

2004 中期業績報告 Interim Report



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

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管理層討論及分析

財務概述

財務表現

港幣百萬元	半年結算至 2004年 6月30日	半年結算至 2003年 6月30日
提取撥備前經營溢利	5,357	6,139
提取撥備後經營溢利	6,597	4,470
除稅前溢利	6,777	3,266
股東應佔溢利	5,582	3,031

本集團股東應佔溢利為55.82億港元，較2003年上半年上升25.51億港元或84.16%。提取撥備前經營溢利為53.57億港元，較2003年上半年下跌7.82億港元或12.74%。下跌的主要原因是淨利息收入減少，而其他經營收入的增加部分緩解了這一跌幅。

淨利息收入及淨利息收益率

港幣百萬元，百分比除外	半年結算至 2004年 6月30日	半年結算至 2003年 6月30日
利息收入	7,304	9,358
利息支出	(1,795)	(2,776)
淨利息收入	5,509	6,582
平均生息資產	708,490	701,544
淨息差(年率)	1.49%	1.79%
淨利息收益率(年率)	1.56%	1.89%

淨利息收入為55.09億港元，較2003年上半年減少10.73億港元或16.30%。淨利息收益率下跌33點子至1.56%，其中淨息差收窄30點子，無息資金的收益貢獻減少3點子。自去年9月下旬，同業拆息持續低企，令利息收入減少，而利息支出的減少只能抵減部分的損失。

利息收入的減少，主要由於拆放、放款及債務證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與同業拆息相近。2004年上半年，香港銀行1個月及3個月同業拆息平均較2003年上半年下跌125及110點子至0.11%及0.27%。因此，以香港銀行同業拆息為基準的放款收益率亦同時下降。市場價格競爭激烈令住宅按揭貸款及企業貸款的收益率受壓。在低利率的環境下，債務證券的利率重訂也令其收益率下降。期內，我行亦縮短了證券組合的平均年期。

利息支出下降的主要原因是市場利率下降，客戶存款減少，加上期內定期存款持續轉向儲蓄存款所致。但是，在利率罕有地偏低的環境下，我行管理負債成本的能力也受到限制。

管理層討論及分析(續)

其他經營收入

港幣百萬元，百分比除外	半年結算至 2004年 6月30日	半年結算至 2003年 6月30日
服務費及佣金收入	2,221	1,690
服務費及佣金支出	(508)	(311)
服務費及佣金淨收入	1,713	1,379
證券投資股息收入	13	31
其他證券投資之淨收益	24	156
外匯業務之淨收益	584	478
其他交易業務之淨收益	54	17
投資物業之租金淨收入	76	88
其他	52	105
其他經營收入	2,516	2,254
非利息收入佔總經營收入比率	31.35%	25.51%

其他經營收入較2003年上半年上升2.62億港元或11.62%至25.16億港元。其中服務費及佣金淨收入增加3.34億港元或24.22%至17.13億港元。主要受到財富管理收入增長4.60億港元或134%的帶動。財富管理收入包括來自代客執行證券交易所賺取的佣金、代售投資基金和零售債券之收入及銷售人壽保險產品，在低利率的環境下，顧客對股票業務和另類投資產品的需求大增。

服務費及佣金支出增加1.97億港元或63.34%至5.08億港元。主要因為在業務量增加的情況下，證券交易佣金支出及住宅按揭現金回贈總額皆上升。此外，信用卡手續費支出亦在商戶收單額增長的帶動下上升。

代客買賣外匯交易量增加，令外匯業務之淨收益上升1.06億港元或22.18%。

管理層討論及分析(續)

經營支出

港幣百萬元，百分比除外	半年結算至 2004年 6月30日	半年結算至 2003年 6月30日
人事費用	1,625	1,632
房產及設備支出(不包括折舊)	346	309
自置固定資產之折舊	293	322
其他經營支出	404	434
經營支出	2,668	2,697
成本對收入比率	33.25%	30.52%

在嚴格的成本控制下，經營支出減少0.29億港元或1.08%至26.68億港元。成本對收入比率上升2.73個百分點至33.25%，主要受經營收入減少所影響。人事費用維持在2003年上半年的水平。資訊科技支出有所增加，但折舊則在固定資產減少的情況下下降。另外其他經營支出出現下降，主要由於2003年中期進行特別審查而涉及額外的專業費用。以上支出的減少部分抵銷了資訊科技支出增加的影響。

2004年6月底，本集團連同屬下所有附屬機構的員工人數為13,009人，較上年底減少179人。

呆壞賬撥回／(撥備)

港幣百萬元	半年結算至 2004年 6月30日	半年結算至 2003年 6月30日
特別準備		
— 新提撥	(811)	(2,537)
— 撥回	1,327	482
— 收回已撤銷賬項	733	220
一般準備	1,249	(1,835)
	(9)	166
撥回／(支取)損益賬淨額	1,240	(1,669)

本集團資產質素持續改善，令呆壞賬淨撥回達12.40億港元。與2003年上半年的呆壞賬淨撥備16.69億港元比較，有顯著的改善。新提特別準備金減少17.26億港元或68.03%至8.11億港元，反映了本集團因貸款組合質素改善令新增加不履約貸款減少。特別準備撥回增加8.45億港元或175.31%至13.27億港元，主要因為押品值回升及催理收回的增加。收回已撤銷賬項也上升了5.13億港元或233.18%至7.33億港元。

管理層討論及分析(續)

財務狀況

港幣百萬元，百分比除外	2004年 6月30日	2003年 12月31日
庫存現金及短期資金	126,705	134,106
一至十二個月內到期之銀行及其他金融機構存款	78,753	78,240
持有之存款證	18,837	18,776
香港特別行政區政府負債證明書	35,320	31,460
證券投資*	164,946	172,518
貸款及其他賬項	302,435	300,094
固定資產	17,144	17,582
其他資產#	7,873	9,810
資產總額	752,013	762,586
香港特別行政區流通紙幣	35,320	31,460
銀行及其他金融機構之存款及結餘	64,156	41,347
客戶存款	564,820	600,826
發行之存款證	2,423	2,432
其他賬項及準備	26,210	29,163
負債總額	692,929	705,228
少數股東權益	1,177	1,156
股東資金	57,907	56,202
負債及資本來源總額	752,013	762,586
貸存比率	54.62%	51.36%

* 證券投資包括持有至到期日證券、投資證券及其他證券投資。

貿易票據及投資聯營公司包括在其他資產內。

在2004年6月30日，本集團資產總額為7,520.13億港元，較2003年底減少105.73億港元或1.39%。

證券投資餘額，包括持有至到期日證券、投資證券及其他證券投資，減少75.72億港元或4.39%至1,649.46億港元。其中，持有至到期日證券餘額上升556.29億港元或55.04%至1,566.94億港元，主要因為本集團將大部分的其他證券投資分類轉至為持有至到期日證券以切合反映本集團之持有意向。根據本集團的會計政策，持有至到期日證券按攤銷成本列賬，而其他證券投資則按公平值列賬。

雖然信貸需求依然疲弱，客戶貸款總額維持在3,085.13億港元。貸存比率較2003年底上升3.26個百分點至54.62%。按行業分類，在香港使用之工商金融業貸款減少83.00億港元或5.26%，其跌幅被在香港使用之個人貸款增長40.31億港元或3.38%及在香港以外使用之貸款增長45.91億港元或21.18%所抵銷。

管理層討論及分析(續)

在香港使用之工商金融業貸款的減少，主要由於大量的核銷和催收成效所致。積極的信貸風險管理、催收及核銷呆賬皆有助於本集團改善資產質素。

在香港使用之個人貸款增長，主要動力來自住宅按揭貸款(不包括政府資助置屋計劃下的按揭貸款)48.47億港元或5.39%的增長。此外，本集團內地分行的貸款業務表現理想，貸款餘額增長46%。加上其他海外貸款的增長，使在香港以外使用之貸款持續上升。

期內，核銷和催理收回貸款分別達到15.81億港元及42.51億港元。若剔除大量的核銷和催理收回貸款，客戶貸款總額將錄得增長。

本集團房產及投資物業之賬面淨值由2003年12月31日之164.60億港元減少至2004年6月30日之160.65億港元，原因是本集團於2004年上半年出售了共2.35億港元的房產及投資物業和1.65億港元之折舊開支。

客戶存款較2003年底下降360.06億港元或5.99%至5,648.20億港元，主要出於嚴格的存款成本控制，加上客戶在低利率的環境下持續將存款轉為其他較高回報的投資。而2004年上半年儲蓄及支票存款則持續增加。

資本比率及資金流動性

港幣百萬元，百分比除外	2004年 6月30日	2003年 12月31日
扣減後的資本基礎總額	61,997	60,323
風險加權資產總額	375,257	399,158
經調整市場風險後之風險加權資產總額	375,535	396,682
資本充足比率		
未調整市場風險	16.52%	15.11%
經調整市場風險	16.51%	15.21%
	半年結算至 2004年 6月30日	半年結算至 2003年 6月30日
平均流動資金比率 [#]	34.64%	37.93%

[#] 本銀行年內每月之平均流動資金比率之簡單平均數。

本集團保持雄厚的資本實力及充裕的資金流動性。資本充足比率由2003年底的15.11%上升至2004年6月30日的16.52%。資本基礎受惠於盈利的累積而錄得2.78%的增長，而企業貸款及債務證券減少則令風險加權資產下降5.99%。2004年上半年的平均流動資金比率下降3.29個百分點至34.64%，反映了短期拆放下降的影響。

管理層討論及分析(續)

資產質素

港幣百萬元，百分比除外	2004年 6月30日	2003年 12月31日
客戶貸款	308,513	308,582
一般準備	(5,415)	(5,406)
特別準備	(3,410)	(5,507)
不履約貸款	12,673	17,832
就不履約貸款作出之特別準備	(3,357)	(5,467)
特別準備佔不履約貸款之比率	26.49%	30.66%
特別準備及押品佔特定分類貸款之覆蓋比率	93.70%	90.95%
總準備佔不履約貸款之比率	69.64%	61.20%
不履約貸款比率	4.11%	5.78%
特定分類貸款比率	4.12%	5.82%
住宅按揭貸款*		
拖欠**及經重組貸款比率	0.78%	1.10%
信用卡貸款－拖欠比率***	0.47%	0.75%
	半年結算至 2004年 6月30日	半年結算至 2003年 6月30日
信用卡貸款－撇賬比率#	4.67%	10.75%

* 住宅按揭貸款不包括“居者有其屋計劃”及其他政府資助置屋計劃下的按揭貸款。

** 拖欠比率指逾期超過3個月之貸款總額佔未償還貸款總額之比率。

按金管局的定義計算。

通過有效的信貸風險管理、催收和核銷，不履約貸款比率及特定分類貸款比率分別由2003年底的5.78%及5.82%下降至4.11%及4.12%。期內本集團資產質素改善，主要因為新增不履約貸款減少、催收力度加大及押品值回升。

押品佔特定分類貸款覆蓋比率由2003年底的60.54%上升至2004年6月30日的67.32%。同時，特別準備及押品佔特定分類貸款覆蓋比率由2003年底的90.95%上升至2004年6月30日的93.70%，反映本集團撥備相當充裕。而總準備佔不履約貸款比率亦由6個月前的61.20%上升至69.64%。

2004年上半年特定分類貸款比率較2003年底已下跌1.70個百分點，2003年上半年的跌幅則是0.18個百分點。2004年上半年新增特定分類貸款淨額約6億港元，明顯地低於2003年上半年的約40億港元。新增特定分類貸款大幅減少的外在因素是2004年上半年經濟強勁反彈及房地產價格上升。內在因素方面，本集團自上市以來，通過各項風險管理措施，信貸質素不斷改善，貸款結構亦有所優化。

管理層討論及分析(續)

本集團住宅按揭貸款組合的質素好轉。拖欠及經重組貸款比率由2003年底的1.10%下降至2004年6月30日的0.78%。

本集團信用卡貸款的質素亦有所改善。拖欠比率由2003年底的0.75%下降至2004年6月30日的0.47%。撇賬比率亦由2003年上半年的10.75%下降至2004年上半年的4.67%。

業務回顧

本港的就業情況持續改善，本地生產總值保持強勁增長，而個人遊計劃規模的擴大帶來了本地零售消費市場強勁的反彈。此外，本港消費者信心提昇亦有助物業市場的復甦。2004年上半年的經濟形勢總體上來說對本集團的零售和財資業務的增長及發展都是有利的。

零售銀行

本集團零售銀行業務，受益於經濟的持續復甦而得到發展，在財富管理、信用卡、住宅按揭及個人人民幣業務方面，在2004年上半年也錄得強勁的增長。

在財富管理方面：財富管理的業務量大幅增加。股票代理的交易量和投資基金的銷售量分別上升了150%和112%。同時，在人壽保險產品的銷售上，保險費也錄得了139%的強勁增長。

