

2005 中期業績報告 Interim Report



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

目錄	頁數	CONTENTS	PAGE
管理層討論及分析	1	Management's Discussion and Analysis	18
綜合損益賬	36	Consolidated Profit and Loss Account	36
綜合資產負債表	37	Consolidated Balance Sheet	37
綜合權益變動結算表	38	Consolidated Statement of Changes in Equity	38
綜合現金流量表	39	Consolidated Cash Flow Statement	39
賬目附註		Notes to the Accounts	
1. 編製基準及會計政策	40	1. Basis of preparation and accounting policies	40
2. 採納新香港會計準則之影響	53	2. Effect of adopting new HKASs	53
3. 淨利息收入	55	3. Net interest income	55
4. 淨服務費及佣金收入	56	4. Net fees and commission income	56
5. 淨交易性收入	57	5. Net trading income	57
6. 其他經營收入	57	6. Other operating income	57
7. 經營支出	58	7. Operating expenses	58
8. 貸款減值準備撥回	59	8. Reversal of loan impairment allowances on advances	59
9. 呆壞賬撥回	59	9. Write-back of bad and doubtful debts	59
10. 出售／重估固定資產之淨(虧損)／ 收益	60	10. Net (loss)/gain from disposal/revaluation of fixed assets	60
11. 出售／重估投資物業之淨收益	60	11. Net gain from disposal/revaluation of investment properties	60
12. 稅項	61	12. Taxation	61
13. 股息	62	13. Dividend	62
14. 可供出售證券	63	14. Available-for-sale securities	63
15. 持有至到期日證券	64	15. Held-to-maturity securities	64
16. 投資證券	65	16. Investment securities	65
17. 其他證券投資	66	17. Other investments in securities	66
18. 交易性證券及公平值變化計入損益的 其他金融資產	67	18. Trading securities and other financial instruments at fair value through profit or loss	67
19. 衍生金融工具	68	19. Derivative financial instruments	68
20. 貸款及其他賬項	73	20. Advances and other accounts	73
21. 客戶存款	75	21. Deposits from customers	75
22. 交易性負債及公平值變化計入損益 的其他金融工具	75	22. Trading liabilities and other financial instruments at fair value through profit or loss	75
23. 已抵押資產	75	23. Assets pledged as security	75
24. 遞延稅項	76	24. Deferred taxation	76
25. 其他賬項及準備	78	25. Other accounts and provisions	78
26. 股本	78	26. Share capital	78
27. 儲備	78	27. Reserves	78
28. 綜合現金流量表附註	79	28. Notes to consolidated cash flow statement	79
29. 到期日分析	81	29. Maturity profile	81
30. 或然負債及承擔	84	30. Contingent liabilities and commitments	84
31. 分類報告	85	31. Segmental reporting	85
32. 主要之有關連人士交易	91	32. Significant related party transactions	91
33. 比較數字	105	33. Comparative amounts	105
34. 法定賬目	105	34. Statutory accounts	105

目錄	頁數	CONTENTS	PAGE
補充財務資料		Supplementary Financial Information	
1. 資本充足比率	106	1. Capital adequacy ratio	106
2. 扣減後的資本基礎成份	106	2. Components of capital base after deductions	106
3. 流動資金比率	107	3. Liquidity ratio	107
4. 貨幣風險	108	4. Currency concentrations	108
5. 分類資料	109	5. Segmental information	109
6. 跨國債權	111	6. Cross-border claims	111
7. 逾期及經重組資產	113	7. Overdue and rescheduled assets	113
8. 收回資產	115	8. Repossessed assets held	115
9. 符合《本地註冊認可機構披露中期財務資料》指引	115	9. Compliance with the guideline on “Interim Financial Disclosure by Locally Incorporated Authorized Institutions”	115
10. 符合香港會計準則第 34 號	115	10. Compliance with HKAS 34	115
獨立審閱報告	116	Independent Review Report	117
釋義	118	Definitions	119

管理層討論及分析

綜合財務回顧

由 2005 年 1 月 1 日起，集團之財務報告需按照新增及經修訂的香港財務報告準則和香港會計準則(以下統稱“新會計準則”)編制。由於會計準則有所轉變，故部分 2004 年之比較數據並非嚴格可比較。

集團股東應佔溢利較上年同期上升 16.4%至港幣 64.95 億元。集團表現改善主要受經營收入增加帶動，同時經營支出能保持於去年水平。提取貸款減值準備前經營溢利亦相應較去年同期理想。股東應佔溢利同比上揚，主要得益大幅於貸款減值準備撥回，以及投資物業重估出現的大額盈利。後者反映了我們會計政策的改變，因為在 2004 年 6 月 30 日我們並未進行物業重估。

財務表現

港幣百萬元，百分比除外	半年結算至 2005 年 6 月 30 日	半年結算至 2004 年 12 月 31 日	半年結算至 2004 年 6 月 30 日
經營收入	8,198	7,827	8,025
經營支出	(2,676)	(2,836)	(2,668)
提取貸款減值準備／撥備前經營溢利	5,522	4,991	5,357
貸款減值準備／撥備撥回	1,435	388	1,240
其他	939	2,121	180
除稅前溢利	7,896	7,500	6,777
本公司股東應佔溢利	6,495	6,410	5,582
淨利息收益率	1.58%	1.54%	1.56%
非利息收入佔總經營收入比率	28.85%	27.41%	31.35%
成本對收入比率	32.64%	36.23%	33.25%

集團 2005 年上半年的財務表現、業務經營及風險管理狀況將於以下章節作出詳述。

會計政策的主要轉變

對經營業績產生重要財務影響的新會計準則如下所示。

準則及詮釋	2005 年上半年對財務產生之重大影響
<ul style="list-style-type: none"> 香港會計準則第 39 號：「金融工具之確認和計量」 	<ul style="list-style-type: none"> 對利息收入、服務費及佣金收入、淨交易性收入及減值準備產生影響
<ul style="list-style-type: none"> 香港會計準則第 40 號：「投資物業」 	<ul style="list-style-type: none"> 影響資產及負債的分類 投資物業的重估儲備在期初結餘調整時轉移至留存盈利項目 投資物業公平價值之改變直接在損益賬確認
<ul style="list-style-type: none"> 香港會計準則第 12 號：「利得稅項」 - 香港會計準則詮釋第 21 號 	<ul style="list-style-type: none"> 提取投資物業重估增值的遞延稅項

在管理層及討論分析中，將對新會計準則之影響適當地作出敘述。中期業績報告附註部份對會計政策之改變有詳細的敘述。

管理層討論及分析 (續)

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 2005年6月30日	半年結算至 2004年12月31日	半年結算至 2004年6月30日
利息收入	10,065	8,374	7,304
利息支出	(4,232)	(2,692)	(1,795)
淨利息收入	5,833	5,682	5,509
淨利息收入 (可比基礎)	5,872	5,682	5,509
平均生息資產	744,464	734,174	708,490
淨息差	1.43%	1.43%	1.49%
淨利息收益率	1.58%	1.54%	1.56%
淨利息收益率 (可比基礎)	1.59%	1.54%	1.56%

淨利息收入較去年同期增加港幣 3.24 億元或 5.9%至港幣 58.33 億元。平均生息資產增加港幣 359.74 億元或 5.1%至港幣 7,444.64 億元。淨息差及淨利息收益率分別為 1.43%及 1.58%。若剔除新會計準則的影響，可比較的淨利息收入為港幣 58.72 億元，較去年同期上升 6.6%或港幣 3.63 億元。同樣，可比較的淨利息收益率則為 1.59%，較 2004 年上半年上升 3 個基點。

執行新會計準則對集團淨利息收入產生約港幣 0.39 億元的負面影響，主要影響因素如下：

- 減值之貸款的利息收入需根據實際利率方法確認，但過往會計準則並不確認呆賬利息。
- 過往計入利息收入的外匯掉期合約之掉期點子，現根據新會計準則計入交易性收入。
- 貸款產生的直接服務費及支出過往於手續費收入及支出確認，現需使用實際利率方式反映為利息收入。

2005 年上半年，港元利率仍維持於較低水平。但至 5 月香港金管局推出優化聯繫匯率制度後，港元利率反彈，大幅收窄了與美元利率的差距。平均 1 個月香港銀行同業拆息由 2004 年上半年的 0.11%上升至 2.02%。平均 1 個月美元同業拆息由 1.13%上升至 2.88%。

平均貸款毛收益率上升 51 個基點。但 2005 年上半年的住宅按揭貸款組合加權平均定價較去年同期下跌 25 個基點，由 2004 年上半年的最優惠利率減 2.12%下跌至本年度的最優惠利率減 2.37%。面對截然不同的利率環境，集團在第二季度調整了按揭利率策略，提高新做貸款的實際利率及減少現金回贈。由於集團繼續分散投資組合以提高收益，平均債務證券毛收益率上升 76 個基點。然而，孳息率曲綫趨平限制了債務證券投資組合收益貢獻的改善。集團積極管理資金成本拓寬了存款利差，但資金成本仍因儲蓄存款及定期存款的平均利率分別上升了 33 個基點及 97 個基點而有所增加。

在可比基礎上與 2004 年下半年比較，淨利息收入上升港幣 1.90 億元或 3.3%。淨息差基本持平。淨利息收益率則拓寬了 5 個基點，主要因淨無息資金的貢獻增加。平均貸款及債務證券的毛收益率分別上升 48 及 51 個基點。但在激烈的市場競爭下，住宅按揭貸款收益率持續收窄，限制了貸款收益率的改善。住宅按揭貸款組合加權平均定價較 2004 年下半年下降 12 個基點。

管理層討論及分析 (續)

淨服務費及佣金收入

港幣百萬元	半年結算至 2005年6月30日	半年結算至 2004年12月31日	半年結算至 2004年6月30日
匯票佣金收入	257	277	270
貸款佣金收入	124	256	234
財富管理收入			
股票買賣	330	374	462
資產管理	85	58	175
人壽保險	135	67	127
零售債券及結構性票據	74	58	40
一般保險	58	68	52
信託服務	49	43	32
繳款服務	179	184	165
信用卡	372	350	316
其他	342	350	348
服務費及佣金收入	2,005	2,085	2,221
服務費及佣金支出	(507)	(575)	(508)
淨服務費及佣金收入	1,498	1,510	1,713
淨服務費及佣金收入 (可比基礎)	1,602	1,510	1,713

由於代客買賣股票及銷售投資基金佣金收入減少，加之執行新會計準則的影響，淨服務費及佣金收入減少港幣 2.15 億元或 12.6% 至港幣 14.98 億元。新會計準則令淨服務費及佣金收入減少港幣 1.04 億元，主要是貸款佣金的減少。若剔除新會計準則的影響，淨服務費及佣金收入下跌幅度縮減至港幣 1.11 億元或 6.5%。

因利率攀升，以及 2004 年上半年表現強勁造成基數較高，2005 年上半年代客買賣股票及銷售投資基金的收入分別較 2004 年同期減少港幣 1.32 億元或 28.6% 及港幣 0.90 億元或 51.4%。隨著利率的上升，客戶的投資需求轉向有更高潛在投資回報的產品。因此，保本基金的銷售量在上半年直線下降，佔總基金銷售的比例由 2004 年上半年的逾 50% 減少至 2005 年上半年的不及 10%。然而，結構性產品和開放式基金備受市場歡迎，集團妥善地把握了市場增長機會，促使銷售分別增長 87.4% 及 12.0%。但上半年市場交易量下跌，拖累集團股票買賣手續費收入相應減少。

貸款佣金收入下跌港幣 1.10 億元或 47.0%。在執行新會計準則後，於貸款產生的港幣 1.33 億元直接服務費，已按預計之貸款年期攤銷至利息收入，作為計算貸款有效利息的一部份。剔除新會計準則的影響，貸款服務費將錄得輕微的增長。匯票佣金收入減少港幣 0.13 億元或 4.8%，反映激烈的市場競爭令收益率收窄。

信用卡業務的收入錄得 17.7% 的增長，主要由卡戶消費額及商戶收單業務總額分別增長 20.4% 及 21.5% 所帶動。

在可比基礎上與 2004 年下半年比較，淨服務費及佣金收入應增加港幣 0.92 億元或 6.1%，主要受財富管理收入增長所帶動。人壽保險及投資基金銷售佣金收入分別取得 101.5% 及 46.6% 的強勁增長。

管理層討論及分析 (續)

淨交易性收入

港幣百萬元	半年結算至 2005年6月30日	半年結算至 2004年12月31日	半年結算至 2004年6月30日
外匯交易及外匯交易產品	596	482	610
利率工具	129	(12)	(1)
股份權益工具	4	7	21
商品	17	22	32
淨交易性收入	746	499	662
淨交易性收入 (可比基礎)	510	499	662

淨交易性收入較 2004 年上半年上升港幣 0.84 億元或 12.7%至港幣 7.46 億元。執行香港會計準則第 39 號增加淨交易性收入的波動性。在可比基礎上，剔除新會計準則的影響後，淨交易性收入減少 23.0%。

外匯交易及外匯交易產品的淨交易性收入減少港幣 0.14 億元或 2.3%至港幣 5.96 億元。剔除在新會計準則下外匯掉期交易因公平價值變動而錄得港幣 0.87 億元的溢利，可比跌幅為 16.6%。此類收入過往是以攤銷基礎計入利息收入。外匯交易業務收入的下落，主要是因為在美元弱勢下投資者對外匯交易的投資意欲下降。此外，由於擔心人民幣升值將令港元轉強，進一步壓抑市場對持有其他貨幣的興趣。

利率工具產生的淨交易性收入主要包括交易性證券、公平值變化計入損益的其他金融資產、作對沖之用的可供出售證券、利率衍生工具及以公平值變化計入損益的其他金融負債所產生的公平值變化。期內利率工具淨交易性收入增長主要源自公平值變化計入損益的利率衍生工具和零售存款證的公平值變化所產生的溢利。在可比基礎上，若以攤銷基礎之對沖會計慣常地實行，2004 年上、下半年及 2005 年上半年由利率工具產生的盈利將會很小。

在可比基礎上與 2004 年下半年比較，淨交易性收入則持平，主要因為期內市場環境相對平靜。

經營支出

港幣百萬元，百分比除外	半年結算至 2005年6月30日	半年結算至 2004年12月31日	半年結算至 2004年6月30日
人事費用	1,653	1,662	1,625
房產及設備支出	321	379	346
自置固定資產之折舊	286	292	293
其他經營支出	416	503	404
經營支出	2,676	2,836	2,668
經營支出 (可比基礎)	2,797	2,836	2,668
成本對收入比率	32.64%	36.23%	33.25%
成本對收入比率 (可比基礎)	34.51%	36.23%	33.25%

經營支出微增港幣 0.08 億元或 0.3%至港幣 26.76 億元。2005 年上半年，集團調整了房產的預計可用年限，由於香港物業的價值主要取決於其佔用的土地，故參考土地租賃期限以確定折舊年限。在舊會計準則下，集團按照 50:50 劃分土地及房產之價值，並根據各自使用年限提取折舊。在現有處理方法下採用統一可用年限，令折舊支出下降。實際上，折舊支出本應增加港幣 1.21 億元至港幣 4.07 億元，由於 2004 年錄得高額物業重估增值。

人事費用輕微上升港幣 0.28 億元或 1.7%，主要是員工薪酬自本年 4 月起調整。截至 2005 年 6 月底，全職員工為 12,698 人，較 2004 年 6 月底減少 257 人。

管理層討論及分析 (續)

貸款減值準備撥回

港幣百萬元	半年結算至 2005年6月30日	半年結算至 2004年12月31日	半年結算至 2004年6月30日
貸款減值準備撥回/(提撥)			
- 新提準備	(796)	-	-
- 撥回	1,123	-	-
- 收回已撇銷賬項	1,108	-	-
特別準備			
- 新提撥	-	(709)	(811)
- 撥回	-	524	1,327
- 收回已撇銷賬項	-	623	733
一般準備	-	(50)	(9)
撥回損益賬淨額	1,435	388	1,240

在新會計準則及會計政策要求下，對金額重大的有減值跡象之貸款是以未來還款現金流量折現法計提按個別評估之貸款減值準備。其他貸款則以組合形式按其風險特性分類，採用統計模型計提按組合評估之貸款減值準備。集團 2005 年上半年錄得減值準備撥回港幣 11.23 億元，改善原因是在經濟環境好轉下，資產質素普遍改善、貸款降級比率下跌及抵押品價格回升。然而部分回撥被減值準備新增加港幣 7.96 億元所抵銷。

2005 年上半年，物業市場活躍加速了收回押品的處置，收回已撇銷賬項增加港幣 3.75 億元或 51.2% 至港幣 11.08 億元。

投資物業重估

執行香港會計準則第 40 號後，確認至損益賬之投資物業重估盈利為港幣 9.18 億元。提取的相關遞延稅款為港幣 1.55 億元。

2005 年 1 月 1 日總儲備期初結餘的調整

2005 年 1 月 1 日總儲備期初結餘的調整項目列示於下表。

港幣百萬元	留存盈利	其它儲備	總計	附註
於 2004 年 12 月 31 日	16,954	3,271	20,225	
期初結餘調整:				
香港會計準則第 39 號				
- 債務證券的重新分類及計量	953	-	953	i
- 衍生工具以公平價值確認	(924)	-	(924)	
- 呆賬損失準備撥回	3,800	-	3,800	ii
- 稅項	(657)	-	(657)	iii
- 其他	26	-	26	
香港會計準則第 40 號 - 投資物業重估儲備轉移至留存盈利	623	(623)	-	iv
香港會計準則第 40 號 - 稅項	(1)	-	(1)	
香港會計準則詮釋第 21 號 - 遞延稅項	(636)	-	(636)	v
轉移至法定儲備	(3,410)	3,410	-	
於 2005 年 1 月 1 日	16,728	6,058	22,786	

- 於 2005 年 1 月 1 日，部份持有至到期日證券重新分類為可供出售證券，以及公平價值變化計入損益之證券，並以公平價值計量。期初結餘調整反映公平價值與攤餘成本之差異。
- 將高於貸款減值準備的一般準備及特別準備轉移至留存盈利。
- 期初結餘調整需計算遞延稅項及本期稅項。
- 轉移投資物業之重估儲備至留存盈利。
- 投資物業重估增值需計算遞延稅項。

管理層討論及分析 (續)

執行新會計準則影響的估計

下表主要分析新會計準則對截至 2005 年 6 月 30 日 6 個月損益賬的影響。由於計算上的複雜性，故此只能在最佳估算基礎上作出分析。

港幣百萬元	半年結算至	
	2005 年 6 月 30 日	附註
有效收益率及其他	86	i
風險對沖及資產分類	(179)	ii
減值準備	(1,006)	iii
投資物業重估	(918)	iv
稅項	382	
總計	(1,635)	

大部份差異是因執行香港會計準則第 39 號及第 40 號而產生，現總結如下：

- 由於按香港會計準則第 39 號要求，貸款產生的直接服務費及支出，需使用實際利率方式確認利息收入。此影響主要在淨利息收入及淨手續費收入方面。
- 在香港會計準則第 39 號下，部份過往非無需按市場劃價的衍生金融工具現時需以公平價值列賬。在 2005 年 1 月 1 日，集團將部份持有至到期日證券重新分類為可供出售證券，以及公平值變化計入損益之金融工具。同時，集團亦將部分負債界定為公平值變化計入損益的金融負債，此等負債亦需以公平價值列賬。2005 年上半年，此類金融工具的公平價值改變已於損益賬反映。此風險對沖及資產分類產生之影響主要在淨利息收入及淨交易性收入方面。
- 在香港會計準則第 39 號下，需採用個別評估及組合評估方法以計算貸款之減值準備。根據新方法，2005 年上半年所需總減值準備較年初總準備金為低，因此產生淨撥回。貸款組合資產質量的持續改善亦令減值準備減少。而在舊會計準則下，即使資產質量有所改善，一般準備金仍會增加。
- 香港會計準則第 40 號要求投資物業之公平值變化直接反映於損益賬內。在舊會計準則下，投資物業之價值改變是以整體投資物業為基礎並反映在投資物業重估儲備之變動。因此，由於集團於 2004 年 12 月 31 日持有投資物業重估儲備，故投資物業重估增值本不應對損益構成影響。

財務狀況

港幣百萬元	2005 年 6 月 30 日	2004 年 12 月 31 日
庫存現金及短期資金	113,792	102,647
一至十二個月內到期之銀行及其他金融機構存款	60,196	107,581
持有之存款證	19,440	22,338
香港特別行政區政府負債證明書	33,900	34,760
證券投資*	214,376	189,388
衍生金融工具	4,711	-
貸款及其他賬項	336,290	309,211
固定資產及投資物業	22,195	21,877
遞延稅項資產	8	12
其他資產**	8,425	8,961
資產總額	813,333	796,775
香港特別行政區流通紙幣	33,900	34,760
銀行及其他金融機構之存款及結餘	38,471	34,440
客戶存款	628,398	632,496
交易性負債及公平值變化計入損益的其他金融工具	8,339	-
衍生金融工具	3,619	-
發行之存款證	3,746	3,788
遞延稅項負債	2,407	947
其他賬項及準備	23,259	25,837
負債總額	742,139	732,268
少數股東權益	1,294	1,239
股東資金	69,900	63,268
負債及資本來源總額	813,333	796,775

管理層討論及分析 (續)

* 根據新會計準則對投資證券的分類，2005年6月30日，集團的投資證券包括持有至到期日證券、可供出售證券、交易性證券以及其他公平價值變化計入損益之證券。2004年12月31日，集團的投資證券包括持有至到期日證券、其他證券投資和投資證券。

**貿易票據及投資聯營公司包括在其他資產內。

至2005年6月30日，集團資產總額為港幣8,133.33億元，較2004年底增加港幣165.58億元或2.1%。

- 一至十二個月內到期之銀行及其他金融機構存款下跌了港幣473.85億元或44.0%。
- 證券投資增加港幣249.88億元或13.2%至港幣2,143.76億元。
- 集團持續進行靈活的資產負債管理。期內短期剩餘資金減少，而貸款業務和證券投資業務的資金使用量則相應增加。

客戶貸款

集團在客戶貸款方面錄得強勁增長，較2004年底上升港幣244.28億元或7.8%至港幣3,376.54億元。

港幣百萬元，百分比除外	2005年 6月30日	%	2004年 12月31日	%
工商金融業	156,225	46.3%	148,034	47.3%
個人	132,531	39.2%	124,687	39.8%
在香港使用之貸款	288,756	85.5%	272,721	87.1%
貿易融資	16,049	4.8%	13,279	4.2%
在香港以外使用之貸款	32,849	9.7%	27,226	8.7%
總客戶貸款	337,654	100.0%	313,226	100.0%

在香港使用的貸款上升5.9%。

- 工商金融業貸款錄得強勁的增長，較2004年底增加港幣81.91億元或5.5%。特別是中小企業貸款上升9.1%。
- 住宅按揭貸款（不包括政府資助置屋計劃下的按揭貸款）增長港幣77.96億元或8.2%至港幣1,034.11億元。
- 信用卡貸款較2004年底增加港幣0.93億元或2.2%，主要受惠於經濟環境良好令卡戶消費增加。

貿易融資增長港幣27.70億元或20.9%，主要受本地活躍的進出口業務帶動。此外，在香港以外使用之貸款增長20.7%，主要來自集團內地分行企業貸款業務的強勁增長。

客戶存款

港幣百萬元，百分比除外	2005年 6月30日	%	2004年 12月31日	%
即期存款及往來存款	29,481	4.7%	32,474	5.1%
儲蓄存款	241,270	38.1%	296,463	46.9%
定期、短期及通知存款	357,647	56.4%	303,559	48.0%
結構性存款	5,248	0.8%	-	-
總客戶存款	633,646	100.0%	632,496	100.0%

客戶存款較2004年底上升港幣11.50億元或0.2%至港幣6,336.46億元。定期存款上升港幣540.88億元或17.8%，而儲蓄存款則下跌港幣551.93億元或18.6%。由於期內利率顯著上升，令部分儲蓄存款轉移至定期存款。

管理層討論及分析 (續)

資產質素			
港幣百萬元，百分比除外	2005年 6月30日	2005年 1月1日	2004年 12月31日
客戶貸款	337,654		313,226
特定分類減值貸款比率*	1.89%		2.95%
減值準備	2,976	3,942	-
一般銀行風險之法定儲備	3,584	3,410	-
總準備及法定儲備	6,560	7,352	-
一般準備	-	-	5,465
特別準備	-	-	2,320
總準備	-	-	7,785
總準備佔客戶貸款之比率	0.88%		2.49%
總準備及法定儲備／準備佔客戶貸款之比率	1.94%		2.49%
住宅按揭貸款 - 拖欠及經重組貸款比率**	0.47%		0.61%
信用卡貸款 - 拖欠比率**#	0.35%		0.38%
	半年結算至 2005年 6月30日		半年結算至 2004年 6月30日
信用卡貸款 - 撇賬比率#	2.87%		4.67%

* 特定分類減值貸款比率指按照香港金管局貸款分類標準，次級、可疑及損失類貸款的佔比。在執行香港財務報告準則第5號後，被收回之抵押資產按其收回日之公平價值或有關貸款之攤餘成本之較低者列賬。有關貸款需從客戶貸款中予以扣減。有關會計政策的詳細說明請參考中期報告賬目附註。

** 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。

不包括長城卡及按金管局的定義計算。

集團特定分類減值貸款大幅下降港幣 28.76 億元或 31.1%。特定分類減值貸款比率下降 1.06 個百分點至 1.89%。在經濟環境好轉及物業市場復甦下，我們取得了可喜的催理成績，催理回收金額達致港幣 17 億元。核銷特定分類減值貸款共計港幣 6 億元。而在香港財務報告準則第 5 號下，被收回抵押資產之有關貸款需予以扣減，故令特定分類減值貸款下降約港幣 4 億元。

在獨立及綜合減值準備共計港幣 29.76 億元以外，集團另持有法定儲備共計港幣 35.84 億元。該法定儲備主要來自期初留存盈利港幣 34.10 億元及本年度首 6 個月增加港幣 1.74 億元。總減值準備及法定儲備共佔總客戶貸款的 1.94%，或集團特定分類減值貸款的 103.0%。

集團住宅按揭貸款組合的質素持續好轉。拖欠及經重組貸款的合併比率由 2004 年底的 0.61% 下降至 0.47%。負資產比率由 2004 年底的 3.93% 下降至 1.00%。信用卡貸款的資產質素亦進一步改善，拖欠比率及撇賬比率分別由 0.38% 及 4.67% 下降至 0.35% 及 2.87%。

管理層討論及分析 (續)

資本比率及資金流動性

港幣百萬元，百分比除外	2005年 6月30日	2004年 12月31日
第一級資本	63,425	60,905
第二級資本	4,724	5,049
扣除未綜合計算之投資及其他項目	(1,019)	(1,257)
扣減後的資本基礎總額	67,130	64,697
風險加權資產		
資產負債表內	396,597	369,875
資產負債表外	33,186	34,045
扣減項目	(3,421)	(3,091)
風險加權資產總額	426,362	400,829
經調整市場風險後之風險加權資產總額	427,186	400,977
資本充足比率		
未調整市場風險		
第一級比率	14.88%	15.19%
總比率	15.74%	16.14%
經調整市場風險後		
第一級比率*	14.85%	15.19%
總比率*	15.71%	16.13%
	半年結算至 2005年 6月30日	半年結算至 2004年 6月30日
平均流動資金比率	39.15%	34.64%

* 計入市場風險之資本充足比率乃根據金管局相關指引計算。

集團經扣減後的資本基礎總額較2004年12月31日進一步增加3.8%至港幣671.30億元，主要是留存盈利增加。由於資產負債表內的風險加權資產增加，綜合資本充足比率下跌0.40個百分點至2005年6月30日的15.74%。期內企業貸款及住宅按揭貸款大幅增長，惟部分被拆放同業減少抵銷。

