Commercial Products in Hong Kong Award
- The Highest Growth Rate in 2003 Merchant Purchase Volume in Hong Kong Award – 1st Runner Up

Personal RMB banking business: Since February 2004, we have been offering a diverse range of personal RMB services, including deposits, exchange, remittance and bank cards, which facilitate our customers to capture the opportunities arising from the economic integration between Hong Kong and the Mainland of China. Our customers can enjoy the Group's excellent RMB service network in Hong Kong made up of branches, ATMs, iT's Online Banking and iT's Telephone Banking.

Channels: Our branch rationalisation programme enters into a new stage with the focus to strengthen the selling and servicing capabilities of the branches. During the first half of 2004, two branches were closed. As at 30 June 2004, the total number of branches was 302, of which 287 were located in Hong Kong.

As a result of our efforts in enhancing e-channels, the number of iT's banking customers and transaction volume increased significantly. During this period, we further strengthened our internet banking services by incorporating new functions that enabled wealth management.

Corporate banking and financial institutions

Because of large collections and write-offs, our corporate loan balance at end-June 2004 was lower than that of end-2003. However, we maintained a leading position in arranging syndicated loans in the local market and our overseas lending also registered growth.

Through effective collection, write-off and credit risk management, we improved the credit quality of corporate loan portfolio significantly. At the same time, we also adjusted our loan portfolio. This was evident in the substantial growth of 22% in overseas (including Mainland branches) lending and the reduction of corporate lending to the local property development sector.

We made good progress in developing the electronic distribution channel. In May, we launched CBS Online, which was a one-stop and diverse financial management service for corporate customers. Being a more comprehensive and convenient electronic banking service channel, CBS Online helps our customers lower their operating cost and enhance their productivity.

Management's Discussion and Analysis (continued)

On account of our experience and track record in operating RTGS Link between Shenzhen and Hong Kong, we were appointed as the agent bank for the HKD and USD RTGS Link between Guangdong Province and Hong Kong. The latter commenced in March. Besides, we were also appointed as the agent bank for the USD Joint Cheque Clearing Service between Shenzhen and Hong Kong.

We continued to focus on strengthening our trade finance service and achieved high rating scores in the service quality of import and export factoring at a competition organised by Factors Chain International, a global network of leading factoring companies. According to Factors Chain International statistics, our performance in terms of import factoring business volume was outstanding in the first half of 2004.

Treasury

Treasury operation in a persistently low interest rate environment was both demanding and challenging. During this period, we continued to optimise our investment portfolio in order to enhance return. In anticipation of the possible rise in interest rates, we also shortened the duration of our debt securities portfolio.

Our non-interest income business performed well, due to the volatility of the currency and bullion markets. Foreign exchange activities, bullion trading and option-linked deposit business grew strongly compared to the first half of 2003. We were able to expand our customer base and grow non-interest income from the increased business volume. We further developed our customer-driven treasury platform by offering more treasury products with augmented features to customers, including structured products for retail and corporate customers, in order to capture cross-selling opportunities.

Mainland branches and China-related business

Our Mainland branches continued to perform well in the first half of 2004. Operating profit before provisions increased by 28% to HK\$73 million. Profit before taxation, however, dropped by 26% to HK\$100 million, mainly due to large write-back of provisions in the first half of 2003. Total advances to customers rose by 46% to HK\$8,907 million and deposits from customers increased by 6% to HK\$2,061 million when compared to end-2003. The asset quality of our Mainland branches improved significantly. The classified loan ratio fell by 4.51 percentage points from end-2003 to 5.84% as at 30 June 2004.

During the first half of 2004, we made tremendous effort in enhancing the banking services of our Mainland branches. Our initiatives included the introduction of iT's Online Banking and Telephone Banking services at the beginning of this year, which made it even more convenient for our Mainland customers to keep track of their account activities.

In April, our Shenzhen branch and Shanghai branch were approved to extend their RMB services to domestic companies. Furthermore, six of our Mainland branches applied for the financial derivatives business licence while our branches in Guangzhou, Dalian and Fuzhou applied for the RMB business licence. Nanyang's Shenzhen branch also applied to extend RMB business to domestic companies. These would help enlarge our customer base in the Mainland. Meanwhile, collaboration with BOC continued and during the period we took part in cooperation schemes with several BOC branches.

Recently, we refined our China business model to focus on enhancing our services to Hong Kong customers conducting business in the Mainland. The Group's Mainland branches now act as the extended arms of our retail banking and corporate banking business lines. Under the new model, our Mainland branches have a clearly defined organisational structure, market positioning strategy, customer segmentation and product development strategy. We expect that the implementation of the new model will help enhance the overall contribution of China-related business to the Group and capture cross-selling opportunities.

Management's Discussion and Analysis (continued)

RISK MANAGEMENT

Overview

Risk management is fundamental to the business of the Group. It is also an integral part of our strategy. The principal types of risk inherent in the Group's business include credit risk, market risk (including interest rate and exchange rate risk), liquidity risk and operational risk. The Group's risk management goal is to maximise its long-term risk-adjusted return on capital, reduce the wide volatility in earnings and enhance shareholder value, while maintaining risk exposure within acceptable limits.

Risk management structure

The Bank's risk management policies are designed to identify and analyse credit risk, market risk, liquidity risk and operational risk, to set appropriate risk limits, and to continually monitor these risks and limits by means of administrative procedures and information systems. The Bank continually modifies and enhances its risk management policies and procedures to reflect changes in markets and products.

The Risk Management Committee ("RMC") under the Board of Directors is responsible for approving risk management policies and procedures and major asset and liability management policies proposed by the Asset and Liability Management Committee ("ALCO").

Each Strategic Business Unit ("SBU") is responsible for the implementation of appropriate policies, procedures and controls in relation to risk management. Our Chief Risk Officer ("CRO") oversees and monitors the operation of the Risk Management Department ("RMD") and reports directly to the RMC. Our CRO is also responsible for assisting the Chief Executive on bank-wide credit risk, market risk and operational risk management and submitting to the RMC the independent risk management report on a monthly basis.

Our Chief Financial Officer ("CFO") has oversight responsibilities for the soundness of the Group's capitalisation and earnings. In addition, our CFO, with the assistance of the Treasurer, monitors the bank-wide interest rate risk and liquidity risk and reports to the ALCO and the RMC on a regular basis.

The Audit Department of the Bank reports to the Board and the Audit Committee that risk management policies, procedures and internal controls are in place and are being followed.

The Bank's principal banking subsidiaries, Nanyang and Chiyu, also face the same types of inherent business risks and they adopt consistent risk management strategies and policies as the Bank. These subsidiaries execute their risk management strategy independently and report to the Bank's management on a regular basis.

Credit risk management

Credit risk is the risk that a customer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Bank. Credit risk arises principally from the Bank's lending, trade finance and treasury activities.

The Bank's primary goal in credit risk management is to maximise its risk-adjusted returns while maintaining its credit risk exposure within acceptable parameters. In particular, the Bank has developed and is implementing comprehensive policies and procedures to identify, measure, monitor and control credit risk across the organisation.

Management's Discussion and Analysis (continued)

The Board of Directors is responsible for determining its credit risk management strategic objectives and principles. The Board, with the aim of maximising the Bank's risk-adjusted returns as well as shareholders' wealth, holds ultimate responsibility for the Bank's overall credit risk management process.

The RMC is a board-level committee that has the responsibility of determining and revising the Bank's credit risk management policies and procedures. The Bank believes that independence and proper checks-and-balances are of crucial importance in effective risk management. To this purpose, in the Bank's managerial/organisational structure, the RMD and the Audit Department are placed onto the hierarchical position in which they report directly to the RMC and the Audit Committee respectively. All these committees and departments form an independent line of control.

The Chief Executive is responsible for, among other things, implementing the credit risk management strategy and policies approved by the Board. The Chief Executive is also charged with balancing the Bank's goal of generating a high yield on its assets with the need to maintain risk exposure within the shareholder's tolerance level.

The RMD, being structurally independent of credit initiation units, assists the Chief Executive in managing credit risk based on the credit risk management strategy and policies. It also provides independent due diligence relating to identifying, measuring, monitoring and controlling credit risk. To avoid any potential conflicts of interest, the credit review functions are independent of the business units. Multi-level credit approval authorities are set, depending mostly on the credit officers' professional experience, skill and responsibilities. All credit approval and review authorities originate from the Bank's Board of Directors.

The Special Assets Management Department is responsible for the collection of NPLs. Other departments, though not specified above, are also charged with relevant matters in relation to credit risk management.

The Bank employs different approval procedures for high-risk and low-risk loans.

Low-risk credit transactions that fulfill certain requirements relating to credit types, loan purposes, loan amount, guarantees, collateral coverage and security adequacy can be processed using low-risk loan approval procedures. Under these procedures, authorised credit officers in credit initiation units may approve this type of credit applications without prior review by the RMD. The corresponding loan review officer in the RMD should conduct independent post-approval reviews of such pre-approved low-risk credit transactions and assess if initial credit decisions have been made in accordance with the established procedures.

For high-risk loans, credit officers in credit initiation units can only accept and review loan applications and make the initial lending decisions. These credit applications are then independently evaluated by review officers in the RMD in respect of compliance with policies and procedures, adequacy of credit risk assessment, and information sufficiency. The RMD is authorised to exercise the right of veto or concurrence based on the review conclusions.

For loans reaching the approval authority of Deputy Chief Executives or above, independent risk assessment by the Credit Risk Assessment Committee ("CRAC") is required. The CRAC is a specialised committee consisting of experts from the lending business. The CRAC, reporting to Chief Executive, is responsible for making independent risk assessment of significant credit applications. Its assessment result will be an important basis for the CRO to conduct his credit review decision as well as the Chief Executive and Deputy Chief Executives to make their credit approval decisions. The CRAC itself has no credit approval authority.

Loans which exceed the approval authority of the Chief Executive have to be approved by the RMC.

The Bank has a dedicated division, the Credit Risk Monitoring Division in the RMD, to conduct thorough and comprehensive post-disbursement monitoring on each obligor and group of obligors in order to identify and control individual and overall credit risk in the loan portfolio.

Management's Discussion and Analysis (continued)

An early alert programme for potential problem customers has been established to detect early signs of deterioration in credit status of obligors and to trigger closer monitoring process to prevent further deterioration.

To ensure that adequate efforts are dedicated to resolve NPLs, the Bank has set up internal targets to evaluate the performance in the resolution of criticised loans. The RMD provides regular monitoring reports on the progress to senior management for high-level oversight.

Market risk management

Market risk is the risk that the movements in interest rates or market prices will result in losses in on- and off-balance sheet positions. The Bank's market risk arises from customer-related business and from position taking. Market risk trading positions are subject to daily mark-to-market valuation.

Market risk is managed within the risk limits approved by the RMC. The overall risk limits are divided into sub-limits by reference to different risk factors, which are interest rate, foreign exchange rate, commodity and equity prices. Considering the different nature of the products involved, limits are set by using a combination of risk measurement techniques, including position limits and sensitivity limits.

Having set up the monitoring limits and supervisory procedures, the Market Risk Division in the RMD is responsible for the daily market risk management to ensure that the overall and individual market risks are managed within the Bank's risk tolerance.

VaR is a statistical technique which estimates the potential losses that could occur on risk positions taken due to movements in interest rates, foreign exchange rates, commodity prices and equity prices over a specified time horizon and to a given level of confidence. The model used by the Bank to calculate portfolio and individual VaR on a variance/covariance basis, uses historical movements in market rates and prices, a 99% confidence level and a 1-day holding period and generally takes account of correlations between different markets and rates.

At 30 June 2004, the VaR for all trading market risk exposure of the Bank was HK\$2.2 million (31 December 2003: HK\$0.8 million), the VaR for all trading interest rate risk exposure was HK\$1.8 million (31 December 2003: HK\$0.7 million) and the VaR for all trading foreign exchange risk exposure was HK\$1.4 million (31 December 2003: HK\$0.6 million). The average VaR for the first half of 2004 was HK\$3.3 million (first half of 2003: HK\$4.1 million), with a maximum of HK\$5.6 million and a minimum of HK\$0.9 million for the period.

For the first half of 2004, the average daily revenue of the Bank earned from market risk-related trading activities was HK\$2.5 million (first half of 2003: HK\$2.3 million). The standard deviation of these daily trading revenues was HK\$2.5 million (first half of 2003: HK\$3.2 million). The most frequent result was a daily trading revenue of between HK\$2 million to HK\$4 million, with 48 occurrences. The highest daily revenue was HK\$9.0 million (first half of 2003: HK\$11.4 million).

Foreign exchange risk management

The Bank provides foreign exchange deposit, margin trading and forward transaction services to its customers. The Bank's trading activities in the foreign currency markets expose it to exchange rate risk. The Bank manages exchange rate risk through its interbank market activities. In particular, the Bank mitigates exchange rate risk by establishing position limits and limits on the loss of the whole foreign exchange trading floor. All these limits are approved by the RMC. The RMD is responsible for monitoring foreign exchange exposure and related stop-loss limits on a day-to-day basis as well as controlling the Bank's credit risk exposure arising from foreign exchange transactions.