為滿足客戶對財富管理服務日益增長的需要，本集團加強與基金管理公司的合作，特別是與中銀國際-英國保誠資產管理公司的合作，推出了一系列的投資基金產品，例如獨家發售的中銀香港中國收入基金。

在利率低企的環境下，本集團積極推廣短期儲蓄保險及保障計劃，並將人壽保險產品範圍拓寬至覆蓋人生不同階段對不同保障計劃和儲蓄的需要。這些產品包括“息得保5年期儲蓄保險計劃”、“存為您豐盛10年、15年儲蓄保險計劃”及“五光拾息儲蓄保險計劃”。另外，我們還推出了“生活無憂十全十美保障系列”，提供全面的個人保險計劃。除提供嶄新的保險產品外，本集團亦改善了銷售渠道，為客戶提供網上的旅遊保險和高爾夫球保險的投保服務。

在住宅按揭方面：本集團的住宅按揭業務在上半年表現強勁。住宅按揭貸款餘額較2003年底增長5%，而同期市場平均增長則只有0.4%。此外，住宅按揭貸款的資產質素亦取得可觀的改善。拖欠及重組貸款比率下降至0.78%，低於市場平均水平。由於住宅物業市道復甦，負資產按揭比重由2003年底的13%大幅下降至2004年6月底的5%。

在信用卡業務方面：本集團繼續為客戶提供創新產品。本年4月，本集團成為本地第一家發行人民幣信用卡的銀行。期內，本行亦推出了華納迷你卡和2004中銀歐羅萬事達卡。

本集團信用卡的卡戶消費額較去年同期上升46%。由於商戶網絡的加強和中國銀聯收單業務效應，商戶收單業務總額錄得了48%的增長。信用卡總發卡量以及應收賬款亦分別較2003年底上升了14%和2%。同時，撇賬比率和拖欠比率亦能保持在低水平。

管理層討論及分析(續)

本集團在信用卡業務上的增長取得良好的成績，並獲得了同業的認同，贏取了多個由Visa國際和萬事達國際設立的獎項，其中包括：

- 2003年度香港區最高卡戶簽帳額增長銀獎
- 2003年度香港區最高商戶收單額銀獎
- 2003年度澳門區最高商戶收單額金獎
- 2003年度澳門區最高卡戶簽帳額增長金獎
- 2003年度香港及澳門區發卡銀行最佳詐騙控管獎
- 2003年度香港區商務卡類別卡戶簽帳額最高市場份額獎
- 2003年度香港區商戶收單額最高增長銀獎

在個人人民幣業務方面：由2004年2月開始，本集團向客戶提供包括存款、兌換、匯款和信用卡等多樣化的個人人民幣服務，幫助客戶抓緊由香港和中國內地之間經濟互動關係所帶來的商機。客戶更可在香港享用本集團所提供優良的人民幣服務網絡，其中包括分行、自動櫃員機、智達網上銀行和電話銀行。

在銷售渠道方面：本集團的分行合理化計劃已進入了提高銷售及服務能力的新階段。2004年上半年本集團共關閉了2家分行。2004年6月30日，本集團分行總數是302家，其中287家分行分佈於香港不同的地區。

藉著大力發展電子渠道，本集團智達網上銀行的客戶數量和交易宗數均大幅上升。期內，本集團改善了網上銀行服務，加入財富管理服務的新功能。

企業銀行及金融機構

由於大量的催收和核銷，本集團2004年6月底的企業放款餘額較2003年底下降。然而，本集團保持本地銀團貸款主要牽頭行的地位，並於海外放款業務方面取得增長。

通過有效的催收、核銷和信貸風險管理，企業放款組合的信貸質素取得顯著的改善。與此同時，本集團調整了放款組合，在海外(包括內地分行)放款方面錄得22%的顯著增長，而本地物業發展的放款比重則減少。

本集團在拓展電子銷售渠道上取得了進展。本年5月，本集團推出了中銀企業網上銀行，為企業客戶提供一站式及多樣化的財務管理服務，成為更全面和更方便的電子理財渠道，從而降低企業客戶的操作成本，提高效率。

基於本集團擁有經營香港與深圳之間即時支付結算系統(RTGS)的豐富經驗和良好紀錄，本行被委任為粵港港元及美元即時支付結算代理行，並於3月起開始投入服務。此外，我們也被委任為深港美元票據聯合結算服務的代理行。

我們不斷著力於加強貿易融資服務，並在國際保理商組織(一個由主要保理公司組成的國際網絡)舉辦的進出口保理服務質素評選中取得了高分數。另外，根據國際保理商組織統計資料顯示，在2004年上半年進口保理業務量方面，本集團成績表現優越。

管理層討論及分析(續)

財資業務

利率持續低企的環境下的財資業務同樣富有挑戰性。期內，我們繼續優化投資組合以提高回報。預期利息可能上升，本集團亦縮短了債務證券組合的年期。

在非利息收入業務方面，在貨幣及黃金市場大幅波動環境下，外匯交易量、貴金屬交易量和期權存款產品與2003年上半年相比錄得強勁增長。本集團成功抓住了業務量上升的時機擴展客戶基礎，提昇非利息收入。本集團並通過提供更多及更具特色的財資產品，包括向零售及企業客戶開展結構性財資產品，以發掘交叉銷售機會，進一步拓展了以客戶為導向的財資業務平台。

內地分行及中國相關業務

本集團內地分行在2004年上半年持續表現良好。提取撥備前經營溢利上升28%至0.73億港元。然而除稅前溢利因2003年上半年有大額準備撥回而同比下跌26%至1.00億港元。與上年底比較，客戶總放款上升46%至89.07億港元，客戶總存款上升6%至20.61億港元。內地分行的資產質素取得明顯改善，2004年6月30日特定分類貸款比率較上年底下降4.51個百分點至5.84%。

在2004年上半年，本集團在提高內地分行的銀行服務方面做了大量工作，包括在年初推出智達網上銀行和電話銀行服務，使內地客戶能快捷方便地查核賬戶資料。

本年4月，本集團的深圳分行和上海分行獲批擴大人民幣業務至中資企業。此外，內地六家分行已遞交經營金融衍生產品業務的申請書，而廣州、大連及福州分行正在申請開辦人民幣業務，南商深圳分行亦在申請擴大人民幣業務範圍至中資企業。此舉能夠拓展中國內地的客戶基礎。同時本集團繼續與中國銀行合作，參與了多個聯動項目。

最近，本集團制定了新的中國業務模型，重點是加強對本港客戶的內地業務所需的銀行服務，同時將內地分行作為本集團零售銀行及企業銀行服務的伸延。新的中國業務模型明確界定了內地分行組織架構、市場定位策略、客戶分層及產品拓展策略。我們希望透過落實新的業務模型，增加交叉銷售機會，提高中國業務對本集團的整體盈利貢獻。

風險管理

總覽

風險管理是本集團業務的基礎和策略的組成部分。本集團業務的主要內在風險包括信貸風險、市場風險(包括利率風險及匯率風險)、流動資金風險及操作風險。本集團的風險管理目標是爭取經風險調節後的長期資本回報的最大化、減少收益的大幅波動及提高股東價值，同時確保風險在可接受的水平之內。

風險管理架構

本銀行的風險管理政策是用以識別及分析信貸風險、市場風險、流動資金風險及操作風險，並設定適當的風險限額，同時透過管理及資訊系統持續監察這些風險及限額。本銀行不斷改良和提昇其風險管理政策及程序，以配合市場及產品的轉變。

董事會屬下的風險管理委員會負責審批風險管理政策及程序，以及資產負債管理委員會所提議的各項重要資產負債管理政策。

每個策略業務單位負責落實風險管理相關的政策、程序及控制。本銀行風險管理總監領導及監察風險管理部的運作，直接向風險管理委員會負責，協助總裁組織全行信貸風險、市場風險及操作風險的管理工作，並就三類風險的管理狀況，每月向董事會風險管理委員會提出獨立報告。

管理層討論及分析(續)

本銀行首席財務官負責監察本集團的資本及收益的健全性，並在司庫協助下監控全行的利率風險及流動資金風險，定期向資產負債管理委員會及風險管理委員會報告。

本銀行稽核部負責向董事會和稽核委員會報告現有的風險管理政策、程序和內部控制的執行情況。

本銀行的主要附屬銀行—南商及集友亦面對同樣的業務風險，因此亦採用與本銀行一致的風險管理策略及政策。這兩家附屬公司獨立執行風險管理策略，並定期向本銀行管理層匯報。

信貸風險管理

信貸風險指客戶或交易對手將不能或不願意履行與本銀行達成的承諾。信貸風險主要來自銀行的借貸、貿易融資及財資業務。

本銀行的信貸風險管理目標是將信貸風險維持在可接受水平之內，同時盡量提高經風險調節後之資本回報。此外，本銀行已建立和實施一套全面性的政策及程序，用以識別、量度及監控整個機構內的信貸風險。

董事會負責制訂信貸風險管理的策略性目標及原則。董事會以盡量擴大銀行經風險調節後之收益及股東價值為目標，對銀行的整體信貸風險管理負最終責任。

風險管理委員會直屬董事會，負責制訂及修訂本銀行的信貸風險管理政策及程序。本銀行相信，獨立監察及作出適當平衡是施行有效風險管理的關鍵。為此，在本銀行的組織／管理架構中，風險管理部及稽核部會分別直接向風險管理委員會及稽核委員會匯報，形成獨立監察機制。

總裁負責施行信貸風險管理策略及經董事會批核的政策。總裁亦負責在為銀行資產爭取高回報的目標及在股東可接受的水平內進行風險管理二者之間作出平衡。

風險管理部獨立於授信申請單位，根據風險管理策略及政策協助總裁管理信貸風險，並就識別、量度、監察及控制信貸風險作獨立盡職審查。為避免出現利益衝突，信貸檢討獨立於業務單位之外。主要根據信貸人員的專業經驗、能力與責任，設置多級審批權限。所有信貸審批權限均由本銀行董事會授權。

特殊資產管理部負責催收不履約貸款。其他上述未提及的部門也需要負責與信貸風險管理相關的事務。

本銀行對高風險和低風險的貸款採用不同的審批程序。

符合有關信貸類別、貸款目的、貸款金額、擔保、抵押品覆蓋及抵押足夠度的若干規定的低風險信貸交易，可以採用低風險審批程序處理。授信申請單位的信貸授權人員可以依據這些程序批核此類信貸申請而毋須由風險管理部預先審核。風險管理部內相應的審核人員會對這些預先批核的低風險信貸交易作貸後獨立檢查，並評估最初的信貸決定是否按照既定程序執行。

至於高風險貸款，授信申請單位的信貸人員只能夠接受及審閱貸款申請，並作出初步貸款決定。然後，信貸申請須經由風險管理部的審核人員對該申請是否符合政策程序規定、信貸風險評估是否足夠及資料是否充足等作出獨立評估。風險管理部有權依據評估結果作出否決或同意。

對於屬副總裁或以上審批權限的貸款，則需要由信貸評審委員會進行獨立的風險評審。信貸評審委員會對總裁負責，是本行授信業務專家評審委員會。信貸評審委員會負責對重大授信進行獨立風險評審，其評審結論是風險管理總監進行授信審核、副總裁、總裁進行授信審批的重要依據。信貸評審委員會沒有授信審批權。

如貸款超越總裁的審批權限，還須由風險管理委員會審批。

管理層討論及分析(續)

本銀行風險管理部下設獨立處室，專責統籌對全行單一客戶及客戶集團進行全面深入的監察，以識別及控制個別及整體貸款組合的信貸風險。

本銀行建立了早期預警系統，以便有效監察客戶信用狀況的惡化徵兆，從而對潛在問題貸款客戶進行更嚴密的監控，以防止客戶狀況進一步惡化。

為確保有足夠資源解決不履約貸款，本銀行建立了一套控制指標，以衡量及評估處理問題貸款的成效。風險管理部負責定期向銀行高層提供進度監控報告。

市場風險管理

市場風險是指因為利率或市場價格波動導致資產負債表以內及以外持倉出現虧損的風險。本銀行的市場風險包括來自客戶業務及自營持倉。與市場風險有關的自營持倉每日均會按市值計價基準評估。

市場風險透過由風險管理委員會批核的風險限額進行管理。整體風險限額參照不同的風險因素，例如利率、匯率、商品及股票價格，細分為更具體的限額。在考慮有關產品的不同性質後，採用多種風險計算技術，包括持倉限額及敏感度限額，制定具體管理措施。

風險管理部下設市場風險管理處，負責日常市場風險管理。該處透過每日監察程序，計算實際風險水平與經核准風險限額的差距，並提出具體措施，以確保整體和個別的市場風險均限制在可接受水平之內。