新會計準則的採用對資本基礎的影響並不顯著。根據香港金管局《新頒佈香港會計準則對認可機構之資本基礎及按監管規定呈報之影響》之有關指引，本行於採納香港會計準則第39號後，從留存盈利中所劃撥的法定儲備港幣35.84億元，連同本行之組合減值準備港幣12.22億元，已包括於第二級資本內。於2004年12月底，可計入第二級資本的一般準備金最高限額港幣50.49億元。

管理層討論及分析 (續)

業務回顧

下述業務分部分分析中按年比較之數據並非嚴格可比較。

零售銀行

港幣百萬元，百分比除外	半年結算至	半年結算至	增加／(減少)
	2005年6月30日	2004年6月30日	
淨利息收入	3,656	2,724	34.2%
其他經營收入	1,229	1,444	(14.9%)
經營收入	4,885	4,168	17.2%
經營支出	(1,898)	(1,864)	1.8%
提取貸款減值準備/撥備前經營溢利	2,987	2,304	29.6%
減值準備撥回/呆壞賬(提撥)	85	(29)	不適用
除稅前溢利	3,072	2,275	35.0%

	2005年	2004年	增加／(減少)
	6月30日	12月31日	
分部資產	136,206	132,791	2.6%
分部負債	552,823	567,313	(2.6%)

註：詳細分類資料請見賬目附註 31。

經營業績

零售銀行除稅前溢利較2004年上半年上升35.0%至港幣30.72億元，主要源自淨利息收入增長。

淨利息收入增加34.2%至港幣36.56億元。港元利率上升以及我們積極的資金成本管理策略，直接促進了存款利差的拓寬。但由於期內最優惠貸款利率和香港銀行同業拆息息差收窄，令住宅按揭貸款利差收緊，部分抵銷了上述利好因素的正面影響。

其他經營收入同比縮減14.9%至港幣12.29億元。利率上升令客戶投資需求轉向具有較高潛在回報的投資產品。結構性投資產品和開放式基金銷售量分別增長87.4%及12.0%，部份抵銷了保本基金銷售的顯著下降。但股市交易量萎縮，影響股票買賣手續費收入。在美元轉弱及市場環境波動較小的情況下，外匯交易收入亦有所下跌。

包括按揭貸款及信用卡應收賬款在內，貸款和其他賬項較去年底上升6.8%至港幣1,301.08億元。客戶存款輕微下降2.0%至港幣5,325.69億元。

財富管理

財富管理業務是零售銀行的策略發展重點之一。繼2004年12月推出財富管理服務—“中銀理財晉富集”後，集團於1月份推出全新的“中銀理財尊貴薈”服務，向擁有港幣200萬元或以上資產的客戶提供更貼身、更專業和更個人化的一站式財富管理服務。至2005年6月底，集團管理的理財客戶及資產分別較2004年底增長30%及23%。

住宅按揭

物業市場興旺，加上有效的營銷策略，令集團按揭業務表現卓越。集團的按揭貸款餘額較2004年底上升8.2%至港幣1,034.11億元。雖然市場價格競爭依然激烈，在最優惠利率與香港銀行同業拆息息差收窄下，銀行著手提高定價。期內，集團適度提高了新做按揭貸款的價格及減少現金回贈。受惠於物業價格回升及信貸風險管理的改善，按揭貸款的資產質素持續改善。

管理層討論及分析 (續)

個人人民幣銀行業務

集團提供全面的個人人民幣服務。期內，集團人民幣存款顯著增長63.8%至人民幣84.38億元。提供人民幣提款服務的自動櫃員機亦由2004年底的232部增至241部。我們亦維持了在發行人民幣信用卡方面的市場領先地位，已發行的人民幣信用卡較2004年底增長23.3%。

信用卡業務

信用卡業務的客戶基礎及服務範圍進一步擴大，並於上半年延續了良好的增長勢頭。信用卡應收賬款較2004年底增長2.2%，發卡量上升3.2%。信用卡客戶消費額及商戶收單業務總額均錄得雙位數字增長，較2004年上半年分別增長20.4%及21.5%。

集團於1月份在泰國成功推出中國銀聯收單業務，並在新加坡與中國銀行新加坡分行合作計劃發行中銀信用卡。我們推出的全新的VISA驗證短訊繳費服務，令客戶可透過流動電話快速繳付賬單。而萬事達卡"SecureCode"服務，為客戶提供了安全方便的網上付款及購物服務。5月份雙重認證服務投放市場，確保客戶網上交易更加安全可靠、方便快捷。

集團卓越的經營表現及服務質素得到市場的充分肯定。年內，我們獲取了多個由萬事達國際及香港貿易發展局與國際專利授權業者協會頒發的獎項：

- 萬事達卡亞太區市場推廣領導大獎 - 2005年最佳新卡項目推出金獎
- 萬事達卡亞太區市場推廣領導大獎 - 2005年度最佳白金卡推廣金獎
- 由香港貿易發展局及國際授權業者協會合辦的「亞洲專利授權業大獎」卡公司獲頒發「香港傑出市場推廣大獎」

企業銀行

港幣百萬元，百份比除外	半年結算至 2005年6月30日	半年結算至 2004年6月30日	增加／(減少)
淨利息收入	1,768	1,779	(0.6%)
其他經營收入	505	614	(17.8%)
經營收入	2,273	2,393	(5.0%)
經營支出	(506)	(522)	(3.1%)
提取貸款減值準備/撥備前經營溢利	1,767	1,871	(5.6%)
減值準備撥回/呆壞賬撥回	1,350	1,269	6.4%
除稅前溢利	3,117	3,140	(0.7%)

	2005年 6月30日	2004年 12月31日	增加／(減少)
分部資產	208,645	187,946	11.0%
分部負債	98,164	91,215	7.6%

註：詳細分類資料請見賬目附註 31。

經營業績

企業銀行除稅前溢利較 2004 年上半年輕微下跌 0.7%至港幣 31.17 億元。

淨利息收入與去年同期持平。存款利差拓寬的正面作用被貸款利差的收窄所抵銷，市場競爭激烈令貸款收益率持續受壓。其他經營收入減少港幣 1.09 億元，主要是在香港會計準則第 39 號下，貸款產生的直接服務費需使用實際利率方式攤入利息收入。

貸款減值撥回為港幣 13.50 億元。得益於貸款降級比率的改善和押品價值的上升，企業貸款組合的資產質量持續改善。而良好的市場環境亦令催理回收效果顯著。

管理層討論及分析 (續)

集團於2005年上半年的貸款餘額取得顯著增長。企業銀行貸款較2004年底上升8.9%至港幣2,028.55億元。客戶存款增長7.7%至港幣958.29億元。

企業及中小企業務

企業銀行部充分利用經濟復甦所帶來的商機，以致力發展中小企和貿易融資業務為策略重點。

儘管市場價格競爭依然激烈，但我們在貿易融資和押匯業務量方面均取得良好增長。6月份，我們欣然得悉著名的國際應收帳款聯盟 Factors Chain International 將我們於該組織的會員級別從準會員提升至正式會員。

期內我們推出了新產品“中小企快達錢”，以迎合中小企客戶的需求。截至2005年6月底，中小企總貸款較去年底上升9.1%至港幣488.15億元。

銀團貸款方面，我們繼續穩居市場前列位置。根據知名的亞洲債務市場雜誌《基點》公佈的2005年上半年銀團貸款安排行排名，在香港本地市場以及香港、中國和澳門綜合市場排名中集團均以第二大安排行名列前茅。

3月份，我們被中國外匯交易中心安排為港元的結算行。

期內，我們理順了內部管理、簡化了工作流程，提高了整體營運效率，最終目標乃提高產品交付及客戶服務質素。6月份，我們在企業銀行內部成立了信貸管理處，旨在通過改善信貸分析程序和加快審批以提高對中小企的服務質量。

內地分行

內地經濟的迅速發展和巨大的業務潛力為銀行業提供了無限商機。我們亦堅持不懈地推動在香港的零售銀行和企業銀行業務與內地網絡的有效整合，充分發揮集團的競爭優勢。

2005年上半年，集團內地分行繼續擴闊業務發展。貸款上升40%，提取撥備前經營溢利增長94.5%。

期內，南商深圳分行獲准擴大人民幣業務範圍至中資企業。此外，集團九家內地分行獲得提供保險代理業務許可證。為進一步豐富產品種類，2005年上半年集團在內地推出結構性存款產品。自第二季起，集團亦開始籌備推出財富管理服務和期權寶。

管理層討論及分析 (續)

財資業務

港幣百萬元，百份比除外	半年結算至		增加／(減少)
	2005年6月30日	2004年6月30日	
淨利息收入	568	1,014	(44.0%)
其他經營收入	468	321	45.8%
經營收入	1,036	1,335	(22.4%)
經營支出	(198)	(177)	11.9%
提取減值準備/撥備前經營溢利	838	1,158	(27.6%)
其他	18	1	1700.0%
除稅前溢利	856	1,159	(26.1%)
	2005年 6月30日	2004年 12月31日	增加／(減少)
分部資產	445,495	453,457	(1.8%)
分部負債	84,141	68,485	22.9%

註：詳細分類資料請見賬目附註 31

經營業績

2005年上半年，財資業務除稅前溢利下跌 26.1%至港幣 8.56 億元，主要受淨利息收入減少影響。孳息率曲綫趨平及短期利率上升，縮減了集團剩餘資金的淨利息收入。這主要反映在零售及企業銀行存款業務利息支出大幅增加，而債務證券投資增加的利息收入僅能予以部分抵銷。

其他經營收入的增長主要來自外匯掉期合約溢利、衍生利率工具和其他金融工具公平價值的利好變化。

投資組合管理

2005年上半年，貨幣市場和資本市場挑戰與機遇並存。美國聯儲局於期內持續加息。對此，資金部靈活調整集團投資組合，以爭取更高收益。在風險允許範圍內，資金部進一步分散投資組合，適度增加了資產抵押債券和企業債券的投資比重。

代客交易業務

上半年外匯市場、貴金屬及股市較去年同期相對平靜。因此市場整體投資意欲低迷，對集團代客業務直接帶來負面影響。

雖然如此，我們積極開發度身訂造的投資產品，挖掘與零售及企業銀行的交叉銷售機會。這些措施令我們在提升零售結構性存款產品方面取得了可喜成績，並為日後進一步開發其他產品塑造了一個堅實的平臺。

管理層討論及分析 (續)

風險管理

總覽

風險管理是本集團管治架構中不可缺少的一環，我們深信良好的風險管理是企業成功的重要元素，因此，我們在日常經營管理工作中強調風險管理對於業務健康發展的保障作用，實現風險控制與業務增長的有機平衡。本集團業務的主要內在風險包括信譽風險、法律及合規風險、策略風險、信貸風險、市場風險、利率風險、流動資金風險及操作風險。本集團的風險管理目標是提高股東價值，同時確保風險控制在可接受的水平之內。

風險管理管治架構

本銀行風險管理管治架構覆蓋業務發展的全部過程，以保證所有環節的各類風險都能得到有效控制及管理。本銀行有健全的風險管理組織體系，不同層面的風險承擔者分別承擔其相對應的風險管理責任。

董事會代表著股東的利益，是本公司風險管理的最高決策機構，並對風險管理負最終責任。董事會在其屬下委員會的協助下，負責確定本公司的總體風險管理策略，並確保本公司具備有效的風險管理體系，促使風險管理策略得到落實執行。董事會下設常設委員會，即風險委員會負責審批重大的風險管理政策及程序，以及各項重要資產負債管理政策。

管理層包括總裁及其轄下的委員會，負責根據董事會核准的風險管理策略，在日常經營管理中，落實各類風險管理政策、程序和限額，並實施管理，確保各類風險的有效管控。風險總監和財務總監協助總裁管理各類風險：風險總監領導及監察風險管理部、法律及合規部和特殊資產管理部的運作，負責管理信譽風險、法律及合規風險、信貸風險、市場風險及操作風險；財務總監領導及監察發展規劃部和財務部，負責管理策略風險、利率風險和流動資金風險。

本銀行有一套全面性的風險管理政策及程序，用以識別、量度、監督及控制整個機構內的各類風險，並設定適當的風險限額，同時透過管理程序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，以配合市場及產品業務策略的轉變。本銀行稽核部負責直接向董事會和稽核委員會報告風險管理政策及程序的執行情況。

本銀行的主要附屬銀行，南商及集友，亦採用與集團一致的風險管理策略及政策。這些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。

信譽風險管理

信譽風險是因銀行經營手法產生的負面消息，不論是否屬實，可能引致客戶流失、支付高昂訴訟費用或令收入減少的風險。信譽風險潛藏於銀行每項業務運作中，涵蓋層面廣泛。市場傳言或公眾印象都是決定這類風險水平的重要因素。

為減低信譽風險，本銀行制訂及實施信譽風險管理政策。此政策訂立標準規範本銀行信譽風險的管理方式，以盡早識別和積極防範信譽風險事故，緊密監察外界的信譽風險事故，並從金融業界已公開的信譽風險例子中汲取經驗。為消除或減輕對本銀行的負面影響，當發生信譽風險事故時，本銀行會根據緊急應變機制及特殊情況快速通報制度予以盡速處理。

法律及合規風險管理

法律風險指因不可執行合約、訴訟或不利判決而可能使本銀行的運作或財務狀況出現混亂或負面影響的風險。法律及合規部負責主動識別、評估和管理本銀行在日常業務運作中所面對的法律風險。

合規風險指因未有遵守所有適用法例、規則、國際慣例、當地行業準則、行為守則及良好的實務準則，而可能導致銀行須承受遭法律或監管機構制裁、引致財務損失或信譽損失的風險。法律及合規部透過制訂與維護適當的政策及指引，確保本銀行經營業務時遵守有關的法律法規要求。

策略風險管理

策略風險是策略制訂和實施過程中失當，或未能對市場變化作出及時的調整，從而影響現在或未來本銀行的盈利、資本、信譽和市場地位的風險。本銀行制定了策略風險管理政策，以明確董事會和管理層在執行此類風險管理時的責任。

管理層討論及分析（續）

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、押品覆蓋及抵押足夠的若干低風險信貸交易，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行使否決權。

本銀行開發了私人無抵押授信申請評分卡，用以分析借款人資料及與信用狀況有關的特徵項，預測借款人未來的還款表現。評分卡可讓銀行根據信貸評分結果作出信貸決策，本銀行正陸續開發其他各類私人零售信貸產品的評分卡。

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，是本行授信和其他業務專家組成的專責委員會。信貸評審委員會負責對重大授信申請進行獨立風險評審，其評審結論是風險總監、副總裁及總裁進行授信決定的重要依據。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，須由風險委員會審批。

本銀行對全行貸款進行貸後監察，以保障貸款組合符合既定的信貸政策與程序。

為確保改善貸款質素，本銀行建立了一套內部控制指標，以控制問題貸款的數量。風險管理部負責定期向銀行高層提供貸款質量報告。

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內及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，制訂具體管理措施。

風險管理部下設市場風險管理處，負責本銀行日常市場風險管理。該處透過既定的限額及監察程序，確保整體和個別的市場風險均控制在本銀行可接受的風險水平之內。

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，估量由於利率、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1天持有期等基準，同時考慮不同市場及價格的相互影響關係。

管理層討論及分析 (續)

以下表格詳述本銀行自營市場風險持倉的涉險值。

涉險值 (港幣百萬元)	2005 年 6 月 30 日	2005 年上半年 最低數值	2005 年上半年 最高數值	2005 年上半年 平均數值
所有市場風險持倉之涉險值	2.8	1.7	4.7	2.9
匯率之風險持倉之涉險值	1.9	1.2	4.0	2.1
利率之風險持倉之涉險值	2.1	1.6	3.7	2.5

涉險值 (港幣百萬元)	2004 年 6 月 30 日	2004 年上半年 最低數值	2004 年上半年 最高數值	2004 年上半年 平均數值
所有市場風險持倉之涉險值	2.2	0.9	5.6	3.3
匯率之風險持倉之涉險值	1.4	0.6	5.0	2.1
利率之風險持倉之涉險值	1.8	0.5	4.4	2.6

截至 2005 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 220 萬元（2004 年上半年：港幣 250 萬元），其標準差為港幣 210 萬元（2004 年上半年：港幣 250 萬元）。最多出現的每日交易收益界乎港幣 100 萬元至 300 萬元之間（2004 年上半年：港幣 200 萬元至 400 萬元）。最高單日交易收益為港幣 1,100 萬元（2004 年上半年：港幣 900 萬元）。

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。所有限額均經風險委員會批准。風險管理部負責每日監察外匯風險、相關虧損限額及外匯交易中產生的信貸風險。

利率風險管理

本銀行的利率風險主要是結構性風險。結構性持倉的主要利率風險類別為：

- 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
- 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委員會審批。財務部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、衡量及監察利率風險。

缺口分析是本銀行用來量度利率風險的工具之一。這項分析提供資產負債狀況的到期情況及重訂價格特點的靜態資料。差額或缺口的幅度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。

在利率重訂風險評估方面，盈利及經濟價值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 200 個基點的利率震盪來測度。本銀行需按經風險委員會通過的政策將盈利及經濟價值的利率風險分別控制在當年預算的淨利息收入及最近的資本基礎的核定百分比水平之內。財務部定期向資產負債管理委員會及風險委員會報告有關結果。

在利率基準風險評估方面，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影響，及設定不同訂息基準的資產負債比例以作監控。

另外，亦對利率重訂風險及利率基準風險定期進行壓力測試。資產負債管理委員會負責在政策所設定限額規範下監察壓力測試的結果，並決定是否需要採取補救措施。

流動資金風險管理

流動資金管理的目標是令本銀行即使在惡劣市況下，仍能按時應付所有到期債務，以及為其資產增長和投資機會提供所需資金，避免要在緊急情況下出售資產套現。

管理層討論及分析（續）

本銀行的業務資金主要來自零售及企業客戶的存款。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、投資債務證券或拆放同業。

本銀行透過保持穩健的流動資金比率、觀察存戶的穩定性及集中程度、監察貸存比率、持有具高度流動性和高質素的證券組合及定期進行壓力測試，藉以管理及量度其流動資金。本銀行亦會透過同業市場短期拆入，輔助管理其流動資金。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訂政策方針（包括流動風險應變計劃），委員會制訂的流動性管理政策須由風險委員會審批；財務部負責密切監察本銀行流動資金風險，定期向管理層及資產負債管理委員會匯報。

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損失。本銀行以業內最佳實踐水平作為管理操作風險的目標。

本銀行透過識別、評估、監督、控制及減緩等方法管理操作風險，並對業務流程、活動及產品之內在風險進行檢討。本銀行對操作風險狀況進行監控，記錄操作風險損失數據，並向風險委員會及高級管理層匯報。作為有效的內部控制，本銀行建立完整的規章制度體系、監察業務交易及定期進行對帳，並強調對各項業務操作進行適當的職責分工和獨立授權。

為支援災難事件突發時的業務運作，本集團備有緊急事故應變方案及充足的後備設施，並會定期進行演練。本公司的控股公司已購買保險，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。壓力測試是一種風險管理工具，用以評估當市場或宏觀經濟因素急劇變化並產生極端不利的經營環境時，銀行風險暴露的情況。本銀行定期進行壓力測試，並向董事會、風險委員會及資產負債管理委員會匯報測試結果。

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。本銀行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。現有資本基礎較市場相對為高，主要為集團未來業務拓展作好準備。資產負債管理委員會在財務部協助下，以資本充足比率作為主要量度標準，監控本銀行的資本充足性。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。

Management's Discussion and Analysis

CONSOLIDATED FINANCIAL REVIEW

With effect from 1 January 2005, the Group is required to prepare its financial statements in accordance with new and revised HKFRSs and HKASs (thereafter collectively refer to as the "new accounting standards"). Due to the change in accounting standards, certain 2004 comparative figures are not strictly comparable.

Compared to the same period last year, the Group's profit attributable to shareholders increased by 16.4% to HK\$6,495 million. The improvement in the Group's results was attributable to higher operating income, while operating expenses were kept at last year's level. Operating profit before impairment was correspondingly better than the same period last year. Attributable profit was also boosted by a substantial loan impairment allowance write-back and a large investment property revaluation gain. The latter represents a change in our accounting policies as no investment property revaluation was performed on 30 June 2004.

Financial Performance

HK\$m, except percentage amounts	Half-year ended 30 June 2005	Half-year ended 31 December 2004	Half-year ended 30 June 2004
Operating income	8,198	7,827	8,025
Operating expenses	(2,676)	(2,836)	(2,668)
Operating profit before impairment/provisions on advances	5,522	4,991	5,357
Reversal of impairment allowances/write-back of provisions	1,435	388	1,240
Others	939	2,121	180
Profit before taxation	7,896	7,500	6,777
Profit attributable to equity holders of the Company	6,495	6,410	5,582
Net interest margin	1.58%	1.54%	1.56%
Non-interest income ratio	28.85%	27.41%	31.35%
Cost to income ratio	32.64%	36.23%	33.25%

Analysis of the financial performance, business operations and risk management of the Group for the first half of 2005 is set out in the coming sections.

Significant Changes in Accounting Policies

Following are the new accounting standards that had the most financial impact on the results.

Standards and interpretation	Significant financial impact for the first half of 2005
<ul style="list-style-type: none"> • HKAS 39: "Financial Instruments - Recognition and Measurement" 	<ul style="list-style-type: none"> • Affected interest income, fees and commission income, net trading income and impairment allowances • Affected classification of assets and liabilities
<ul style="list-style-type: none"> • HKAS 40: "Investment Property" 	<ul style="list-style-type: none"> • Movement of revaluation reserve of investment properties to retained earnings in the opening balance adjustment • Change in fair value of investment properties was recognised directly in the profit and loss account
<ul style="list-style-type: none"> • HKAS 12: "Income Taxes" - HKAS Interpretation 21 	<ul style="list-style-type: none"> • Provision of deferred tax on the revaluation surplus of investment properties

In this management's discussion and analysis, the impact of adoption of the new accounting standards is described where appropriate. The notes to the accounts set out the changes in accounting policies in detail.

Management's Discussion and Analysis (continued)

Net Interest Income and Margin

HK\$m, except percentage amounts	Half-year ended 30 June 2005	Half-year ended 31 December 2004	Half-year ended 30 June 2004
Interest income	10,065	8,374	7,304
Interest expense	(4,232)	(2,692)	(1,795)
Net interest income	5,833	5,682	5,509
<i>Net interest income - comparable basis</i>	5,872	5,682	5,509
Average interest-earning assets	744,464	734,174	708,490
Net interest spread	1.43%	1.43%	1.49%
Net interest margin	1.58%	1.54%	1.56%
<i>Net interest margin - comparable basis</i>	1.59%	1.54%	1.56%

Net interest income increased by HK\$324 million, or 5.9%, to HK\$5,833 million on a year-on-year basis. Average interest-earning assets grew by HK\$35,974 million, or 5.1%, to HK\$744,464 million. Net interest spread and net interest margin were 1.43% and 1.58% respectively. If the impact of the new accounting standards was removed, the comparable net interest income was HK\$5,872 million, HK\$363 million or 6.6% higher than the same period last year. Similarly, net interest margin was 1.59%, or 3 basis points higher than that of the first half in 2004 on a comparable basis.

The total negative impact of applying new accounting standards on the Group's net interest income amounted to approximately HK\$39 million. Net interest income was affected in the following ways:

- Interest accrued on impaired loans using effective interest rate was not recognised under the previous accounting regime.
- Swap points of foreign exchange swap contracts previously accounted for as interest was reported as net trading income under the new accounting standards.
- Directly attributable loan fees and costs previously recognised as commission income and expenses were reported as interest income using the effective interest calculation.

In the first half of 2005, the Hong Kong dollar interest rate remained at a low level. However, subsequent to the introduction of refinement to the operation of the Linked Exchange Rate System by the HKMA in May 2005, the Hong Kong dollar interest rate rebounded, substantially narrowing the differential with US dollar interest rate. Average one-month HIBOR increased to 2.02% as compared to 0.11% for the first half of 2004. Average one-month LIBOR also rose steadily to 2.88% from 1.13%.

Gross yield on average loans increased by 51 basis points. However, the weighted average pricing on the residential mortgage portfolio declined by 25 basis points compared to the same period last year, dropping from 2.12% below best lending rate for the first half of 2004 to 2.37% in the current period. Facing a substantially different interest rate environment, the Group adjusted the mortgage pricing strategy by raising the effective interest rate and reducing cash rebate incentives on new loans in the second quarter. Gross yield on debt securities increased by 76 basis points as the Group continued to diversify its investment portfolio for yield enhancement. However, the improvement in net contribution from the debt securities portfolio was held back by the flattening yield curve. Deposit spread widened as a result of the Group's conscious effort in managing funding costs. However, cost of funding rose as average interest rates on savings and time deposits increased by 33 basis points and 97 basis points respectively.

Compared to the second half of 2004, on a comparable basis, net interest income increased by HK\$190 million, or 3.3%. Net interest spread was flat. Net interest margin rose by 5 basis points mainly due to the increase in contribution of net free funds. Gross yields on average loans and debt securities rose by 48 and 51 basis points respectively. The improvement in loan spread was limited as the yield on residential mortgages continued to narrow in a very competitive environment. The weighted average pricing on residential mortgages was 12 basis points lower than that in the second half of 2004.

Management's Discussion and Analysis (continued)

Net Fees and Commission Income

HK\$m	Half-year ended 30 June 2005	Half-year ended 31 December 2004	Half-year ended 30 June 2004
Bills commissions	257	277	270
Loan commissions	124	256	234
Wealth management income			
Stockbroking	330	374	462
Asset management	85	58	175
Life insurance	135	67	127
Retail bonds and structured notes	74	58	40
General insurance	58	68	52
Trust services	49	43	32
Payment services	179	184	165
Credit cards	372	350	316
Others	342	350	348
Fees and commission income	2,005	2,085	2,221
Fees and commission expenses	(507)	(575)	(508)
Net fees and commission income	1,498	1,510	1,713
<i>Net fees and commission income – comparable basis</i>	1,602	1,510	1,713

Net fees and commission income fell by HK\$215 million, or 12.6%, to HK\$1,498 million, primarily due to the decreases in commissions from stockbroking, sales of investment funds and the impact from the adoption of the new accounting standards. The new accounting standards resulted in a reduction of net fees and commission income, primarily in the form of loan fees, by HK\$104 million. Excluding the impact of the new accounting standards, net fees and commission income would have registered a smaller drop of HK\$111 million, or 6.5%.

Against the backdrop of raising interest rates and the strong performance in the first half of 2004, income from stockbroking and sales of investment funds declined by HK\$132 million or 28.6%, and HK\$90 million or 51.4%, respectively in the first half of 2005 compared to the same period in 2004. Customers demanded investments with higher potential returns amid a rising interest rate environment. Consequently sales of capital guaranteed funds dropped significantly from over 50% of total fund sales in the first half of 2004 to less than 10% in the first half of 2005. Nevertheless, structured products and open-ended funds became more popular in the market and the Group was able to capture the growth opportunities resulting in 87.4% and 12.0% increases in sales volume. Commissions from stockbroking reduced as a result of the decline in market transaction volume.

Loan commissions fell by HK\$110 million, or 47.0%. Upon adoption of the new accounting standards, directly attributable loan fees of HK\$133 million were amortised to interest income over the expected life of the loans as part of the effective interest calculation. Excluding the impact of the new accounting standards, loan fees would have registered a modest increase. Bills commission dropped by HK\$13 million, or 4.8%, due to keen pricing competition.

Fees from card business recorded growth of 17.7%, driven by the increases in cardholder spending and merchant acquiring volumes by 20.4% and 21.5% respectively.

Compared to the second half of 2004, on a comparable basis, net fees and commission income increased by HK\$92 million or 6.1%, mainly attributable to the growth of wealth management income. The income from sales of life insurance and investment funds showed the strongest growth of 101.5% and 46.6% respectively.