Management's Discussion and Analysis (continued)

Interest rate risk management

The Bank's interest rate risk exposures comprise trading and structural exposures. The major types of interest rate risk of structural position are: (1) Repricing risk: mismatches in the maturity or repricing periods of assets and liabilities; (2) Basis risk: different pricing basis for different transactions so that yield on assets and cost of liabilities may change by different amounts within the same repricing period.

The Bank's ALCO maintains oversight of interest rate risk; the RMC sanctions the interest rate risk management policies formulated by the ALCO. The Treasurer, under the supervision of the CFO, carries out approved policies and develops risk management system to identify, measure, monitor, and control interest rate risk.

Gap analysis is the primary tool used to measure the Bank's exposure to interest rate risk. It provides the Bank with a static view of the maturity and repricing characteristics of its balance sheet positions. The magnitude of the gaps indicates the extent to which the Bank is exposed to the risk of potential changes in the margins on new or repriced assets and liabilities. The Bank uses interest rate derivatives to hedge its interest rate exposures; in most cases, plain vanilla interest rate swap is used.

Sensitivity of earnings to interest rate changes (Earnings at Risk) is assessed through hypothetical interest rate shock of 100 basis points across the yield curve on both sides. Variations in net interest income are controlled within 5% of the projected amount for the year. The result is reported to the CFO on a regular basis.

The impact of basis risk is gauged by the projected change in net interest income under scenarios of imperfect correlation in the adjustment of the rates earned and paid on different instruments. Such scenarios include probable interest rate changes in the short-term period and under stress conditions, and are conducted regularly. The ALCO monitors the results of stress test scenarios against limits and decides whether remedial action should be made.

Liquidity risk management

Liquidity risk arises in the funding of lending, trading and investment activities and in the management of trading positions. Liquidity risk includes both the risk of unexpected increase in the cost of funding to refinance the Bank's asset portfolio at appropriate maturities and the risk of being unable to liquidate a position in a timely manner and/or at a reasonable price.

The goal of liquidity management is to enable the Bank, even under adverse market conditions, to meet all its maturing repayment obligations on time and to fund all of its asset growth and strategic opportunities.

The Bank maintains flexibility in meeting its funding requirements by maintaining diverse sources of liquidity. The Bank funds its operations principally by accepting deposits from retail and corporate depositors. In addition, the Bank may issue certificates of deposit to secure a long-term financing source or may raise funds through the sale of investments.

The Bank uses the majority of funds raised to extend loans, to purchase debt securities or to conduct interbank placements. Generally deposits have a shorter average maturity than interbank placements that in turn are of shorter average maturity compared to that of loans or investments.

The Bank maintains a portfolio of liquid, high quality securities that may generally be sold at any time at market prices to meet the Bank's emergent liquidity needs. The Bank may also manage its liquidity by borrowing in the interbank markets on a short-term basis, although typically the Bank is a net lender of funds. The interbank markets generally provide an adequate amount of liquidity, at borrowing rates that are subject to market conditions.

Management's Discussion and Analysis (continued)

The primary goal of the Bank's asset and liability management strategy is to achieve an optimal return while ensuring adequate levels of liquidity and capital within an effective risk control framework and at reasonable cost of funding. The Bank's ALCO is responsible for establishing these policy directives and works closely with the Treasurer to ensure that the Bank maintains adequate levels of liquidity and secures the lowest possible cost of funding, while closely planning and monitoring the Bank's on- and off-balance sheet assets and liabilities with regard to the risk incurred. The Treasurer adjusts, as necessary, the Bank's liquidity and structural foreign exchange positions in line with the policies of ALCO, and also provides reporting and analytical support to the ALCO with respect to current and planned positions taken for investment, funding and structural foreign exchange management purposes.

Capital management

The major objective of capital management is to maximise the returns to shareholders while maintaining a strong capital position. We would consider the adjustment of capital mix when appropriate to achieve the lowest overall cost of capital. The ALCO, with the assistance of the Treasurer, monitors the adequacy of the Bank's capital using the capital adequacy ratio as one of the major measurements. The Group complied with all the statutory capital standards for all the periods presented in the report.

Operational risk management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It is the Bank's objective to manage this risk in line with the best practice of the industry.

The Bank manages operational risk by identifying, assessing, monitoring, controlling and mitigating the risks. Operational risks inherent in processes, activities and products are identified and assessed. The Bank monitors operational risk losses and reports to the Board and senior management. In order to achieve effective internal control, the Bank maintains adequate documentation of its business processes whereby control procedures are set. The Bank also emphasises the segregation of duties and independent authorisation among all business activities.

To support business operations in the event of disasters, the Business Continuity Plan is in place. Adequate backup facilities are maintained and periodic drills are conducted. The Bank is also under the insurance cover arranged by the immediate holding company to mitigate potential losses in respect of operational risk.

Stress testing

The Bank supplements the analysis of various types of risks with stress testing. Stress testing is a risk management tool for estimating the Bank's risk exposures under stressed conditions arising from extreme but plausible market or macroeconomic movements. These tests are conducted on a regular basis and the result is monitored by the CFO and ALCO.

综合损益账

Consolidated Profit and Loss Account

		(经审核) (Audited)	
		半年结算至 2004年 6月30日 Half-year ended 30 June 2004 港币百万元 HK\$'m	半年结算至 2003年 6月30日 Half-year ended 30 June 2003 港币百万元 HK\$'m
	附注 Note		
利息收入	Interest income	7,304	9,358
利息支出	Interest expense	(1,795)	(2,776)
净利息收入	Net interest income	5,509	6,582
其他经营收入	Other operating income	2,516	2,254
经营收入	Operating income	8,025	8,836
经营支出	Operating expenses	(2,668)	(2,697)
提取拨备前经营溢利	Operating profit before provisions	5,357	6,139
呆坏账拨回/(拨备)	Write-back of/(charge for) bad and doubtful debts	1,240	(1,669)
提取拨备后经营溢利	Operating profit after provisions	6,597	4,470
出售/重估固定资产之净收益/(亏损)	Net gain/(loss) from disposal/ revaluation of fixed assets	48	(1,220)
出售持有至到期日证券及投资证券之净收益	Net gain from disposal of held-to-maturity securities and investment securities	1	1
持有至到期日证券及投资证券之减值拨备拨回	Write-back of provision for impairment on held-to-maturity securities and investment securities	—	20
出售附属公司之净亏损	Net loss on disposal of a subsidiary	—	(1)
投资联营公司之减值拨备拨回	Write-back of provision for impairment on investments in associates	150	6
应占联营公司之溢利扣减亏损	Share of profits less losses of associates	(19)	(10)
除税前溢利	Profit before taxation	6,777	3,266
税项	Taxation	(1,119)	(178)
除税后溢利	Profit after taxation	5,658	3,088
少数股东权益	Minority interests	(76)	(57)
股东应占溢利	Profit attributable to shareholders	5,582	3,031
股息	Dividend	3,874	1,937

综合资产负债表

Consolidated Balance Sheet

		(经审核) (Audited)	
		2004年 6月30日 At 30 June 2004 港币百万元 HK\$m	2003年 12月31日 At 31 December 2003 港币百万元 HK\$m
	附注 Note		
资产			
库存现金及短期资金		126,705	134,106
一至十二个月内到期之银行及 其他金融机构存款		78,753	78,240
贸易票据		991	691
持有之存款证		18,837	18,776
香港特别行政区政府负债证明书		35,320	31,460
持有至到期日证券		156,694	101,065
投资证券		53	53
其他证券投资		8,199	71,400
贷款及其他账项	8	302,435	300,094
投资联营公司		130	278
固定资产		17,144	17,582
其他资产		6,752	8,841
资产总额		752,013	762,586
负债			
香港特别行政区流通纸币		35,320	31,460
银行及其他金融机构之 存款及结余		64,156	41,347
客户存款	9	564,820	600,826
发行之存款证		2,423	2,432
其他账项及准备	10	26,210	29,163
负债总额		692,929	705,228
资本来源			
少数股东权益		1,177	1,156
股本	12	43,043	43,043
储备	13	14,864	13,159
股东资金		57,907	56,202
资本来源总额		59,084	57,358
负债及资本来源总额		752,013	762,586

综合权益变动
结算表

Consolidated Statement of Changes in Equity

		股本	房产 重估储备	换算储备	留存盈利	总计
		Share capital	Premises revaluation reserve	Translation reserve	Retained earnings	Total
		港币百万元 HK\$'m	港币百万元 HK\$'m	港币百万元 HK\$'m	港币百万元 HK\$'m	港币百万元 HK\$'m
于2003年1月1日 (早期列账)	At 1 January 2003, as previously reported	43,043	413	(9)	10,910	54,357
采纳会计准则第12号 (经修订)所产生的调整	Effect of adoption of SSAP 12 (revised)	—	(60)	—	(210)	(270)
于2003年1月1日(重列)	At 1 January 2003, as restated	43,043	353	(9)	10,700	54,087
2003年上半年之净溢利	Net profit for the first half of 2003	—	—	—	3,031	3,031
股息	Dividend	—	—	—	(1,937)	(1,937)
物业重估	Revaluation of properties	—	(70)	—	—	(70)
由递延税项计入股东权益	Release from deferred tax liabilities	—	8	—	—	8
于2003年6月30日	At 30 June 2003	43,043	291	(9)	11,794	55,119
本银行及附属公司	Bank and subsidiaries	43,043	291	(9)	11,810	55,135
联营公司	Associates	—	—	—	(16)	(16)
		43,043	291	(9)	11,794	55,119
于2003年7月1日	At 1 July 2003	43,043	291	(9)	11,794	55,119
2003年下半年之净溢利	Net profit for the second half of 2003	—	—	—	4,944	4,944
货币换算差额	Currency translation differences	—	—	(1)	—	(1)
股息	Dividend	—	—	—	(3,874)	(3,874)
物业重估	Revaluation of properties	—	(1)	—	—	(1)
由递延税项计入股东权益	Release from deferred tax liabilities	—	15	—	—	15
因物业出售之重估储备转账	Transfer on disposal of properties	—	(44)	—	44	—
于2003年12月31日	At 31 December 2003	43,043	261	(10)	12,908	56,202
本银行及附属公司	Bank and subsidiaries	43,043	261	(10)	12,924	56,218
联营公司	Associates	—	—	—	(16)	(16)
		43,043	261	(10)	12,908	56,202

综合权益变动
 结算表(续)

Consolidated Statement of Changes in Equity (continued)

		股本	房产 重估储备	换算储备	留存盈利	总计
		Share capital	Premises revaluation reserve	Translation reserve	Retained earnings	Total
		港币百万元 HK\$'m	港币百万元 HK\$'m	港币百万元 HK\$'m	港币百万元 HK\$'m	港币百万元 HK\$'m
于2004年1月1日	At 1 January 2004	43,043	261	(10)	12,908	56,202
2004年上半年之净溢利	Net profit for the first half of 2004	—	—	—	5,582	5,582
货币换算差额	Currency translation differences	—	—	(6)	—	(6)
股息	Dividend	—	—	—	(3,874)	(3,874)
物业重估	Revaluation of properties	—	3	—	—	3
因物业出售之重估储备转账	Transfer on disposal of properties	—	(9)	—	9	—
于2004年6月30日	At 30 June 2004	43,043	255	(16)	14,625	57,907
本银行及附属公司	Bank and subsidiaries	43,043	255	(16)	14,665	57,947
联营公司	Associates	—	—	—	(40)	(40)
		43,043	255	(16)	14,625	57,907

综合现金流量表
Consolidated Cash Flow Statement

		(经审核) (Audited)	
		半年结算至 2004年 6月30日 Half-year ended 30 June 2004 港币百万元 HK\$m	半年结算至 2003年 6月30日 Half-year ended 30 June 2003 港币百万元 HK\$m
		附注 Note	
经营业务之现金流量	Cash flow from operating activities		
除税前经营现金之流出	Operating cash outflow before taxation	14(a)	(9,759) (16,713)
(支付) / 退回香港利得税	Hong Kong profits tax (paid)/refunded		(160) 369
支付海外利得税	Overseas profits tax paid		— (4)
经营业务之现金流出净额	Net cash outflow from operating activities		(9,919) (16,348)
投资业务之现金流量	Cash flow from investing activities		
购入固定资产	Purchase of fixed assets		(87) (40)
出售固定资产所得款项	Proceeds from disposal of fixed assets		283 561
购入投资证券	Purchase of investment securities		— (6)
出售附属公司所得款项	Proceeds from disposal of a subsidiary		— 157
从联营公司清盘分派之款项	Proceeds from dissolution of an associate		— 19
收取投资证券之股息	Dividends received from investment securities		13 —
收取联营公司股息	Dividend received from an associate		5 1
贷款予联营公司	Loans to associates		(9) —
联营公司偿还之贷款	Loans repaid by associates		283 59
投资业务之现金流入净额	Net cash inflow from investing activities		488 751
融资业务之现金流量	Cash flow from financing activities		
支付末期股息	Final dividend paid		(3,874) (2,583)
支付少数股东股息	Dividend paid to minority shareholders	14(b)	(55) (54)
融资业务之现金流出净额	Net cash outflow from financing activities		(3,929) (2,637)
现金及等同现金项目减少	Decrease in cash and cash equivalents		(13,360) (18,234)
于1月1日之现金及等同现金项目	Cash and cash equivalents at 1 January		73,165 83,065
于6月30日之现金及等同现金项目	Cash and cash equivalents at 30 June	14(c)	59,805 64,831

附注

Notes

1. 编制基准及会计政策

此份未经审核中期业绩报告是按照香港会计师公会所颁布的会计准则第25号“中期财务报告”编制及需连同本集团2003年年度报告一并阅览。

未经审核之综合中期财务报表所采用的会计政策及计算办法与截至2003年12月31日止年度之本集团账目之编制基础一致。

1. Basis of preparation and accounting policies

This unaudited interim report is prepared in accordance with SSAP 25 “Interim Financial Reporting” issued by the HKSA and should be read in conjunction with the Group’s Annual Report 2003.