“涉險值”是一種統計學方式，用以在一段特定時間內，按指定的置信度，估計由於利率、匯率、商品及股票價格波動而可能對風險持倉所造成的潛在損失。本銀行以方差／共變方差基準方法，計算投資組合及個別“涉險值”，並採用了市場利率及價格的歷史變動、99%置信水平及一天持有期等基準，同時考慮不同市場及價格的互相影響關係。

2004年6月30日，本銀行所有自營市場風險持倉的涉險值為港幣220萬元(2003年12月31日：港幣80萬元)，所有自營利率風險持倉的涉險值為港幣180萬元(2003年12月31日：港幣70萬元)，而所有自營匯率風險持倉的涉險值為港幣140萬元(2003年12月31日：港幣60萬元)。2004年上半年內本銀行所有自營市場風險持倉的平均涉險值為港幣330萬元(2003年上半年：港幣410萬元)，最高為560萬元，最低為90萬港元。

截至2004年上半年，本銀行從市場風險相關的自營活動賺得的每日平均收益為港幣250萬元(2003年上半年：港幣230萬元)，其標準差為港幣250萬元(2003年上半年：港幣320萬元)。最多出現的每日交易收益界乎港幣200萬元至400萬元之間，佔48日。最高單日交易收益為港幣900萬元(2003年上半年：港幣1,140萬元)。

外匯風險管理

本銀行向客戶提供外幣存款、孖展買賣及遠期交易等服務。本銀行在外幣市場上的交易活動令其須承擔匯率風險。本銀行透過同業市場活動管理匯率風險。其中，本銀行透過設定持倉限額及整體外匯交易虧損限額，減低外匯風險。所有限額均經風險管理委員會審批。風險管理部負責每日監察外匯風險及其虧損限額，並控制本銀行在外匯交易中產生的信貸風險。

管理層討論及分析(續)

利率風險管理

本銀行的利率風險包括自營業務和結構性風險。結構性持倉主要的利率風險類別為：〔1〕利率重訂風險：由於資產及負債到期日或重訂價格期限出現錯配；〔2〕利率基準風險：不同交易的不同定價基準，令資產的收益率和負債的成本率可能以不同的幅度變化，即使在同一重訂價格期間，亦會產生利率風險。

本銀行的資產負債管理委員會主責利率風險管理；委員會制訂的利率風險管理政策須由風險管理委員會審批。本銀行首席財務官負責督導司庫執行經批准的利率風險管理政策，及發展風險管理系統以識別、衡量、監察及控制利率風險。

缺口分析是本銀行主要用來量度利率風險的工具。這項分析提供資產負債狀況之到期情況及重訂價格特點之靜態資料。這差額或缺口顯示了新訂或重訂價格的資產和負債引致息差方面的潛在變動風險。本銀行會採用利率衍生工具來對沖利率風險，在一般情況下會利用簡單的利率互換合約對沖有關風險。

盈利對利率變化的敏感度可利用模擬的孳息曲線平衡上移或下移100個基點的利率震盪來測度，本銀行需按政策將利率風險控制在當年預算的淨利息收入之5%。有關的結果定期向首席財務官報告。

在利率基準風險評估方面，定期透過情景分析，監察利率基準不同步變化對未來淨利息收入的增減的影響。有關情景包括短期內預計息率的可能變化及壓力環境下的情況。資產負債管理委員會負責在政策所設定的限額的規範下監察壓力測試的結果，並決定是否需採取補救措施。

流動資金風險管理

流動資金風險來自借貸、自營交易及投資活動，以及管理自營交易持倉時而產生。流動資金風險包括在到期日因受不能預計的資金成本上升而令本銀行資產組合出現再融資的風險，和未能及時／或按合理價格變現某類持倉所產生的風險。

流動資金管理的目標是令本銀行能夠按時(即使在惡劣市況下)應付所有到期債務，以及為其資產增長和投資機會提供所需資金。

本銀行有多元化的流動資金來源，可靈活地滿足其融資需求。本銀行的業務資金主要來自零售及公司客戶的存款。此外，本銀行亦可發行存款證以獲取長期資金或因應需要透過出售投資籌集資金。

本銀行將所得資金大部分用於貸款、投資債券或作同業拆放。一般而言，接受存款的平均到期日較同業拆放的平均到期日為短，而同業拆放的平均到期日較貸款或投資的平均到期日為短。

本銀行持有具高度流動性及高質素的證券緩衝組合。這些證券一般可按市場價格隨時售出，以配合緊急出現的資金需求。雖然本銀行在同業市場上主要為資金拆出者，但亦可透過這一市場短期拆入，藉以管理其流動資金。同業市場一般可按市況調整的利率提供足夠的流動資金。

本銀行資產負債管理策略的主要目標是要保持足夠的流動性和資本金水平，在有效的風險管理機制內及合理的融資成本要求下，爭取最佳回報。本銀行的資產負債管理委員會負責制定政策方針，並透過司庫的職責，確保本銀行有足夠的流動資金及以最低成本取得融資，同時緊密策劃及監察本銀行資產負債表內、表外持倉量所衍生的風險。本銀行司庫會按情況調整銀行的流動資金及外匯管理盤的持倉水平，以配合資產負債管理委員會的政策，並就投資、融資和外匯管理的現有水平和預計變化，向資產負債管理委員會作出匯報和分析。

管理層討論及分析(續)

資本管理

資本管理的主要目標是維持充裕的資本實力，同時為股東帶來最大回報。我們在有需要時會考慮調節資本結構，以達致整體最低的資本成本。資產負債管理委員會在司庫協助下，採用資本充足比率作為主要量度標準，以監控中銀香港的資本充足性。在報表披露的經營期間，本集團的資本水平符合各項法定要求。

操作風險管理

操作風險涉及因操作流程不完善或失效、人為過失、電腦系統故障或外部突發事件等因素造成的經濟損失。本銀行的目標是以業內最佳實踐水平，管理操作風險。

本銀行管理操作風險的方法包括識別、評估、監察、控制及減緩有關風險，與流程、活動及產品相關的操作風險進行風險識別及評估，對操作風險損失進行監控並向董事會及高級管理層匯報。為達有效的內部控制，本銀行各項業務流程均備有規章制度，並就可能引致的操作風險制定了控制措施，職責分工及授權管理貫穿於各項業務操作。

為支援災難事件發生時的業務運作，本銀行備有緊急事故應變方案及充足的後備設施並定期進行演練。本銀行的控股公司並已購買保險以減低因操作風險可能引致的損失。

壓力測試

本銀行以壓力測試補充各項的風險分析。壓力測試是一項風險管理工具，用以評估因市場或宏觀經濟變化所引起極端不利但有可能出現的環境下銀行的風險暴露情況。本銀行定期進行壓力測試，並由首席財務官及資產負債管理委員會進行監控。

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.

綜合損益賬

Consolidated Profit and Loss Account

		(經審核) (Audited)	
		半年結算至 2004年 6月30日 Half-year ended 30 June 2004 港幣百萬元 HK\$m	半年結算至 2003年 6月30日 Half-year ended 30 June 2003 港幣百萬元 HK\$m
	附註 Note		
利息收入	Interest income	7,304	9,358
利息支出	Interest expense	(1,795)	(2,776)
淨利息收入	Net interest income	5,509	6,582
其他經營收入	Other operating income	2,516	2,254
經營收入	Operating income	8,025	8,836
經營支出	Operating expenses	(2,668)	(2,697)
提取撥備前經營溢利	Operating profit before provisions	5,357	6,139
呆壞賬撥回/(撥備)	Write-back of/(charge for) bad and doubtful debts	1,240	(1,669)
提取撥備後經營溢利	Operating profit after provisions	6,597	4,470
出售/重估固定資產之 淨收益/(虧損)	Net gain/(loss) from disposal/ revaluation of fixed assets	48	(1,220)
出售持有至到期日證券及 投資證券之淨收益	Net gain from disposal of held-to-maturity securities and investment securities	1	1
持有至到期日證券及 投資證券之 減值撥備撥回	Write-back of provision for impairment on held-to-maturity securities and investment securities	—	20
出售附屬公司之淨虧損	Net loss on disposal of a subsidiary	—	(1)
投資聯營公司之 減值撥備撥回	Write-back of provision for impairment on investments in associates	150	6
應佔聯營公司之 溢利扣減虧損	Share of profits less losses of associates	(19)	(10)
除稅前溢利	Profit before taxation	6,777	3,266
稅項	Taxation	(1,119)	(178)
除稅後溢利	Profit after taxation	5,658	3,088
少數股東權益	Minority interests	(76)	(57)
股東應佔溢利	Profit attributable to shareholders	5,582	3,031
股息	Dividend	3,874	1,937

綜合資產負債表

Consolidated Balance Sheet

		(經審核) (Audited)	
		2004年 6月30日 At 30 June 2004 港幣百萬元 HK\$'m	2003年 12月31日 At 31 December 2003 港幣百萬元 HK\$'m
	附註 Note		
資產			
庫存現金及短期資金		126,705	134,106
一至十二個月內到期之銀行及 其他金融機構存款		78,753	78,240
貿易票據		991	691
持有之存款證		18,837	18,776
香港特別行政區政府負債證明書		35,320	31,460
持有至到期日證券		156,694	101,065
投資證券		53	53
其他證券投資		8,199	71,400
貸款及其他賬項	8	302,435	300,094
投資聯營公司		130	278
固定資產		17,144	17,582
其他資產		6,752	8,841
資產總額		752,013	762,586
負債			
香港特別行政區流通紙幣		35,320	31,460
銀行及其他金融機構之 存款及結餘		64,156	41,347
客戶存款	9	564,820	600,826
發行之存款證		2,423	2,432
其他賬項及準備	10	26,210	29,163
負債總額		692,929	705,228
資本來源			
少數股東權益		1,177	1,156
股本	12	43,043	43,043
儲備	13	14,864	13,159
股東資金		57,907	56,202
資本來源總額		59,084	57,358
負債及資本來源總額		752,013	762,586

綜合權益變動
結算表

Consolidated Statement of Changes in Equity

		房產 重估儲備	股本	換算儲備	留存盈利	總計
		Premises revaluation reserve	Share capital	Translation reserve	Retained earnings	Total
		港幣百萬元 HK\$'m	港幣百萬元 HK\$'m	港幣百萬元 HK\$'m	港幣百萬元 HK\$'m	港幣百萬元 HK\$'m
於2003年1月1日 (早期列賬)	At 1 January 2003, as previously reported	43,043	413	(9)	10,910	54,357
採納會計準則第12號 (經修訂)所產生的調整	Effect of adoption of SSAP 12 (revised)	—	(60)	—	(210)	(270)
於2003年1月1日(重列)	At 1 January 2003, as restated	43,043	353	(9)	10,700	54,087
2003年上半年之淨溢利	Net profit for the first half of 2003	—	—	—	3,031	3,031
股息	Dividend	—	—	—	(1,937)	(1,937)
物業重估	Revaluation of properties	—	(70)	—	—	(70)
由遞延稅項計入股東權益	Release from deferred tax liabilities	—	8	—	—	8
於2003年6月30日	At 30 June 2003	43,043	291	(9)	11,794	55,119
本銀行及附屬公司	Bank and subsidiaries	43,043	291	(9)	11,810	55,135
聯營公司	Associates	—	—	—	(16)	(16)
		43,043	291	(9)	11,794	55,119
於2003年7月1日	At 1 July 2003	43,043	291	(9)	11,794	55,119
2003年下半年之淨溢利	Net profit for the second half of 2003	—	—	—	4,944	4,944
貨幣換算差額	Currency translation differences	—	—	(1)	—	(1)
股息	Dividend	—	—	—	(3,874)	(3,874)
物業重估	Revaluation of properties	—	(1)	—	—	(1)
由遞延稅項計入股東權益	Release from deferred tax liabilities	—	15	—	—	15
因物業出售之重估儲備轉賬	Transfer on disposal of properties	—	(44)	—	44	—
於2003年12月31日	At 31 December 2003	43,043	261	(10)	12,908	56,202
本銀行及附屬公司	Bank and subsidiaries	43,043	261	(10)	12,924	56,218
聯營公司	Associates	—	—	—	(16)	(16)
		43,043	261	(10)	12,908	56,202

**綜合權益變動
 結算表(續)**

Consolidated Statement of Changes in Equity (continued)

		房產 重估儲備	換算儲備	留存盈利	總計	
		股本 Share capital 港幣百萬元 HK\$m	Premises revaluation reserve 港幣百萬元 HK\$m	Translation reserve 港幣百萬元 HK\$m	Retained earnings 港幣百萬元 HK\$m	Total 港幣百萬元 HK\$m
於2004年1月1日	At 1 January 2004	43,043	261	(10)	12,908	56,202
2004年上半年之淨溢利	Net profit for the first half of 2004	—	—	—	5,582	5,582
貨幣換算差額	Currency translation differences	—	—	(6)	—	(6)
股息	Dividend	—	—	—	(3,874)	(3,874)
物業重估	Revaluation of properties	—	3	—	—	3
因物業出售之重估儲備轉賬	Transfer on disposal of properties	—	(9)	—	9	—
於2004年6月30日	At 30 June 2004	43,043	255	(16)	14,625	57,907
本銀行及附屬公司	Bank and subsidiaries	43,043	255	(16)	14,665	57,947
聯營公司	Associates	—	—	—	(40)	(40)
		43,043	255	(16)	14,625	57,907