Management's Discussion and Analysis (continued)

Net Trading Income

HK\$m	Half-year ended 30 June 2005	Half-year ended 31 December 2004	Half-year ended 30 June 2004
Foreign exchange and foreign exchange products	596	482	610
Interest rate instruments	129	(12)	(1)
Equity instruments	4	7	21
Commodities	17	22	32
Net trading income	746	499	662
<i>Net trading income – comparable basis</i>	510	499	662

Net trading income increased by HK\$84 million, or 12.7%, to HK\$746 million as compared to the first half of 2004. The adoption of HKAS 39 increased the volatility of the revenue recognition in the trading activities. On a comparable basis, after exclusion of the impact from the adoption of HKAS 39, net trading income declined by 23.0%.

Net trading income from foreign exchange and foreign exchange products decreased by HK\$14 million, or 2.3%, to HK\$596 million. Excluding about HK\$87 million gains derived from the changes in fair value of foreign exchange swap contracts recognised under the new accounting standards, the comparable decline was 16.6%. Previously these contracts were accounted for as interest income on an accruals basis. The lower income from foreign exchange business was attributable to a lack of customer interest in currency trading as a result of a weak US dollar. There were also concerns that pressure on the RMB to appreciate might also put pressure for a stronger Hong Kong dollar, which further dampened public interest in holding other currencies.

Net trading income from interest rate instruments mainly included changes in fair value relating to trading securities, other financial assets at fair value through profit or loss, available-for-sale securities designated in fair value hedges, interest rate derivatives and financial liabilities at fair value through profit or loss. The increase in income was mainly derived from the changes in fair value of interest rate derivatives and retail certificate of deposits designated at fair value through profit or loss. On a comparable basis, when hedge accounting on accruals basis was usually applied in previous years, the net gain from interest rate instruments was minimal for the first half of 2005 and two halves of 2004.

Compared to the second half of 2004, on a comparable basis, net trading income stayed flat amid a quiet market environment.

Operating Expenses

HK\$m, except percentage amounts	Half-year ended 30 June 2005	Half-year ended 31 December 2004	Half-year ended 30 June 2004
Staff costs	1,653	1,662	1,625
Premises and equipment expenses	321	379	346
Depreciation on owned fixed assets	286	292	293
Other operating expenses	416	503	404
Operating expenses	2,676	2,836	2,668
<i>Operating expenses – comparable basis</i>	2,797	2,836	2,668
Cost to income ratio	32.64%	36.23%	33.25%
<i>Cost to income ratio – comparable basis</i>	34.51%	36.23%	33.25%

Operating expenses rose slightly by HK\$8 million, or 0.3%, to HK\$2,676 million.

In the first half of 2005, the Group adjusted the estimated useful life of the premises by referring to the lease terms of the land element as the depreciable period on the basis that the major portion of property values in Hong Kong rests with the land element. Under the previous accounting standards, the Group separated the land and building elements using a 50 : 50 split and depreciated according to the corresponding lives of the two elements. The use of one common life under the current treatment has led to a lower depreciation charge. Depreciation should have been increased by HK\$121 million to HK\$407 million in view of the substantial upward revaluation of premises in 2004.

Management's Discussion and Analysis (continued)

Staff costs slightly increased by HK\$28 million, or 1.7%, mainly attributable to upward adjustment of staff salaries in April 2005. Headcount measured in full time equivalents was 12,698 at the end of June 2005, a decrease of 257 from 30 June 2004.

Loan impairment release

HK\$m	Half-year ended 30 June 2005	Half-year ended 31 December 2004	Half-year ended 30 June 2004
Loan impairment release/(charge)			
- New and additional	(796)	-	-
- Releases	1,123	-	-
- Recoveries of loans previously written off	1,108	-	-
Specific provisions			
- New provisions	-	(709)	(811)
- Releases	-	524	1,327
- Recoveries of loans previously written off	-	623	733
General provisions	-	(50)	(9)
Credit to profit and loss account	1,435	388	1,240

Under the new accounting standards and accounting policies, impairment allowances of individually significant loans and advances showing objective evidence of impairment are calculated using discounted future cash flow analysis. For the remaining loans and advances, impairment allowances are collectively assessed by using statistical models on portfolios of loans and advances grouped by similar credit characteristics. The Group reported a release of allowances of HK\$1,123 million in the first half of 2005. The release was the result of improvement in asset quality due to a solid growth in economy, lower bad debt migration rate and rise in collateral values. This release was partially offset by an increase of HK\$796 million in new impairment allowances.

For the first half of 2005, the active property market also facilitated disposals of collateral. As a result, recoveries of loans previously written off increased by HK\$375 million, or 51.2%, to HK\$1,108 million.

Revaluation of investment properties

Revaluation gains on investment properties of HK\$918 million was recognised through the profit and loss account on the adoption of HKAS 40. The related deferred tax charge amounted to HK\$155 million.

Adjustments to the opening balance of total reserves at 1 January 2005

The following table displays the adjustments to the opening balance of total reserves at 1 January 2005.

HK\$m	Retained earnings	Other reserves	Total	Note
At 31 December 2004	16,954	3,271	20,225	
Opening adjustments:				
HKAS 39				
- Reclassification and remeasurement of debt securities	953	-	953	i
- Recognition of derivatives at fair value	(924)	-	(924)	
- Loan loss provision write-back	3,800	-	3,800	ii
- Taxation	(657)	-	(657)	iii
- Others	26	-	26	
HKAS 40 – transfer of investment properties revaluation reserve	623	(623)	-	iv
HKAS 40 – taxation	(1)	-	(1)	
HKAS Interpretation 21 – deferred tax	(636)	-	(636)	v
Transfer to regulatory reserve	(3,410)	3,410	-	
At 1 January 2005	16,728	6,058	22,786	

Management's Discussion and Analysis (continued)

- i. Certain held-to-maturity securities were classified as available-for-sale securities and securities at fair value through profit or loss at 1 January 2005 and were remeasured at fair value. The opening adjustment represents the difference between the fair value and the amortised cost.
- ii. Transfer general provisions and specific provisions in excess of loan impairment allowances into retained earnings.
- iii. Provision of deferred tax and current tax on the opening adjustments.
- iv. Transfer of revaluation reserve of investment properties to retained earnings.
- v. Provision of deferred tax on the revaluation surplus of investment properties.

Estimation of the effect on adoption of new accounting standards

The following table provides differences in the profit had the previous accounting standards and accounting policies still been applied for the six months ended 30 June 2005. Due to the complexity of the calculation, the analysis is on a best estimate basis.

HK\$m	Half-year ended 30 June 2005	Note
Effective yield and others	86	i
Hedging and asset classification	(179)	ii
Impairment	(1,006)	iii
Revaluation of investment properties	(918)	iv
Taxation	382	
Total	(1,635)	

Most differences were attributable to the adoption of HKAS 39 and HKAS 40. The key impacts are summarised in the following notes:

- i. HKAS 39 requires the use of effective yield on interest income recognition for directly attributable loan fees and costs. Effective yield difference affected both net interest income and net fees and commission income.
- ii. Certain derivative financial instruments that were previously not marked to market were now stated at fair value under HKAS 39. On 1 January 2005, the Group reclassified certain held-to-maturity securities to available-for-sale securities and to financial instruments at fair value through profit or loss. The Group also designated certain financial liabilities at fair value through profit or loss such that they were stated at fair value. For the first half of 2005, the changes in fair value of these financial instruments were reflected in the profit and loss account. Differences arising from hedging and asset classification mainly affected net interest income and net trading income.
- iii. Under HKAS 39, individual and collective assessment models are used to determine the impairment allowances for loans and advances. Using this new methodology, the total impairment allowances required for the first half of 2005 was lower than the total allowances established at the beginning of the year resulting in a net write-back. The reduction of the loan impairment allowances was made possible by the continual improvement in the quality of the loan portfolio. Under the previous accounting standards, there would have been an increase in general provisions regardless of the improvement in asset quality.
- iv. HKAS 40 requires fair value changes of investment properties to be reported directly in the profit and loss account. In previous accounting standards, changes in the value of investment properties were treated as a movement in the investment properties revaluation reserve on a portfolio basis. As the Group held an investment properties revaluation reserve as at 31 December 2004, there would have been no impact in the profit and loss account arising from investment property revaluation.

Management's Discussion and Analysis (continued)

Financial Position

HK\$m	At 30 June 2005	At 31 December 2004
Cash and short-term funds	113,792	102,647
Placements with banks and other financial institutions maturing between one and twelve months	60,196	107,581
Certificates of deposit held	19,440	22,338
Hong Kong SAR Government certificates of indebtedness	33,900	34,760
Securities investments [*]	214,376	189,388
Derivative financial instruments	4,711	-
Advances and other accounts	336,290	309,211
Fixed assets and investment properties	22,195	21,877
Deferred tax assets	8	12
Other assets ^{**}	8,425	8,961
Total assets	813,333	796,775
Hong Kong SAR currency notes in circulation	33,900	34,760
Deposits and balances of banks and other financial institutions	38,471	34,440
Deposits from customers	628,398	632,496
Trading liabilities and other financial instruments at fair value through profit or loss	8,339	-
Derivative financial instruments	3,619	-
Certificates of deposit issued	3,746	3,788
Deferred tax liabilities	2,407	947
Other accounts and provisions	23,259	25,837
Total liabilities	742,139	732,268
Minority interests	1,294	1,239
Shareholders' funds	69,900	63,268
Total liabilities and capital resources	813,333	796,775

* At 30 June 2005, securities investments include held-to-maturity securities, available-for-sale securities, trading securities and other financial instruments at fair value through profit or loss based on the classification required under the new accounting standards. At 31 December 2004, securities investments include held-to-maturity securities, other investment in securities and investment securities.

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

The Group's total assets as at 30 June 2005 were HK\$813,333 million, up HK\$16,558 million, or 2.1%, from end-2004.

- Interbank placings maturing between one and twelve months dropped by HK\$47,385 million, or 44.0%.
- Securities investments rose by HK\$24,988 million, or 13.2%, to HK\$214,376 million.
- The Group continued to actively manage the balance sheet. As a result, short-term surplus funds were reduced and uses of funds by our lending business and securities investment portfolios increased.

Advances to customers

The Group registered a strong growth in advances to customers by HK\$24,428 million, or 7.8%, to HK\$337,654 million from end-2004.

HK\$m, except percentage amounts	At 30 June 2005	%	At 31 December 2004	%
Industrial, commercial and financial	156,225	46.3%	148,034	47.3%
Individuals	132,531	39.2%	124,687	39.8%
Loans for use in Hong Kong	288,756	85.5%	272,721	87.1%
Trade finance	16,049	4.8%	13,279	4.2%
Loans for use outside Hong Kong	32,849	9.7%	27,226	8.7%
Total advances to customers	337,654	100.0%	313,226	100.0%

Management's Discussion and Analysis (continued)

Loans for use in Hong Kong rose by 5.9%.

- Lending to industrial, commercial and financial sectors recorded a robust expansion by HK\$8,191 million, or 5.5%, from end-2004. In particular, our SME loan portfolio increased by 9.1%.
- Residential mortgage loans (excluding those under the government-sponsored home purchasing schemes) increased by HK\$7,796 million, or 8.2%, to HK\$103,411 million.
- Card advances grew by HK\$93 million, or 2.2%, from end-2004 as a result of an increase in cardholder spending encouraged by a favorable economic environment.

Trade finance increased by HK\$2,770 million or 20.9%. This was largely a result of strong import and export performance in Hong Kong. Loans for use outside Hong Kong was up 20.7%, mainly propelled by the strong growth of corporate lending business in our Mainland branches.

Deposits from customers

HK\$m, except percentage amounts	At 30 June 2005	%	At 31 December 2004	%
Demand deposits and current accounts	29,481	4.7%	32,474	5.1%
Savings deposits	241,270	38.1%	296,463	46.9%
Time, call and notice deposits	357,647	56.4%	303,559	48.0%
Structured deposits	5,248	0.8%	-	-
Total deposits from customers	633,646	100.0%	632,496	100.0%

Deposits from customers were HK\$633,646 million, up HK\$1,150 million or 0.2% from end-2004. Time deposits increased by HK\$54,088 million or 17.8%, whereas savings deposits declined by HK\$55,193 million or 18.6%. Owing to a substantial increase in interest rates, we saw a shift of funds from savings deposits to time deposits.

Asset Quality

HK\$m, except percentage amounts	At 30 June 2005	At 1 January 2005	At 31 December 2004
Advances to customers	337,654		313,226
Classified impaired loan ratio*	1.89%		2.95%
Impairment allowances	2,976	3,942	-
Regulatory reserve for general banking risks	3,584	3,410	-
Total allowances and regulatory reserve	6,560	7,352	-
General provisions	-	-	5,465
Specific provisions	-	-	2,320
Total provisions	-	-	7,785
Total allowances/provisions as a percentage of advances to customers	0.88%		2.49%
Total allowances and regulatory reserve/provision as a percentage of advances to customers	1.94%		2.49%
Residential mortgage loans - delinquency and rescheduled loan ratio**	0.47%		0.61%
Card advances - delinquency ratio**#	0.35%		0.38%
	Half-year ended 30 June 2005		Half-year ended 30 June 2004
Card advances - charge-off ratio#	2.87%		4.67%

Management's Discussion and Analysis (continued)

*Percentage of loans that are classified as substandard, doubtful or loss under the HKMA's loan classification system. Upon adoption of HKFRS 5, repossessed assets are initially recognised at the lower of their fair value or the amortised cost of the related outstanding loans on the date of repossession. The related loans and advances are deducted from loans and advances. Details of the accounting policies are set out in the notes to the interim report.

**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 the total amount of overdue loans (more than three months) to total outstanding loans.

Exclude Great Wall cards and computed according to the HKMA's definition.

The Group's classified impaired loans decreased significantly by HK\$2,876 million or 31.1%. Classified impaired loan ratio improved by 1.06 percentage points to 1.89%. We achieved good results in our collection and recovery efforts helped by an improving economy and property market. Total collections amounted to approximately HK\$1.7 billion. Write-offs of classified impaired loans amounted to HK\$0.6 billion. About HK\$0.4 billion of the reduction in classified impaired loans was due to deduction of the loans and advances related to repossessed assets upon the adoption of HKFRS 5.

Impairment allowances amounted to HK\$2,976 million under the categories of individual and collective assessments. The Group also held a regulatory reserve amounting to HK\$3,584 million. This regulatory reserve balance was created by a transfer of HK\$3,410 million from retained earnings at the beginning of the financial year plus an increase of HK\$174 million in the first six months of this year. Total allowances and regulatory reserve represents 1.94% of total advances to customers, or 103.0% coverage of the classified impaired loans.

The quality of the Group's residential mortgage loans continued to improve. The combined delinquency and rescheduled loan ratio decreased from 0.61% at end-2004 to 0.47%. The negative equity ratio dropped from 3.93% at end-2004 to 1.00%. The quality of card advances also improved, with the delinquency ratio and charge-off ratio dropping from 0.38% and 4.67% to 0.35% and 2.87% respectively.

Capital and Liquidity Ratios

HK\$m, except percentage amounts	At 30 June 2005	At 31 December 2004
Tier 1 capital	63,425	60,905
Tier 2 capital	4,724	5,049
Unconsolidated investments and other deductions	(1,019)	(1,257)
Total capital base after deductions	67,130	64,697
Risk-weighted assets		
On-balance sheet	396,597	369,875
Off-balance sheet	33,186	34,045
Deductions	(3,421)	(3,091)
Total risk-weighted assets	426,362	400,829
Total risk-weighted assets adjusted for market risk	427,186	400,977
Capital adequacy ratios		
Before adjusting for market risk		
Tier 1	14.88%	15.19%
Total	15.74%	16.14%
After adjusting for market risk		
Tier 1*	14.85%	15.19%
Total*	15.71%	16.13%
	Half-year ended 30 June 2005	Half-year ended 30 June 2004
Average liquidity ratio	39.15%	34.64%

*The capital adequacy ratios take into account market risks and are calculated in accordance with the relevant HKMA guidelines.

Management's Discussion and Analysis (continued)

Total capital base after deductions of the Group further increased to HK\$67,130 million, or a 3.8% increase over the balance at 31 December 2004. The increase was primarily due to the increase in retained earnings. The consolidated capital adequacy ratio declined by 0.40 percentage point to 15.74% as at 30 June 2005, mainly due to expansion of on-balance sheet risk-weighted assets. This was attributable to the strong growth in corporate loans and residential mortgage loans, partially offset by the reduction in interbank placements.

The impact of adoption of new accounting standards on the capital base was not significant. In accordance with the HKMA guideline "Impact of the New Hong Kong Accounting Standards on Authorised Institutions' Capital Base and Regulatory Reporting", collective assessment allowances of HK\$1,222 million and regulatory reserve of HK\$3,584 million appropriated from retained earnings was included in Tier 2 capital subsequent to the adoption of HKAS 39. At 31 December 2004, general provisions eligible to Tier 2 capital were capped to HK\$5,049 million.

BUSINESS REVIEW

Certain year-on-year figures in the following business segment analysis are not strictly comparable.

Retail Banking

HK\$m, except percentage amounts	Half-year ended 30 June 2005	Half-year ended 30 June 2004	Increase/ (decrease)
Net interest income	3,656	2,724	34.2%
Other operating income	1,229	1,444	(14.9%)
Operating income	4,885	4,168	17.2%
Operating expenses	(1,898)	(1,864)	1.8%
Operating profit before impairment/provisions on advances	2,987	2,304	29.6%
Loan impairment release/(charge) for bad and doubtful debts	85	(29)	NM
Profit before taxation	3,072	2,275	35.0%
	At 30 June 2005	At 31 December 2004	Increase/ (decrease)
Segment assets	136,206	132,791	2.6%
Segment liabilities	552,823	567,313	(2.6%)

Note: For additional segmental information, see Note 31 to the accounts.
NM: Not meaningful

Results

Retail Banking recorded a growth in profit before taxation by 35.0% to HK\$3,072 million as compared to the first half in 2004, mainly due to an increase in net interest income.

Net interest income improved by 34.2% to HK\$3,656 million. Rising Hong Kong dollar interest rate and our efforts in managing funding cost directly contributed to a widening of deposit spread. This was partially offset by narrowing residential mortgage loan spread as Prime – HIBOR spread contracted substantially during the period.

Other operating income declined by 14.9% to HK\$1,229 million. Customers demanded investment products with higher potential returns as interest rate moved up. Increase in sales of structured products and open-ended investment funds by 87.4% and 12.0% respectively partially offset the drop from sales of capital guaranteed funds. Commissions from stockbroking were affected by a decline in market transaction volume. Income from foreign exchange also dropped amid a weaker US dollar and less volatile market conditions.

Advances and other accounts, including mortgage loans and card advances, increased by 6.8% to HK\$130,108 million from end-2004. Customer deposits decreased slightly by 2.0% to HK\$532,569 million.

Management's Discussion and Analysis (continued)

Wealth management

Wealth management is one of the key strategic focuses of our Retail Banking activities. After launching Wealth Management Prime service in December 2004, the Group introduced the brand-new Wealth Management VIP service in January 2005, a professional and personalised wealth management service for customers with an asset position of HK\$2 million or above. By end of June 2005, the number of Wealth Management customers and assets under management grew by 30% and 23% respectively when compared to end-2004.

Residential mortgage

A buoyant property market and effective marketing contributed to the strong growth in our mortgage business. The Group's mortgage loan balance increased by 8.2% to HK\$103,411 million from end-2004. The pricing competition in the market remained intense but as the Prime – HIBOR spread narrowed, banks began raising their pricing. During the period, the Group also raised the pricing of new mortgage loans and reduced cash rebate. Benefiting from the property price appreciation and improved credit risk management, the asset quality of mortgage loans continued to improve.

Personal RMB banking business

The Group provides comprehensive personal RMB banking services. We recorded remarkable growth of 63.8% in RMB deposits to RMB8,438 million. The number of ATM that provides RMB withdrawal service also increased from 232 at end-2004 to 241. We also maintained our leading position in RMB credit card issuance. The total number of RMB cards issued increased by 23.3% from end-2004.

Credit cards

Card business continued to expand in terms of customer base and service range. The Group's card business sustained its growth momentum in the first half of 2005. Card advances increased by 2.2% and the number of cards issued grew by 3.2% from end-2004. Cardholder spending volume and merchant acquiring volume registered double-digit growth of 20.4% and 21.5% respectively as compared to the first half of 2004.

The Group successfully launched China UnionPay merchant acquiring business in Thailand in January and introduced a new BOC credit card in Singapore with BOC Singapore. We launched new Visa SMS-based Bill Payment Service, which enables cardholders to pay bills via mobile phone, and MasterCard SecureCode, which provides secure and easy-to-use online payment and shopping services to cardholders. In May, we introduced the Two-factor Authentication Service, which provides more secure and convenient online services to our cardholders.

The Group's outstanding performance and service quality were duly recognised by the market. During the year, we won a number of awards from MasterCard International, The Hong Kong Trade Development Council and The International Licensing Industry Merchandisers:

- 2005 Gold prize of MasterCard Asia/Pacific Marketing Leadership Awards Best Program Launch
- 2005 Gold prize of MasterCard Asia/Pacific Marketing Leadership Awards Best Platinum Marketing
- 2005 Premier Asian Licensing Awards - Best Marketing Campaign in Hong Kong

Management's Discussion and Analysis (continued)

Corporate Banking

HK\$m, except percentage amounts	Half-year ended 30 June 2005	Half-year ended 30 June 2004	Increased/ (decrease)
Net interest income	1,768	1,779	(0.6%)
Other operating income	505	614	(17.8%)
Operating income	2,273	2,393	(5.0%)
Operating expenses	(506)	(522)	(3.1%)
Operating profit before impairment/provisions on advances	1,767	1,871	(5.6%)
Loan impairment release/write-back of bad and doubtful debts	1,350	1,269	6.4%
Profit before taxation	3,117	3,140	(0.7%)

	At 30 June 2005	At 31 December 2004	Increased/ (decrease)
Segment assets	208,645	187,946	11.0%
Segment liabilities	98,164	91,215	7.6%

Note: For additional segmental information, see Note 31 to the accounts.

Results

Corporate Banking reported a small decline in profit before taxation by 0.7% to HK\$3,117 million as compared to the first half of 2004.

Net interest income stayed flat. The benefit from widened deposit spread was offset by a narrower loan spread as keen market competition continued to exert pressure on the yield. Other operating income dropped by HK\$109 million mainly due to amortisation of directly attributable loan fees into interest income using the effective interest calculation upon the adoption of HKAS 39.

Loan impairment release amounted to HK\$1,350 million. Asset quality of our corporate loan portfolio continued to solidify as a result of an improving bad debt migration rate and higher collateral value. Recoveries remained strong amid favourable market conditions.

The Group achieved significant growth in loans and advances in the first half of 2005. Advances and other accounts increased by 8.9% to HK\$202,855 million from end-2004. Customer deposits increased by 7.7% to HK\$95,829 million.

Corporate and SMEs

Leveraging on the revitalised economy, Corporate Banking's business strategy is to grow small and medium-sized enterprises, and trade financing.

Despite intense pricing competition, we achieved a decent growth in trade financing and bills processing volume. In June, Factors Chain International, a global network of leading factoring companies, upgraded the Group's membership status from Associate Member to Full Member.

A new product, SME Quick Loan was launched to cater for our SME customers. By the end of June 2005, the total amount of loans to SMEs increased by 9.1% to about HK\$48,815 million from end-2004.

Our Corporate Banking continued to maintain its leading position in the syndication loan market. The Group was ranked as the second largest arranger in the local syndicated market and the combined syndicated loan market of Hong Kong, China and Macau in the first half of 2005 by Basis Point, a leading Asian debt market magazine.

In March, we were appointed by the China Foreign Exchange Trade System as the clearing bank for Hong Kong dollar.

Management's Discussion and Analysis (continued)

During the period, we improved our internal management mechanism, simplified workflow, and increased overall operational efficiency, with the ultimate goal of enhancing our product delivery and customer service quality. In June, a new credit management division within Corporate Banking was set up to enhance our SME business serving capability by improving credit analysis process and speeding up approval.

Mainland branches

The rapidly expanding economy and enormous business potential in the Mainland market provides increasing opportunities for banks. Persistent efforts have been put to integrate the business operations of Retail Banking and Corporate Banking in Hong Kong with our Mainland network in order to capitalise on the Group's competitive edge.

In the first half of 2005, the Group's Mainland branches continued to expand our business. Loans and advances rose by 40.0% while operating profit before impairment grew by 94.5%.

During the period, Nanyang's Shenzhen branch was approved to extend its RMB services to domestic companies. Furthermore, nine branches have obtained permission to commence insurance agency business. To further broaden its range of products, the Group rolled out structured deposits in the Mainland. We have been preparing for the introduction of wealth management services and option-linked deposits since the second quarter of this year.

Treasury

HK\$m, except percentage amounts	Half-year ended 30 June 2005	Half-year ended 30 June 2004	Increase/ (decrease)
Net interest income	568	1,014	(44.0%)
Other operating income	468	321	45.8%
Operating income	1,036	1,335	(22.4%)
Operating expenses	(198)	(177)	11.9%
Operating profit before impairment/provisions on advances	838	1,158	(27.6%)
Others	18	1	1700.0%
Profit before taxation	856	1,159	(26.1%)
	At 30 June 2005	At 31 December 2004	Increase/ (decrease)
Segment assets	445,495	453,457	(1.8%)
Segment liabilities	84,141	68,485	22.9%

Note: For additional segmental information, see Note 31 to the accounts.

Results

Treasury reported a profit of HK\$856 million, down 26.1% in the first half of 2005, mainly due to a decline in net interest income. Flattening yield curve with rising short-term interest rates squeezed the net interest income from managing residual funds. This was largely reflected in the large increase in interest expenses to Retail Banking and Corporate Banking for their deposit-taking business, partially offset by the increase in interest income from debt securities investments.

Increase in other operating income was mainly due to the gains in foreign exchange swap contracts, favorable changes in fair value of interest rate derivatives and other financial instruments.

Management's Discussion and Analysis (continued)

Investment portfolio management

The money market and capital market environments in the first half of 2005 were both encouraging and challenging. As the US Federal Reserve continued to raise interest rate, Treasury actively reallocated the Group's investment portfolio for better returns. Under an acceptable risk level, we further diversified our investment portfolios by investing in asset-backed debt securities and corporate bonds.

Customer trades

The foreign exchange, precious metals and equity market were less volatile than the same period last year. Customer investment sentiment was affected and this directly had a negative impact on the turnover of our customer-driven business.

Despite this, we put strong emphasis on developing tailor-made products and on exploring cross-selling opportunities in our Retail Banking and Corporate Banking. As a result, we have achieved great success in promoting retail structured deposits and this built a solid platform for offering other structured products in the future.

Risk Management

Overview

Risk management is vital to our corporate governance process. We believe that sound risk management is a key success factor of an organisation. As such, in our daily operational management, we emphasise that risk management is the foundation of healthy business development in achieving a balance between risk control and business growth. The principal types of risk inherent in the Group's business are reputation risk, legal and compliance risk, strategic risk, credit risk, market risk, interest rate risk, liquidity risk and operational risk. The Group's risk management objective is to enhance shareholder value, while maintaining risk exposures within acceptable limits.

Risk Management Governance Structure

The Bank's risk management governance structure is designed to cover the whole process of all businesses and ensure various risks are properly managed and controlled when carrying out business. The Bank has a sound risk management organisational structure. Various groups of risk takers assume their respective responsibilities for risk management.

The Board of Directors, representing the interest of the shareholders, is the highest decision making authority and has the ultimate responsibility for risk management. The Board with the assistance of its sub-committees has the primary responsibility for the determination of risk management strategies, and ensures that the Bank has established an effective risk management system to implement those risk management strategies. The Risk Committee ("RC"), established by the Board of Directors as a standing committee, is responsible for approving the Bank's major risk management policies and procedures and major asset and liability management policies.

Management includes Chief Executive ("CE") and committees which have the responsibility to implement the policies and procedures and various risk limits in accordance with the risk management strategies set by the Board, and to oversee the effectiveness of managing and controlling risk in the day-to-day management. The Chief Risk Officer ("CRO") and the Chief Financial Officer ("CFO") assist the CE to manage various types of risks. The CRO oversees the operation of the Risk Management Department ("RMD"), Legal and Compliance Department ("LCD") and Special Asset Management Department ("SAMD") and is responsible for reputation risk, legal and compliance risk, credit risk, market risk and operational risk. The CFO oversees the operation of the Economics and Strategic Planning Department and Finance Department and is responsible for strategic risk, interest rate risk and liquidity risk.

