



中信嘉華銀行
CITIC
KA WAH
BANK

二零零三年年報
ANNUAL REPORT 2003

掌握
機遇
創建
未來

Shaping the Future



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掌握機遇 創建未來

中港的緊密聯繫
勝過家庭的深厚親情
在融和間 互成互長
創出璀璨未來

親厚而和諧的關係 在中國中信集團公司旗下
中信嘉華銀行有限公司 與兄弟公司之間
充份體現目標一致 攜手勇往直前
憑著堅實的基礎和遠大的目光
努力開拓新境地
掌握機遇 同心創建未來

Shaping the Future

The close ties
Between China and Hong Kong
Are stronger than the special bond
Between family members.
In a harmonious relationship,
They help each other grow
And realize their full potential.

Such an amicable relationship is also exemplified by
CITIC Ka Wah Bank Limited.
As a subsidiary of the CITIC Group,
We collaborate with our sister companies
To work towards a common goal and pave our way to success.
On the back of a solid foundation and a clear vision,
We strive to break new grounds, pursue new opportunities.
Together, we SHAPE THE FUTURE.



中信嘉華銀行有限公司

中信嘉華銀行有限公司（「本行」）為中信國際金融控股有限公司（「中信國際金融」）的全資附屬公司。中國中信集團公司（「中信公司」）持有中信國際金融約百分之五十四權益。

在經驗豐富的管理層帶領下，本行不斷成長，並廣獲市場認同為一間創新及進取的銀行。我們的遠景——成為帶給客戶超凡價值的領先金融服務提供者，充份體現我們對未來的決心和承諾。

我們在香港的分行數目共三十四間，同時在美國紐約及洛杉磯設有兩間分行。內地方面，除了在北京及上海成立代表處外，亦於深圳擁有一間全資附屬財務公司——中國國際財務有限公司（深圳）。穆迪投資及惠譽國際分別給予本行「Baa2」及「BBB」的信貸評級。

CITIC Ka Wah Bank Limited

CITIC Ka Wah Bank Limited (the 'Bank') is a wholly-owned subsidiary of CITIC International Financial Holdings Limited ('CIFH'), which is approximately 54% owned by CITIC Group.

Under a strong and experienced management team, the Bank continues to grow its businesses, and is recognized by the market as an innovative and progressive bank. Our promises and commitment for the future are embedded in our vision to be a leading financial services provider that brings exceptional value to our customers.

We operate 34 branches in Hong Kong, and two branches in the U.S. in New York and Los Angeles. In the Mainland, we have two representative offices in Beijing and Shanghai, and a wholly-owned finance company, China International Finance Company Limited (Shenzhen). We are rated 'Baa2' by Moody's Investors Service and 'BBB' by FITCH.

財務概況

Financial Performance

二零零三財務摘要

2003 Financial Highlights

全年（百萬港元）	For the year (In HK\$ million)	2003	2002	% 變動 % change
淨利息收入	Net interest income	1,547	1,707	-9.4
非利息收入	Non-interest income	400	471	-15.2
經營支出	Operating expenses	918	1,018	-9.8
呆壞賬準備	Charge for bad and doubtful debts	474	509	-7.0
除稅前溢利	Profit before taxation	757	667	+13.4
稅項	Taxation	103	95	+9.1
股東應佔溢利	Profit attributable to shareholders	654	573	+14.1

於年結日（百萬港元）	At year end (In HK\$ million)	2003	2002	% 變動 % change
貸款和墊款	Loans and advances	40,067	42,320	-5.3
資產總值	Total assets	77,415	72,920	+6.2
存款總額	Total deposits	63,126	60,743	+3.9
股東資金	Shareholders' funds	4,937	4,636	+6.5

財務比率	Financial ratios	2003	2002
資本充足比率	Capital adequacy	16.3%	17.4%
全年平均流動資金比率	Average liquidity		
1/1/02 – 31/10/02	1/1/02 – 31/10/02	–	46.9%
1/11/02 – 31/12/02	1/11/02 – 31/12/02	–	47.1%
截至 12 月 31 日止	For year ended 31 Dec	49.2%	–
成本對收入比率	Cost to income	47.1%	46.7%
貸存比率	Loans to deposits	63.5%	69.7%

註：2002 年之比較數字已予重報，詳情載於賬項附註 3 及賬項附註 38 內。

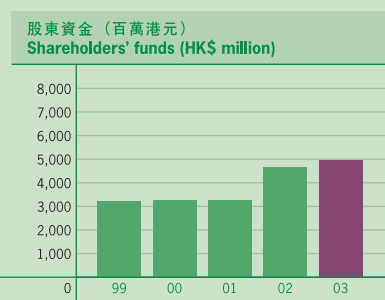
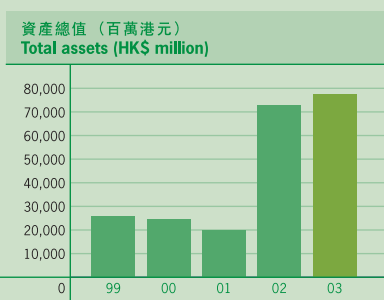
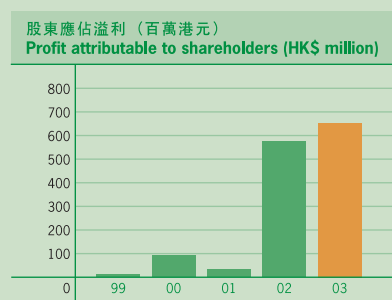
Remark: Comparative figures for 2002 are restated. Details are set out in note 3 and note 38 on the financial statements.

五年財務概況 Five Year Summary

全年結算 (百萬港元)	For the year (In HK\$ million)	2003	2002	2001	2000	1999
淨利息收入	Net interest income	1,547	1,707	519	570	428
非利息收入	Non-interest income	400	471	106	119	187
經營支出	Operating expenses	918	1,018	353	305	275
呆壞賬準備	Charge for bad and doubtful debts	474	509	228	258	291
除稅前溢利	Profit before taxation	757	667	33	112	39
稅項	Taxation	103	95	1	11	10
股東應佔溢利	Profit attributable to shareholders	654	573	32	93	12
於年結日 (百萬港元)	At year end (In HK\$ million)	2003	2002	2001	2000	1999
貸款和墊款	Loans and advances	40,067	42,320	12,132	13,140	13,287
貸款虧損準備	Loan loss provision	1,060	941	473	449	619
資產總值	Total assets	77,415	72,920	19,994	24,580	25,785
利息收益資產總值	Total interest earnings assets	74,609	70,007	18,910	23,340	23,804
存款總額	Total deposits	63,126	60,743	16,337	20,008	20,467
股東資金	Shareholders' funds	4,937	4,636	3,238	3,242	3,207
財務比率	Financial ratios	2003	2002	2001	2000	1999
資本充足比率	Capital adequacy	16.3%	17.4%	27.1%	26.7%	26.6%
全年平均流動資金比率	Average liquidity					
1/1/02 – 31/10/02	1/1/02 – 31/10/02	–	46.9%	–	–	–
1/11/02 – 31/12/02	1/11/02 – 31/12/02	–	47.1%	–	–	–
截至12月31日止	For year ended 31 Dec	49.2%	–	58.8%	61.6%	65.6%
貸存比率	Loans to deposits	63.5%	69.7%	74.3%	65.7%	64.9%
貸款對資產總值比率	Loans to total assets	51.8%	58.0%	60.7%	53.5%	51.5%
一般準備覆蓋比率	General provision coverage	1.4%	1.2%	1.1%	1.4%	1.3%
成本對收入比率	Cost to income	47.1%	46.7%	56.4%	44.3%	44.7%
資產回報率	Return on assets	0.9%	0.8%	0.2%	0.4%	0.1%
股東資金回報率	Return on shareholders' funds	13.7%	12.4%	1.0%	2.9%	0.4%

註：2002年之比較數字已予重報，詳情載於賬項附註3及賬項附註38內。至於2001年及更早年份之比較數字，則並未予以重報以反映有關會計政策及呈報方式之變更，因全面重報該等數字涉及繁複工序，故本行決定不會重報該等早期數字。

Remark: Comparative figures for 2002 are restated. Details are set out in note 3 and note 38 on the financial statements. Comparative figures for 2001 and prior years have not been restated to reflect the change in accounting policies and the presentation as the benefits which would be derived from fully restating figures would not justify the cost of such restatement.



財務概況
Financial Performance

存款 * Deposits *

1. 按類別劃分	By type	2003	2002
往來	Current	21.0%	2.3%
儲蓄	Savings	15.4%	13.1%
定期	Fixed	63.6%	84.6%
合計	Total	100.0%	100.0%
2. 按到期日劃分	By maturity	2003	2002
即時償還	On demand	36.4%	15.4%
少於三個月	Less than 3 months	61.0%	79.1%
超過三個月但不足一年	Over 3 months but less than 1 year	2.4%	5.5%
超過一年但不足五年	Over 1 year but less than 5 years	0.2%	–
合計	Total	100.0%	100.0%
3. 按貨幣劃分	By currency	2003	2002
港元	HKD	62.7%	63.4%
美元	USD	28.2%	28.3%
其他	Others	9.1%	8.3%
合計	Total	100.0%	100.0%
4. 存款賬目數目	Number of deposit accounts	2003	2002
		224,582	229,996

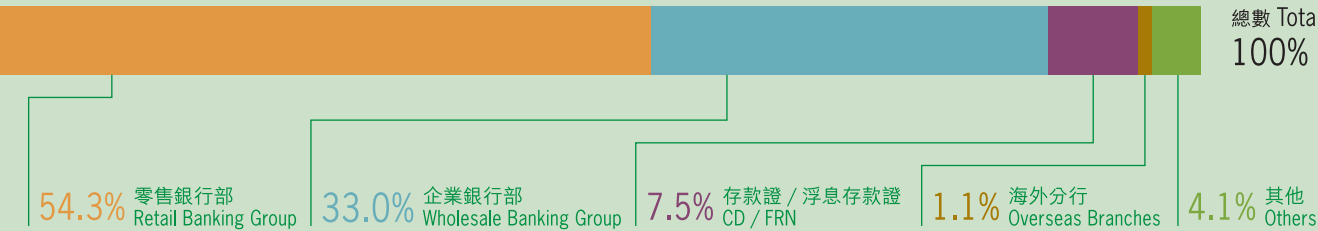
* 以客戶存款為基礎

* Based on customer deposits only

非利息收入 Non-Interest Income

		2003	2002
淨收費與佣金收入	Net fees & commission income	93.4%	77.8%
外匯交易溢利	Gain from foreign exchange dealing	2.7%	2.9%
股息收入	Dividend income	3.0%	3.8%
其他	Others	0.9%	15.5%
合計	Total	100.0%	100.0%

總存款分佈 Deposit Breakdown



貸款#

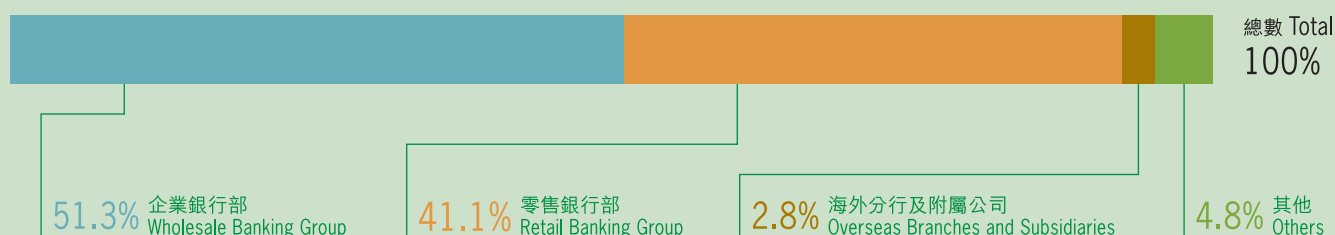
Loan Portfolio#

1. 按行業劃分	By industry sectors	2003	2002
用於香港的貸款	Loans for use in Hong Kong		
工商及金融界：	Industrial, commercial and financial:		
物業發展	Property development	0.8%	1.3%
物業投資	Property investment	10.3%	12.3%
金融界	Financial concerns	6.7%	3.9%
股票經紀	Stockbroker	0.1%	0.1%
批發及零售貿易	Wholesale and retail trade	5.7%	5.9%
製造業	Manufacturing	8.9%	7.9%
運輸業及運輸設備	Transport and transport equipment	11.4%	11.8%
其他	Others	9.5%	7.5%
個人：	Individuals:		
按揭（「居者有其屋計劃」、 「私人參建居屋計劃」及 「租者置其屋計劃」）	Mortgage (Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme)	0.1%	0.1%
按揭（其他住宅）	Mortgage (other residential properties)	27.6%	31.5%
信用咭借貸	Credit card advances	1.1%	0.8%
其他	Others	3.5%	3.1%
貿易融資	Trade finance	4.8%	4.7%
用於香港以外地方的貸款	Loans for use outside Hong Kong	9.5%	9.1%
合計	Total	100.0%	100.0%
2. 按地區分佈劃分	By geographical spread	2003	2002
香港	Hong Kong	81.2%	83.8%
中國	China	11.1%	10.3%
其他	Others	7.7%	5.9%
合計	Total	100.0%	100.0%
3. 按年期劃分	By maturity	2003	2002
即時償還	Repayable on demand	5.0%	6.2%
少於一年	Less than one year	22.6%	19.9%
超過一年但少於五年	Over 1 year but less than 5 years	38.8%	36.1%
超過五年	Over 5 years	29.9%	34.5%
無訂日期	Undated	3.7%	3.3%
合計	Total	100.0%	100.0%
4. 按貨幣劃分	By currency	2003	2002
港元	HKD	83.5%	82.7%
美元	USD	16.1%	17.0%
其他	Others	0.4%	0.3%
合計	Total	100.0%	100.0%
5. 貸款賬目數目	Number of loan accounts	2003	2002
		180,034	146,350

貿易票據及予銀行之放款除外

Excluding trade bills and advances to banks

總貸款分佈 Loan Breakdown



二零零三年大事回顧

1 一月	- 為高力集團有限公司籌組一億二千萬港元銀團貸款 - 推出「DocPrep」準備出口文件電腦系統服務 - 推出派發股息服務 
2 二月	 - 押匯部獲頒發 ISO9001 (2000 年版) 證書 - 獲美國摩根大通銀行授予「調撥匯款服務優質獎」 - 信用咭榮獲 VISA 國際組織頒授二零零二年度「最突出表現新成員」獎項 - 推出「劃時理財戶口」 - 參與工業貿易署籌辦的「中小企業融資系列」講座 - 舉行「國際政經與中國展望」講座
3 三月	- 為金山工業(集團)有限公司籌組三億三千五百萬港元銀團貸款 - 參與香港貿易發展局於深圳舉辦的「香港銀行服務研討會」 - 參與政府「中小企業資助計劃」新安排講座 - 推出「非凡利息保證基金」 - 推出信用咭「幾時都分期」2% 現金回贈 
4 四月	 - 委任林宗仁先生為執行副總裁兼營運總監 - 出版二零零二年年報 - 參與政府推出的「中小企業信貸保證計劃」及「電影貸款保證基金計劃」
5 五月	- 推出 CITIC Ka Wah SEED 信用咭 - 為香港喜多來集團有限公司籌組一千二百萬美元貸款 - 為上海置業有限公司籌組一千五百五十萬美元銀團貸款 - 參與政府為受嚴重急性呼吸系統綜合症影響行業而設的三十五億港元貸款擔保計劃 
6 六月	 - 發行八億港元浮息存款證 - 為和寶黃氏有限公司籌組四千六百萬港元銀團貸款 - 參與由香港貿易發展局主辦的「中小企市場推廣日 2003」 - 提升「140% 負資產轉按」計劃 - 推出「精彩 100」退休計劃 - 參與政府推出的中小企業信貸保證計劃——「應收賬融資貸款」

7

七月



- 擢升林劉德美及萬紅高級副總裁為執行副總裁
- 與中信資本市場有限公司訂立全權投資管理協議
- 在交通銀行香港分行三十億港元存款證發行計劃上擔任交易商
- 推出保付代理服務
- 推出「物業銷售」網頁

8

八月

- 為新奧燃氣控股有限公司籌組四千五百萬美元銀團貸款
- 推出信用咭「現金紅利」優惠



9

九月



- 推行優質企業管理模式 —— BE QUICK
- 推出「增長錦囊」壽險計劃
- 推出「生命利多保」壽險計劃
- 推出「暖意」退休計劃
- 推出信用咭「賞月賞足兩個月」簽賬推廣

10

十月

- 宣佈斥資約八十九萬美元收購中國國際財務有限公司（深圳）（「中國國際財務」）
- 憑「140% 負資產轉按」計劃入選「Asia Insurance Industry Awards」創意組別前五名
- 推出不交收遠期外匯合約
- 推出全新版本的財富管理系統
- 推出首個見習人員培訓計劃



11

十一月



- 委任席伯倫先生為獨立非執行董事和信貸及風險委員會主席
- 委任韓安度先生為執行副總裁兼信貸和風險管理總監，以及擢升林宗仁高級副總裁為執行副總裁
- 二零零二年年報奪得美國 Galaxy Awards 2003 金融服務組別銅獎
- 與註冊財務策劃師協會合作推出財務策劃師發展計劃
- 推出「公司設立和運營一站式服務」
- 推出預先批核公司利得稅貸款
- 推出信用咭「幾時都分期」交稅計劃

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十二月

- 與中信實業銀行合作推出「中信 STAR」信用咭
- 獲中國銀監會批准收購中國國際財務全部股權
- 贊助香港青年協會舉辦「我係義工」第一屆青年義工會議
- 獲香港社會服務聯會「商界展關懷」標誌
- 參與香港貿易發展局在深圳舉辦的首屆「香港專業服務博覽」
- 推出信用咭「免息分期付款現金 Cash-in 計劃」及「輕鬆 Cash-in 計劃」
- 推出信用咭聖誕消費換禮品優惠





前排左起

江紹智
執行副總裁兼
替任行政總裁
企業銀行部主管

陳許多琳
總裁兼
行政總裁

盧永逸
執行副總裁

後排左起

李若齡
高級副總裁兼
財務總監

萬紅
執行副總裁兼
中國業務主管

林劉德美
執行副總裁兼
零售銀行部主管

韓安度
執行副總裁兼
信貸和風險管理總監

林宗仁
執行副總裁兼
營運總監

楊偉強
執行副總裁兼
司庫

掌握機遇 創建未來

一．經營情況

二零零三年是充滿挑戰的一年。非典型肺炎在第二季爆發，打擊本港疲弱的經濟，各行業均受影響。但隨著 CEPA 的簽訂及逐步落實，下半年經濟出現回穩及反彈，雖然金融業仍面對信貸需求疲弱及息差受壓等挑戰，但整體經營環境已有所改善。中信嘉華銀行有限公司（「本行」）在年內維持穩健的經營策略，專注保持資產素質，嚴格控制成本，為未來業務發展積極作好準備，以充份掌握 CEPA 帶來的莫大商機。

二．屢獲殊榮

本行繼二零零二年奪得「香港零售管理協會優質顧客服務獎」及其永久上層第二類資本後償票據被財經雜誌 The Asset 選為「Best Hybrid Bank Bond Deal」

後，二零零三年繼續取得多項殊榮，獲香港總商會頒發「2003 香港服務業獎：創意獎」，同時入選「Asia Insurance Industry Awards 2003 —— Innovation of the Year」首五名。本行一直以無限創意，為客戶帶來增值方案，這些獎項正是市場對本行開拓創新精神的最大認同。此外，本行二零零二年年報亦奪得美國 Galaxy Awards 2003 金融服務組銅獎；公益服務方面則獲香港社會服務聯會頒贈「商界展關懷」標誌，表揚本行積極投入關心社群。

三．業績

3.1 盈利

截至二零零三年十二月三十一日止全年，本行未計準備前經營溢利為十億二千九百萬港元，較二零零二年下跌 11.4%。由於物業市道轉佳，重估投資物業錄得近八百萬港元盈餘，出售持有至到期證券溢利更大增一點四倍至一億二千四百萬港元。期內，本行在中信資本伙伴投資基金有限公司（原稱「嘉華五矢中國香港基金有限公司」）的股權增加，有關基金表現理想，令所佔聯營公司淨溢利錄得九千五百萬港元。股東應佔溢利為六億五千四百萬港元，上升 14.1%。

二零零三年，本行與香港華人銀行有限公司整合帶來的協同效益達二億零七百萬港元，70% 來自成本減省，30% 為收益增加。

3.2 淨利息收入

受到淨息差收窄三十六點子至 2.14% 的影響，本行二零零三年的淨利息收入下跌 9.4% 至十五億四千七百萬港元，主要是貸款及財資部投資優質定息證券所產生的利息收入。

3.3 非利息收入

由於年內經濟環境仍未明朗，本行採取審慎的貸款政策，導致貸款業務及有關的費用收入減少，加上外匯買賣及其他證券投資收益未如理想，令二零零三年的非利息收入較二零零二年下跌 15.2% 至四億港元。值得一提的是，投資理財服務繼續錄得理想的增長，有關的費用收入較二零零二年上升 36.3%，其中以基金銷售的表現最為突出，基金銷售帶來的費用收入較二零零二年大增 64.0% 至七千七百萬港元。於二零零三年，投資理財服務連同零售銀行其他的費用及佣金收入合共二億零二百萬港元，佔非利息收入總額 50.6%；企業貸款連同貿易票據所帶來的費用收入則達一億八千二百萬港元，佔非利息收入約 45.5%。

3.4 經營支出

二零零三年本行在成本控制上繼續取得不俗的成效。期內的經營支出共九億一千八百萬港元，下跌 9.8%，主要減幅來自僱員成本、租金、廣告及法律費用。成本對收入比率為 47.1%。

3.5 呆壞賬準備

本行二零零三年的呆壞賬準備下跌 7.0% 至四億七千四百萬港元，主要是由於特殊準備減少所致，其

中零售貸款的特殊準備降幅達四成。期內，本行為抵押品的減值及進一步折讓作出共六千四百五十萬港元準備。一般準備覆蓋率則為 1.36%。

四．資產素質

4.1 資產、貸款及存款規模

於二零零三年十二月底，本行的總資產約為七百七十四億港元，較二零零二年增加 6.2%；總貸款下跌 5.3% 至四百零一億港元；總存款則上升 3.9% 至六百三十一億港元，其中客戶存款增長 6.4% 至五百八十四億港元，往來戶口存款更大幅增加八點六倍至一百二十三億港元，主要是受到「劃時理財戶口」所帶動。

本行在二零零三年發行存款證的總額達十四億四千八百萬港元，不但有效地降低整體資金成本，並將負債到期日分散及延長，達致更理想的負債結構。期內已到期的存款證總額共二十五億六千七百萬港元。

4.2 資產素質指標

二零零三年本行繼續致力提升整體資產素質，共解決問題貸款九億六千六百萬港元。不良貸款總額增加了三億九千一百萬港元，主要來自一宗重組貸款，該貸款已有抵押品全數覆蓋，現時本行正與有關企業磋商，為貸款再融資或套現抵押品，預期將會令不良貸款比率由二零零三年的 5.3% 回落。二零零三年的覆蓋率為 92.9%。

4.3 財務狀況

於二零零三年十二月底，本行的未經調整資本充足比率為 16.3%，貸存比率為 63.5%，貸款對資產總值比率為 51.8%，平均流動資金比率為 49.2%。

資產素質指標

	二零零三年 十二月三十一日	二零零二年 十二月三十一日
未經調整資本充足比率	16.3%	17.4%
貸存比率	63.5%	69.7%
貸款對資產總值比率	51.8%	58.0%
平均流動資金比率	49.2%	—
一至十月	—	46.9%
十一至十二月	—	47.1%
覆蓋率	92.9%	90.3%
貸款虧損覆蓋率	50.5%	55.2%
一般準備覆蓋率	1.36%	1.18%
不良貸款比率	5.3%	4.1%
內地放款佔總客戶貸款比例	11.1%	10.3%

五．業務擴展

二零零三年本行平均每月推出超過兩項嶄新產品和服務，包括零售銀行部推出的「劃時理財戶口」、 「CITIC Ka Wah SEED 信用咭」及「140%負資產轉按」的提升計劃；企業銀行部所推出的「DocPrep」準備出口文件電腦系統服務、派發股息和保付代理服務。

二零零三年推出的新產品及服務

	新產品及服務
一月	「DocPrep」準備出口文件電腦系統服務 「派發股息服務」
二月	「劃時理財戶口」
三月	- 信用咭「幾時都分期」2%現金回贈 「非凡利息保證基金」
四月	- 參與中小企業信貸保證計劃——「營運設備及器材貸款」和「聯繫式營運資金貸款」 - 參與「電影貸款保證基金」計劃
五月	- CITIC Ka Wah SEED 信用咭 - 參與政府為受嚴重急性呼吸系統綜合症影響行業而設的三十五億港元貸款擔保計劃
六月	- 提升「140%負資產轉按」計劃 「精彩 100 退休計劃」 - 中小企業信貸保證計劃——「應收賬融資貸款」
七月	保付代理服務
八月	信用咭「現金紅利」優惠
九月	「增長錦囊」壽險計劃 「生命利多保」壽險計劃 「暖意」退休計劃 - 信用咭「賞月賞足兩個月」簽賬推廣
十月	- 不交收遠期外匯合約 - 全新版本的財富管理系統
十一月	- 公司設立和運營一站式服務 - 預先批核公司利得稅貸款 - 信用咭「幾時都分期」交稅計劃
十二月	- 與中信實業銀行合作推出「中信 STAR」信用咭 - 信用咭「免息分期付款現金 Cash-in 計劃」及「輕鬆 Cash-in 計劃」 - 信用咭聖誕消費換禮品優惠

在二零零三年二月推出的「劃時理財戶口」，由於提供切合客戶需求的較高存款利息及全港首創免費失業豁免保費保障，截至二零零三年底共吸引近二萬個新戶口，吸納資金達九十五億港元，平均存款額為四十八萬港元，為本行提供大量交叉銷售投資理財產品的機會。

六．中國業務

6.1 中國國際財務有限公司（深圳）

本行在二零零三年十二月獲中國銀行業監督管理委員會批准收購中國國際財務有限公司（深圳）（「中國國際財務」）全部股權，標誌著本行致力拓展內地業務的首個里程碑。中國國際財務在二零零三年已轉虧為盈，只要二零零四年繼續取得盈利，將可於二零零五年初申請人民幣牌照，令本行在申請人民幣牌照加入人民幣市場上早著先機。

收購獲批後，本行已將中國國際財務的實繳資本，由一億人民幣增至四億人民幣。現階段中國國際財務除集中外幣存貸業務外，同時亦積極拓展非內地居民按揭貸款業務，為港澳同胞、台灣及其他外籍人士在內地置業提供港元或美元按揭。

中國國際財務在內地有法人地位，可以直接投資，為本行未來的發展創造更靈活的台階。現時中國國際財務正與深圳多間銀行磋商，計劃組成策略性聯盟，在多個層面上合作發展，創造多贏局面。

6.2 信用咭業務

本行與中信實業銀行合作在二零零三年第四季推出「中信 STAR」信用咭，本行擔任顧問角色，負責提供有關的技術支援、數據分析和市場定位等諮詢服務。有關業務錄得較預期為佳的成績，截至二零零三年底，「中信 STAR」發咭量已超逾二萬張，總交易量近三千四百萬人民幣。

6.3 企業管理

本行於二零零三年在全行各部門推行「優質企業管理」，包括領導才能、策略性計劃、顧客及市場焦點、量度／分析／知識管理、人力資源焦點、程序管理及業務成績七個範疇。隨著計劃的展開及落實，本行已建立更卓越的領導模式及國際級的業務管理系統。

七．人力資源發展

於二零零三年底，本行總員工人數為一千二百九十人。管理層相信，是「人」的因素令一間機構能與別不同，創造佳績。為吸納人才和保留表現優秀的員工，本行一直致力確保薪酬架構在同業中具有相當的競爭力。本行設有自主的花紅制度，涵蓋所有員工，目的是為員工制定共同目標，鼓勵部門內和跨部門的團隊合作，提高個人表現和本行業績。在有關制度下，員工所獲發的花紅將與本行的盈利、部門表現及員工個人貢獻息息相關。

除了本行控股公司中信國際金融控股有限公司為高級行政人員而設的購股權計劃外，本行並沒有其他購股權計劃。

本行十分重視員工的培訓和發展。於二零零三年，每位員工平均接受四點五日培訓，全年共有八千八百七十三人次受訓。課程的主題廣泛，包括產品和電腦知識、管理、監管條例、市場推廣及服務技巧等。

八．未來發展

展望未來，本行將致力掌握 CEPA 所帶來的各種機遇，發展成功的中港台商業模式，包括在上海開設分行，積極擴展中國市場及建立台灣客戶層。此外，本行亦計劃將投資理財業務重新定位及進一步加強有關服務，以提高非利息收入對整體經營收入的比重，同時並強化信貸及風險管理，提升資產素質。



陳許多琳

總裁兼行政總裁



零售銀行部不斷致力提供各種超越客戶期望的增值方案。透過創新的「FQ 理財智商」服務平台，我們推出能夠針對客戶所需的實用產品，帶來真正的價值，為客戶締造更深刻的服務體驗。我們獲頒發「2003 香港服務業獎：創意獎」，正好引證我們的非凡創意及創造客戶價值的能力。

創新

業務回顧

零售銀行

零售銀行部於二零零三年繼續強勁增長。我們致力提供實用的財務方案，為客戶帶來超凡價值，以加強我們的零售業務。憑藉創新的「FQ 理財智商」服務平台，我們能因應客戶不同人生階段的需要，度身訂造合適的投資理財服務。

年內，零售銀行及信用咭的客戶基礎分別擴大 10% 及 40%，我們更推出多種以客為尊的產品，涵括按揭貸款、存款及保險服務。

為客戶增添喜悅

我們將投資理財的定義，伸延至資產及債務管理。我們希望透過幫助客戶取得更大財務保障的同時，為他們帶來更舒適及更高水平的生活，成為他們個人理財方面的首選夥伴。

提供更多選擇予客戶 —— 繼二零零二年為負資產業主首創「負資產轉按」後，我們於二零零三年初推出「輕鬆轉按樓換樓」計劃，讓客戶在可以負擔的現金支出下轉換物業，為客戶呈現改善生活模式的創新選擇。按照該計劃，負資產業主可轉換較低樓價物業以減輕財務負擔，亦可轉換較高價值的物業擴闊生活空間及素質。

適應時勢的方案 —— 二零零三年二月，我們在市場利率偏低及失業率高企的環境下，推出「劃時理財戶口」，將儲蓄及支票戶口簡而為一，為客戶提供可媲美定期存款的回報，同時附加免費失業及末期疾病豁免保費保障。此產品迎合客戶在困難時期的需要，故獲得市場非常熱烈的反應，年內存款總額達九十五億港元，戶口數目多達二萬個。

計劃舒適的退休生活 —— 隨著人均壽命的延長及對優質生活的更殷切追求，退休生活籌劃已成為個人理財計劃中不可或缺的一部分。有見及此，零售銀行部特別設計及推出「精彩 100 退休計劃」，由永明金融（香港）有限公司承銷，致力為客戶帶來既舒適又有保障的退休生活。

發揮集團的實力

我們一直與姊妹公司中信資本市場控股有限公司（「中信資本」）合作為客戶提供股票買賣服務，隨著「中信資

零售銀行



本美國債券基金」於二零零三年推出，這個協作關係更進一步地提升。我們憑著中信資本的專業知識及豐厚資源，得以為客戶提供頂級的美國債券投資產品。

發展中國銀行業務

二零零三年，我們在開拓中國業務方面取得重大進展。我們於第三季已向特選客戶推出內地樓宇按揭服務；因應 CEPA 的簽訂，以及就十一月宣佈開放個人人民幣業務予本地銀行，我們已準備於二零零四年推出個人人民幣及中國業務諮詢服務——「RMB+ 中港一線通服務」；收購中國國際財務有限公司（深圳）（「中國國際財務」）亦標誌著我們開拓國內市場的一個重要里程碑。

二零零三年十二月，零售銀行部與中信實業銀行（「中信實業」）合作於內地推出人民幣及雙幣（美元／人民幣及港幣／人民幣）信用咭——「中信 STAR」信用咭。這不僅是內地首張彩色金咭，亦是首張提供多種普通咭設

計選擇的國際信用咭。我們在合作計劃中擔當重要的顧問角色，提供技術支援、數據分析和市場定位等服務。「中信 STAR」信用咭安全可靠、緊貼潮流及尊貴非凡的形象，已在內地日益增長的零售銀行市場中穩佔一席位。中信實業更獲得 VISA 國際組織頒授「二零零三年傑出產品設計」獎項，引證我們創新的意念及非凡的創造力。

致力提供專業服務

秉承為客戶提供最專業金融服務的承諾，我們於二零零三年推行一項特別的人力資源發展計劃，與香港的註冊財務策劃師協會合作，為員工度身訂造一系列培訓課程，協助他們應付成為註冊財務策劃師的考試。截至二零零三年十二月，我們已有逾三十四位分行業務部員工成功完成課程，並正式取得註冊財務策劃師的專業資格。