綜合現金流量表
Consolidated Cash Flow Statement

			(經審核) (Audited)
		半年結算至 2004年 6月30日 Half-year ended 30 June 2004 港幣百萬元 HK\$m	半年結算至 2003年 6月30日 Half-year ended 30 June 2003 港幣百萬元 HK\$m
		附註 Note	
經營業務之現金流量	Cash flow from operating activities		
除稅前經營現金之流出	Operating cash outflow before taxation	14(a)	(16,713)
(支付)／退回香港利得稅	Hong Kong profits tax (paid)/refunded		369
支付海外利得稅	Overseas profits tax paid		(4)
經營業務之現金流出淨額	Net cash outflow from operating activities		(16,348)
投資業務之現金流量	Cash flow from investing activities		
購入固定資產	Purchase of fixed assets		(40)
出售固定資產所得款項	Proceeds from disposal of fixed assets		561
購入投資證券	Purchase of investment securities		(6)
出售附屬公司所得款項	Proceeds from disposal of a subsidiary		157
從聯營公司清盤分派之款項	Proceeds from dissolution of an associate		19
收取投資證券之股息	Dividends received from investment securities		—
收取聯營公司股息	Dividend received from an associate		1
貸款予聯營公司	Loans to associates		—
聯營公司償還之貸款	Loans repaid by associates		59
投資業務之現金流入淨額	Net cash inflow from investing activities		751
融資業務之現金流量	Cash flow from financing activities		
支付末期股息	Final dividend paid		(2,583)
支付少數股東股息	Dividend paid to minority shareholders	14(b)	(54)
融資業務之現金流出淨額	Net cash outflow from financing activities		(2,637)
現金及等同現金項目減少	Decrease in cash and cash equivalents		(18,234)
於1月1日之現金及等同現金項目	Cash and cash equivalents at 1 January		83,065
於6月30日之現金及等同現金項目	Cash and cash equivalents at 30 June	14(c)	64,831

附註

Notes

1. 編製基準及會計政策

此份未經審核中期業績報告是按照香港會計師公會所頒佈的會計準則第25號“中期財務報告”編製及需連同本集團2003年年度報告一併閱覽。

未經審核之綜合中期財務報表所採用的會計政策及計算辦法與截至2003年12月31日止年度之本集團賬目之編製基礎一致。

2. 其他經營收入

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. Other operating income

		半年結算至 2004年 6月30日 Half-year ended 30 June 2004 港幣百萬元 HK\$m	半年結算至 2003年 6月30日 Half-year ended 30 June 2003 港幣百萬元 HK\$m
服務費及佣金收入(附註)	Fees and commission income (Note)	2,221	1,690
減：服務費及佣金支出	Less: Fees and commission expenses	(508)	(311)
服務費及佣金淨收入	Net fees and commission income	1,713	1,379
證券投資股息收入	Dividend income from investments		
— 非上市證券投資	in securities — unlisted investments	13	31
其他證券投資之淨收益	Net gain from other investments	24	156
外匯業務之淨收益	Net gain from foreign exchange		
	activities	584	478
其他交易業務之淨收益	Net gain from other dealing activities	54	17
投資物業之租金總收入	Gross rental income from		
	investment properties	108	128
減：有關投資物業之支出	Less: Outgoings in respect of		
	investment properties	(32)	(40)
其他	Others	52	105
		2,516	2,254

附註(續)

Notes (continued)

2. 其他經營收入(續)

2. Other operating income (continued)

附註：

Note:

服務費及佣金收入

Fees and commission income

		半年結算至 2004年 6月30日 Half-year ended 30 June 2004 港幣百萬元 HK\$m	半年結算至 2003年 6月30日 Half-year ended 30 June 2003 港幣百萬元 HK\$m
證券經紀	Securities brokerage	502	198
信用卡	Credit cards	316	249
匯票佣金	Bills commissions	270	275
貸款佣金	Loan commissions	234	241
繳款服務	Payment services	165	151
保險	Insurance	179	113
資產管理	Asset management	175	82
信託服務	Trust services	32	33
擔保	Guarantees	21	20
其他	Others		
— 保管箱	— safe deposit box	82	84
— 小額存戶	— low deposit balance accounts	35	63
— 買賣貨幣	— currency exchange	24	19
— 中銀卡	— BOC cards	18	21
— 不動戶口	— dormant accounts	15	9
— 代理業務	— agency services	11	8
— 郵電	— postage and telegrams	12	8
— 資訊調查	— information search	18	5
— 代理行	— correspondent banking	8	7
— 人民幣業務	— RMB business	13	—
— 其他	— sundries	91	104
		2,221	1,690

附註(續)

Notes (continued)

3. 經營支出

3. Operating expenses

		半年結算至 2004年 6月30日 Half-year ended 30 June 2004 港幣百萬元 HK\$m	半年結算至 2003年 6月30日 Half-year ended 30 June 2003 港幣百萬元 HK\$m
人事費用 (包括董事酬金)	Staff costs (including directors' emoluments)		
— 薪酬及其他費用	— salaries and other costs	1,503	1,509
— 退休成本	— pension cost	122	123
		1,625	1,632
房產及設備支出 (不包括折舊)	Premises and equipment expenses (excluding depreciation)		
— 房產租金	— rental of premises	117	107
— 資訊科技	— information technology	134	110
— 其他	— others	95	92
		346	309
自置固定資產之折舊	Depreciation on owned fixed assets	293	322
審計師酬金	Auditors' remuneration		
— 審計服務	— audit services	4	10
— 非審計服務	— non-audit services	9	7
其他經營支出	Other operating expenses	391	417
		2,668	2,697

附註(續)

Notes (continued)

4. 呆壞賬撥回／(撥備)

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

		半年結算至 2004年 6月30日 Half-year ended 30 June 2004 港幣百萬元 HK\$m	半年結算至 2003年 6月30日 Half-year ended 30 June 2003 港幣百萬元 HK\$m
呆壞賬淨撥備額	Net charge for bad and doubtful debts		
特別準備	Specific provisions		
— 新提撥	— new provisions	(811)	(2,537)
— 撥回	— releases	1,327	482
— 收回已撇銷賬項	— recoveries	733	220
		1,249	(1,835)
一般準備	General provisions	(9)	166
撥回／(支取)損益賬淨額	Net credit/(charge) to profit and loss account	1,240	(1,669)

5. 出售／重估固定資產之
淨收益／(虧損)

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

		半年結算至 2004年 6月30日 Half-year ended 30 June 2004 港幣百萬元 HK\$m	半年結算至 2003年 6月30日 Half-year ended 30 June 2003 港幣百萬元 HK\$m
出售固定資產之淨收益／(虧損)	Net gain/(loss) on disposal of fixed assets	46	(18)
重估固定資產之淨收益／(虧損)	Net gain/(loss) on revaluation of fixed assets	2	(1,223)
		48	(1,241)

本集團的房產和投資物業由獨立特許測量師卓德測計師有限公司分別於2003年6月30日及2003年10月31日進行獨立專業估值。期內的重估固定資產之淨收益是因房產重新分類至投資物業時重估房產而產生的。

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.

附註(續)

Notes (continued)

6. 稅項

6. Taxation

損益賬內之稅項組成如下：

Taxation in the profit and loss account represents:

		半年結算至 2004年 6月30日 Half-year ended 30 June 2004 港幣百萬元 HK\$m	半年結算至 2003年 6月30日 Half-year ended 30 June 2003 港幣百萬元 HK\$m
香港利得稅	Hong Kong profits tax		
— 本期稅項	— current period taxation	1,184	732
— 往年超額撥備	— over-provision in prior years	(5)	(718)
(貸記) / 計入遞延稅項	Deferred tax (credit)/charge	(65)	162
香港利得稅	Hong Kong profits tax	1,114	176
海外稅項	Overseas taxation	5	1
		1,119	177
應佔聯營公司稅項	Share of taxation attributable to associates	—	1
		1,119	178

香港利得稅乃按照截至2004年上半年估計應課稅溢利依稅率17.5% (2003年：17.5%) 提撥準備。海外溢利之稅款按照同期估計應課稅溢利依集團經營業務所在國家之現行稅率計算。

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.

本集團訂立多項飛機租賃及息票分拆交易，涉及特別用途合夥企業。於2004年6月30日，本集團於此等企業之投資列於綜合資產負債表的“其他資產”內，共達港幣4.64億元 (2003年12月31日：港幣14.74億元)。本集團於此等合夥企業之投資，按投資所得稅務利益之比例，在合夥企業年內攤銷。

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.

附註(續)

Notes (continued)

6. 稅項(續)

6. Taxation (continued)

本集團除稅前溢利產生的實際稅項，與根據香港利得稅率計算的稅項差異如下：

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:

		半年結算至 2004年 6月30日 Half-year ended 30 June 2004 港幣百萬元 HK\$m	半年結算至 2003年 6月30日 Half-year ended 30 June 2003 港幣百萬元 HK\$m
除稅前溢利	Profit before taxation	6,777	3,266
按稅率17.5%計算的稅項	Calculated at a taxation rate of 17.5%	1,186	572
其他國家稅率差異的影響	Effect of different taxation rates in other countries	(20)	(23)
無需課稅之收入	Income not subject to taxation	(123)	(69)
稅務上不可扣減之開支	Expenses not deductible for taxation purposes	145	251
未確認的稅務虧損	Tax losses not recognised	1	2
未確認的暫時性差額	Temporary differences not recognised	(65)	162
往年超額撥備	Over-provision in prior years	(5)	(718)
應佔聯營公司稅項	Share of taxation attributable to associates	—	1
計入稅項	Taxation charge	1,119	178

附註(續)

Notes (continued)

7. 股息

7. Dividend

		半年結算至 2004年6月30日 Half-year ended 30 June 2004		半年結算至 2003年6月30日 Half-year ended 30 June 2003	
		每股 港幣 Per share HK\$	總額 港幣百萬元 Total HK\$m	每股 港幣 Per share HK\$	總額 港幣百萬元 Total HK\$m
中期股息	Interim dividend	0.090	3,874	0.045	1,937

8. 貸款及其他賬項

8. Advances and other accounts

		2004年 6月30日 At 30 June 2004 港幣百萬元 HK\$m	2003年 12月31日 At 31 December 2003 港幣百萬元 HK\$m
客戶貸款	Advances to customers	308,513	308,582
應計利息	Accrued interest	1,922	1,905
		310,435	310,487
呆壞賬準備	Provision for bad and doubtful debts		
— 一般	— General	(5,415)	(5,406)
— 特別	— Specific	(3,410)	(5,507)
		(8,825)	(10,913)
銀行及其他金融機構 貸款	Advances to banks and other financial institutions	301,610	299,574
		825	520
		302,435	300,094

附註(續)

Notes (continued)

8. 貸款及其他賬項(續)

8. Advances and other accounts (continued)

不履約貸款分析如下：

Non-performing loans are analysed as follows:

		2004年 6月30日 At 30 June 2004 港幣百萬元 HK\$m	2003年 12月31日 At 31 December 2003 港幣百萬元 HK\$m
不履約貸款	Non-performing loans	12,673	17,832
就上述不履約貸款作出之 特別準備	Specific provisions made in respect of such advances	3,357	5,467
佔客戶貸款總額之 百分比	As a percentage of total advances to customers	4.11%	5.78%
暫記利息	Amount of interest in suspense	201	324

不履約貸款指利息已記入暫記賬或已停止計算利息之客戶貸款。特別準備之撥備已考慮有關貸款之抵押品價值。

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.

於2004年6月30日及2003年12月31日，對銀行及其他金融機構之貸款既無利息已記入暫記賬或已停止計算利息，亦無任何特別準備之撥備。

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.