The Bank has comprehensive policies and procedures to identify, measure, monitor and control various risks across the organisation, 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 business strategies.

The Bank's principal banking subsidiaries, Nanyang and Chiyu, are managed consistently with the policies of the Group. These subsidiaries execute their risk management strategy independently and report to the Bank's management on a regular basis.

Management's Discussion and Analysis (continued)

Reputation Risk Management

Reputation risk is the risk that negative publicity regarding the Bank's business practices, whether genuine or not, will cause a potential decline in the customer base or lead to costly litigation or revenue erosion. Reputation risk is inherent in every aspect of our business operation and covers a wide spectrum of issues. Market rumors or public perceptions are significant factors in determining the level of risk in this category.

In order to mitigate reputation risk, the Bank has formulated and implemented a Reputation Risk Management Policy. This policy establishes standards to prevent and to manage reputation risk proactively at an early stage. It requires constant monitoring of external reputation risk incidents and published failures of risk incidents within the financial industry. In order to eliminate or alleviate the negative impact on the Bank's reputation, incidents related to reputation risk are handled promptly in accordance with the Emergency Contingency Plan and Special Reporting System for Special Incidents.

Legal and Compliance Risk Management

Legal risk is the risk that unenforceable contracts, lawsuits or adverse judgments may disrupt or otherwise negatively affect the operations or financial condition of the Bank. LCD is responsible for proactively identifying, assessing and managing legal risk faced by the Bank in the ordinary course of its business.

Compliance risk is the risk of legal and regulatory sanctions, financial loss, or loss to reputation that the Bank may suffer as a result of its failure to comply with all applicable laws, regulations, international practices, local trade standards, codes of conduct and standards of good practice. By establishing and maintaining appropriate policies and guidelines, LCD ensures that the Bank conducts its business in compliance with the requirements of relevant laws and regulations.

Strategic Risk Management

Strategic risk generally refers to the risks that may induce some current or future negative impacts on the earnings, capital, reputation or market position of the Bank because of poor strategic decisions, improper implementation of strategies and lack of response to the market. The Bank has developed its Strategic Risk Management Policy that defines the responsibilities of the Board and the Management when implementing its desired strategies.

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 follows 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 amounts, 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 application without prior review by the RMD. A loan review officer in the RMD conducts independent post-approval reviews of such pre-approved low-risk credit transactions and assesses 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 based on the review conclusions.

Management's Discussion and Analysis (continued)

The Bank has developed an application scorecard for personal unsecured credit facilities. The scorecard is used to analyse applicants' demographic and credit characteristics and to predict future repayment performance. With scorecards, credit decisions are made based on credit scoring results. Several other scorecards for different types of personal lending products are being developed.

For loans reaching the approval authority of Deputy Chief Executives ("DCE") or above, independent risk assessment by the Credit Risk Assessment Committee ("CRAC") is required. The CRAC is a specialised committee, which consists of experts from the lending and other areas of the Bank. The CRAC is responsible for making independent risk assessment of significant credit applications. The decision of CRAC will be an important basis for the CRO, DCE and CE to make their credit decisions. The CRAC itself has no credit approval authority.

Loans that exceed the approval authority of CE have to be approved by the RC.

The Bank conducts post-disbursement reviews to ensure compliance with established credit policies and procedures in the loan portfolio.

To improve loan quality, the Bank has set up internal targets to control the amount of criticised loans. The RMD regularly reports loan quality 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 RC. The overall risk limits are divided into sub-limits by reference to different risk factors, including interest rate, foreign exchange rate, commodity price and equity price. 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 oversight of the Bank's market risk to ensure that the overall and individual market risks are 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/co-variance 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.

The following table set out the VaR for all trading market risk exposure of the Bank.

HK\$m	At 30 June 2005	Minimum for the first half of 2005	Maximum for the first half of 2005	Average for the first half of 2005
VAR for all market risk	2.8	1.7	4.7	2.9
VAR for foreign exchange risk	1.9	1.2	4.0	2.1
VAR for interest rate risk	2.1	1.6	3.7	2.5

HK\$m	At 30 June 2004	Minimum for the first half of 2004	Maximum for the first half of 2004	Average for the first half of 2004
VAR for all market risk	2.2	0.9	5.6	3.3
VAR for foreign exchange risk	1.4	0.6	5.0	2.1
VAR for interest rate risk	1.8	0.5	4.4	2.6

Management's Discussion and Analysis (continued)

For the first half of 2005, the average daily revenue of the Bank earned from market risk related trading activities was HK\$2.2 million (first half of 2004: HK\$2.5 million). The standard deviation of these daily trading revenues was HK\$2.1 million (first half of 2004: HK\$2.5 million). The most frequent result was a daily trading revenue of between HK\$1.0 million to HK\$3.0 million (first half of 2004: HK\$2.0 million to HK\$4.0 million). The highest daily revenue was HK\$11.0 million (first half of 2004: HK\$9.0 million).

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 RC. The RMD is responsible for monitoring foreign exchange exposure and related stop-loss limits on a day-to-day basis as well as credit risk exposure arising from foreign exchange transactions.

Interest Rate Risk Management

The Bank's interest rate risk exposures mainly comprise structural positions. The major types of structural positions are:

- repricing risk – mismatches in the maturity or repricing periods of assets and liabilities
- 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 Asset and Liability Management Committee ("ALCO") maintains oversight of interest rate risk and the RC sanctions the interest rate risk management policies formulated by the ALCO. The Finance Department carries out approved policies and develops systems and metrics to identify, measure and monitor interest rate risk.

Gap analysis is one of the tools 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 and in most cases, plain vanilla interest rate swaps are used.

With respect to repricing risk, sensitivities of earnings and economic value to interest rate changes (Earnings at Risk and Economic value at Risk) are assessed through hypothetical interest rate shock of 200 basis points across the yield curve on both sides. Earnings at Risk and Economic value at Risk are respectively controlled within an approved percentage of the projected net interest income for the year and the latest capital base as sanctioned by the RC. The Finance Department reports the results to the ALCO and the RC 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. Ratios of asset and liability of different pricing basis are set to monitor such risk.

Stress tests on repricing risk and basis risk are conducted regularly. The ALCO monitors the results of stress tests against limits and decides whether remedial action should be taken.

Management's Discussion and Analysis (continued)

Liquidity Risk Management

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, without forced liquidation of its assets at short notice.

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.

The Bank manages and measures its liquidity through maintaining strong liquidity ratios, examining the stability of depositors and the respective concentration risk, monitoring the loan to deposit ratio, maintaining a portfolio of high quality liquid securities and conducting regular stress tests. The Bank also smoothens its liquidity by borrowing in the interbank markets on a short-term basis. The interbank markets generally provide an adequate amount of liquidity at borrowing rates that are subject to market conditions.

The primary goal of the Bank's asset and liability management strategy is to achieve 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 (including the liquidity contingency plan), and the RC sanctions the liquidity management policies. The Finance Department closely monitors the liquidity risk of the Bank and reports to the Management and ALCO regularly.

Operational Risk Management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. The Bank aims to manage this risk in line with the best practices of the industry.

The Bank manages operational risk by identifying, assessing, monitoring, controlling and mitigating the risks, and reviews the risks inherent in business processes, activities and products. The Bank monitors operational risk profile, records operational risk data and reports to the RC and senior management. As part of our effective internal control environment, the Bank establishes detailed internal policies and control procedures, monitors transactions and conducts reconciliation of accounts regularly. The Bank also emphasises the need for appropriate segregation of duties and independent authorisation in all business activities.

The Business Continuity Plan is in place to support business operations in the event of disasters. Adequate backup facilities are maintained and periodic drills are conducted. The Bank also arranges insurance cover by the immediate holding company to reduce 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 results are reported to the Board, the RC and the ALCO on a regular basis.

Capital Management

The major objective of capital management is to maximise the return to shareholders while maintaining a strong capital position. The Bank would consider the adjustment of capital mix when appropriate to achieve the lowest overall cost of capital. The existing capital base, while may be high relative to the market, is considered appropriate to support the future business expansion of the Group. The ALCO, with the assistance of the Finance Department, 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.

綜合損益賬

Consolidated Profit and Loss Account

			(未經審核) (Unaudited)	(未經審核) (Unaudited)
			半年結算至 2005年 6月30日 Half-year ended 30 June 2005	半年結算至 2004年 6月30日 Half-year ended 30 June 2004
		附註 Notes	港幣百萬元 HK\$m	港幣百萬元 HK\$m
利息收入	Interest income		10,065	7,304
利息支出	Interest expense		(4,232)	(1,795)
淨利息收入	Net interest income	3	5,833	5,509
服務費及佣金收入	Fees and commission income		2,005	2,221
服務費及佣金支出	Fees and commission expenses		(507)	(508)
淨服務費及佣金收入	Net fees and commission income	4	1,498	1,713
淨交易性收入	Net trading income	5	746	662
其他經營收入	Other operating income	6	121	141
經營收入	Operating income		8,198	8,025
經營支出	Operating expenses	7	(2,676)	(2,668)
提取貸款減值準備/撥備前 經營溢利	Operating profit before impairment/provisions on advances		5,522	5,357
貸款減值準備撥回	Reversal of loan impairment allowances on advances	8	1,435	-
呆壞賬撥回	Write-back of bad and doubtful debts	9	-	1,240
經營溢利	Operating profit		6,957	6,597
出售/重估固定資產之 淨(虧損)/收益	Net (loss)/gain from disposal/revaluation of fixed assets	10	(9)	22
出售/重估投資物業之 淨收益	Net gain from disposal/revaluation of investment properties	11	927	26
回購/出售持有至到期日 證券之淨(虧損)/收益	Net (loss)/gain from redemption/disposal of held-to-maturity securities		(3)	1
出售可供出售證券之淨收益	Net gain from disposal of available-for-sale securities		21	-
聯營公司權益之減值撥備 撥回	Write-back of provision for impairment on interests in associates		4	150
應佔聯營公司之溢利扣減 虧損	Share of profits less losses of associates		(1)	(19)
除稅前溢利	Profit before taxation		7,896	6,777
稅項	Taxation	12	(1,328)	(1,119)
本期溢利	Profit for the period		6,568	5,658
應佔溢利:	Attributable to:			
本銀行股東權益	Equity holders of the Bank		6,495	5,582
少數股東權益	Minority interests		73	76
			6,568	5,658
股息	Dividend	13	2,367	3,874

綜合資產負債表

Consolidated Balance Sheet

		(未經審核) (Unaudited)	(經審核) (Audited)
		2005年 6月30日 At 30 June	2004年 12月31日 At 31 December
	附註 Notes	2005	2004
		港幣百萬元 HK\$m	港幣百萬元 HK\$m
資產	ASSETS		
庫存現金及短期資金	Cash and short-term funds	113,792	102,647
一至十二個月內到期之銀行及其他 金融機構存款	Placements with banks and other financial institutions maturing between one and twelve months	60,196	107,581
貿易票據	Trade bills	1,251	1,086
持有之存款證	Certificates of deposit held	19,440	22,338
香港特別行政區政府負債證明書	Hong Kong SAR Government certificates of indebtedness	33,900	34,760
可供出售證券	Available-for-sale securities	14	-
持有至到期日證券	Held-to-maturity securities	15	181,050
投資證券	Investment securities	16	50
其他證券投資	Other investments in securities	17	8,288
交易性證券及公平值變化計入損益 的其他金融資產	Trading securities and other financial instruments at fair value through profit or loss	18	-
衍生金融工具	Derivative financial instruments	19	-
貸款及其他賬項	Advances and other accounts	20	309,211
聯營公司權益	Interests in associates	57	62
固定資產	Fixed assets	15,802	16,496
投資物業	Investment properties	6,393	5,381
遞延稅項資產	Deferred tax assets	24	12
其他資產	Other assets	7,117	7,813
資產總額	Total assets	813,333	796,775
負債	LIABILITIES		
香港特別行政區流通紙幣	Hong Kong SAR currency notes in circulation	33,900	34,760
銀行及其他金融機構之存款及結餘	Deposits and balances of banks and other financial institutions	38,471	34,440
客戶存款	Deposits from customers	21	632,496
交易性負債及公平值變化計入損益 的其他金融工具	Trading liabilities and other financial instruments at fair value through profit or loss	22	-
衍生金融工具	Derivative financial instruments	19	-
發行之存款證	Certificates of deposit issued	3,746	3,788
遞延稅項負債	Deferred tax liabilities	24	947
其他賬項及準備	Other accounts and provisions	25	25,837
負債總額	Total liabilities	742,139	732,268
資本來源	CAPITAL RESOURCES		
少數股東權益	Minority interests	1,294	1,239
股本	Share capital	26	43,043
儲備	Reserves	27	20,225
股東資金	Shareholders' funds	69,900	63,268
資本來源總額	Total capital resources	71,194	64,507
負債及資本來源總額	Total liabilities and capital resources	813,333	796,775

綜合現金流量表

Consolidated Cash Flow Statement

		(未經審核) (Unaudited) 半年結算至 2005年 6月30日 Half-year ended 30 June 2005 港幣百萬元 HK\$m	(未經審核) (Unaudited) 半年結算至 2004年 6月30日 Half-year ended 30 June 2004 港幣百萬元 HK\$m
經營業務之現金流量	Cash flows from operating activities		
除稅前經營現金之流入／(流出)	Operating cash inflow/(outflow) before taxation	9,121	(9,759)
支付香港利得稅	Hong Kong profits tax paid	(359)	(160)
支付海外利得稅	Overseas profits tax paid	(10)	-
經營業務之現金流入／(流出)淨額	Net cash inflow/(outflow) from operating activities	8,752	(9,919)
投資業務之現金流量	Cash flows from investing activities		
收取證券投資之股息	Dividends received from investments in securities	13	13
購入固定資產	Purchase of fixed assets	(164)	(87)
出售固定資產所得款項	Proceeds from disposal of fixed assets	432	122
出售投資物業所得款項	Proceeds from disposal of investment properties	51	161
聯營公司清盤分派所得款項	Proceeds from dissolution of an associate	6	-
收取聯營公司股息	Dividend received from an associate	2	5
貸款予聯營公司	Loans to associates	-	(9)
聯營公司償還之貸款	Loans repaid by associates	-	283
投資業務之現金流入淨額	Net cash inflow from investing activities	340	488
融資業務之現金流量	Cash flows from financing activities		
支付股息	Dividend paid	(4,089)	(3,874)
支付少數股東股息	Dividend paid to minority shareholders	(55)	(55)
融資業務之現金流出淨額	Net cash outflow from financing activities	(4,144)	(3,929)
現金及等同現金項目增加／(減少)	Increase/(decrease) in cash and cash equivalents	4,948	(13,360)
於1月1日之現金及等同現金項目	Cash and cash equivalents at 1 January	62,908	73,165
於6月30日之現金及等同現金項目	Cash and cash equivalents at 30 June	67,856	59,805

賬目附註

Notes to the Accounts

1. 編製基準及會計政策

本未經審計之中期報告乃按照香港會計師公會頒佈之香港會計準則第34號“中期財務報告”而編製，並須與2004年度本集團年報一併閱讀。

於2005年，本集團採納了以下與本集團營運相關之新增 / 經修訂之香港財務報告準則：

香港會計準則第1號
財務報表之呈報
香港會計準則第7號
現金流量表
香港會計準則第8號
會計政策、會計估量之轉變及誤差
香港會計準則第10號
資產負債表日後事項
香港會計準則第16號
固定資產
香港會計準則第17號
租賃
香港會計準則第21號
外匯匯率轉變之影響
香港會計準則第24號
有關連人士披露
香港會計準則第27號
綜合及獨立財務報告
香港會計準則第28號
於聯營公司之投資
香港會計準則第30號
銀行及類似財務機構之財務報告披露
香港會計準則第32號
金融工具 - 披露和呈報
香港會計準則第33號
每股盈利
香港會計準則第36號
資產減值
香港會計準則第38號
無形資產
香港會計準則第39號
金融工具 - 確認和計量
香港會計準則第40號
投資物業
香港會計準則詮釋第21號
利得稅項 - 經重新估值之非折舊資產之回收
香港財務報告準則第5號
待售非流動資產及已終止業務

1. Basis of preparation and accounting policies

This unaudited interim report has been prepared in accordance with HKAS 34 “Interim Financial Reporting” issued by the HKICPA and should be read in conjunction with the Group’s Annual Report for 2004.

In 2005, the Group adopted the new/revised standards of Hong Kong Financial Reporting Standards as set out below, which are relevant to its operations:

HKAS 1	Presentation of Financial Statements
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 30	Disclosures in the Financial Statements of Banks and Similar Financial Institutions
HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 40	Investment Property
HKAS-Int 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets
HKFRS 5	Non-current Assets Held for Sale and Discontinued Operations

賬目附註 (續)

Notes to the Accounts (continued)

1. 編製基準及會計政策 (續)

1. Basis of preparation and accounting policies (continued)

除因於2005年1月1日起採納新增及經修訂之香港財務報告準則及香港會計準則而需更改之會計政策外，本中期報告所採用之各項會計政策及計算辦法，均與截至2004年12月31日之集團賬目所採用者一致。

The accounting policies and methods of computation used in the preparation of this interim report are consistent with those used in the Group's accounts for the year ended 31 December 2004 except for the changes in accounting policies on 1 January 2005 following the adoption of the new and revised HKFRSs and HKASs.

除以下所列外，新增／經修訂之香港財務報告準則對集團之會計政策並沒有構成重大轉變。

Except for the following, the new/revised Hong Kong Financial Reporting Standards did not result in substantial changes to the Group's accounting policies.

香港財務報告準則第5號：「待售非流動資產及已終止業務」（「香港財務報告準則第5號」）

HKFRS 5: Non-current Assets Held for Sale and Discontinued Operations
(‘HKFRS 5’)

由2004年1月1日至2004年12月31日

From 1 January 2004 to 31 December 2004

任何收回資產，在催收無望及該資產被售出前，均會繼續以不履約貸款列賬。於變賣收回資產前，將考慮其市場價值，並計提減值準備，以使貸款之賬面值減至預期之可變現淨值。

Reposessed assets continued to be reported as non-performing loans and advances until all collection efforts were exhausted and the reposessed assets were realised. Before realisation, loan impairment allowances were made after taking into account the market value of the reposessed assets to adjust the carrying value of related loans and advances to their net realisable value.

由2005年1月1日起

From 1 January 2005 onward

在採納香港財務報告準則第5號後，收回資產按其收回日之公平值或有關貸款之攤餘成本之較低者列賬。有關貸款及有關已提準備於資產負債表中予以注銷。其後，收回資產取其成本或可變現淨值中之較低者計量，並於“其他資產”項下之“待售非流動資產”列賬。

Upon adoption of HKFRS 5, reposessed assets are initially recognised at the lower of their fair value or the amortised cost of the related outstanding loans on the date of repossession. The related loans and advances together with the related impairment allowances are then derecognised from the balance sheet. Subsequently, reposessed assets are measured at the lower of their cost or net realisable value and are reported as ‘Non-current assets held for sale’ under ‘Other assets’

賬目附註 (續)

Notes to the Accounts (continued)

1. 編製基準及會計政策 (續)

香港會計準則第17號：

「租賃」(「香港會計準則第17號」)

由2004年1月1日至2004年12月31日

以租約業權型式擁有之物業乃經由董事參考獨立專業估價師之估值列賬。土地與房產之價值並沒有劃分。

由2005年1月1日起

在採納香港會計準則第17號後，以租約業權型式擁有之自用物業，若租約開始當日能可靠地分攤其土地及房產之價值，則土地租約業權及其使用權將由「固定資產」轉變分類為「經營租賃」。購置租約業權土地及其使用權之預付費用或有關其他成本，將按租賃期限以直線法攤銷記入損益賬。如以上之預付費用出現減值，須即時於損益賬內確認。若租約開始當日未能可靠地劃分其土地及房產之價值，則土地與房產部分均繼續被視為融資租賃，以公平值列賬。

根據中國銀行(香港)有限公司(合併)條例(“合併條例”)2001，被指定分行及附屬公司之所有資產及負債，以及在香港之中銀集團所遺留下之若干實體之股權，均被有效地轉移到中銀香港，而中銀香港乃由新成立之中銀香港(控股)有限公司所直接擁有(下稱“合併”)。此乃本集團之重大事件，本集團因此採用了合併時之估值，作為以租約業權型式擁有自用物業之設定成本，以反映合併當時之情況。

1. Basis of preparation and accounting policies (continued)

HKAS 17: Leases ('HKAS 17')

From 1 January 2004 to 31 December 2004

Leasehold properties were stated at valuation determined by the directors with reference to a valuation conducted by independent professional valuers. No apportionment of the value between the land and buildings elements was made.

From 1 January 2005 onward

Upon adoption of HKAS 17, where the land and buildings elements of leasehold properties held for own use can be split reliably as at inception of the lease, this results in a change in the classification of leasehold land and land use rights from fixed assets to operating leases. The up-front prepayments made or other costs incurred for acquiring the leasehold land and land use rights are expensed in the profit and loss account on a straight-line basis over the period of the lease. Where there is impairment of the up-front prepayments, the impairment is expensed in the profit and loss account immediately. Where the land and building cannot be split reliably as at the inception of the lease, the land and building elements will continue to be treated as finance leases and carried at fair value.

Pursuant to the Bank of China (Hong Kong) Limited (Merger) Ordinance ("Merger Ordinance") 2001, all assets and liabilities of the designated branches and subsidiaries, and the shares of certain entities of the legacy Bank of China Group in Hong Kong were effectively transferred to BOCHK, which was immediately owned by the newly formed BOC Hong Kong (Holdings) Limited ("the Merger"). This was a significant event and the Group has therefore adopted the valuation at the date of the Merger as the deemed cost for its leasehold properties held for own use to reflect the circumstances at the time of the Merger.

賬目附註 (續)

Notes to the Accounts (continued)

1. 編製基準及會計政策 (續)

於合併時採納設定成本後，本集團參考獨立專業估價師為合併而於2001年8月31日所進行之估值，當時並沒有對以租約業權型式擁有之自用物業按土地與房產部分所佔之價值進行劃分。任何其後對合併時之租約業權型式擁有之自用物業所作之土地與房產部分之劃分，均屬於假設性，並不能反映具可靠性之資料。因此，本集團之租約業權型式擁有之自用物業，因不能可靠地劃分土地及房產之價值，而整體被視為融資租賃。本集團亦根據香港會計準則第16號，採用了重估模式，對此等被列為融資租賃之資產以公平值減累計折舊及累計減值虧損列賬。

香港會計準則第39號：
「金融工具 - 確認和計量」
(「香港會計準則第39號」)

(a) 利息收入及支出、服務費及佣金收入及支出

由2004年1月1日至2004年12月31日

利息收入及支出在應計期間於損益賬內確認，惟呆壞賬利息則會被撥入暫記賬，並與資產負債表上之相關結餘項目對銷。服務費及佣金收入在集團賺取時確認，惟假若有關交易涉及之利率或其他風險超逾本會計期間，則按交易限期攤銷。持有之債務證券或已發行之債務工具之溢價及折讓，均作為部分之利息收入或支出，於購買日起至到期日止之期間內分攤入賬。

1. Basis of preparation and accounting policies (continued)

On adoption of the deemed cost at the date of Merger, the Group made reference to the independent property valuation conducted as at 31 August 2001 for the purpose of the Merger, which did not split the values of the leasehold properties held for own use between the land and building elements. Any means of subsequent allocation of the valuation of the leasehold properties held for own use at the date of Merger between the land and building elements would be notional and therefore do not represent reliable information. It is determined that the values of the land and building elements of the Group's leasehold properties held for own use cannot be reliably split and the leasehold properties held for own use are treated as finance leases. The Group has also adopted the revaluation model under HKAS 16 by which assets arising under these finance leases are carried at fair value less any accumulated depreciation and impairment losses.

HKAS 39: Financial Instruments – Recognition and Measurement ('HKAS 39')

(a) Interest income and expense and fees and commission income and expense

From 1 January 2004 to 31 December 2004

Interest income and expense was recognised in the profit and loss account as it accrued, except in the case of doubtful debts, where interest was credited to a suspense account which was netted in the balance sheet against the relevant balances. Fees and commission income were recognised in the period when earned unless they related to transactions involving an interest rate risk or other risks which extended beyond the then current period, in which case they were amortised over the period of the transaction as commission. Premiums or discounts of debt securities held, or debt instruments in issue, were amortised over the period from the date of purchase or issue to the date of maturity, as part of interest income or interest expense.

賬目附註 (續)

Notes to the Accounts (continued)

1. 編製基準及會計政策 (續)

由2005年1月1日起
附息金融資產或金融負債之利息收入及支出乃按時間比例基準採用實際利息法確認。持有之債務證券、已發行之債務工具之溢價及折讓，以及貸款貸出時產生而屬於整體有效收益一部分之相關服務費及支出，將作為實際利率計算之一部分，於預期貸款期限內攤銷。

當貸款需要減值時，本集團將貸款之賬面值減至其可收回價值，即以原來實際利率對預計未來現金流量折現值。日後釋出之貼現準備將確認為利息收入。

可供出售證券及以公平值變化計入損益之金融工具，以實際利息法計算所產生之利息及攤銷部分，仍於損益賬上確認為利息收入或利息支出。

(b) 衍生金融工具

由2004年1月1日至2004年12月31日

衍生金融工具的會計處理方法取決於本集團在發生衍生交易合約時，該交易之目的屬買賣或風險對沖用途。用作買賣而進行之交易均以公平值列賬。交易所掛牌買賣之合約之公平值按市場報價釐定，非交易所掛牌買賣之合約之公平值按交易員之報價、定價模型或具相似性質金融工具之報價釐定。因按市值列賬而產生之未實現盈利／虧損分別列賬於“其他資產”或“其他賬項及準備”內。因公平值轉變而產生的盈利或虧損於損益賬內確認。

1. Basis of preparation and accounting policies (continued)

From 1 January 2005 onward

Interest income and expense on interest-bearing financial assets or financial liabilities is recognised on a time-proportion basis using the effective interest method. Premiums or discounts of debt securities held, or debt instruments in issue, and directly attributable origination fees and costs which represent an integral part of the effective yield are amortised over the expected life of the financial instrument as part of the effective interest calculation.

When a loan is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument. Subsequent unwinding of the discount allowance is recognised as interest income.

Interest and amortisation derived using the effective interest method for available-for-sale securities and financial instruments at fair value through profit or loss continue to be recognised as interest income or interest expense in the profit and loss account.

(b) Derivative financial instruments

From 1 January 2004 to 31 December 2004

The treatment for derivatives depended on whether the transactions were undertaken for dealing or hedging purposes when the Group entered into a derivative contract. Transactions undertaken for dealing purposes were marked to market at fair value based primarily on quoted market prices or, if an active market was absent, on dealers' quotes, pricing models or quoted prices for instruments with similar characteristics. Unrealised gains/losses on transactions which were marked to market were included in "Other assets" or "Other accounts and provisions" respectively. Gains or losses from changes in fair value were recognised through the profit and loss account.

賬目附註 (續)

Notes to the Accounts (continued)

1. 編製基準及會計政策 (續)

1. Basis of preparation and accounting policies (continued)

用作風險對沖之交易須於發生時清楚界定，並需展示此等風險對沖工具於整段對沖期間內，均能高度有效地達到抵銷所需對沖風險之目的。用作風險對沖之交易按所對沖之資產、負債或持倉淨額等同之基準而估值。任何損益均按有關之資產、負債或持倉淨額所產生損益之等同基準確認於損益賬內。

Transactions undertaken for hedging purposes were designated at inception and the hedging instrument was required to be highly effective in accomplishing the objective of offsetting the risk being hedged throughout the life of the hedge. Hedging instruments were valued on an equivalent basis to the assets, liabilities or net positions that they were hedging. Any profit or loss was recognised in the profit and loss account on the same basis as that arising from the related assets, liabilities or net positions.