優質服務備受推崇

我們為客戶創造價值的不懈努力，正愈益受到市場認同。我們創新應用房契保險，簡化轉按流程，為客戶提供順暢的轉按服務，成功入選二零零三年 Asia Insurance Industry Awards——Innovation of the Year 首五名。本行亦榮獲香港總商會頒發「2003 香港服務業獎：創意獎」，表揚我們不斷提供創新產品為客戶增值及為社會作出貢獻。

這些獎項不但肯定了我們一直堅守的路向，更鼓勵我們繼續推出創新方案，為客戶及股東創造最大的價值。



企業銀行部珍惜及重視它那強大及在不斷擴展中的客戶群之長遠關係。在二零零三年本港經濟放緩及競爭激烈的環境下，我們專業的客戶經理仍能以專注及主動的態度，為客戶提供創新的產品及迎合客戶切身需要的方案，從而培養及鞏固與客戶的緊密關係，令企業銀行業務持續穩固地增長。

以客為尊

企業銀行

二零零三年，企業銀行部推行一系列新方案，務求令業務模式更臻完善，最終為客戶的業務帶來增值。

以滿足客戶及建立品牌為重點

年內，我們增聘了二十二位客戶關係經理和產品研發專才，進一步加強業務發展及服務客戶的實力。我們與中信實業銀行、中信証券及中信資本等姊妹機構緊密合作，成功為客戶度身訂造迎合他們業務需要的財務方案。憑藉中信公司在區內已確立的品牌及龐大業務網絡，我們繼續於中港兩地擴展業務領域，並透過積極的客戶關係管理及強化產品系列，提升客戶對我們的信賴，這將有助我們在經濟逐步復甦之際推進業務發展，再創新高峰。

穩健及優質的貸款組合

我們三大主要業務部門——香港企業及銀團貸款部、中國企業貸款部及商業銀行部，於二零零三年均錄得令人滿意的增長。儘管面對困難的營商環境，我們仍能維持

貸款組合的素質。透過引入新的信貸及風險管理措施，我們不但進一步分散風險，同時亦建立更廣闊和穩定的收入來源。

香港企業及銀團貸款

我們在擴闊主要客戶層及加強現有客戶關係方面持續取得理想成果。二零零三年，我們以獨家安排行的身份，完成多宗銀團貸款交易，涉及總額達十五億港元。此外，我們亦與中信資本攜手合作，成功為香港一主要客戶完成企業私有化計劃。

二零零四年的首要目標，是協助客戶掌握 CEPA 所帶來的無限商機。我們已鎖定了擁有獨特市場優勢的業務範疇，並展開新的業務計劃，以配合客戶所需。未來亦將繼續積極管理客戶關係及推出創新產品系列，進一步優化品牌。



持續增長

中國企業貸款

中國業務是企業銀行部的發展重點，我們的目標是成為大中華區內企業及商業客戶可信賴的金融機構。為此，我們於二零零三年十二月收購中國國際財務，以建立我們於內地的嶄新服務平台。我們並針對內地不斷增加的私營企業的需求，特地開展了一項計劃。台灣方面，我們已與一些金融機構簽署組成策略性夥伴協議，務求將業務擴展至台灣的客戶層。在產品層面上，我們為客戶推出度身訂造的計劃，協助客戶在國內進行地產發展及投資。我們與中信實業銀行的緊密合作關係，亦於二零零三年成功造就多項俱樂部貸款，為客戶籌組逾十億港元的資金。

未來一年，我們將透過中國國際財務及中信實業銀行分行，更專注發展內地業務。我們亦會投放新資源於人才及科技方面，以支援區內之業務增長。

商業銀行

企業銀行部二零零三年的目標之一，是完成整合原屬香港華人銀行之商業客戶組合，為我們帶來顯著的協同效益。

年內，商業銀行業務競爭非常激烈，貸款息率受壓。我們相信，專業的風險管理及高效率的服務是在這市場上脫穎而出的關鍵。因此，我們提升客戶管理計劃，強化對中型及中小型企業的高效率服務及承擔。我們深信以上種種努力，將可於二零零四年為本行及商業客戶帶來豐碩的成果。

擴闊產品系列

企業銀行部一直緊貼市場發展，配合客戶所需。我們於二零零三年研發及推出一系列新產品，包括出口保付代理服務、預先批核公司利得稅貸款和多項存款產品。此外，我們亦將電子銀行服務擴展至處理出口貿易文件的準備工作。這些新產品令客戶深感滿意，同時提高了我們的費用收入。

為迎接新機遇作好部署

香港經濟經過漫長的通縮期後，現正步向復甦，多個行業均呈改善跡象，包括零售、貿易、運輸、地產、物流及服務業等。為了推動經濟持續復甦，香港須以更主動和進取的態度，為內地企業提供服務及與國內經濟體系融合。迎接這些新挑戰，我們的企業銀行業務已作出策略性的部署，未來將在人才、產品、科技及基建等方面投入更多資源，確保我們的客戶能抓緊面前的新機遇。



二零零三年，受到流動資金過剩、利率偏低及匯市波動所困擾，市場經營環境極富挑戰性。然而，財資與金融機構業務部堅持以專業精神，全力實踐以客為尊的服務承諾，故能在逆境中創造利潤。我們時刻抓緊最高的市場標準，不但核心實力得以提升，同時亦能更有效地管理整體風險。

財資與金融 機構業務

過去一年，財資部採取審慎而保守的投資策略，並因應其對市場風險承擔所制訂的規限，選擇性地對沖投資組合。

審慎管理及有效控制風險

由於貸款需求疲弱產生過剩資金，我們迫切需要為有關資金尋求可行的投資機會，這情況在二零零三年上半年尤為嚴重。我們在投資過程中特別著眼於年期較短的工具，以維持高度的資金流動性，務求於貸款需求迅速復甦時能把握商機。雖然市場流動資金充裕及處於一個低息環境，我們審慎的投資策略仍然取得可觀回報。

我們透過發行不同種類的存款證及債務工具，繼續維持平衡的資產及負債組合。每宗存款證或債務工具的規模、次數及推出時間亦控制得宜，以確保整體發行計劃能維持井然秩序。在謹慎及不懈的努力下，我們擴闊了集資渠道，而且每次集資活動均獲得大批投資者參與，可見投資者層面亦進一步擴大。因此，我們能夠逐步收窄信貸差價，成功降低資金成本。

本行的流動資金及資本結構維持穩健。近年發行的上層第二類資本工具及後償票據，鞏固了我們的資本基礎，為未來可能進行的收購活動及業務擴展作好準備。這些創新資本工具的成功推出，亦提升了本行在亞洲及歐洲機構投資者之間的知名度，同時為香港銀行業訂下資本融資的基準。

我們進一步加強財資系統，令現有及新產品的處理程序更為流暢。透過安裝一個專用系統，我們得以加強提供外匯期權產品的實力。後台、中台及前台功能的徹底分隔，亦確保了獨立及有效的風險監控。我們更採用先進技術，更有效地管理整體信貸、市場及流動資金風險。

建立跨境平台

我們積極研發新產品，並加強與銀行業務部門之間的合作，以吸納新客戶。雖然二零零三年上半年受到非典型

財資與金融機構業務



肺炎爆發所衝擊，但下半年客戶對產品的需求已迅速回升，碰巧市場波幅重現，我們適時為零售客戶提供投資理財產品，如貨幣聯繫存款，同時亦為企業客戶提供度身訂造的結構性對沖產品。我們將繼續緊貼市場發展趨勢，協助客戶掌握投資及對沖機會。然而，由於預期來年市場仍然反覆，所以我們除了準備提供可與競爭對手媲美的產品外，更會密切注意客戶需求的變化並作出回應。

為了加強本行於內地的市務推廣，我們亦重整資源，以擴大國內的客戶基礎。透過與中信集團其他內地公司組成策略性聯盟，我們已建立一個營運平台，開闢國內與香港之間的跨境業務。香港方面主要向國內合作夥伴介紹國際投資機會及工具，而國內合作夥伴則以其對本地市場的專業知識及完善的分行網絡，配合市場的開放進程，開拓潛力龐大的客戶群。

年內，我們為內地合作夥伴及其本地客戶舉辦多項研討會和有關建立客戶關係的活動，包括產品知識培訓、建立關係工作坊及工作小組會議，此等活動均獲得良好的反應。展望未來，我們將繼續竭力鞏固目前的關係網絡，開拓國內市場。另一方面，我們仍會尋求組織新策略性聯盟的機會，藉以加快發展國內業務的步伐。組建策略性聯盟是我們未來的發展重點，我們將藉此掌握中國市場持續開放，特別是 CEPA 落實所帶來的龐大商機，以超越其他競爭對手。

金融機構業務部憑藉與銀行同業的良好關係，成功令同業授予我們更大的交易額度。我們與信譽昭著的金融機構訂立的回購額度亦進一步擴大，並達成按市價計算的回購證券安排，讓我們更容易取得市場流動資金。

擴闊收入基礎

來年，預期全球經濟持續復甦，引發商品價格上升，利率走勢將更呈反覆。我們已作好準備，迎接預期利率波動所帶來的挑戰。在制訂投資方案之際，我們已同時建立對沖盤以限制出現重大損失。另一方面，部分市場人士相信，由於全球流動資金過剩，利率將繼續維持於低水平。有見及此，我們亦制訂開拓新收入來源的方案，包括進行其他投資及強化我們與國內業務夥伴的聯繫。上述各項新方案已大致準備就緒，但我們仍會以維持審慎的風險管理為首務，在執行前確保所有相關的內部守則及監控程序均通過嚴格的制訂及能夠有效施行。

風險管理

本行採用巴塞爾新資本協定的架構，以大幅提升風險管理素質，使能更快及更有效益地執行承擔重要風險的決定。為了強化風險管理，使之成為本行的核心實力，我們聘請了兩位極具經驗的國際銀行家加入領導隊伍。

二零零三年十月，著名國際銀行家席伯倫先生獲委任為本行獨立非執行董事和董事會轄下的信貸及風險委員會主席。該委員會於二零零二年十一月成立，以董事會之權力監察本行的風險管理策略、政策及機制。它透過由本行管理層組成之委員會，監察銀行風險管理情況，其中包括管理委員會、信貸委員會、不良貸款委員會、國際信貸委員會、資產及負債管理委員會和營運及監控委員會。

二零零三年十一月，本行委任韓安度先生為風險管理總監。韓先生乃國際銀行家，擅長於信貸及風險管理。

審核委員會繼續由資深專業會計師兼本行獨立非執行董事范尚德先生擔任主席。該委員會透過監察本行的內部及獨立核數師，並就本行財務報告程序及內部監控系統的有效性作出獨立檢討，從而協助董事會評估本行能否符合有關的內部政策、程序、及法律規條。

信貸風險管理

信貸風險是指客戶或交易對手無法或不願履行信貸交易的承諾條款。本行其中一個最重要的營運範疇，就是有效評估及管理信貸風險，以達致滿足客戶需求，並確保穩定回報及資本得到妥善保障。

本行的信貸風險管理工作由董事會的信貸及風險委員會集中監管。該委員會專責釐訂及授審批權予三個功能與信貸相關的委員會：信貸委員會、國際信貸委員會及不良貸款委員會。三個委員會由本行行政總裁、風險管理總監及其他高級管理層成員組成，分別負責不同範疇的信貸風險管理。在授權範圍內，信貸委員會可審批信貸政策、信貸申請、貸款分類以及特殊個案；國際信貸委員會負責管理、審批及監控與同業交易之風險；不良貸款委員會則負責監控及管理所有受質疑的信貸及批核各項特殊準備。

風險管理

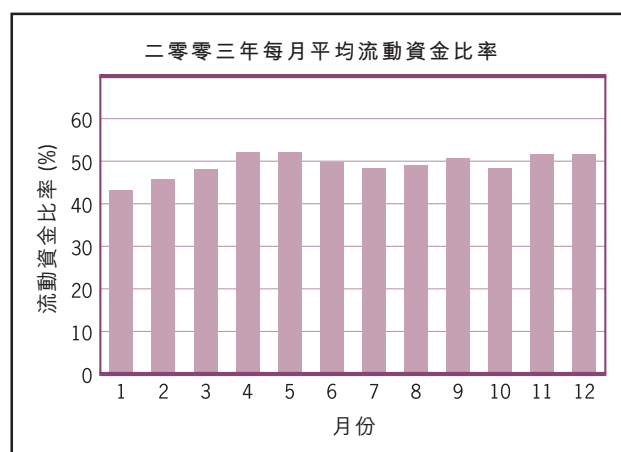


我們除了透過適當的準則、政策及程序控制及監察信貸風險外，並積極按巴塞爾新資本協定之最佳架構檢討現行情況，尋找方法提升信貸決策及組合管理的素質和效率，讓本行能在增加業務交易量之際，同時改善信貸風險管理素質。

流動資金風險管理

流動資金管理的主要目的是為了確保本行無論在正常或緊急情況下，均能在適時和具成本效益的大前題下滿足所有客戶的要求。要做到這點，我們必需確保能符合有關之監管要求及法定的流動資金比率。本行透過維持充足且具素質的流動資產，令流動資金水平持續高於25%之最低法定要求。本行二零零三年之平均流動資金比率為49.18%（二零零二年：47.01%）。於年底，本行已發行存款證總值四十七億港元，佔年底總存款額7.5%。此外，我們亦作出回購協議安排以增加流動資金。

我們採取積極的流動資金管理。為達致上述目的，我們已制訂監控流動資金狀況的政策及程序，而本行的資產及負債管理委員會亦會檢討及監控流動資金管理過程。



市場風險管理

本行的市場風險主要來自利率及外匯市場波動，股票與商品方面之風險並不顯著。所有持倉都是在執行客戶買賣指令、進行自營交易或作出對沖時產生的。

為了將市場風險維持在可接受範圍之內，資產及負債管理委員會在董事會的授權下，授予相關業務部門所能承受的市場風險限額。不同的產品及風險種類會有不同的限額，而有關設定是以本行的風險取向及專業知識作為主要決定因素。因應不同情況，各種適用的限額包括持倉限額、敏感度限額、虧損限額及某些期權限額。風險管理部的市場風險管理小組繼續管理本行的市場風險及其限額，並每日向管理層匯報交易活動涉及的風險情況及有關的收益和虧損。市場風險管理小組亦即將在買賣盤賬項中採用風險數值系統。

本行的外匯風險來自外匯持倉、商業交易、外幣證券投資及海外分行。所有外匯交易持倉均受到資產及負債管理委員會根據董事會授權批准的額度限制。於二零零三年，外匯交易錄得的每日平均虧損為八萬六千港元。

整體外匯盤

於二零零三年十二月三十一日（百萬港元）

	美元	其他外匯 (包括人民幣)	外匯總額
現貨資產	26,057	226	26,283
現貨負債	(24,566)	(9)	(24,575)
遠期買入	9,987	–	9,987
遠期賣出	(8,239)	–	(8,239)
期貨盤淨額 *	23	–	23
長盤淨額	3,262	217	3,479

* 期貨盤淨額是按照香港金融管理局的銀行申報表中所列載的方式，以最差情況計算。

於二零零三年，股票及商品的交易活動並不活躍，商品交易只限於黃金買賣。年內股票買賣之總收益為九百一十八萬九千港元，而商品買賣則錄得四十四萬三千港元的虧損。

本行的衍生工具盤主要來自客戶交易、自營交易的持倉及對沖。衍生工具主要包括期貨、遠期、掉期、外匯期權、利率及股票。所有衍生工具交易均於買賣盤賬項內入賬，並會每日按市價計值及進行風險監控，但用以對沖特定交易之衍生工具交易則會計入應計項目賬項內。

本行參與的期權合約，主要是配合客戶對某些結構性銀行產品交易的需求而來，包括與期權聯繫的投資或儲蓄。

有關本行於二零零三年十二月三十一日止未平倉之衍生工具盤資料，請參閱財務報表附註內的資產負債表外風險部分。

利率風險管理

本行的銀行賬項（即應計項目賬項）及買賣盤賬項中均存在著利率風險。前者之風險每月由資產及負債管理委員會檢討，後者則每日按市價計值。二零零三年，利率買賣盤每日平均虧損十二萬二千港元，已包括在上一個部分之買賣盤總收益及虧損內。

本行透過利率到期差距分析監察銀行賬項內之利率風險。於某段期間內需重新定價的資產多於負債時，利率差距將為正數；同樣，於某段期間內重新定價的負債多於資產時，利率差距則出現負數。董事會已按基點敏感度設定並通過每段指定期間的風險限度。

於二零零三年十二月三十一日，本行的重大利率風險只出現於銀行賬項中，並局限於港元及美元。

風險管理

銀行賬項之利率風險

於二零零三年十二月三十一日（百萬港元）

	一個月	一個月以上 至三個月	三個月以上 至六個月	六個月以上 至十二個月	十二個月 以上	總計
計息資產						
現金及短期資金	6,832	–	–	–	–	6,832
一個月後到期的銀行 及其他金融機構存款	–	646	–	–	–	646
存款證	200	198	–	200	1,081	1,679
持有至到期證券	1,295	440	1,219	1,602	17,827	22,383
客戶墊款	16,723	17,715	2,348	292	889	37,967
總計息資產	25,050	18,999	3,567	2,094	19,797	69,507
計息負債						
已發行存款證	268	3,865	478	100	–	4,711
銀行及其他金融機構存款及結存	3,050	5	193	–	–	3,248
客戶存款	47,560	7,702	693	767	70	56,792
債務資本	–	–	–	–	4,270	4,270
總計息負債	50,878	11,572	1,364	867	4,340	69,021
資產負債表外項目						
長倉	2,765	3,551	4,437	–	3,205	13,958
短倉	5,470	2,453	1,009	–	5,123	14,055
持倉淨額	(28,533)	8,525	5,631	1,227	13,539	389

上表只列出銀行賬項組合內之計息資產及負債，以及有關之資產負債表外項目。它並列出每項工具之合約利率重定日或最後到期日（以較先者為準），以顯示應計項目賬項之利率風險。

營運風險管理

本行於二零零三年四月委任資深銀行家林宗仁先生為營運總監，強化營運風險管理。林先生擁有逾三十年豐富的營運經驗，並曾於主要國際銀行任職。林先生上任後，把本行的營運、科技及支援功能綜合成一平台，以配合本行未來的業務增長。

本行高級管理層委派營運及監控委員會協調及監管營運風險，確保我們具備一套有效的營運及內部監控制度。於二零零三年我們不時舉行定期會議，以確保能適當處理營運方面的重要事項。

在這一年內，本行徹底修訂其維持營運政策和程序的標準，透過推行中央文件處理及成立電子圖書館，以便日後能更有效地持續檢討各項政策及程序。

自二零零二年與香港華人銀行整合，本行持續進行系統及營運融合，並已詳細檢討業務的緊急應變安排。業務持續計劃更於二零零三年九月完成全面模擬演習後作出相應修訂。

本行推行多項計劃，以確保其業務營運符合香港金融管理局於二零零三年所頒佈的《監管政策手冊》內之標準。此外，我們已聘請一顧問負責檢討營運風險狀況，並將之與業內最高標準比較。該顧問將就我們營運風險管理提出建議，以符合巴塞爾新資本協定的要求。

法律風險管理

二零零三年是本行在法律風險管理上富挑戰性的一年。《證券及期貨條例》的實施及《銀行業條例》的相應修改對香港的金融機構（包括認可機構）的運作方式帶來深遠影響。年內，集團合規部為所有本行有關員工舉辦了一連串培訓課程，讓他們瞭解新條例的要求，並協助相關部門修改其政策及程序，以確保符合法例要求。此外，為保證銀行於防止洗黑錢及預防恐怖份子融資活動方面合乎最新實施之法律及監管要求，我們已推行提升管理資訊系統計劃，以監控銀行之交易。計劃的首階段經已完成，而第二階段則涉及更精密的客戶風險分析，以及辨識可疑交易的工具，預期將於二零零四年完成。

策略及聲譽風險管理

本行深明釐定及實施適當的業務和相關的營運策略，以及維護和提升其聲譽之重要性。董事會已制定及批准高層次的策略及聲譽風險政策，以辨識和評估風險，及強化有關的監控；而本行的管理委員會則負責監控銀行之策略及聲譽風險。該委員會不時舉行定期會議，檢討本行的業務運作，以確保有關策略能正確地執行。

企業公民



◀ 本行總裁兼行政總裁陳許多琳女士（左二）頒發證書予二零零三年累積服務時數最高的青年義工



▲ 中信嘉華企業義工隊夥香港真光中學學生組織智障人士外遊活動



◀ 本行捐贈舊款電腦組件予靈糧堂秀德小學

積極參與社會事務，勇於承擔公民責任，是我們企業文化中不可或缺的元素。成為良好企業公民，不但能強化我們的品牌，更重要的是可提升所有相關人士的價值。

年內，我們參加了多項慈善公益活動，以示對社會的支持，包括由公益金舉辦的一年一度「公益金便服日」及「商業及僱員募捐計劃」。

香港以至整個大中華地區的社會及經濟現正出現重大轉變，我們深明需要培育新一代青年為明日領袖，共同為創建社會未來而努力。秉承本行的遠景及核心價值，我們社會服務的使命是培育潛質優厚的華裔青年成為傑出領袖。

為此，我們推行了多項促進及培育青年發展的計劃。二零零三年十二月，我們獨家贊助香港青年協會的首屆青年義工會議，凝聚七百位青年義工領袖。我們亦參與多項捐贈活動，如送贈音樂會門票予慈善青年團體，以及將舊款電腦組件贈予一所本地小學。為了在行內進一步推廣社會服務精神，我們更於二零零四年一月成立「企業義工隊」，主力參與培育青年領袖的社會服務活動和計劃。



基於以上種種貢獻，本行於二零零三年十二月獲香港社會服務聯會「商界展關懷」標誌，以表揚我們「關懷社群所付出之努力及作為良好企業公民之承擔」。

我們對社會的承擔亦可見於業務運作上。我們參加了政府為受嚴重急性呼吸系統綜合症影響的行業而設的三十五億港元貸款擔保計劃；提供創新的「140% 負資產轉按」計劃，紓緩負資產業主的財務負擔；年內更聘請十五位大學畢業生擔任零售銀行部及企業銀行部見習生，提供為期一年有系統兼全面的培訓課程，幫助他們提升及發展商業技能。未來，我們將繼續致力為香港培育具潛質的明日領袖。



▲ 員工全力支持二零零三年公益金便服日



◀ 本行總裁兼行政總裁陳許多琳女士（右）在音樂會門券捐贈儀式上，與香港青年協會總幹事陳錦祥先生（左）分享本行的社會服務使命。

▶ 本行高級副總裁兼企業關係部主管陳碧霞女士（左）與提名本行獲得二零零三 / 零四年度「商界展關懷」標誌的機構——香港青年協會總幹事黃葛鳴女士（右）合照



◀ 本行獲香港公益金頒贈二零零二 / 零三年度「商業及僱員募捐計劃」銅獎



董事及高級行政人員簡介

董事簡介

(排名按董事姓氏筆劃為序)

孔丹先生

(董事長)

五十六歲。於二零零二年十一月二十五日獲委任為本行董事，並獲推選為董事長。孔先生現為中國中信集團公司副董事長兼總經理，亦為中信國際金融控股有限公司董事長。孔先生持有中國社會科學院經濟學碩士銜，曾出任中國光大（集團）總公司副董事長兼總經理、中國光大控股有限公司副主席及中國光大科技有限公司主席。孔先生擁有廣泛商業聯繫，並在投資、金融等方面有豐富經驗。

江紹智先生

(執行副總裁兼替任行政總裁)

五十七歲。二零零二年一月十七日獲委任為本行董事，同年十一月二十五日更獲委任為替任行政總裁，現亦為中信國際金融控股有限公司董事兼董事總經理。江先生曾獲香港大學經濟學學士學位及香港中文大學工商管理碩士學位，亦為英國銀行學會會員。加入本行前，江先生曾於渣打銀行服務近二十四年。

居偉民先生

四十歲。於二零零二年十一月二十五日獲委任為本行董事。居先生分別於杭州電子工業學院及中國人民大學考獲經濟學學士銜及經濟學碩士銜。現為中國中信集團公司董事兼財務總監，亦為中信國際金融控股有限公司董事。

林廣兆先生

(獨立非執行董事)

六十九歲。於二零零二年一月十七日獲委任為本行獨立非執行董事。林先生現為中銀國際控股有限公司副董事長、中國海外發展有限公司、閩港控股有限公司及中信國際金融控股有限公司獨立非執行董事。林先生曾任中國銀行港澳管理處副主任、寶生銀行主席、集友銀行副主席、中國銀行、中銀中國基金有限公司及恒基中國集團有限公司董事。擁有四十多年銀行工作經驗。

范尚德先生

(獨立非執行董事)

六十四歲。於二零零二年十一月二十五日獲委任為本行獨立非執行董事及審核委員會主席。范先生為英國特許公認會計師公會及香港會計師公會資深會員、尚德會計師行創辦人及高級合夥人和中信國際金融控股有限公司獨立非執行董事。

席伯倫先生

(獨立非執行董事)

五十一歲。於二零零三年十月二十日獲委任為本行獨立非執行董事，席先生現為 Marsh & McLennan Companies Inc. 亞洲區主席、Xxina Sheng Limited 董事、Global Retail Inc. 非執行董事及建華財務高級顧問，亦為上海中歐國際工商學院客席教授及香港青年藝術節執行委員會會員。席先生分別於牛津大學及加州柏克萊大學考獲哲學、政治及經濟學學士銜和國際商業及財經學碩士銜。席先生曾於渣打銀行及花旗銀行工作，擁有超過二十五年銀行工作經驗，當中十七年於亞洲區。

常振明先生

（常務副董事長）

四十七歲。於二零零二年一月十七日獲委任為本行董事，並於同年十一月二十五日獲推選為常務副董事長，常先生現亦為中信國際金融控股有限公司董事兼行政總裁、中信國際資產管理有限公司及中信資本市場控股有限公司董事長、中國中信集團公司常務董事兼副總經理及中信泰富有限公司董事。擁有二十年的廣泛金融業經驗。

陳許多琳女士

（總裁兼行政總裁）

五十歲。於二零零二年一月十七日獲委任為本行董事，同年四月十六日獲委任為總裁兼行政總裁，陳太現亦為中信國際金融控股有限公司董事、董事總經理兼替任行政總裁，亦為香港華人財務有限公司及嘉華信用財務有限公司董事長。加入本行前，陳太曾為本地一間國際銀行擔任零售銀行部的主管，在銀行界服務超過二十五年。

趙盛彪先生

（執行副總裁兼美國地區總經理）

五十三歲。於二零零二年十一月二十五日獲委任為本行董事，現亦為本行執行副總裁兼美國地區總經理，主管本行美國地區所有業務，趙先生亦為中信國際金融控股有限公司董事。趙先生畢業於北京對外經濟貿易大學，並於美國紐約保險學院考獲工商管理碩士。擁有二十多年國際銀行業務經驗，並曾在倫敦、巴黎、香港及紐約工作。

盧永逸先生

（執行副總裁）

四十五歲。於二零零二年一月十七日獲委任為本行董事，現亦為本行執行副總裁，此外，盧先生現時亦為中信國際金融控股有限公司董事兼董事總經理及中信國際資產管理有限公司董事兼行政總裁。盧先生畢業於香港大學法律系，並分別於一九八四年及一九八九年取得香港最高法院和英國及威爾斯最高法院律師資格。加入本行前，盧先生曾任中國銀行港澳管理處法律顧問、高李葉律師行及年利達律師事務所之合夥人。

竇建中先生

四十九歲。於二零零二年十一月二十五日獲委任為本行董事。一九七九年畢業於北京對外經濟貿易大學，曾獲遼寧大學經濟學碩士，亦曾獲中國中信集團公司頒授「高級經濟師」之名銜。竇先生現為中國中信集團公司常務董事兼副總經理、中信實業銀行行長及中信國際金融控股有限公司董事。

高級行政人員簡介

韓安度先生

二零零三年十一月加入本行為執行副總裁兼信貸和風險管理總監，負責本行風險管理及信貸業務。韓先生畢業於 Washington and Lee University，並於 University of Michigan, Ann Arbor 取得碩士銜。加入本行前，韓先生曾任職於 Security Pacific National Bank 及渣打銀行，擁有超過二十年銀行工作經驗。

林劉德美女士

二零零二年一月加入本行為高級副總裁，並於二零零三年七月晉升為執行副總裁。林太現主管本行零售銀行部，覆蓋一般零售產品業務、財富管理、信用咭及汽車機器貸款服務。於二零零三年一月，林太更獲推選為香港華人財務有限公司副董事長。林太為英國利物浦大學工商管理碩士，曾任職於美國大通銀行及渣打銀行，擁有超過二十年的零售銀行業務管理經驗。

林宗仁先生

二零零三年四月加入本行為高級副總裁兼營運總監，並於同年十一月晉升為執行副總裁，負責本行所有支援及營運業務。林先生於 Williams College 考獲物理學學士銜，並於 University of Wisconsin 考獲計算機科學碩士銜。擁有超過三十年資訊科技及營運工作經驗。加入本行前，林先生為渣打銀行零售銀行營運主管。

萬紅女士

一九九八年十月加入本行為高級副總裁，並於二零零三年七月晉升為執行副總裁。萬女士現主管本行中國業務部，亦為中國國際財務有限公司（深圳）董事長。萬女士畢業於中國人民銀行金融研究所，並獲銀行及財務碩士學位。曾於八十年代於中國人民銀行工作達七年，任職處長。加入本行前，萬女士於中國新技術創業國際有限公司擔任副董事總經理。

楊偉強先生

二零零零年六月加入本行為高級副總裁兼司庫，並於二零零二年六月晉升為執行副總裁。楊先生現主管本行財資與金融機構拓展部，負責監控及管理本行之流動資金供應及交易風險，並負責制定及推行有關商業外匯、存款及創新的金融產品的業務策略及制度。楊先生獲夏威夷大學工商管理碩士學位，並曾分別於萬國寶通銀行香港及東京分行、瑞士聯合銀行（澳洲）、瑞士信貸銀行及西班牙國際銀行香港分行服務多年，擁有超過二十四年財資管理經驗。

陳碧霞女士

一九九九年六月加入本行為副總裁兼企業傳訊部主管，二零零二年一月出任企業關係部主管，專責企業傳訊及投資者關係。陳女士於二零零四年三月晉升為高級副總裁，現亦為中信國際金融控股有限公司集團企業關係部主管。陳女士為英國曼徹斯特大學經濟學學士及曼徹斯特大學科技學院市場學碩士。加入本行前，陳女士為羅兵咸永道會計師事務所董事，主管市場推廣及傳訊部。

李若齡先生

二零零二年四月加入本行為高級副總裁兼財務總監，主管本行財務管理部，現亦為中信國際金融控股有限公司集團財務總監。李先生擁有超過二十五年的銀行業務經驗。加入本行前，李先生曾於美國大通銀行及道亨銀行出任財務部、信用咭部及營運部高級管理職位。李先生為英國特許管理會計師公會及香港公司秘書公會的資深會員，並為香港會計師公會會員。

梁美珠女士

一九九八年八月加入本行為高級副總裁，現主管本行人力資源部。梁女士畢業於香港大學，主修經濟。畢業後從事教育工作，後轉投商貿金融界。加入本行前，梁女士曾任英資商人銀行 Samuel Montague & Co.、美國施樂公司（香港及中國）、荷蘭銀行、怡富控股有限公司及百富勤控股有限公司等人力資源總監。

吳振德先生

一九九九年五月加入本行為稽核及風險管理部主管，並於二零零四年三月晉升為高級副總裁，現亦為中信國際金融控股有限公司集團稽核部主管。吳先生於英國城市大學商學院獲工商管理碩士，主修金融。現為香港會計師公會及英國特許公認會計師公會資深會員。加入本行前，吳先生曾任職於多間國際及本地銀行。

黃兆濂先生

二零零一年七月加入本行為高級副總裁，現主管合規部。黃先生於美國加州大學爾灣分校獲金融工商管理碩士學位，並取得香港中文大學會計學學士學位。現為美國會計師公會、英國特許公認會計師公會及香港會計師公會會員。加入本行前，黃先生為瑞銀華寶香港區監察部主管。