The unaudited consolidated interim financial statements have been prepared on a basis consistent with the accounting policies and methods of computation adopted in the Group’s accounts for the year ended 31 December 2003.

2. 其他经营收入

2. Other operating income

		半年结算至 2004年 6月30日 Half-year ended 30 June 2004 港币百万元 HK\$m	半年结算至 2003年 6月30日 Half-year ended 30 June 2003 港币百万元 HK\$m
服务费及佣金收入(附注)	Fees and commission income (Note)	2,221	1,690
减：服务费及佣金支出	Less: Fees and commission expenses	(508)	(311)
服务费及佣金净收入	Net fees and commission income	1,713	1,379
证券投资股息收入	Dividend income from investments		
— 非上市证券投资	in securities		
	— unlisted investments	13	31
其他证券投资之净收益	Net gain from other investments		
	in securities	24	156
外汇业务之净收益	Net gain from foreign exchange		
	activities	584	478
其他交易业务之净收益	Net gain from other dealing activities	54	17
投资物业之租金总收入	Gross rental income from		
	investment properties	108	128
减：有关投资物业之支出	Less: Outgoings in respect of		
	investment properties	(32)	(40)
其他	Others	52	105
		2,516	2,254

附注(续)

Notes (continued)

2. 其他经营收入(续)

2. Other operating income (continued)

附注：

Note:

服务费及佣金收入

Fees and commission income

		半年结算至 2004年 6月30日 Half-year ended 30 June 2004 港币百万元 HK\$m	半年结算至 2003年 6月30日 Half-year ended 30 June 2003 港币百万元 HK\$m
证券经纪	Securities brokerage	502	198
信用卡	Credit cards	316	249
汇票佣金	Bills commissions	270	275
贷款佣金	Loan commissions	234	241
缴款服务	Payment services	165	151
保险	Insurance	179	113
资产管理	Asset management	175	82
信托服务	Trust services	32	33
担保	Guarantees	21	20
其他	Others		
— 保管箱	— safe deposit box	82	84
— 小额存户	— low deposit balance accounts	35	63
— 买卖货币	— currency exchange	24	19
— 中银卡	— BOC cards	18	21
— 不动户口	— dormant accounts	15	9
— 代理业务	— agency services	11	8
— 邮电	— postage and telegrams	12	8
— 资讯调查	— information search	18	5
— 代理行	— correspondent banking	8	7
— 人民币业务	— RMB business	13	—
— 其他	— sundries	91	104
		2,221	1,690

附注(续)

Notes (continued)

3. 经营支出

3. Operating expenses

		半年结算至 2004年 6月30日 Half-year ended 30 June 2004 港币百万元 HK\$m	半年结算至 2003年 6月30日 Half-year ended 30 June 2003 港币百万元 HK\$m
人事费用 (包括董事酬金)	Staff costs (including directors' emoluments)		
— 薪酬及其他费用	— salaries and other costs	1,503	1,509
— 退休成本	— pension cost	122	123
		1,625	1,632
房产及设备支出 (不包括折旧)	Premises and equipment expenses (excluding depreciation)		
— 房产租金	— rental of premises	117	107
— 资讯科技	— information technology	134	110
— 其他	— others	95	92
		346	309
自置固定资产之折旧	Depreciation on owned fixed assets	293	322
审计师酬金	Auditors' remuneration		
— 审计服务	— audit services	4	10
— 非审计服务	— non-audit services	9	7
其他经营支出	Other operating expenses	391	417
		2,668	2,697

附注(续)

Notes (continued)

4. 呆坏账拨回/(拨备)

4. Write-back of/(charge for) bad and doubtful debts

		半年结算至 2004年 6月30日 Half-year ended 30 June 2004 港币百万元 HK\$m	半年结算至 2003年 6月30日 Half-year ended 30 June 2003 港币百万元 HK\$m
呆坏账净拨备额	Net charge for bad and doubtful debts		
特别准备	Specific provisions		
— 新提拔	— new provisions	(811)	(2,537)
— 拨回	— releases	1,327	482
— 收回已撤销账项	— recoveries	733	220
		1,249	(1,835)
一般准备	General provisions	(9)	166
拨回/(支取)损益账净额	Net credit/(charge) to profit and loss account	1,240	(1,669)

5. 出售/重估固定资产之
净收益/(亏损)

5. Net gain/(loss) from disposal/revaluation of fixed assets

		半年结算至 2004年 6月30日 Half-year ended 30 June 2004 港币百万元 HK\$m	半年结算至 2003年 6月30日 Half-year ended 30 June 2003 港币百万元 HK\$m
出售固定资产之净收益/(亏损)	Net gain/(loss) on disposal of fixed assets	46	(18)
重估固定资产之净收益/(亏损)	Net gain/(loss) on revaluation of fixed assets	2	(1,223)
		48	(1,241)

本集团的房产和投资物业由独立特许测量师卓德测计师有限公司分别于2003年6月30日及2003年10月31日进行独立专业估值。期内的重估固定资产之净收益是因房产重新分类至投资物业时重估房产而产生的。

The independent professional valuations of the Group's premises and investment properties were conducted by an independent firm of chartered surveyors, Chesterton Petty Limited at 30 June 2003 and 31 October 2003 respectively. Net gain on revaluation of fixed assets in current period was attributable to the revaluation of premises upon reclassification from premises to investment properties.

附注(续)

Notes (continued)

6. 税项

6. Taxation

损益账内之税项组成如下：

Taxation in the profit and loss account represents:

		半年结算至 2004年 6月30日 Half-year ended 30 June 2004 港币百万元 HK\$m	半年结算至 2003年 6月30日 Half-year ended 30 June 2003 港币百万元 HK\$m
香港利得税	Hong Kong profits tax		
— 本期税项	— current period taxation	1,184	732
— 往年超额拨备	— over-provision in prior years	(5)	(718)
(贷记)/计入递延税项	Deferred tax (credit)/charge	(65)	162
香港利得税	Hong Kong profits tax	1,114	176
海外税项	Overseas taxation	5	1
		1,119	177
应占联营公司税项	Share of taxation attributable to associates	—	1
		1,119	178

香港利得税乃按照截至2004年上半年估计应课税溢利依税率17.5% (2003年：17.5%) 提拨准备。海外溢利之税款按照同期估计应课税溢利依集团经营业务所在国家之现行税率计算。

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) on the estimated assessable profit for the first half of 2004. Taxation on overseas profits has been calculated on the estimated assessable profit for the first half of 2004 at the rates of taxation prevailing in the countries in which the Group operates.

本集团订立多项飞机租赁及息票分拆交易，涉及特别用途合伙企业。于2004年6月30日，本集团于此等企业之投资列于综合资产负债表的“其他资产”内，共达港币4.64亿元 (2003年12月31日：港币14.74亿元)。本集团于此等合伙企业之投资，按投资所得税务利益之比例，在合伙企业年期内摊销。

The Group has entered into a number of aircraft leasing and coupon strip transactions involving special purpose partnerships. As at 30 June 2004, the Group's investments in such partnerships, which are included in "Other assets" in the consolidated balance sheet, amounted to HK\$464 million (31 December 2003: HK\$1,474 million). The Group's investments in partnerships are amortised over the life of the partnerships in proportion to the taxation benefits resulting from those investments.

附注(续)

Notes (continued)

6. 税项(续)

6. Taxation (continued)

本集团除税前溢利产生的实际税项，与根据香港利得税率计算的税项差异如下：

The taxation on the Group's profit before taxation that differs from the theoretical amount that would arise using the taxation rate of Hong Kong is as follows:

		半年结算至 2004年 6月30日 Half-year ended 30 June 2004 港币百万元 HK\$m	半年结算至 2003年 6月30日 Half-year ended 30 June 2003 港币百万元 HK\$m
除税前溢利	Profit before taxation	6,777	3,266
按税率17.5%计算的税项	Calculated at a taxation rate of 17.5%	1,186	572
其他国家税率差异的影响	Effect of different taxation rates in other countries	(20)	(23)
无需课税之收入	Income not subject to taxation	(123)	(69)
税务上不可扣减之开支	Expenses not deductible for taxation purposes	145	251
未确认的税务亏损	Tax losses not recognised	1	2
未确认的暂时性差额	Temporary differences not recognised	(65)	162
往年超额拨备	Over-provision in prior years	(5)	(718)
应占联营公司税项	Share of taxation attributable to associates	—	1
计入税项	Taxation charge	1,119	178

附注(续)

Notes (continued)

7. 股息

7. Dividend

		半年结算至 2004年6月30日 Half-year ended 30 June 2004		半年结算至 2003年6月30日 Half-year ended 30 June 2003	
		每股 港币 Per share HK\$	总额 港币百万元 Total HK\$'m	每股 港币 Per share HK\$	总额 港币百万元 Total HK\$'m
中期股息	Interim dividend	0.090	3,874	0.045	1,937

8. 贷款及其他账项

8. Advances and other accounts

		2004年 6月30日 At 30 June 2004 港币百万元 HK\$'m	2003年 12月31日 At 31 December 2003 港币百万元 HK\$'m
客户贷款	Advances to customers	308,513	308,582
应计利息	Accrued interest	1,922	1,905
		310,435	310,487
呆坏账准备	Provision for bad and doubtful debts		
— 一般	— General	(5,415)	(5,406)
— 特别	— Specific	(3,410)	(5,507)
		(8,825)	(10,913)
银行及其他金融机构 贷款	Advances to banks and other financial institutions	301,610	299,574
		825	520
		302,435	300,094

附注(续)

Notes (continued)

8. 贷款及其他账项(续)

8. Advances and other accounts (continued)

不履约贷款分析如下：

Non-performing loans are analysed as follows:

		2004年 6月30日 At 30 June 2004 港币百万元 HK\$m	2003年 12月31日 At 31 December 2003 港币百万元 HK\$m
不履约贷款	Non-performing loans	12,673	17,832
就上述不履约贷款作出之 特别准备	Specific provisions made in respect of such advances	3,357	5,467
占客户贷款总额之 百分比	As a percentage of total advances to customers	4.11%	5.78%
暂记利息	Amount of interest in suspense	201	324

不履约贷款指利息已记入暂记账或已停止计算利息之客户贷款。特别准备之拨备已考虑有关贷款之抵押品价值。

Non-performing loans are defined as loans and advances to customers on which interest is being placed in suspense or on which interest accrual has ceased. Specific provisions were made after taking into account the value of collateral in respect of such advances.

于2004年6月30日及2003年12月31日，对银行及其他金融机构之贷款既无利息已记入暂记账或已停止计算利息，亦无任何特别准备之拨备。

There were no advances to banks and other financial institutions on which interest has been placed in suspense or on which interest accrual has ceased as at 30 June 2004 and 31 December 2003, nor were there any specific provisions made.

附注(续)

Notes (continued)

9. 客户存款

9. Deposits from customers

		2004年 6月30日 At 30 June 2004 港币百万元 HK\$m	2003年 12月31日 At 31 December 2003 港币百万元 HK\$m
即期存款及往来存款	Demand deposits and current accounts	29,185	26,974
储蓄存款	Savings deposits	280,489	271,439
定期、短期及通知存款	Time, call and notice deposits	255,146	302,413
		564,820	600,826

10. 其他账项及准备

10. Other accounts and provisions

		2004年 6月30日 At 30 June 2004 港币百万元 HK\$m	2003年 12月31日 At 31 December 2003 港币百万元 HK\$m
应付利息	Interest payable	646	850
本期税项(附注11(a))	Current taxation (Note 11(a))	1,379	355
递延税项(附注11(b))	Deferred taxation (Note 11(b))	277	341
外汇基金票据短盘	Short positions in Exchange Fund Bills	4,049	2,735
应付股息	Dividend payable	3,874	3,874
应计及其他应付款项	Accruals and other payables	15,985	21,008
		26,210	29,163

11. 税项负债

11. Tax liabilities

		2004年 6月30日 At 30 June 2004 港币百万元 HK\$m	2003年 12月31日 At 31 December 2003 港币百万元 HK\$m
本期税项(附注a)	Current taxation (Note a)	1,379	355
递延税项(附注b)	Deferred taxation (Note b)	277	341
		1,656	696

附注(续)

Notes (continued)

11. 税项负债(续)

11. Tax liabilities (continued)

附注：

Note:

(a) 本期税项

(a) Current taxation

		2004年 6月30日 At 30 June 2004 港币百万元 HK\$m	2003年 12月31日 At 31 December 2003 港币百万元 HK\$m
香港利得税	Hong Kong profits tax	1,368	349
海外税项	Overseas taxation	11	6
		1,379	355

(b) 递延税项

(b) Deferred taxation

本期递延税项是根据会计准则第12号(经修订)“所得税”计算，就资产负债之税务基础与其在账目内账面值两者之暂时性差额作提拨。

In the current period, deferred tax is recognised in respect of the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts according to SSAP 12 (revised) “Income taxes”.