由2005年1月1日起

From 1 January 2005 onward

所有衍生工具均以公平值進行初始確認，若其公平值為正值，將被列為資產；若其公平值為負值，將被列為負債。之後，其公平值變動之確認方法，需依據該衍生工具是否符合對沖會計，以及其對沖關係之種類而定。

All derivatives are initially recognised at fair value and carried as assets when the fair value is positive and as liabilities when the fair value is negative. Subsequent changes in fair value are recognised dependent on whether the derivatives are qualified for hedge accounting and the type of hedging relationships.

對沖關係可被界定為以下其中一項：(1) 為已確認之資產、負債或確切承擔之公平值作對沖(公平值對沖)；(2) 為將來具相當可能發生之交易作對沖(現金流量對沖)；或(3) 為外地運作之淨投資作對沖。現時，本集團只為已確認之資產、負債之公平值進行公平值對沖。

Hedge relationships can be designated as either: (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); (2) hedges of highly probable forecasted transactions (cash flow hedges); or (3) hedges of net investments in foreign operations. Currently, the Group only engages in fair value hedges that are hedged against the fair value of recognised assets or liabilities.

賬目附註 (續)

Notes to the Accounts (continued)

1. 編製基準及會計政策 (續)

1. Basis of preparation and accounting policies (continued)

本集團於交易發生時將記錄對沖工具與相關被對沖項目之關係、風險管理目的和進行各類對沖活動時所採取之策略。本集團並記錄對沖活動發生時及期間，有關衍生工具能否高度有效地抵銷相關被對沖項目之公平值及現金流量變動之評估。

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

被界定為有效之公平值對沖，其衍生工具之公平值變動，連同被對沖之資產或負債之公平值變動，將在損益賬內確認。

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

持作買賣用途之衍生金融工具，以及不符合對沖會計要求之對沖工具，其公平值變動即時於損益賬內確認。

For derivative instruments held for trading and those that do not qualify for hedge accounting, changes in their fair value are recognised immediately in the profit and loss account.

(c) 金融資產

(c) Financial assets

由2004年1月1日至2004年12月31日

From 1 January 2004 to 31 December 2004

除“其他證券投資”及持作買賣用途之衍生工具資產以公平值計量外，所有金融資產均以扣除攤銷及減值準備後之成本值列賬。公平值變動所產生之盈利或虧損，於損益賬內確認。

All financial assets were carried at cost less amortisation and impairment allowances, except for “Other investment in securities” and derivative assets held for trading which were measured at fair value. Gains and losses from changes in fair value were recognised in the profit and loss account.

由2005年1月1日起

From 1 January 2005 onward

本集團按以下對金融資產進行分類：以公平值變化計入損益的金融資產、貸款及應收款、持有至到期日投資、以及可供出售金融資產。金融資產是按持有目的作分類。所有金融資產乃於交易發生時或過渡至新香港財務報告準則時界定其分類，並以公平值進行初始確認。除公平值變化計入損益的金融資產外，其他金融資產之交易成本均已包含於公平值內。

The Group classifies its financial assets under the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were held. All financial assets are classified at inception or date of transition to the new HKFRS and are recognised initially at fair value. Except for financial assets carried at fair value through profit or loss, all transaction costs of financial assets are included in their fair value.

賬目附註 (續)

Notes to the Accounts (continued)

1. 編製基準及會計政策 (續)

1. Basis of preparation and accounting policies (continued)

(1) 以公平值變化計入損益的金融資產

此類別金融資產可再分為兩個細類：持作交易用途之金融資產、以及於交易時界定之以公平值變化計入損益的金融資產。持作交易用途之金融資產為旨在短期內出售之金融資產。金融資產可於交易時或過渡至新香港財務報告準則時被界定為以公平值變化計入損益的金融資產。該界定旨在消除或減低如非作此處理，將會因不一致之計量或確認方法而出現之以下情況：

- 存在若干經濟關係，惟需應用不同計量及確認方法之金融資產及負債；或
- 此類資產及負債以公平值為基準被共同管理，惟其會計結果與其根本之經濟情況並不一致。

作如此界定之金融資產，其交易成本將直接確認於損益賬。

(2) 貸款及應收款

貸款及應收款是擁有固定及確定付款額及沒有於活躍市場上定價之非衍生工具金融資產。此類資產是因本集團直接向客戶提供金融及融資服務而產生，且無意持作買賣用途。貸款及應收款以扣除減值準備後之攤餘成本列賬。

(3) 持有至到期日投資

持有至到期日投資是擁有固定及確定之付款額及還款期，以及本集團管理層有意向及有能力持有至到期之非衍生工具金融資產。持有至到期日投資是以扣除減值準備後之攤餘成本列賬。

(4) 可供出售金融資產

可供出售金融資產是指債務或股票證券，並有意作無期限持有，但可因應流動資金所需或金融市場環境變化而出售之投資。可供出售金融資產以公平值列賬，如屬未能於活躍市場中可靠地計量之股票投資，則以成本值減累計減值虧損列賬。公平值與攤餘成本之差異在權益儲備內確認，直至該金融資產在賬項中沖銷或減值，則在權益儲備內先前已確認之累計盈虧將會撥轉至損益賬內。之前曾於損益賬內確認之股票投資減值虧損，日後將不可透過損益賬進行回撥。

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

This category is further divided into two sub-categories: financial assets held for trading, and financial assets designated as at fair value through profit or loss at inception or date of transition to the new HKFRS. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. A financial asset can be designated as at fair value through profit or loss if it is so designated as at inception. The designation is intended to eliminate or reduce the inconsistency in measurement or recognition that would otherwise arise when:

- there is an economic relationship between particular financial assets and liabilities to which different measurement and recognition requirements apply; or
- such assets and liabilities are managed together on a fair value basis and the accounting results may differ from the underlying economics.

Transaction costs of financial assets so designated are taken directly to the profit and loss account.

(2) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed determinable payments that are not quoted in an active market. They arise when the Group provides finances or financial services directly to a borrower with no intention of trading the receivable. Loans and receivables are measured at amortised cost after netting impairment allowances.

(3) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost after netting impairment allowances.

(4) Available-for-sale financial assets

Available-for-sale financial assets are those debt or equity securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in the financial market environment. Available-for-sale financial assets are measured at fair value or at cost less impairment allowance when the fair value of equity investments cannot be reliably measured in an active market. The difference between fair value and amortised cost is recognised in the equity reserve directly until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity reserve should be transferred to the profit and loss account. Impairment losses recognised in the profit and loss account for equity investments shall not be reversed through the profit and loss account thereafter.

賬目附註 (續)

Notes to the Accounts (continued)

1. 編製基準及會計政策
(續)

1. Basis of preparation and accounting policies (continued)

(d) 金融負債

(d) Financial liabilities

由2004年1月1日至2004年12月31日

From 1 January 2004 to 31 December 2004

除買賣證券短盤及用作買賣之衍生工具負債外，所有金融負債均以成本或攤餘成本列賬。買賣證券短盤及用作買賣之衍生工具負債以公平值列賬，任何由公平值變動所產生之盈利或虧損將確認於損益賬內。

All financial liabilities except short positions in trading securities and derivative liabilities held for trading were carried at cost or amortised cost. Short positions in trading securities and derivative liabilities held for trading were carried at fair value and any gains and losses from changes in fair value were recognised in the profit and loss account.

由2005年1月1日起

From 1 January 2005 onward

本集團按以下對金融負債進行分類：交易性負債、界定為以公平值變化計入損益的金融負債、存款、已發行債務證券及其他負債。金融負債乃於交易發生時界定其分類及以公平值進行初始確認。

The Group classifies its financial liabilities under the following categories: trading liabilities, financial liabilities designated as at fair value through profit or loss, deposits, debt securities in issue and other liabilities. All financial liabilities are classified at inception and recognized initially at fair value.

(1) 交易性負債

(1) Trading liabilities

交易性負債以公平值列賬。公平值之變動所產生之盈利或虧損確認於損益賬內。

Trading liabilities are carried at fair value and any gains and losses from changes in fair value are recognised in the profit and loss account.

(2) 界定為以公平值變化計入損益的金融負債

(2) Financial liabilities designated as at fair value through profit or loss

界定為以公平值變化計入損益的金融負債包括自行發行之債務證券及若干嵌藏有衍生工具之客戶存款，於交易發生時或過渡至新香港財務報告準則時被如此界定。界定為以公平值變化計入損益的金融負債以公平值列賬，公平值改變而產生之盈利或虧損，會確認於損益賬內。

Financial liabilities designated as at fair value through profit or loss, including our own debt securities in issue and deposits received from customers that are embedded with certain derivatives, are designated as such at inception or date of transition to the new HKFRS. Financial liabilities designated as at fair value through profit or loss are carried at fair value and any gains and losses from changes in fair value are recognised in the profit and loss account.

(3) 存款、已發行債務證券及其他負債

(3) Deposits, debt securities in issue and other liabilities

除交易性負債或界定為以公平值變化計入損益的金融負債外，其他存款、已發行債務證券及其他金融負債均以攤餘成本列賬。

Deposits and debt securities in issue, other than those classified as trading liabilities or designated as at fair value through profit or loss, and other financial liabilities are carried at amortised cost.

賬目附註 (續)

Notes to the Accounts (continued)

1. 編製基準及會計政策
(續)

1. Basis of preparation and accounting policies (continued)

(e) 證券及衍生工具之估值

(e) Valuation of securities and derivatives

由2004年1月1日至2004年12月31日

From 1 January 2004 to 31 December 2004

具報價之投資及金融負債之公平值，乃根據結算當天之活躍市場中位價或收市價格釐定計算。

The fair values of quoted investments and financial liabilities in active markets were based on current market mid prices or closing prices as at the balance sheet date.

由2005年1月1日起

From 1 January 2005 onward

用作計量本集團於資產負債表結算當日所持有金融資產之市場價值，為當時之活躍市場買盤價；而用作釐定金融負債之市場價值則為當時之活躍市場賣盤價。

The quoted market price at the balance sheet date used for financial assets held by the Group is the current bid price in active markets; the appropriate quoted market price for financial liabilities is the current ask price in active markets.

(f) 金融資產減值

(f) Impairment of financial assets

由2004年1月1日至2004年12月31日

From 1 January 2004 to 31 December 2004

在個別評估的基準下，當貸款本息能否全數收回存有疑慮時，會針對個別相關貸款作出特殊準備。特殊準備將使資產之賬面值減至預期之可收回價值。當未能合理估計損失時，本集團則採用集團貸款分類程序所預設之撥備水平，對貸款中未有押品擔保之部分進行計提。此外，本集團亦按預設之撥備水平，對履約貸款計提一般呆壞賬準備金。撥備在計提時於損益賬內確認。

Provisions are made against specific loans and advances as and when there were doubt on the ultimate recoverability of principal and interest in full on an individually assessed basis. Specific provision was made to reduce the carrying value of the assets to their recoverable amount. Where it was not possible to reliably estimate the loss, the Group applied pre-determined provisioning levels to the unsecured portion of loans and advances based on the Group's loan classification procedures. In addition, amounts were set aside as a general provision for performing loans on pre-determined provisioning levels. Provisions were charged to the profit and loss account when provided.

貸款以外之其他金融資產，其賬面值會於結算日作出檢討，以評估有否出現減值之跡象。如預計可收回價值將低於其賬面值，資產之賬面值須調減至其可收回價值，減值虧損於損益賬內確認。

Financial assets other than loans and advances were reviewed on each balance sheet date to determine whether there was any indication of impairment. If the recoverable amount of the asset was estimated to be less than its carrying amount, the carrying amount of the asset was reduced to its recoverable amount and the impairment loss was recognised in the profit and loss account.

賬目附註 (續)

Notes to the Accounts (continued)

1. 編製基準及會計政策 (續)

1. Basis of preparation and accounting policies (continued)

由 2005 年 1 月 1 日起

From 1 January 2005 onward

(1) 貸款

本集團於每個資產負債表結算日評估個別貸款或一組貸款是否存在減值之客觀證據。於初始確認貸款後，必須要發生單一或多個損失事件以產生減值之客觀證據，而該等損失事件需對可靠地估量該等貸款之未來現金流量構成影響，則該等貸款將被視作減值及出現減值損失。

本集團會首先評估金額重大之個別貸款有否出現客觀之減值證據，並個別或組合地評估金額不重大之個別貸款。若本集團確定被評估之個別貸款並沒有存在減值之客觀證據，無論該貸款重大與否，均需將該貸款包含於信貸風險特徵相若之組合中作出組合評估。組合評估並不包括已被個別評估為需減值或需繼續減值之貸款。

貸款減值準備是貸款之賬面值，與按其原本實際利率折現計算之預計未來現金流量現值之差額。貸款減值損失在損益賬內確認。

(2) 其他金融資產

本集團在每個資產負債表結算日評估個別金融資產或一組之金融資產有否出現減值之客觀證據。對被分類為可供出售之股權投資，其公平值是否重大而長時間地低於其成本值，將是評估該等資產有否出現減值的考慮因素。如可供出售金融資產存在此類減值證據時，其累計虧損 - 即其購入成本與現時公平值之差額，減除之前已記入損益賬內之累計減值虧損 - 需從權益儲備撥轉至損益賬內。之前已確認於損益賬內之股權投資減值損失，不可透過損益賬回撥。

(1) Loans and advances

The Group assesses at each balance sheet date whether there is objective evidence that a loan or group of loans is impaired. Loans are impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the loans (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the loans that can be reliably estimated.

The Group first assesses whether objective evidence of impairment exists individually for loans that are individually significant, and individually or collectively for loans that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed loan, whether significant or not, it includes the loan in a group of loans with similar credit risk characteristics and collectively assesses them for impairment. Loans that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the impairment allowance is the difference between the loans' carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment allowance is recognised in the profit and loss account.

(2) Other financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of an equity investment below its cost is considered in determining whether this equity investment is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit and loss account - is removed from equity reserve and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account.

賬目附註 (續)

Notes to the Accounts (continued)

1. 編製基準及會計政策 (續)

香港會計準則第40號：
「投資物業」(「香港會計
準則第40號」)
香港會計準則詮釋第21號：
「利得稅項 - 經重新估值
之非折舊資產之回收」
(「香港會計準則詮釋第21
號」)

由2004年1月1日至2004年
12月31日

投資物業由專業估價師以公
開市值為計算基準估值。投
資物業按組合為基礎之價值
轉變反映為投資物業重估儲
備之變動。若投資物業之重
估儲備不足以抵銷有關之虧
損，虧損高於投資物業重估
儲備之部分將從損益賬中扣
除。若曾於損益賬中扣除之
虧損日後出現重估盈餘，有
關盈餘將可貸記損益賬，但
以之前曾在損益賬扣減之金
額為限。投資物業重估增值
並無計算遞延稅項。

出租予本集團內公司之物
業，於個別公司之賬目及合
併賬目中均分類為自用物
業。

由2005年1月1日起
投資物業以公平值列賬，而
其公平值之變動將直接於損
益賬內反映。根據香港會計
準則第12號 - 詮釋第21
號，投資物業重估增值需計
算遞延稅項。

出租予本集團內公司之物
業，於個別公司之賬目中分
類為投資物業，及於合併賬
目中分類為自用物業。

1. Basis of preparation and accounting policies (continued)

HKAS40 :Investment Property ('HKAS40')
HKAS -Int 21:Income Taxes – Recovery of Revalued Non-Depreciable Assets
('HKAS-Int 21')

From 1 January 2004 to 31 December 2004

Investment properties were carried at valuation assessed by professional valuers on the basis of open market value. Changes in the value of investment properties were treated as a movement in the investment properties revaluation reserve on a portfolio basis. Unless the total of the reserve was insufficient to cover a deficit, then the deficit exceeded the total revaluation reserve was charged to the profit and loss account. Any subsequent revaluation surplus was credited to the profit and loss account to the extent of the deficit previously charged. No deferred tax was provided on revaluation surpluses of investment properties.

Properties leased out within consolidated group companies were classified as premises in both the individual companies' accounts and consolidated accounts.

From 1 January 2005 onward

Investment properties are carried at fair value with the changes in fair value reported directly in the profit and loss account. Deferred tax is provided on revaluation surpluses of investment properties in accordance with HKAS Int 21 on HKAS 12.

Properties leased out within consolidated group companies are classified as investment properties in individual companies' accounts and as premises in consolidated accounts.

賬目附註 (續)

Notes to the Accounts (continued)

1. 編製基準及會計政策 (續)

所有會計政策之改變，均參照了相關會計準則內適用之過渡性條文。除以下所列外，本集團按追溯調整法採納其他新增／經修訂之會計準則：

香港財務報告準則第5號

按照此會計準則，本集團無須將比較數字重新列示，任何調整於2005年1月1日進行，包括將扣除減值準備後之貸款重新分類為收回資產。

香港會計準則第39號

此會計準則不容許以追溯生效之基準確認、注銷及計量金融資產及負債。本集團是採用以往之香港會計實務準則第24號“證券投資會計”列示2004年之證券投資及對沖關係之比較數字。因香港會計實務準則第24號及香港會計準則第39號不相同而需要作出之調整，已於2005年1月1日評定及確認。

香港會計準則第40號

香港會計準則詮釋第21號

因本集團一直採用公平值模式，所以無須將比較數字重新列示，任何留存盈利之調整於2005年1月1日進行，包括將投資物業之重估儲備重新分類。

1. Basis of preparation and accounting policies (continued)

All changes in the accounting policies have been made in accordance with the transitional provisions in the respective standards, where applicable. All new/revised standards adopted by the Group require retrospective application other than:

HKFRS 5

In accordance with this standard, there is no requirement for the Group to restate the comparative information, any adjustment should be made as at 1 January 2005, including the reclassification of any amount held in loans and advances net of impairment allowances to repossessed assets.

HKAS 39

The standard does not permit the recognition, derecognition and measurement of financial assets and liabilities on a retrospective basis. The Group applied the previous SSAP 24 “Accounting for investments in securities” to investments in securities and also to hedge relationships for the 2004 comparative information. The adjustments required for the accounting differences between SSAP 24 and HKAS 39 are determined and recognised at 1 January 2005.

HKAS 40

HKAS-Int 21

Since the Group has adopted the fair value model, there is no requirement for the Group to restate the comparative information, any adjustment was made to the retained earnings at 1 January 2005, including the reclassification of any amount held in revaluation reserve of investment properties.

賬目附註 (續)

Notes to the Accounts (continued)

2. 採納新香港會計準則之影響

2. Effect of adopting new HKASs

(a) 採納新會計準則對於2005年1月1日的期初資產負債表之影響摘要如下：

(a) The effect of adopting these new accounting standards on the opening balance sheet as at 1 January 2005 are summarised as follows:

	增加 / (減少) Increase / (Decrease) 港幣百萬元 HK\$m
(i) 香港會計準則第 39 號	(i) HKAS 39
資產：	Assets:
- 庫存現金及短期資金	- Cash and short-term funds (1,350)
- 一至十二個月內到期之銀行及其他金融機構存款	- Placements with banks and other financial institutions maturing between one and twelve months 319
- 持有之存款證	- Certificates of deposit held 45
- 可供出售證券	- Available-for-sale securities 21,968
- 持有至到期日證券	- Held-to-maturity securities (22,821)
- 投資證券	- Investment securities (50)
- 其他證券投資	- Other investments in securities (8,288)
- 交易性證券及公平值變化計入損益的其他金融資產	- Trading securities and other financial instruments at fair value through profit or loss 11,594
- 貸款及其他賬項	- Advances and other accounts 1,274
- 遞延稅項資產	- Deferred tax assets 1
- 其他資產	- Other assets 92
	2,784
負債：	Liabilities:
- 銀行及其他金融機構之存款及結餘	- Deposits and balances of banks and other financial institutions 16
- 客戶存款	- Deposits from customers (1,357)
- 交易性負債及公平值變化計入損益的其他金融工具	- Trading liabilities and other financial instruments at fair value through profit or loss 3,792
- 衍生金融工具 (淨額)	- Derivative financial instruments (net) 471
- 發行之存款證	- Certificates of deposit issued 63
- 遞延稅項負債	- Deferred tax liabilities 588
- 其他賬項及準備	- Other accounts and provisions (4,024)
	(451)
資本來源：	Capital resources:
- 少數股東權益	- Minority interests 37
- 法定儲備	- Regulatory reserve 3,410
- 留存盈利	- Retained earnings (212)
	3,235
(ii) 香港會計準則第 40 號及香港會計準則詮釋第 21 號	(ii) HKAS 40 and HKAS-Int 21
負債：	Liabilities:
- 遞延稅項負債	- Deferred tax liabilities 637
資本來源：	Capital resources:
- 投資物業重估儲備	- Investment properties revaluation reserve (623)
- 留存盈利	- Retained earnings (14)
	(637)
對權益的影響包括：	Total effect on equity including:
- 投資物業重估儲備	- Investment properties revaluation reserve (623)
- 法定儲備	- Regulatory reserve 3,410
- 留存盈利	- Retained earnings (226)
	2,561

賬目附註 (續) Notes to the Accounts (continued)

2. 採納新香港會計準則之影響 (續) 2. Effect of adopting new HKASs (continued)

(b) 採納新會計準則對截止2005年6月30日止的損益賬之主要項目估計影響摘要如下：

(b) The estimated effect of adopting new accounting standards on key components of profit and loss account for the six months ended 30 June 2005 are summarised as follows:

		增加 / (減少)
		<u>Increase/ (Decrease)</u>
		港幣百萬元
		HK\$m
<u>(i) 香港會計準則第 39 號</u>	<u>(i) HKAS 39</u>	
- 淨利息收入	- Net interest income	(39)
- 淨服務費及佣金收入	- Net fees and commission income	(104)
- 淨交易性收入	- Net trading income	236
- 貸款減值準備撥回	- Reversal of loan impairment allowances on advances	1,006
- 稅項	- Taxation	<u>(227)</u>
		872
<u>(ii) 香港會計準則第 40 號及香港會計準則詮釋第 21 號</u>	<u>(ii) HKAS 40 and HKAS-Int 21</u>	
- 重估投資物業之淨收益	- Net gain from revaluation of investment properties	918
- 稅項	- Taxation	<u>(155)</u>
		763
期內之影響總額：	Total effect for the period:	<u>1,635</u>

賬目附註 (續)

Notes to the Accounts (continued)

3. 淨利息收入

3. Net interest income

		半年結算至 2005年 6月30日 Half-year ended 30 June 2005 港幣百萬元 HK\$m	半年結算至 2004年 6月30日 Half-year ended 30 June 2004 港幣百萬元 HK\$m
利息收入	Interest income		
現金及存放於同業和其他金融機構的款項	Cash and due from banks and other financial institutions	1,411	1,105
客戶貸款	Advances to customers	5,034	3,967
上市證券投資	Listed investments	948	836
非上市證券投資	Unlisted investments	2,379	1,257
其他	Others	293	139
		10,065	7,304
利息支出	Interest expense		
同業、客戶及其他金融機構存放的款項	Due to banks, customers and other financial institutions	(3,915)	(1,516)
債務證券發行	Debt securities in issue	(54)	(31)
其他借入資金	Other borrowed funds	-	(1)
其他	Others	(263)	(247)
		(4,232)	(1,795)
淨利息收入	Net interest income	5,833	5,509

利息收入包括港幣 5.7 千萬元之減值貸款之應收利息收入。

Interest income includes HK\$57 million of interest accrued on impaired advances.

賬目附註 (續)

Notes to the Accounts (continued)

4. 淨服務費及佣金收入

4. Net fees and commission income

		半年結算至 2005年 6月30日 Half-year ended 30 June 2005 港幣百萬元 HK\$m	半年結算至 2004年 6月30日 Half-year ended 30 June 2004 港幣百萬元 HK\$m
服務費及佣金收入	Fees and commission income		
證券經紀	Securities brokerage	404	502
信用卡	Credit cards	372	316
匯票佣金	Bills commissions	257	270
貸款佣金	Loan commissions	124	234
繳款服務	Payment services	179	165
保險	Insurance	193	179
資產管理	Asset management	85	175
信託服務	Trust services	49	32
擔保	Guarantees	21	21
其他	Others		
- 保管箱	- safe deposit box	85	82
- 小額存戶	- low deposit balance accounts	23	35
- 買賣貨幣	- currency exchange	29	24
- 中銀卡	- BOC cards	16	18
- 不動戶口	- dormant accounts	12	15
- 代理業務	- agency services	6	11
- 郵電	- postage and telegrams	12	12
- 資訊調查	- information search	22	18
- 代理行	- correspondent banking	9	8
- 人民幣業務	- RMB business	17	13
- 其他	- sundries	90	91
		2,005	2,221
服務費及佣金支出	Fees and commission expenses	(507)	(508)
淨服務費及佣金收入	Net fees and commission income	1,498	1,713

賬目附註 (續)

Notes to the Accounts (continued)

5. 淨交易性收入

5. Net trading income

	半年結算至 2005年 6月30日 Half-year ended 30 June 2005 港幣百萬元 HK\$m	半年結算至 2004年 6月30日 Half-year ended 30 June 2004 港幣百萬元 HK\$m
淨收益源自：		
- 外匯交易及外匯交易產品	596	610
- 利率工具	129	(1)
- 股份權益工具	4	21
- 商品	17	32
	746	662

外匯淨交易性收入包括遠期及期貨合約、期權、掉期及外幣資產和負債換算而產生的收益和虧損。

Foreign exchange net trading income includes gains and losses from forward and futures contracts, options, swaps and translation of foreign currency assets and liabilities.

6. 其他經營收入

6. Other operating income

	半年結算至 2005年 6月30日 Half-year ended 30 June 2005 港幣百萬元 HK\$m	半年結算至 2004年 6月30日 Half-year ended 30 June 2004 港幣百萬元 HK\$m
證券投資股息收入		
- 非上市證券投資	13	13
投資物業之租金總收入	93	108
減：有關投資物業之支出	(27)	(32)
其他	42	52
	121	141

賬目附註 (續)

Notes to the Accounts (continued)

7. 經營支出

7. Operating expenses

		半年結算至 2005年 6月30日 Half-year ended 30 June 2005 港幣百萬元 HK\$m	半年結算至 2004年 6月30日 Half-year ended 30 June 2004 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	1,530	1,503
- 補償費用	- termination benefit	1	-
- 退休成本	- pension cost	122	122
		1,653	1,625
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	122	117
- 資訊科技	- information technology	108	134
- 其他	- others	91	95
		321	346
自置固定資產之折舊	Depreciation on owned fixed assets	286	293
審計師酬金	Auditors' remuneration		
- 審計服務	- audit services	4	4
- 非審計服務	- non-audit services	3	9
其他經營支出	Other operating expenses	409	391
		2,676	2,668

賬目附註 (續)

Notes to the Accounts (continued)

8. 貸款減值準備撥回

8. Reversal of loan impairment allowances on advances

		半年結算至 2005年 6月30日 Half-year ended 30 June 2005 港幣百萬元 HK\$m	半年結算至 2004年 6月30日 Half-year ended 30 June 2004 港幣百萬元 HK\$m
貸款減值準備淨撥回額	Net release of loan impairment allowances on advances		
個別評估	Individually assessed	600	-
組合評估	Collectively assessed	835	-
		<u>1,435</u>	<u>-</u>
其中	Of which		
- 新提準備	- new allowances	(796)	-
- 撥回	- releases	1,123	-
- 收回已撤銷賬項	- recoveries	1,108	-
		<u>1,435</u>	<u>-</u>
撥回損益賬淨額	Net credit to profit and loss account	<u>1,435</u>	<u>-</u>

9. 呆壞賬撥回

9. Write-back of bad and doubtful debts

		半年結算至 2005年 6月30日 Half-year ended 30 June 2005 港幣百萬元 HK\$m	半年結算至 2004年 6月30日 Half-year ended 30 June 2004 港幣百萬元 HK\$m
呆壞賬淨撥回額	Net credit for bad and doubtful debts		
特別準備	Specific provisions		
- 新提撥	- new provisions	-	(811)
- 撥回	- releases	-	1,327
- 收回已撤銷賬項	- recoveries	-	733
		<u>-</u>	<u>1,249</u>
一般準備	General provisions	<u>-</u>	<u>(9)</u>
撥回損益賬淨額	Net credit to profit and loss account	<u>-</u>	<u>1,240</u>

賬目附註 (續)

Notes to the Accounts (continued)

10. 出售／重估固定資產之淨(虧損)／收益

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

	半年結算至 2005年 6月30日 Half-year ended 30 June 2005 港幣百萬元 HK\$m	半年結算至 2004年 6月30日 Half-year ended 30 June 2004 港幣百萬元 HK\$m
出售固定資產之淨(虧損)／收益	(9)	20
重估房產之淨收益	-	2
	<u>(9)</u>	<u>22</u>

於2005年6月30日，房產由獨立特許測量師卓德測計師行有限公司於2004年10月31日以公開市值為基準所進行之專業估值列於綜合資產負債表內。

As at 30 June 2005, the premises are included in the consolidated balance sheet at valuation carried out as at 31 October 2004 on the basis of their open market value by an independent firm of chartered surveyors, Chesterton Petty Limited.