2003 Milestones

1 January	• Arranged a HK\$120 million Syndicated Term Loan Facility for Golik Holdings Limited • Launch of 'DocPrep' export document preparation system services • Launch of Dividend Payment Services	
2 February		• Bills Department was awarded the ISO9001:2000 accreditation • Remittance operations received the JP Morgan 'Quality Recognition Award' • Granted the 2002's 'Outstanding New Member Award' by VISA International • Launch of the 'NOW Account' • Participated in a series of seminars on 'SME Financing' organized by the Trade and Industry Department • Conducted the 'Global Political and Economic Outlook cum China Opportunities' seminar
3 March	• Arranged a HK\$335 million Syndicated Term Loan Facility for Gold Peak Industries (Holdings) Limited • Participated in the Hong Kong Trade Development Council's 'Hong Kong Banking Services Conference' in Shenzhen • Took part in the seminar on the Government's 'SME Funding Schemes' new arrangement • Launch of FUTURITY Guaranteed Interest Fund • Launch of Credit Card 'Interest Free Flexi Installment Plan' —— 2% Cash Rebate	
4 April		• Appointed Mr. C. Y. Ling as Senior Vice President and Chief Operating Officer • The 2002 Annual Report was published • Participated in the Government's 'SME Loan Guarantee Scheme' and 'Film Guarantee Fund'
5 May	• Launch of the CITIC Ka Wah SEED Credit Card • Arranged a US\$12 million Term Loan Facility for Hongkong Hitoro Holdings Limited • Arranged a US\$15.5 million Syndicated Term Loan Facility for Shanghai Real Estate Limited • Participated in the Government's HK\$3.5 billion Loan Guarantee Scheme for Severe Acute Respiratory Syndrome Impacted Industries	
6 June		• Issued HK\$800 million Floating Rate Certificates of Deposit • Arranged a HK\$46 million Syndicated Term Loan Facility for Wallmark Enterprise Company Limited • Participated in the 'SME Market Day 2003' organized by the Hong Kong Trade Development Council • Enhancement of the 140% mortgage refinancing service • Launch of the 'ANNUITY 100 Retirement Plan' • Participated in the Government's SME Loan Guarantee Scheme —— 'Accounts Receivable Loans'

7 July	• Promoted Mrs. Lorainne Lam and Ms. Margaret Man, both Senior Vice Presidents, to Executive Vice Presidents • Entered into a discretionary investment management agreement with CITIC Capital Markets Limited • Acted as the Dealer in the Bank of Communications Hong Kong Branch's HK\$3 billion Certificate of Deposit Issue • Launch of Factoring Services • Launch of 'Property for Sale' website
8 August	• Arranged a US\$45 million Syndicated Term Loan Facility for Xinao Gas Holdings Limited • Launch of Credit Card 'Reward Cash Rebate'
9 September	• Launch of Business Excellence Model —— BE QUICK • Launch of the 'GROWTH Builder' life insurance plan • Launch of the 'LIFE Savings Plus' life insurance plan • Launch of the 'WARMTH' retirement plan • Launch of the Credit Card usage promotion
10 October	• Announced the acquisition of China International Finance Company Limited (Shenzhen) ('CIFIC') for a consideration of approximately US\$890,000 • Ranked one of the top five finalists of the Asia Insurance Industry Awards for Innovation with the 140% mortgage refinancing service • Launch of Non-Delivery Foreign Exchange Forward Contract • Launch of the new wealth management system • Launch of the inaugural Graduate Trainee Program
11 November	• Appointed Mr. Rafael Gil-Tienda as an Independent Non-Executive Director and Chairman of the Credit and Risk Management Committee • Appointed Mr. Andrew Murray Hemm as Executive Vice President and Chief Credit and Risk Officer, and promoted Senior Vice President, Mr. C. Y. Ling, to Executive Vice President • The 2002 Annual Report won the Bronze award in the financial services category of the U.S. Galaxy Awards 2003 • Launch of the Registered Financial Planner Development Program in partnership with the Society of Registered Financial Planners • Launch of 'One Stop Business Support Services' • Launch of pre-approved profit tax loan • Launch of Credit Card 'Flexi-Installment for Tax Payment'
12 December	• Launch of the 'CITIC STAR' credit card in collaboration with CITIC Industrial Bank • Gained approval from the China Banking Regulatory Commission to acquire the entire equity of CIFIC • Sponsored the first-ever youth volunteer leaders conference organized by the Hongkong Federation of Youth Groups • Awarded the 'Caring Company Logo' by the Hong Kong Council of Social Service • Participated in the Hong Kong Trade Development Council's inaugural 'Hong Kong Professional Services Expo' in Shenzhen • Launch of Credit Card 'Interest Free Installment Cash-in Scheme' and 'Easy Cash-in Scheme' • Launch of Credit Card Christmas spending gift redemption plan



Front row
(from left)

Mr. Kenneth Kong
Executive Vice President &
Alternate Chief Executive Officer
Head of Wholesale Banking Group

Mrs. Doreen Chan
President &
Chief Executive Officer

Mr. Kelvin Lo
Executive Vice President

Back row
(from left)

Mr. Lincoln Lee
Senior Vice President &
Chief Financial Officer

Ms. Margaret Man
Executive Vice President &
Head of China Banking

Mrs. Lorainne Lam
Executive Vice President &
Head of Retail Banking Group

Mr. Andrew Murray Hemm
Executive Vice President &
Chief Credit & Risk Officer

Mr. C. Y. Ling
Executive Vice President &
Chief Operating Officer

Mr. Moses Yeung
Executive Vice President &
Treasurer

Report of the Chief Executive Officer

Shaping the Future

1.0 Review of Operations

2003 was a challenging year. The outbreak of Severe Acute Respiratory Syndrome ('SARS') during the second quarter of the year devastated an already weak local economy and had an adverse impact across all industry sectors. Nonetheless, the economy stabilized and rebounded in the second half of the year, following the signing and gradual implementation of the Closer Economic Partnership Arrangement ('CEPA'). While the financial industry continued to face challenges including weak credit demand and narrowing interest margins, the overall operating environment showed signs of improvement. CITIC Ka Wah Bank Limited (the 'Bank') remained conservative in its business practices during the year, focusing particularly on asset quality and cost controls. The Bank has also positioned itself to fully capitalize on the tremendous business opportunities opened up by CEPA.

2.0 Awards

In 2002, the Bank was honoured with the 'Hong Kong Retail Management Association Customer Service

Award' and its Perpetual Upper Tier II Capital Security was selected as the 'Best Hybrid Bank Bond Deal' by The Asset, a finance magazine. The Bank continued to receive various awards during 2003, including the '2003 Hong Kong Award for Services — Innovation Award' bestowed by the Hong Kong General Chamber of Commerce. It became one of the top five finalists for the 'Asia Insurance Industry Awards 2003 — Innovation of the Year'. As the Bank continues to bring value-enhancing proposals to its customers with remarkable creativity, the awards reflected the market's recognition of the Bank's innovativeness and progressive spirit. At the same time, the Bank's 2002 annual report received the Bronze award in the financial services category of the U.S. Galaxy Awards 2003. In community services, the Bank was awarded the 'Caring Company Logo' by the Hong Kong Council of Social Service for its enduring efforts in caring for the community.

3.0 Business Performance

3.1 Earnings

For the year ended 31 December 2003, the Bank's operating profit before provisions was HK\$1,029 million, representing an 11.4% fall from 2002. Due to improvement in the property market, the Bank recorded approximately HK\$8 million in revaluation surpluses on its investment properties while profit from the sale of held-to-maturity securities soared 1.4 times to HK\$124 million. During the period, the Bank increased its interest in CITIC Capital Active Partner Fund Limited (formerly 'The Ka Wah Five Arrows China Hong Kong Fund Limited'). Due to satisfactory performance of the fund, the Bank's share of the associate's profit was HK\$95 million. Profit attributable to shareholders rose 14.1% to HK\$654 million.

During 2003, the Bank recorded synergies of HK\$207 million from the integration with The Hongkong Chinese Bank, Limited, 70% of which came from cost savings and 30% from revenue increase.

3.2 Net interest income

As a result of a 36-basis point contraction in net interest margin to 2.14%, net interest income fell 9.4% from the level of 2002 to HK\$1,547 million in 2003. Net interest income mainly comprised interest income from loans and high quality fixed income securities invested by the Treasury Department.

3.3 Non-interest income

Amid continued economic uncertainties during the year, the Bank adopted a cautious approach in lending, resulting in a reduction in new loans and a corresponding fall in loan fees. Coupled with less than satisfactory contribution from foreign exchange dealings and other securities investments, non-interest income fell 15.2% to HK\$400 million in 2003. It is noteworthy that wealth management services continued to register satisfactory growth, with related fee income increasing by 36.3% from the 2002 level. The sale of unit trust showed an outstanding performance, earning HK\$77 million in fee income, a 64.0% jump from the 2002 level. During 2003, wealth management and other retail banking activities generated HK\$202 million in fees and commissions income or 50.6% of total non-interest income; wholesale banking including trade bills contributed HK\$182 million in fee income or 45.5% of total non-interest income.

3.4 Operating expenses

The Bank continued to effectively control costs in 2003. Operating expenses fell 9.8% during the period to HK\$918 million with most of the savings arising from

staff costs, rental expenses, advertising, and legal expenses. Cost-to-income ratio was 47.1%.

3.5 Charge for bad and doubtful debts

The Bank was able to reduce its charge for bad and doubtful debts by 7.0% to HK\$474 million in 2003. The fall arose mainly from a reduction in specific provisions, of which retail banking provisions fell 40%. During the year, the bank made provisions totaling HK\$64.5 million against the decline in and further discount of collateral values. The general provision coverage was 1.36%.

4.0 Asset Quality

4.1 Asset, loan and deposit size

At the end of December 2003, the total assets of the Bank reached HK\$77.4 billion, an increase of 6.2% from 2002. Total loans and advances declined by 5.3% to HK\$40.1 billion. Total deposits increased 3.9% to HK\$63.1 billion, of which customer deposits rose by 6.4% to reach HK\$58.4 billion. Current account deposits surged 8.6 times to HK\$12.3 billion, driven by the inflow of funds into NOW Accounts.

During 2003, the Bank issued HK\$1,448 million worth of certificates of deposit, effectively lowering the overall cost of funds and spreading out the maturity profile in the longer term to attain a better liability structure. During the year, matured certificates of deposit totaled HK\$2,567 million.

4.2 Asset quality indicators

The Bank continued to enhance its overall asset quality in 2003. During the year, the Bank resolved HK\$966 million of problem loans. Non-performing loans increased by HK\$391 million mainly due to a rescheduled loan that is fully secured. The Bank is currently in negotiations with the borrower to refinance the loan or realize the collateral. It is expected that the non-performing

loan ratio will decline from the 5.3% level as at the end of 2003. Coverage ratio stood at 92.9% at the end of 2003.

4.3 Financial position

At the end of December 2003, the Bank's unadjusted capital adequacy ratio was 16.3%. The loans to deposits ratio was 63.5%. The loans to total assets ratio was 51.8%. The average liquidity ratio was 49.2%.

Asset quality indicators

	31 December 2003	31 December 2002
Unadjusted capital adequacy	16.3%	17.4%
Loans to deposits	63.5%	69.7%
Loans to total assets	51.8%	58.0%
Average liquidity	49.2%	—
Jan – Oct	—	46.9%
Nov – Dec	—	47.1%
Coverage	92.9%	90.3%
Loan loss coverage	50.5%	55.2%
General provision coverage	1.36%	1.18%
NPL	5.3%	4.1%
Mainland loans to total customer advances	11.1%	10.3%

5.0 Continued Business Development

In 2003, the Bank launched more than two new products and services on average every month. New products from the Retail Banking Group included the 'NOW Account', 'CITIC Ka Wah SEED Credit Card' and the enhanced '140% Mortgage Refinancing Service', while the Wholesale Banking Group offered 'DocPrep' export document preparation system services, 'Dividend Payment Services' and factoring services.

New products and services launched in 2003

	New products and services
January	• 'DocPrep' export document preparation system services • 'Dividend Payment Services'
February	• 'NOW Account'
March	• Credit Card 'Interest Free Flexi Installment Plan' — 2% Cash Rebate promotion • 'FUTURITY Guaranteed Interest Fund'
April	• Participated in SME Loan Guarantee Scheme — 'Business Installations and Equipment Loans' and 'Associated Working Capital Loans' • Participated in 'Film Guarantee Fund'
May	• CITIC Ka Wah SEED Credit Card • Participated in Government's HK\$3.5 billion Loan Guarantee Scheme for Severe Acute Respiratory Syndrome Impacted Industries
June	• Enhanced '140% Mortgage Refinancing Service' • 'ANNUITY 100 Retirement Plan' • SME Loan Guarantee Scheme — 'Accounts Receivable Loans'
July	• Factoring Services
August	• Credit Card 'Reward Cash Rebate'
September	• 'GROWTH Builder' life insurance plan • 'LIFE Savings Plus' life insurance plan • 'WARMTH' retirement plan • Credit Card usage spending promotion
October	• Non-Delivery Foreign Exchange Forward Contract • New wealth management system
November	• 'One Stop Business Support Services' • Pre-approved profit tax loan • Credit Card 'Flexi-Installment for Tax Payment'
December	• 'CITIC STAR' credit card in collaboration with CITIC Industrial Bank • Credit Card 'Interest Free Installment Cash-in Scheme' and 'Easy Cash-in Scheme' • Credit Card Christmas spending gift redemption plan

Launched in February 2003, the NOW Account received an overwhelming customer response as the product satisfied customers' need for a higher return and offered free premium protection for redundancy that was unique in the market. 20,000 new accounts were opened by the end of 2003, attracting HK\$9.5 billion of deposits, with an average deposit size of HK\$480,000. The NOW Account created enormous cross-selling opportunities for the Bank's wealth management products.

6.0 China Banking

6.1 China International Finance Company Limited (Shenzhen)

Marking the first milestone in the Bank's development of the Mainland market, the Bank gained approval from the China Banking Regulatory Commission to acquire the entire equity of China International Finance Company Limited (Shenzhen) ('CIFIC') in December 2003. CIFIC had already turned a profit in 2003 and will be able to apply for a renminbi license by early 2005 provided that it continues to be profitable in 2004. This will give the Bank a valuable lead-time in securing a renminbi license for entry into the renminbi market.

Following regulatory approval of the acquisition, the Bank has enlarged the paid-up capital of CIFIC from RMB100 million to RMB400 million. Besides focusing on foreign currency lending and deposit services at the current stage, CIFIC has been actively promoting Hong Kong Dollar and US Dollar China mortgages to non-Mainland residents including Hong Kong and Macau residents, Taiwanese and other foreign residents.

With legal entity status on the Mainland, CIFIC may engage in direct investments, thereby providing additional flexibility for the future development of the Bank. CIFIC is currently in discussion with various Shenzhen banks to form strategic alliances that can foster cooperative development at multiple levels and create win-win situations.

6.2 Credit card business

During the fourth quarter of 2003, the 'CITIC STAR' card, a Mainland credit card the Bank developed in collaboration with CITIC Industrial Bank, was launched. The Bank plays a consultancy role on the project, providing services that range from technical support, data analysis, to market positioning. Business performance has already exceeded expectations as 'CITIC STAR' issued more than 20,000 cards with a total transaction volume approaching RMB34 million by the end of 2003.

6.3 Business management

During 2003, the Bank extended its Business Excellence Model throughout the organization. The model emphasizes seven arenas including leadership; strategic planning; customer and market focus; measurement, analysis and knowledge management; human resources focus; process management; and business results. With the gradual implementation of this plan, the Bank is establishing for itself a superb leadership model and a world-class business management system.

7.0 Human Resources Development

As at the end of 2003, the total number of employees stood at 1,290. Management believes it is 'people' that make the difference and create success of an organization. Therefore, to attract and retain people of talent and performance, the Bank makes continuous efforts in benchmarking the remuneration structure with other financial institutions to ensure competitiveness. A discretionary bonus scheme was offered to all employees with an objective of cultivating common goals amongst employees, stimulating functional and cross-functional teamwork, driving individual performance and generating results for the Bank. The scheme linked bonus amounts in direct correlation to the Bank's profitability, departmental performance and individual contributions.

Other than share options offered by CITIC International Financial Holdings Limited, its holding company, to senior executives, the Bank does not have any separate share option scheme.

The Bank places a high priority on ongoing staff training and people development. During 2003, the average training per employee was 4.5 days. A total of 8,873 participants attended training and development during the year, the curriculums covering a wide range of subjects from product and computer knowledge to management, regulatory, marketing and servicing skills.

8.0 Future Development

Going forward, the Bank will strive to capitalize on the various opportunities brought about by CEPA and develop a successful business model for the Greater China region. This includes opening a branch in Shanghai, expanding its presence in the Mainland market and developing its Taiwanese client base. At the same time, the Bank also plans to reposition and strengthen its wealth management business in order to raise the contribution from non-interest income as a proportion of total operating income. The Bank will also strengthen its credit and risk management with a view to improving asset quality.



Chan Hui Dor Lam Doreen

President & Chief Executive Officer



The Retail Banking Group strives to bring value-enhancing proposals to customers that constantly exceed their expectations. Building on our innovative Financial Quotient (FQ) platform, we strengthen customer experience through our product offerings that provide real solutions that truly bring value. Our innovation and creation of customer value were well recognized when we were bestowed the 2003 Hong Kong Award for Services: Innovation Award.

Innovation

Review of Operations

Retail Banking

2003 marked another year of robust development for the Retail Banking Group ('RBG'). Committed to strengthening our retail franchise, we have strived to deliver exceptional value to our customers through the provision of pragmatic financial solutions. Building on our innovative **Financial Quotient (FQ)** platform, our wealth management services are tailored to the needs of customers throughout their different life stages.

During the year, we expanded our retail-banking customer and cardholder bases by 10% and 40% respectively. A variety of customer-centric products were launched, spanning mortgages, deposits and insurance.

Bringing Delights to Customers

We have redefined wealth management by managing both assets and liabilities. By helping our customers to achieve greater financial security while enhancing their comfort and standard of living, we hope to become their partner of choice in personal finance management.

Supporting our Customers' Choices. After pioneering the SuperFirst Mortgage for negative equity homeowners in 2002, we followed up with the launch of SuperFirst Home Switching Plan in early 2003 that allows customers to switch properties with an affordable cash outlay. Customers were presented with new innovative options to enhance their lifestyle. Under the plan, negative equity homeowners can trade down their property in order to ease their financial burden, or trade up for more living space and comfort.

Solutions for Current Concerns. The NOW Account was launched in February 2003 during a time of low interest rates and high unemployment. Combining the convenience of savings and checking into a single account, it offers customers a return comparable to that of time deposits along with free insurance coverage for involuntary redundancy and terminal illness. The product satisfied the needs of customers during such testing times, and was greeted with an overwhelming response, amassing HK\$9.5 billion in deposits from 20,000 customer accounts during the course of the year.

Planning for a Comfortable Retirement. With longer life expectancies and higher demands for quality of life, the need to plan for retirement has become an indispensable part of personal financial planning and management. To provide our customers with a comfortable and assured retirement life, RBG has developed and launched Annuity 100, a plan underwritten by Sun Life Financial (Hong Kong) Limited.

Leveraging on the Strengths of the Group

We have partnered with our sister company, CITIC Capital Markets Holdings Limited ('CCMH'), to provide customers with stock trading services. This cooperative relationship was

Retail Banking



further augmented with the launch of the CITIC Capital US Bond Fund in 2003. Leveraging on the expertise and resources of CCMH, we were able to offer our customers a top-ranking US bond investment product.

Developing the China Banking Business

In 2003, significant progress had been achieved in the development of our China business. We introduced China mortgages to selected customer segments during the third quarter and prepared for the launch of our personal Renminbi and China business enquiry services 'RMB+ China Linked Services' in 2004 following the signing of CEPA and the announcement to open up such services to local banks in November. The acquisition of China International Finance Company Limited (Shenzhen) ('CIFIC') also marked an important milestone in our development of the Mainland market.

The 'CITIC STAR' card, a Mainland Renminbi and dual currency (USD/RMB and HKD/RMB) credit card developed in collaboration with CITIC Industrial Bank ('CIB'), was launched in December 2003. It is the first colored gold card offered on the Mainland and the first international credit card that offers various designs on classic cards. We played a major

consultancy role in the project, providing services that ranged from technical support, data analysis, to market positioning. With a secure, trendy, and prestigious image, CITIC STAR card has successfully carved a niche in China's growing consumer banking market. Our innovation and creativity was well recognized when CIB received the Outstanding Product Design Award 2003 from VISA International.

Commitment to Professionalism

Committed to providing our customers with the very best in professional financial services, we undertook a special human resources development initiative in 2003. In partnership with the Society of Registered Financial Planners in Hong Kong, we designed tailor-made educational programs to prepare our staff for the Registered Financial Planner examinations. By December 2003, over 34 staff members in our Sales and Distribution Department successfully completed the program and earned the qualification of Registered Financial Planners.

Recognition of Excellence

We are pleased that our relentless efforts to create customer value have gained increased market recognition. The Bank was shortlisted as one of the top five regional finalists in the 'Innovation of the Year' category at the 2003 Asia Insurance Industry Awards for our innovative use of title insurance to streamline processes for the seamless delivery of customer services in mortgage switching. The Bank also won the 2003 Hong Kong Award for Services: Innovation Award bestowed by the Hong Kong General Chamber of Commerce for our creation of customer value and social contribution through the delivery of innovative products.

Not only do the awards reassure us of the course we have taken, they will further encourage us to stride forward with innovative solutions that create the most value for our customers and shareholders.



We cherish our long-term relationship with our strong and expanding clientele. Dedicated and proactive, our professional relationship managers deliver innovative products and tailor-made solutions to our clients, nurturing and developing crucial relationships that fostered a sustainable and solid growth of our Wholesale Banking business amidst an environment of intense competition and economic sluggishness in 2003.

Customer Focus

Wholesale Banking

During 2003, the Wholesale Banking Group ('WBG') implemented new initiatives aimed at perfecting our business models and ultimately adding value to our customers' businesses.

Focus on Customer Satisfaction and Brand Building

Over the course of the year, we recruited 22 new relationship managers and product specialists to further strengthen our business development and service capabilities. Working closely with our sister companies, including CIB, CITIC Securities, and CCMH, we succeeded in providing tailor-made solutions to meet our customers' financing needs. Leveraging on CITIC's established brand name and its extensive business network throughout the region, we continued to further expand our business coverage both in Hong Kong and in the Mainland. Through proactive relationship management and our efforts to enrich our product offerings, we have boosted customer loyalty which will help propel our business to new heights as the economy gradually recovers.

A Balanced and Quality Portfolio

Our three major business groups: Hong Kong Corporates & Syndication, China Corporates, and Commercial Banking have all achieved satisfactory growth in 2003. Notwithstanding the very difficult operating environment which prevailed, we succeeded in upholding the quality of our loan portfolio. Assisted by new initiatives in the credit and risk management

area, we achieved further risk diversification, which in turn also enabled us to establish a much broader and more sustainable revenue stream.

Hong Kong Corporates & Syndication

We continued to make progress in building our core customer base, and in strengthening existing customer relationships. In 2003, we concluded a number of major syndicated loan transactions as a sole arranger for an aggregate amount of HK\$1.5 billion. We also worked jointly with CCMH to successfully complete a corporate privatization exercise for a major customer in Hong Kong.

Our priority in 2004 is to support our customers in realizing the immense business opportunities arising from CEPA. Specific niche businesses have been identified and new business programs are being implemented to meet our customers' needs. We shall continue to strengthen our brand through proactive relationship management and product innovation.

China Corporates

China business is a key focus of the WBG, and it is our objective to become a reputable financier for corporate and commercial



Sustainable Growth

customers in the Greater China Region. In pursuit of this goal, we acquired CIFC in December 2003 which will act as our new service platform in Mainland China. We have developed a program for addressing the needs of the growing number of private enterprises in the Mainland. In Taiwan we have signed strategic partnership agreements with financial institutions in order to expand our reach to Taiwanese customers. On the product front, we have developed tailor-made programs to support our customers' real estate development and investments in China. Our close working relationship with CIB has facilitated the successful completion of a number of club deals in 2003, raising financing that totaled over HK\$1 billion for our customers.

In the year ahead, we shall further sharpen our onshore China focus through both CIFC and branches of CIB. New investments will be made in the areas of people and technology to support our business growth in the region.

Commercial Banking

In 2003, one of the priorities was to complete the integration of the commercial customer portfolio formerly under the Hongkong Chinese Bank. The necessary realignment has been

successfully concluded, from which we have realized substantial synergy benefits.

During the year, competition in the commercial banking sector intensified, with loan pricing under great pressure. We believe that professional risk management and efficient service delivery are crucial to our success in this particular market segment. We have accordingly upgraded our account management program to enhance the effectiveness and efficiency of underwriting and maintenance of the middle market and SME businesses. We are confident that these efforts will bring positive results in 2004 to the benefit of both the Bank and our commercial customers.

Broadening Our Product Range

We remain firmly abreast of market developments and tuned to our customers' needs. In 2003, we developed and launched a number of new products, including export factoring financing, pre-approved corporate tax loans, and several liabilities products. Additionally, our electronic banking service capability has been expanded to include handling export trade document preparation. These new products greatly improve our customer satisfaction and expand our fee income generating capability.

Positioning for New Opportunities

After a long deflationary period, the Hong Kong economy is now on the path to recovery, with businesses in various sectors, from retailing, trading, transportation, property, logistics to hospitality showing encouraging signs of improvement. To promote sustainable economic recovery, Hong Kong must adopt a more proactive and progressive role in serving and integrating into the Mainland economy. We have strategically positioned our Wholesale Banking business to cater for these new challenges, and we shall increase our investments in people, products, technology, and infrastructure, ensuring that our customers will benefit from these new opportunities.



Unwavering commitment to professionalism and undivided customer focus enabled the Treasury and Financial Institutions Group to record resilient earnings in 2003 amidst a challenging market environment beleaguered by excess liquidity, low interest rates and a volatile foreign exchange market. Embracing best market practices has strengthened our core competencies and adeptness to manage efficaciously the overall risks.

Treasury & Financial Institutions

Our Treasury Department demonstrated its prudence and conservatism in its investment strategy during the year. With respect to selected portfolios already on hand, Treasury has put on hedges in alignment with its market risk sensitivity requisites.

Prudent Management and Effective Risks Control

Owing to the excess surplus fund ensued to a sagging loan demand, the need to search for viable investment opportunities have exacerbated especially in the first half of 2003. In this process, special consideration is given to short maturities in order to maintain a high degree of liquidity to pre-empt any swift resurgence of loan demand. Such conservative investment decisions have yielded favourable results given the superfluous liquidity in the market and a low interest rate environment.

We continued to maintain a well-balanced asset and liability mix by issuing various types of certificates of deposit and debts. Sizes, frequency and timing of such issuance exercises were controlled to ensure orderliness. With conscientious efforts, we have not only expanded our fund-raising channels but also gained access to a broader spectrum of investors, as evidenced by the myriad of participants in every issuance syndicate. As a result, we were able to reduce our funding costs by steadily narrowing credit spreads in each issue.

The Bank's liquidity and capital structure are soundly managed. Issuance of upper tier II capital instrument and subordinated

debt in recent years bolstered the Bank's capital base for potential acquisition and organic expansion. The successful launch of these innovative capital instruments also raised our profile among international investors in Asia and Europe and set a capital funding benchmark for banks in Hong Kong.

Our treasury system has been upgraded to support seamless processing of existing as well as new products. Installation of a dedicated system has also enhanced our capability in offering FX options products. Independent monitoring and effective control of risks are ensured by the complete segregation of duties among back, middle and front offices. Sophisticated techniques are employed to better manage the overall credit, market and liquidity risks.

Establishing a Cross-Border Platform

New initiatives for customer acquisition were executed through proactive product development and closer cooperation between the Bank's business units. While the first half of 2003 was hit hard by the SARS pandemic, the latter half witnessed a rebounding demand for customer-driven products. This comeback has fortuitously coincided with a resurgence of volatility in the markets. On the retail front, wealth management products such as currency-linked deposits have been timely.

Treasury & Financial Institutions



Meanwhile, bespoke structured hedging products were offered to corporate clients. We continue to keep abreast of the development of market trends and support customers in capitalizing investment and hedging opportunities. However, we anticipate such fickleness to extend in the coming year. We are prepared not only to match our competitors' offerings but also to keep our fingers on the pulse of any changes in customer preferences.

To reinforce the Bank's marketing endeavors in the Mainland, we also marshaled our resources and energy to expanding our PRC customer base. Through strategic alliances with other companies within the CITIC Group in the Mainland, we have established an operative platform in channeling cross-border business between the Mainland and Hong Kong. The Hong Kong office serves to introduce international investment opportunities and instruments to our Mainland partners, who function to tap into the vast potential customer clientele using their local expertise and branch network in tandem with the deregulation process.

Throughout the year, we organized a number of seminars and relationship building functions for our Mainland partners as

well as for their local customers. These activities included product training, relationship building workshops and workgroup conferences. The response of these gatherings and presentations was very encouraging. Going forward, we will continue our entrenched efforts in the Mainland by fostering closer ties with existing relationships. On the other hand, we will also seek after new strategic alliance opportunities that would accelerate and benefit our cause in the hinterland. This latter exercise is of particular priority in order to surpass our competitors in capitalizing on the opportunities presented by the continuous liberalization of the Mainland market, especially from CEPA.

Building on the improved relationship with interbank counterparties, our Financial Institutions Department succeeded in securing extension of counterparty limits. Augmented re-purchase facilities were established and mark-to-market security arrangements made with premier financial institutions to broaden the Bank's access to market liquidity.

Broadening Our Revenue Base

In the year ahead, interest rates could become more volatile amidst signs of a global economic recovery and subsequently stronger commodity prices. In this regard, we are well positioned for such perceivable interest rate fluctuations. Hedges have been built up with the objective of limiting any adverse impact while investment initiatives are being formulated. On the other hand, there is another camp in the market that expects interest rates could remain low in light of worldwide excess liquidity. On this front, we have augmented an initiative to explore a wider scope of income generators, including alternative investments and fostering closer ties with our business partners in the Mainland. While many of these new initiations are already underway, a prudent risk management is always a high priority to ensure that all pertinent internal guidelines and control processes will be strictly designed and implemented before execution.

Risk Management

The Bank is employing a Basel II framework to significantly increase the quality of its Risk Management, as well as to improve its speed and effectiveness in implementing key risk underwriting decisions. In our drive to reinforce risk management as a core Bank competency, we have recruited two highly experienced international bankers into our leadership team.

Mr. Rafael Gil-Tienda, a distinguished international banker, was appointed in October 2003 as an Independent Non-Executive Director of the Bank and Chairman of the Credit and Risk Management Committee of the Board. This Committee, established in November 2002, provides Board-level governance of the Bank's risk management strategies, policies and mechanisms. The Committee oversees the Bank's risk management through committees at management level, including the Management Committee, Credit Committee, Non Performing Loan ('NPL') Committee, International Credit Committee, Asset & Liability Management Committee ('ALCO') and Operations & Control Committee.

In November 2003, Mr. Andrew Murray Hemm, an international banker with specialized expertise in credit and risk management, was appointed as the Bank's Chief Credit and Risk Officer.

Under the continued chairmanship of Mr. Stephen Fan, an experienced professional accountant and an Independent Non-Executive Director of the Bank, the Audit Committee assists the Board in reviewing compliance with the internal policies, procedures and statutory regulations by overseeing the Bank's

internal and external auditors and providing independent review of the effectiveness of the Bank's financial reporting process and internal control systems.

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. Assessing and managing that risk to effectively address customer needs, ensure stable returns and secure capital protection is one of the most crucial disciplines of the Bank.

Within the Bank Group, the credit risk management function is centralized and governed by the Credit and Risk Management Committee at Board level. The Committee defines and delegates the approval authority to three credit related functional committees: the Credit Committee, the International Credit Committee and the NPL Committee, which focus on different aspects of the credit risk management function of the Bank. These three committees are comprised of the Chief Executive Officer, the Group Credit Head and other members of senior management. Within its delegated authority, the Credit Committee approves, inter alia, credit policies of the Bank, credit applications, loan classifications and policy

Risk Management



exceptions. The International Credit Committee manages, approves and controls the inter-bank counterparty risk of the Bank. The NPL Committee controls and manages all criticized credits and approves specific provisions.

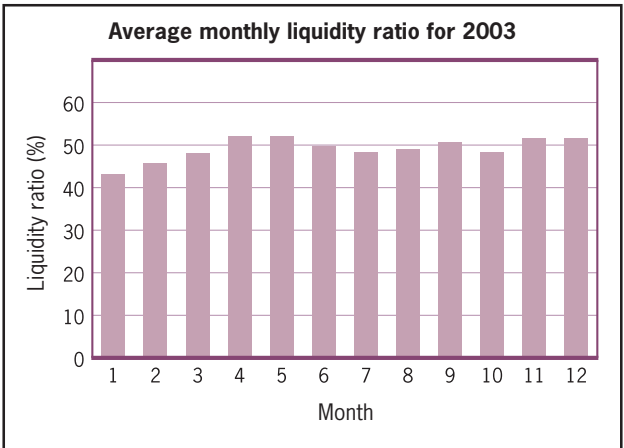
While we have appropriate standards, policies, and procedures in place to control and monitor credit risk, we are proactively reviewing our methodology under the best-practice framework of Basel II to seek ways in which to increase both the quality and speed of credit decisions and portfolio management, allowing the Bank to increase business volume throughput while at the same time improving the quality of credit risk management.