综合资产负债表内之递延税项资产及负债主要组合，以及其在2004年上半年之变动如下：

The major components of deferred tax assets and liabilities recorded in the consolidated balance sheet, and the movements during the first half of 2004 are as follows:

		2004年					
		加速折旧 免税额 Accelerated tax depreciation 港币百万元 HK\$m	资产重估 Asset revaluation 港币百万元 HK\$m	亏损 Losses 港币百万元 HK\$m	准备 Provisions 港币百万元 HK\$m	其他暂时性 差额 Other temporary differences 港币百万元 HK\$m	总计 Total 港币百万元 HK\$m
于2004年1月1日	At 1 January 2004	262	984	(3)	(936)	18	325
于损益账内 (拨回)/支取	(Credited)/charged to profit and loss account	(15)	(29)	(3)	7	(25)	(65)
于2004年6月30日	At 30 June 2004	247	955	(6)	(929)	(7)	260

附注(续)

Notes (continued)

11. 税项负债(续)

11. Tax liabilities (continued)

附注：(续)

Note: (continued)

(b) 递延税项(续)

(b) Deferred taxation (continued)

		2003年				
		加速折旧 免税额	资产重估	亏损	其他暂时性 差额	总计
		Accelerated tax	Asset revaluation	Losses	Provisions temporary differences	Total
		港币百万元 HK\$m	港币百万元 HK\$m	港币百万元 HK\$m	港币百万元 HK\$m	港币百万元 HK\$m
于2003年1月1日 (早期列账)	At 1 January 2003, as previously reported	11	—	—	—	11
采纳会计准则第12号 (经修订)所产生的调整	Effect of adoption of SSAP 12 (revised)	236	1,043	(2)	(1,009)	270
于2003年1月1日(重列)	At 1 January 2003, as restated	247	1,043	(2)	(1,009)	281
于损益账内支取/(拨回)	Charged/(credited) to profit and loss account	15	(36)	(1)	73	67
贷记权益	Credited to equity	—	(23)	—	—	(23)
于2003年12月31日	At 31 December 2003	262	984	(3)	(936)	325

附注(续)

Notes (continued)

11. 税项负债(续)

11. Tax liabilities (continued)

附注：(续)

Note: (continued)

(b) 递延税项(续)

(b) Deferred taxation (continued)

当有法定权利可将现有税项资产与现有税务负债抵销，而递延税项涉及同一财政机关，则可将个别法人的递延税项资产与递延税项负债互相抵销。下列在综合资产负债表内列账之金额，已计入适当抵销：

Deferred tax assets and liabilities are offset on an individual entity basis when there is a legal right to set off current tax assets against current tax liabilities and when the deferred taxation relates to the same authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

		2004年 6月30日 At 30 June 2004 港币百万元 HK\$'m	2003年 12月31日 At 31 December 2003 港币百万元 HK\$'m
递延税项资产(附注)	Deferred tax assets (Note)	(17)	(16)
递延税项负债	Deferred tax liabilities	277	341
		260	325

附注：此等金额已被包括在“其他资产”内。

Note: This amount has been included in “Other assets” .

		2004年 6月30日 At 30 June 2004 港币百万元 HK\$'m	2003年 12月31日 At 31 December 2003 港币百万元 HK\$'m
递延税项资产 (超过12个月后收回)	Deferred tax assets to be recovered after more than twelve months	(950)	(961)
递延税项负债 (超过12个月后支付)	Deferred tax liabilities to be settled after more than twelve months	252	274
		(698)	(687)

附注(续)

Notes (continued)

12. 股本

12. Share capital

		2004年 6月30日 At 30 June 2004 港币百万元 HK\$m	2003年 12月31日 At 31 December 2003 港币百万元 HK\$m
法定：	Authorised:		
100,000,000,000股每股面值 港币1.00元之普通股	100,000,000,000 ordinary shares of HK\$1.00 each	100,000	100,000
已发行及缴足：	Issued and fully paid:		
43,042,840,858股每股面值 港币1.00元之普通股	43,042,840,858 ordinary shares of HK\$1.00 each	43,043	43,043

13. 储备

13. Reserves

		2004年 6月30日 At 30 June 2004 港币百万元 HK\$m	2003年 12月31日 At 31 December 2003 港币百万元 HK\$m
房产重估储备	Premises revaluation reserve	255	261
换算储备	Translation reserve	(16)	(10)
留存盈利	Retained earnings	14,625	12,908
		14,864	13,159

附注(续)
Notes (continued)
14. 综合现金流量表附注
14. Notes to consolidated cash flow statement

(a) 提取拨备后经营溢利与
除税前经营现金之流出
对账：

(a) Reconciliation of operating profit after provisions to operating cash outflow
before taxation:

		半年结算至 2004年 6月30日 Half-year ended 30 June 2004 港币百万元 HK\$m	半年结算至 2003年 6月30日 Half-year ended 30 June 2003 港币百万元 HK\$m
提取拨备后经营溢利	Operating profit after provisions	6,597	4,470
投资证券之股息收入	Dividend income from investment securities	(13)	—
折旧	Depreciation	293	322
呆坏账(拨回)/拨备	(Write-back of)/charge for bad and doubtful debts	(1,240)	1,669
已撤销之贷款(扣除收回款额)	Advances written off net of recoveries	(848)	(1,512)
原到期日超过3个月之 即期及短期通知结余之 变动	Change in money at call and short notice with original maturity over three months	(146)	2,572
原到期日超过3个月之 库券之变动	Change in treasury bills with original maturity over three months	3,813	855
原到期日超过3个月之 银行及其他金融机构 存款之变动	Change in placements with banks and other financial institutions with original maturity over three months	2,175	(14,645)
贸易票据之变动	Change in trade bills	(300)	(116)
原到期日超过3个月之 持有之存款证之变动	Change in certificates of deposit held with original maturity over three months	470	(1,006)
持有至到期日证券之变动	Change in held-to-maturity securities	(55,628)	1,372
其他证券投资之变动	Change in other investments in securities	63,201	(10,348)
贷款及其他账项之变动	Change in advances and other accounts	(253)	(672)
其他资产之变动	Change in other assets	2,090	1,255
还款期超过3个月之 银行及其他金融机构之 存款及结余之变动	Change in deposits and balances of banks and other financial institutions repayable over three months	9,964	9,967
客户存款之变动	Change in deposits from customers	(36,006)	(15,531)
发行之存款证之变动	Change in certificates of deposit issued	(9)	—
其他账项及准备之变动	Change in other accounts and provisions	(3,919)	4,635
除税前经营现金之流出	Operating cash outflow before taxation	(9,759)	(16,713)

附注(续)

Notes (continued)

14. 综合现金流量表附注
(续)

14. Notes to consolidated cash flow statement (continued)

(b) 融资变动之分析

(b) Analysis of changes in financing

		2004 年	
		股本	少数股东权益
		Share capital	Minority interests
		港币百万元	港币百万元
		HK\$'m	HK\$'m
于2004年1月1日	At 1 January 2004	43,043	1,156
少数股东应占溢利	Minority interests share of profits	—	76
已付少数股东股息	Dividend paid to minority shareholders	—	(55)
于2004年6月30日	At 30 June 2004	43,043	1,177
		2003 年	
		股本	少数股东权益
		Share capital	Minority interests
		港币百万元	港币百万元
		HK\$'m	HK\$'m
于2003年1月1日	At 1 January 2003	43,043	1,114
少数股东应占溢利	Minority interests share of profits	—	57
已付少数股东股息	Dividend paid to minority shareholders	—	(54)
于2003年6月30日	At 30 June 2003	43,043	1,117

附注(续)

Notes (continued)

14. 综合现金流量表附注
(续)

14. Notes to consolidated cash flow statement (continued)

(c) 现金及等同现金项目
结存分析

(c) Analysis of the balances of cash and cash equivalents

		2004年 6月30日 At 30 June 2004 港币百万元 HK\$m	2003年 6月30日 At 30 June 2003 港币百万元 HK\$m
库存现金及银行及 其他金融机构结余	Cash and balances with banks and other financial institutions	26,145	6,615
原到期日在 3个月内之即期及 短期通知结余	Money at call and short notice with original maturity within three months	49,969	53,017
原到期日在3个月 内之库券	Treasury bills with original maturity within three months	12,754	14,169
原到期日在 3个月内之 银行及其他 金融机构存款	Placements with banks and other financial institutions with original maturity within three months	19,452	16,607
原到期日在 3个月内之持有之 存款证	Certificates of deposit held with original maturity within three months	2,116	495
原到期日在 3个月内之银行及 其他金融机构之 存款及结余	Deposits and balances of banks and other financial institutions with original maturity within three months	(50,631)	(26,072)
		59,805	64,831

附注(续)

Notes (continued)

15. 资产负债表外之风险

15. Off-balance sheet exposures

(a) 或然负债及承担

(a) Contingent liabilities and commitments

或然负债及承担中每项重要类别之合约数额摘要如下：

The following is a summary of the contractual amounts of each significant class of contingent liabilities and commitments:

		2004年 6月30日 At 30 June 2004 港币百万元 HK\$'m	2003年 12月31日 At 31 December 2003 港币百万元 HK\$'m
直接信贷替代项目	Direct credit substitutes	1,208	1,264
与交易有关之或然负债	Transaction-related contingencies	4,594	4,427
与贸易有关之或然负债	Trade-related contingencies	16,183	16,120
其他承担，原到期日为	Other commitments with		
	an original maturity of		
— 1年以下或	— under one year or which		
可无条件撤销	are unconditionally	80,627	78,291
	cancellable		
— 1年及以上	— one year and over	44,158	49,037
		146,770	149,139

附注(续)

Notes (continued)

15. 资产负债表外之风险(续)

15. Off-balance sheet exposures (continued)

(b) 衍生工具

(b) Derivatives

衍生工具中每项重要类别之名义合约数额摘要如下：

The following is a summary of the notional amounts of each significant type of derivative:

		2004年6月30日 At 30 June 2004			2003年12月31日 At 31 December 2003		
		买卖 Trading 港币百万元 HK\$m	风险对冲 Hedging 港币百万元 HK\$m	总计 Total 港币百万元 HK\$m	买卖 Trading 港币百万元 HK\$m	风险对冲 Hedging 港币百万元 HK\$m	总计 Total 港币百万元 HK\$m
汇率合约	Exchange rate contracts						
现货	Spot	20,828	—	20,828	14,673	—	14,673
远期及期货合约	Forward and futures contracts	2,656	—	2,656	950	—	950
掉期	Swaps	162,509	4,331	166,840	184,524	6,254	190,778
外汇交易期权合约	Foreign exchange option contracts						
— 买入货币期权	— Currency options purchased	1,368	—	1,368	1,476	—	1,476
— 卖出货币期权	— Currency options written	1,026	—	1,026	4,435	—	4,435
		188,387	4,331	192,718	206,058	6,254	212,312
利率合约	Interest rate contracts						
利率掉期	Interest rate swaps	4,316	17,592	21,908	381	21,087	21,468
利率期货	Interest rate futures	803	—	803	—	—	—
利率期权合约	Interest rate option contracts						
— 卖出掉期期权	— Swaption written	1,449	—	1,449	1,446	—	1,446
— 买入期权	— Options purchased	62	—	62	—	—	—
— 卖出期权	— Options written	62	—	62	—	—	—
		6,692	17,592	24,284	1,827	21,087	22,914
贵金属合约	Bullion contracts						
贵金属合约	Bullion contracts	1,403	—	1,403	606	—	606
黄金期权合约	Gold option contracts						
— 买入黄金期权	— Gold options purchased	129	—	129	31	—	31
— 卖出黄金期权	— Gold options written	85	—	85	30	—	30
		1,617	—	1,617	667	—	667
股份权益合约	Equity contracts						
股票期权合约	Equity option contracts						
— 买入股票期权	— Equity options purchased	470	—	470	1,016	—	1,016
— 卖出股票期权	— Equity options written	235	—	235	829	—	829
		705	—	705	1,845	—	1,845
总计	Total	197,401	21,923	219,324	210,397	27,341	237,738

附注(续)

Notes (continued)

15. 资产负债表外之风险(续)

15. Off-balance sheet exposures (continued)

(b) 衍生工具(续)

买卖交易包括交易业务及为执行客户买卖指令或对冲该等持仓量而持有的金融工具盘。

上述资产负债表外风险之重置成本及信贷风险加权数额(并未计及双边净额结算安排之影响)如下:

(b) Derivatives (continued)

The trading transactions include positions arising from dealing activities and positions arising from the execution of trade orders from customers or transactions taken to hedge those positions.