11. 出售／重估投資物業之淨收益

11. Net gain from disposal/revaluation of investment properties

	半年結算至 2005年 6月30日 Half-year ended 30 June 2005 港幣百萬元 HK\$m	半年結算至 2004年 6月30日 Half-year ended 30 June 2004 港幣百萬元 HK\$m
出售投資物業之淨收益	9	26
重估投資物業之淨收益	918	-
	<u>927</u>	<u>26</u>

賬目附註 (續)

Notes to the Accounts (continued)

12. 稅項

12. 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 2005年 6月30日 Half-year ended 30 June 2005 港幣百萬元 HK\$m	半年結算至 2004年 6月30日 Half-year ended 30 June 2004 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
- 往年超額撥備	- over-provision in prior years	(5)
計入／(貸記)遞延稅項	Deferred tax charge/(credit)	(65)
香港利得稅	Hong Kong profits tax	1,114
海外稅項	Overseas taxation	5
	1,328	1,119

香港利得稅乃按照截至 2005 年上半年估計應課稅溢利依稅率 17.5% (2004 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% (2004: 17.5%) on the estimated assessable profits arising in Hong Kong for the first half of 2005. Taxation on overseas profits has been calculated on the estimated assessable profits for the first half of 2005 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 2005 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 3.28 億元 (2004 年 12 月 31 日：港幣 6.13 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 2005, the Group's investments in such partnerships, which are included in "Other assets" in the consolidated balance sheet, amounted to HK\$328 million (31 December 2004: HK\$613 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.

賬目附註 (續)

Notes to the Accounts (continued)

12. 稅項 (續)

12. 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 differs from the theoretical amount that would arise using the taxation rate of Hong Kong is as follows:

		半年結算至 2005年 6月30日 Half-year ended 30 June 2005 港幣百萬元 HK\$m	半年結算至 2004年 6月30日 Half-year ended 30 June 2004 港幣百萬元 HK\$m
除稅前溢利	Profit before taxation	7,896	6,777
按稅率 17.5% (2004 : 17.5%) 計算的稅項	Calculated at a taxation rate of 17.5% (2004: 17.5%)	1,382	1,186
其他國家稅率差異的影響	Effect of different taxation rates in other countries	(12)	(20)
無需課稅之收入	Income not subject to taxation	(384)	(123)
稅務上不可扣減之開支	Expenses not deductible for taxation purposes	334	145
未確認的稅務虧損	Tax losses not recognised	8	1
未確認的暫時性差額	Temporary differences not recognised	-	(65)
往年超額撥備	Over-provision in prior years	-	(5)
計入稅項	Taxation charge	1,328	1,119
實際稅率	Effective tax rate	16.8%	16.5%

13. 股息

13. Dividend

		半年結算至 2005年6月30日 Half-year ended 30 June 2005		半年結算至 2004年6月30日 Half-year ended 30 June 2004	
		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	0.055	2,367	0.090	3,874

賬目附註 (續)

Notes to the Accounts (continued)

14. 可供出售證券

14. Available-for-sale securities

		2005 年 6 月 30 日 At 30 June 2005 港幣百萬元 HK\$m	2004 年 12 月 31 日 At 31 December 2004 港幣百萬元 HK\$m
債務證券，按公平值入賬	Debt securities, at fair value		
- 於香港上市	- Listed in Hong Kong	5,260	-
- 於海外上市	- Listed outside Hong Kong	11,136	-
		16,396	-
- 非上市	- Unlisted	32,982	-
		49,378	-
股份證券，按公平值入賬	Equity securities, at fair value		
- 於海外上市	- Listed outside Hong Kong	5	-
股份證券，按成本值入賬	Equity securities, at cost		
- 非上市	- Unlisted	50	-
		55	-
總計	Total	49,433	-
可供出售證券按發行機構 分析如下：	Available-for-sale securities are analysed by issuers as follows:		
中央政府及中央銀行	Central governments and central banks	3,536	-
公共機構	Public sector entities	8,351	-
銀行及其他金融機構	Banks and other financial institutions	28,237	-
公司企業	Corporate entities	9,309	-
		49,433	-

由於本集團持有的若干非上市股份證券尚未有已公開的報價，也沒有同類金融工具基準計量，因此本集團把該類非上市股份證券按成本減除減值列賬。

Where published quoted prices for certain unlisted equity securities held by the Group are not available and their value would not be benchmarked with similar financial instruments, the Group states such unlisted equity securities at cost less impairment.

本集團採用利率掉期或交叉貨幣利率掉期對沖持有的可供出售債務證券之利率風險。

The Group uses interest rate swaps or cross-currency interest rate swaps to hedge the interest rate risk of available-for-sale debt securities.

賬目附註 (續)

Notes to the Accounts (continued)

15. 持有至到期日證券

15. Held-to-maturity securities

		2005 年 6 月 30 日 At 30 June 2005 港幣百萬元 HK\$'m	2004 年 12 月 31 日 At 31 December 2004 港幣百萬元 HK\$'m
上市，按攤銷成本入賬 減：減值準備	Listed, at amortised cost Less: Provision for impairment in value	27,881 (12)	56,108 (12)
		<u>27,869</u>	<u>56,096</u>
非上市，按攤銷成本入賬	Unlisted, at amortised cost	<u>126,043</u>	<u>124,954</u>
總計	Total	<u><u>153,912</u></u>	<u><u>181,050</u></u>
上市，按攤銷成本減除減 值入賬	Listed, at amortised cost less impairment		
- 香港	- in Hong Kong	1,706	4,443
- 海外	- outside Hong Kong	<u>26,163</u>	<u>51,653</u>
		<u>27,869</u>	<u>56,096</u>
上市證券之市值	Market value of listed securities	<u><u>27,569</u></u>	<u><u>56,480</u></u>
持有至到期日證券按 發行機構分析如下：	Held-to-maturity securities are analysed by issuers as follows:		
中央政府及中央銀行	Central governments and central banks	2,063	3,377
公共機構	Public sector entities	24,304	31,730
銀行及其他金融機構	Banks and other financial institutions	109,091	124,906
公司企業	Corporate entities	<u>18,454</u>	<u>21,037</u>
		<u><u>153,912</u></u>	<u><u>181,050</u></u>

賬目附註 (續)

Notes to the Accounts (continued)

16. 投資證券

16. Investment securities

		2005 年 6 月 30 日 At 30 June 2005 港幣百萬元 HK\$m	2004 年 12 月 31 日 At 31 December 2004 港幣百萬元 HK\$m
股份證券，按成本值入賬	Equity securities, at cost		
- 於海外上市	- Listed outside Hong Kong	-	1
- 非上市	- Unlisted	-	49
總計	Total	-	50
上市股份證券之市值	Market value of listed equity securities	-	5
投資證券按發行機構 分析如下：	Investment securities are analysed by issuers as follows:		
銀行及其他金融機構	Banks and other financial institutions	-	1
公司企業	Corporate entities	-	49
		-	50

賬目附註 (續)

Notes to the Accounts (continued)

17. 其他證券投資

17. Other investments in securities

		2005 年 6 月 30 日 At 30 June 2005	2004 年 12 月 31 日 At 31 December 2004
		港幣百萬元 HK\$m	港幣百萬元 HK\$m
按公平值入賬	At fair value		
債務證券	Debt securities		
- 於香港上市	- Listed in Hong Kong	-	321
- 於海外上市	- Listed outside Hong Kong	-	4,655
		-	4,976
- 非上市	- Unlisted	-	3,291
		-	8,267
股份證券	Equity securities		
- 於香港上市	- Listed in Hong Kong	-	20
- 非上市	- Unlisted	-	1
		-	21
總計	Total	-	8,288

其他證券投資按發行機構
分析如下:

Other investments in securities are analysed by issuers as follows:

中央政府及中央銀行	Central governments and central banks	-	759
公共機構	Public sector entities	-	1,387
銀行及其他金融機構	Banks and other financial institutions	-	5,732
公司企業	Corporate entities	-	410
		-	8,288

賬目附註 (續) Notes to the Accounts (continued)

18. 交易性證券及公平價值變化計入損益的其他金融資產
18. Trading securities and other financial instruments at fair value through profit or loss

	交易性證券		公平價值變化計入損益的其他金融資產		總計	
	Trading securities		Other financial instruments at fair value through profit or loss		Total	
	2005年 6月30日	2004年 12月31日	2005年 6月30日	2004年 12月31日	2005年 6月30日	2004年 12月31日
	At 30 June	At 31 December	At 30 June	At 31 December	At 30 June	At 31 December
	2005	2004	2005	2004	2005	2004
	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	港幣百萬元 HK\$m
按公平值入賬	At fair value					
債務證券	Debt securities					
- 於香港上市	480	-	567	-	1,047	-
- 於海外上市	4,517	-	1,572	-	6,089	-
	4,997	-	2,139	-	7,136	-
- 非上市	2,965	-	909	-	3,874	-
	7,962	-	3,048	-	11,010	-
股份證券	Equity securities					
- 於香港上市	21	-	-	-	21	-
總計	7,983	-	3,048	-	11,031	-

交易性證券及公平價值變化計入損益的其他金融資產按發行機構分析如下:

Trading securities and other financial instruments at fair value through profit or loss are analysed by issuers as follows:

	2005年 6月30日	2004年 12月31日
	At 30 June	At 31 December
	2005	2004
	港幣百萬元 HK\$m	港幣百萬元 HK\$m
中央政府及中央銀行	906	-
公共機構	1,616	-
銀行及其他金融機構	6,309	-
公司企業	2,200	-
	11,031	-

賬目附註 (續)

Notes to the Accounts (continued)

19. 衍生金融工具

本集團進行下列股份權益合約、匯率、利率及貴金屬相關的衍生金融工具合約用作買賣及風險管理之用：

遠期外匯合約表示買賣外幣的承諾。利率期貨是指根據合約按照利率的變化收取或支付一個淨金額的合約，或者在交易所管理的金融市場上按約定價格在未來的某一日期買進或賣出利率金融工具的合約。遠期利率合同是經單獨協商而達成的利率期貨合約，要求在未來某一日期根據合約利率與市場利率的差異及名義本金的金額進行計算及現金交割。

貨幣、利率及貴金屬掉期是指交換不同現金流量或商品的承諾。掉期的結果是不同貨幣、利率（如固定利率與浮動利率）或貴金屬（如白銀掉期）的交換或兩者皆有的組合（如交叉貨幣利率掉期）。除某些貨幣掉期合約外，該等交易無需交換本金。

19. Derivative financial instruments

The Group enters into the following equity, foreign exchange, interest rate and precious metal related derivative financial instruments for trading and risk management purposes:

Currency forward represent commitments to purchase and sell foreign currency on a future date. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates or buy or sell interest rate financial instruments on a future date at an agreed price in the financial market under the administration of the stock exchange. Forward rate agreements are individually negotiated interest rate futures that call for a cash settlement at a future date for the difference between a contracted rate of interest and the current market rate, based on a notional principal amount.

Currency, interest rate and precious metal swaps are commitments to exchange one set of cash flows or commodity for another. Swaps result in an exchange of currencies, interest rates (for example, fixed rate for floating rate), or precious metals (for example, silver swaps) or a combination of all these (i.e. cross-currency interest rate swaps). Except for certain currency swaps contracts, no exchange of principal takes place.

賬目附註 (續)

Notes to the Accounts (continued)

19. 衍生金融工具 (續) 19. Derivative financial instruments (continued)

外匯、利率、股份權益合約及貴金屬期權是指期權的賣方(出讓方)為買方(持有方)提供在未來某一特定日期或未來一定時期內按約定的價格買進(認購期權)或賣出(認沽期權)一定數量的金融工具的權利(而非承諾)的一種協定。考慮到外匯和利率風險,期權的賣方從購買方收取一定的期權費。本集團期權合約是與對手方在場外協商達成協定的或透過交易所進行(如於交易所進行買賣之期權)。

本集團之衍生金融工具合約/名義合約數額及其公平值詳列於下表。資產負債表日各類型金融工具的合約/名義合約數額僅顯示了於資產負債表日之未完成交易量,而若干金融工具之合約/名義合約數額則提供了一個與綜合資產負債表內所確認的公平值資產或負債的對比基礎。但是,這並不代表所涉及的未來的現金流量或當前的公平值,因而也不能反映本集團所面臨的信用風險或市場風險。隨著與衍生金融工具合約條款相關的市場利率或匯率的波動,衍生金融工具的估值可能產生對銀行有利(資產)或不利(負債)的影響,這些影響可能在不同期間有較大的波動。

Foreign currency, interest rate, equity and precious metal options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of the financial instrument at a predetermined price. In consideration for the assumption of foreign exchange and interest rate risk, the seller receives a premium from the purchaser. Options are negotiated over-the-counter ("OTC") between the Group and its counterparty or traded through the stock exchange (for example, exchange-traded stock option).

The contract/notional amounts and fair values of derivative financial instruments held by the Group are set out in the following tables. The contract/notional amounts of these instruments indicate the volume of transactions outstanding at the balance sheet dates and certain of them provide a basis for comparison with fair value instruments recognised on the consolidated balance sheet. However, they do not necessarily indicate the amounts of future cash flows involved or the current fair values of the instruments and, therefore, do not indicate the Group's exposure to credit or market risks. The derivative financial instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate fair values of derivative financial instruments assets and liabilities can fluctuate significantly from time to time.

賬目附註 (續) Notes to the Accounts (continued)

19. 衍生金融工具(續) 19. Derivative financial instruments (continued)

以下為衍生金融工具中
每項重要類別之合約/
名義合約數額之摘要：

The following is a summary of the contract/notional amounts of each significant type of derivative financial instruments:

		2005年6月30日 At 30 June 2005			2004年12月31日 At 31 December 2004		
		買賣	風險對沖	總計	買賣	風險對沖	總計
		Trading	Hedging	Total	Trading	Hedging	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	港幣百萬元 HK\$m
匯率合約	Exchange rate contracts						
即期及遠期	Spot and forward	123,523	-	123,523	15,840	-	15,840
掉期	Swaps	162,677	-	162,677	200,862	3,715	204,577
外匯交易期權合約	Foreign currency option contracts						
- 買入期權	- Options purchased	2,384	-	2,384	1,415	-	1,415
- 賣出期權	- Options written	2,994	-	2,994	2,851	-	2,851
		291,578	-	291,578	220,968	3,715	224,683
利率合約	Interest rate contracts						
期貨	Futures	78	-	78	389	-	389
掉期	Swaps	17,342	8,715	26,057	5,349	17,166	22,515
利率期權合約	Interest rate option contracts						
- 買入掉期期權	- Swaptions purchased	330	-	330	469	-	469
- 賣出掉期期權	- Swaptions written	2,522	-	2,522	2,206	-	2,206
		20,272	8,715	28,987	8,413	17,166	25,579
貴金屬合約	Bullion contracts						
黃金期權合約	Gold option contracts						
- 買入期權	- Options purchased	3	-	3	98	-	98
- 賣出期權	- Options written	-	-	-	65	-	65
其他貴金屬合約	Other bullion contracts	8,102	-	8,102	929	-	929
		8,105	-	8,105	1,092	-	1,092
股份權益合約	Equity contracts						
股票期權合約	Equity option contracts						
- 買入期權	- Options purchased	320	-	320	564	-	564
- 賣出期權	- Options written	246	-	246	450	-	450
恒生指數期權合約	Hang Seng Index option contracts						
- 賣出期權	- Options written	3	-	3	-	-	-
		569	-	569	1,014	-	1,014
總計	Total	320,524	8,715	329,239	231,487	20,881	252,368

賬目附註 (續) Notes to the Accounts (continued)

19. 衍生金融工具 (續) 19. Derivative financial instruments (continued)

以下為衍生金融工具中各類別於 2005 年 6 月 30 日之公平值摘要：

The following table summarises the fair values of each class of derivative financial instruments as at 30 June 2005:

	公平值資產			公平值負債		
	Fair value assets			Fair value liabilities		
	買賣	風險對沖	總計	買賣	風險對沖	總計
Trading	Hedging	Total	Trading	Hedging	Total	
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m
匯率合約						
Exchange rate contracts	4,481	-	4,481	2,178	-	2,178
利率合約	58	21	79	657	701	1,358
Interest rate contracts						
貴金屬合約	149	-	149	82	-	82
Bullion contracts						
股份權益合約	2	-	2	1	-	1
Equity contracts						
	4,690	21	4,711	2,918	701	3,619

賬目附註 (續) Notes to the Accounts (continued)

19. 衍生金融工具(續) 19. Derivative financial instruments (continued)

上述衍生金融工具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:

The replacement costs and credit risk weighted amounts of the above derivative financial instruments, which do not take into account the effects of bilateral netting arrangements are as follows:

		2005年 6月30日 At 30 June 2005	2004年 12月31日 At 31 December 2004	2005年 6月30日 At 30 June 2005	2004年 12月31日 At 31 December 2004
		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
匯率合約	Exchange rate contracts	512	694	826	1,264
利率合約	Interest rate contracts	46	57	61	97
貴金屬合約	Bullion contracts	6	10	6	12
股份權益合約	Equity contracts	7	16	1	6
		571	777	894	1,379

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。

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.

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。

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.

賬目附註 (續)

Notes to the Accounts (continued)

20. 貸款及其他賬項

20. Advances and other accounts

		2005 年 6 月 30 日 At 30 June 2005 港幣百萬元 HK\$m	2004 年 12 月 31 日 At 31 December 2004 港幣百萬元 HK\$m
客戶貸款	Advances to customers	337,654	313,226
應計利息	Accrued interest	-	2,480
		<u>337,654</u>	<u>315,706</u>
貸款減值準備 (附註 a)	Loan impairment allowances (Note a)	(2,976)	-
呆壞賬準備 (附註 b)	Provision for bad and doubtful debts (Note b)	-	(7,785)
		<u>(2,976)</u>	<u>(7,785)</u>
		334,678	307,921
銀行及其他金融機構貸款	Advances to banks and other financial institutions	<u>1,612</u>	<u>1,290</u>
總計	Total	<u>336,290</u>	<u>309,211</u>

於 2005 年 6 月 30 日，客戶貸款包括總貸款應計利息港幣 7.49 億元。
As at 30 June 2005, advances to customers include accrued interest on gross advances of HK\$749 million.

於 2005 年 6 月 30 日，減值之客戶貸款分析如下：
As at 30 June 2005, impaired advances to customers are analysed as follows:

		2005 年 6 月 30 日 At 30 June 2005 港幣百萬元 HK\$m
減值之客戶貸款總額	Gross impaired advances to customers	<u>6,370</u>
就上述減值之客戶貸款作出之貸款減值準備	Loan impairment allowances made in respect of such advances	<u>2,420</u>
總減值貸款對總客戶貸款	Gross impaired advances to customers as a percentage of gross advances to customers	<u>1.89%</u>

於 2004 年 12 月 31 日，不履約貸款分析如下：
As at 31 December 2004, non-performing loans were analysed as follows:

		2004 年 12 月 31 日 At 31 December 2004 港幣百萬元 HK\$m
不履約貸款	Non-performing loans	<u>9,239</u>
就上述不履約貸款作出之特別準備	Specific provisions made in respect of such advances	<u>2,269</u>
佔客戶貸款總額之百分比	As a percentage of total advances to customers	<u>2.95%</u>

賬目附註 (續) Notes to the Accounts (continued)

20. 貸款及其他賬項(續) 20. Advances and other accounts (continued)

於2005年6月30日，對銀行及其他金融機構之貸款並無作出任何貸款減值準備。

減值之客戶貸款乃指未必能全部償還本金或利息之個別貸款，而當此情況明顯地出現時即被列作減值之客戶貸款處理。據此，減值貸款為按本集團放款質量分類的“次級”、“呆滯”和“虧損”貸款。

附註：

(a) 貸款減值準備

按個別評估
按組合評估

(b) 呆壞賬準備

一般
特別

As at 30 June 2005, no loan impairment allowances were made in respect of advances to banks and other financial institutions.

Impaired advances to customers are those individual advances where full repayment of principal and/or interest is considered unlikely and are classified as such when such a situation becomes apparent. Accordingly, impaired advances represented advances which have been classified as “substandard”, “doubtful” and “loss” under the Group’s classification of loan quality.

Notes:

(a) Loan impairment allowances

Individually assessed
Collectively assessed

(b) Provision for bad and doubtful debts

General
Specific

2005年 6月30日 At 30 June 2005
港幣百萬元 HK\$'m
(1,818)
(1,158)
<u>(2,976)</u>

2004年 12月31日 At 31 December 2004
港幣百萬元 HK\$'m
(5,465)
(2,320)
<u>(7,785)</u>

賬目附註 (續)

Notes to the Accounts (continued)

21. 客戶存款

21. Deposits from customers

		2005 年 6 月 30 日 At 30 June 2005 港幣百萬元 HK\$m	2004 年 12 月 31 日 At 31 December 2004 港幣百萬元 HK\$m
即期、儲蓄及其他存款 (於綜合資產負債表) 列為交易性負債及公平 值變化計入損益的其 他金融工具之結構性 存款(附註 22)	Current, savings and other deposit accounts (per consolidated balance sheet) Structured deposits reported as trading liabilities and other financial instruments at fair value through profit or loss (Note 22)	628,398	632,496
		<u>5,248</u>	<u>-</u>
		<u>633,646</u>	<u>632,496</u>
類別	By type		
即期存款及往來存款	Demand deposits and current accounts	29,481	32,474
儲蓄存款	Savings deposits	241,270	296,463
定期、短期及通知存款	Time, call and notice deposits	<u>362,895</u>	<u>303,559</u>
		<u>633,646</u>	<u>632,496</u>

22. 交易性負債及公平值
變化計入損益的其
他金融工具

22. Trading liabilities and other financial instruments at fair value
through profit or loss

		2005 年 6 月 30 日 At 30 June 2005 港幣百萬元 HK\$m	2004 年 12 月 31 日 At 31 December 2004 港幣百萬元 HK\$m
結構性存款	Structured deposits	5,248	-
外幣債務證券短盤 (附註 23)	Short positions in foreign currency debt securities (Note 23)	465	-
外匯基金票據短盤 (附註 23)	Short positions in Exchange Fund Bills (Note 23)	<u>2,626</u>	<u>-</u>
		<u>8,339</u>	<u>-</u>

23. 已抵押資產

23. Assets pledged as security

截至 2005 年 6 月 30 日，本集團之負債港幣 30.91 億元（2004 年 12 月 31 日：港幣 19.82 億元）是以存放於中央保管系統以便利結算之資產作抵押。本集團為擔保此等負債而質押之資產金額為港幣 34.20 億元（2004 年 12 月 31 日：港幣 21.70 億元），並於“庫存現金及短期資金”內列賬。

As at 30 June 2005, liabilities of the Group amounting to HK\$3,091 million (31 December 2004: HK\$1,982 million) were secured by assets deposited with central depositories to facilitate settlement operations. The amount of assets pledged by the Group to secure these liabilities was HK\$3,420 million (31 December 2004: HK\$2,170 million) included in “Cash and short-term funds”.

賬目附註 (續)

Notes to the Accounts (continued)

24. 遞延稅項

24. Deferred taxation

本期遞延稅項是根據香港會計準則第12號計算，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 HKAS 12.

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2005年上半年及於截至2004年12月31日止年度之變動如下：

The major components of deferred tax assets and liabilities recorded in the consolidated balance sheet, and the movements during the first half of 2005 and the year ended 31 December 2004 are as follows:

		2005					
		加速折舊 免稅額 Accelerated tax depreciation	資產重估 Asset revaluation	虧損 Losses	準備 Provisions	其他 暫時性差額 Other temporary differences	總計 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	港幣百萬元 HK\$m
於2005年1月1日	At 1 January 2005						
早期列賬	As previously reported	278	1,615	(16)	(935)	(7)	935
期初調整 (附註2)	Opening adjustments (Note 2)	37	600	-	587	-	1,224
期初調整後餘額	Balance after opening adjustments	315	2,215	(16)	(348)	(7)	2,159
於損益賬內(撥回)/支取	(Credited)/charged to profit and loss account	(4)	117	5	166	(1)	283
貸記權益	Credited to equity	-	(31)	-	-	(12)	(43)
於2005年6月30日	At 30 June 2005	311	2,301	(11)	(182)	(20)	2,399
		2004					
		加速折舊 免稅額 Accelerated tax depreciation	資產重估 Asset revaluation	虧損 Losses	準備 Provisions	其他 暫時性差額 Other temporary differences	總計 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	港幣百萬元 HK\$m
於2004年1月1日	At 1 January 2004	262	984	(3)	(936)	18	325
於損益賬內支取/(撥回)	Charged/(credited) to profit and loss account	16	169	(13)	1	(25)	148
借記權益及少數股東權益	Charged to equity and minority interests	-	462	-	-	-	462
於2004年12月31日	At 31 December 2004	278	1,615	(16)	(935)	(7)	935

賬目附註 (續)

Notes to the Accounts (continued)

24. 遞延稅項 (續)

24. Deferred taxation (continued)

當有法定權利可將現有稅項資產與現有稅項負債抵銷，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:

		2005 年 6 月 30 日 At 30 June 2005 港幣百萬元 HK\$m	2004 年 12 月 31 日 At 31 December 2004 港幣百萬元 HK\$m
遞延稅項資產	Deferred tax assets	(8)	(12)
遞延稅項負債	Deferred tax liabilities	2,407	947
		<u>2,399</u>	<u>935</u>
		2005 年 6 月 30 日 At 30 June 2005 港幣百萬元 HK\$m	2004 年 12 月 31 日 At 31 December 2004 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	(207)	(971)
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	317	282
		<u>110</u>	<u>(689)</u>

賬目附註 (續)

Notes to the Accounts (continued)

25. 其他賬項及準備

25. Other accounts and provisions

		2005 年 6 月 30 日 At 30 June 2005 港幣百萬元 HK\$m	2004 年 12 月 31 日 At 31 December 2004 港幣百萬元 HK\$m
應付利息	Interest payable	-	959
本期稅項	Current taxation	1,655	901
外匯基金票據短盤 (附註 23)	Short positions in Exchange Fund Bills (Note 23)	-	1,982
應付股息	Dividend payable	2,367	4,089
應計及其他應付款項	Accruals and other payables	19,237	17,906
		<u>23,259</u>	<u>25,837</u>

26. 股本

26. Share capital

		2005 年 6 月 30 日 At 30 June 2005 港幣百萬元 HK\$m	2004 年 12 月 31 日 At 31 December 2004 港幣百萬元 HK\$m
法定： 100,000,000,000 股每股 面值港幣 1.00 元之普通股	Authorised: 100,000,000,000 ordinary shares of HK\$1.00 each	<u>100,000</u>	<u>100,000</u>
已發行及繳足： 43,042,840,858 股每股 面值港幣 1.00 元之普通股	Issued and fully paid: 43,042,840,858 ordinary shares of HK\$1.00 each	<u>43,043</u>	<u>43,043</u>

27. 儲備

27. Reserves

本集團本期及以往期度的儲備金額及變動情況載於第 38 頁之綜合權益變動結算表。

The amounts of the Group's reserves and the movements therein for the current and prior periods are presented in the consolidated statement of changes in equity on page 38 of the accounts.