Liquidity Risk Management

With regard to liquidity management, our primary objective is to ensure our ability to meet all customer claims in both normal and emergency circumstances in a timely and cost-effective manner. In so doing, we must also ensure compliance with the relevant regulatory requirements and the statutory liquidity ratio. The Bank has consistently maintained its liquidity position well above the regulatory minimum of 25% by carrying an adequate inventory of liquid assets of appropriate quality. The

Bank's average liquidity ratio in 2003 was 49.18% (2002: 47.01%). At year end, certificates of deposit issued by the Bank totaled HK\$4.7 billion, constituting 7.5% of total deposits. In addition, the Bank has arranged re-purchase agreement facilities in order to enhance liquidity.

We have adopted a proactive approach towards managing liquidity. Policies and procedures are in place to monitor and control our liquidity position to achieve the objectives abovementioned. The liquidity management process is reviewed and monitored by the Bank's ALCO.



Market Risk Management

The Bank's market risk arises primarily from exposure to interest and foreign exchange rate volatility. Exposures in equities and commodities are not significant. Positions are driven by execution of customer orders, proprietary trading, and hedging.

In order to maintain market risk within acceptable parameters, market risk limits are delegated by the Board to ALCO, which are further delegated to the relevant business units. Limits are set by product type and risk type with the Bank's risk appetite and expertise being the major determinant factors.

Limits are set in the form of position limits, sensitivity limits, loss limits as well as certain Greek limits for options where applicable. The Market Risk Management Unit of the Risk Management Department continues to manage the market risk exposures and limits of the Bank. Reporting on trading activity exposures and related profit and loss to management is done on a daily basis. The Market Risk Management Unit is also working on the implementation of a value at risk system for the trading book in the near future.

The Bank's foreign exchange risk stems from foreign exchange position taking, commercial dealing, investment in foreign currency securities and overseas branches. Foreign exchange trading positions are subject to the exposure limits approved by ALCO under the delegation from the Board. The average daily foreign exchange trading profit and loss for 2003 was a loss of HK\$86,000.

Overall foreign exchange position

As of 31 December 2003 (HK\$ million)

	USD	Other foreign currencies (including RMB)	Total foreign currencies
Spot assets	26,057	226	26,283
Spot liabilities	(24,566)	(9)	(24,575)
Forward purchases	9,987	–	9,987
Forward sales	(8,239)	–	(8,239)
Net option position*	23	–	23
Net long position	3,262	217	3,479

* The net option position is calculated using the worst case approach in accordance with the method set out in the HKMA banking return

In 2003, trading activities in equities and commodities were insignificant, with commodity trading limited to gold. The total trading profit and loss for equities and commodities for the year was a gain of HK\$9,189,000 and a loss of HK\$443,000 respectively.

The Bank's derivative positions arise from transactions with customers, as well as the Bank's own position taking and hedging. Derivatives mainly include futures, forwards, swaps and options in foreign exchange, interest rates and equities. All derivatives are booked under the trading book and subject to daily marked-to-market and risk monitoring unless they are used for hedging of specific transactions, in which case they are booked in the accrual book.

The Bank's involvement in option contracts are mainly to cater for customer positions in certain structured banking products, including option-linked investment/deposits.

For the outstanding derivatives positions as of 31 December 2003, please refer to the section on Off-Balance Sheet Exposures of the Notes on the Financial Statements.

Interest Rate Risk Management

The Bank's interest rate risk exists in both the banking book (i.e. accrual book), and trading book. The risk entailed in the former is reviewed by ALCO on a monthly basis and the latter is marked-to-market daily. The average daily profit and loss incurred in interest rate trading for 2003 was a loss of HK\$122,000, which has been included in the total trading profit and loss in the previous section.

We utilize an interest maturity gap analysis to monitor our interest rate risk exposure in our banking book. A positive interest rate gap exists where more assets than liabilities are to be re-priced in a particular time period. Similarly, a negative interest rate gap exists where more liabilities than assets will be re-priced in a particular time period. Limits for the risk exposures have been set up and approved by the Board for each specific time period based on sensitivity per basis point.

As of 31 December 2003, the Bank only had significant interest rate risk exposure in the banking book, confined to denominations of HKD and USD.

Risk Management

Interest rate risk exposure for banking book

As of 31 December 2003 (HK\$ million)

	Up to 1 month	Over 1 and up to 3 months	Over 3 and up to 6 months	Over 6 and up to 12 months	Beyond 12 months	Total
Interest bearing assets						
Cash & short term fund	6,832	–	–	–	–	6,832
Placement with banks and other FI maturing after one month	–	646	–	–	–	646
Certificates of deposit	200	198	–	200	1,081	1,679
Held-to-maturity securities	1,295	440	1,219	1,602	17,827	22,383
Advances to customers	16,723	17,715	2,348	292	889	37,967
Total interest bearing assets	25,050	18,999	3,567	2,094	19,797	69,507
Interest bearing liabilities						
Certificates of deposit issued	268	3,865	478	100	–	4,711
Deposits and balances of banks and other FI	3,050	5	193	–	–	3,248
Deposits from customers	47,560	7,702	693	767	70	56,792
Loan capital	–	–	–	–	4,270	4,270
Total interest bearing liabilities	50,878	11,572	1,364	867	4,340	69,021
Off-balance sheet items						
Long	2,765	3,551	4,437	–	3,205	13,958
Short	5,470	2,453	1,009	–	5,123	14,055
Net position	(28,533)	8,525	5,631	1,227	13,539	389

The above table only lists out the interest bearing assets and liabilities, and relevant off-balance sheet items of the Bank in its banking book portfolio. It depicts the interest rate exposures of the accrual book by listing out the contractual interest rate reset date or the final maturity date, whichever is earlier, for each instrument held.

Operational Risk Management

The Bank's operational risk management has been strengthened by the appointment of Mr. C. Y. Ling, a veteran banker with over thirty years of solid operational experience in a number of major international banks, as Chief Operating Officer in April 2003. Since Mr. Ling's appointment, the

operations, technology and support functions have been consolidated into one integrated platform to support the future growth of the Bank.

The Operations & Control Committee represents the Bank's senior management to coordinate and monitor operational risk and to ensure that an effective operation and internal control system is in place. Regular meetings have been held throughout 2003 to ensure material operational issues are properly addressed.

In 2003, the Bank has overhauled its standards in the maintenance of the operational policies and procedures by implementing a centralized documentation standard and an electronic library to facilitate future on-going review of the policies and procedures.

In continuance of the integration of systems and operations since the merger with the Hongkong Chinese Bank in 2002, we have concluded the detailed review of the Bank's contingency arrangements. Business continuity plans have been refined, supported by a comprehensive drill run completed in September 2003.

A number of projects have been initiated in order to ensure compliance with the standards required by the various Supervisory Policy Manuals issued by the Hong Kong Monetary Authority in 2003. Additionally, we have contracted a consultant to conduct a review of our operational risk status to benchmark it with the industry best practice. The consultant will provide recommendation on our operational risk management to bring it in compliance with Basel II.

Legal Risk Management

2003 has been a challenging year for the Bank in terms of legal risk management. The introduction of the Securities and Futures Ordinance and the corresponding amendments to the Banking Ordinance have brought far-reaching impacts on the *modus operandi* of financial institutions, including authorized institutions, in Hong Kong. During the year, the Group Compliance Department held training sessions for all relevant staff of the Bank to enable them to understand the new requirements and also assisted the relevant units in revising their policies and procedures to ensure due compliance with the legislation. In addition, in order to ensure compliance with the introduction of new legal and regulatory requirements in the area of prevention of money laundering and terrorist financing, we have also launched a project to enhance our MIS capability in monitoring transactions. The first phase of the project has been completed with the second phase, which involves more sophisticated risk profiling of customers and tools for identification of suspicious transactions, expected to be completed in 2004.

Strategic and Reputation Risks Management

We are aware of the importance of defining and enforcing appropriate business and relevant operational strategies, as well as of protecting and promoting the reputation of the Bank. High level policies in respect of strategic risk and reputation risk have been established and approved by the Board with a view to identifying and assessing risks and improving controls. The Management Committee of the Bank is responsible for monitoring and controlling the Bank's strategic and reputation risks. It holds frequent and regular meetings to review the business operations of the Bank and to ensure the proper execution of relevant strategies.

Corporate Citizenship

Being an active and responsible member of the community is integral to our corporate ethos. Good corporate citizenship not only strengthens our brand, but most importantly, also enhances value for all of our stakeholders.

During the course of the year, we have participated in various charity activities to support the community, including the annual Dress Casual Day and the Corporate and Employee Contribution Program organized by The Community Chest.

At this juncture when Hong Kong, as well as the Greater China region as a whole, is undergoing massive social and economic changes, we fully appreciate the need to help shape the future of our community by grooming our younger generation to become future leaders. Based on the Bank's vision and corporate values, our mission for community service is to nurture Chinese youths who are high achievers to become successful leaders.

We have undertaken several projects to foster and nurture youth development. We were delighted to be the sole sponsor of the inaugural conference held in December 2003 for 700 youth volunteer leaders that was organized by the Hong Kong Federation of Youth Groups ('HKFYG'). We have also participated in a number of donation-in-kind projects such as the donation of concert tickets to charitable youth organizations, as well as the donation of obsolete computer equipment to a local primary school. To further our efforts in promoting a community service spirit within the Bank, a Corporate Volunteer Team was established in January 2004 to undertake community service activities and projects, focusing on youth leadership development.



◀ Mrs. Doreen Chan (second from the left), President and CEO of the Bank, presented certificates to youth volunteers who accumulated the longest service hours of voluntary work in 2003.



▲ CKWB Corporate Volunteer Team partnered with students of True Light Middle School of Hong Kong in a joint outing activity for the mentally retarded



◀ The Bank donated obsolete computer equipment to Ling Liang Church Sau Tak Primary School



In view of these contributions, the Bank was awarded the 'Caring Company Logo' in December 2003 by the Hong Kong Council of Social Service in recognition of our 'enduring efforts in caring for the community and commitment to corporate citizenship'.

Our strong commitment to supporting the community was also reflected in our business activities. We participated in the Government's HK\$3.5 billion Loan Guarantee Scheme for SARS-impacted industries and offered an innovative 140% mortgage refinancing service in order to alleviate the financial burden of negative equity homeowners. During the year, we employed 15 fresh graduates as trainees under our Retail Banking Group and Wholesale Banking Group, providing a structured and extensive one-year learning program to enhance and develop their business skills. We will continue our dedicated efforts to train up the potential future leaders for Hong Kong.



▲ Employees showed whole-hearted support towards The Community Chest's 2003 Dress Casual Day



◀ Mrs. Doreen Chan (right), President and CEO of the Bank, shared the Bank's community service mission with Mr. Paul Chan (left), Deputy Executive Director of HKFYG at the concert tickets donation ceremony.

Ms. Betty Chan (left), Senior Vice President and Head of Corporate Relations of the Bank, with Ms. Rosanna Wong (right), Executive Director of HKFYG. HKFYG nominated the Bank for the Caring Company Logo 2003/04.



◀ The Bank received the Bronze award of the 2002/03 Corporate and Employee Contribution Program of The Community Chest



Biographies of Directors and Senior Executives

BIOGRAPHIES OF DIRECTORS

(arranged in the order of number of strokes of the Directors' Chinese surnames)

MR. KONG DAN

(Chairman)

Aged 56. Appointed as a Director and was elected Chairman of the Bank on 25 November 2002. Mr. Kong is presently the Vice Chairman and President of CITIC Group and the Chairman of CITIC International Financial Holdings Limited. He holds a Master Degree in Economics from the China Academy of Social Sciences. Mr. Kong was formerly the Vice Chairman and President of China Everbright Group Limited, Vice Chairman of China Everbright Limited and Chairman of China Everbright Technology Limited. He has extensive business connections and experience in investment and finance.

MR. KONG SIU CHEE KENNETH

(Executive Vice President and Alternate Chief Executive Officer)

Aged 57. Appointed as a Director of the Bank on 17 January 2002 and was further appointed as Alternate Chief Executive Officer of the Bank on 25 November 2002. Mr. Kong is also the Director and Managing Director of CITIC International Financial Holdings Limited. He obtained a Bachelor Degree in Economics from the University of Hong Kong and a MBA Degree from the Chinese University of Hong Kong. Mr. Kong is an Associate of The Institute of Bankers (U.K.). Before joining the Bank, Mr. Kong had been working in Standard Chartered Bank for 24 years.

MR. JU WEIMIN

Aged 40. Appointed as a Director of the Bank on 25 November 2002. Mr. Ju obtained a Bachelor Degree in Economics from the Hangchow Institute of Electronic Engineering and a Master Degree in Economics from the People's University of China. He is presently the Director and Chief Financial Officer of CITIC Group and a Director of CITIC International Financial Holdings Limited.

MR. LAM KWONG SIU

(Independent Non-Executive Director)

Aged 69. Appointed as an Independent Non-Executive Director of the Bank on 17 January 2002. Mr. Lam is presently the Vice Chairman of BOC International Holdings Limited and the Independent Non-Executive Director of China Overseas Land & Investment Limited, Fujian Holdings Limited and CITIC International Financial Holdings Limited. He was formerly the Deputy Chief Executive of Bank of China Hongkong-Macau Regional Office, Chairman of Po Sang Bank Limited, Vice Chairman of Chiyu Banking Corporation Limited and a Director of Bank of China, BOC China Fund Limited and Henderson China Holdings Limited. He has over 40 years of continuous banking experience.

MR. FAN SHEUNG TAK STEPHEN

(Independent Non-Executive Director)

Aged 64. Appointed as an Independent Non-Executive Director and the Chairman of Audit Committee of the Bank on 25 November 2002. Mr. Fan is a Fellow Member of The Association of Chartered Certified Accountants in the United Kingdom and The Hong Kong Society of Accountants. He is the founder and Senior Partner of Fan, Mitchell & Co. and an Independent Non-Executive Director of CITIC International Financial Holdings Limited.

MR. RAFAEL GIL-TIENDA

(Independent Non-Executive Director)

Aged 51. Appointed as an Independent Non-Executive Director of the Bank on 20 October 2003. Mr. Gil-Tienda is presently the Chairman of Marsh & McLennan Companies Inc. in Asia, a Director of Xxina Sheng Limited, a Non-Executive Director of Global Retail Inc. and Senior Advisor to SinoPac Capital. He is a visiting professor at the China Europe International Business

School in Shanghai. He is also an Executive Committee Member of Hong Kong Youth Arts Festival. Mr. Gil-Tienda obtained a Bachelor Degree in Philosophy, Politics and Economics from the Oxford University and a MBA Degree in International Business and Finance from the University of California, Berkeley. He was formerly with Standard Chartered Bank and Citibank and has over 25 years of banking experience, 17 of which in Asia.

MR. CHANG ZHENMING

(Executive Vice Chairman)

Aged 47. Appointed as a Director of the Bank on 17 January 2002 and was elected Executive Vice Chairman on 25 November 2002. Mr. Chang is also the Director and Chief Executive Officer of CITIC International Financial Holdings Limited, Chairman of CITIC International Assets Management Limited and CITIC Capital Markets Holdings Limited, Executive Director and Vice President of CITIC Group and a Director of CITIC Pacific Limited. Mr. Chang has 20 years' broad range of experience in the finance industry.

MRS. CHAN HUI DOR LAM DOREEN

(President and Chief Executive Officer)

Aged 50. Appointed as a Director of the Bank on 17 January 2002 and was further appointed as President and Chief Executive Officer of the Bank on 16 April 2002. Mrs. Chan is also the Director, Managing Director and Alternate Chief Executive Officer of CITIC International Financial Holdings Limited, Chairman of HKCB Finance Limited and Ka Wah Credit Limited. Prior to joining the Bank, she was in charge of the retail banking business for a major international bank in Hong Kong. Mrs. Chan has over 25 years of experience in the banking industry.

MR. ZHAO SHENGBIAO

(Executive Vice President and Country Head, U.S.A.)

Aged 53. Appointed as a Director of the Bank on 25 November 2002. He is now also the Executive Vice President and Country Head, U.S.A. of the Bank and in charge of the overall business operations in the U.S.A. Mr. Zhao is also a Director of CITIC International Financial Holdings Limited. He graduated from the University of International Business and Economics, Beijing and obtained a Master Degree in Finance from the College of Insurance, New York. He has over 20 years of experience in international banking and worked in London, Paris, Hong Kong and New York.

MR. LO WING YAT KELVIN

(Executive Vice President)

Aged 45. Appointed as a Director of the Bank on 17 January 2002. Mr. Lo is now also the Executive Vice President of the Bank. Further, he is also a Director and Managing Director of CITIC International Financial Holdings Limited and a Director and Chief Executive Officer of CITIC International Assets Management Limited. Mr. Lo graduated from the University of Hong Kong with a Bachelor Degree in Law. He was admitted as a Solicitor of the Supreme Court of Hong Kong in 1984 and a Solicitor of the Supreme Court of England and Wales in 1989. Prior to joining the Bank, Mr. Lo served as an In-house Counsel of Bank of China Hongkong-Macau Regional Office and then became Partner of Messrs Kao, Lee & Yip and Messrs Linklaters.

MR. DOU JIANZHONG

Aged 49. Appointed as a Director of the Bank on 25 November 2002. Mr. Dou graduated from the University of International Business and Economics, Beijing in 1979 and obtained a Master Degree in Economics from Liao Ning University. He was granted the prestigious title of 'Senior Economist' by CITIC Group. Mr. Dou is presently an Executive Director and Vice President of CITIC Group, President of CITIC Industrial Bank and a Director of CITIC International Financial Holdings Limited.

BIOGRAPHIES OF SENIOR EXECUTIVES

MR. ANDREW MURRAY HEMM

Joined the Bank as Executive Vice President and Chief Credit & Risk Officer in November 2003. Mr. Hemm is now in charge of the risk management and credit functions of the Bank. He graduated from Washington and Lee University and obtained a MBA Degree from the University of Michigan, Ann Arbor. Before joining the Bank, Mr. Hemm has worked for Security Pacific National Bank and Standard Chartered Bank. He has over 20 years of banking experience.

MRS. LAM LAU TAK MI LORAINNE

Joined the Bank as Senior Vice President in January 2002 and was promoted to Executive Vice President in July 2003. Mrs. Lam is now in charge of the Retail Banking Group of the Bank covering the business lines of general retail banking services, wealth management, credit card, hire purchase & leasing. She was elected Vice Chairman of HKCB Finance Limited in January 2003. Mrs. Lam holds a Master Degree in Business Administration from the University of Liverpool, England. She has over 20 years of experience in retail banking management from Chase Manhattan Bank and Standard Chartered Bank.

MR. LING CHUNG YAN

Joined the Bank as Senior Vice President and Chief Operating Officer in April 2003 and was promoted to Executive Vice President in November of the same year. Mr. Ling is now in charge of all support and operation functions of the Bank. He obtained a Bachelor Degree in Physics from Williams College and a M.Sc. in Computer Sciences from the University of Wisconsin. Mr. Ling has over 30 years of experience in information technology and operations. Before joining the Bank, Mr. Ling was the Head of Operations, Consumer Banking of Standard Chartered Bank.

MS. MARGARET MAN

Joined the Bank as Senior Vice President in October 1998 and was promoted to Executive Vice President in July 2003. Ms. Man is now the Head of China Banking of the Bank and the Chairman of China International Finance Company Limited (Shenzhen). She graduated from the Graduate School of the People's Bank of China obtaining a Master Degree in Banking and Finance. Ms. Man had been a Division Chief in People's Bank of China ('PBOC') and worked for PBOC for 7 years in 1980's. Before joining the Bank, Ms. Man was a Deputy Managing Director of China Venturetechno International Co. Ltd.

MR. YEUNG WAI KEUNG MOSES

Joined the Bank as Senior Vice President and Treasurer in June 2000 and become an Executive Vice President in charge of the overall activities of Treasury Department and Financial Institutions Departments of the Bank since June 2002. Mr. Yeung is responsible for controlling and managing liquidity, funding and trading risk of the Bank. In addition, he drives and formulates business strategies and policies for commercial foreign exchange, deposits and innovative financial products. Mr. Yeung obtained a Master Degree in Business Administration from the University of Hawaii. He has gained over 24 years of regional experience in treasury management from Citibank Hong Kong, Citibank Tokyo, UBS Australia, Credit Suisse Hong Kong and Banco Santander Hong Kong.

MS. CHAN PIK HA BETTY

Joined the Bank as Vice President and Head of Corporate Communications in June 1999 and became Head of Corporate Relations in January 2002 in charge of Corporate Communications and Investor Relations. Ms. Chan was promoted to Senior Vice President in March 2004. She is also the Head of Group Corporate Relations of CITIC International Financial Holdings Limited. She obtained a Bachelor Degree in Economics from Manchester University in the U.K. and a M.Sc. in Marketing from the University of Manchester, Institute of Science & Technology. Before joining the Bank, Ms. Chan was Director, Marketing and Communications of PricewaterhouseCoopers.

MR. LEE YUK LING LINCOLN

Joined the Bank as Senior Vice President and Chief Financial Officer in April 2002 in charge of the Financial Management Department of the Bank. Mr. Lee is also the Group Chief Financial Officer of CITIC International Financial Holdings Limited. He has over 25 years of continuous experience in the banking industry in Hong Kong. Before joining the Bank, Mr. Lee held various senior management positions in finance, credit card and operation with Chase Manhattan Bank and Dao Heng Bank. He is a Fellow Member of The Chartered Institute of Management Accountants and The Hong Kong Institute of Company Secretaries, and an Associate Member of The Hong Kong Society of Accountants.

MS. LEUNG MAY CHU NANCY

Joined the Bank as Senior Vice President and Head of Human Resources Department in August 1998. Ms. Leung graduated from the University of Hong Kong, majored in Economics. She served in the education profession before switching to the commercial/financial sectors. Before joining the Bank, Ms. Leung was the head of human resources function in the UK merchant bank Samuel Montague & Co., Xerox (Hong Kong & China), ABN AMRO Bank, Jardine Fleming Holdings Limited and Peregrine Holdings Limited.

MR. NG CHUN TAK

Joined the Bank in May 1999 as the Head of Audit & Risk Management. Mr. Ng was promoted to Senior Vice President in March 2004. He is also the Head of Group Internal Audit of CITIC International Financial Holdings Limited. He obtained a MBA degree in Finance from the City University Business School in London. He is a Fellow Member of The Hong Kong Society of Accountants and The Association of Chartered Certified Accountants of U.K. Before joining the Bank, he has worked for various multinational and local banks.

MR. WONG SHIU LIM CALVIN

Joined the Bank as Senior Vice President in July 2001 and is now the Head of Group Compliance Department. Mr. Wong obtained a MBA Degree in Finance from the University of California, Irvine and a Bachelor Degree in Accounting from the Chinese University of Hong Kong. He is a member of The Hong Kong Society of Accountants, The Association of Chartered Certified Accountants and The American Institute of Certified Public Accountants. Before joining the Bank, Mr. Wong was the Head of Compliance of UBS Warburg in Hong Kong.

分行網絡及內地網點

Branch Network and Mainland Outlets

分行網絡 BRANCH NETWORK

香港區 Hong Kong

分行 Branch	地址 Address	電話 Tel
總行 Main Branch	香港德輔道中 232 號 232 Des Voeux Road Central, HK	2287 6277
香港仔 Aberdeen	香港仔大道 196 號 196 Aberdeen Main Road, HK	2554 1256
銅鑼灣 Causeway Bay	香港軒尼詩道 451-453 號 451-453 Hennessy Road, HK	2893 7467
中區 Central	香港皇后大道中 43-45 號聯成大廈地下 G/F, Lansing House, 43-45 Queen's Road Central, HK	2854 4223
華潤大廈 China Resources Building	香港灣仔港灣道 26 號華潤大廈地舖 106 號 Shop 106, G/F, China Resources Building, 26 Harbour Road, Wanchai, HK	2802 8330
德輔道中 Des Voeux Road Central	香港德輔道中 61-65 號華人銀行大廈 The Chinese Bank Building, 61-65 Des Voeux Road Central, HK	2844 8833
力寶中心 Lippo Centre	香港金鐘道 89 號力寶中心 Lippo Centre, 89 Queensway, HK	2909 6433
北角 North Point	香港英皇道 318-328 號恆英大廈地舖 B3 Shop B3, G/F, Hang Ying House, 318-328 King's Road, HK	2806 0886
鯉魚涌 Quarry Bay	香港鯉魚涌英皇道 1025 號惠安苑地下 G/F, Westlands Gardens, 1025 King's Road, Quarry Bay, HK	2516 6863
皇后大道西 Queen's Road West	香港皇后大道西 488 號新安大樓地下 G/F, Sun On Building, 488 Queen's Road West, HK	2547 3090
筲箕灣 Shauiwan	香港筲箕灣道 121-131 號 121-131 Shauiwan Road, HK	2885 9662
灣仔 Wanchai	香港灣仔軒尼詩道 164-166 號 164-166 Hennessy Road, Wanchai, HK	2893 7778
投資理財中心 – 太古坊 Wealth Management Centre – Taikoo Place	香港鯉魚涌糖廠街 9-15 號海光苑地舖 5 及 6D Shop 5 & 6D, G/F, Hoi Kwong Court, 9-15 Tong Chong Street, Quarry Bay, HK	2579 0183

九龍區 Kowloon

分行 Branch	地址 Address	電話 Tel
金馬倫道 Cameron Road	九龍尖沙咀金馬倫道 48 號中國保險大廈地下 G/F, China Insurance Building, 48 Cameron Road, Tsim Sha Tsui, Kln	2723 6800
何文田 Homantin	九龍窩打老道 84 號 A-C A-C, 84 Waterloo Road, Kln	2760 0447
紅磡 Hung Hom	九龍蕪湖街 46 號 46 Wuhu Street, Kln	2334 3415
佐敦 Jordan	九龍佐敦道庇利金街 42 號 42 Pilkem Street, Kln	2366 0351
九龍灣 Kowloon Bay	九龍九龍灣宏開道 8 號其士商業中心地下商場 7 號 Shop 7, G/F, Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay, Kln	2759 3363
九龍城 Kowloon City	九龍衙前圍道 142 號 142 Nga Tsin Wai Road, Kln	2382 4237
觀塘 Kwun Tong	九龍裕民坊 6 號 6 Yue Man Square, Kln	2389 8285
荔枝角道 Lai Chi Kok Road	九龍荔枝角道 308 號 308 Lai Chi Kok Road, Kln	2729 8223
旺角道 Mongkok Road	九龍旺角道 48 號 48 Mongkok Road, Kln	2391 6457
上海街 Shanghai Street	九龍旺角上海街 520A-522 號 520A-522 Shanghai Street, Mongkok, Kln	2780 2281

分行 Branch	地址 Address	電話 Tel
土瓜灣 To Kwa Wan	九龍馬頭圍道 406 號 406 Ma Tau Wai Road, Kln	2715 1874
尖沙咀 Tsim Sha Tsui	九龍堪富利士道 12-16 號宏貿發展大廈地下 3-4 號 Shop 3-4, G/F, Mass Resources Development Building, 12-16 Humphreys Avenue, Tsim Sha Tsui, Kln	2366 1880

新界區 New Territories

分行 Branch	地址 Address	電話 Tel
沙田中心 Shatin Centre	新界沙田中心三樓商舖 52C, 52F 及 53A Shop 52C, 52F & 53A, Level 3, Shatin Centre, Shatin, NT	2607 7777
上水 Sheung Shui	新界上水新豐路 138 號 138 San Fung Avenue, Sheung Shui, NT	2671 0201
大埔 Tai Po	新界大埔廣福道 19 號 19 Kwong Fuk Road, Tai Po, NT	2656 1113
大圍 Tai Wai	新界沙田大圍道 49-53 號悅安大廈 B 舖 Shop B, Yuet On Building, 49-53 Tai Wai Road, Shatin, NT	2601 3022
荃灣青山道 Tsuen Wan Castle Peak Road	新界荃灣青山道 281-283 號 281-283 Castle Peak Road, Tsuen Wan, NT	2493 0206
荃灣眾安街 Tsuen Wan Chung On Street	新界荃灣眾安街 27 號秋雲大廈地下 G/F, Chau Wan Building, 27 Chung On Street, Tsuen Wan, NT	2420 2299
屯門 Tuen Mun	新界屯門鄉事會路 18-20 號明偉大樓 4-5 號 Shop 4-5, Ming Wai Building, 18-20 Heung Sze Wui Road, Tuen Mun, NT	2452 6282
屯門啟民徑 Tuen Mun Kai Man Path	新界屯門啟民徑 45 號美恆樓 D 座 12 號 Shop 12, Block D, Mei Hang Building, 45 Kai Man Path, Tuen Mun, NT	2450 6173
元朗 Yuen Long	新界元朗青山道 143-145 號昌裕大廈地下 G/F, Cheong Yu Building, 143-145 Castle Peak Road, Yuen Long, NT	2479 2157

海外 Overseas

分行 Branch	地址 Address	電話 Tel
洛杉磯 Los Angeles	323 West Valley Blvd., Alhambra, CA 91803, USA	1-626-282-9820
紐約 New York	Glory China Tower, 11 East Broadway, New York, NY 10038, USA	1-212-732-8868

內地網點 MAINLAND OUTLETS

網點 Outlet	地址 Address	電話 Tel
中國國際財務有限公司（深圳） China International Finance Company Limited (Shenzhen)	中國深圳市建設路 23 號國際金融大廈 33 樓 33/F, International Financial Building, 23 Jian She Road, Shenzhen, China	86-755-8223-7567
北京代表處 Beijing Representative Office	中國北京市朝陽區亮馬橋路 39 號第一上海中心寫字樓 802 室 Room 802, First Shanghai Center, 39 Liangmaqiao Road, Chaoyang District, Beijing, China	86-10-8453-4318
上海代表處 Shanghai Representative Office	中國上海市浦東新區銀城中路 200 號中銀大廈 2705-2706 室 Room 2705-2706, 200 Yincheng Road Central, Pudong New Area, Shanghai, China	86-21-5037-2499

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董事會報告書

Report of the Directors

董事會謹將截至二零零三年十二月三十一日止年度的報告書及經審核財務報表呈覽。

主要業務

中信嘉華銀行有限公司(「本行」)及其附屬公司(「本集團」)的主要業務是在香港提供一般銀行及相關金融服務。本行在紐約及洛杉磯均設有分行，而上海及北京亦設有代表處。本行各主要附屬公司於二零零三年十二月三十一日的詳情載於財務報表附註17內。

財務報表

本集團截至二零零三年十二月三十一日止年度的溢利和本集團於該日的財政狀況載於第69頁至第139頁的財務報表內。

股息

本行於截至二零零三年十二月三十一日止年度宣佈派發中期股息共港幣351,551,000元(二零零二年：港幣346,716,000元)，當中港幣150,551,000元(二零零二年：港幣166,716,000元)已於本年度內派發。董事會不建議派發截至二零零三年十二月三十一日止年度末期股息(二零零二年：無)。

固定資產

有形固定資產的變動載於財務報表附註22內。

儲備

本集團及本行於本年度的儲備變動載於財務報表附註27內。

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES

The principal activities of CITIC Ka Wah Bank Limited (the '**Bank**') and its subsidiaries (the '**Group**') are the provision of general banking and related financial services, primarily in Hong Kong. The Bank operates branches in New York and Los Angeles. It also has representative offices in Shanghai and Beijing. Particulars of the Bank's principal subsidiaries as at 31 December 2003 are set out in note 17 on the financial statements.

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2003 and the state of the Group's affairs as at that date are set out in the financial statements on pages 69 to 139.

DIVIDENDS

A total amount of interim dividend of HK\$351,551,000 (2002: HK\$346,716,000) was declared for the year ended 31 December 2003, of which HK\$150,551,000 (2002: HK\$166,716,000) was paid during the year. The directors do not recommend the payment of a final dividend for the year ended 31 December 2003 (2002: Nil).

FIXED ASSETS

Movements in tangible fixed assets are set out in note 22 on the financial statements.

RESERVES

Movements in the reserves of the Group and the Bank during the year are set out in note 27 on the financial statements.