附註(續)

Notes (continued)

9. 客戶存款

9. Deposits from customers

		2004年 6月30日 At 30 June 2004 港幣百萬元 HK\$m	2003年 12月31日 At 31 December 2003 港幣百萬元 HK\$m
即期存款及往來存款	Demand deposits and current accounts	29,185	26,974
儲蓄存款	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. 其他賬項及準備

10. Other accounts and provisions

		2004年 6月30日 At 30 June 2004 港幣百萬元 HK\$m	2003年 12月31日 At 31 December 2003 港幣百萬元 HK\$m
應付利息	Interest payable	646	850
本期稅項(附註11(a))	Current taxation (Note 11(a))	1,379	355
遞延稅項(附註11(b))	Deferred taxation (Note 11(b))	277	341
外匯基金票據短盤	Short positions in Exchange Fund Bills	4,049	2,735
應付股息	Dividend payable	3,874	3,874
應計及其他應付款項	Accruals and other payables	15,985	21,008
		26,210	29,163

11. 稅項負債

11. Tax liabilities

		2004年 6月30日 At 30 June 2004 港幣百萬元 HK\$m	2003年 12月31日 At 31 December 2003 港幣百萬元 HK\$m
本期稅項(附註a)	Current taxation (Note a)	1,379	355
遞延稅項(附註b)	Deferred taxation (Note b)	277	341
		1,656	696

附註(續)

Notes (continued)

11. 稅項負債(續)

11. Tax liabilities (continued)

附註：

Note:

(a) 本期稅項

(a) Current taxation

		2004年 6月30日 At 30 June 2004 港幣百萬元 HK\$m	2003年 12月31日 At 31 December 2003 港幣百萬元 HK\$m
香港利得稅	Hong Kong profits tax	1,368	349
海外稅項	Overseas taxation	11	6
		1,379	355

(b) 遞延稅項

(b) Deferred taxation

本期遞延稅項是根據會計準則第12號(經修訂)“所得稅”計算，就資產負債之稅務基礎與其在賬目內賬面值兩者之暫時性差額作提撥。

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”.

綜合資產負債表內之遞延稅項資產及負債主要組合，以及其在2004年上半年之變動如下：

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					
		加速折舊 免稅額 Accelerated tax depreciation 港幣百萬元 HK\$m	資產重估 Asset revaluation 港幣百萬元 HK\$m	虧損 Losses 港幣百萬元 HK\$m	準備 Provisions 港幣百萬元 HK\$m	其他暫時性 差額 Other temporary differences 港幣百萬元 HK\$m	總計 Total 港幣百萬元 HK\$m
於2004年1月1日	At 1 January 2004	262	984	(3)	(936)	18	325
於損益賬內 (撥回)/支取	(Credited)/charged to profit and loss account	(15)	(29)	(3)	7	(25)	(65)
於2004年6月30日	At 30 June 2004	247	955	(6)	(929)	(7)	260

附註(續)

Notes (continued)

11. 稅項負債(續)

11. Tax liabilities (continued)

附註：(續)

Note: (continued)

(b) 遞延稅項(續)

(b) Deferred taxation (continued)

		2003年				
		加速折舊 免稅額	資產重估	虧損	其他暫時性 差額	總計
		Accelerated tax depreciation	Asset revaluation	Losses	Provisions temporary differences	Total
		港幣百萬元 HK\$m	港幣百萬元 HK\$m	港幣百萬元 HK\$m	港幣百萬元 HK\$m	港幣百萬元 HK\$m
於2003年1月1日 (早期列賬)	At 1 January 2003, as previously reported	11	—	—	—	11
採納會計準則第12號 (經修訂)所產生的調整	Effect of adoption of SSAP 12 (revised)	236	1,043	(2)	(1,009)	270
於2003年1月1日(重列)	At 1 January 2003, as restated	247	1,043	(2)	(1,009)	281
於損益賬內支取/(撥回)	Charged/(credited) to profit and loss account	15	(36)	(1)	73	67
貸記權益	Credited to equity	—	(23)	—	—	(23)
於2003年12月31日	At 31 December 2003	262	984	(3)	(936)	325

附註(續)

Notes (continued)

11. 稅項負債(續)

11. Tax liabilities (continued)

附註：(續)

Note: (continued)

(b) 遞延稅項(續)

(b) Deferred taxation (continued)

當有法定權利可將現有稅項資產與現有稅務負債抵銷，而遞延稅項涉及同一財政機關，則可將個別法人的遞延稅項資產與遞延稅項負債互相抵銷。下列在綜合資產負債表內列賬之金額，已計入適當抵銷：

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 港幣百萬元 HK\$m	2003年 12月31日 At 31 December 2003 港幣百萬元 HK\$m
遞延稅項資產(附註)	Deferred tax assets (Note)	(17)	(16)
遞延稅項負債	Deferred tax liabilities	277	341
		260	325

附註：此等金額已被包括在“其他資產”內。

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

		2004年 6月30日 At 30 June 2004 港幣百萬元 HK\$m	2003年 12月31日 At 31 December 2003 港幣百萬元 HK\$m
遞延稅項資產 (超過12個月後收回)	Deferred tax assets to be recovered after more than twelve months	(950)	(961)
遞延稅項負債 (超過12個月後支付)	Deferred tax liabilities to be settled after more than twelve months	252	274
		(698)	(687)

附註(續)

Notes (continued)

12. 股本

12. Share capital

		2004年 6月30日 At 30 June 2004 港幣百萬元 HK\$m	2003年 12月31日 At 31 December 2003 港幣百萬元 HK\$m
法定：	Authorised:		
100,000,000,000股每股面值 港幣1.00元之普通股	100,000,000,000 ordinary shares of HK\$1.00 each	100,000	100,000
已發行及繳足：	Issued and fully paid:		
43,042,840,858股每股面值 港幣1.00元之普通股	43,042,840,858 ordinary shares of HK\$1.00 each	43,043	43,043

13. 儲備

13. Reserves

		2004年 6月30日 At 30 June 2004 港幣百萬元 HK\$m	2003年 12月31日 At 31 December 2003 港幣百萬元 HK\$m
房產重估儲備	Premises revaluation reserve	255	261
換算儲備	Translation reserve	(16)	(10)
留存盈利	Retained earnings	14,625	12,908
		14,864	13,159

附註(續)

Notes (continued)

14. 綜合現金流量表附註

14. Notes to consolidated cash flow statement

(a) 提取撥備後經營溢利與
除稅前經營現金之流出
對賬：

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

	半年結算至 2004年 6月30日 Half-year ended 30 June 2004 港幣百萬元 HK\$m	半年結算至 2003年 6月30日 Half-year ended 30 June 2003 港幣百萬元 HK\$m
提取撥備後經營溢利	6,597	4,470
投資證券之股息收入		
	(13)	—
折舊	293	322
呆壞賬(撥回)/撥備		
	(1,240)	1,669
已撇銷之貸款(扣除收回款額)	(848)	(1,512)
原到期日超過3個月之 即期及短期通知結餘之 變動	(146)	2,572
原到期日超過3個月之 庫券之變動	3,813	855
原到期日超過3個月之 銀行及其他金融機構 存款之變動		
	2,175	(14,645)
貿易票據之變動	(300)	(116)
原到期日超過3個月之 持有之存款證之變動		
	470	(1,006)
持有至到期日證券之變動	(55,628)	1,372
其他證券投資之變動	63,201	(10,348)
貸款及其他賬項之變動	(253)	(672)
其他資產之變動	2,090	1,255
還款期超過3個月之 銀行及其他金融機構之 存款及結餘之變動	9,964	9,967
客戶存款之變動	(36,006)	(15,531)
發行之存款證之變動	(9)	—
其他賬項及準備之變動	(3,919)	4,635
除稅前經營現金之流出	(9,759)	(16,713)

附註(續)

Notes (continued)

14. 綜合現金流量表附註
(續)

14. Notes to consolidated cash flow statement (continued)

(b) 融資變動之分析

(b) Analysis of changes in financing

		2004 年	
		股本 Share capital 港幣百萬元 HK\$m	少數股東權益 Minority interests 港幣百萬元 HK\$m
於2004年1月1日	At 1 January 2004	43,043	1,156
少數股東應佔溢利	Minority interests share of profits	—	76
已付少數股東股息	Dividend paid to minority shareholders	—	(55)
於2004年6月30日	At 30 June 2004	43,043	1,177
		2003 年	
		股本 Share capital 港幣百萬元 HK\$m	少數股東權益 Minority interests 港幣百萬元 HK\$m
於2003年1月1日	At 1 January 2003	43,043	1,114
少數股東應佔溢利	Minority interests share of profits	—	57
已付少數股東股息	Dividend paid to minority shareholders	—	(54)
於2003年6月30日	At 30 June 2003	43,043	1,117

附註(續)

Notes (continued)

14. 綜合現金流量表附註
(續)

14. Notes to consolidated cash flow statement (continued)

(c) 現金及等同現金項目
結存分析

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

		2004年 6月30日 At 30 June 2004 港幣百萬元 HK\$m	2003年 6月30日 At 30 June 2003 港幣百萬元 HK\$m
庫存現金及銀行及 其他金融機構結餘	Cash and balances with banks and other financial institutions	26,145	6,615
原到期日在 3個月內之即期及 短期通知結餘	Money at call and short notice with original maturity within three months	49,969	53,017
原到期日在3個月內 之庫券	Treasury bills with original maturity within three months	12,754	14,169
原到期日在 3個月內之 銀行及其他 金融機構存款	Placements with banks and other financial institutions with original maturity within three months	19,452	16,607
原到期日在 3個月內之持有之 存款證	Certificates of deposit held with original maturity within three months	2,116	495
原到期日在 3個月內之銀行及 其他金融機構之 存款及結餘	Deposits and balances of banks and other financial institutions with original maturity within three months	(50,631)	(26,072)
		59,805	64,831

附註(續)

Notes (continued)

15. 資產負債表外之風險

15. Off-balance sheet exposures

(a) 或然負債及承擔

(a) Contingent liabilities and commitments

或然負債及承擔中每項重要類別之合約數額摘要如下：

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 港幣百萬元 HK\$'m	2003年 12月31日 At 31 December 2003 港幣百萬元 HK\$'m
直接信貸替代項目	Direct credit substitutes	1,208	1,264
與交易有關之或然負債	Transaction-related contingencies	4,594	4,427
與貿易有關之或然負債	Trade-related contingencies	16,183	16,120
其他承擔，原到期日為	Other commitments with		
	an original maturity of		
— 1年以下或	— under one year or which		
可無條件撤銷	are unconditionally	80,627	78,291
	cancellable		
— 1年及以上	— one year and over	44,158	49,037
		146,770	149,139

附註(續)

Notes (continued)

15. 資產負債表外之風險(續)

15. Off-balance sheet exposures (continued)

(b) 衍生工具

衍生工具中每項重要類別之名義合約數額摘要如下：

(b) Derivatives

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		
		買賣 Trading 港幣百萬元 HK\$m	風險對沖 Hedging 港幣百萬元 HK\$m	總計 Total 港幣百萬元 HK\$m	買賣 Trading 港幣百萬元 HK\$m	風險對沖 Hedging 港幣百萬元 HK\$m	總計 Total 港幣百萬元 HK\$m
匯率合約	Exchange rate contracts						
現貨	Spot	20,828	—	20,828	14,673	—	14,673
遠期及期貨合約	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
外匯交易期權合約	Foreign exchange option contracts						
— 買入貨幣期權	— Currency options purchased	1,368	—	1,368	1,476	—	1,476
— 賣出貨幣期權	— Currency options written	1,026	—	1,026	4,435	—	4,435
		188,387	4,331	192,718	206,058	6,254	212,312
利率合約	Interest rate contracts						
利率掉期	Interest rate swaps	4,316	17,592	21,908	381	21,087	21,468
利率期貨	Interest rate futures	803	—	803	—	—	—
利率期權合約	Interest rate option contracts						
— 賣出掉期期權	— Swaption written	1,449	—	1,449	1,446	—	1,446
— 買入期權	— Options purchased	62	—	62	—	—	—
— 賣出期權	— Options written	62	—	62	—	—	—
		6,692	17,592	24,284	1,827	21,087	22,914
貴金屬合約	Bullion contracts						
貴金屬合約	Bullion contracts	1,403	—	1,403	606	—	606
黃金期權合約	Gold option contracts						
— 買入黃金期權	— Gold options purchased	129	—	129	31	—	31
— 賣出黃金期權	— Gold options written	85	—	85	30	—	30
		1,617	—	1,617	667	—	667
股份權益合約	Equity contracts						
股票期權合約	Equity option contracts						
— 買入股票期權	— Equity options purchased	470	—	470	1,016	—	1,016
— 賣出股票期權	— Equity options written	235	—	235	829	—	829
		705	—	705	1,845	—	1,845
總計	Total	197,401	21,923	219,324	210,397	27,341	237,738

附註(續)

Notes (continued)

15. 資產負債表外之風險(續)

15. Off-balance sheet exposures (continued)

(b) 衍生工具(續)

買賣交易包括交易業務及為執行客戶買賣指令或對沖該等持倉量而持有的金融工具盤。

上述資產負債表外風險之重置成本及信貸風險加權數額(並未計及雙邊淨額結算安排之影響)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
		信貸風險加權數額 Credit risk weighted amount		重置成本 Replacement cost	
		港幣百萬元 HK\$m	港幣百萬元 HK\$m	港幣百萬元 HK\$m	港幣百萬元 HK\$m
或然負債及承擔	Contingent liabilities and commitments	27,499	29,813	N/A	N/A
衍生工具	Derivatives				
— 匯率合約	— Exchange rate contracts	505	673	663	1,227
— 利率合約	— Interest rate contracts	79	57	169	112
— 貴金屬合約	— Bullion contracts	11	10	7	33
— 股份權益合約	— Equity contracts	12	29	4	9
		607	769	843	1,381
總計	Total	28,106	30,582	843	1,381

該等工具之合約或名義數額僅顯示於2004年6月30日及2003年12月31日未完成之交易量，並不代表本集團存在風險之金額。

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.