賬目附註 (續)

Notes to the Accounts (continued)

28. 綜合現金流量表附註 28. Notes to consolidated cash flow statement

(a) 經營溢利與除稅前
經營現金之流入/
(流出) 對賬:

(a) Reconciliation of operating profit to operating cash inflow/
(outflow) before taxation:

		半年結算至 2005年 6月30日 Half-year ended 30 June 2005 港幣百萬元 HK\$m	半年結算至 2004年 6月30日 Half-year ended 30 June 2004 港幣百萬元 HK\$m
經營溢利	Operating profit	6,957	6,597
證券投資股息收入	Dividend income from investments in securities	(13)	(13)
折舊	Depreciation	286	293
貸款減值準備撥回	Reversal of loan impairment allowances on advances	(1,435)	-
呆壞賬撥回	Write-back of bad and doubtful debts	-	(1,240)
已撤銷之貸款 (扣除 收回款額)	Advances written off net of recoveries	469	(848)
原到期日超過3個月 之即期及短期通知 結餘之變動	Change in money at call and short notice with original maturity over three months	(3,770)	(146)
原到期日超過3個月 之庫券之變動	Change in treasury bills with original maturity over three months	(75)	3,813
原到期日超過3個月 之銀行及其他金融 機構存款之變動	Change in placements with banks and other financial institutions with original maturity over three months	46,956	2,175
貿易票據之變動	Change in trade bills	(165)	(300)
原到期日超過3個月 之持有之存款證之 變動	Change in certificates of deposit held with original maturity over three months	2,149	470
可供出售證券之變動	Change in available-for-sale securities	(27,549)	-
持有至到期日證券之 變動	Change in held-to-maturity securities	4,314	(55,628)
其他證券投資之變動	Change in other investments in securities	-	63,201
交易性證券及公平值 變化計入損益的其 他金融資產之變動	Change in trading securities and other financial instruments at fair value through profit or loss	563	-
衍生金融工具之變動	Change in derivative financial instruments	(1,563)	-
貸款及其他賬項之 變動	Change in advances and other accounts	(24,839)	(253)
其他資產之變動	Change in other assets	788	2,090
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	Change in deposits and balances of banks and other financial institutions repayable over three months	1,855	9,964
客戶存款之變動	Change in deposits from customers	(2,741)	(36,006)
交易性負債及公平值 變化計入損益的其 他金融工具之變動	Change in trading liabilities and other financial instruments at fair value through profit or loss	4,547	-
發行之存款證之變動	Change in certificates of deposit issued	(105)	(9)
其他賬項及準備之 變動	Change in other accounts and provisions	2,492	(3,919)
除稅前經營現金之 流入/(流出)	Operating cash inflow/(outflow) before taxation	9,121	(9,759)

賬目附註 (續)

Notes to the Accounts (continued)

28. 綜合現金流量表附註
(續)

28. Notes to consolidated cash flow statement (continued)

(b) 現金及等同現金項目結
存分析

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

	2005 年 6 月 30 日 At 30 June 2005 港幣百萬元 HK\$m	2004 年 6 月 30 日 At 30 June 2004 港幣百萬元 HK\$m
庫存現金及銀行及其他 金融機構結餘	28,285	26,145
原到期日在 3 個月內之 即期及短期通知結餘	56,803	49,969
原到期日在 3 個月內之 庫券	3,690	12,754
原到期日在 3 個月內之 銀行及其他金融機構 存款	11,501	19,452
原到期日在 3 個月內之 持有之存款證	714	2,116
還款期在 3 個月內之 銀行及其他金融機構之 存款及結餘	<u>(33,137)</u>	<u>(50,631)</u>
	<u>67,856</u>	<u>59,805</u>

賬目附註 (續)

Notes to the Accounts (continued)

29. 到期日分析

29. Maturity profile

由2005年6月30日及2004年12月31日起至合約到期日之剩餘期限之資產及負債之到期日分析如下：

The maturity profile of assets and liabilities analysed by the remaining period as at 30 June 2005 and 31 December 2004 to the contractual maturity dates is as follows:

		2005年6月30日 At 30 June 2005						
		即期	3個月 或以下	3個月以上 但1年內	1年以上 但5年內	5年 以上	無註明日期	總計
		Repayable on demand	3 months or less	but over 3 months	over 1 year	Over 5 years	Undated	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	港幣百萬元 HK\$m	港幣百萬元 HK\$m
資產	Assets							
庫券	Treasury bills	-	6,768	2,905	-	-	-	9,673
庫存現金及其他短期資金	Cash and other short-term funds	28,292	75,475	352	-	-	-	104,119
銀行及其他金融機構存款	Placements with banks and other financial institutions	-	43,108	17,088	-	-	-	60,196
持有之存款證	Certificates of deposit held	-	2,736	6,198	10,207	299	-	19,440
債務證券，含於：	Debt securities included in:							
- 可供出售證券	- available-for-sale securities	-	3,142	12,494	27,891	5,851	-	49,378
- 持有至到期日證券	- held-to-maturity securities	-	10,455	16,607	110,465	16,365	32	153,924
- 交易性證券及公平值變化計入損益的其他金融資產	- trading securities and other financial instruments at fair value through profit or loss	218	574	1,625	7,234	1,359	-	11,010
客戶貸款	Advances to customers	24,817	30,220	26,493	137,143	112,447	6,534	337,654
銀行及其他金融機構貸款	Advances to banks and other financial institutions	-	-	-	1,612	-	-	1,612
負債	Liabilities							
銀行及其他金融機構之存款及結餘	Deposits and balances of banks and other financial institutions	17,891	19,553	1,027	-	-	-	38,471
客戶存款	Customer accounts	273,086	332,605	18,790	8,758	407	-	633,646
發行之存款證	Certificates of deposit issued	-	883	1	2,862	-	-	3,746

客戶存款包括客戶之存款及列於綜合資產負債表的“交易性負債及公平值變化計入損益的其他金融工具”內的結構性存款。

Customer accounts represent deposits from customers and structured deposits included in “Trading liabilities and other financial instruments at fair value through profit or loss” on the face of the consolidated balance sheet.

賬目附註 (續)

Notes to the Accounts (continued)

29. 到期日分析 (續)

29. Maturity profile (continued)

		2004年12月31日 At 31 December 2004						
		即期 Repayable on demand	3個月 或以下 3 months or less	3個月以上 但1年內 1 year or less but over 3 months	1年以上 但5年內 5 years or less but over 1 year	5年 以上 Over 5 years	無註明日期 Undated	總計 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	港幣百萬元 HK\$m	港幣百萬元 HK\$m
資產	Assets							
庫券	Treasury bills	-	7,812	2,967	-	-	-	10,779
庫存現金及其他短期資金	Cash and other short-term funds	20,976	70,892	-	-	-	-	91,868
銀行及其他金融機構存款	Placements with banks and other financial institutions	16	47,849	59,716	-	-	-	107,581
持有之存款證	Certificates of deposit held	-	5,242	5,695	11,085	316	-	22,338
債務證券，含於：	Debt securities included in:							
- 持有至到期日證券	- held-to-maturity securities	-	31,479	36,755	101,053	11,743	32	181,062
- 其他證券投資	- other investments in securities	-	506	730	6,150	881	-	8,267
客戶貸款	Advances to customers	19,548	24,254	28,995	128,816	102,356	9,257	313,226
銀行及其他金融機構貸款	Advances to banks and other financial institutions	-	-	-	1,290	-	-	1,290
負債	Liabilities							
銀行及其他金融機構之存款及結餘	Deposits and balances of banks and other financial institutions	14,990	16,818	2,632	-	-	-	34,440
客戶存款	Deposits from customers	332,198	274,742	20,768	4,476	312	-	632,496
發行之存款證	Certificates of deposit issued	-	-	891	2,897	-	-	3,788

除若干遞延稅項資產及負債外，大部分的其他資產和其他賬項及準備均屬1年內到期。

Apart from certain deferred tax assets and liabilities, the majority of other assets and other accounts and provisions are due within one year.

賬目附註 (續)

Notes to the Accounts (continued)

29. 到期日分析 (續)

29. Maturity profile (continued)

上述到期日分類乃按照金管局頒佈之監管政策手冊規定之《本地註冊認可機構披露中期財務資料》指引而編製。根據該指引，本集團將逾期不超過 1 個月之貸款及債務證券申報為“即期”資產，並將不履約資產或逾期超過 1 個月之資產申報為“無註明日期”資產。對於按不同款額或分期償還之資產，只有該資產中實際逾期之部分被視作逾期。其他未到期之部分仍繼續根據剩餘期限申報，但假若對該資產之償還能力有疑慮，則將該等款項列為“無註明日期”。上述列示之資產並未扣除任何相關準備(如有)。

按尚餘到期日對其他證券投資之分析是為符合金管局頒佈之監管政策手冊規定之《本地註冊認可機構中期披露財務資料》指引而披露的。所作披露不代表此等證券將持有至到期日。

The above maturity classifications have been prepared in accordance with the guideline on “Interim Financial Disclosure by Locally Incorporated Authorized Institutions” under the Supervisory Policy Manual issued by the HKMA. In accordance with the guideline, the Group has reported assets such as advances and debt securities which have been overdue for not more than one month as “Repayable on demand” and assets which are non-performing or which are overdue for more than one month as “Undated”. In the case of an asset that is repayable by different payments or instalments, only that portion of the asset that is actually overdue is reported as overdue. Any part of the asset that is not due is reported according to the residual maturity unless the repayment of the asset is in doubt in which case the amount is reported as “Undated”. The above assets are stated before deduction of provisions, if any.

The analysis of other investments in securities by remaining period to maturity is disclosed in order to comply with the guideline on “Interim Financial Disclosure by Locally Incorporated Authorized Institutions” under the Supervisory Policy Manual issued by the HKMA. The disclosure does not imply that the securities will be held to maturity.

賬目附註 (續)

Notes to the Accounts (continued)

30. 或然負債及承擔

30. Contingent liabilities and commitments

或然負債及承擔中每項重要類別之合約數額及相對之總信貸風險加權數額摘要如下：

The following is a summary of the contractual amounts of each significant class of contingent liability and commitment and the corresponding aggregate credit risk weighted amount:

		2005 年 6 月 30 日 At 30 June 2005 港幣百萬元 HK\$m	2004 年 12 月 31 日 At 31 December 2004 港幣百萬元 HK\$m
直接信貸替代項目	Direct credit substitutes	1,043	1,132
與交易有關之或然負債	Transaction-related contingencies	5,172	4,647
與貿易有關之或然負債	Trade-related contingencies	18,648	16,266
其他承擔，原到期日為	Other commitments with an original maturity of		
- 1 年以下或可無條件撤銷	- under one year or which are unconditionally cancellable	93,436	90,947
- 1 年及以上	- one year and over	38,601	41,460
		<u>156,900</u>	<u>154,452</u>
信貸風險加權數額	Credit risk weighted amount	<u>25,142</u>	<u>26,303</u>

信貸風險加權數額的計算基礎已於附註 19 說明。

The calculation basis of credit risk weighted amount has been set out in Note 19 to the accounts.

賬目附註 (續)

Notes to the Accounts (continued)

31. 分類報告

31. Segmental reporting

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。

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.

賬目附註 (續) Notes to the Accounts (continued)
31. 分類報告 (續) 31. Segmental reporting (continued)
(a) 按業務劃分
(a) By class of business

		零售銀行	企業銀行	財資業務	投資	其他	小計	合併抵銷	綜合
		Retail	Corporate	Treasury	Investment	Others	Subtotal	Eliminations	Consolidated
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
		HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m
半年結算至 2005 年 6 月 30 日	Half-year ended 30 June 2005								
淨利息收入	Net interest income	3,656	1,768	568	(172)	13	5,833	-	5,833
淨服務費及佣金收入	Net fees and commission income	981	482	(17)	68	(16)	1,498	-	1,498
淨交易性收入	Net trading income	243	21	484	(2)	-	746	-	746
其他經營收入	Other operating income	5	2	1	343	1	352	(231)	121
經營收入 / (虧損)	Operating income/(loss)	4,885	2,273	1,036	237	(2)	8,429	(231)	8,198
經營支出	Operating expenses	(1,898)	(506)	(198)	(228)	(77)	(2,907)	231	(2,676)
提取貸款減值準備前經營溢利 / (虧損)	Operating profit/(loss) before impairment on advances	2,987	1,767	838	9	(79)	5,522	-	5,522
貸款減值準備撥回	Reversal of loan impairment allowances on advances	85	1,350	-	-	-	1,435	-	1,435
經營溢利 / (虧損)	Operating profit/(loss)	3,072	3,117	838	9	(79)	6,957	-	6,957
出售固定資產之淨虧損	Net loss from disposal of fixed assets	-	-	-	(9)	-	(9)	-	(9)
出售 / 重估投資物業之淨收益	Net gain from disposal/ revaluation of investment properties	-	-	-	927	-	927	-	927
回購 / 出售持有至到期日證券之淨虧損	Net loss from redemption/ disposal of held-to-maturity securities	-	-	(3)	-	-	(3)	-	(3)
出售可供出售證券之淨收益	Net gain from disposal of available-for-sale securities	-	-	21	-	-	21	-	21
聯營公司權益之減值撥備撥回	Write-back of provision for impairment on interests in associates	-	-	-	4	-	4	-	4
應佔聯營公司之溢利扣減虧損	Share of profits less losses of associates	-	-	-	(1)	-	(1)	-	(1)
除稅前溢利 / (虧損)	Profit/(loss) before taxation	3,072	3,117	856	930	(79)	7,896	-	7,896
於 2005 年 6 月 30 日 資產	At 30 June 2005 Assets								
分部資產	Segment assets	136,206	208,645	445,495	22,376	-	812,722	-	812,722
聯營公司權益	Interests in associates	-	-	-	57	-	57	-	57
未分配公司資產	Unallocated corporate assets	-	-	-	-	554	554	-	554
		136,206	208,645	445,495	22,433	554	813,333	-	813,333
負債	Liabilities								
分部負債	Segment liabilities	552,823	98,164	84,141	1,447	-	736,575	-	736,575
未分配公司負債	Unallocated corporate liabilities	-	-	-	-	5,564	5,564	-	5,564
		552,823	98,164	84,141	1,447	5,564	742,139	-	742,139
半年結算至 2005 年 6 月 30 日 其他資料	Half-year ended 30 June 2005 Other information								
增置固定資產	Additions of fixed assets	-	-	-	164	-	164	-	164
折舊	Depreciation	73	16	22	172	3	286	-	286

賬目附註 (續) Notes to the Accounts (continued)
31. 分類報告 (續) 31. Segmental reporting (continued)
(a) 按業務劃分 (續) (a) By class of business (continued)

		零售銀行 Retail	企業銀行 Corporate	財資業務 Treasury	投資 Investment	其他 Others	小計 Subtotal	合併抵銷 Eliminations	綜合 Consolidated
		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	港幣百萬元 HK\$'m	港幣百萬元 HK\$'m	港幣百萬元 HK\$'m
半年結算至 2004 年 6 月 30 日	Half-year ended 30 June 2004								
淨利息收入	Net interest income	2,724	1,779	1,014	(5)	(3)	5,509	-	5,509
淨服務費及佣金收入	Net fees and commission income	1,136	568	(22)	38	(7)	1,713	-	1,713
淨交易性收入	Net trading income	279	44	342	(3)	-	662	-	662
其他經營收入	Other operating income	29	2	1	344	14	390	(249)	141
經營收入	Operating income	4,168	2,393	1,335	374	4	8,274	(249)	8,025
經營支出	Operating expenses	(1,864)	(522)	(177)	(268)	(86)	(2,917)	249	(2,668)
提取貸款撥備前經營溢利 / (虧損)	Operating profit/(loss) before provisions on advances	2,304	1,871	1,158	106	(82)	5,357	-	5,357
呆壞賬 (撥備) / 撥回	(Charge for)/write-back of bad and doubtful debts	(29)	1,269	-	-	-	1,240	-	1,240
經營溢利 / (虧損)	Operating profit/(loss)	2,275	3,140	1,158	106	(82)	6,597	-	6,597
出售 / 重估固定資產之淨收益	Net gain from disposal/ revaluation of fixed assets	-	-	-	22	-	22	-	22
出售投資物業之淨收益	Net gain from disposal of investment properties	-	-	-	26	-	26	-	26
出售持有至到期日證券之淨收益	Net gain from disposal of held-to-maturity securities	-	-	1	-	-	1	-	1
聯營公司權益之減值撥備撥回	Write-back of provision for impairment on interests 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 / (虧損)	Profit/(loss) before taxation	<u>2,275</u>	<u>3,140</u>	<u>1,159</u>	<u>285</u>	<u>(82)</u>	<u>6,777</u>	<u>-</u>	<u>6,777</u>
於 2004 年 12 月 31 日	At 31 December 2004								
資產	Assets								
分部資產	Segment assets	132,791	187,946	453,457	22,291	-	796,485	-	796,485
聯營公司權益	Interests in associates	-	-	-	62	-	62	-	62
未分配公司資產	Unallocated corporate assets	-	-	-	-	228	228	-	228
		<u>132,791</u>	<u>187,946</u>	<u>453,457</u>	<u>22,353</u>	<u>228</u>	<u>796,775</u>	<u>-</u>	<u>796,775</u>
負債	Liabilities								
分部負債	Segment liabilities	567,313	91,215	68,485	655	-	727,668	-	727,668
未分配公司負債	Unallocated corporate liabilities	-	-	-	-	4,600	4,600	-	4,600
		<u>567,313</u>	<u>91,215</u>	<u>68,485</u>	<u>655</u>	<u>4,600</u>	<u>732,268</u>	<u>-</u>	<u>732,268</u>
半年結算至 2004 年 6 月 30 日	Half-year ended 30 June 2004								
其他資料	Other information								
增置固定資產	Additions of fixed assets	-	-	-	87	-	87	-	87
折舊	Depreciation	71	14	17	187	4	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

賬目附註 (續) **Notes to the Accounts (continued)**

31. 分類報告 (續) **31. Segmental reporting (continued)**

(a) 按業務劃分 (續)

今年本集團採用的新方法編制分類報告，當中把“商業銀行業務”劃分成“零售銀行業務”和“企業銀行業務”，把“未分配項目”分解為“投資活動”和“其他”。

零售銀行業務和企業銀行業務均會提供全面的銀行服務，其中零售銀行主要服務個人客戶和小型公司，企業銀行則服務中型和大型的公司和企業，而中國內地和海外業務均納入企業銀行業務。

(a) **By class of business (continued)**

The Group adopts a new approach this year in preparing segmental report. Commercial Banking business is divided into Retail Banking business and Corporate Banking business. Unallocated items are categorised as “Investment Activities” and “Others”.

Both Retail Banking business and Corporate Banking business provide general banking services. Retail Banking mainly serves individual customers and small companies. Corporate Banking serves medium sized and large companies and enterprises. Mainland and overseas businesses are included in Corporate Banking business.

賬目附註 (續)

Notes to the Accounts (continued)

31. 分類報告 (續)

31. Segmental reporting (continued)

(a) 按業務劃分 (續)

(a) By class of business (continued)

財資業務包括資金市場、外匯買賣和資本市場業務。財資業務部門管理本集團的融資活動和資本，為其他業務線提供資金，並接收從零售銀行和企業銀行業務線的吸收存款活動中所取得的資金。這些業務線之間的資金交易主要按照交易當時的同貨幣、同期限市場拆入利率定價，押匯業務和其他交易（例如有關佔用設備的資金成本）則按照同貨幣的平均一週市場拆入利率或平均一個月市場拆入利率定價。在本附註呈列的財資業務損益資料，已包括上述業務線之間的收支交易，但其資產負債資料並未反映業務線之間的借貸（換言之，不可以把財資業務的損益資料與其資產負債資料比較）。

投資活動包括持有本集團的房地產、在聯營企業的投資和支援單位所使用的設備。對於佔用本集團的物業，其他業務線需要按照每平方呎的預定價格向投資業務線支付費用。對於投資聯營企業所佔用的資金，投資活動業務線需要按照平均的一個月港元拆入利率向財資業務線支付利息。

Treasury business includes money market, foreign exchange dealings and capital market activities. Treasury manages funding and capital of the Group. It provides funds to other business segments and receives funds from deposit taking activities of Retail Banking and Corporate Banking. These inter-segment funding transactions are mainly priced at market bid rates matched with the currencies and the tenors of the transactions. Bills and other transactions (such as funding for the equipments employed) are priced at average one-week market bid rates or average one-month market bid rates matched with the currency. The profit and loss information about Treasury business presented in this note includes the above inter-segment charging/income transactions. The assets and liabilities of Treasury have not been adjusted to reflect the effect of inter-segment borrowing and lending (i.e. the profit and loss information in relation to Treasury is not comparable to the assets and liabilities information about Treasury).

Investment activities include holding bank premises, interests in associates and equipments used by supporting units. Charges are paid to this segment from other business segments based on predefined rates per square footage for their occupation of the Group's premises. Investment Activities segment pays inter-segment interest to Treasury, priced at average one-month HIBID, for holding the investments in associates.

賬目附註 (續) Notes to the Accounts (continued)

31. 分類報告 (續) 31. Segmental reporting (continued)

(a) 按業務劃分 (續)

“其他”這一個業務線，主要包括有關本集團整體但與其餘四個業務線無關的項目。

一個職能單位的經營支出，劃入使用該單位所提供的服務的主要使用方。對於支援本集團整體業務的職能單位，其經營支出是以合理的攤分準則分攤到除“其他”以外的四個業務線；與該四個業務線完全無關的經營支出，則納入“其他”。

(a) By class of business (continued)

“Others” segment mainly comprises of items related to the Group as a whole and totally independent of the other four business segments.

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. For those functional units supporting the Group’s business as a whole, their operating expenses are allocated to the four business segments other than “Others” by reasonable allocation rules. Operating expenses which are totally independent of the four business segments are grouped under “Others”.

(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。

(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.

賬目附註 (續)

32. 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。

於2005年1月1日，本集團採納香港會計準則第24號“有關連人士披露”而有關準則影響了有關連人士之定義及其他有關連人士之披露。有關準則需披露主要高層人員的薪酬，亦規定本集團披露與國有企業進行之有關連人士交易，因為與該等以盈利為導向之國有企業進行之有關連人士交易不再獲豁免披露。有關額外披露詳見以下(e)及(f)。

Notes to the Accounts (continued)

32. 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.

On 1 January 2005, the Group has adopted HKAS 24 “Related Party Disclosures” which has affected the identification of related parties and some other related-party disclosures. This HKAS requires the disclosure of the compensation of key management personnel. In addition, it requires the Group to disclose related party transactions with state-controlled entities as these profit-oriented state-controlled entities are no longer exempted from disclosures. The additional disclosures have been detailed in (e) and (f) below.

賬目附註 (續)

Notes to the Accounts (continued)

32. 主要之有關連人士交易 (續)

32. Significant related party transactions (continued)

本集團與其有關連人士於期內進行多種交易摘要如下：

The various transactions with related parties which the Group were entered into during the period are summarised as follows:

(a) 有關連人士提供擔保之第三者貸款

於2005年6月30日，間接控股公司中國銀行及同系附屬公司為本集團給予若干第三者之貸款港幣42.01億元（2004年12月31日：港幣45.12億元）提供擔保。間接控股公司及同系附屬公司擁有該等第三者不超過20%之股份權益。

(a) Advances to third parties guaranteed by related parties

As at 30 June 2005, BOC, the intermediate holding company and fellow subsidiaries provided guarantees for loans in favour of the Group amounting to HK\$4,201 million (31 December 2004: HK\$4,512 million) to certain third parties. The intermediate holding company and fellow subsidiaries held equity interests of not more than 20% in these third parties.

(b) 與有關連人士在正常業務範圍內進行之交易摘要

與本銀行之直接控股公司、間接控股公司、同系附屬公司和聯營公司及間接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：

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

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

		半年結算至 2005 年 6 月 30 日 Half-year ended 30 June 2005		
		直接及間接控股公司 Immediate and intermediate holding companies ¹	聯營公司 Associates	其他 有關連人士 Other related parties ²
		港幣百萬元 HK\$'m	港幣百萬元 HK\$'m	港幣百萬元 HK\$'m
附註 Notes	損益項目： Profit and loss items:			
	利息收入 Interest income	(i) 144	-	2
	利息支出 Interest expense	(ii) (197)	(1)	(40)
	已收保險佣金 Insurance commission received (net)	(iii) -	-	64
	已收／應收行政 服務費用 Administrative services fees received/receivable	(iv) 2	-	2
	已收／應收租金 Rental fees received/receivable	(iv) -	-	7
	已付／應付信用 卡佣金（淨額） Credit card commission paid/ payable (net)	(v) (34)	-	-
	已付／應付證券 經紀佣金（淨額） Securities brokerage commission paid/payable (net)	(v) -	-	(41)
	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) (1)	-	(38)
	已收基金銷售佣 金 Funds selling commission received	(vi) -	-	26
	已收代理銀行業 務費用 Correspondent banking fee received	(vii) 5	-	-

賬目附註 (續)

Notes to the Accounts (continued)

32. 主要之有關連人士交易 (續)

32. 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 related parties (continued)

半年結算至 2004 年 6 月 30 日
Half-year ended 30 June 2004

附註 Notes	直接及間接控股公司 Immediate and intermediate holding companies ¹	聯營公司 Associates	其他 有關連人士 Other related parties ²		
				港幣百萬元 HK\$m	港幣百萬元 HK\$m
損益項目：	Profit and loss items:				
利息收入	Interest income	(i)	67	-	5
利息支出	Interest expense	(ii)	(60)	-	(3)
已收保險佣金 (淨額)	Insurance commission received (net)	(iii)	-	-	74
已收/應收行政服務費用	Administrative services fees received/receivable	(iv)	5	-	5
已收/應收租金	Rental fees received/receivable	(iv)	-	-	13
已付/應付信用卡佣金 (淨額)	Credit card commission paid/payable (net)	(v)	(24)	-	(1)
已付/應付證券經紀佣金 (淨額)	Securities brokerage commission paid/payable (net)	(v)	-	-	(61)
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)
呆壞賬撥回	Write-back of bad and doubtful debts		-	137	22
已收基金銷售佣金	Funds selling commission received	(vi)	-	-	56
已收代理銀行業務費用	Correspondent banking fee received	(vii)	4	-	-
已收貸款服務費	Loan services fees received	(viii)	2	-	3

2005 年 6 月 30 日
At 30 June 2005

附註 Notes	直接及間接控股公司 Immediate and intermediate holding companies ¹	聯營公司 Associates	其他 有關連人士 Other related parties ²		
				港幣百萬元 HK\$m	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)	12,556	-	95
銀行及其他金融機構存款	Placements with banks and other financial institutions	(i)	10,153	-	-
衍生金融工具資產	Derivative financial instruments assets	(ix)	31	-	-
其他資產	Other assets	(x)	17	-	799
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)	17,414	-	823
客戶存款	Deposits from customers	(ii)	1,159	80	5,232
衍生金融工具負債	Derivative financial instruments liabilities	(ix)	125	-	3
其他賬項及準備	Other accounts and provisions	(x)	2,378	-	948

賬目附註 (續)

Notes to the Accounts (continued)

32. 主要之有關連人士交易 (續)

32. 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 related parties (continued)

		2004年12月31日 At 31 December 2004		
		直接及間接控股公司 Immediate and intermediate holding companies ¹	聯營公司 Associates	其他 有關連人士 Other related parties ²
		港幣百萬元 HK\$m	港幣百萬元 HK\$m	港幣百萬元 HK\$m
附註 Notes	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) 11,534	-	53
	銀行及其他金融機構存款 Placements with banks and other financial institutions	(i) 22,673	-	53
	貸款及其他賬項 Advances and other accounts	(i) 15	-	338
	其他資產 Other assets	(x) 41	-	1,302
	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) 18,536	-	1,013
	客戶存款 Deposits from customers	(ii) 1,250	110	4,984
	其他賬項及準備 Other accounts and provisions	(x) 24	-	1,159

¹ 直接及間接控股公司為國有企業。於半年結算至 2004 年 6 月 30 日內與中國銀行所進行之交易亦披露為與直接及間接控股公司之交易以確保可比性。雖然中國銀行於該日為本銀行之最終控股公司。自中國銀行於 2004 年 8 月改制後，匯金便代表國家擁有中國銀行全部股份權益。因此，改制後，匯金代表國家通過其在中國銀行的權益而成為本銀行的最終控股公司，而中國銀行隨之成為本銀行之間接控股公司。

² 其他有關連人士包括同系附屬公司及間接控股公司之聯營公司，而若干其他有關連人士為國有企業。

¹ Immediate and intermediate holding companies are state-controlled entities. Transactions with BOC for the six months ended 30 June 2004 have been disclosed as transactions with immediate and intermediate holding companies to ensure comparability notwithstanding that BOC was the Bank's ultimate holding company as at that date. Following the reorganisation of BOC in August 2004, China SAFE holds the entire equity capital of BOC on behalf of the State. Accordingly, China SAFE, acting on behalf of the State has become the ultimate holding company of the Bank whilst BOC became the Bank's intermediate holding company.