董事會報告書

Report of the Directors

董事

本年度內及截至本報告書日期止的董事如下（按董事中文姓氏的筆劃排列）：

孔丹先生（董事長）

江紹智先生

（執行副總裁兼替任行政總裁）

居偉民先生

林廣兆先生（獨立非執行董事）

范尚德先生（獨立非執行董事）

席伯倫先生（於二零零三年十月二十日委任）

（獨立非執行董事）

常振明先生（常務副董事長）

陳許多琳女士（總裁兼行政總裁）

趙盛彪先生（執行副總裁兼美國地區總經理）

盧永逸先生（執行副總裁）

竇建中先生

賈世德先生（於二零零三年五月二日辭世）

根據本行的公司組織章程細則第97條，所有現任董事須依章告退，並願膺選連任。

董事權益

於二零零三年五月十六日，本行的直接控股公司中信國際金融控股有限公司（「中信國際金融控股」）採納了中信國際金融控股有限公司購股權計劃（「新購股權計劃」），並同時終止高級行政人員購股權計劃（「舊購股權計劃」），但舊購股權計劃內的條文仍繼續具有十足效力及作用，惟以行使終止舊購股權計劃前已授出之購股權為限。根據新購股權計劃及舊購股權計劃，本行合資格的僱員，包括董事孔丹先生、常振明先生、陳許多琳女士、江紹智先生、盧永逸先生及趙盛彪先生獲授予購股權，以認購中信國際金融控股的股份。

除上述者外，本行、其任何控股公司、附屬公司或同系附屬公司均沒有在本年度內任何時間訂立任何安排，致使本行董事可透過收購本行或任何其他法人公司的股份或債券而獲益。

本行、其任何控股公司、附屬公司或同系附屬公司於年終或本年度內任何時間，概無訂立任何令本行董事直接或間接享有重大權益的重要合約。

DIRECTORS

The directors during the year and up to the date of this report are as follows (arranged in the order of number of strokes of the directors' Chinese surnames):

Mr. Kong Dan (Chairman)

Mr. Kong Siu Chee Kenneth

(Executive Vice President and Alternate Chief Executive Officer)

Mr. Ju Weimin

Mr. Lam Kwong Siu (Independent Non-Executive Director)

Mr. Fan Sheung Tak Stephen (Independent Non-Executive Director)

Mr. Gil-Tienda Rafael (appointed on 20 October 2003)

(Independent Non-Executive Director)

Mr. Chang Zhenming (Executive Vice Chairman)

Mrs. Chan Hui Dor Lam Doreen (President and Chief Executive Officer)

Mr. Zhao Shengbiao (Executive Vice President and Country Head, U.S.A.)

Mr. Lo Wing Yat Kelvin (Executive Vice President)

Mr. Dou Jianzhong

Mr. Ronald Carstairs (deceased on 2 May 2003)

In accordance with Article 97 of the Bank's Articles of Association, all present directors retire and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

On 16 May 2003, CITIC International Financial Holdings Limited ('CIFH'), the immediate holding company, adopted The CITIC International Financial Holdings Limited Share Option Scheme (the 'New Option Scheme') and, at the same time, terminated the Senior Executive Share Option Scheme (the 'Old Option Scheme'). However, the provisions of the Old Option Scheme remain in full force and effect to the extent necessary to give effect to the exercise of all options granted prior to the termination of the Old Option Scheme. Under the New Option Scheme and the Old Option Scheme, options to subscribe for shares of CIFH were granted to its eligible employees which included certain directors of the Bank, namely, Mr. Kong Dan, Mr. Chang Zhenming, Mrs. Chan Hui Dor Lam Doreen, Mr. Kong Siu Chee Kenneth, Mr. Lo Wing Yat Kelvin and Mr. Zhao Shengbiao.

Apart from the above, at no time during the year was the Bank, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors of the Bank to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate.

No contract of significance, to which the Bank, any of its holding companies, subsidiaries or fellow subsidiaries was a party, and in which a director of the Bank had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

管理合約

本年度內，本行並無簽訂或存有任何與本行全盤業務或其中重大部分業務管理有關的管理合約。

監管政策手冊的《本地註冊認可機構披露財務資料》

截至二零零三年十二月三十一日止年度的財務報表，已完全符合香港金融管理局頒佈的監管政策手冊《本地註冊認可機構披露財務資料》所載的規定。

核數師

重新委任畢馬威會計師事務所為本行核數師的決議案，將在即將舉行的股東週年大會上提呈。

承董事會命

孔丹

董事長

香港，二零零四年三月十八日

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Bank was entered into or existed during the year.

SUPERVISORY POLICY MANUAL ON FINANCIAL DISCLOSURE BY LOCALLY INCORPORATED AUTHORISED INSTITUTIONS

The financial statements for the year ended 31 December 2003 fully comply with the guideline on 'Financial Disclosure by Locally Incorporated Authorised Institutions' under the Supervisory Policy Manual issued by the Hong Kong Monetary Authority.

AUDITORS

A resolution for the re-appointment of KPMG as auditors of the Bank is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

Kong Dan

Chairman

Hong Kong, 18 March 2004

核數師報告書

Auditors' Report



致中信嘉華銀行有限公司各股東
(於香港註冊成立的有限公司)

本核數師(以下簡稱「我們」)已審核刊於第69頁至第139頁按照香港公認會計原則編製的財務報表。

董事及核數師各自的責任

香港《公司條例》規定董事須編製真實與公允的財務報表。在編製真實與公允的財務報表時，董事必須貫徹採用合適的會計政策，作出審慎及合理的判斷和估計，並說明任何重大背離現行會計準則的原因。

我們的責任是根據我們審核工作的結果，對這些財務報表提出獨立意見，並按照香港《公司條例》第141條的規定，只向作為法人團體的股東報告。除此以外，我們的報告書不可用作其他用途。我們概不就本報告書的內容，對任何其他人士負責或承擔法律責任。

意見的基礎

我們是按照香港會計師公會頒佈的《核數準則》進行審核工作。審核範圍包括以抽查方式查核與財務報表所載數額及披露事項有關的憑證，亦包括評估董事於編製這些財務報表時所作的主要估計和判斷，所釐定的會計政策是否適合貴行及貴集團的具體情況及有否貫徹運用並足夠披露這些會計政策。

我們在策劃和進行審核工作時，是以取得一切我們認為必須的資料及解釋為目標，使我們能獲得充分的憑證，就財務報表是否存在重大的錯誤陳述，作合理的確定。在提出意見時，我們亦已衡量財務報表所載資料在整體上是否足夠。我們相信，我們的審核工作已為下列意見建立合理的基礎。

意見

我們認為，這些財務報表均真實與公允地反映貴行及貴集團於二零零三年十二月三十一日的財政狀況及貴集團截至該日止年度的溢利和現金流量，並已按照香港《公司條例》適當地編製。

畢馬威會計師事務所
執業會計師

香港，二零零四年三月十八日

**Auditors' report to the shareholders of
CITIC Ka Wah Bank Limited**
(Incorporated in Hong Kong with limited liability)

We have audited the financial statements on pages 69 to 139 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Hong Kong Companies Ordinance requires the directors to prepare financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently, that judgements and estimates are made which are prudent and reasonable and that the reasons for any significant departure from applicable accounting standards are stated.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Bank's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Bank and of the Group as at 31 December 2003 and of the Group's profit and cash flows for the year then ended and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants

Hong Kong, 18 March 2004

綜合收益表

Consolidated Income Statement

截至二零零三年
十二月三十一日止年度
(以港幣為單位)

for the year ended 31 December 2003
(Expressed in Hong Kong dollars)

			二零零三年 2003	二零零二年 2002 (重報) (Restated)
		附註 Note	港幣千元 HK\$'000	港幣千元 HK\$'000
利息收入	Interest income	4(a)	2,510,148	3,018,551
利息支出	Interest expense		(962,864)	(1,311,467)
淨利息收入	Net interest income		1,547,284	1,707,084
費用及佣金收入	Fees and commission income		412,367	412,841
費用及佣金支出	Fees and commission expense		(39,000)	(46,381)
其他經營收入	Other operating income	4(b)	26,241	104,901
經營收入	Operating income		1,946,892	2,178,445
經營支出	Operating expenses	4(c)	(917,766)	(1,017,520)
未計準備前經營溢利	Operating profit before provisions		1,029,126	1,160,925
呆壞賬準備	Charge for bad and doubtful debts	4(d)	(473,638)	(509,228)
經營溢利	Operating profit		555,488	651,697
出售有形固定資產淨虧損	Net loss on disposal of tangible fixed assets		(21,818)	(8,987)
重估投資物業淨盈餘／(虧損)	Net surplus/(deficit) on revaluation of investment properties		7,835	(13,879)
出售聯營公司淨虧損	Net loss on disposal of associates		–	(190)
出售持有至到期證券淨溢利	Net profit on disposal of held-to-maturity securities		123,948	51,949
持有至到期證券及投資證券 回撥／(準備)	Provision written back/(made) on held-to-maturity securities and investment securities		1,135	(13,194)
其他物業減值損失	Impairment loss on other premises		(4,751)	–
所佔聯營公司溢利減虧損	Share of profits less losses of associates		95,102	–
正常業務的稅前溢利	Profit from ordinary activities before taxation		756,939	667,396
稅項	Income tax	6(a)	(103,214)	(94,631)
股東應佔溢利	Profit attributable to shareholders	27(g)	653,725	572,765
本年度股息：	Dividends attributable to the year:			
本年度已宣派的中期股息	Interim dividends declared during the year	8	351,551	346,716

第74頁至139頁的附註屬財務報表一部分。

The notes on pages 74 to 139 form part of these financial statements.

綜合資產負債表

Consolidated Balance Sheet

於二零零三年
十二月三十一日
(以港幣為單位)

at 31 December 2003
(Expressed in Hong Kong dollars)

			二零零三年 2003	二零零二年 2002 (重報) (Restated)
		附註 Note	港幣千元 HK\$'000	港幣千元 HK\$'000
資產	Assets			
現金及短期資金	Cash and short-term funds	9 & 24	7,326,174	5,380,135
一個月後到期的銀行及其他 金融機構存款	Placements with banks and other financial institutions maturing after one month	24	646,373	221,006
貿易票據減準備	Trade bills less provisions	10	452,489	374,942
存款證	Certificates of deposit	11 & 24	2,059,100	1,030,944
其他證券投資	Other investments in securities	12	2,262,980	2,583,605
客戶墊款及其他賬項 減準備	Advances to customers and other accounts less provisions	13(a)	40,386,077	42,847,862
持有至到期證券及投資證券	Held-to-maturity securities and investment securities	16	22,458,050	18,575,250
聯營公司權益	Interest in associates	18	195,306	120,110
商譽	Goodwill	21	10,558	-
遞延稅項資產	Deferred tax assets	20(a)	49,348	40,312
有形固定資產	Tangible fixed assets	22	1,568,744	1,745,920
總資產	Total assets		77,415,199	72,920,086
負債	Liabilities			
銀行及其他金融機構 存款及結存	Deposits and balances of banks and other financial institutions	24	3,486,079	2,039,519
客戶存款	Deposits from customers	23 & 24	58,414,884	54,910,978
已發行存款證	Certificates of deposit issued	24	4,711,175	5,832,512
現行稅項	Current taxation	6(c)	16,912	2,767
遞延稅項負債	Deferred tax liabilities	20(a)	15	20
其他賬項及準備	Other accounts and provisions		1,578,937	1,208,104
總負債	Total liabilities		68,208,002	63,993,900
資金來源	Capital resources			
股本	Share capital	26	2,393,341	2,393,341
儲備	Reserves	27	2,544,134	2,242,673
股東資金	Shareholders' funds		4,937,475	4,636,014
債務資本	Loan capital	28	4,269,722	4,290,172
資金來源總額	Total capital resources		9,207,197	8,926,186
負債及資金來源總額	Total liabilities and capital resources		77,415,199	72,920,086

董事會於二零零四年三月十八日核准並授權發佈

Approved and authorised for issue by the Board of Directors on 18 March 2004

常振明
Chang Zhenming
常務副董事長
Executive Vice Chairman

陳許多琳
Chan Hui Dor Lam Doreen
董事、總裁兼行政總裁
Director, President and CEO

江紹智
Kong Siu Chee Kenneth
董事兼替任行政總裁
Director and ACEO

李若齡
Lee Yuk Ling Lincoln
財務總監
Chief Financial Officer

第74頁至139頁的附註屬財務報表一部分。

The notes on pages 74 to 139 form part of these financial statements.

資產負債表

Balance Sheet

於二零零三年
十二月三十一日
(以港幣為單位)

at 31 December 2003
(Expressed in Hong Kong dollars)

			二零零三年 2003	二零零二年 2002 (重報) (Restated)
		附註 Note	港幣千元 HK\$'000	港幣千元 HK\$'000
資產	Assets			
現金及短期資金	Cash and short-term funds	9 & 24	6,942,646	5,357,204
一個月後到期的銀行及其他 金融機構存款	Placements with banks and other financial institutions maturing after one month	24	644,873	221,006
貿易票據減準備	Trade bills less provisions	10	452,489	374,942
存款證	Certificates of deposit	11 & 24	2,059,100	1,015,944
其他證券投資	Other investments in securities	12	2,259,772	2,580,509
客戶墊款及其他賬項 減準備	Advances to customers and other accounts less provisions	13(a)	38,876,281	41,553,198
應收附屬公司款項	Amounts due from subsidiaries	15	999,244	979,633
持有至到期證券及投資證券	Held-to-maturity securities and investment securities	16	22,453,960	18,527,378
遞延稅項資產	Deferred tax assets	20(a)	42,912	36,730
附屬公司投資	Investments in subsidiaries	17	774,421	763,866
聯營公司投資	Investments in associates	18	120,105	120,105
有形固定資產	Tangible fixed assets	22	1,550,593	1,670,229
總資產	Total assets		77,176,396	73,200,744
負債	Liabilities			
銀行及其他金融機構存款及 結存	Deposits and balances of banks and other financial institutions	24	3,486,079	2,039,519
客戶存款	Deposits from customers	23 & 24	58,052,440	54,395,883
已發行存款證	Certificates of deposit issued	24	4,711,175	5,832,512
現行稅項	Current taxation	6(c)	16,563	1,223
其他賬項及準備	Other accounts and provisions		1,362,039	1,005,489
應付附屬公司款項	Amounts due to subsidiaries	19	4,929,775	5,545,934
總負債	Total liabilities		72,558,071	68,820,560
資金來源	Capital resources			
股本	Share capital	26	2,393,341	2,393,341
儲備	Reserves	27	2,224,984	1,986,843
股東資金	Shareholders' funds		4,618,325	4,380,184
負債及資金來源總額	Total liabilities and capital resources		77,176,396	73,200,744

董事會於二零零四年三月十八日核准並授權發佈

Approved and authorised for issue by the Board of Directors on 18 March 2004

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第74頁至139頁的附註屬財務報表一部分。

The notes on pages 74 to 139 form part of these financial statements.

綜合權益變動報表

Consolidated Statement of Changes in Equity

截至二零零三年

for the year ended 31 December 2003

十二月三十一日止年度

(Expressed in Hong Kong dollars)

(以港幣為單位)

		附註 Note	二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 (重報) (Restated) 港幣千元 HK\$'000
於一月一日的股東權益	Shareholders' equity at 1 January			
— 如前滙報	— As previously reported		4,595,722	3,238,342
— 前年度因遞延稅項作出的調整	— Prior year adjustment in respect of deferred taxation		40,292	92,089
— 重報	— As restated		4,636,014	3,330,431
物業重估淨虧損	Net deficit on revaluation of investment properties	27(b)	—	(20,481)
滙兌差額	Exchange differences	27(f)	(713)	(17)
未在收益表內確認的淨虧損	Net losses not recognised in the income statement		(713)	(20,498)
因合併而增加	Additions through merger			
— 保留溢利	— Retained profits			
— 如前滙報	— As previously reported	27(g)	—	908,852
— 前年度因遞延稅項作出的調整	— Prior year adjustment in respect of deferred taxation	27(g)	—	21,235
— 重報	— As restated		—	930,087
— 一般儲備	— General reserve	27(e)	—	100,000
— 其他物業重估儲備	— Other property revaluation reserve	27(c)	—	11,945
— 資本儲備	— Capital reserve	27(d)	—	37,500
— 投資物業重估儲備	— Investment property revaluation reserve	27(b)	—	20,481
— 滙兌差額	— Exchange differences	27(f)	—	19
			—	1,100,032
年度內淨溢利	Net profit for the year			
— 如前滙報	— As previously reported			645,797
— 前年度因遞延稅項作出的調整	— Prior year adjustment in respect of deferred taxation			(73,032)
— 股東應佔溢利 (二零零二年：重報)	— Profit attributable to shareholders (2002: as restated)		653,725	572,765
本年度已宣派股息	Dividends declared during the year		(351,551)	(346,716)
於十二月三十一日的股東權益	Shareholders' equity at 31 December		4,937,475	4,636,014

第74頁至139頁的附註屬財務報表一部分。

The notes on pages 74 to 139 form part of these financial statements.

綜合現金流量表

Consolidated Cash Flow Statement

截至二零零三年

for the year ended 31 December 2003

十二月三十一日止年度

(Expressed in Hong Kong dollars)

(以港幣為單位)

			二零零三年 2003	二零零二年 2002 (重報) (Restated)
		附註 Note	港幣千元 HK\$'000	港幣千元 HK\$'000
經營業務	Operating activities			
來自／(用於) 經營業務的現金	Cash generated from/(used in) operating activities	31	2,792,418	(4,329,301)
已付香港利得稅	Hong Kong profits tax paid		(44,302)	(4,275)
已付海外利得稅	Overseas profits tax paid		(1,937)	(1,091)
來自／(用於) 經營業務產生的現金淨額	Net cash from/(used in) operating activities		2,746,179	(4,334,667)
投資業務	Investing activities			
已收股票投資股息	Dividends received from equity investment securities		11,979	17,873
已收聯營公司股息	Dividends received from associates		4,680	–
購入有形固定資產	Payment for purchase of tangible fixed assets		(36,388)	(88,534)
購入附屬公司現金淨流入	Net cashflow from purchase of a subsidiary	32	511	–
出售有形固定資產所得款項	Proceeds from disposal of tangible fixed assets		69,638	1,825
出售聯營公司所得款項	Proceeds from disposal of associates		–	54,455
來自／(用於) 投資業務的現金淨額	Net cash from/(used in) investing activities		50,420	(14,381)
融資業務	Financing activities			
支付股息	Dividends paid		(330,551)	(166,716)
支付發行債務資本利息	Interest paid on loan capital issued		(356,667)	(178,432)
發行債務資本所得款項	Proceeds from loan capital issued		–	1,950,078
(用於)／來自融資業務的現金淨額	Net cash (used in)/from financing activities		(687,218)	1,604,930
現金及現金等值項目增加／(減少) 淨額	Net increase/(decrease) in cash and cash equivalents		2,109,381	(2,744,118)
因合併而增加	Addition through merger		–	3,029,944
於一月一日的現金及現金等值項目	Cash and cash equivalents at 1 January		5,551,141	5,265,315
於十二月三十一日的現金及現金等值項目	Cash and cash equivalents at 31 December	33	7,660,522	5,551,141
經營業務產生的現金流量包括：	Cash flows from operating activities include:			
已收利息	Interest received		3,292,318	3,121,578
已付利息	Interest paid		(1,817,634)	(1,429,620)

第74頁至139頁的附註屬財務報表一部分。

The notes on pages 74 to 139 form part of these financial statements.

財務報表附註

Notes on the Financial Statements

(除特別列明外以港幣為單位)

(Expressed in Hong Kong dollars unless otherwise indicated)

1. 主要業務

本行及其附屬公司（統稱為「本集團」）的主要業務是提供銀行及相關金融服務。這些業務對本集團的業績或資產及負債具有重大影響。

2. 主要會計政策

(a) 遵例聲明

這些財務報表已按照香港會計師公會頒佈的所有適用之《香港財務報告準則》（包含所有適用的《會計實務準則》及詮釋）、香港公認會計原則及香港《公司條例》規定編製。本集團採用的主要會計政策概述如下。

(b) 財務報表編製基準

除了投資物業以重估值以及部分證券投資及衍生金融工具以市值列賬外，各財務報表是以歷史成本作為編製基準。有關詳情已載列於下列會計政策。

(c) 收入確認

收入是在經濟效益可能會流入本集團，以及能夠可靠地計算收入和成本（如適用）時，根據下列方法在收益表內確認：

- (i) 計劃持有至到期的有期債務證券利息收入按溢價攤銷或購入折扣所調整的數額，在產生時確認，使回報率自購入日至到期日期間維持不變。除了呆賬利息外，其他利息收入均按尚未償還債務本金及適用利率，以時間比例為基準計算（附註2(d)(v)）。
- (ii) 費用及佣金收入在賺取時確認，但如費用是為彌補持續為客戶提供一項服務的成本或承受風險而收取或費用性質為利息則除外。在這些情況下，收費在成本發生或承受風險的會計期確認或視作利息收入。
- (iii) 融資租賃及分期付款的隱含財務收入按租賃年期確認為利息收入，以令每個會計年度期間剩餘的淨投資回報大致上相同。支付經紀有關融資租賃及分期付款的佣金按租賃期限攤銷。

1. PRINCIPAL ACTIVITIES

The principal activities of the Bank and its subsidiaries (the 'Group'), which materially affect the results or comprise the assets and liabilities of the Group, are the provision of banking and related financial services.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (which includes all applicable Statements of Standard Accounting Practice ('SSAP') and Interpretations) issued by the Hong Kong Society of Accountants (the 'HKSA'), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by the Group is set out below.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is historical cost modified by the revaluation of premises and investment properties, and the marking to market of certain investments in securities and derivative financial instruments as explained in the accounting policies set out below.

(c) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

- (i) Interest income from dated debt securities intended to be held to maturity is recognised as it accrues, as adjusted by the amortisation of the premium or discount on acquisition, so as to achieve a constant rate of return over the period from the date of purchase to the date of maturity. Other interest income is accrued on a time-apportioned basis by reference to the principal outstanding and the rate applicable, except in the case of interest on doubtful debts (note 2(d)(v)).
- (ii) Fee and commission income is recognised when the corresponding service is provided, except where the fee is charged to cover the costs of a continuing service to, or risk borne for, the customer, or is interest in nature. In these cases, the fee is recognised as income in the accounting period in which the costs or risk incurred or accounted for as interest income.
- (iii) Finance income implicit in the finance lease and hire purchase payments is recognised as interest income over the period of the leases so as to produce an approximately constant periodic rate of return, on the outstanding net investment in the leases for each accounting period. Commission paid to dealers for finance lease loans or hire purchase contracts is amortised over the terms of the leases.

2. 主要會計政策 (續)

(c) 收入確認 (續)

- (iv) 除非有具代表性的基準衡量從租賃資產獲取利益的模式，其經營租賃之應收租金會按該租賃資產的會計年期以等額分期確認為其他經營收入。租賃回贈收益在收益表內列作淨應收租賃支出總額的一部分。

(v) 股息收入確認如下：

- 上市投資的股息收入是在該項投資的股價除息時確認；及
- 非上市投資的股息收入在股東收取款項的權利確立時確認。

(d) 墊款及呆賬

- (i) 向客戶提供的墊款和貿易票據在提取或獲得時按現金價款計算，並按尚餘本金減任何暫記利息和呆壞賬準備後，在資產負債表列賬。住宅按揭貸款提供的現金回贈需予以資本化及在提早還款罰息期於收益表攤銷。

- (ii) 當管理層懷疑最終是否能收回貸款的本金或利息，或當按合約須支付的本金或利息逾期九十天，便會即時將貸款列為不履約貸款。當貸款被列為不履約貸款時，就會把利息暫記，並在有需要時提撥特別準備。

然而，在以下情況下，暫記利息可遞延達十二個月：

- 持有現金抵押品，其價值相當於到期本金及利息總和，並可合法行使抵償權；或
- 可變現之有形抵押品淨值足以抵償到期的所有本金及利息，並通過信審程序批准將利息累積或撥入本金。

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Revenue recognition (cont'd)

- (iv) Rental income receivable under operating leases is recognised as other operating income in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in the income statement as an integral part of the aggregate net lease payments receivable.

(v) Dividend income is recognised as follows:

- dividend income from listed investments is recognised when the share price of the investment goes ex-dividend; and
- dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(d) Advances and doubtful debts

- (i) Advances to customers and trade bills are measured at the cash consideration at the time of drawdown/acquisition and are stated in the balance sheet at the principal amounts outstanding net of any suspended interest and provisions for bad and doubtful debts. Cash rebates granted in relation to residential mortgage loans are capitalised and amortised to the income statement over the early prepayment penalty period.

- (ii) Loans are designated as non-performing as soon as management has doubts as to the ultimate recoverability of principal or interest or when contractual payments of principal or interest are 90 days overdue. When a loan is designated as non-performing, interest will be suspended and a specific provision raised if required.

However, the suspension of interest may be deferred for up to 12 months past due in the following situations:

- where cash collateral is held covering the total of principal and interest due and the right of set-off is in place; or
- where the value of net realisable tangible collateral is considered more than sufficient to cover the full repayment of all principal and interest due and credit approval has been given to the rolling-up or capitalisation of interest payments.

2. 主要會計政策 (續)

(d) 墊款及呆賬 (續)

(iii) 特別準備

特別準備是指來自指定賬戶的預期虧損量化金額，並從資產負債表的貸款及墊款中扣除。提撥之特別準備的金額是按個別情況而進行評估。當貸款被列為呆賬時，特別準備會按照定期檢討其賬面值減任何可實現抵押品金額而提撥，以減少這些墊款餘額。

(iv) 一般準備

一般準備補特別準備的不足，以照應於結算日已存在但於日後始能確認之貸款損失。本集團維持之一般準備金額乃參照貸款組合的結構和風險特點及主要根據過往的虧損經驗計算貸款組合個別部分的預期虧損。一般準備於資產負債表的客戶貸款及墊款中扣除。

(v) 利息暫記的墊款

不履約貸款的應計利息記入暫記賬。在適用的情況下，該筆款項會從資產負債表的「客戶墊款及其他賬項」或「貿易票據」中扣除。在收取現金(變現抵押品所得的現金除外)後，暫記利息就可收回，並記入收益表。變現抵押品所收取的金額用於償還未償債務，如有盈餘，則先用作抵銷任何特別準備，然後用作抵銷暫記利息。

(vi) 非應計貸款

在利息和本金付款資料未更新，未來還款未合理肯定前，貸款不會重新分類為應計貸款。如果收回利息付款的可能性很低，利息就不再視作應計利息。如果貸款沒有合理收回機會，有關貸款及任何相關的暫記利息就會撇銷。

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Advances and doubtful debts (cont'd)

(iii) Specific provisions

Specific provisions represent the quantification of expected losses from identified accounts and are deducted from loans and advances in the balance sheet. The amount of specific provisions raised is assessed on a case by case basis. Specific provisions are made against the carrying amount of advances that are identified as being in doubt, based on regular reviews of outstanding balances, to reduce these advances, net of any realisable collateral, to their recoverable amounts.

(iv) General provisions

General provisions augment specific provisions and provide cover for loans which are impaired at the balance sheet date but which will not be identified as such until some time in the future. The Group maintains a general provision which is determined taking into account the structure and risk characteristics of the Group's loan portfolio and the expected loss of the individual components of the loan portfolio based primarily on the historical loss experience. General provisions are deducted from loans and advances to customers in the balance sheet.

(v) Advances on which interest is being suspended

Interest accrued on non-performing loans is credited to a suspense account which is netted in the balance sheet against 'Advances to customers and other accounts' or 'Trade bills' as appropriate. On receipt of cash (other than from the realisation of collateral), suspended interest is recovered and taken to the income statement. Amounts received from the realisation of collateral are applied to the repayment of outstanding indebtedness, with any surplus used to recover any specific provisions and then suspended interest.

(vi) Non-accrual loans

Loans are not reclassified as accruing until interest and principal payments are up-to-date and future payments are reasonably assured. Where the probability of receiving interest payments is remote, interest is no longer accrued. Where the loan has no reasonable prospect of recovery, the loan and any related suspended interest are written off.

2. 主要會計政策 (續)

(d) 墊款及呆賬 (續)

(vii) 購入以取代墊款的資產

為實現有序的變現，取代墊款而購入的資產仍以墊款列賬。在這情況下，墊款的賬面值及估計可從售出取回資產收入之間的差額，應作減值準備。

在墊款已經沖銷的情況下，購入的資產將被重新分類，列入其他賬項。若預計購入資產之公平價值下降，則按需要把減值損失(參閱附註2(k))入賬。

(e) 附屬公司

按照香港《公司條例》的規定，附屬公司是指本集團直接或間接持有超過半數已發行股本，或控制超過半數投票權，或控制其董事會組成的公司。本行有權直接或間接管轄其財務及經營政策，以透過其活動得益的附屬公司，均視為受本行控制。

於受控附屬公司的投資均在綜合財務報表中綜合計算。然而，如購入並持有這些投資的唯一目的是在短期內將之出售，或是在嚴格而長期的規限下運作，以致其向本集團轉移資金的能力嚴重受損，則這些投資會計入其他證券投資賬項(參閱附註2(h)(iv))。

集團間之結餘及交易，及任何集團間之交易而產生之未實現溢利均於編製綜合財務報表時悉數抵銷，集團間交易產生之未實現虧損以未實現溢利一致之方法予以抵銷，惟僅至再無減值之證明出現。

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Advances and doubtful debts (cont'd)

(vii) Assets acquired in exchange for advances

Assets acquired in exchange for advances in order to achieve an orderly realisation continue to be reported as advances. In this regard, provision is made on the shortfall between the carrying amount of the advances and the expected net sales proceeds from realisation of the repossessed assets.

In the case when the loan has been written off, the asset acquired will be reclassified to other accounts. Impairment losses (see note 2(k)), if necessary, are made to allow for declines in the estimated fair value of the assets acquired.

(e) Subsidiaries

A subsidiary, in accordance with the Hong Kong Companies Ordinance, is a company in which the Group, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors. Subsidiaries are considered to be controlled if the Bank has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

An investment in a controlled subsidiary is consolidated into the consolidated financial statements, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Group, in which case the investment is accounted for as an investment in other securities (see note 2(h)(iv)).

Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2. 主要會計政策 (續)

(e) 附屬公司 (續)

在本行的資產負債表中，於附屬公司的投資均按成本減任何減值損失 (參閱附註2(k)) 後入賬。然而，如購入並持有這些投資的唯一目的是在短期內將之出售或是在嚴格而長期的規限下運作，以致其向本行轉移資金的能力嚴重受損，則這些投資會計入其他證券投資賬項 (參閱附註2(h)(iv))。

(f) 聯營公司

聯營公司是指本集團或本行可對其管理發揮重大影響的公司，包括參與其財務及經營決策，但並不控制或共同控制其管理的實體。

聯營公司投資均在綜合財務報表最初以權益法按成本入賬，投資後本集團佔聯營公司淨資產的比例出現變化後再作調整。然而，如購入並持有這些投資的唯一目的是在短期內將之出售或是在嚴格而長期的規限下運作，以致其向本集團轉移資金的能力嚴重受損，則這些投資會計入其他證券投資賬項 (參閱附註2(h)(iv))。綜合收益表反映本集團本年度佔聯營公司投資後業績的百分比。當本集團分攤的虧損超過賬面值，其賬面值將會完全沖銷；除本集團需對該聯營公司所付的責任外，不需確認其他的虧損。

本集團及其聯營公司間交易所產生的未實現盈虧均予抵銷，但只限於本集團於有關聯營公司的權益。然而，如能證明已轉讓資產減值損失而產生未實現虧損，則該項虧損立即於收益表確認。

在本行的資產負債表中，於聯營公司的投資是以成本扣除減值損失列賬 (參閱附註2(k))。然而，如購入並持有這些投資的唯一目的是在短期內將之出售，或是在嚴格而長期的規限下運作，以致其向投資者轉移資金的能力嚴重受損，則這些投資會計入其他證券投資賬項 (參閱附註2(h)(iv))。

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Subsidiaries (cont'd)

In the Bank's balance sheet, an investment in a subsidiary is stated at cost less any impairment losses (see note 2(k)), unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Bank, in which case, the investment is accounted for as an investment in other securities (see note 2(h)(iv)).

(f) Associates

An associate is an entity in which the Group or the Bank has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An interest in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions that significantly impair its ability to transfer funds to the Group, in which case the investment is accounted for as an investment in other securities (see note 2(h)(iv)). The consolidated income statement reflects the Group's share of the post-acquisition results of the associates for the year. When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further loss is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the consolidated income statement.

In the Bank's balance sheet, its interests in associates are stated at cost less impairment losses (see note 2(k)), unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions that significantly impair its ability to transfer funds to the investor, in which case the investment is accounted for as an investment in other securities (see note 2(h)(iv)).

2. 主要會計政策 (續)

(g) 商譽

綜合賬項產生的正商譽為購入成本超過本集團購入可辨認資產及負債的公平價值所佔數額。就受控附屬公司而言，正商譽按預計可使用年限，以直線法在綜合收益表攤銷。正商譽在綜合資產負債表按成本減任何累計攤銷及任何減值損失列賬（參閱附註2(k)）。

就本年度內出售受控附屬公司而言，任何未在綜合收益表攤銷的購入商譽所佔金額應包括在計算出售溢利或虧損。

(h) 證券投資

本集團及本行就證券投資（於附屬公司及聯營公司的投資除外）的政策如下：

- (i) 本集團及或本行有能力並計劃持有至到期的有期債務證券歸類持有至到期證券。持有至到期證券是以攤銷成本減任何減值準備記入資產負債表。準備是在預期不會全數收回賬面值時提撥，並在收益表內確認為支出。這些準備是就各項投資個別釐定。
- (ii) 持續持有作同一長期指定用途的投資列為投資證券。投資證券是以成本減任何減值準備記入資產負債表。除非有證據證明減值是臨時性，否則，準備是在公平價值跌至低於賬面值時提撥，並在收益表內確認為支出。這些準備是就各項投資個別釐定。
- (iii) 在引致撇減或沖銷的情況及事項不再存在，並有具說服力的憑證顯示新的情況及事項將會在可預見將來持續下去，則持有至到期證券及投資證券的賬面值的準備將撥回。
- (iv) 所有其他證券（不管是為買賣還是其他目的持有）均以公平價值記入資產負債表。公平價值的變動於產生時於收益表內確認。如果證券主要是為了從短期價格波動或證券商的利潤賺取溢利而購入，則這些證券作為買賣證券列賬。

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Goodwill

Positive goodwill arising on consolidation represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable assets and liabilities acquired. In respect of controlled subsidiaries, positive goodwill is amortised to the consolidated income statement on a straight-line basis over its estimated useful life. Positive goodwill is stated in the consolidated balance sheet at cost less any accumulated amortisation and any impairment losses (see note 2(k)).