附註(續)

15. 資產負債表外之風險(續)

(b) 衍生工具(續)

信貸風險加權數額是根據銀行業條例附表三及金管局發出之指引計算。計算金額與交易對手之情況及各類合約之期限特徵有關。

重置成本是指重置所有按市值計算而其價值為正數的合約的成本(假設交易對手不履行責任)，並根據該等合約的市值計算。重置成本是該等合約於結算日之信貸風險近似值。

16. 分類報告

分部為集團可辨認之組成部分，可以從所提供的產品及服務(業務分部)或於某單一經濟地區提供產品及服務的所在地(地區分部)區分，而各分部所得之風險與回報均有分別。本集團採用業務分部為基本報告形式，而地區分部為次要報告形式。

分部收入、支出、業績、資產和負債包括可直接地歸屬於一分部及所有可以合理地分配予該分部之項目。收入分配反映以內部資本分配及資金轉移機制將資本及其他資金來源之利益分配予業務或地區分部。

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.

附註(續)

Notes (continued)

16. 分類報告(續)

16. Segmental reporting (continued)

(a) 按業務劃分

(a) By class of business

		半年結算至2004年6月30日 Half-year ended 30 June 2004					
		商業銀行 Commercial banking 港幣百萬元 HK\$m	財資業務 Treasury 港幣百萬元 HK\$m	未分配項目 Unallocated 港幣百萬元 HK\$m	小計 Subtotal 港幣百萬元 HK\$m	合併抵銷 Eliminations 港幣百萬元 HK\$m	綜合 Consolidated 港幣百萬元 HK\$m
淨利息收入	Net interest income	3,830	1,515	164	5,509	—	5,509
其他經營收入	Other operating income	1,747	639	340	2,726	(210)	2,516
經營收入	Operating income	5,577	2,154	504	8,235	(210)	8,025
經營支出	Operating expenses	(2,124)	(80)	(674)	(2,878)	210	(2,668)
提取撥備前經營溢利/(虧損)	Operating profit/(loss) before provisions	3,453	2,074	(170)	5,357	—	5,357
呆壞賬撥回	Write-back of bad and doubtful debts	1,240	—	—	1,240	—	1,240
提取撥備後經營溢利/(虧損)	Operating profit/(loss) after provisions	4,693	2,074	(170)	6,597	—	6,597
出售/重估固定資產之淨收益	Net gain from disposal/ revaluation of fixed assets	—	—	48	48	—	48
出售持有至到期日證券及 投資證券之淨收益	Net gain from disposal of held-to-maturity securities and investment securities	—	—	1	1	—	1
投資聯營公司之減值撥備撥回	Write-back of provision for impairment on investments in associates	—	—	150	150	—	150
應佔聯營公司之溢利扣減虧損	Share of profits less losses of associates	—	—	(19)	(19)	—	(19)
除稅前溢利	Profit before taxation	4,693	2,074	10	6,777	—	6,777
於2004年6月30日 資產	At 30 June 2004 Assets						
分部資產	Segment assets	311,134	422,924	17,226	751,284	—	751,284
投資聯營公司	Investments in associates	—	—	130	130	—	130
未分配公司資產	Unallocated corporate assets	—	—	599	599	—	599
		311,134	422,924	17,955	752,013	—	752,013
負債	Liabilities						
分部負債	Segment liabilities	581,078	105,704	4,474	691,256	—	691,256
未分配公司負債	Unallocated corporate liabilities	—	—	1,673	1,673	—	1,673
		581,078	105,704	6,147	692,929	—	692,929
半年結算至2004年6月30日 其他資料	Half-year ended 30 June 2004 Other information						
增置固定資產	Additions of fixed assets	—	—	87	87	—	87
折舊	Depreciation	—	—	293	293	—	293
持有至到期日證券之溢價/折讓攤銷	Amortisation of premium/discount of held-to-maturity securities	—	76	—	76	—	76

附註(續)

Notes (continued)

16. 分類報告(續)

16. Segmental reporting (continued)

(a) 按業務劃分(續)

(a) By class of business (continued)

		半年結算至2003年6月30日 Half-year ended 30 June 2003					
		商業銀行 Commercial banking 港幣百萬元 HK\$m	財資業務 Treasury 港幣百萬元 HK\$m	未分配項目 Unallocated 港幣百萬元 HK\$m	小計 Subtotal 港幣百萬元 HK\$m	合併抵銷 Eliminations 港幣百萬元 HK\$m	綜合 Consolidated 港幣百萬元 HK\$m
淨利息收入	Net interest income	4,985	1,275	322	6,582	—	6,582
其他經營收入	Other operating income	1,445	639	424	2,508	(254)	2,254
經營收入	Operating income	6,430	1,914	746	9,090	(254)	8,836
經營支出	Operating expenses	(2,143)	(82)	(726)	(2,951)	254	(2,697)
提取撥備前經營溢利	Operating profit before provisions	4,287	1,832	20	6,139	—	6,139
呆壞賬撥備	Charge for bad and doubtful debts	(1,669)	—	—	(1,669)	—	(1,669)
提取撥備後經營溢利	Operating profit after provisions	2,618	1,832	20	4,470	—	4,470
出售/重估固定資產之淨虧損	Net loss from disposal/ revaluation of fixed assets	—	—	(1,220)	(1,220)	—	(1,220)
出售持有至到期日證券及 投資證券之淨收益	Net gain from disposal of held-to-maturity securities and investment securities	—	—	1	1	—	1
持有至到期日證券及 投資證券之減值撥備撥回	Write-back of provision for impairment on held-to-maturity securities and investment securities	—	19	1	20	—	20
出售附屬公司之淨虧損	Net loss on disposal of a subsidiary	—	—	(1)	(1)	—	(1)
投資聯營公司之減值撥備撥回	Write-back of provision for impairment on investments in associates	—	—	6	6	—	6
應佔聯營公司之溢利扣減虧損	Share of profits less losses of associates	—	—	(10)	(10)	—	(10)
除稅前溢利/(虧損)	Profit/(loss) before taxation	2,618	1,851	(1,203)	3,266	—	3,266
於2003年12月31日		At 31 December 2003					
資產		Assets					
分部資產	Segment assets	310,008	432,947	18,438	761,393	—	761,393
投資聯營公司	Investments in associates	—	—	278	278	—	278
未分配公司資產	Unallocated corporate assets	—	—	915	915	—	915
		310,008	432,947	19,631	762,586	—	762,586
負債		Liabilities					
分部負債	Segment liabilities	621,395	77,671	4,522	703,588	—	703,588
未分配公司負債	Unallocated corporate liabilities	—	—	1,640	1,640	—	1,640
		621,395	77,671	6,162	705,228	—	705,228
半年結算至2003年6月30日		Half-year ended 30 June 2003					
其他資料		Other information					
增置固定資產	Additions of fixed assets	—	—	40	40	—	40
折舊	Depreciation	—	—	322	322	—	322
持有至到期日證券之 溢價/折讓攤銷	Amortisation of premium/discount of held-to-maturity securities	—	348	—	348	—	348
除折舊/攤銷外之非現金支出	Non-cash expenses other than depreciation/amortisation	1,669	—	—	1,669	—	1,669

附註(續)

16. 分類報告(續)

(a) 按業務劃分(續)

商業銀行業務包括接納存款、提供按揭貸款、信用卡貸款、匯款、證券經紀服務及保險代理服务、商業貸款、貿易融資及透支貸款。

財資業務包括資金市場、外匯買賣及資本市場業務。財資業務部門管理本集團之融資活動，為所有其他業務部門提供資金，並接納從商業銀行存款業務中籌借之資金。該等部門間資金交易按適當市場買/賣價或按其他業務部門平均資金需求所釐定之內部融資利率及有關財政期間一個月銀行同業拆息率之平均定價。此外，本集團外匯業務之盈虧亦屬財資業務部門之管轄範圍。本附註所呈列之損益資料已按部門間支取/收入交易編製而成。分部資產及負債並無就部門間借貸之影響而作出調整(換言之，分部損益資料不可與分部資產及負債資料作比較)。

未分配項目主要包括本集團之固定資產、投資證券、投資聯營公司及其他無法合理劃入某一特定業務部門之項目。本集團之資本利息收入亦作為未分配項目列入利息收入淨額內。租金支出按業務部門所佔每平方英尺之固定比率劃分。

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.

附註(續)

16. 分類報告(續)

(a) 按業務劃分(續)

職能單位之經營支出劃入最常使用該部門提供服務之有關業務部門。無法劃入某一特定業務部門之其他共用服務之經營支出則列入未分配項目內。

(b) 按地理區域劃分

由於本集團超過90%以上之收入來自香港，且本集團超過90%之資產乃來自於香港之商業決策及業務，故未按地域進行劃分。

17. 主要之有關連人士交易

有關連人士指有能力直接或間接控制另一方，或可在財政及經營決策方面向另一方行使重大影響之人士。倘有關方受共同控制或共同重大影響，亦被視為有關連人士。有關連人士可為個人或其他公司。

期內，本集團與包括最終控股公司、本集團之聯營公司及直接或間接由最終控股公司控制或受其重大影響之有關連人士進行多種交易。

(a) 有關連人士提供擔保之第三者貸款

於2004年6月30日，最終控股公司及一間同系附屬公司為本集團給予若干第三者之貸款港幣41.92億元(2003年12月31日：港幣28.86億元)提供擔保。該同系附屬公司亦擁有該等第三者不超過20%之股份權益。

Notes (continued)

16. Segmental reporting (continued)

(a) By class of business (continued)

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) By geographical area

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. Significant related party transactions

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.

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) Advances to third parties guaranteed by related parties

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.

附註(續)

Notes (continued)

17. 主要之有關連人士交易
(續)

17. Significant related party transactions (continued)

(b) 與有關連人士在正常業務範圍內進行之交易摘要

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

與本銀行之最終控股公司、直接控股公司、間接控股公司、同系附屬公司和聯營公司及最終控股公司之聯營公司達成之有關連人士交易所產生之總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:

	附註 Note	半年結算至 2004年 6月30日 Half-year ended 30 June 2004 港幣百萬元 HK\$'m	半年結算至 2003年 6月30日 Half-year ended 30 June 2003 港幣百萬元 HK\$'m
損益項目：	Profit and loss items:		
利息收入	Interest income (i)	72	181
利息支出	Interest expense (ii)	(63)	(166)
已收保險佣金(淨額)	Insurance commission received (net) (iii)	74	43
已收/應收行政服務費用	Administrative services fees received/receivable (iv)	10	12
已收/應收租金	Rental fees received/receivable (iv)	13	15
已收基金銷售佣金	Funds selling commission received (vi)	56	8
已收代理銀行業務費用	Correspondent banking fee received (vii)	4	4
已收/應收貸款服務費	Loan services fees received/receivable (viii)	5	5
已付/應付信用卡佣金(淨額)	Credit card commission paid/payable (net) (v)	(25)	(19)
已付/應付證券經紀佣金(淨額)	Securities brokerage commission paid/payable (net) (v)	(61)	(42)
已付/應付租務、物業管理及租務代理費用	Rental, property management and letting agency fees paid/payable (v)	(33)	(35)
呆壞賬撥回/(撥備)	Write-back of/(charge for) bad and doubtful debts	159	(1)

附註(續)

Notes (continued)

17. 主要之有關連人士交易
(續)

17. Significant related party transactions (continued)

(b) 與有關連人士在正常業務範圍內進行之交易摘要(續)

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

	附註 Note	2004年	2003年
		6月30日 At 30 June 2004 港幣百萬元 HK\$m	12月31日 At 31 December 2003 港幣百萬元 HK\$m
資產負債表項目：	Balance sheet items:		
庫存現金及短期資金	Cash and short-term funds (i)	27,461	27,913
銀行及其他金融機構存款	Placements with banks and other financial institutions (i)	13,379	9,535
貸款及其他賬項	Advances and other accounts (i)	472	604
其他證券投資	Other investments in securities (i)	—	234
其他資產	Other assets (ix)	693	2,507
銀行及其他金融機構之存款及結餘	Deposits and balances of banks and other financial institutions (ii)	35,840	19,779
客戶存款	Deposits from customers (ii)	4,045	17,957
其他賬項及準備	Other accounts and provisions (ix)	509	2,270

附註：

Notes:

(i) 利息收入

本集團在正常業務中與最終控股公司、同系附屬公司及聯營公司進行多種交易，包括接受現金及短期資金存款、存放同業存款、證券投資及提供貸款和信貸融資。此等交易與集團跟其他第三者交易所訂定的條款與價格相比，並無享有特別優惠。提供貸款和信貸融資的收入包括貸款之利息收入、貸款手續費及貸款承擔費。

(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.