The replacement costs and credit risk weighted amounts of the above off-balance sheet exposures, which do not take into account the effects of bilateral netting arrangements are as follows:

		2004年 6月30日 At 30 June 2004	2003年 12月31日 At 31 December 2003	2004年 6月30日 At 30 June 2004	2003年 12月31日 At 31 December 2003
		信贷风险加权数额 Credit risk weighted amount		重置成本 Replacement cost	
		港币百万元 HK\$m	港币百万元 HK\$m	港币百万元 HK\$m	港币百万元 HK\$m
或然负债及承担	Contingent liabilities and commitments	27,499	29,813	N/A	N/A
衍生工具	Derivatives				
— 汇率合约	— Exchange rate contracts	505	673	663	1,227
— 利率合约	— Interest rate contracts	79	57	169	112
— 贵金属合约	— Bullion contracts	11	10	7	33
— 股份权益合约	— Equity contracts	12	29	4	9
		607	769	843	1,381
总计	Total	28,106	30,582	843	1,381

该等工具之合约或名义数额仅显示于2004年6月30日及2003年12月31日未完成之交易量，并不代表本集团存在风险之金额。

The contract or notional amounts of these instruments indicate the volume of transactions outstanding as at 30 June 2004 and 31 December 2003; they do not represent the amounts at risk.

附注(续)

15. 资产负债表外之风险(续)

(b) 衍生工具(续)

信贷风险加权数额是根据银行业条例附表三及金管局发出之指引计算。计算金额与交易对手之情况及各类合约之期限特征有关。

重置成本是指重置所有按市值计算而其价值为正数的合约的成本(假设交易对手不履行责任)，并根据该等合约的市值计算。重置成本是该等合约于结算日之信贷风险近似值。

16. 分类报告

分部为集团可辨认之组成部分，可以从所提供的产品及服务(业务分部)或于某单一经济地区提供产品及服务的所在地(地区分部)区分，而各分部所得之风险与回报均有分别。本集团采用业务分部为基本报告形式，而地区分部为次要报告形式。

分部收入、支出、业绩、资产和负债包括可直接地归属于一分部及所有可以合理地分配予该分部之项目。收入分配反映以内部资本分配及资金转移机制将资本及其他资金来源之利益分配予业务或地区分部。

Notes (continued)

15. Off-balance sheet exposures (continued)

(b) Derivatives (continued)

The credit risk weighted amounts are the amounts that have been calculated in accordance with the Third Schedule of the Banking Ordinance and guidelines issued by the HKMA. The amounts calculated are dependent upon the status of the counterparty and the maturity characteristics of each type of contract.

Replacement cost is the cost of replacing all contracts that have a positive value when marked to market (should the counterparty default on its obligations) and is obtained by marking contracts to market. Replacement cost is a close approximation of the credit risk for these contracts at the balance sheet dates.

16. Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in providing products and services (business segment), or in providing products and services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other business or geographical segments. The Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment and those that can be allocated on a reasonable basis to that segment. The allocation of revenue reflects the benefits of capital and other funding resources allocated to the business or geographical segments by way of internal capital allocations and fund transfer mechanisms.

附注(续)

Notes (continued)

16. 分类报告(续)

16. Segmental reporting (continued)

(a) 按业务划分

(a) By class of business

		半年结束至2004年6月30日 Half-year ended 30 June 2004					
		商业银行 Commercial banking 港币百万元 HK\$m	财资业务 Treasury 港币百万元 HK\$m	未分配项目 Unallocated 港币百万元 HK\$m	小计 Subtotal 港币百万元 HK\$m	合并抵销 Eliminations 港币百万元 HK\$m	综合 Consolidated 港币百万元 HK\$m
净利息收入	Net interest income	3,830	1,515	164	5,509	—	5,509
其他经营收入	Other operating income	1,747	639	340	2,726	(210)	2,516
经营收入	Operating income	5,577	2,154	504	8,235	(210)	8,025
经营支出	Operating expenses	(2,124)	(80)	(674)	(2,878)	210	(2,668)
提取拨备前经营溢利/(亏损)	Operating profit/(loss) before provisions	3,453	2,074	(170)	5,357	—	5,357
呆坏账拨回	Write-back of bad and doubtful debts	1,240	—	—	1,240	—	1,240
提取拨备后经营溢利/(亏损)	Operating profit/(loss) after provisions	4,693	2,074	(170)	6,597	—	6,597
出售/重估固定资产之净收益	Net gain from disposal/ revaluation of fixed assets	—	—	48	48	—	48
出售持有至到期日证券及 投资证券之净收益	Net gain from disposal of held-to-maturity securities and investment securities	—	—	1	1	—	1
投资联营公司之减值拨备拨回	Write-back of provision for impairment on investments in associates	—	—	150	150	—	150
应占联营公司之溢利扣减亏损	Share of profits less losses of associates	—	—	(19)	(19)	—	(19)
除税前溢利	Profit before taxation	4,693	2,074	10	6,777	—	6,777
于2004年6月30日 资产	At 30 June 2004 Assets						
分部资产	Segment assets	311,134	422,924	17,226	751,284	—	751,284
投资联营公司	Investments in associates	—	—	130	130	—	130
未分配公司资产	Unallocated corporate assets	—	—	599	599	—	599
		311,134	422,924	17,955	752,013	—	752,013
负债	Liabilities						
分部负债	Segment liabilities	581,078	105,704	4,474	691,256	—	691,256
未分配公司负债	Unallocated corporate liabilities	—	—	1,673	1,673	—	1,673
		581,078	105,704	6,147	692,929	—	692,929
半年结束至2004年6月30日 其他资料	Half-year ended 30 June 2004 Other information						
购置固定资产	Additions of fixed assets	—	—	87	87	—	87
折旧	Depreciation	—	—	293	293	—	293
持有至到期日证券之溢价/折让摊销	Amortisation of premium/discount of held-to-maturity securities	—	76	—	76	—	76

附注(续)

Notes (continued)

16. 分类报告(续)

16. Segmental reporting (continued)

(a) 按业务划分(续)

(a) By class of business (continued)

		半年结算至2003年6月30日 Half-year ended 30 June 2003					
		商业银行 Commercial banking 港币百万元 HK\$m	财资业务 Treasury 港币百万元 HK\$m	未分配项目 Unallocated 港币百万元 HK\$m	小计 Subtotal 港币百万元 HK\$m	合并抵销 Eliminations 港币百万元 HK\$m	综合 Consolidated 港币百万元 HK\$m
净利息收入	Net interest income	4,985	1,275	322	6,582	—	6,582
其他经营收入	Other operating income	1,445	639	424	2,508	(254)	2,254
经营收入	Operating income	6,430	1,914	746	9,090	(254)	8,836
经营支出	Operating expenses	(2,143)	(82)	(726)	(2,951)	254	(2,697)
提取拨备前经营溢利	Operating profit before provisions	4,287	1,832	20	6,139	—	6,139
呆坏账拨备	Charge for bad and doubtful debts	(1,669)	—	—	(1,669)	—	(1,669)
提取拨备后经营溢利	Operating profit after provisions	2,618	1,832	20	4,470	—	4,470
出售/重估固定资产之净亏损	Net loss from disposal/ revaluation of fixed assets	—	—	(1,220)	(1,220)	—	(1,220)
出售持有至到期日证券及 投资证券之净收益	Net gain from disposal of held-to-maturity securities and investment securities	—	—	1	1	—	1
持有至到期日证券及 投资证券之减值拨备拨回	Write-back of provision for impairment on held-to-maturity securities and investment securities	—	19	1	20	—	20
出售附属公司之净亏损	Net loss on disposal of a subsidiary	—	—	(1)	(1)	—	(1)
投资联营公司之减值拨备拨回	Write-back of provision for impairment on investments in associates	—	—	6	6	—	6
应占联营公司之溢利扣减亏损	Share of profits less losses of associates	—	—	(10)	(10)	—	(10)
除税前溢利/(亏损)	Profit/(loss) before taxation	2,618	1,851	(1,203)	3,266	—	3,266
于2003年12月31日	At 31 December 2003						
资产	Assets						
分部资产	Segment assets	310,008	432,947	18,438	761,393	—	761,393
投资联营公司	Investments in associates	—	—	278	278	—	278
未分配公司资产	Unallocated corporate assets	—	—	915	915	—	915
		310,008	432,947	19,631	762,586	—	762,586
负债	Liabilities						
分部负债	Segment liabilities	621,395	77,671	4,522	703,588	—	703,588
未分配公司负债	Unallocated corporate liabilities	—	—	1,640	1,640	—	1,640
		621,395	77,671	6,162	705,228	—	705,228
半年结算至2003年6月30日	Half-year ended 30 June 2003						
其他资料	Other information						
增置固定资产	Additions of fixed assets	—	—	40	40	—	40
折旧	Depreciation	—	—	322	322	—	322
持有至到期日证券之 溢价/折让摊销	Amortisation of premium/discount of held-to-maturity securities	—	348	—	348	—	348
除折旧/摊销外之非现金支出	Non-cash expenses other than depreciation/amortisation	1,669	—	—	1,669	—	1,669

附注(续)

16. 分类报告(续)

(a) 按业务划分(续)

商业银行业务包括接纳存款、提供按揭贷款、信用卡贷款、汇款、证券经纪服务及保险代理服务、商业贷款、贸易融资及透支贷款。

财资业务包括资金市场、外汇买卖及资本市场业务。财资业务部门管理本集团之融资活动，为所有其他业务部门提供资金，并接纳从商业银行存款业务中筹借之资金。该等部门间资金交易按适当市场买/卖价或按其他业务部门平均资金需求所厘定之内部融资利率及有关财政期间一个月银行同业拆息率之平均定价。此外，本集团外汇业务之盈亏亦属财资业务部门之管辖范围。本附注所呈列之损益资料已按部门间支取/收入交易编制而成。分部资产及负债并无就部门间借贷之影响而作出调整(换言之，分部损益资料不可与分部资产及负债资料作比较)。

未分配项目主要包括本集团之固定资产、投资证券、投资联营公司及其他无法合理划入某一特定业务部门之项目。本集团之资本利息收入亦作为未分配项目列入利息收入净额内。租金支出按业务部门所占每平方英尺之固定比率划分。

Notes (continued)

16. Segmental reporting (continued)

(a) By class of business (continued)

Commercial banking business includes acceptance of deposits, mortgage lending, credit card advances, remittance, provision of securities brokerage and insurance agency services, commercial lending, trade finance and overdraft facilities.

Treasury activities include money market, foreign exchange dealing and capital market activities. Treasury manages funding of the Group. Treasury provides funding to all other business segments and receives funds from commercial banking's deposit taking activities. These inter-segment funding transactions are priced either at market bid/offer rates as appropriate or at an internal funding rate as determined by the average funding requirements of other business segments and the average one-month inter-bank rates of the relevant financial period. In addition, the gains and losses on the foreign exchange activities of the Group are included in "Treasury". The profit and loss information presented in this note has been prepared using inter-segment charging/income transactions. The segmental assets and liabilities have not been adjusted to reflect the effect of inter-segment borrowing and lending (i.e. segmental profit and loss information is not comparable to segmental assets and liabilities information).

Unallocated items mainly comprise fixed assets of the Group, investment securities, investments in associates and other items that cannot be reasonably allocated to a specific business segment. The interest benefit of the capital of the Group is also included as unallocated within net interest income. Rental expenses are allocated to business segments based on a fixed rate per square footage occupied.

附注(续)

Notes (continued)

16. 分类报告(续)

16. Segmental reporting (continued)

(a) 按业务划分(续)

(a) By class of business (continued)

职能单位之经营支出划入最常使用该部门提供服务之有关业务部门。无法划入某一特定业务部门之其他共用服务之经营支出则列入未分配项目内。

Operating expenses of a functional unit are allocated to the relevant business segment that is the predominant user of the services provided by the unit. Operating expenses of other shared services, which cannot be allocated to a specific business segment, are included in "Unallocated".

(b) 按地理区域划分

(b) By geographical area

由于本集团超过90%以上之收入来自香港，且本集团超过90%之资产乃来自于香港之商业决策及业务，故未按地域进行划分。

No geographical reporting is provided as over 90% of the Group's revenues are derived from Hong Kong and over 90% of the Group's assets are originated from business decisions and operations based in Hong Kong.

17. 主要之有关连人士交易

17. Significant related party transactions

有关连人士指有能力直接或间接控制另一方，或可在财政及经营决策方面向另一方行使重大影响之人士。倘有关方受共同控制或共同重大影响，亦被视为有关连人士。有关连人士可为个人或他公司。

Related parties are those parties that have the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or other entities.

期内，本集团与包括最终控股公司、本集团之联营公司及直接或间接由最终控股公司控制或受其重大影响之有关连人士进行多种交易。

During the period, the Group entered into various transactions with related parties including the ultimate holding company, the associates of the Group and entities, directly or indirectly, controlled or significantly influenced by the ultimate holding company.

(a) 有关连人士提供担保之第三者贷款

(a) Advances to third parties guaranteed by related parties

于2004年6月30日，最终控股公司及一间同系附属公司为本集团给予若干第三者之贷款港币41.92亿元(2003年12月31日：港币28.86亿元)提供担保。该同系附属公司亦拥有该等第三者不超过20%之股份权益。

As at 30 June 2004, the ultimate holding company and a fellow subsidiary provided guarantees for loans in favour of the Group amounting to HK\$4,192 million (31 December 2003: HK\$2,886 million) to certain third parties. The fellow subsidiary held equity interests of not more than 20% in these third parties.