On disposal of a controlled subsidiary during the year, any attributable amount of purchased goodwill not previously amortized through the consolidated income statement is included in the calculation of the profit or loss on disposal.

(h) Investments in securities

The Group's and the Bank's policies for investments in securities other than investments in subsidiaries and associates are as follows:

- (i) Dated debt securities that the Group and/or the Bank have the ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated in the balance sheet at amortised cost less any provisions for diminution in value. Provisions are made when carrying amounts are not expected to be fully recovered and are recognised as an expense in the income statement, such provisions being determined for each investment individually.
- (ii) Investments held on a continuing basis for an identified long-term purpose are classified as investment securities. Investment securities are stated in the balance sheet at cost less any provisions for diminution in value. Provisions are made when the fair values have declined below the carrying amounts, unless there is evidence that the decline is temporary, and are recognised as expenses in the income statement, such provisions being determined for each investment individually.
- (iii) Provisions against the carrying value of held-to-maturity securities and investment securities are written back when the circumstances and events that led to the write-down or write-off cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.
- (iv) All other securities (whether held for trading or otherwise) are stated in the balance sheet at fair values. Changes in fair value are recognised in the income statement as they arise. Securities are presented as trading securities when they were acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin.

2. 主要會計政策 (續)

(h) 證券投資 (續)

- (v) 出售證券投資的損益按估計出售收入淨額與投資賬面值之間的差額釐定，並在產生時記入收益表。

(i) 銷售及重購協議

按銷售及重購協議出售的證券實質上視為有抵押貸款，因此，這些證券按其列作持有至到期日的證券、投資證券或其他投資的分類，按成本或市價列入資產負債表；而出售收入則按交易另一方的身份列入「客戶存款」或「銀行及其他金融機構存款及結存」。售價與重購價之差價在出售日至重購日之間的期間按有效收入基準攤銷，並列入利息支出。

(j) 有形固定資產及折舊

- (i) 這些財務報表按香港會計師公會頒佈的會計實務準則第17號「物業、廠房及設備」第80節所載的臨時規定編製，故並無在結算日重估其他物業的公平市場價值。董事無意在將來對其他物業重估。

- (ii) 有形固定資產是按下列基準記入資產負債表：

- 除非尚餘租賃期二十年或以下之外，投資物業每年由外聘的合資格估值師所評估的公開市值記入資產負債表。而投資物業不需再計提折舊。
- 永久業權土地不予折舊。其他物業按以下方式在其估計可用年限內以直線法沖銷其成本或估值計算折舊：

租賃土地	— 於租賃剩餘年期內計算折舊
樓宇	— 以三十年以上或土地租賃剩餘年期兩者中的較短者計算折舊

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Investments in securities (cont'd)

- (v) Profits or losses on disposal of investments in securities are determined as the difference between the estimated net disposal proceeds and the carrying amount of the investments and are accounted for in the income statement as they arise.

(i) Sale and repurchase agreements

Proceeds received from the sale of securities under sale and repurchase agreements are considered to be, in substance, secured loans. Therefore the securities are maintained on the balance sheet at cost or market value depending on their classification as held-to-maturity securities, investment securities or other investments and the proceeds of the sale are included in 'Deposits from customers' or 'Deposits and balances of banks and other financial institutions' depending on the identity of the counterparty. The difference between the sale price and the repurchase price is amortised on an effective yield basis over the period from the date of sale to the date of repurchase and is included in interest expense.

(j) Tangible fixed assets and depreciation

- (i) In preparing these financial statements, advantage has been taken of the transitional provisions set out in paragraph 80 of SSAP 17 'Property, plant and equipment' issued by the HKSA, with the effect that other premises have not been revalued to open market value at the balance sheet date. It is not the directors' intention to revalue other premises in the near future.

- (ii) Tangible fixed assets are carried in the balance sheet on the following bases:

- Investment properties are stated in the balance sheet at their open market value which is assessed annually by external qualified valuers. No depreciation is provided on investment properties except where the unexpired term of the relevant lease is 20 years or less.
- Freehold land is not depreciated. Other premises are depreciated on a straight-line basis to write off their cost or valuation over their estimated useful lives which are as follows:

Land held on leases	— over the unexpired terms of the leases
Buildings	— over 30 years or the unexpired terms of the land leases, whichever is shorter

2. 主要會計政策 (續)

(j) 有形固定資產及折舊 (續)

- 傢俬、裝置及設備以成本減按直線法計算的折舊入賬，以在資產的估計可用年限（一般為四至十年）內沖銷其成本。
- (iii) 重估投資物業所產生的變動一般會撥入儲備處理，但下列情況例外：
- 如果出現重估虧損，而且有關的虧損額超過投資物業組合在截至重估前計入儲備的數額，便會在收益表列支；及
 - 如果以往曾將同一項投資物業組合的重估虧損在收益表列支，則在出現重估盈餘時，便會撥入收益表計算。
- (iv) 在超過現有資產原來評估的表現水平的未來經濟效益很可能會流入本集團時，與固定資產有關而已經確認的其後支出將加入資產的賬面值。所有其他其後支出則於產生期間確認為支出。
- (v) 報廢或出售固定資產所產生的損益以預計出售所得淨額與資產的賬面金額之間的差額釐定，並於報廢或出售當日在收益表確認。出售投資物業時，以往記入投資物業重估儲備的有關盈餘或虧損部分亦會轉入該年度的收益表內。就所有其他固定資產而言，任何相關的重估盈餘將由重估儲備轉入保留溢利。

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Tangible fixed assets and depreciation (cont'd)

- Furniture, fixtures and equipment are stated at cost less depreciation calculated on a straight-line basis to write off the assets over their estimated useful lives, which are generally between four and ten years.
- (iii) Changes arising on the revaluation of investment properties are generally dealt with in reserves. The only exceptions are as follows:
- when a deficit arises on revaluation, it will be charged to the income statement, if and to the extent that it exceeds the amount held in the reserve in respect of the portfolio of investment properties, immediately prior to the revaluation; and
 - when a surplus arises on revaluation, it will be taken to the income statement, if and to the extent that a deficit on revaluation in respect of the portfolio of investment properties, had previously been charged to the income statement.
- (iv) Subsequent expenditure relating to a fixed asset that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.
- (v) Profits or losses arising from the retirement or disposal of a fixed asset are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal. On disposal of an investment property, the related portion of surpluses or deficits previously taken to the investment properties revaluation reserve is also transferred to the income statement for the year. For all other fixed assets, any related revaluation surplus is transferred from the revaluation reserve to retained profits.

2. 主要會計政策 (續)

(k) 資產減值損失

本行在每個結算日審閱下列資產的內部和外來的資料，以確定下列資產有否出現減值跡象，或以往確認的減值損失有否減少或不復存在：

- 物業、廠房及設備 (按重估數額列賬的物業除外)；
- 於附屬公司及聯營公司的投資 (根據附註 2(h)(iv)所述，計入其他投資證券賬項者除外)；及
- 正商譽。

如果發現有減值跡象，便會估計資產的可收回數額。每當資產的賬面金額高於可收回數額時，便會確認減值損失。

(i) 計算可收回數額

資產可收回數額是出售淨額及使用值兩者中之較高者。在評估使用值時，會採用一項當時市場評估貨幣的時間值及相對於該資產的風險的稅前折扣率將預計未來現金流量貼現為現值。當某資產未能大部分地獨立於其他資產產生現金流量時，其可收回數額取決於可獨立地產生現金流量的最小資產組合 (即一個現金生產單位)。

(ii) 減值損失轉回

如在用來確定除商譽外的資產的可收回數額的估計有所改變，則減值損失會被轉回。商譽的減值損失只會因招致該損失的一種特殊性質的特別外來事件在被視作不會再次出現，及可收回數額增加清楚顯示與該特別事件之轉回相關連才會被沖銷。

減值損失轉回只限於如該等減值損失從未在以往年度確認時的賬面價值。減值損失轉回在該被確認的年度記入收益表內。

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Impairment of assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment (other than properties carried at revalued amounts);
- investments in subsidiaries and associates (except for those accounted for as an investment in other securities under notes 2(h)(iv)); and
- positive goodwill.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

(i) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

(ii) Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is reversed only if the loss was caused by a specific external event of an exceptional nature, is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are taken to the income statement in the year in which the reversals are recognised.

2. 主要會計政策 (續)

(l) 融資租賃及分期付款合約

承租人基本上承受擁有權帶來的全部風險及報酬的資產租賃列為融資租賃。出租人沒有轉移擁有權的所有風險及報酬的資產租賃列為經營租賃。

(i) 融資租賃的資產

在本集團是融資租賃的出租人情況下，對融資租賃而租出的資產的投資淨額視作客戶墊款，在資產負債表列賬。有融資租賃特徵的分期付款合約以同樣方式列作融資租賃。融資租賃的收入會根據主要會計政策附註2(c)(iii)確認列於賬內。

(ii) 用於經營租賃的資產

在本集團是經營租賃的出租人情況下，對經營租賃而租出的資產視作固定資產，而在適用之情況下，折舊會根據主要會計政策附註2(j)計算及減任何減值損失(參閱附註2(k))。經營租賃的收入會根據主要會計政策附註2(c)確認列於賬內。

(iii) 經營租賃費用

如本集團使用經營租賃資產，除非有其他基準更能表示從該等經營租賃資產獲得利益的模式，否則其租賃支出按該租賃年期相關的會計年期以等額分期記入收益表。租賃回贈收入視為淨租賃支出總額的一部分，在收益表內確認。

(m) 現金及現金等值項目

現金及現金等值項目包括現金以及銀行及其他金融機構結存，以及短期、流動性極高的銀行間存款及投資，可隨時兌換為已知的現金數額，價值變動風險並不重大，並在購入後三個月內到期。

(n) 後償負債及已發行債務證券

後償負債及已發行債務證券按發行時收取的所得款項淨額價值作發行溢價或折讓攤銷調整後，計入資產負債表。

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Leases and hire purchase contracts

Leases of assets under which the lessee assumes substantially all the risks and benefits of ownership are classified as finance leases. Leases of assets under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases.

(i) Assets held under finance leases

Where the Group is a lessor under finance leases, an amount representing the net investment in the lease is included in the balance sheet as advances to customers. Hire purchase contracts having the characteristics of finance leases are accounted for in the same manner as finance leases. Revenue arising from finance leases is recognised in accordance with the Group's revenue recognition policies, as set out in note 2(c)(iii).

(ii) Assets held for use in operating leases

Where the Group is a lessor under operating leases, the leased assets are included in fixed assets and, where applicable, are depreciated in accordance with the Group's depreciation policies, as set out in note 2(j), and less any impairment losses (see note 2(k)). Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies, as set out in note 2(c).

(iii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash and balances with banks and other financial institutions, and short-term, highly liquid inter-bank placements and investments that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(n) Subordinated liabilities and debt securities issued

Subordinated liabilities and debt securities issued are included in the balance sheet at the value of the net proceeds received upon issue, adjusted for the amortisation of any premium or discount arising on issue.

2. 主要會計政策 (續)

(n) 後償負債及已發行債務證券 (續)

後償負債及已發行債務證券利息按息票率作發行溢價或折讓攤銷調整後，記入收益表，使發行日至贖回日期間的比率一致。

如在到期日前回購或清償已發行的債務證券，已償還金額及賬面金額的任何差額須立即在收益表確認。

(o) 僱員福利

- (i) 本集團僱員的薪金、年度花紅、受薪年假、假期津貼及本集團非貨幣性福利成本均列入僱員提供相關服務的年度。如果有關付款或結算受到遞延，而其影響將十分重大，則這些金額將按現值列賬。
- (ii) 本集團設有一項界定供款公積金及一項強制性公積金計劃。有關供款在供款到期時計入收益表內。
- (iii) 只當本集團顯示其承諾因自願離職計劃而終止僱傭關係或提供補償時才可把終止補償金確認，而且該計劃必須有詳細的正式規劃，沒有合理撤銷的可能性。

(p) 稅項

- (i) 本年度所得稅包括本期稅項及遞延稅項資產和負債的變動。本期稅項及遞延稅項資產和負債的變動基本上在收益表內確認，但關乎直接確認為股東權益項目的，則確認為股東權益。
- (ii) 本期稅項為本年度應課稅收入按結算日已生效或實際上已生效的稅率計算的預計應付稅項，並已包括以往年度應付稅項的任何調整。
- (iii) 遞延稅項資產及負債是因納稅基礎計算的資產及負債與其賬面值之間的差異而分別產生的可扣稅及應課稅的暫時性差異。遞延稅項資產也包括尚未使用的稅項虧損及稅項抵免。

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Subordinated liabilities and debt securities issued (cont'd)

Interest on subordinated liabilities and debt securities issued is charged to the income statement at the coupon rate adjusted for the amortisation of any premium or discount arising on issue so as to achieve a constant rate of charge over the period from the date of issue to the date of redemption.

When debt securities issued are repurchased or settled before maturity, any difference between the amount repaid and the carrying amount is recognised immediately in the income statement.

(o) Employee benefits

- (i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.
- (ii) The Group operates a defined contribution provident fund and a Mandatory Provident Fund scheme. Contributions are charged to the income statement as and when the contributions fall due.
- (iii) Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(p) Income tax

- (i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.
- (ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.
- (iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

2. 主要會計政策 (續)

(p) 稅項 (續)

除了某些有限的例外情況外，所有遞延稅項負債和遞延稅項資產（只限於可用來抵銷日後應課稅溢利的部分）均予確認。

確認遞延稅項資產和負債的有限例外情況包括不可在稅務方面獲得扣減的商譽所產生的暫時性差異、不影響會計或應課稅溢利（如屬商業合併的一部分則除外）的資產或負債的初次確認、以及投資附屬公司的暫時性差異，就應課稅差異而言，只限於本集團可以控制轉回的時間，而且在可預見的將來不大可能轉回的差異，而就可扣稅的差異而言，則只限於可在將來轉回的差異。

遞延稅項是以有關資產及負債的預期結算金額按結算日已頒佈或基本上已頒佈的稅率而提撥。遞延稅項資產及負債不作淨現值折扣。

於各結算日，本行將重新審閱有關的遞延稅項資產的賬面金額，對不再有足夠的應課稅溢利以實現相關稅務利益的部分予以扣減。被扣減的遞延稅項資產若於將來出現足夠的應課稅溢利時，應予轉回。

(iv) 本期稅項及遞延稅項結餘和其變動會分開列示，而且不予抵銷。本期和遞延稅項資產只會在本行或本集團有合法權利以本期稅項資產抵銷本期稅項負債，並且符合以下附帶條件的情況下，才可以分別抵銷本期和遞延稅項負債：

- 本期稅項資產和負債：本行或本集團計劃按淨額基準結算，或在實現資產的同時清償負債；或

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Income tax (cont'd)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

(iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, and only if, the Bank or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Bank or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

2. 主要會計政策 (續)

(p) 稅項 (續)

- 遞延稅項資產和負債：這些資產和負債必須與同一稅務機關就以下其中一項徵收的所得稅有關：
 - 同一應課稅實體；或
 - 不同的應課稅實體。這些實體計劃在預期有大額遞延稅項負債需要清償或遞延稅項資產可以收回的每個未來期間，按淨額基準實現本期稅項資產和清償本期稅項負債，或在實現資產的同時清償負債。

(q) 外幣換算

本年度內的外幣交易按交易日的滙率換算為港幣。以外幣計算的貨幣資產與負債則按資產負債表結算日的滙率換算為港幣。滙兌盈虧均撥入收益表處理。

海外企業的業績按本年度平均滙率換算為港幣。資產負債表項目則按結算日的滙率換算。產生的滙兌差額作為儲備變動處理。

計算出售海外企業的損益包括截至出售日由該企業產生的累計滙兌差額。

(r) 準備及或然負債

倘若本集團或本行須就已發生的事件承擔法律或推定義務，而履行該義務預期很可能會導致經濟效益外流，並可作出可靠的估計，便會就該不定的時間或數額的負債計提準備。如果貨幣時間價值重大，則按預計履行義務支出的現值計列準備。

倘若經濟效益外流的可能性不大，或是無法對有關數額作出可靠的估計，便會將該債務披露為或有負債；但倘若該等經濟效益外流的可能性極低則除外。須視乎某宗或多宗未來事件是否發生而確定存在與否的潛在債務，亦會披露為或有負債；但倘若該等經濟效益外流的可能性極低則除外。

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Income tax (cont'd)

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(q) Translation of foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. Exchange gains and losses are dealt with in the income statement.

The results of foreign enterprises are translated into Hong Kong dollars at the average exchange rates for the year; balance sheet items are translated at the rates of exchange ruling at the balance sheet date. The resulting exchange differences are dealt with as a movement in reserves.

On disposal of a foreign enterprise, the cumulative amount of the exchange differences which relate to that foreign enterprise is included in the calculation of the profit or loss on disposal.

(r) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Bank or the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. 主要會計政策 (續)

(s) 資產負債表外的金融工具

資產負債表外的金融工具一般指源自本集團及本行在外匯、利率及證券市場上所進行的期貨、遠期、掉期和期權交易的衍生工具。淨額結算安排適用於具合法抵銷權的情況，而且對無償債能力的各方人士仍具同等效力。

該等金融工具的會計處理方法取決於所從事交易是作為買賣用途，還是作為資產及負債投資組合管理的一部分。

(i) 供買賣的衍生工具

買賣交易包括為滿足客戶需要及自用的交易，以及任何相關的對沖。

作買賣用途的交易按市價計算，所引起損益的淨現值於收益表內確認為買賣溢利／虧損。交易的未實現收益記入資產負債表的「應計利息及其他賬項」。交易的未實現虧損則記入「其他賬項及準備」。

不在交易所買賣的衍生工具的公平價值是本集團在結算日終止合同時，考慮到當時的市場狀況及交易另一方當時的信用狀況而估計可收取或須支付的金額。

(ii) 供資產負債管理的衍生工具

合符條件作為對沖的衍生工具是以其對沖的基本資產、負債或未平倉盤淨額相同的基準估值。任何損益以相關資產、負債或未平倉盤淨額所產生損益相同的基準確認。

在以下各種條件都符合時，對沖的關係才可成立：

- 對沖開始時即有正式文件記錄對沖的資料；
- 對沖預期十分有效；
- 對沖的有效性能可靠地量度；
- 在整個報告期間對沖均十分有效；及

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Off-balance sheet financial instruments

Off-balance sheet financial instruments mainly include derivatives arising from futures, forward, swap and option transactions undertaken by the Group and the Bank in the foreign exchange, interest rate and equity markets. Netting is applied where a legal right of set-off exists, which would survive the insolvency of all parties.

The accounting for these instruments is dependent upon whether the transactions are undertaken for trading purposes or as part of the management of asset and liability portfolios.

(i) Derivatives used for trading purposes

Trading transactions include transactions undertaken for market making, to service customers' needs and for proprietary purposes, as well as any related hedges.

Transactions undertaken for trading purposes are marked to market and the net present value of the gain or loss arising is recognised in the income statement as trading gains/losses. Unrealised gains on transactions are included in 'Accrued interest and other accounts' in the balance sheet. Unrealised losses on transactions are included in 'Other accounts and provisions'.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Group would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions and the current creditworthiness of the counterparties.

(ii) Derivatives used for asset and liability management purposes

Derivatives that qualify as hedges are valued on an equivalent basis to the underlying assets, liabilities or net positions which they are hedging. Any profit or loss is recognised on the same basis as that arising from the related assets, liabilities or net positions.

A hedging relationship exists where:

- at the inception of the hedge there is formal documentation of the hedge;
- the hedge is expected to be highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is highly effective throughout the reporting period; and

2. 主要會計政策 (續)

(s) 資產負債表外的金融工具 (續)

(ii) 供資產負債管理的衍生工具 (續)

- 成交機會很高，可最終影響盈虧淨額的現金流量變動風險的預計交易對沖。

對沖衍生工具終止後的任何盈虧按終止合同的原來年期在收益表遞延及攤銷。當基本資產、負債或對沖盤已售或終止時，對沖衍生工具即按市值在收益表列賬。

(t) 關連人士

就此等財務報表而言，與本集團有權直接或間接監控另一方或對另一方人士的財務及經營決策作出重要影響，或另一方人士有權直接或間接監控本集團或對本集團的財務及經營決策作出重要的影響，或本集團與另一方人士均受制於共同的監控或共同的重要影響下，則被視為關連人士。關連人士可為個別人士或其他實體。

3. 會計政策變動

過往年度，遞延稅項負債是根據可預見將來因收入及支出之會計與稅務處理的重大時差而產生的稅務影響，以負債法提撥。遞延稅項資產只會在合理及肯定可實現的情況下才會確認。本集團因應香港會計師公會所發出的於二零零三年一月一日生效的《會計實務準則》第12號(修訂)採納附註2(p)關於遞延稅項的新會計政策。因採納此項會計政策，本集團於年度內溢利增加9,041,000元(二零零二年：減少73,032,000元)，而年底淨資產增加49,333,000元(二零零二年：40,292,000元)。

新會計政策的採納是具有追溯力，保留溢利及儲備之期初數及其比較數字是按照以往期間的數額作調整，數額於綜合權益變動報表中披露。

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Off-balance sheet financial instruments (cont'd)

- (ii) Derivatives used for asset and liability management purposes (Cont'd)
 - for hedges of a forecasted transaction, the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect net profit or loss.

Any gain or loss on termination of hedging derivatives is deferred and amortised to the income statement over the remaining original life of the terminated contract. Where the underlying asset, liability or position is sold or terminated, the hedging derivative is immediately marked to market through the income statement.

(t) Related parties

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

3. CHANGE IN ACCOUNTING POLICY

In prior years, deferred tax liabilities were provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure, which were expected with reasonable probability to crystallise in the foreseeable future. Deferred tax assets were not recognised unless their realisation was assured beyond reasonable doubt. With effect from 1 January 2003, in order to comply with SSAP 12 (revised) issued by the HKSA, the Group adopted a new policy for deferred tax as set out in note 2(p). As a result of the adoption of this accounting policy, the Group's profit for the year has been increased by \$9,041,000 (31 December 2002: decreased by \$73,032,000) and the net assets as at the year end have been increased by \$49,333,000 (2002: \$40,292,000).

The new accounting policy has been adopted retrospectively, with the opening balances of retained profits and reserves and comparative information adjusted for the amounts relating to prior periods as disclosed in the consolidated statement of changes in equity.

4. 經營溢利

本年度經營溢利已計算下列各項：

(a) 利息收入

		本集團 The Group	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
證券利息收入	Interest income on securities	897,727	977,521
其他利息收入	Other interest income	1,612,421	2,041,030
		2,510,148	3,018,551

(b) 其他經營收入

		本集團 The Group	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
其他收益	Other revenue		
來自非上市投資的股息收入	Dividend income from unlisted investment	11,979	17,873
租金收入減支出276,000元 (二零零二年：469,000元)	Rental income less outgoings of \$276,000 (2002: \$469,000)	8,393	8,804
		20,372	26,677
其他淨收入	Other net income		
其他證券投資淨(虧損)/溢利	Net (loss)/gain on other investments in securities	(17,100)	74,140
外匯買賣淨溢利	Net gain arising from dealing in foreign currencies	10,905	13,828
其他買賣業務的淨虧損	Net loss arising from other dealing activities	(3,382)	(56,591)
其他	Others	15,446	46,847
		5,869	78,224
總額	Total	26,241	104,901

4. OPERATING PROFIT

The operating profit for the year is stated after taking account of the following:

(a) Interest income

(b) Other operating income

4. 經營溢利 (續)

(c) 經營支出

		本集團 The Group	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
僱員成本	Staff costs		
薪金及其他僱員成本	Salaries and other staff costs	446,324	549,761
退休金成本 (附註34)	Retirement costs (note 34)	35,458	24,457
樓宇及設備支出	Premises and equipment expenses		
樓宇租金	Rental of premises	49,334	50,189
折舊 (附註22)	Depreciation (note 22)	125,537	113,388
其他	Others	86,725	72,461
核數師酬金	Auditors' remuneration	3,290	3,174
廣告費	Advertising	50,886	74,869
通訊費、印刷及文儀用品	Communication, printing and stationery	51,939	47,045
法律及專業費用	Legal and professional fees	18,059	32,974
其他	Others	50,214	49,202
		917,766	1,017,520

(d) 呆壞賬準備

(d) Charge for bad and doubtful debts

		本集團 The Group	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
特別準備	Specific provisions		
新準備	new provisions	626,731	642,988
撥回	releases	(123,430)	(56,402)
收回金額	recoveries	(78,163)	(70,253)
		425,138	516,333
一般準備	General provisions		
新準備	new provisions	94,323	60,458
撥回	releases	(45,823)	(67,563)
		48,500	(7,105)
呆壞賬準備淨額	Net charge for bad and doubtful debts	473,638	509,228

5. 董事酬金

根據香港《公司條例》第161條披露的董事酬金如下：

		本集團 The Group	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
袍金	Fees	250	180
退休金供款	Pension contributions	945	1,541
其他	Others	13,806	27,893
		15,001	29,614

6. 稅項

(a) 綜合收益表內列報的稅項為：

5. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

6. INCOME TAX

(a) Taxation in the consolidated income statement represents:

		本集團 The Group	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 (重報) (Restated) 港幣千元 HK\$'000
本期稅項 — 香港利得稅準備	Current tax – Provision for Hong Kong Profits Tax		
年內稅項	Tax for the year	94,550	22,731
過往年度稅項準備撥回	Over-provision in respect of prior years	(1,501)	(3,280)
		93,049	19,451
本期稅項 — 海外稅項	Current tax – Overseas		
年內稅項	Tax for the year	4,706	2,148
遞延稅項	Deferred tax		
是期產生之暫時性差額及回轉	Origination and reversal of temporary differences	(5,264)	73,032
增加稅率對於一月一日的 遞延稅項之影響	Effect of increase in tax rate on deferred tax balances at 1 January	(3,777)	–
		(9,041)	73,032
所佔聯營公司稅項	Share of an associate's taxation	14,500	–
稅項合計	Total income tax expense	103,214	94,631

6. 稅項 (續)**(a) 綜合收益表內列報的稅項為：(續)**

於二零零三年三月，香港政府宣佈將適用於集團內在香港經營的利得稅率由16%增加至17.5%。此項增加已經計入集團二零零三年年度之賬項內。因此，二零零三年度香港利得稅稅款是以年度內預計應課稅溢利按稅率17.5% (二零零二年：16%) 計算。海外分行及附屬公司的稅款，則按照業務經營地區的現行稅率計算。

(b) 稅項支出與溢利賬項按適用稅率計算稅款對賬表：**6. INCOME TAX (cont'd)****(a) Taxation in the consolidated income statement represents: (cont'd)**

In March 2003, the Hong Kong Government announced an increase in the Profits Tax rate applicable to the Group's operations in Hong Kong from 16% to 17.5%. This increase is taken into account in the preparation of the Group's 2003 financial statements. Accordingly, the provision for Hong Kong Profits Tax for 2003 is calculated at 17.5% (2002: 16%) of the estimated assessable profits for the year. Taxation for overseas branches and subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

(b) Reconciliation between tax expenses and accounting profit at applicable tax rates:

		本集團 The Group	
		二零零三年 2003	二零零二年 2002 (重報) (Restated)
		港幣千元 HK\$'000	港幣千元 HK\$'000
除稅前溢利	Profit before tax	756,939	667,396
以有關國家適用利得稅率計算	Notional tax on profit before tax, calculated at the rates		
除稅前溢利的名義稅項	applicable to profits in the tax jurisdictions concerned	131,438	106,173
不可扣減支出之稅項影響	Tax effect of non-deductible expenses	8,342	11,357
非應課稅收入之稅項影響	Tax effect of non-taxable revenue	(16,797)	(21,023)
未確認的未使用稅務虧損	Tax effect of unused tax losses not recognised		
之稅項影響		(1,634)	1,333
稅務安排對稅項優惠之稅項影響	Tax effect of tax benefit from tax planning arrangement	(13,125)	–
未確認的暫時性差額之稅項影響	Tax effect of temporary allowance not recognised	268	71
因在本年度調高稅率對	Effect on opening deferred tax balances resulting from an		
遞延稅項期初結餘之影響	increase in tax rate during the year	(3,777)	–
過往年度稅項超額準備	Over-provision in prior years	(1,501)	(3,280)
實際稅項支出	Actual tax expenses	103,214	94,631

6. 稅項 (續)

(c) 資產負債表內列報的稅項為：

		本集團 The Group		本行 The Bank	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
香港利得稅	Hong Kong Profits Tax	12,733	1,544	12,571	–
海外稅項	Overseas taxation	4,179	1,223	3,992	1,223
		16,912	2,767	16,563	1,223

7. 股東應佔溢利

綜合股東應佔溢利包括一筆已列入本行財務報表，為數589,674,000元的溢利(二零零二年：重報溢利617,384,000元)。

8. 股息

6. INCOME TAX (cont'd)

(c) Taxation in the balance sheet represents:

		本集團 The Group		本行 The Bank	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
香港利得稅	Hong Kong Profits Tax	12,733	1,544	12,571	–
海外稅項	Overseas taxation	4,179	1,223	3,992	1,223
		16,912	2,767	16,563	1,223

7. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The consolidated profit attributable to shareholders includes a profit of \$589,674,000 (2002: restated profit of \$617,384,000) which has been dealt with in the financial statements of the Bank.

8. DIVIDENDS

		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
已宣派及派發的中期股息	Interim dividend declared and paid	150,551	166,716
已宣派，但未派發的中期股息	Interim dividend declared but not yet paid	201,000	180,000
		351,551	346,716

9. 現金及短期資金

9. CASH AND SHORT-TERM FUNDS

		本集團 The Group		本行 The Bank	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
銀行及其他金融機構 存款及結存	Cash and balances with banks and other financial institutions	494,134	657,000	482,860	634,069
即期及短期通知存款	Money at call and short notice	6,832,040	4,723,135	6,459,786	4,723,135
		7,326,174	5,380,135	6,942,646	5,357,204

即期及短期通知存款是指一個月內到期的存款。

Money at call and short notice represents deposits of up to a maximum of one month maturity.

10. 貿易票據減準備

10. TRADE BILLS LESS PROVISIONS

		本集團及本行 The Group and The Bank	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
貿易票據	Trade bills	457,060	378,094
呆壞賬一般準備(附註14)	General provisions for bad and doubtful debts (note 14)	(4,571)	(3,152)
		452,489	374,942

11. 存款證

11. CERTIFICATES OF DEPOSIT

		本集團 The Group		本行 The Bank	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
持有至到期證券	Held-to-maturity securities				
非上市	Unlisted	1,678,843	937,340	1,678,843	922,340
上市	Listed	–	93,604	–	93,604
		1,678,843	1,030,944	1,678,843	1,015,944
其他證券	Other investments				
非上市	Unlisted	380,257	–	380,257	–
		2,059,100	1,030,944	2,059,100	1,015,944
上市證券的市值	Market value of listed securities	–	97,496	–	97,496

12. 其他證券投資

12. OTHER INVESTMENTS IN SECURITIES

		本集團 The Group		本行 The Bank	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
債務證券	Debt securities				
於香港上市	Listed in Hong Kong	1,397	68,394	1,397	68,394
於香港以外地區上市	Listed outside Hong Kong	1,523,272	812,069	1,523,272	812,069
非上市	Unlisted	461,442	1,491,746	461,442	1,491,746
		1,986,111	2,372,209	1,986,111	2,372,209
股票	Equity securities				
於香港上市	Listed in Hong Kong	21,443	16,011	20,532	15,444
非上市	Unlisted	157,123	161,594	154,826	159,065
		178,566	177,605	175,358	174,509
投資基金－非上市	Investment funds – unlisted	98,303	33,791	98,303	33,791
		2,262,980	2,583,605	2,259,772	2,580,509

其他證券投資的發行機構如下：

The issuers of other investments in securities are as follows:

		本集團 The Group		本行 The Bank	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
中央政府及中央銀行	Central governments and central banks	–	302,790	–	302,790
銀行及其他金融機構	Banks and other financial institutions	1,514,774	1,591,963	1,514,774	1,591,963
法人公司	Corporate entities	488,427	246,521	485,219	243,425
公營機構	Public sector entities	259,779	442,331	259,779	442,331
		2,262,980	2,583,605	2,259,772	2,580,509

12. 其他證券投資 (續)

12. OTHER INVESTMENTS IN SECURITIES (cont'd)

		本集團 The Group		本行 The Bank	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
上市證券的市值	Market value of listed securities				
債務證券	Debt securities	1,524,669	880,463	1,524,669	880,463
股票	Equity securities	21,443	16,011	20,532	15,444
		1,546,112	896,474	1,545,201	895,907

非上市股票包括總值123,697,000元(二零零二年：123,697,000元)的華商銀行25%股份。華商銀行於中國深圳設立及經營業務，是一家合資銀行。

本集團於一九九九年委任華商銀行另一名股東尋找以約129,947,000元價款購入本集團持有的華商銀行25%股份的買家。本集團從華商銀行該股東收取相當於該商定出售價款金額的現金存款。同時，本集團和該華商銀行股東也同意，在本集團收取該筆現金存款開始，本集團不再參與華商銀行的管理和營運或參與其財務業績相關事宜。

作出以上安排後，本集團持有的華商銀行25%股份已在前年度重新分類，在資產負債表列作「聯營公司投資」的項目改為以公平價值列作「其他證券投資」。董事認為，本集團收取的現金存款扣除預計交易成本後最能反映本集團持有華商銀行25%股份的公平價值。

華商銀行另一名股東告知本集團，本年度內沒有找到持有本集團於華商銀行25%股份的買家，因此以上的安排仍然有效。

The unlisted equity securities include an amount of \$123,697,000 (2002: \$123,697,000) representing 25% equity interest in Chinese Mercantile Bank ('CMB'), a joint venture bank established and operating in Shenzhen, The People's Republic of China.