附註(續)

Notes (continued)

17. 主要之有關連人士交易 (續)

17. Significant related party transactions (continued)

- (b) 與有關連人士在正常業務範圍內進行之交易摘要(續)

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

附註：(續)

Notes: (continued)

(ii) 利息支出

(ii) Interest expense

本集團在正常業務中接受本銀行之最終控股公司、直接控股公司、間接控股公司和同系附屬公司及最終控股公司之聯營公司之同業存款及往來、定期、儲蓄及其他存款，均按市場之一般商業條款進行。

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) 已收保險佣金(淨額)

(iii) Insurance commission received (net)

本集團在正常業務中向同系附屬公司提供保險代理服務及購買一般及人壽保險單，均按市場之一般商業條款進行。

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／應收行政服務費及租金

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

本集團在正常業務中向最終控股公司及同系附屬公司提供內部稽核、科技、人力資源支援及培訓等各項行政服務，主要按成本加5%的基礎來收取費用。此外，本集團向同系附屬公司按市場之一般商業條款收取寫字樓物業租金。

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.

附註(續)

Notes (continued)

17. 主要之有關連人士交易
(續)

17. Significant related party transactions (continued)

- (b) 與有關連人士在正常業務範圍內進行之交易摘要(續)

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

附註：(續)

Notes: (continued)

- (v) 已付／應付佣金、物業管理、租務代理費用及租務費用

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

本集團在正常業務中就信用卡之行政管理及推廣服務、證券經紀服務、物業管理及租務代理所支付予最終控股公司及其同系附屬公司佣金，並向同系附屬公司支付租務費用。此等交易均按市場之一般商業條款進行。

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) 已收基金銷售佣金

- (vi) Funds selling commission received

本集團在正常業務中會向本集團客戶推廣和銷售一間同系附屬公司的基金產品並收取佣金，此等業務均按市場之一般商業條款進行。

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) 已收代理銀行業務費用

- (vii) Correspondent banking fee received

最終控股公司在正常業務中向本集團客戶提供代理銀行服務，其中包括匯款及通知和託收本集團向客戶發出之信用證。本集團與最終控股公司雙方按不時議定之比例分攤客戶所付費用。

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.

附註(續)

Notes (continued)

17. 主要之有關連人士交易 (續)

17. Significant related party transactions (continued)

- (b) 與有關連人士在正常業務範圍內進行之交易摘要(續)

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

附註：(續)

Notes: (continued)

- (viii) 已收／應收貸款服務費

- (viii) Loan services fees received/receivable

本集團在正常業務中，對轉讓予同系附屬公司及最終控股公司之貸款及相關抵押品提供管理服務，本集團在往年收取按各方不時議定之服務費用。

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，該同系附屬公司及最終控股公司與另一同系附屬公司(“承讓人”)簽署債權轉讓契據，而本集團也是合約的其中一方，本集團於本年開始對承讓人持有的貸款組合提供服務，並按比例收取原有貸款協議的服務費。

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) 其他資產及其他賬項及準備

- (ix) Other assets and other accounts and provisions

其他資產及其他賬項及準備包括了向最終控股公司及同系附屬公司之應收及應付賬款，主要是由於代本集團客戶買賣股票而對一間同系附屬公司所產生的應收及應付賬款。此等應收及應付賬款從正常業務範圍進行之交易所產生。

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.

附註(續)

Notes (continued)

17. 主要之有關連人士交易
(續)

17. Significant related party transactions (continued)

(c) 資產負債表外之項目

(c) Off-balance sheets items

或然負債及承擔

Contingent liabilities and commitments

本集團在正常業務中按市場之一般商業條款為最終控股公司、同系附屬公司及聯營公司提供貸款融資、貿易融資服務及為其責任作出擔保。於2004年6月30日，該等未提取之貸款承擔、與貿易有關之或然負債及擔保數額為港幣19.67億元(2003年12月31日：港幣11.32億元)。

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

本集團在正常業務中與最終控股公司及同系附屬公司訂立了外匯合約及利率合約。於2004年6月30日，該等衍生交易之名義數額總值為港幣126.06億元(2003年12月31日：港幣193.23億元)。此等交易按市場之一般商業條款進行。

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.

附註(續)

Notes (continued)

17. 主要之有關連人士交易
(續)

17. Significant related party transactions (continued)

(d) 與集團公司及聯營公司
之結餘

(d) Balances with group companies and associates

下列資產負債表項目內
包括與最終控股公司之
結餘如下:

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

		2004年 6月30日 At 30 June 2004 港幣百萬元 HK\$m	2003年 12月31日 At 31 December 2003 港幣百萬元 HK\$m
庫存現金及短期資金	Cash and short-term funds	27,414	27,789
銀行及其他金融機構 存款	Placements with banks and other financial institutions	13,328	9,532
貸款及其他賬項	Advances and other accounts	8	18
其他證券投資	Other investments in securities	—	234
其他資產	Other assets	12	35
銀行及其他金融機構 之存款及結餘	Deposits and balances of banks and other financial institutions	34,038	19,066
其他賬項及準備	Other accounts and provisions	25	29

附註(續)

Notes (continued)

17. 主要之有關連人士交易
(續)

17. Significant related party transactions (continued)

(d) 與集團公司及聯營公司
之結餘(續)

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

下列資產負債表項目內
包括與本銀行之直接控
股公司、間接控股公司
和同系附屬公司及最終
控股公司之聯營公司之
結餘如下:

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 港幣百萬元 HK\$'m	2003 年 12 月 31 日 At 31 December 2003 港幣百萬元 HK\$'m
庫存現金及短期資金	Cash and short-term funds	47	124
銀行及其他金融機構 存款	Placements with banks and other financial institutions	51	3
貸款及其他賬項	Advances and other accounts	461	446
其他資產	Other assets	681	2,472
銀行及其他金融機構 之存款及結餘	Deposits and balances of banks and other financial institutions	1,796	710
客戶存款	Deposits from customers	3,876	17,881
其他賬項及準備	Other accounts and provisions	484	2,241

附註(續)

Notes (continued)

17. 主要之有關連人士交易
(續)

17. Significant related party transactions (continued)

(d) 與集團公司及聯營公司
之結餘(續)

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

下列資產負債表項目內
包括與本銀行之附屬公
司之結餘如下:

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

		2004年 6月30日 At 30 June 2004 港幣百萬元 HK\$m	2003年 12月31日 At 31 December 2003 港幣百萬元 HK\$m
庫存現金及短期資金	Cash and short-term funds	1,677	1,698
銀行及其他金融機構 存款	Placements with banks and other financial institutions	—	537
貸款及其他賬項	Advances and other accounts	955	777
其他資產	Other assets	547	1,394
銀行及其他金融機構 之存款及結餘	Deposits and balances of banks and other financial institutions	2,060	1,357
客戶存款	Deposits from customers	432	917
其他賬項及準備	Other accounts and provisions	190	528

於2004年6月30日及2003
年12月31日與本集團聯
營公司並沒有重大之結
餘。

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

(e) 主要高層人員

(e) Key management personnel

本集團接受主要高層人
員存款及向其提供貸款
及信貸融資，此等交易
均按市場一般商業條款
進行。於期內及去年，
本集團並沒有與本銀行
及其控股公司之主要高
層人員或其有關連人士
進行重大交易。

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.

附註(續)

18. 法定賬目

此中期業績報告所載為未經審核資料，並不構成法定賬目。截至2003年12月31日止之法定賬目，已送呈公司註冊處及金管局。該法定賬目載有於2004年3月22日發出之無保留意見的審計師報告。

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.

補充財務資料

Supplementary Financial Information

1. 資本充足比率

1. Capital adequacy ratio

		2004年 6月30日 At 30 June 2004	2003年 12月31日 At 31 December 2003
資本充足比率	Capital adequacy ratio	16.52%	15.11%
經調整之資本充足比率	Adjusted capital adequacy ratio	16.51%	15.21%

資本充足比率乃根據銀行業條例附表三及按金管局就監管規定要求以綜合基準計算本銀行及其指定之附屬公司財務狀況的比率。

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.

經調整資本充足比率乃根據金管局頒佈的監管手冊內之《就市場風險維持充足資本》指引，計入在資產負債表日期之市場風險，按照未經調整之資本充足比率之相同基準計算。

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.

補充財務資料(續)

Supplementary Financial Information (continued)

2. 扣減後的資本基礎成份

用於計算以上2004年6月30日及2003年12月31日之資本充足比率及已匯報金管局之扣減後的綜合資本基礎分析如下：

2. Components of capital base after deductions

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 港幣百萬元 HK\$'m	2003年 12月31日 At 31 December 2003 港幣百萬元 HK\$'m
核心資本：	Core capital:		
繳足股款的普通股股本	Paid up ordinary share capital	43,043	43,043
儲備	Reserves	12,543	10,468
損益賬	Profit and loss account	1,999	2,327
少數股東權益	Minority interests	949	917
		58,534	56,755
附加資本：	Supplementary capital:		
一般呆賬準備金	General provisions for doubtful debts	4,702	4,997
資本基礎總額	Total capital base	63,236	61,752
資本基礎總額的扣減項目：	Deduction from total capital base：		
持有附屬公司或 控股公司的股份	Shareholdings in subsidiaries or holding company	(351)	(449)
對有連繫公司的風險承擔	Exposures to connected companies	(780)	(872)
持有非附屬公司20%或 以上的股權投資	Equity investments of 20% or more in non-subsidiary companies	(107)	(107)
在其他銀行或金融機構 的股本投資	Investments in the capital of other banks or other financial institutions	(1)	(1)
		(1,239)	(1,429)
扣減後的資本基礎總額	Total capital base after deductions	61,997	60,323

補充財務資料(續)

Supplementary Financial Information (continued)

3. 流動資金比率

3. Liquidity ratio

		半年結算至	半年結算至
		2004年 6月30日 Half-year ended 30 June 2004	2003年 6月30日 Half-year ended 30 June 2003
平均流動資金比率	Average liquidity ratio	34.64%	37.93%

平均流動資金比率是以本銀行期內每月平均流動資金比率的簡單平均值計算。

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

流動資金比率是根據銀行業條例附表四及以單獨基準(即只包括香港辦事處)計算。

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. 貨幣風險

4. Currency concentrations

下表列出因外匯自營交易、非自營交易及結構性倉盤而產生之主要外幣風險額。期權盤淨額之計算是根據金管局於“外幣持倉”申報表所載之最保守情況計算。

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							
		港幣百萬元等值 Equivalent in millions of HK\$							
		新西蘭元							總計 Total
		美元 US Dollars	歐羅 Euro	加元 Canadian Dollars	澳元 Australian Dollars	New Zealand Dollars	人民幣 Renminbi Yuan	其他貨幣 Others	
現貨資產	Spot assets	174,627	17,324	7,182	26,202	4,476	7,765	27,983	265,559
現貨負債	Spot liabilities	(151,001)	(12,299)	(6,770)	(27,737)	(11,396)	(7,121)	(17,121)	(233,445)
遠期買入	Forward purchases	116,929	12,595	2,342	12,433	10,086	8	30,416	184,809
遠期賣出	Forward sales	(138,410)	(17,787)	(2,760)	(10,829)	(3,140)	(2)	(40,985)	(213,913)
期權盤淨額	Net options position	69	(24)	(15)	(135)	24	—	97	16
長/(短) 盤淨額	Net long/(short) position	2,214	(191)	(21)	(66)	50	650	390	3,026

補充財務資料(續)

Supplementary Financial Information (continued)

4. 貨幣風險(續)

4. Currency concentrations (continued)

		2003年12月31日 At 31 December 2003							
		港幣百萬元等值 Equivalent in millions of HK\$							
		新西蘭元							
		美元	加元	澳元	新西蘭元	人民幣	其他貨幣	總計	
		US	歐羅	Canadian	Australian	Zealand	Renminbi	其他貨幣	
		Dollars	Euro	Dollars	Dollars	Dollars	Yuan	Others	
								Total	
現貨資產	Spot assets	164,349	21,619	6,358	22,007	7,295	1,144	25,847	248,619
現貨負債	Spot liabilities	(142,187)	(11,011)	(9,978)	(28,336)	(13,579)	(563)	(19,155)	(224,809)
遠期買入	Forward purchases	125,005	13,252	4,619	20,289	10,701	—	35,530	209,396
遠期賣出	Forward sales	(149,283)	(24,134)	(1,080)	(14,112)	(4,665)	—	(42,074)	(235,348)
期權盤淨額	Net options position	(974)	59	(11)	837	92	—	14	17
長/(短) 盤淨額	Net long/(short) position	(3,090)	(215)	(92)	685	(156)	581	162	(2,125)