附注(续)

Notes (continued)

17. 主要之有关连人士交易
(续)

17. Significant related party transactions (continued)

(b) 与有关连人士在正常业务范围内进行之交易摘要

(b) Summary of transactions entered into during the ordinary course of business with the related parties

与本银行之最终控股公司、直接控股公司、间接控股公司、同系附属公司和联营公司及最终控股公司之联营公司达成之有关连人士交易所产生之总收入及支出摘要如下：

The aggregate income and expenses arising from related party transactions with ultimate holding company, immediate holding company, intermediate holding companies, fellow subsidiaries and associates of the Bank as well as associates of the ultimate holding company are summarised as follows:

	附注 Note	半年结算至 2004年 6月30日 Half-year ended 30 June 2004 港币百万元 HK\$'m	半年结算至 2003年 6月30日 Half-year ended 30 June 2003 港币百万元 HK\$'m
损益项目：	Profit and loss items:		
利息收入	Interest income (i)	72	181
利息支出	Interest expense (ii)	(63)	(166)
已收保险佣金(净额)	Insurance commission received (net) (iii)	74	43
已收/应收行政服务费用	Administrative services fees received/receivable (iv)	10	12
已收/应收租金	Rental fees received/receivable (iv)	13	15
已收基金销售佣金	Funds selling commission received (vi)	56	8
已收代理银行业务费用	Correspondent banking fee received (vii)	4	4
已收/应收贷款服务费	Loan services fees received/receivable (viii)	5	5
已付/应付信用卡佣金(净额)	Credit card commission paid/payable (net) (v)	(25)	(19)
已付/应付证券经纪佣金(净额)	Securities brokerage commission paid/payable (net) (v)	(61)	(42)
已付/应付租务、物业管理及租务代理费用	Rental, property management and letting agency fees paid/payable (v)	(33)	(35)
呆坏账拨回/(拨备)	Write-back of/(charge for) bad and doubtful debts	159	(1)

附注(续)

Notes (continued)

17. 主要之有关连人士交易
(续)

17. Significant related party transactions (continued)

(b) 与有关连人士在正常业务范围内进行之交易摘要(续)

(b) Summary of transactions entered into during the ordinary course of business with the related parties (continued)

		2004年 6月30日 At 30 June 2004 港币百万元 HK\$m	2003年 12月31日 At 31 December 2003 港币百万元 HK\$m
	附注 Note		
资产负债表项目：	Balance sheet items:		
库存现金及短期资金	Cash and short-term funds (i)	27,461	27,913
银行及其他金融机构存款	Placements with banks and other financial institutions (i)	13,379	9,535
贷款及其他账项	Advances and other accounts (i)	472	604
其他证券投资	Other investments in securities (i)	—	234
其他资产	Other assets (ix)	693	2,507
银行及其他金融机构之存款及结余	Deposits and balances of banks and other financial institutions (ii)	35,840	19,779
客户存款	Deposits from customers (ii)	4,045	17,957
其他账项及准备	Other accounts and provisions (ix)	509	2,270

附注：

Notes:

(i) 利息收入

本集团在正常业务中与最终控股公司、同系附属公司及联营公司进行多种交易，包括接受现金及短期资金存款、存放同业存款、证券投资及提供贷款和信贷融资。此等交易与集团跟其他第三者交易所订定的条款与价格相比，并无享有特别优惠。提供贷款和信贷融资的收入包括贷款之利息收入、贷款手续费及贷款承担费。

(i) Interest income

In the ordinary course of business, the Group enters into various transactions with the ultimate holding company, fellow subsidiaries and associates including deposit of cash and short-term funds, placement of interbank deposits, investments in securities and provision of loans and credit facilities. The transactions were conducted at prices and terms that are no more favourable than those charged to and contracted with other third party customers of the Group. The revenue from loans and credit facilities included interest income on the amount drawn as well as arrangement and commitment fees.

附注(续)

Notes (continued)

17. 主要之有关连人士交易 (续)

17. Significant related party transactions (continued)

- (b) 与有关连人士在正常业务范围内进行之交易摘要(续)

- (b) Summary of transactions entered into during the ordinary course of business with the related parties (continued)

附注：(续)

Notes: (continued)

(ii) 利息支出

(ii) Interest expense

本集团在正常业务中接受本银行之最终控股公司、直接控股公司、间接控股公司和同系附属公司及最终控股公司之联营公司之同业存款及往来、定期、储蓄及其他存款，均按市场之一般商业条款进行。

In the ordinary course of business, the Group accepts interbank deposits and current, fixed, savings and other deposits from the ultimate holding company, immediate holding company, intermediate holding companies and fellow subsidiaries of the Bank as well as associates of the ultimate holding company on normal commercial terms with reference to prevailing market rates.

(iii) 已收保险佣金(净额)

(iii) Insurance commission received (net)

本集团在正常业务中向同系附属公司提供保险代理服务及购买一般及人寿保险单，均按市场之一般商业条款进行。

In the ordinary course of business, the Group provides insurance agency services to and purchases general and life insurance policies from fellow subsidiaries on normal commercial terms with reference to prevailing market rates.

(iv) 已收/应收行政服务费及租金

(iv) Administrative services fees and rental fees received/receivable

本集团在正常业务中向最终控股公司及同系附属公司提供内部稽核、科技、人力资源支援及培训等各项行政服务，主要按成本加5%的基础来收取费用。此外，本集团向同系附属公司按市场之一般商业条款收取写字楼物业租金。

In the ordinary course of business, the Group receives administrative services fees for the provision of various administrative services including internal audit, technology, human resources support and training to the ultimate holding company and fellow subsidiaries mainly on the basis of cost plus a margin of 5%, and receives office premises rental fees from the fellow subsidiaries on normal commercial terms.

附注(续)

Notes (continued)

17. 主要之有关连人士交易
(续)

17. Significant related party transactions (continued)

- (b) 与有关连人士在正常业务范围内进行之交易摘要(续)

- (b) Summary of transactions entered into during the ordinary course of business with the related parties (continued)

附注：(续)

Notes: (continued)

- (v) 已付/应付佣金、物业管理、租务代理费用及租务费用

- (v) Commission, property management, letting agency fee and rental fees paid/ payable

本集团在正常业务中就信用卡之行政管理及推广服务、证券经纪服务、物业管理及租务代理所支付予最终控股公司及其同系附属公司佣金，并向同系附属公司支付租务费用。此等交易均按市场之一般商业条款进行。

In the ordinary course of business, the Group pays commission fees for credit card administrative and promotional services, securities brokerage services, property management and letting agency fees to the ultimate holding company and fellow subsidiaries. The Group also pays rental fees to fellow subsidiaries. These transactions have been entered into in the ordinary course of business and on normal commercial terms.

- (vi) 已收基金销售佣金

- (vi) Funds selling commission received

本集团在正常业务中会向本集团客户推广和销售一间同系附属公司的基金产品并收取佣金，此等业务均按市场之一般商业条款进行。

In the ordinary course of business, the Group receives commission for engaging in promotion and sale of fund products of a fellow subsidiary to customers of the Group on normal commercial terms.

- (vii) 已收代理银行业务费用

- (vii) Correspondent banking fee received

最终控股公司在正常业务中向本集团客户提供代理银行业务，其中包括汇款及通知和托收本集团向客户发出之信用证。本集团与最终控股公司双方按不时议定之比例分摊客户所付费用。

In the ordinary course of business, the ultimate holding company provides services to the Group's customers including the remittance services and advising on and collecting letters of credit issued by the Group. The Group shares the fees paid by its customers with the ultimate holding company on the basis agreed between the parties from time to time.

附注(续)

Notes (continued)

17. 主要之有关连人士交易 (续)

17. Significant related party transactions (continued)

- (b) 与有关连人士在正常业务范围内进行之交易摘要(续)

- (b) Summary of transactions entered into during the ordinary course of business with the related parties (continued)

附注：(续)

Notes: (continued)

- (viii) 已收/应收贷款服务费

- (viii) Loan services fees received/receivable

本集团在正常业务中，对转让予同系附属公司及最终控股公司之贷款及相关抵押品提供管理服务，本集团在往年收取按各方不时议定之服务费用。

In the ordinary course of business, the Group undertakes to service and administer the loans and the related securities transferred to a fellow subsidiary and the ultimate holding company in prior years at a fee agreed among the parties from time to time.

去年，该同系附属公司及最终控股公司与另一同系附属公司(“承让人”)签署债权转让契据，而本集团也是合约的其中一方，本集团于本年开始对承让人持有的贷款组合提供服务，并按比例收取原有贷款协议的服务费。

In prior year, the fellow subsidiary and the ultimate holding company entered into a Deed of Assignment with another fellow subsidiary (“the Transferee”), to which the Group is also a party, pursuant to which the Group agrees to service the loans assigned to the Transferee, commencing in this year, for essentially the same compensation, adjusted on a pro rata basis, as contained in the original loan servicing agreements.

- (ix) 其他资产及其他账项及准备

- (ix) Other assets and other accounts and provisions

其他资产及其他账项及准备包括了向最终控股公司及同系附属公司之应收及应付账款，主要是由于代本集团客户买卖股票而对一间同系附属公司所产生的应收及应付账款。此等应收及应付账款从正常业务范围进行之交易所产生。

Included within “Other assets” and “Other accounts and provisions” are receivables from and payables to the ultimate holding company and fellow subsidiaries. The amounts mainly represent the accounts receivables from and payables to a fellow subsidiary in relation to dealing securities trading transactions on behalf of the Group’s customers. The receivables and payables arose from transactions carried out in the normal course of business.

附注(续)

Notes (continued)

17. 主要之有关连人士交易
(续)

17. Significant related party transactions (continued)

(c) 资产负债表外之项目

(c) Off-balance sheets items

或然负债及承担

Contingent liabilities and commitments

本集团在正常业务中按市场之一般商业条款为最终控股公司、同系附属公司及联营公司提供贷款融资、贸易融资服务及为其责任作出担保。于2004年6月30日，该等未提取之贷款承担、与贸易有关之或然负债及担保数额为港币19.67亿元(2003年12月31日：港币11.32亿元)。

In the ordinary course of business, the Group provides loan facilities and trade finance services to, and guarantees for the obligations of ultimate holding company, fellow subsidiaries and associates on normal commercial terms. As at 30 June 2004, the total undrawn loan commitments, trade finance-related contingencies and guarantees amounted to HK\$1,967 million (31 December 2003: HK\$1,132 million).

衍生工具

Derivatives

本集团在正常业务中与最终控股公司及同系附属公司订立了外汇合约及利率合约。于2004年6月30日，该等衍生交易之名义数额总值为港币126.06亿元(2003年12月31日：港币193.23亿元)。此等交易按市场之一般商业条款进行。

In the ordinary course of business, the Group enters into foreign exchange contracts and interest rate contracts with the ultimate holding company and fellow subsidiaries. The aggregate notional amount of such derivative transactions amounted to HK\$12,606 million as at 30 June 2004 (31 December 2003: HK\$19,323 million). These transactions are executed on normal commercial terms with reference to prevailing market rates.

附注(续)

Notes (continued)

17. 主要之有关连人士交易
(续)

17. Significant related party transactions (continued)

(d) 与集团公司及联营公司
之结余

(d) Balances with group companies and associates

下列资产负债表项目内
包括与最终控股公司之
结余如下:

Included in the following balance sheet captions are balances with the ultimate
holding company:

		2004年 6月30日 At 30 June 2004 港币百万元 HK\$m	2003年 12月31日 At 31 December 2003 港币百万元 HK\$m
库存现金及短期资金	Cash and short-term funds	27,414	27,789
银行及其他金融机构 存款	Placements with banks and other financial institutions	13,328	9,532
贷款及其他账项	Advances and other accounts	8	18
其他证券投资	Other investments in securities	—	234
其他资产	Other assets	12	35
银行及其他金融机构 之存款及结余	Deposits and balances of banks and other financial institutions	34,038	19,066
其他账项及准备	Other accounts and provisions	25	29

附注(续)

Notes (continued)

17. 主要之有关连人士交易
(续)

17. Significant related party transactions (continued)

(d) 与集团公司及联营公司
之结余(续)

(d) Balances with group companies and associates (continued)

下列资产负债表项目内
包括与本银行之直接控
股公司、间接控股公司
和同系附属公司及最终
控股公司之联营公司之
结余如下:

Included in the following balance sheet captions are balances with immediate holding company, intermediate holding companies and fellow subsidiaries of the Bank as well as associates of the ultimate holding company:

		2004年 6月30日 At 30 June 2004 港币百万元 HK\$'m	2003年 12月31日 At 31 December 2003 港币百万元 HK\$'m
库存现金及短期资金	Cash and short-term funds	47	124
银行及其他金融机构 存款	Placements with banks and other financial institutions	51	3
贷款及其他账项	Advances and other accounts	461	446
其他资产	Other assets	681	2,472
银行及其他金融机构 之存款及结余	Deposits and balances of banks and other financial institutions	1,796	710
客户存款	Deposits from customers	3,876	17,881
其他账项及准备	Other accounts and provisions	484	2,241

附注(续)

Notes (continued)

17. 主要之有关连人士交易
(续)

17. Significant related party transactions (continued)

(d) 与集团公司及联营公司
之结余(续)

(d) Balances with group companies and associates (continued)

下列资产负债表项目内
包括与本银行之附属公
司之结余如下:

Included in the following balance sheet captions are balances with subsidiaries
of the Bank:

		2004年 6月30日 At 30 June 2004 港币百万元 HK\$m	2003年 12月31日 At 31 December 2003 港币百万元 HK\$m
库存现金及短期资金	Cash and short-term funds	1,677	1,698
银行及其他金融机构 存款	Placements with banks and other financial institutions	—	537
贷款及其他账项	Advances and other accounts	955	777
其他资产	Other assets	547	1,394
银行及其他金融机构 之存款及结余	Deposits and balances of banks and other financial institutions	2,060	1,357
客户存款	Deposits from customers	432	917
其他账项及准备	Other accounts and provisions	190	528

于2004年6月30日及2003
年12月31日与本集团联
营公司并没有重大之结
余。

There were no material balances with associates of the Group as at 30 June
2004 and 31 December 2003.