In 1999, the Group appointed the other shareholder of CMB to identify a buyer to acquire the 25% equity interest in CMB held by the Group at a consideration of approximately \$129,947,000. A cash deposit in the amount of this agreed sale consideration was received by the Group from that other shareholder of CMB. At the same time, the Group and that other shareholder of CMB also agreed that the Group would no longer have any further involvement in the management and operations of CMB, or participation in its financial results, from the time of receipt of the cash deposit.

As a result of the above arrangements, the 25% equity interest in CMB held by the Group has been reclassified, in prior year, from the caption 'Investments in associates' to 'Other investments in securities' in the balance sheet, which are stated at fair value. In the opinion of the Directors, the cash deposit received by the Group less anticipated transaction costs best represents the fair value of the 25% equity interest in CMB held by the Group.

That other shareholder of CMB informed the Group that a buyer for the Group's 25% equity interest in CMB had not yet been identified during the year, and the above-mentioned arrangements remain valid.

13. 客戶墊款及其他賬項減準備

(a) 客戶墊款及其他賬項減準備

13. ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS LESS PROVISIONS

(a) Advances to customers and other accounts less provisions

		本集團 The Group		本行 The Bank	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
客戶墊款(附註24)	Advances to customers (note 24)	39,610,093	41,941,753	38,081,856	40,610,733
呆壞賬特別準備(附註14)	Specific provisions for bad and doubtful debts (note 14)	(513,582)	(442,648)	(476,304)	(398,490)
呆壞賬一般準備(附註14)	General provisions for bad and doubtful debts (note 14)	(541,903)	(494,985)	(528,112)	(475,067)
銀行及其他金融機構墊款 (附註24)	Advances to banks and other financial institutions (note 24)	38,554,608	41,004,120	37,077,440	39,737,176
應計利息及其他賬項減 準備	Accrued interest and other accounts less provisions	40,000	79,872	40,000	79,872
		1,791,469	1,763,870	1,758,841	1,736,150
		40,386,077	42,847,862	38,876,281	41,553,198

13. 客戶墊款及其他賬項減準備 (續)

(b) 融資租賃及分期付款合約的投資淨額

客戶墊款包括按融資租賃及有融資租賃特徵的分期付款合約租借給客戶的設備的投資淨額。這些合約的最初租賃期一般為期五至二十年，期後可選擇按賬面值購入這些租借資產。

於十二月三十一日按融資租賃交易的最低應收租金總額及其現值如下：

13. ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS LESS PROVISIONS (cont'd)

(b) Net investment in finance leases and hire purchase contracts

Advances to customers include net investment in equipment leased to customers under finance leases and hire purchase contracts having the characteristics of finance leases. The contracts usually run for an initial period of 5 to 20 years, with an option for acquiring the leased asset at nominal value.

At 31 December, the total minimum lease payments receivable under finance leases and hire purchase transactions, and their present values are as follows:

		本集團 The Group					
		二零零三年 2003			二零零二年 2002		
		最少融資 賬款現值 Present value of the minimum lease payments 港幣千元 HK\$'000	未來期間的 利息收入 Interest income relating to future periods 港幣千元 HK\$'000	最少融資 賬款總額 Total minimum lease payments 港幣千元 HK\$'000	最少融資 賬款現值 Present value of the minimum lease payments 港幣千元 HK\$'000	未來期間的 利息收入 Interest income relating to future periods 港幣千元 HK\$'000	最少融資 賬款總額 Total minimum lease payments 港幣千元 HK\$'000
1年內	Within 1 year	494,196	118,555	612,751	450,433	142,487	592,920
1年至5年	After 1 year but within 5 years	882,692	334,812	1,217,504	980,482	366,993	1,347,475
5年後	After 5 years	1,834,055	597,645	2,431,700	1,796,949	608,899	2,405,848
		3,210,943	1,051,012	4,261,955	3,227,864	1,118,379	4,346,243
呆壞賬準備	Provisions for bad and doubtful debts	(17,109)			(29,996)		
融資租賃及 分期付款合約 的投資淨額	Net investment in finance leases and hire purchase contracts	3,193,834			3,197,868		

13. 客戶墊款及其他賬項減準備 (續)

(b) 融資租賃及分期付款合約的投資淨額 (續)

13. ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS
LESS PROVISIONS (cont'd)(b) Net investment in finance leases and hire purchase contracts
(cont'd)

		本行 The Bank					
		二零零三年 2003			二零零二年 2002		
		最少融資 賬款現值 Present value of the minimum lease payments 港幣千元 HK\$'000	未來期間的 利息收入 Interest income relating to future periods 港幣千元 HK\$'000	最少融資 賬款總額 Total minimum lease payments 港幣千元 HK\$'000	最少融資 賬款現值 Present value of the minimum lease payments 港幣千元 HK\$'000	未來期間的 利息收入 Interest income relating to future periods 港幣千元 HK\$'000	最少融資 賬款總額 Total minimum lease payments 港幣千元 HK\$'000
1年內	Within 1 year	411,106	103,845	514,951	362,720	116,875	479,595
1年至5年	After 1 year but within 5 years	724,483	300,217	1,024,700	868,872	334,403	1,203,275
5年後	After 5 years	1,575,195	512,170	2,087,365	1,650,110	566,023	2,216,133
		2,710,784	916,232	3,627,016	2,881,702	1,017,301	3,899,003
呆壞賬準備	Provisions for bad and doubtful debts	(12,237)			(5,921)		
融資租賃及 分期付款合約 的投資淨額	Net investment in finance leases and hire purchase contracts	2,698,547			2,875,781		

13. 客戶墊款及其他賬項減準備 (續)

(c) 不履約貸款是指利息撥入暫記賬項或已停止計息的墊款如下：

		本集團 The Group			
		利息懸賬貸款總額 Total amount of loans on which interest is placed in suspense		抵押品 市值 Market value of collateral held	
		港幣千元 HK\$'000		港幣千元 HK\$'000	
			%*		
於2003年12月31日	As at 31 December 2003	2,090,128	5.28	1,630,574	480,701
於2002年12月31日	As at 31 December 2002	1,699,314	4.05	991,769	402,491

		本行 The Bank			
		利息懸賬貸款總額 Total amount of loans on which interest is placed in suspense		抵押品 市值 Market value of collateral held	
		港幣千元 HK\$'000		港幣千元 HK\$'000	
			%*		
於2003年12月31日	As at 31 December 2003	2,007,342	5.27	1,559,968	443,424
於2002年12月31日	As at 31 December 2002	1,574,718	3.88	903,909	359,449

* 佔客戶貸款總額計算

截至二零零三年十二月三十一日及二零零二年十二月三十一日，並無利息記入暫記賬項或已停止計息的銀行及其他金融機構墊款；也沒有為以上兩種墊款在該兩天提撥特別準備。

經衡量該貸款的抵押品現值後，已提撥特別準備。

13. ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS LESS PROVISIONS (cont'd)

(c) Non-performing advances on which interest is being placed in suspense or on which interest accrual has ceased are as follows:

		本集團 The Group			
		利息懸賬貸款總額 Total amount of loans on which interest is placed in suspense		抵押品 市值 Market value of collateral held	
		港幣千元 HK\$'000		港幣千元 HK\$'000	
			%*		
於2003年12月31日	As at 31 December 2003	2,090,128	5.28	1,630,574	480,701
於2002年12月31日	As at 31 December 2002	1,699,314	4.05	991,769	402,491

		本行 The Bank			
		利息懸賬貸款總額 Total amount of loans on which interest is placed in suspense		抵押品 市值 Market value of collateral held	
		港幣千元 HK\$'000		港幣千元 HK\$'000	
			%*		
於2003年12月31日	As at 31 December 2003	2,007,342	5.27	1,559,968	443,424
於2002年12月31日	As at 31 December 2002	1,574,718	3.88	903,909	359,449

* Based on total advances to customers

There were no advances to banks and other financial institutions in the Group and the Bank on which interest is being placed in suspense or on which interest accrual has ceased as at 31 December 2003 and 31 December 2002, nor were there any specific provisions made for them on these two days.

The specific provisions were made after taking into account the value of collateral in respect of such advances.

14. 呆壞賬準備

14. PROVISIONS FOR BAD AND DOUBTFUL DEBTS

二零零三年
2003

		本集團 The Group			
		特別 Specific 港幣千元 HK\$'000	一般 General 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000	暫記利息 Suspended interest 港幣千元 HK\$'000
於1月1日	At 1 January	498,117	498,137	996,254	223,282
因收購附屬公司增加的數額	Addition through acquisition of subsidiary	26,861	–	26,861	–
沖銷數額	Amounts written off	(452,154)	–	(452,154)	(107,100)
記入收益表的新準備	New provisions charged to the income statement	626,731	94,323	721,054	–
撥回收益表的準備	Provisions released to the income statement	(201,593)	(45,823)	(247,416)	–
已收回金額	Amounts recovered	78,163	–	78,163	–
年度內的暫記利息	Interest suspended during the year	–	–	–	140,364
已收回暫記利息	Suspended interest recovered	–	–	–	(17,874)
滙兌差額	Exchange difference	–	(163)	(163)	73
於12月31日	At 31 December	576,125	546,474	1,122,599	238,745
相等於：	Representing:				
貿易票據(附註10)	Trade bills (note 10)	–	4,571	4,571	206
客戶墊款(附註13(a))	Advances to customers (note 13(a))	513,582	541,903	1,055,485	238,539
其他賬項	Other accounts	62,543	–	62,543	–
		576,125	546,474	1,122,599	238,745

14. 呆壞賬準備 (續)

二零零二年
2002

14. PROVISIONS FOR BAD AND DOUBTFUL DEBTS (cont'd)

		本集團 The Group			暫記利息 Suspended interest
		特別 Specific 港幣千元 HK\$'000	一般 General 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000	港幣千元 HK\$'000
於1月1日	At 1 January	338,486	134,619	473,105	475,078
因合併而增加的數額	Addition through merger	191,803	368,773	560,576	33,588
購入貸款及準備而增加的數額	Addition through acquisition of loans and provisions	934	1,850	2,784	–
沖銷數額	Amounts written off	(619,692)	–	(619,692)	(452,608)
記入收益表的新準備	New provisions charged to the income statement	642,988	60,458	703,446	–
撥回收益表的準備	Provisions released to the income statement	(126,655)	(67,563)	(194,218)	–
已收回金額	Amounts recovered	70,253	–	70,253	–
年度內的暫記利息	Interest suspended during the year	–	–	–	257,375
已收回暫記利息	Suspended interest recovered	–	–	–	(90,151)
於12月31日	At 31 December	498,117	498,137	996,254	223,282
相等於：	Representing:				
貿易票據(附註10)	Trade bills (note 10)	–	3,152	3,152	6,073
客戶墊款(附註13(a))	Advances to customers (note 13(a))	442,648	494,985	937,633	217,209
其他賬項	Other accounts	55,469	–	55,469	–
		498,117	498,137	996,254	223,282

14. 呆壞賬準備 (續)

14. PROVISIONS FOR BAD AND DOUBTFUL DEBTS (cont'd)

二零零三年
2003

		本行 The Bank			
		特別 Specific 港幣千元 HK\$'000	一般 General 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000	暫記利息 Suspended interest 港幣千元 HK\$'000
於1月1日	At 1 January	453,765	478,219	931,984	205,970
沖銷數額	Amounts written off	(398,158)	–	(398,158)	(89,911)
記入收益表的新準備	New provisions charged to the income statement	602,078	94,323	696,401	–
撥回收益表的準備	Provisions released to the income statement	(170,759)	(39,694)	(210,453)	–
已收回金額	Amounts recovered	50,602	–	50,602	–
年度內的暫記利息	Interest suspended during the year	–	–	–	130,365
已收回暫記利息	Suspended interest recovered	–	–	–	(15,416)
滙兌差額	Exchange difference	–	(165)	(165)	73
於12月31日	At 31 December	537,528	532,683	1,070,211	231,081
相等於：	Representing:				
貿易票據(附註10)	Trade bills (note 10)	–	4,571	4,571	206
客戶墊款(附註13(a))	Advances to customers (note 13(a))	476,304	528,112	1,004,416	230,875
其他賬項	Other accounts	61,224	–	61,224	–
		537,528	532,683	1,070,211	231,081

14. 呆壞賬準備 (續)

二零零二年
2002

14. PROVISIONS FOR BAD AND DOUBTFUL DEBTS (cont'd)

		特別 Specific 港幣千元 HK\$'000	本行 The Bank 一般 General 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000	暫記利息 Suspended interest 港幣千元 HK\$'000
於1月1日	At 1 January	316,782	96,461	413,243	461,764
因合併而增加的數額	Addition through merger	175,423	363,243	538,666	38,251
沖銷數額	Amounts written off	(550,130)	–	(550,130)	(445,830)
記入收益表的新準備	New provisions charged to the income statement	549,398	61,087	610,485	–
撥回收益表的準備	Provisions released to the income statement	(75,914)	(42,572)	(118,486)	–
已收回金額	Amounts recovered	38,206	–	38,206	–
年度內的暫記利息	Interest suspended during the year	–	–	–	238,953
已收回暫記利息	Suspended interest recovered	–	–	–	(87,168)
於12月31日	At 31 December	453,765	478,219	931,984	205,970
相等於：	Representing:				
貿易票據 (附註10)	Trade bills (note 10)	–	3,152	3,152	6,073
客戶墊款 (附註13(a))	Advances to customers (note 13(a))	398,490	475,067	873,557	199,897
其他賬項	Other accounts	55,275	–	55,275	–
		453,765	478,219	931,984	205,970

15. 應收附屬公司款項

15. AMOUNTS DUE FROM SUBSIDIARIES

		本行 The Bank	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
即期及短期通知存款	Money at call and short notice	149,563	464,908
一個月後到期的銀行及 其他金融機構存款	Placements with banks and other financial institutions maturing after one month	728,313	363,400
客戶墊款及其他賬項減準備	Advances to customers and other accounts less provisions	121,368	151,325
		999,244	979,633

16. 持有至到期證券及投資證券

16. HELD-TO-MATURITY SECURITIES AND INVESTMENT SECURITIES

		本集團 The Group		本行 The Bank	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
持有至到期證券	Held-to-maturity securities				
於香港上市	Listed in Hong Kong	1,202,690	276,062	1,202,690	276,062
於香港以外地區上市	Listed outside Hong Kong	8,294,091	5,096,234	8,294,091	5,026,555
非上市	Unlisted	9,496,781 12,971,704	5,372,296 13,215,061	9,496,781 12,971,704	5,302,617 13,215,061
		22,468,485	18,587,357	22,468,485	18,517,678
減值準備	Provision for diminution in value				
持有至到期證券	Held-to-maturity securities	(50,418)	(52,104)	(50,418)	(26,207)
		22,418,067	18,535,253	22,418,067	18,491,471
投資證券	Investment securities				
— 債務證券	— debt securities				
非上市	Unlisted	15,932	15,932	11,842	11,842
投資證券	Investment securities				
— 股票	— equity securities				
非上市	Unlisted	24,051	24,065	24,051	24,065
		22,458,050	18,575,250	22,453,960	18,527,378

16. 持有至到期證券及投資證券 (續)

債務證券及股票的發行機構如下：

		本集團 The Group		本行 The Bank	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
中央政府及中央銀行	Central governments and central banks	1,190,249	1,011,640	1,190,249	1,011,640
銀行及其他金融機構	Banks and other financial institutions	12,962,613	7,866,612	12,962,613	7,866,612
法人公司	Corporate entities	7,980,893	9,456,110	7,980,893	9,386,431
公營機構	Public sector entities	362,781	281,060	362,781	281,060
其他	Others	11,932	11,932	7,842	7,842
		22,508,468	18,627,354	22,504,378	18,553,585
上市證券市值	Market value of listed securities				
債務證券	Debt securities	10,322,551	5,709,174	10,322,551	5,673,547

本年度內，出售持有至到期證券的溢利為123,948,000元，其已攤銷成本為874,715,000元，已於綜合收益表內確認。出售這些持有至到期證券的主要原因是減低市場及信貸風險。

16. HELD-TO-MATURITY SECURITIES AND INVESTMENT SECURITIES (cont'd)

The issuers of debt securities and equity securities are as follows:

During the year, held-to-maturity securities with an amortised cost of \$874,715,000 were disposed of at a profit of \$123,948,000 being recognised in the consolidated income statement. The major reason for disposal of these held-to-maturity securities was to mitigate market and credit risks.

17. 附屬公司投資 (按成本入賬)

17. INVESTMENTS IN SUBSIDIARIES, AT COST

		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
非上市股份 (按成本入賬)	Unlisted shares, at cost	774,421	763,866

下文只列出對本集團業績或資產有重大影響的主要附屬公司詳情。

The following list contains the particulars of principal subsidiaries which materially affect the results or assets of the Group.

公司名稱 Name of company	註冊成立／經營地區 Place of incorporation/ operation	持有股份 百分比 % of shares held	主要業務 Principal activities	已發行普通股本 Issued ordinary share capital
啓福國際有限公司 Carford International Limited	香港 Hong Kong	100%	持有物業 Property holding	港幣2元 HK\$2
中國國際財務有限公司 (深圳) China International Finance Company Limited (Shenzhen)	中國 PRC	100%	金融服務 Financial services	人民幣400,000,000元 RMB400,000,000
CKWB (Cayman Islands) Limited	開曼群島／香港 Cayman Islands/Hong Kong	100%	發行後償票據 Issuer of subordinated notes	美金1元 US\$1
CKWH-UT2 Limited	開曼群島／香港 Cayman Islands/Hong Kong	100%	發行後償票據 Issuer of subordinated notes	美金1元 US\$1
GCT Management Limited	美國 USA	100%	物業管理 Property management	美金496,454元 US\$496,454
香港華人財務有限公司 HKCB Finance Limited	香港 Hong Kong	100%	消費借貸 Consumer financing	港幣300,000,000元 HK\$300,000,000
香港華人保險代理有限公司 HKCB Insurance Agency Limited	香港 Hong Kong	100%	保險代理 Insurance agency	港幣2元 HK\$2

17. 附屬公司投資 (按成本入賬) (續)

17. INVESTMENTS IN SUBSIDIARIES, AT COST (cont'd)

公司名稱 Name of company	註冊成立／經營地區 Place of incorporation/ operation	持有股份 百分比 % of shares held	主要業務 Principal activities	已發行普通股本 Issued ordinary share capital
嘉華信用財務有限公司 Ka Wah Credit Limited	香港 Hong Kong	100%	消費借貸 Consumer financing	港幣50,000,000元 HK\$50,000,000
嘉華國際財務有限公司 Ka Wah International Merchant Finance Limited	香港 Hong Kong	100%	金融服務 Financial services	港幣32,500,000元 HK\$32,500,000
嘉華投資有限公司 KWB Investment Limited	香港 Hong Kong	100%	投資控股 Investment holding	港幣5,000,000元 HK\$5,000,000
香港華人銀行 (代理人) 有限公司 The Hongkong Chinese Bank (Nominees) Limited	香港 Hong Kong	100%	代理服務 Nominee services	港幣5,000元 HK\$5,000
恒康香港有限公司 Viewcon Hong Kong Limited	香港 Hong Kong	100%	按揭融資 Mortgage financing	港幣2元 HK\$2

除嘉華投資有限公司外，以上所有附屬公司均由本行直接持有。

All the above subsidiaries are held directly by the Bank except for KWB Investment Limited.

於二零零三年十二月十二日，本集團已完成收購中國國際財務有限公司 (深圳) 100%之權益。該附屬公司在本年度內並沒有對本集團提供溢利貢獻。

On 12 December 2003, the Group has completed its acquisition of 100% interest in China International Finance Company Limited (Shenzhen). There was no profit contribution by this subsidiary to the Group's profit for the year.

18. 聯營公司投資

18. INTEREST IN ASSOCIATES

		本集團 The Group		本行 The Bank	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
非上市股份(按成本入賬)	Unlisted shares, at cost	–	–	120,105	120,105
淨資產所佔金額	Share of net assets	195,306	120,110	–	–
		195,306	120,110	120,105	120,105

主要聯營公司的詳情如下：

Details of the principal associates are as follows:

公司名稱 Name of company	業務結構 形式 Form of business structure	註冊成立／ 經營地區 Place of incorporation/ operation	主要業務 Principal activities	持有股份 百分比 % of shares held	已發行股本 面值 Nominal value of issued shares
中信資本伙伴投資 基金有限公司 (前稱「嘉華五矢 中國香港基金 有限公司」)	CITIC Capital Active Partner Fund Limited (Formerly known as The Ka Wah Five Arrows China Hong Kong Fund Limited)	法人公司 科克群島／中國 Incorporated Cook Islands/PRC	投資控股 Investment holding	41.8%	美金60,582元 US\$60,582

19. 應付附屬公司款項

19. AMOUNTS DUE TO SUBSIDIARIES

		本行 The Bank	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
銀行及其他金融機構 存款及結存	Deposits and balances of banks and other financial institutions	267,972	514,745
客戶存款	Deposits from customers	4,347,424	4,356,707
其他賬項及準備	Other accounts and provisions	314,379	674,482
		4,929,775	5,545,934

20. 遞延稅項

(a) 已確認的遞延稅項資產及負債

確認於資產負債表中遞延稅項資產及負債的組合及年內之變動如下：

20. DEFERRED TAXATION

(a) Deferred tax assets and liabilities recognised

The components of deferred tax assets and liabilities recognised in the balance sheets and the movements during the year are as follows:

		本集團 The Group			
遞延稅項源自：	Deferred tax arising from:	折舊免稅 額超過有關折舊 Depreciation allowances in excess of related depreciation 港幣千元 HK\$'000	準備 Provisions 港幣千元 HK\$'000	虧損 Losses 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於2003年1月1日	At 1 January 2003				
— 如前滙報	— as previously reported	—	—	—	—
— 前年度的調整	— prior period adjustments	48,301	(74,718)	(13,875)	(40,292)
— 重報	— as restated	48,301	(74,718)	(13,875)	(40,292)
綜合收益表內撇銷／(撥回)	Charged/(credited) to consolidated income statement	(8,076)	(14,840)	13,875	(9,041)
於2003年12月31日	At 31 December 2003	40,225	(89,558)	—	(49,333)
於2002年1月1日	At 1 January 2002				
— 如前滙報	— as previously reported	—	—	—	—
— 前年度的調整	— prior period adjustments	61,620	(75,871)	(99,073)	(113,324)
— 重報	— as restated	61,620	(75,871)	(99,073)	(113,324)
綜合收益表內撇銷／(撥回)	Charged/(credited) to consolidated income statement	(13,319)	1,153	85,198	73,032
於2002年12月31日(重報)	At 31 December 2002 (restated)	48,301	(74,718)	(13,875)	(40,292)

20. 遞延稅項 (續)**(a) 已確認的遞延稅項資產及負債 (續)****20. DEFERRED TAXATION (cont'd)****(a) Deferred tax assets and liabilities recognised (cont'd)**

		本行 The Bank			
遞延稅項源自：	Deferred tax arising from:	折舊免稅 額超過有關折舊 Depreciation allowances in excess of related depreciation 港幣千元 HK\$'000	準備 Provisions 港幣千元 HK\$'000	虧損 Losses 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於2003年1月1日	At 1 January 2003				
– 如前滙報	– as previously reported	–	–	–	–
– 前年度的調整	– prior period adjustments	48,912	(71,767)	(13,875)	(36,730)
– 重報	– as restated	48,912	(71,767)	(13,875)	(36,730)
收益表內撇銷／(撥回)	Charged/(credited) to income statement	(4,473)	(15,584)	13,875	(6,182)
於2003年12月31日	At 31 December 2003	44,439	(87,351)	–	(42,912)
於2002年1月1日	At 1 January 2002				
– 如前滙報	– as previously reported	–	–	–	–
– 前年度的調整	– prior period adjustments	48,606	(68,882)	(95,550)	(115,826)
– 重報	– as restated	48,606	(68,882)	(95,550)	(115,826)
收益表內撇銷／(撥回)	Charged/(credited) to income statement	306	(2,885)	81,675	79,096
於2002年12月31日 (重報)	At 31 December 2002 (restated)	48,912	(71,767)	(13,875)	(36,730)

20. 遞延稅項 (續)

(a) 已確認的遞延稅項資產及負債 (續)

		本集團 The Group		本行 The Bank	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
在資產負債表確認的 淨遞延稅項資產	Net deferred tax asset recognised on the balance sheet	(49,348)	(40,312)	(42,912)	(36,730)
在資產負債表確認的 淨遞延稅項負債	Net deferred tax liability recognised on the balance sheet	15	20	—	—
		(49,333)	(40,292)	(42,912)	(36,730)

(b) 未確認的遞延稅項資產

本集團未確認的遞延稅項資產之稅務虧損為11,883,000元(二零零二年：21,222,000元)。根據現行稅務條例，該等稅務虧損並無到期日。

20. DEFERRED TAXATION (cont'd)

(a) Deferred tax assets and liabilities recognised (cont'd)

		The Group		The Bank	
		2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Net deferred tax asset recognised on the balance sheet		(49,348)	(40,312)	(42,912)	(36,730)
Net deferred tax liability recognised on the balance sheet		15	20	—	—
		(49,333)	(40,292)	(42,912)	(36,730)

(b) Deferred tax assets unrecognised

The Group has not recognised deferred tax assets in respect of tax losses of \$11,883,000 (2002: \$21,222,000). The tax losses do not expire under current tax legislation.

21. 商譽

21. GOODWILL

		本集團 The Group
		二零零三年 2003 港幣千元 HK\$'000
成本： 於二零零三年十二月三十一日 收購一家附屬公司後增加	Cost: Addition arising on acquisition of a subsidiary at 31 December 2003	10,558
賬面金額： 於2003年12月31日	Carrying amount: At 31 December 2003	10,558

以上商譽之出現是由於二零零三年十二月本集團收購一間附屬公司。而從二零零四年一月起，商譽將按十年時間攤銷。

The above goodwill arose from an acquisition of a subsidiary in December 2003 which will be amortised over 10 years starting from January 2004.

22. 有形固定資產

22. TANGIBLE FIXED ASSETS

		本集團 The Group			
		投資物業 Investment properties 港幣千元 HK\$'000	其他物業 Other premises 港幣千元 HK\$'000	傢俬、裝置 及設備 Furniture, fixtures and equipment 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
成本或估值：	Cost or valuation:				
於2003年1月1日	At 1 January 2003	152,285	1,492,524	719,870	2,364,679
增加：	Additions:				
– 因收購附屬公司	– through acquisition of a subsidiary	–	416	1,764	2,180
– 其他	– others	–	–	36,388	36,388
出售	Disposals	(11,000)	(68,068)	(95,250)	(174,318)
轉入／(轉出)	Transfers	(51,775)	50,230	–	(1,545)
滙兌差額	Exchange difference	–	–	(56)	(56)
重估淨盈餘	Net surplus on revaluation	7,835	–	–	7,835
於2003年12月31日	At 31 December 2003	97,345	1,475,102	662,716	2,235,163
上述資產的成本 或估值分析如下：	The analysis of cost or valuation of the above assets is as follows:				
成本	Cost	–	1,282,028	662,716	1,944,744
估值	Valuation				
– 1985年	– 1985	–	43,334	–	43,334
– 1988年	– 1988	–	149,740	–	149,740
– 2003年	– 2003	97,345	–	–	97,345
		97,345	1,475,102	662,716	2,235,163
累計折舊：	Accumulated depreciation:				
於2003年1月1日	At 1 January 2003	–	288,964	329,795	618,759
因收購附屬公司增加	Addition through acquisition of a subsidiary	–	313	1,501	1,814
本年度折舊(附註4(c))	Charge for the year (note 4(c))	–	32,222	93,315	125,537
因出售而撥回	Written back on disposals	–	(13,082)	(69,780)	(82,862)
減值損失	Impairment loss	–	4,751	–	4,751
轉出	Transfers	–	(1,545)	–	(1,545)
滙兌差額	Exchange difference	–	–	(35)	(35)
於2003年12月31日	At 31 December 2003	–	311,623	354,796	666,419
賬面淨值：	Net book value:				
於2003年12月31日	At 31 December 2003	97,345	1,163,479	307,920	1,568,744
於2002年12月31日	At 31 December 2002	152,285	1,203,560	390,075	1,745,920

22. 有形固定資產 (續)

22. TANGIBLE FIXED ASSETS (cont'd)

		本行 The Bank			
		投資物業 Investment properties 港幣千元 HK\$'000	其他物業 Other premises 港幣千元 HK\$'000	傢俬、裝置 及設備 Furniture, fixtures and equipment 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
成本或估值：	Cost or valuation:				
於2003年1月1日	At 1 January 2003	136,690	1,424,456	689,065	2,250,211
增加	Additions	—	—	36,184	36,184
出售	Disposals	(11,000)	—	(87,263)	(98,263)
轉入／(轉出)	Transfers	(51,775)	50,230	—	(1,545)
滙兌差額	Exchange difference	—	—	(56)	(56)
重估淨盈餘	Net surplus on revaluation	7,835	—	—	7,835
於2003年12月31日	At 31 December 2003	81,750	1,474,686	637,930	2,194,366
上述資產的成本 或估值分析如下：	The analysis of cost or valuation of the above assets is as follows:				
成本	Cost	—	1,281,612	637,930	1,919,542
估值	Valuation				
— 1985年	— 1985	—	43,334	—	43,334
— 1988年	— 1988	—	149,740	—	149,740
— 2003年	— 2003	81,750	—	—	81,750
		81,750	1,474,686	637,930	2,194,366
累計折舊：	Accumulated depreciation:				
於2003年1月1日	At 1 January 2003	—	277,092	302,890	579,982
本年度折舊	Charge for the year	—	31,012	91,710	122,722
因出售而撥回	Written back on disposals	—	—	(62,103)	(62,103)
減值損失	Impairment loss	—	4,751	—	4,751
轉出	Transfers	—	(1,545)	—	(1,545)
滙兌差額	Exchange difference	—	—	(34)	(34)
於2003年12月31日	At 31 December 2003	—	311,310	332,463	643,773
賬面淨值：	Net book value:				
於2003年12月31日	At 31 December 2003	81,750	1,163,376	305,467	1,550,593
於2002年12月31日	At 31 December 2002	136,690	1,147,364	386,175	1,670,229

22. 有形固定資產 (續)

投資物業及其他樓宇的賬面淨值包括：

		本集團 The Group		本行 The Bank	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
租賃	Leasehold				
香港	Held in Hong Kong				
– 長期租賃 (50年以上)	– Long term leases (over 50 years)	273,745	286,273	273,745	286,273
– 中期租賃 (10年至50年)	– Medium term leases (10 – 50 years)	969,747	1,052,288	969,747	996,093
香港以外地區	Held outside Hong Kong				
– 中期租賃 (10年至50年)	– Medium term leases (10 – 50 years)	17,332	17,284	1,634	1,688
		1,260,824	1,355,845	1,245,126	1,284,054

如果其他物業均按成本減累計折舊入賬，本集團及本行於二零零三年十二月三十一日在資產負債表中的其他樓宇賬面淨值應為106,840,000元（二零零二年：108,801,000元）。

獨立測量師行威格斯（香港）有限公司及戴德梁行有限公司於二零零三年十二月三十一日按公開市場價值重估本集團及本行的投資物業。本集團及本行因物業重估而產生的盈餘達7,835,000元已計入收益賬中。威格斯（香港）有限公司及戴德梁行有限公司某些僱員為香港測量師學會會員。

投資物業產生的租金收入總額達7,431,000元（二零零二年：7,752,000元）。

本年度內，出售投資物業之溢利達2,052,000元（二零零二年：無）。

22. TANGIBLE FIXED ASSETS (cont'd)

The net book value of investment properties and other premises comprises:

The net book value of other premises of the Group and the Bank at 31 December 2003 would have been \$106,840,000 (2002: \$108,801,000) had they been carried at cost less accumulated depreciation.