於2004年6月30日及2003年12月31日，本集團並沒有重大結構倉盤淨額。

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

補充財務資料(續)

Supplementary Financial Information (continued)

5. 分類資料

5. Segmental information

(a) 按行業分類之客戶貸款總額

(a) Sectoral analysis of gross advances to customers

根據在香港境內或境外以及借貸人從事之業務作出分類之客戶貸款總額資料分析如下：

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 港幣百萬元 HK\$m	2003年 12月31日 At 31 December 2003 港幣百萬元 HK\$m
在香港使用之貸款	Loans for use in Hong Kong		
工商金融業	Industrial, commercial and financial		
– 物業發展	– Property development	19,104	23,162
– 物業投資	– Property investment	47,311	46,754
– 金融業	– Financial concerns	10,269	6,589
– 股票經紀	– Stockbrokers	84	41
– 批發及零售業	– Wholesale and retail trade	18,292	18,858
– 製造業	– Manufacturing	11,967	11,342
– 運輸及運輸設備	– Transport and transport equipment	9,962	12,385
– 其他	– Others	32,371	38,529
個人	Individuals		
– 購買居者有其屋計劃、私人機構參建居屋計劃及租者置其屋計劃樓宇之貸款	– Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	17,694	18,244
– 購買其他住宅物業之貸款	– Loans for purchase of other residential properties	94,850	90,003
– 信用卡貸款	– Credit card advances	3,845	3,756
– 其他	– Others	7,032	7,387
在香港使用之貸款總額	Total loans for use in Hong Kong	272,781	277,050
貿易融資	Trade finance	9,460	9,851
在香港以外使用之貸款總額	Loans for use outside Hong Kong	26,272	21,681
客戶貸款總額	Gross advances to customers	308,513	308,582

補充財務資料(續)

Supplementary Financial Information (continued)

5. 分類資料(續)

- (b) 按地理區域分類之客戶貸款總額、逾期貸款及不履約貸款

下列關於客戶貸款總額、逾期超過三個月之貸款及不履約貸款之地理區域分析是根據交易對手之所在地，並已顧及有關貸款之風險轉移因素。

(i) 客戶貸款總額

		2004年 6月30日 At 30 June 2004 港幣百萬元 HK\$m	2003年 12月31日 At 31 December 2003 港幣百萬元 HK\$m
香港	Hong Kong	282,741	289,129
中國內地	Mainland China	10,906	8,434
其他	Others	14,866	11,019
		308,513	308,582

5. Segmental information (continued)

- (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) Gross advances to customers

(ii) 逾期超過三個月之貸款

		2004年 6月30日 At 30 June 2004 港幣百萬元 HK\$m	2003年 12月31日 At 31 December 2003 港幣百萬元 HK\$m
香港	Hong Kong	7,674	11,066
中國內地	Mainland China	322	469
其他	Others	82	69
		8,078	11,604

補充財務資料(續)

Supplementary Financial Information (continued)

5. 分類資料(續)

5. Segmental information (continued)

(b) 按地理區域分類之客戶
貸款總額、逾期貸款及
不履約貸款(續)

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

(iii) 不履約貸款

(iii) Non-performing loans

		2004 年 6 月 30 日 At 30 June 2004 港幣百萬元 HK\$m	2003 年 12 月 31 日 At 31 December 2003 港幣百萬元 HK\$m
香港	Hong Kong	12,076	16,801
中國內地	Mainland China	493	887
其他	Others	104	144
		12,673	17,832

補充財務資料(續)

Supplementary Financial Information (continued)

6. 跨國債權

跨國債權資料顯示對海外交易對手之最終風險之地區分佈，並會按照交易對手所在地計入任何風險轉移。一般而言，假如債務之擔保人所處國家與借貸人不同，或債務由某銀行之海外分行作出而其總公司位處另一國家，則會確認跨國債權風險之轉移。佔總跨國債權10%或以上之地區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:

		銀行及其他 金融機構 Banks and other financial institutions 港幣百萬元 HK\$m	公共機構 Public sector entities 港幣百萬元 HK\$m	其他 Others 港幣百萬元 HK\$m	總計 Total 港幣百萬元 HK\$m
於2004年6月30日	At 30 June 2004				
亞洲，不包括香港	Asia, other than Hong Kong				
— 中國內地	— 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				
— 美國	— 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
西歐	Western Europe				
— 德國	— Germany	32,363	—	4,625	36,988
— 其他	— Others	108,469	699	14,192	123,360
		140,832	699	18,817	160,348
總計	Total	259,543	32,539	45,111	337,193

補充財務資料(續)

Supplementary Financial Information (continued)

6. 跨國債權(續)

6. Cross-border claims (continued)

		銀行及其他 金融機構 Banks and other financial institutions 港幣百萬元 HK\$m	公共機構 Public sector entities 港幣百萬元 HK\$m	其他 Others 港幣百萬元 HK\$m	總計 Total 港幣百萬元 HK\$m
於2003年12月31日	At 31 December 2003				
亞洲，不包括香港	Asia, other than Hong Kong				
— 中國內地	— 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				
— 美國	— 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
西歐	Western Europe				
— 德國	— 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
總計	Total	274,046	22,654	50,965	347,665

補充財務資料(續)

Supplementary Financial Information (continued)

7. 逾期及經重組資產

7. Overdue and rescheduled assets

(a) 逾期貸款與不履約貸款

(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	
		佔客戶貸款總額 百分比 % of gross 金額 Amount 港幣百萬元 HK\$m		佔客戶貸款總額 百分比 % of gross 金額 Amount 港幣百萬元 HK\$m	
客戶貸款總額， 已逾期：	Gross advances to customers which have been overdue for:				
— 超過3個月但不超過6個月	— six months or less but over three months	735	0.24%	977	0.31%
— 超過6個月但不超過1年	— one year or less but over six months	850	0.28%	2,521	0.82%
— 超過1年	— over one year	6,493	2.10%	8,106	2.63%
逾期超過3個月之貸款	Advances overdue for over three months	8,078	2.62%	11,604	3.76%
減：	Less:				
逾期超過3個月 並仍累計利息之貸款	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個月或以下， 而利息記入暫記利息 或停止累計利息之貸款	Amount overdue for three months or less and on which interest is being placed in suspense or on which interest accrual has ceased				
— 包括在經重組之貸款內	— included in rescheduled advances	458	0.15%	798	0.26%
— 其他	— others	4,231	1.37%	5,497	1.78%
不履約貸款總額	Gross non-performing loans	12,673	4.11%	17,832	5.78%

於2004年6月30日及2003年12月31日，沒有逾期超過3個月之銀行及其他金融機構貸款。

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.

補充財務資料(續)

Supplementary Financial Information (continued)

7. 逾期及經重組資產(續)

7. Overdue and rescheduled assets (continued)

(b) 其他逾期資產

(b) Other overdue assets

		2004年 6月30日 At 30 June 2004 港幣百萬元 HK\$m	2003年 12月31日 At 31 December 2003 港幣百萬元 HK\$m
已逾期：	Overdue for:		
— 超過3個月 但不超過6個月	— six months or less but over three months	2	2
— 1年以上	— over one year	2	2
		4	4

於2004年6月30日及2003年12月31日，其他逾期資產為應計利息。

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

(c) 經重組客戶貸款

(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	
		金額 Amount 港幣百萬元 HK\$m	佔客戶貸款總額 百分比 % of gross advances to customers	金額 Amount 港幣百萬元 HK\$m	佔客戶貸款總額 百分比 % of gross advances to customers
經重組客戶貸款	Rescheduled advances to customers	518	0.17%	851	0.28%

補充財務資料(續)

Supplementary Financial Information (continued)

7. 逾期及經重組資產(續)

7. Overdue and rescheduled assets (continued)

(c) 經重組客戶貸款(續)

有明確到期日之貸款，若其本金或利息已逾期及仍未償還，則列作逾期貸款。須定期分期償還之貸款，若其中一次分期還款已逾期及仍未償還，則列作逾期處理。須即期償還之貸款若已向借款人送達還款通知，但借款人未按指示還款，或貸款一直超出借款人獲通知之批准貸款限額，亦列作逾期處理。

經重組貸款乃指客戶因為財政困難或無能力如期還款而經雙方同意達成重整還款計劃之貸款，而經修訂之還款條款(例如利率或還款期)並非一般商業條款。修訂還款計劃後之經重組貸款如仍逾期超過3個月，則包括在逾期貸款內。列示之經重組貸款會扣除已計入客戶賬但撥入暫記賬之利息，但未扣除特別準備。

於2004年6月30日及2003年12月31日，沒有經重組之銀行及其他金融機構貸款。

(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.

補充財務資料(續)

Supplementary Financial Information (continued)

8. 收回資產

8. Repossessed assets held

	2004年 6月30日 At 30 June 2004 港幣百萬元 HK\$'m	2003年 12月31日 At 31 December 2003 港幣百萬元 HK\$'m
收回資產	1,399	1,757

收回資產是指集團為解除貸款人部分或全部債務而得以存取或控制的資產，包括物業及證券(例如透過法庭程序或有關貸款人的自願行動)。在收回資產後，所涉及的貸款仍繼續記錄於貸款項下直至所有催收行動經已完成及收回資產經已變賣為止。有關貸款所提取的特別準備金已考慮將出售的收回資產的市值。在收回資產出售後，已提取的特別準備金將用作沖銷有關貸款。

Reposessed 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 reposessed assets are realised. Specific provisions will be made after taking into account the market value of the reposessed assets which are yet to be disposed. Upon disposal of the reposessed assets, any specific provisions previously made will be utilised to write off the loans and advances.

9. 符合《本地註冊認可機構披露中期財務資料》指引

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

截至2004年上半年止的中期業績報告完全符合金管局頒佈之監管政策手冊《本地註冊認可機構披露中期財務資料》指引內所載的規定。

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. 符合會計準則第25號

10. Compliance with SSAP 25

截至2004年上半年止的中期業績報告符合香港會計師公會頒佈之會計準則第25號“中期財務報告”之要求。

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

獨立審閱報告

致中國銀行(香港)有限公司董事會

(在香港註冊成立的有限公司)

引言

本所已按中國銀行(香港)有限公司及其附屬公司(貴集團)指示，審閱第28頁至第66頁所載的中期財務報告。

董事及審計師各自之責任

董事須負責編制符合香港會計師公會頒佈的會計實務準則第25號“中期財務報告”及其相關規定的中期財務報告。董事須對中期財務報告負責，而該報告亦已經董事會批准。

本所之責任是根據審閱之結果，對中期財務報告出具獨立結論，並按照雙方所協定的應聘書條款僅向整體董事會報告，除此之外本報告別無其他目的。本所不會就本報告的內容向任何其他人士負上或承擔任何責任。

已執行的審閱工作

本所已按照香港會計師公會所頒佈的審計準則第700號“審閱中期財務報告的委聘”進行審閱工作。審閱工作主要包括向貴集團管理層作出查詢，及對中期財務報告進行分析程序，然後根據結果評估貴集團之會計政策及呈報方式是否貫徹應用(惟已另作披露則除外)。審閱工作並不包括監控測試及核證資產、負債及交易等審計程序。由於審閱的範圍遠較審計為小，故所提供的保證程度較審計為低。因此，本所不會對中期財務報告發表審計意見。

審閱結論

按照本所審閱的結果，但此審閱並不作為審計之一部份，本所並無發現任何須在截至2004年6月30日止6個月的中期財務報告作出重大修訂之事項。



羅兵咸永道會計師事務所

執業會計師

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

釋義

在本中期業績報告中，除非文義另有所指，否則下列詞彙具有以下涵義：

詞彙	涵義
“董事會”	本銀行董事會
“中國銀行”	中國銀行，根據中國法例成立之國有商業銀行
“中銀香港”或“本銀行”	中國銀行(香港)有限公司，根據香港法例註冊成立之公司，並為中銀香港(控股)有限公司之全資附屬公司
“中銀國際-英國保誠資產管理公司”	中銀國際英國保誠資產管理有限公司，根據香港法例註冊成立之公司，中銀國際控股有限公司之全資附屬公司中銀國際資產管理有限公司與英國保誠集團分別佔其64% 及36% 股權
“集友”	集友銀行有限公司，根據香港法例註冊成立之公司，中銀香港佔其70.49% 股權
“本集團”	本銀行及其附屬公司
“金管局”	香港金融管理局
“內地”或“中國內地”	中華人民共和國內地
“不履約貸款”	將利息撥入暫記賬或停止累計利息的客戶貸款及墊款
“南商”	南洋商業銀行有限公司，根據香港法例註冊成立之公司，並為中銀香港之全資附屬公司
“中國”	中華人民共和國
“人民幣”	人民幣，中國法定貨幣
“沙士”	嚴重急性呼吸系統綜合症
“會計準則”	會計實務準則
“涉險值”	風險持倉涉險值

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