(e) 主要高层人员

(e) Key management personnel

本集团接受主要高层人
员存款及向其提供贷款
及信贷融资, 此等交易
均按市场一般商业条款
进行。于期内及去年,
本集团并没有与本银行
及其控股公司之主要高
层人员或其有关连人士
进行重大交易。

The Group accepts deposits from and grants loans and credit facilities to key
management personnel in the ordinary course of business. During the period
and that of the prior year, no material transaction was conducted with key
management personnel of the Bank, its holding companies and parties related
to them.

附注(续)

18. 法定账目

此中期业绩报告所载为未经审核资料，并不构成法定账目。截至2003年12月31日止之法定账目，已送呈公司注册处及金管局。该法定账目载有于2004年3月22日发出之无保留意见的审计师报告。

Notes (continued)

18. Statutory accounts

The information in the interim report is unaudited and does not constitute statutory accounts. The statutory accounts for the year ended 31 December 2003 have been delivered to the Registrar of Companies and the HKMA. The auditors expressed an unqualified opinion on those statutory accounts in their report dated 22 March 2004.

补充财务资料

Supplementary Financial Information

1. 资本充足比率

1. Capital adequacy ratio

		2004年 6月30日 At 30 June 2004	2003年 12月31日 At 31 December 2003
资本充足比率	Capital adequacy ratio	16.52%	15.11%
经调整之资本充足比率	Adjusted capital adequacy ratio	16.51%	15.21%

资本充足比率乃根据银行业条例附表三及按金管局就监管规定要求以综合基准计算本银行及其指定之附属公司财务状况的比率。

The CAR is computed on the consolidated basis that comprises the positions of the Bank and certain subsidiaries specified by the HKMA for its regulatory purposes and in accordance with the Third Schedule of the Banking Ordinance.

经调整资本充足比率乃根据金管局颁布的监管手册内之《就市场风险维持充足资本》指引，计入在资产负债表日期之市场风险，按照未经调整之资本充足比率之相同基准计算。

The adjusted CAR taking into account market risk exposure as at the balance sheet date is computed in accordance with the guideline on "Maintenance of Adequate Capital Against Market Risks" under the Supervisory Policy Manual issued by the HKMA and on the same basis as for the unadjusted CAR.

补充财务资料(续)

Supplementary Financial Information (continued)

2. 扣减后的资本基础成份

2. Components of capital base after deductions

用于计算以上2004年6月30日及2003年12月31日之资本充足比率及已汇报金管局之扣减后的综合资本基础分析如下：

The consolidated capital base after deductions used in the calculation of the above capital adequacy ratios as at 30 June 2004 and 31 December 2003 and reported to the HKMA is analysed as follows:

		2004年 6月30日 At 30 June 2004 港币百万元 HK\$m	2003年 12月31日 At 31 December 2003 港币百万元 HK\$m
核心资本：	Core capital:		
缴足股款的普通股股本	Paid up ordinary share capital	43,043	43,043
储备	Reserves	12,543	10,468
损益账	Profit and loss account	1,999	2,327
少数股东权益	Minority interests	949	917
		58,534	56,755
附加资本：	Supplementary capital:		
一般呆账准备金	General provisions for doubtful debts	4,702	4,997
资本基础总额	Total capital base	63,236	61,752
资本基础总额的扣减项目：	Deduction from total capital base：		
持有附属公司或 控股公司的股份	Shareholdings in subsidiaries or holding company	(351)	(449)
对有连系公司的风险承担	Exposures to connected companies	(780)	(872)
持有非附属公司20%或 以上的股权投资	Equity investments of 20% or more in non-subsidiary companies	(107)	(107)
在其他银行或金融机构 的股本投资	Investments in the capital of other banks or other financial institutions	(1)	(1)
		(1,239)	(1,429)
扣减后的资本基础总额	Total capital base after deductions	61,997	60,323

补充财务资料(续)

Supplementary Financial Information (continued)

3. 流动资金比率

3. Liquidity ratio

		半年结算至	半年结算至
		2004年	2003年
		6月30日	6月30日
		Half-year ended	Half-year ended
		30 June	30 June
		2004	2003
平均流动资金比率	Average liquidity ratio	34.64%	37.93%

平均流动资金比率是以本银行期内每月平均流动资金比率的简单平均值计算。

The average liquidity ratio is calculated as the simple average of each calendar month's average liquidity ratio of the Bank for the period.

流动资金比率是根据银行业条例附表四及以单独基准(即只包括香港办事处)计算。

The liquidity ratio is computed on the solo basis (the Hong Kong offices only) and is in accordance with the Fourth Schedule of the Banking Ordinance.

4. 货币风险

4. Currency concentrations

下表列出因外汇自营交易、非自营交易及结构性仓位而产生之主要外币风险额。期权盘净额之计算是根据金管局于“外币持仓”申报表所载之最保守情况计算。

The following is a summary of the major foreign currency exposures arising from trading, non-trading and structural positions. The net options position is calculated based on the worst-case approach set out in the prudential return “Foreign Currency Position” issued by the HKMA.

		2004年6月30日							
		At 30 June 2004							
		港币百万元等值							
		Equivalent in millions of HK\$							
		新西兰元							
		美元	加元	澳元	New Zealand	人民币	其他货币	总计	
		US Dollars	Euro	Canadian Dollars	Australian Dollars	Zealand Dollars	Yuan	Others	Total
现货资产	Spot assets	174,627	17,324	7,182	26,202	4,476	7,765	27,983	265,559
现货负债	Spot liabilities	(151,001)	(12,299)	(6,770)	(27,737)	(11,396)	(7,121)	(17,121)	(233,445)
远期买入	Forward purchases	116,929	12,595	2,342	12,433	10,086	8	30,416	184,809
远期卖出	Forward sales	(138,410)	(17,787)	(2,760)	(10,829)	(3,140)	(2)	(40,985)	(213,913)
期权盘净额	Net options position	69	(24)	(15)	(135)	24	—	97	16
长/(短) 盘净额	Net long/(short) position	2,214	(191)	(21)	(66)	50	650	390	3,026

补充财务资料(续)

Supplementary Financial Information (continued)

4. 货币风险(续)

4. Currency concentrations (continued)

		2003年12月31日 At 31 December 2003							
		港币百万元等值 Equivalent in millions of HK\$							
		新西兰元							
		美元	加元	澳元	New Zealand	人民币	其他货币	总计	
		US Dollars	Euro	Canadian Dollars	Australian Dollars	Dollars	Yuan	Others	Total
现货资产	Spot assets	164,349	21,619	6,358	22,007	7,295	1,144	25,847	248,619
现货负债	Spot liabilities	(142,187)	(11,011)	(9,978)	(28,336)	(13,579)	(563)	(19,155)	(224,809)
远期买入	Forward purchases	125,005	13,252	4,619	20,289	10,701	—	35,530	209,396
远期卖出	Forward sales	(149,283)	(24,134)	(1,080)	(14,112)	(4,665)	—	(42,074)	(235,348)
期权盘净额	Net options position	(974)	59	(11)	837	92	—	14	17
长/(短) 盘净额	Net long/(short) position	(3,090)	(215)	(92)	685	(156)	581	162	(2,125)

于2004年6月30日及2003年12月31日，本集团并没有重大结构仓位净额。

There were no significant net structural positions for the Group as at 30 June 2004 and 31 December 2003.

补充财务资料(续)

Supplementary Financial Information (continued)

5. 分类资料

5. Segmental information

(a) 按行业分类之客户贷款总额

(a) Sectoral analysis of gross advances to customers

根据在香港境内或境外以及借贷人从事之业务作出分类之客户贷款总额资料分析如下：

The information concerning gross advances to customers has been analysed into loans used inside or outside Hong Kong by industry sectors of the borrowers as follows:

		2004年 6月30日 At 30 June 2004 港币百万元 HK\$m	2003年 12月31日 At 31 December 2003 港币百万元 HK\$m
在香港使用之贷款	Loans for use in Hong Kong		
工商金融业	Industrial, commercial and financial		
— 物业发展	— Property development	19,104	23,162
— 物业投资	— Property investment	47,311	46,754
— 金融业	— Financial concerns	10,269	6,589
— 股票经纪	— Stockbrokers	84	41
— 批发及零售业	— Wholesale and retail trade	18,292	18,858
— 制造业	— Manufacturing	11,967	11,342
— 运输及运输设备	— Transport and transport equipment	9,962	12,385
— 其他	— Others	32,371	38,529
个人	Individuals		
— 购买居者有其屋计划、私人机构参建居屋计划及租者置其屋计划楼宇之贷款	— Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	17,694	18,244
— 购买其他住宅物业之贷款	— Loans for purchase of other residential properties	94,850	90,003
— 信用卡贷款	— Credit card advances	3,845	3,756
— 其他	— Others	7,032	7,387
在香港使用之贷款总额	Total loans for use in Hong Kong	272,781	277,050
贸易融资	Trade finance	9,460	9,851
在香港以外使用之贷款总额	Loans for use outside Hong Kong	26,272	21,681
客户贷款总额	Gross advances to customers	308,513	308,582

补充财务资料(续)

Supplementary Financial Information (continued)

5. 分类资料(续)

5. Segmental information (continued)

- (b) 按地理区域分类之客户贷款总额、逾期贷款及不履约贷款

下列关于客户贷款总额、逾期超过三个月之贷款及不履约贷款之地理区域分析是根据交易对手之所在地，并已顾及有关贷款之风险转移因素。

- (b) Geographical analysis of gross advances to customers, overdue advances and non-performing loans

The following geographical analysis of gross advances to customers, advances overdue for over three months and NPLs is based on the location of the counterparties, after taking into account the transfer of risk in respect of such advances where appropriate.

(i) 客户贷款总额

(i) Gross advances to customers

		2004年 6月30日 At 30 June 2004 港币百万元 HK\$m	2003年 12月31日 At 31 December 2003 港币百万元 HK\$m
香港	Hong Kong	282,741	289,129
中国内地	Mainland China	10,906	8,434
其他	Others	14,866	11,019
		308,513	308,582

(ii) 逾期超过三个月之贷款

(ii) Advances overdue for over three months

		2004年 6月30日 At 30 June 2004 港币百万元 HK\$m	2003年 12月31日 At 31 December 2003 港币百万元 HK\$m
香港	Hong Kong	7,674	11,066
中国内地	Mainland China	322	469
其他	Others	82	69
		8,078	11,604

补充财务资料(续)

Supplementary Financial Information (continued)

5. 分类资料(续)

5. Segmental information (continued)

(b) 按地理区域分类之客户
贷款总额、逾期贷款及
不履约贷款(续)

(b) Geographical analysis of gross advances to customers, overdue advances
and non-performing loans (continued)

(iii) 不履约贷款

(iii) Non-performing loans

		2004年 6月30日 At 30 June 2004 港币百万元 HK\$m	2003年 12月31日 At 31 December 2003 港币百万元 HK\$m
香港	Hong Kong	12,076	16,801
中国内地	Mainland China	493	887
其他	Others	104	144
		12,673	17,832

补充财务资料(续)

Supplementary Financial Information (continued)

6. 跨国债权

跨国债权资料显示对海外交易对手之最终风险之地区分布，并会按照交易对手所在地计入任何风险转移。一般而言，假如债务之担保人所处国家与借贷人不同，或债务由某银行之海外分行作出而其总公司位处另一国家，则会确认跨国债权风险之转移。占总跨国债权10%或以上之地区方作分析及披露如下：

6. Cross-border claims

The information on cross-border claims discloses exposures to foreign counterparties on which the ultimate risk lies, and is derived according to the location of the counterparties after taking into account any 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 regions constituting 10% or more of the aggregate cross-border claims are analysed by geographical areas and disclosed as follows:

		银行及其他 金融机构 Banks and other financial institutions 港币百万元 HK\$m	公共机构 Public sector entities 港币百万元 HK\$m	其他 Others 港币百万元 HK\$m	总计 Total 港币百万元 HK\$m
于2004年6月30日	At 30 June 2004				
亚洲，不包括香港	Asia, other than Hong Kong				
— 中国内地	— Mainland China	45,881	8,787	11,866	66,534
— 其他	— Others	55,495	929	5,974	62,398
		101,376	9,716	17,840	128,932
北美洲	North America				
— 美国	— United States	5,561	19,372	8,438	33,371
— 其他	— Others	11,774	2,752	16	14,542
		17,335	22,124	8,454	47,913
西欧	Western Europe				
— 德国	— Germany	32,363	—	4,625	36,988
— 其他	— Others	108,469	699	14,192	123,360
		140,832	699	18,817	160,348
总计	Total	259,543	32,539	45,111	337,193

补充财务资料(续)

Supplementary Financial Information (continued)

6. 跨国债权(续)