² Fellow subsidiaries of the Bank and associates of an intermediate holding company are collectively disclosed as other related parties and certain of which are state-controlled entities.

賬目附註 (續)

Notes to the Accounts (continued)

32. 主要之有關連人士交易 (續)

32. 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 related parties (continued)

附註：

Notes:

(i) 利息收入

(i) Interest income

本集團在正常業務中與間接控股公司、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、存放同業存款及提供貸款和信貸融資。此等交易與本集團跟其他第三者交易所訂定的價格與條款相比，並無享有特別優惠。

In the ordinary course of business, the Group enters into various transactions with an intermediate holding company, fellow subsidiaries and associates including deposit of cash and short-term funds, placement of interbank deposits 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.

(ii) 利息支出

(ii) Interest expense

本集團在正常業務中接受本銀行之直接控股公司、間接控股公司和同系附屬公司及間接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，均按當時之市場價格進行。

In the ordinary course of business, the Group accepts interbank deposits and current, fixed, savings and other deposits from the immediate holding company, intermediate holding companies and fellow subsidiaries of the Bank as well as associates of an intermediate holding company at the relevant market rates at the time of the transactions.

(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，均按當時之市場價格進行。

In the ordinary course of business, the Group provides insurance agency services to and purchases general and life insurance policies from fellow subsidiaries at the relevant market rates at the time of the transactions.

賬目附註 (續)

Notes to the Accounts (continued)

32. 主要之有關連人士交易 (續)

32. 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 related parties (continued)

附註：(續)

Notes: (continued)

(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間接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當時之市場價格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 intermediate holding companies and fellow subsidiaries mainly on the basis of cost plus a margin of 5%, and receives office premises rental fees from the fellow subsidiaries at the relevant market rates at the time of the transactions.

(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支付佣金予間接控股公司及同系附屬公司，並向同系附屬公司支付租務費用。此等交易均按當時之市場價格進行。

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 an intermediate 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 were priced at the relevant market rates at the time of the transactions.

(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，此等業務均按當時之市場價格進行。

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 at the relevant market rates at the time of the transactions.

(vii) 已收代理銀行業務費用

(vii) Correspondent banking fee received

間接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。本集團與間接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, an intermediate 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 intermediate holding company on the basis agreed between the parties from time to time.

賬目附註 (續)

Notes to the Accounts (continued)

32. 主要之有關連人士交易 (續)

32. 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 related parties (continued)

附註：(續)

Notes: (continued)

(viii) 已收貸款服務費

(viii) Loan services fees received

本集團在正常業務中，對轉讓予同系附屬公司及間接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。在 2004 年 6 月，當有關貸款出售後，是項貸款服務也隨之終止。

In the ordinary course of business, the Group undertook to service and administer the loans and the related securities transferred to fellow subsidiaries and an intermediate holding company in prior years at a fee agreed among the parties from time to time. Such loan service was ended in June 2004 when the loans were sold.

(ix) 衍生金融工具資產/負債

(ix) Derivative financial instruments assets/liabilities

本集團在正常業務中與間接控股公司及同系附屬公司訂立了外匯合約及利率合約。於 2005 年 6 月 30 日，該等衍生交易之名義數額總值為港幣 176.64 億元。而於該日相關之衍生金融工具資產及負債分別為港幣 0.31 億元及港幣 1.28 億元。此等交易按當時之市場價格進行。

In the ordinary course of business, the Group enters into foreign exchange contracts and interest rate contracts with an intermediate holding company and fellow subsidiaries. The aggregate notional amount of such derivative transactions amounted to HK\$17,664 million as at 30 June 2005 whilst the corresponding derivative financial instruments assets and liabilities amounted to HK\$31 million and HK\$128 million respectively as at that date. These transactions are executed at the relevant market rates at the time of the transactions.

(x) 其他資產及其他賬項及準備

(x) Other assets and other accounts and provisions

其他資產及其他賬項及準備包括了向間接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 intermediate holding companies 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.

(c) 或然負債及承擔

(c) Contingent liabilities and commitments

本集團在正常業務中按市場之一般商業條款為間接控股公司、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 2005 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 11.39 億元 (2004 年 12 月 31 日：港幣 12.83 億元)。

In the ordinary course of business, the Group provides loan facilities and trade finance services to, and guarantees for the obligations of an intermediate holding company, fellow subsidiaries and associates on normal commercial terms. As at 30 June 2005, the total undrawn loan commitments, trade finance-related contingencies and guarantees amounted to HK\$1,139 million (31 December 2004: HK\$1,283 million).

賬目附註 (續)

Notes to the Accounts (continued)

32. 主要之有關連人士交易 (續)

32. Significant related party transactions (continued)

(d) 與附屬公司之結餘

(d) Balances with subsidiaries

	2005 年 6 月 30 日 At 30 June 2005 港幣百萬元 HK\$m	2004 年 12 月 31 日 At 31 December 2004 港幣百萬元 HK\$m
庫存現金及短期資金	1,444	1,003
銀行及其他金融機構存款		
衍生金融工具資產	-	129
貸款及其他賬項	8	-
其他資產	970	816
銀行及其他金融機構之存款及結餘	1,619	1,045
客戶存款	185	274
其他賬項及準備	53	135
	<u>1,619</u>	<u>1,045</u>

(e) 主要高層人員

(e) Key management personnel

本集團在正常業務中會接受主要高層人員存款及向其提供貸款及信貸融資。於期內及去年，本集團並沒有與中銀香港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 both the current and prior periods, no material transaction was conducted with key management personnel of BOCHK, its holding companies and parties related to them.

主要高層人員於半年結算至 2005 年及 2004 年 6 月 30 日之薪酬如下：

The key management compensation for the six months ended 30 June 2005 and 2004 is detailed as follows:

	半年結算至 2005 年 6 月 30 日 Half-year ended 30 June 2005 港幣百萬元 HK\$m	半年結算至 2004 年 6 月 30 日 Half-year ended 30 June 2004 港幣百萬元 HK\$m
薪酬及其他短期員工福利	13	11
退休福利	1	1
	<u>14</u>	<u>12</u>

賬目附註 (續)

Notes to the Accounts (continued)

32. 主要之有關連人士交易 (續)

32. Significant related party transactions (continued)

(f) 與其他國有企業進行的交易

(f) Transactions with other state-controlled entities

匯金是經中華人民共和國國務院批准代表國家行使出資人權力，並擁有中國銀行全部股份權益。因此，匯金代表國家通過其在中國銀行的權益而成爲本銀行的最終控股公司。

China SAFE is the owner of the entire equity interest in BOC. China SAFE is approved by State Council of the PRC to assume the rights and obligations of the equity owner on behalf of the State. Accordingly, China SAFE, acting on behalf of the State, has become the ultimate holding company of the Bank by virtue of its interest in BOC.

除間接控股公司中國銀行及其同系附屬公司外，國有企業指由中華人民共和國政府直接或間接持有50%以上股權或投票權、能控制或有權支配企業的財務或營運政策之企業。須注意與中國公司進行之銀行業務，中國政府對這些公司皆普遍具影響力。故此，中國政府間接持有許多公司。而這些權益可能於其本身，或與其他間接權益合併，形成具控制力之權益，其中於某些公司的權益和其他間接權益成爲控股權，但這些權益可能並不爲銀行所知且並未於下列交易中反映出來。

The state-controlled entities are those, other than BOC (the intermediate holding company and its fellow subsidiaries) over which the PRC government directly or indirectly holds over 50% of the outstanding shares or voting rights, and has the ability to control or the power to govern their financial or operational policies. It should be noted, however, that for those business activities of the Group which are conducted with the PRC companies, the influence of the PRC government with these companies is pervasive. In this regard, the PRC government indirectly holds interests in many companies. Some of these interests may, in themselves or when combined with other indirect interests, be controlling interests. Such interests, however, would not be known to the Group and are not reflected below.

本集團在正常業務中與其他國有企業進行銀行交易，包括提供貸款、接受存款、證券投資、貨幣市場交易及資產負債表外風險項目。期內有關連人士於結算日之結餘及相關的準備金、相關的利息收入及利息支出摘要如下：

The Group enters into banking transactions with other state-controlled entities in the ordinary course of business. These include loans, deposits, investment securities, money market transactions and off-balance sheet exposures. The outstanding balances and related provisions at the period/year end, and the related income and expense for the period are as follows:

賬目附註 (續)

Notes to the Accounts (continued)

32. 主要之有關連人士交易 (續)

32. Significant related party transactions (continued)

(f) 與其他國有企業進行的交易
(續)

(f) Transactions with other state-controlled entities (continued)

(i) 客戶貸款

(i) Advances to customers

		半年結算至 2005年6月30日 Half-year ended 30 June 2005	半年結算至 2004年6月30日 Half-year ended 30 June 2004
		港幣百萬元 HK\$m	港幣百萬元 HK\$m
利息收入	Interest income	<u>335</u>	<u>174</u>
按個別評估貸款減值準備 (撥備) / 呆壞賬撥回	(Charge for) loan impairment allowances / write-back of bad and doubtful debts	<u>(118)</u>	<u>144</u>
		2005年6月30日 At 30 June 2005	2004年12月31日 At 31 December 2004
		港幣百萬元 HK\$m	港幣百萬元 HK\$m
期 / 年初結餘	Outstanding balance at beginning of the period / year	<u>22,335</u>	<u>20,770</u>
期 / 年末結餘	Outstanding balance at end of the period / year	26,756	22,335
減: 按個別評估減值準備	Less: individually assessed loan impairment allowances	(424)	-
減: 特別準備	Less: Specific provisions	-	(197)
		<u>26,332</u>	<u>22,138</u>

賬目附註 (續)

Notes to the Accounts (continued)

32. 主要之有關連人士交易 (續)

32. Significant related party transactions (continued)

(f) 與其他國有企業進行的交易
(續)

(f) Transactions with other state-controlled entities (continued)

(ii) 投資證券

(ii) Investment securities

		半年結算至 2005年6月30日 Half-year ended 30 June 2005	半年結算至 2004年6月30日 Half-year ended 30 June 2004
		港幣百萬元 HK\$m	港幣百萬元 HK\$m
利息收入	Interest income	<u>210</u>	<u>110</u>
		2005年6月30日 At 30 June 2005	2004年12月31日 At 31 December 2004
		港幣百萬元 HK\$m	港幣百萬元 HK\$m
期/年初結餘	Outstanding balance at beginning of the period/year	<u>7,829</u>	<u>4,118</u>
期/年末結餘	Outstanding balance at end of the period/year	<u>8,272</u>	<u>7,880</u>

投資證券包括為持有至到期日證券及可供出售證券。除前述證券外，於2004年6月30日亦包括其他證券投資。

Investment securities includes held-to-maturity securities and available-for-sale securities. The balance of investment securities as at 30 June 2004 included other investments in securities in addition to the aforementioned.

賬目附註 (續)

Notes to the Accounts (continued)

32. 主要之有關連人士交易 (續)

32. Significant related party transactions (continued)

(f) 與其他國有企業進行的交易
(續)

(f) Transactions with other state-controlled entities (continued)

(iii) 交易性證券及公平值變化
計入損益的其他金融資產

(iii) Trading securities and other financial instruments at fair value through
profit or loss

		半年結算至 2005年6月30日 Half-year ended 30 June 2005 港幣百萬元 HK\$'m	半年結算至 2004年6月30日 Half-year ended 30 June 2004 港幣百萬元 HK\$'m
利息收入	Interest income	<u>13</u>	<u>-</u>
		2005年6月30日 At 30 June 2005 港幣百萬元 HK\$'m	2004年12月31日 At 31 December 2004 港幣百萬元 HK\$'m
期/年初結餘	Outstanding balance at beginning of the period/year	<u>117</u>	<u>-</u>
期/年末結餘	Outstanding balance at end of the period/year	<u>1,072</u>	<u>-</u>

賬目附註 (續)

Notes to the Accounts (continued)

32. 主要之有關連人士交易 (續)

32. Significant related party transactions (continued)

(f) 與其他國有企業進行的交易
(續)

(f) Transactions with other state-controlled entities (continued)

(iv) 存放銀行及其他金融機構

(iv) Due from banks and other financial institutions

		半年結算至 2005年6月30日 Half-year ended 30 June 2005	半年結算至 2004年6月30日 Half-year ended 30 June 2004
		港幣百萬元 HK\$m	港幣百萬元 HK\$m
利息收入	Interest income	<u>54</u>	<u>10</u>
		2005年6月30日 At 30 June 2005	2004年12月31日 At 31 December 2004
		港幣百萬元 HK\$m	港幣百萬元 HK\$m
期/年初結餘	Outstanding balance at beginning of the period/year	<u>18,100</u>	<u>4,733</u>
期/年末結餘	Outstanding balance at end of the period/year	<u>26,196</u>	<u>18,100</u>

賬目附註 (續)

Notes to the Accounts (continued)

32. 主要之有關連人士交易 (續) 32. Significant related party transactions (continued)

(f) 與其他國有企業進行的交易
(續)

(f) Transactions with other state-controlled entities (continued)

(v) 銀行及其他金融機構之存款及結餘

(v) Due to banks and other financial institutions

		半年結算至 2005年6月30日 Half-year ended 30 June 2005	半年結算至 2004年6月30日 Half-year ended 30 June 2004
		港幣百萬元 HK\$'m	港幣百萬元 HK\$'m
利息支出	Interest expense	(50)	(54)
		2005年6月30日 At 30 June 2005	2004年12月31日 At 31 December 2004
		港幣百萬元 HK\$'m	港幣百萬元 HK\$'m
期/年初結餘	Outstanding balance at beginning of the period/year	7,478	15,014
期/年末結餘	Outstanding balance at end of the period/year	7,320	7,478

(vi) 客戶存款

(vi) Deposit from customers

		半年結算至 2005年6月30日 Half-year ended 30 June 2005	半年結算至 2004年6月30日 Half-year ended 30 June 2004
		港幣百萬元 HK\$'m	港幣百萬元 HK\$'m
利息支出	Interest expense	(138)	(24)
		2005年6月30日 At 30 June 2005	2004年12月31日 At 31 December 2004
		港幣百萬元 HK\$'m	港幣百萬元 HK\$'m
期/年初結餘	Outstanding balance at beginning of the period/year	19,156	11,237
期/年末結餘	Outstanding balance at end of the period/year	15,410	19,156

賬目附註 (續)

Notes to the Accounts (continued)

32. 主要之有關連人士交易 (續)

32. Significant related party transactions (continued)

(f) 與其他國有企業進行的交易
(續)

(f) Transactions with other state-controlled entities (continued)

(vii) 資產負債表外之風險

(vii) Off-balance sheet exposures

	2005年6月30日 At 30 June 2005	2004年12月31日 At 31 December 2004
	港幣百萬元 HK\$m	港幣百萬元 HK\$m
或然負債及承擔 (包括擔保)	<u>12,553</u>	<u>12,079</u>
未結算之衍生工具 (名義合約數額)	<u>4,225</u>	<u>5,075</u>

33. 比較數字

33. Comparative amounts

誠如本賬目附註 1 所述，由於本期採納若干新香港財務報告準則、香港會計準則及詮釋，賬目若干項目及結餘之會計處理以及呈報方式已經加以修訂，以符合新規定。因此，已就往年作出若干調整，且若干比較數字已重新分類，以符合本期之呈報方式。

As further explained in Note 1 to the accounts, due to the adoption of certain new HKFRSs, HKASs and Interpretations during the current period, the accounting treatment and presentation of certain items and balances in the accounts have been prepared to comply with the new requirements. Accordingly, certain opening adjustments have been made and certain comparative amounts have been reclassified to conform with the current period's presentation.

34. 法定賬目

34. Statutory accounts

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 2004 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 2005 年 3 月 23 日發出之無保留意見的審計師報告。

The information in this interim report is unaudited and does not constitute statutory accounts. The statutory accounts for the year ended 31 December 2004 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 23 March 2005.

補充財務資料

Supplementary Financial Information

1. 資本充足比率

1. Capital adequacy ratio

	2005年 6月30日 At 30 June 2005	2004年 12月31日 At 31 December 2004
資本充足比率	15.74%	16.14%
經調整之資本充足比率	15.71%	16.13%

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 BOCHK 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.

2. 扣減後的資本基礎成份

2. Components of capital base after deductions

用於計算以上 2005 年 6 月 30 日及 2004 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：

The consolidated capital base after deductions used in the calculation of the above capital adequacy ratios as at 30 June 2005 and 31 December 2004 and reported to the HKMA is analysed as follows:

	2005年 6月30日 At 30 June 2005 港幣百萬元 HK\$m	2004年 12月31日 At 31 December 2004 港幣百萬元 HK\$m
核心資本：		
繳足股款的普通股股本	43,043	43,043
儲備	16,006	12,408
損益賬	3,395	4,491
少數股東權益	981	963
	63,425	60,905
附加資本：		
非交易性證券重估儲備	(82)	-
按組合評估之客戶貸款減值準備	1,222	-
法定儲備	3,584	-
一般呆賬準備金	-	5,049
資本基礎總額	68,149	65,954
資本基礎總額的扣減項目：		
持有附屬公司或控股公司的股份	(337)	(351)
對有連繫公司的風險承擔	(617)	(845)
持有非附屬公司 20%或以上的股權投資	(60)	(60)
在其他銀行或金融機構的股本投資	(5)	(1)
	(1,019)	(1,257)
扣減後的資本基礎總額	67,130	64,697

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 2005年 6月30日 Half-year ended 30 June 2005	半年結算至 2004年 6月30日 Half-year ended 30 June 2004
平均流動資金比率	Average liquidity ratio	39.15%	34.64%

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 BOCHK 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.

補充財務資料 (續)

Supplementary Financial Information (continued)

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.

		2005年6月30日 At 30 June 2005							
		港幣百萬元等值 Equivalent in million of HK\$							
		美元 US Dollars	日圓 Japanese Yen	歐羅 Euro	澳元 Australian Dollars	澳門幣 Macau Pataca	人民幣 Renminbi Yuan	其他貨幣 Others	總計 Total
現貨資產	Spot assets	207,530	8,408	12,469	19,431	175	22,344	10,551	280,908
現貨負債	Spot liabilities	(163,269)	(2,954)	(7,176)	(22,610)	(11)	(21,663)	(31,667)	(249,350)
遠期買入	Forward purchases	128,522	19,274	12,380	12,294	-	89	55,872	228,431
遠期賣出	Forward sales	(173,409)	(24,751)	(17,899)	(9,182)	-	(34)	(34,897)	(260,172)
期權盤淨額	Net options position	78	(8)	85	189	-	-	47	391
長/(短) 盤淨額	Net long/(short) position	(548)	(31)	(141)	122	164	736	(94)	208
結構倉盤淨額	Net structural position	111	-	-	-	-	226	-	337

		2004年12月31日 At 31 December 2004							
		港幣百萬元等值 Equivalent in million of HK\$							
		美元 US Dollars	日圓 Japanese Yen	歐羅 Euro	澳元 Australian Dollars	澳門幣 Macau Pataca	人民幣 Renminbi Yuan	其他貨幣 Others	總計 Total
現貨資產	Spot assets	228,593	21,041	16,581	21,532	181	13,129	14,189	315,246
現貨負債	Spot liabilities	(161,784)	(2,893)	(7,086)	(23,701)	(2)	(12,282)	(28,630)	(236,378)
遠期買入	Forward purchases	112,090	12,153	12,348	14,892	-	92	38,179	189,754
遠期賣出	Forward sales	(178,122)	(30,661)	(21,972)	(12,945)	-	(54)	(23,902)	(267,656)
期權盤淨額	Net options position	(319)	8	32	53	-	-	238	12
長/(短) 盤淨額	Net long/(short) position	458	(352)	(97)	(169)	179	885	74	978
結構倉盤淨額	Net structural position	-	-	-	-	-	94	-	94

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:

		2005年 6月30日 At 30 June 2005 港幣百萬元 HK\$m	2004年 12月31日 At 31 December 2004 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	22,614	21,323
- 物業投資	- Property investment	52,475	47,809
- 金融業	- Financial concerns	12,097	9,956
- 股票經紀	- Stockbrokers	156	124
- 批發及零售業	- Wholesale and retail trade	14,946	15,243
- 製造業	- Manufacturing	13,468	11,767
- 運輸及運輸設備	- Transport and transport equipment	11,429	11,777
- 其他	- Others	29,040	30,035
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	16,768	17,430
- 購買其他住宅物業之貸款	- Loans for purchase of other residential properties	103,411	95,615
- 信用卡貸款	- Credit card advances	4,349	4,256
- 其他	- Others	8,003	7,386
在香港使用之貸款總額	Total loans for use in Hong Kong	288,756	272,721
貿易融資	Trade finance	16,049	13,279
在香港以外使用之貸款	Loans for use outside Hong Kong	32,849	27,226
客戶貸款總額	Gross advances to customers	337,654	313,226

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及逾期貸款

下列關於客戶貸款總額及逾期超過三個月之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。

(b) Geographical analysis of gross advances to customers and overdue advances

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

(i) 客戶貸款總額

(i) Gross advances to customers

		2005 年 6 月 30 日 At 30 June 2005 港幣百萬元 HK\$m	2004 年 12 月 31 日 At 31 December 2004 港幣百萬元 HK\$m
香港	Hong Kong	306,360	286,768
中國內地	Mainland China	15,132	11,166
其他	Others	16,162	15,292
		337,654	313,226

(ii) 逾期超過三個月之貸款

(ii) Advances overdue for over three months

		2005 年 6 月 30 日 At 30 June 2005 港幣百萬元 HK\$m	2004 年 12 月 31 日 At 31 December 2004 港幣百萬元 HK\$m
香港	Hong Kong	3,885	5,066
中國內地	Mainland China	185	264
其他	Others	35	39
		4,105	5,369

補充財務資料 (續)

Supplementary Financial Information (continued)

6. 跨國債權

6. Cross-border claims

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貨人不同，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：

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	公共機構 Public sector entities	其他 Others	總計 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
於 2005 年 6 月 30 日	At 30 June 2005				
亞洲，不包括香港	Asia, other than Hong Kong				
- 中國內地	- Mainland China	36,692	23,257	16,090	76,039
- 其他	- Others	57,611	993	9,148	67,752
		<u>94,303</u>	<u>24,250</u>	<u>25,238</u>	<u>143,791</u>
北美洲	North America				
- 美國	- United States	5,851	26,467	25,374	57,692
- 其他	- Others	8,908	380	19	9,307
		<u>14,759</u>	<u>26,847</u>	<u>25,393</u>	<u>66,999</u>
西歐	Western Europe				
- 德國	- Germany	30,776	-	3,322	34,098
- 其他	- Others	135,015	737	15,265	151,017
		<u>165,791</u>	<u>737</u>	<u>18,587</u>	<u>185,115</u>
總計	Total	<u>274,853</u>	<u>51,834</u>	<u>69,218</u>	<u>395,905</u>

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	公共機構 Public sector entities	其他 Others	總計 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
於 2004 年 12 月 31 日	At 31 December 2004				
亞洲，不包括香港	Asia, other than Hong Kong				
- 中國內地	- Mainland China	48,234	14,338	12,103	74,675
- 其他	- Others	54,183	915	7,142	62,240
		<u>102,417</u>	<u>15,253</u>	<u>19,245</u>	<u>136,915</u>
北美洲	North America				
- 美國	- United States	6,043	26,051	15,886	47,980
- 其他	- Others	11,731	395	16	12,142
		<u>17,774</u>	<u>26,446</u>	<u>15,902</u>	<u>60,122</u>
西歐	Western Europe				
- 德國	- Germany	40,020	-	4,415	44,435
- 其他	- Others	147,474	743	15,238	163,455
		<u>187,494</u>	<u>743</u>	<u>19,653</u>	<u>207,890</u>
總計	Total	<u>307,685</u>	<u>42,442</u>	<u>54,800</u>	<u>404,927</u>

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

(a) Gross amount of overdue loans

	2005年6月30日 At 30 June 2005		2004年12月31日 At 31 December 2004	
	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
客戶貸款總額， 已逾期：				
- 超過3個月但不 超過6個月	659	0.20%	489	0.16%
- 超過6個月但不 超過1年	310	0.09%	395	0.13%
- 超過1年	3,136	0.93%	4,485	1.43%
逾期超過3個月之貸 款	4,105	1.22%	5,369	1.72%

於2005年6月30日及2004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。

As at 30 June 2005 and 31 December 2004, there were no advances to banks and other financial institutions that were overdue for over three months.

(b) 經重組客戶貸款

(b) Rescheduled advances to customers

	2005年6月30日 At 30 June 2005		2004年12月31日 At 31 December 2004	
	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	419	0.12%	974	0.31%

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) 經重組客戶貸款 (續)

(b) Rescheduled advances to customers (continued)

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。列示之經重組貸款並未扣除減值準備。

於 2005 年 6 月 30 日及 2004 年 12 月 31 日，沒有經重組之銀行及其他金融機構貸款。

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 before deduction of loan impairment allowances.

As at 30 June 2005 and 31 December 2004, 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

	2005 年 6 月 30 日 At 30 June 2005 港幣百萬元 HK\$'m	2004 年 12 月 31 日 At 31 December 2004 港幣百萬元 HK\$'m
收回資產之估計市值	595	1,185

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）。

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.

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 2005 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 2005 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. 符合香港會計準則第 34 號

10. Compliance with HKAS 34

截至 2005 年上半年止的中期業績報告符合香港會計師公會頒佈之香港會計準則第 34 號 “中期財務報告” 之要求。

The interim report for the first half of 2005 complies with HKAS 34 “Interim Financial Reporting” issued by the HKICPA.

獨立審閱報告

致中銀國銀行(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 36 至 105 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香港會計準則第 34 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分,本所並無發現任何須在截至 2005 年 6 月 30 日止六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, 2005 年 8 月 18 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 36 to 105.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of an interim financial report to be in compliance with Hong Kong Accounting Standard 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and 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 Institute of Certified Public 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 2005.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 18 August 2005

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
“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
“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
“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
“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
"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
"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
"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
"HIBID"	Hong Kong Interbank Bid Rate
"HIBOR"	Hong Kong Interbank Offered Rate
"HKAS(s)"	Hong Kong Accounting Standard(s)
"HKAS-Int"	HKAS Interpretation
"HKFRS(s)"	Hong Kong Financial Reporting Standard(s)
"HKMA"	Hong Kong Monetary Authority
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"Hong Kong SAR" or "Hong Kong"	Hong Kong Special Administrative Region
"LIBOR"	London Interbank Offered Rate
"The Mainland" or "Mainland China" or "The Mainland of China"	The mainland of the PRC
"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
"SME"	Small and medium-sized enterprises
"SSAP"	Statement of Standard Accounting Practice
"VaR"	Value at Risk