6. Cross-border claims (continued)

		银行及其他 金融机构 Banks and other financial institutions	公共机构 Public sector entities	其他 Others	总计 Total
		港币百万元 HK\$m	港币百万元 HK\$m	港币百万元 HK\$m	港币百万元 HK\$m
于2003年12月31日	At 31 December 2003				
亚洲，不包括香港	Asia, other than Hong Kong				
— 中国内地	— Mainland China	45,698	2,157	8,507	56,362
— 其他	— Others	49,750	1,180	4,981	55,911
		95,448	3,337	13,488	112,273
北美洲	North America				
— 美国	— United States	7,571	14,850	18,130	40,551
— 其他	— Others	15,013	2,997	39	18,049
		22,584	17,847	18,169	58,600
西欧	Western Europe				
— 德国	— Germany	38,563	—	5,359	43,922
— 其他	— Others	117,451	1,470	13,949	132,870
		156,014	1,470	19,308	176,792
总计	Total	274,046	22,654	50,965	347,665

补充财务资料(续)

Supplementary Financial Information (continued)

7. 逾期及经重组资产

7. Overdue and rescheduled assets

(a) 逾期贷款与不履约贷款

(a) Overdue and non-performing loans

		2004年6月30日 At 30 June 2004		2003年12月31日 At 31 December 2003	
		占客户贷款总额 百分比 % of gross 金额 advances to Amount 港币百万元 HK\$m		占客户贷款总额 百分比 % of gross 金额 advances to Amount 港币百万元 HK\$m	
客户贷款总额，	Gross advances to customers				
已逾期：	which have been overdue for:				
— 超过3个月但不超过6个月	— six months or less but over three months	735	0.24%	977	0.31%
— 超过6个月但不超过1年	— one year or less but over six months	850	0.28%	2,521	0.82%
— 超过1年	— over one year	6,493	2.10%	8,106	2.63%
逾期超过3个月之贷款	Advances overdue for over three months	8,078	2.62%	11,604	3.76%
减：	Less:				
逾期超过3个月 并仍累计利息之贷款	Amount overdue for over three months and on which interest is still being accrued	(94)	(0.03%)	(67)	(0.02%)
加：	Add:				
逾期3个月或以下， 而利息记入暂记利息 或停止累计利息之贷款	Amount overdue for three months or less and on which interest is being placed in suspense or on which interest accrual has ceased				
— 包括在经重组之贷款内	— included in rescheduled advances	458	0.15%	798	0.26%
— 其他	— others	4,231	1.37%	5,497	1.78%
不履约贷款总额	Gross non-performing loans	12,673	4.11%	17,832	5.78%

于2004年6月30日及2003年12月31日，没有逾期超过3个月之银行及其他金融机构贷款。

At 30 June 2004 and 31 December 2003, there were no advances to banks and other financial institutions that were overdue for over three months.

补充财务资料(续)

Supplementary Financial Information (continued)

7. 逾期及经重组资产(续)

7. Overdue and rescheduled assets (continued)

(b) 其他逾期资产

(b) Other overdue assets

		2004年 6月30日 At 30 June 2004 港币百万元 HK\$m	2003年 12月31日 At 31 December 2003 港币百万元 HK\$m
已逾期：	Overdue for:		
— 超过3个月 但不超过6个月	— six months or less but over three months	2	2
— 1年以上	— over one year	2	2
		4	4

于2004年6月30日及2003年12月31日，其他逾期资产为应计利息。

As at 30 June 2004 and 31 December 2003, other overdue assets represented the accrued interest.

(c) 经重组客户贷款

(c) Rescheduled advances to customers

		2004年6月30日 At 30 June 2004		2003年12月31日 At 31 December 2003	
		占客户贷款总额 百分比 % of gross advances to customers 金额 Amount 港币百万元 HK\$m		占客户贷款总额 百分比 % of gross advances to customers 金额 Amount 港币百万元 HK\$m	
经重组客户贷款	Rescheduled advances to customers	518	0.17%	851	0.28%

补充财务资料(续)

Supplementary Financial Information (continued)

7. 逾期及经重组资产(续)

7. Overdue and rescheduled assets (continued)

(c) 经重组客户贷款(续)

有明确到期日之贷款，若其本金或利息已逾期及仍未偿还，则列作逾期贷款。须定期分期偿还之贷款，若其中一次分期还款已逾期及仍未偿还，则列作逾期处理。须即期偿还之贷款若已向借款人送达还款通知，但借款人未按指示还款，或贷款一直超出借款人获通知之批准贷款限额，亦列作逾期处理。

经重组贷款乃指客户因为财政困难或无能力如期还款而经双方同意达成重整还款计划之贷款，而经修订之还款条款(例如利率或还款期)并非一般商业条款。修订还款计划后之经重组贷款如仍逾期超过3个月，则包括在逾期贷款内。列示之经重组贷款会扣除已计入客户账但拨入暂记账之利息，但未扣除特别准备。

于2004年6月30日及2003年12月31日，没有经重组之银行及其他金融机构贷款。

(c) Rescheduled advances to customers (continued)

Advances with a specific repayment date are classified as overdue when the principal or interest is overdue and remains unpaid. Advances repayable by regular instalments are classified as overdue when an instalment payment is overdue and remains unpaid. Advances repayable on demand are classified as overdue either when a demand for repayment has been served on the borrower but repayment has not been made in accordance with the instruction or when the advances have remained continuously outside the approved limit that was advised to the borrower.

Rescheduled advances are those advances that have been restructured or renegotiated because of a deterioration in the financial position of the borrower or of the inability of the borrower to meet the original repayment schedule and for which the revised repayment terms, either of interest or of repayment period, are non-commercial. Rescheduled advances, which have been overdue for more than three months under the revised repayment terms, are included in overdue advances. Rescheduled advances are stated after deduction of accrued interest that has been charged to customers but accrued to a suspense account and before deduction of specific provisions.

As at 30 June 2004 and 31 December 2003, there were no rescheduled advances to banks and other financial institutions.

补充财务资料(续)

Supplementary Financial Information (continued)

8. 收回资产

8. Repossessed assets held

	2004年 6月30日 At 30 June 2004 港币百万元 HK\$m	2003年 12月31日 At 31 December 2003 港币百万元 HK\$m
收回资产	1,399	1,757

收回资产是指集团为解除贷款人部分或全部债务而得以存取或控制的资产，包括物业及证券(例如透过法庭程序或有关贷款人的自愿行动)。在收回资产后，所涉及的贷款仍继续记录于贷款项下直至所有催收行动经已完成及收回资产经已变卖为止。有关贷款所提取的特别准备金已考虑将出售的收回资产的市值。在收回资产出售后，已提取的特别准备金将用作冲销有关贷款。

Repossessed assets are properties or securities in respect of which the Group has acquired access or control (e.g. through court proceedings or voluntary actions by the borrowers concerned) for release in full or in part of the obligations of the borrowers. Upon repossession of the assets, the related loans and advances will continue to be recorded as loans and advances until all collection efforts have been exhausted and the repossessed assets are realised. Specific provisions will be made after taking into account the market value of the repossessed assets which are yet to be disposed. Upon disposal of the repossessed assets, any specific provisions previously made will be utilised to write off the loans and advances.

9. 符合《本地注册认可机构披露中期财务资料》指引

9. Compliance with the guideline on “Interim Financial Disclosure by Locally Incorporated Authorized Institutions”

截至2004年上半年止的中期业绩报告完全符合金管局颁布之监管政策手册《本地注册认可机构披露中期财务资料》指引内所载的规定。

The interim report for the first half of 2004 fully complies with the requirements set out in the guideline on “Interim Financial Disclosure by Locally Incorporated Authorized Institutions” under the Supervisory Policy Manual issued by the HKMA.

10. 符合会计准则第25号

10. Compliance with SSAP 25

截至2004年上半年止的中期业绩报告符合香港会计师公会颁布之会计准则第25号“中期财务报告”之要求。

The interim report for the first half of 2004 complies with SSAP 25 “Interim Financial Reporting” issued by the HKSA.

独立审阅报告

致中国银行(香港)有限公司董事会

(在香港注册成立的有限公司)

引言

本所已按中国银行(香港)有限公司及其附属公司(贵集团)指示,审阅第28页至第66页所载的中期财务报告。

董事及审计师各自之责任

董事须负责编制符合香港会计师公会颁布的会计实务准则第25号“中期财务报告”及其相关规定的中期财务报告。董事须对中期财务报告负责,而该报告亦已经董事会批准。

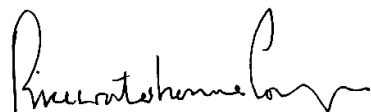
本所之责任是根据审阅之结果,对中期财务报告出具独立结论,并按照双方所协定的应聘书条款仅向整体董事会报告,除此之外本报告别无其他目的。本所不会就本报告的内容向任何其他人士负上或承担任何责任。

已执行的审阅工作

本所已按照香港会计师公会颁布的审计准则第700号“审阅中期财务报告的委聘”进行审阅工作。审阅工作主要包括向贵集团管理层作出查询,及对中期财务报告进行分析程序,然后根据结果评估贵集团之会计政策及呈报方式是否贯彻应用(惟已另作披露则除外)。审阅工作并不包括监控测试及核证资产、负债及交易等审计程序。由于审阅的范围远较审计为小,故所提供的保证程度较审计为低。因此,本所不会对中期财务报告发表审计意见。

审阅结论

按照本所审阅的结果,但此审阅并不作为审计之一部份,本所并无发现任何须在截至2004年6月30日止6个月的中期财务报告作出重大修订之事项。



罗兵咸永道会计师事务所

执业会计师

香港, 2004年8月19日

Independent Review Report

To the Board of Directors of Bank of China (Hong Kong) Limited

(incorporated in Hong Kong with limited liability)

Introduction

We have been instructed by Bank of China (Hong Kong) Limited and its subsidiaries (“the Group”) to review the interim financial report set out on pages 28 to 66.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of an interim financial report to be in compliance with SSAP 25 “Interim financial reporting” issued by the Hong Kong Society of Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and the interim financial report has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Review work performed

We conducted our review in accordance with SAS 700 “Engagements to review interim financial reports” issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of the Group’s management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2004.



PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19 August 2004

释义

在本中期业绩报告中，除非文义另有所指，否则下列词汇具有以下涵义：

词汇	涵义
“董事会”	本银行董事会
“中国银行”	中国银行，根据中国法例成立之国有商业银行
“中银香港”或“本银行”	中国银行(香港)有限公司，根据香港法例注册成立之公司，并为中银香港(控股)有限公司之全资附属公司
“中银国际-英国保诚资产管理公司”	中银国际英国保诚资产管理有限公司，根据香港法例注册成立之公司，中银国际控股有限公司之全资附属公司中银国际资产管理有限公司与英国保诚集团分别占其64%及36%股权
“集友”	集友银行有限公司，根据香港法例注册成立之公司，中银香港占其70.49%股权
“本集团”	本银行及其附属公司
“金管局”	香港金融管理局
“内地”或“中国内地”	中华人民共和国内地
“不履约贷款”	将利息拨入暂记账或停止累计利息的客户贷款及垫款
“南商”	南洋商业银行有限公司，根据香港法例注册成立之公司，并为中银香港之全资附属公司
“中国”	中华人民共和国
“人民币”	人民币，中国法定货币
“沙士”	严重急性呼吸系统综合症
“会计准则”	会计实务准则
“涉险值”	风险持仓涉险值

Definitions

In this Interim Report, unless the context otherwise requires, the following terms shall have the meanings set out below:

Terms	Meanings
“ATM”	Automated Teller Machine
“Board” or “ Board of Directors”	the Board of Directors of BOCHK
“BOC”	Bank of China, a state-owned commercial bank established under the laws of the PRC
“BOCHK” or “The Bank”	Bank of China (Hong Kong) Limited, a company incorporated under the laws of Hong Kong and a wholly owned subsidiary of BOC Hong Kong (Holdings) Limited
“BOCI-Prudential Asset Management”	BOCI-Prudential Asset Management Limited, a company incorporated under the laws of Hong Kong, in which BOCI Asset Management Limited, a wholly owned subsidiary of BOC International Holdings Limited, and Prudential Corporation Holdings Limited hold equity interests of 64% and 36%, respectively
“CAR”	Capital Adequacy Ratio, computed on the consolidated basis that comprises the positions of BOCHK and certain subsidiaries specified by the HKMA for its regulatory purposes and in accordance with the Third Schedule of the Banking Ordinance
“Chiyu”	Chiyu Banking Corporation Limited, a company incorporated under the laws of Hong Kong, in which BOCHK holds an equity interest of 70.49%
“Group”	the Bank and its subsidiaries collectively referred to as the Group
“HIBOR”	Hong Kong Interbank Offered Rate
“HKMA”	Hong Kong Monetary Authority
“HKSA”	Hong Kong Society of Accountants
“Hong Kong SAR Government”	Hong Kong Special Administrative Region Government
“IPO”	Initial Public Offering
“The Mainland” or “Mainland China” or “The Mainland of China”	The mainland of the PRC
“NPL(s)”	Non-performing loan(s)
“Nanyang”	Nanyang Commercial Bank, Limited, a company incorporated under the laws of Hong Kong and a wholly owned subsidiary of BOCHK
“PRC”	The People’s Republic of China
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“RTGS”	Real Time Gross Settlement System
“SSAP”	Statement of Standard Accounting Practice
“VaR”	Value at Risk