Investment properties of the Group and the Bank were revalued at 31 December 2003 by independent firms of surveyors, Vigers Appraisal & Consulting Limited and DTZ Debenham Tie Leung Limited, on an open market value basis. The revaluation surplus amounted to \$7,835,000 in the Group and the Bank has been credited to the income statement. Vigers Appraisal & Consulting Limited and DTZ Debenham Tie Leung Limited have among their staff Fellows of the Hong Kong Institute of Surveyors.

The gross rental income arising from investment properties amounted to \$7,431,000 (2002: \$7,752,000).

During the year, profit on disposal of investment properties amounted to \$2,052,000 (2002: Nil).

22. 有形固定資產 (續)

本集團通過經營租賃的方式租出投資物業。有關物業的最初租賃期一般為兩至三年，期後可於所有條款重新商定後續期。以上租賃均不涉及或有租金。

本集團用於經營租賃的投資物業賬面金額為97,345,000元(二零零二年：152,285,000元)。

本集團及本行按不可解除的經營租賃未來應收的最低租金總額如下：

		本集團 The Group		本行 The Bank	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
1年內	Within 1 year	4,220	8,530	4,040	7,900
1年至5年	After 1 year but within 5 years	1,778	5,449	1,778	5,449
		5,998	13,979	5,818	13,349

22. TANGIBLE FIXED ASSETS (cont'd)

The Group leases out investment properties under operating leases. The leases typically run for an initial period of two to three years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

The gross carrying amounts of investment properties of the Group held for use in operating leases were \$97,345,000 (2002: \$152,285,000).

The Group and the Bank's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

23. 客戶存款

23. DEPOSITS FROM CUSTOMERS

		本集團 The Group		本行 The Bank	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
活期及往來賬戶存款	Demand deposits and current deposits	12,257,009	1,271,813	12,257,009	1,271,813
儲蓄存款	Savings deposits	8,979,162	7,194,928	8,979,162	7,194,862
定期、即期及短期通知存款	Time, call and notice deposits	37,178,713	46,444,237	36,816,269	45,929,208
		58,414,884	54,910,978	58,052,440	54,395,883

24. 到期日分析

24. MATURITY PROFILE

本集團
The Group

		即時償還 Repayable on demand 港幣千元 HK\$'000	三個月內 但無須 即時償還 3 months or less but not repayable on demand 港幣千元 HK\$'000	三個月以上 至一年 1 year or less but over 3 months 港幣千元 HK\$'000	一年以上 至五年 5 years or less but over 1 year 港幣千元 HK\$'000	五年以上 After 5 years 港幣千元 HK\$'000	無註明日期 Undated 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於二零零三年 十二月三十一日	As at 31 December 2003							
資產	Assets							
現金及短期資金	Cash and short-term funds	494,134	6,832,040	-	-	-	-	7,326,174
一個月後到期的 銀行及其他金融 機構存款	Placements with banks and other financial institutions maturing after one month	-	646,373	-	-	-	-	646,373
貿易票據	Trade bills	6,517	368,950	81,593	-	-	-	457,060
存款證	Certificates of deposit	-	-	593,869	1,465,231	-	-	2,059,100
其他證券投資	Other investments in securities	-	-	-	-	-	-	-
— 債務證券	— debt securities	-	145,182	40,706	1,504,331	291,979	3,913	1,986,111
客戶墊款	Advances to customers	1,969,410	4,287,032	4,673,187	15,364,994	11,848,124	1,467,346	39,610,093
銀行及其他金融 機構墊款	Advances to banks and other financial institutions	-	-	-	40,000	-	-	40,000
持有至到期證券 及投資證券 — 債務證券	Held-to-maturity securities and investment securities — debt securities	-	271,480	2,981,852	13,320,250	5,813,968	96,867	22,484,417
		2,470,061	12,551,057	8,371,207	31,694,806	17,954,071	1,568,126	74,609,328
負債	Liabilities							
銀行及其他金融 機構存款及結存	Deposits and balances of banks and other financial institutions	567,191	2,725,862	193,026	-	-	-	3,486,079
客戶存款	Deposits from customers	21,236,171	35,649,354	1,384,702	144,657	-	-	58,414,884
已發行存款證	Certificates of deposit issued	-	1,060,709	649,876	3,000,590	-	-	4,711,175
		21,803,362	39,435,925	2,227,604	3,145,247	-	-	66,612,138

24. 到期日分析 (續)

24. MATURITY PROFILE (cont'd)

		本集團 The Group							
		即時償還 Repayable on demand 港幣千元 HK\$'000	三個月內 但無須 即時償還 3 months or less but not repayable on demand 港幣千元 HK\$'000	三個月以上 至一年 1 year or less but over 3 months 港幣千元 HK\$'000	一年以上 至五年 5 years or less but over 1 year 港幣千元 HK\$'000	五年以上 After 5 years 港幣千元 HK\$'000	無註明日期 Undated 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000	
於二零零二年 十二月三十一日	As at 31 December 2002								
資產	Assets								
現金及短期資金	Cash and short-term funds	657,000	4,723,135	–	–	–	–	5,380,135	
一個月後到期的 銀行及其他金融 機構存款	Placements with banks and other financial institutions maturing after one month	–	221,006	–	–	–	–	221,006	
貿易票據	Trade bills	7,406	334,978	22,349	–	–	13,361	378,094	
存款證	Certificates of deposit	–	16,069	458,366	556,509	–	–	1,030,944	
其他證券投資	Other investments in securities	–	–	861,769	1,240,980	265,379	4,081	2,372,209	
— 債務證券	– debt securities	–	–	861,769	1,240,980	265,379	4,081	2,372,209	
客戶墊款	Advances to customers	2,593,094	3,643,828	4,688,290	15,167,716	14,461,832	1,386,993	41,941,753	
銀行及其他金融 機構墊款	Advances to banks and other financial institutions	–	–	19,872	60,000	–	–	79,872	
持有至到期證券 及投資證券 — 債務證券	Held-to-maturity securities and investment securities – debt securities	–	193,974	2,474,339	9,359,058	6,548,386	27,532	18,603,289	
		3,257,500	9,132,990	8,524,985	26,384,263	21,275,597	1,431,967	70,007,302	
負債	Liabilities								
銀行及其他金融 機構存款及結存	Deposits and balances of banks and other financial institutions	166,164	1,873,355	–	–	–	–	2,039,519	
客戶存款	Deposits from customers	8,466,741	43,423,813	3,016,233	4,191	–	–	54,910,978	
已發行存款證	Certificates of deposit issued	–	1,000,000	1,566,579	3,265,933	–	–	5,832,512	
		8,632,905	46,297,168	4,582,812	3,270,124	–	–	62,783,009	

24. 到期日分析 (續)

24. MATURITY PROFILE (cont'd)

		本行 The Bank						
		即時償還 Repayable on demand 港幣千元 HK\$'000	三個月內 但無須 即時償還 3 months or less but not repayable on demand 港幣千元 HK\$'000	三個月以上 至一年 1 year or less but over 3 months 港幣千元 HK\$'000	一年以上 至五年 5 years or less but over 1 year 港幣千元 HK\$'000	五年以上 After 5 years 港幣千元 HK\$'000	無註明日期 Undated 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於二零零三年 十二月三十一日	As at 31 December 2003							
資產	Assets							
現金及短期資金	Cash and short-term funds	482,860	6,459,786	-	-	-	-	6,942,646
一個月後到期的 銀行及其他金融 機構存款	Placements with banks and other financial institutions maturing after one month	-	644,873	-	-	-	-	644,873
貿易票據	Trade bills	6,517	368,950	81,593	-	-	-	457,060
存款證	Certificates of deposit	-	-	593,869	1,465,231	-	-	2,059,100
其他證券投資	Other investments in securities	-	145,182	40,706	1,504,331	291,979	3,913	1,986,111
－債務證券	－ debt securities	1,966,094	4,219,630	4,490,918	14,804,214	11,217,089	1,383,911	38,081,856
客戶墊款	Advances to customers	-	-	-	40,000	-	-	40,000
銀行及其他金融 機構墊款	Advances to banks and other financial institutions	-	-	-	40,000	-	-	40,000
持有至到期證券 及投資證券 －債務證券	Held-to-maturity securities and investment securities － debt securities	-	271,480	2,981,852	13,320,250	5,813,968	92,777	22,480,327
		2,455,471	12,109,901	8,188,938	31,134,026	17,323,036	1,480,601	72,691,973
負債	Liabilities							
銀行及其他金融 機構存款及結存	Deposits and balances of banks and other financial institutions	567,191	2,725,862	193,026	-	-	-	3,486,079
客戶存款	Deposits from customers	21,236,171	35,350,644	1,321,068	144,557	-	-	58,052,440
已發行存款證	Certificates of deposit issued	-	1,060,709	649,876	3,000,590	-	-	4,711,175
		21,803,362	39,137,215	2,163,970	3,145,147	-	-	66,249,694

24. 到期日分析 (續)

24. MATURITY PROFILE (cont'd)

		本行 The Bank						
		即時償還 Repayable on demand 港幣千元 HK\$'000	三個月內 但無須 即時償還 3 months or less but not repayable on demand 港幣千元 HK\$'000	三個月以上 至一年 1 year or less but over 3 months 港幣千元 HK\$'000	一年以上 至五年 5 years or less but over 1 year 港幣千元 HK\$'000	五年以上 After 5 years 港幣千元 HK\$'000	無註明日期 Undated 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
於二零零二年 十二月三十一日	As at 31 December 2002							
資產	Assets							
現金及短期資金	Cash and short-term funds	634,069	4,723,135	-	-	-	-	5,357,204
一個月後到期的銀行及其他金融機構存款	Placements with banks and other financial institutions maturing after one month	-	221,006	-	-	-	-	221,006
貿易票據	Trade bills	7,406	334,978	22,349	-	-	13,361	378,094
存款證	Certificates of deposit	-	16,069	443,366	556,509	-	-	1,015,944
其他證券投資	Other investments in securities	-	-	861,769	1,240,980	265,379	4,081	2,372,209
— 債務證券	— debt securities	-	-	861,769	1,240,980	265,379	4,081	2,372,209
客戶墊款	Advances to customers	2,584,755	3,569,062	4,530,023	14,685,117	14,028,577	1,213,199	40,610,733
銀行及其他金融機構墊款	Advances to banks and other financial institutions	-	-	19,872	60,000	-	-	79,872
持有至到期證券及投資證券	Held-to-maturity securities and investment securities	-	152,506	2,478,716	9,423,005	6,451,851	23,442	18,529,520
— 債務證券	— debt securities	-	152,506	2,478,716	9,423,005	6,451,851	23,442	18,529,520
		3,226,230	9,016,756	8,356,095	25,965,611	20,745,807	1,254,083	68,564,582
負債	Liabilities							
銀行及其他金融機構存款及結存	Deposits and balances of banks and other financial institutions	166,164	1,873,355	-	-	-	-	2,039,519
客戶存款	Deposits from customers	8,466,675	43,179,569	2,745,448	4,191	-	-	54,395,883
已發行存款證	Certificates of deposit issued	-	1,000,000	1,566,579	3,265,933	-	-	5,832,512
		8,632,839	46,052,924	4,312,027	3,270,124	-	-	62,267,914

25. 銷售及購回的資產

以下資產及負債將供銷售及購回：

		本集團及本行 The Group and the Bank	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
已記入持有至到期證券及 投資證券賬項中	Included in held-to-maturity securities and investment securities	2,010,227	1,633,873
已記入銀行及其他金融機構 存款及結存賬項中	Included in deposits and balances of banks and other financial institutions	2,196,121	1,681,482

26. 股本**26. SHARE CAPITAL**

		本行 The Bank	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
法定股本：	Authorised:		
每股面值1元的普通股 5,000,000,000股	5,000,000,000 ordinary shares of \$1 each	5,000,000	5,000,000
已發行及繳足股本：	Issued and fully paid:		
每股面值1元的普通股 2,393,341,176股 (2002年：2,393,341,176股)	2,393,341,176 (2002: 2,393,341,176) ordinary shares of \$1 each	2,393,341	2,393,341

27. 儲備

27. RESERVES

		本集團 The Group		本行 The Bank	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 (重報) (Restated) 港幣千元 HK\$'000	二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 (重報) (Restated) 港幣千元 HK\$'000
(a) 股份溢價	(a) Share premium				
於1月1日及 12月31日	At 1 January and 31 December	282,930	282,930	282,930	282,930
(b) 投資物業 重估儲備	(b) Investment property revaluation reserve				
於1月1日	At 1 January	-	-	-	-
因合併而增加的數額	Addition through merger	-	20,481	-	20,481
重估淨虧損	Net deficit on revaluation	-	(20,481)	-	(20,481)
於12月31日	At 31 December	-	-	-	-
(c) 其他物業 重估儲備	(c) Other property revaluation reserve				
於1月1日	At 1 January	11,945	-	11,945	-
因合併而增加的數額	Addition through merger	-	11,945	-	11,945
於12月31日	At 31 December	11,945	11,945	11,945	11,945
(d) 資本儲備	(d) Capital reserve				
於1月1日	At 1 January	41,271	3,771	2,903	2,903
因合併而增加的數額	Addition through merger	-	37,500	-	-
轉出至保留溢利 (備註)	Transfer to retained profits (Note)	(34,682)	-	-	-
於12月31日	At 31 December	6,589	41,271	2,903	2,903
(e) 一般儲備	(e) General reserve				
於1月1日	At 1 January	100,000	-	100,000	-
因合併而增加的數額	Addition through merger	-	100,000	-	100,000
於12月31日	At 31 December	100,000	100,000	100,000	100,000

27. 儲備 (續)

27. RESERVES (cont'd)

		本集團 The Group		本行 The Bank	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 (重報) (Restated) 港幣千元 HK\$'000	二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 (重報) (Restated) 港幣千元 HK\$'000
(f) 滙兌差額	(f) Exchange differences				
於1月1日	At 1 January	2	–	–	–
因合併而增加的數額	Addition through merger	–	19	–	–
本年度	Current year	(713)	(17)	18	–
於12月31日	At 31 December	(711)	2	18	–
(g) 保留溢利	(g) Retained profits				
於1月1日	At 1 January				
– 如前滙報	– As previously reported	1,766,233	558,300	1,552,335	380,388
– 前年度因遞延稅項作出的調整	– Prior year adjustment in respect of deferred taxation	40,292	92,089	36,730	99,111
– 重報	– As restated	1,806,525	650,389	1,589,065	479,499
因合併而增加的數額	Addition through merger				
– 如前滙報	– As previously reported	–	908,852	–	822,183
– 前年度因遞延稅項作出的調整	– Prior year adjustment in respect of deferred taxation	–	21,235	–	16,715
– 重報	– As restated	–	930,087	–	838,898
由資本儲備轉入 (備註)	Transfer from capital reserve (Note)	34,682	–	–	–
本年度溢利	Profit for the year	653,725		589,674	
– 如前滙報	– As previously reported		645,797		696,480
– 前年度因遞延稅項作出的調整	– Prior year adjustment in respect of deferred taxation		(73,032)		(79,096)
– 重報	– As restated		572,765		617,384
本年度已派發的股息	Dividends declared in respect of the current year	(351,551)	(346,716)	(351,551)	(346,716)
於12月31日	At 31 December	2,143,381	1,806,525	1,827,188	1,589,065
儲備總額	Total reserves	2,544,134	2,242,673	2,224,984	1,986,843

27. 儲備 (續)

保留溢利中有總額達80,602,000元(二零零二年：無)為所佔聯營公司保留溢利。

股份溢價賬的應用受香港《公司條例》第48B條所管轄。滙兌差額及重估儲備賬之設立以便處理有關外幣換算及物業及投資物業重估(附註2)的會計政策。

其他物業的重估儲備不可供分派股東，因為根據香港《公司條例》第79B(2)條的定義，這些儲備不列作已實現溢利。本行於二零零三年十二月三十一日可供分派股東的儲備總額為1,927,188,000元(二零零二年：1,689,065,000元)。

備註：本年度內，因附屬公司贖回部分股份，部分資本儲備已轉回保留溢利賬內。

28. 債務資本

後償票據列賬包括於二零零一年七月五日發行年息率7.625%的後償票據，其面值為美金3億元，以及於二零零二年五月二十三日發行年息率9.125%的永久後償票據，其面值為美金2.5億元。該等票據分別由本行只具單一目的的兩間全資擁有附屬公司CKWB (Cayman Islands) Ltd及CKWH-UT2 Ltd發行及列作第二級資本。本行會無條件地及不會變更地對於這些票據的所有應付金額作出擔保。年息率7.625%的後償票據將於二零一一年七月五日期滿，而年息率9.125%的永久後償票據將於二零一二年贖回。

27. RESERVES (cont'd)

Included in the retained profits is an amount of \$80,602,000 (2002: Nil), being the retained profits attributable to associates.

The application of the share premium is governed by section 48B of the Hong Kong Companies Ordinance. The exchange reserve and revaluation reserves have been set up and will be dealt with in accordance with the accounting policies adopted for translation of foreign currencies and the revaluation of premises and investment properties (note 2).

The other property revaluation reserve is not available for distribution to shareholders because it does not constitute realised profits within the meaning of section 79B(2) of the Hong Kong Companies Ordinance. At 31 December 2003, the aggregate amount of reserves available for distribution to shareholders of the Bank was \$1,927,188,000 (2002: \$1,689,065,000).

Note : During the year, part of the capital reserve was released to retained profits as a result of partial redemption of shares in a subsidiary.

28. LOAN CAPITAL

		本集團 The Group	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
後償票據	Subordinated notes	4,269,722	4,290,172

The notes represent 7.625% subordinated notes with face value of US\$300 million issued on 5 July 2001 and 9.125% perpetual subordinated notes with face value of US\$250 million issued on 23 May 2002. The notes were issued by CKWB (Cayman Islands) Ltd and CKWH-UT2 Ltd respectively, two separate single purpose wholly-owned subsidiaries of the Bank and qualify as tier 2 capital. The Bank unconditionally and irrevocably guarantees all amounts payable under the notes. The 7.625% subordinated notes will mature on 5 July 2011 whereas the 9.125% perpetual subordinated notes will be callable in 2012.

29. 重大關連人仕交易

本年度內，本集團在其日常銀行業務過程中與其控股公司及控股公司的附屬公司進行了多項交易，其中特別包括借貸、接受及存放同業存款、參與銀團貸款、往來銀行交易和外匯交易。這些交易的合約定價是按照每次進行交易時的相關市場利率而定，並與提供給本集團其他交易方及客戶的條款相同。董事會認為，這些交易是按正常商業條款進行。

本年度內，關連人仕交易的收支及於結算日的結欠如下：

(a) 收入／（支出）

		本集團 The Group	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
利息收入	Interest income	4,079	2,301
利息支出	Interest expenses	(31,130)	(50,398)
其他收入	Other income	13,672	6,685
其他支出	Other expenses	(6,647)	(5,068)
		(20,026)	(46,480)

(b) 控股公司

		本集團 The Group		本行 The Bank	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
客戶墊款及其他 賬項減準備	Advances to customers and other accounts less provisions	147	117,094	—	117,094
客戶存款	Deposits from customers	1,935,131	1,162,517	1,935,131	1,162,517
其他賬項及準備	Other accounts and provisions	219,713	182,366	219,713	182,366
		2,154,844	1,344,883	2,154,844	1,344,883

29. MATERIAL RELATED PARTY TRANSACTIONS

During the year, the Group entered into a number of transactions with its holding companies and its holding companies' subsidiaries, in the ordinary course of its banking business including, inter alia, lending, the acceptance and placement of inter-bank deposits, participation in loan syndicates, correspondent banking transactions and foreign exchange transactions. The contracts were priced based on relevant market rates at the time of each transaction, and were under the same terms as those available to other counterparties and customers of the Group. In the opinion of the directors, these transactions were conducted on normal commercial terms.

Information relating to income and expense from related party transactions during the year and balances outstanding as at the balance sheet date is set out below:

(a) Income/(expense)

		本集團 The Group	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
利息收入	Interest income	4,079	2,301
利息支出	Interest expenses	(31,130)	(50,398)
其他收入	Other income	13,672	6,685
其他支出	Other expenses	(6,647)	(5,068)
		(20,026)	(46,480)

(b) Holding companies

		本集團 The Group		本行 The Bank	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
客戶墊款及其他 賬項減準備	Advances to customers and other accounts less provisions	147	117,094	—	117,094
客戶存款	Deposits from customers	1,935,131	1,162,517	1,935,131	1,162,517
其他賬項及準備	Other accounts and provisions	219,713	182,366	219,713	182,366
		2,154,844	1,344,883	2,154,844	1,344,883

29. 重大關連人仕交易 (續)

(c) 同系附屬公司

		本集團 The Group		本行 The Bank	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
現金及短期資金	Cash and short-term fund	371,785	—	—	—
客戶墊款及其他 賬項減準備	Advances to customers and other accounts less provisions	245,333	4,351	245,333	4,351
		617,118	4,351	245,333	4,351
銀行及其他金融機構 存款及結存	Deposits and balances of banks and other financial institutions	127,602	97,316	127,602	97,316
客戶存款	Deposits from customers	1,141,413	1,479,107	1,141,413	1,479,107
其他賬項及準備	Other accounts and provisions	11,479	31,323	11,479	31,323
		1,280,494	1,607,746	1,280,494	1,607,746

(d) 聯營公司

(d) Associates

		本集團及本行 The Group and The Bank	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
客戶存款	Deposits from customers	132,116	328

29. 重大關連人仕交易 (續)**(e) 直接控股公司的聯營公司****29. MATERIAL RELATED PARTY TRANSACTIONS (cont'd)****(e) Associates of the immediate holding company**

		本集團及本行 The Group and The Bank	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
其他證券投資	Other investments in securities	64,883	–
客戶墊款及其他 賬項減準備	Advances to customers and other accounts less provisions	10,452	–
		75,335	–
客戶存款	Deposits from customers	448,872	356,535
其他賬項及準備	Other accounts and provisions	1,397	151
		450,269	356,686

30. 資產負債表外風險

(a) 或有負債及承擔

以下是每類主要或有負債及承擔的合約金額概要：

		本集團 The Group		本行 The Bank	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
直接信貸代替品	Direct credit substitutes	1,096,253	1,187,756	1,096,253	1,187,756
與交易有關的或有項目	Transaction-related contingencies	–	38,994	–	38,994
與貿易有關的或有項目	Trade-related contingencies	1,635,365	1,262,930	1,635,365	1,260,417
其他承擔：	Other commitments:				
– 原到期日在1年以下或可無條件撤銷	– with an original maturity of under 1 year or which are unconditionally cancellable	10,387,731	9,294,444	10,387,731	9,288,865
– 原到期日在1年或以上	– with an original maturity of 1 year or over	734,808	922,801	734,808	922,801
		13,854,157	12,706,925	13,854,157	12,698,833

或有負債及承擔是與信貸相關的工具，當中包括承兌票據、信用證、提供信貸的擔保及承擔。涉及的風險基本上與向客戶提供貸款信貸額涉及的信貸風險相同。因此，這些交易涉及的信貸申請、組合管理及抵押品要求與銀行貸款客戶相同。合約金額是指在合約全數提取後發生客戶拖欠而需承擔風險的金額。由於信貸額可能在到期時仍未動用，故合約金額並非預期未來現金流入。

30. OFF-BALANCE SHEET EXPOSURES

(a) Contingent liabilities and commitments

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

Contingent liabilities and commitments are credit-related instruments which include acceptances, letters of credit, guarantees and commitments to extend credit. The risk involved is essentially the same as the credit risk involved in extending loan facilities to customers. These transactions are, therefore, subject to the same credit application, portfolio maintenance and collateral requirements as for customers applying for loans. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the client default. As the facilities may expire without being drawn upon, the contract amounts do not represent expected future cash flows.

30. 資產負債表外風險 (續)**(b) 衍生工具**

衍生工具是指根據一項或多項基本資產或指數的價值來釐定其價值的財務合約。

以下是本集團及本行各種主要衍生工具的名義金額概要：

30. OFF-BALANCE SHEET EXPOSURES (cont'd)**(b) Derivatives**

Derivatives refer to financial contracts whose value depends on the value of one or more underlying assets or indices.

The following is a summary of the notional amounts of each significant type of derivatives entered into by the Group and the Bank:

		本集團 The Group					
		二零零三年 2003			二零零二年 2002		
		交易 Trading 港幣千元 HK\$'000	對沖 Hedging 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000	交易 Trading 港幣千元 HK\$'000	對沖 Hedging 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
滙率合約	Exchange rate contracts						
遠期交易	Forwards	1,059,391	–	1,059,391	1,095,192	–	1,095,192
掉期交易	Swaps	12,416,034	4,966,108	17,382,142	34,890,559	4,999,417	39,889,976
買入期權	Options purchased	172,189	–	172,189	66,884	–	66,884
賣出期權	Options written	142,182	–	142,182	40,490	–	40,490
利率合約	Interest rate contracts						
遠期交易及期貨交易	Forwards and futures	2,173,677	–	2,173,677	2,262,090	–	2,262,090
掉期交易	Swaps	3,060,615	8,992,439	12,053,054	2,127,535	9,526,349	11,653,884
買入期權	Options purchased	1,853,448	–	1,853,448	931,162	–	931,162
賣出期權	Options written	2,031,079	–	2,031,079	931,162	–	931,162
股份合約	Equity contracts						
買入期權	Options purchased	–	12,044	12,044	–	18,372	18,372
賣出期權	Options written	–	12,044	12,044	–	18,371	18,371
		22,908,615	13,982,635	36,891,250	42,345,074	14,562,509	56,907,583

30. 資產負債表外風險 (續)

(b) 衍生工具 (續)

30. OFF-BALANCE SHEET EXPOSURES (cont'd)

(b) Derivatives (cont'd)

		本行 The Bank					
		二零零三年 2003			二零零二年 2002		
		交易 Trading 港幣千元 HK\$'000	對沖 Hedging 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000	交易 Trading 港幣千元 HK\$'000	對沖 Hedging 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
滙率合約	Exchange rate contracts						
遠期交易	Forwards	1,059,391	–	1,059,391	1,095,192	–	1,095,192
掉期交易	Swaps	12,416,034	4,966,108	17,382,142	34,890,559	4,999,417	39,889,976
買入期權	Options purchased	172,189	–	172,189	66,884	–	66,884
賣出期權	Options written	142,182	–	142,182	40,490	–	40,490
利率合約	Interest rate contracts						
遠期交易及期貨交易	Forwards and futures	2,173,677	–	2,173,677	2,262,090	–	2,262,090
掉期交易	Swaps	3,060,615	8,992,439	12,053,054	2,127,535	9,526,349	11,653,884
買入期權	Options purchased	1,853,448	–	1,853,448	931,162	–	931,162
賣出期權	Options written	2,031,079	–	2,031,079	931,162	–	931,162
股份合約	Equity contracts						
買入期權	Options purchased	–	12,044	12,044	–	18,372	18,372
賣出期權	Options written	–	12,044	12,044	–	18,371	18,371
		22,908,615	13,982,635	36,891,250	42,345,074	14,562,509	56,907,583

以上的交易由本集團及本行在外滙、利率及證券市場進行。這些工具的名義金額是指仍未平倉的交易額，並非風險金額。

The above transactions are undertaken by the Group and the Bank in the foreign exchange, interest rate and equity markets. The notional amounts of these instruments indicate the volume of transactions outstanding and do not represent amounts at risk.

30. 資產負債表外風險 (續)

- (c) 本集團及本行上述資產負債表外風險的重置成本及信貸風險加權金額如下。於本年度，本集團及本行並沒有計入雙邊淨額安排的影響於金額中，以下數據為毛額：

		本集團 The Group			
		二零零三年 2003		二零零二年 2002	
		重置成本 Replacement cost 港幣千元 HK\$'000	信貸風險 加權金額 Credit risk weighted amount 港幣千元 HK\$'000	重置成本 Replacement cost 港幣千元 HK\$'000	信貸風險 加權金額 Credit risk weighted amount 港幣千元 HK\$'000
或有負債及承擔	Contingent liabilities and commitments	不適用 N/A	1,414,021	不適用 N/A	1,332,425
滙率合約	Exchange rate contracts	120,536	71,464	135,779	118,904
利率合約	Interest rate contracts	459,238	133,659	601,457	171,752
股份合約	Equity contracts	50	599	104	792
		579,824	1,619,743	737,340	1,623,873

		本行 The Bank			
		二零零三年 2003		二零零二年 2002	
		重置成本 Replacement cost 港幣千元 HK\$'000	信貸風險 加權金額 Credit risk weighted amount 港幣千元 HK\$'000	重置成本 Replacement cost 港幣千元 HK\$'000	信貸風險 加權金額 Credit risk weighted amount 港幣千元 HK\$'000
或有負債及承擔	Contingent liabilities and commitments	不適用 N/A	1,414,021	不適用 N/A	1,331,972
滙率合約	Exchange rate contracts	120,536	71,464	135,779	118,904
利率合約	Interest rate contracts	459,238	133,659	601,457	171,752
股份合約	Equity contracts	50	599	104	792
		579,824	1,619,743	737,340	1,623,420

30. 資產負債表外風險 (續)

重置成本是指重置所有按市價計算具正數價值的合約成本，未計入雙邊淨額安排的影响。

信貸風險加權金額是指按照香港《銀行業條例》有關資本充足比率的附表三所計算的金額，取決於合約另一方的財務狀況及到期的情況。或有負債及承擔的風險加權由0%至100%不等，而滙率、利率及其他衍生工具合約則由0%至50%不等。

(d) 資本承擔

於十二月三十一日因購入物業及設備而引起及未在財務報表內提撥準備的資本承擔如下：

30. OFF-BALANCE SHEET EXPOSURES (cont'd)

The replacement cost represents the cost of replacing all contracts which have a positive value when marked to market and which have not been subject to any bilateral netting arrangement.

The credit risk-weighted amount refers to the amount as computed in accordance with the Third Schedule to the Hong Kong Banking Ordinance on capital adequacy and depends on the status of the counterparty and the maturity characteristics. The risk weights used range from 0% to 100% for contingent liabilities and commitments, and from 0% to 50% for exchange rate, interest rate and other derivatives contracts.

(d) Capital commitments

Capital commitments for acquisition of premises and equipment outstanding at 31 December not provided for in the financial statements were as follows:

		本集團及本行 The Group and The Bank	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
已授權及訂約	Authorised and contracted for	14,062	9,983

30. 資產負債表外風險 (續)**(e) 租賃承擔**

於十二月三十一日，根據不可解除經營租賃未來應付的最低租金總額如下：

		本集團 The Group		本行 The Bank	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
樓宇	Premises				
1年內	Within one year	16,501	46,489	16,335	37,657
1年至5年	After one year but within five years	11,697	43,011	11,657	21,304
5年後	After five years	4,998	10,691	4,998	11,691
		33,196	100,191	32,990	70,652
設備	Equipment				
1年內	Within one year	718	2,248	718	2,248
1年至5年	After one year but within five years	1,221	2,923	1,221	2,923
		1,939	5,171	1,939	5,171

本集團及本行通過經營租賃的方式租借多項物業及設備。有關物業及設備的最初租賃期一般為兩至四年，可於所有條款重新商定後續期。以上租賃均不涉及或有租金。

30. OFF-BALANCE SHEET EXPOSURES (cont'd)**(e) Lease commitments**

At 31 December, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

The Group and the Bank lease a number of properties and items of equipment under operating leases. The leases typically run for an initial period of two to four years, with an option to renew when all terms are renegotiated. None of the leases includes contingent rentals.

**31. 產生／(用於)經營業務之現金與正常
業務的稅前溢利對賬表**

**31.RECONCILIATION OF PROFIT FROM ORDINARY
ACTIVITIES BEFORE TAXATION TO CASH GENERATED
FROM/(USED IN) OPERATING ACTIVITIES**

		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 (重報) (Restated) 港幣千元 HK\$'000
正常業務的稅前溢利	Profit from ordinary activities before taxation	756,939	667,396
呆壞賬準備	Charge for bad and doubtful debts	473,638	509,228
投資物業重估淨(盈利)/虧損	Net (surplus)/deficit on revaluation of investment properties	(7,835)	13,879
出售有形固定資產淨虧損	Net loss on disposal of tangible fixed assets	21,818	8,987
出售持有至到期證券淨溢利	Net profit on disposal of held-to-maturity securities	(123,948)	(51,949)
其他物業減值損失	Impairment loss on other premises	4,751	–
出售聯營公司淨虧損	Net loss on disposal of associates	–	190
持有至到期證券及投資證券 (回撥)/準備	Provision (written back)/made on held-to-maturity securities and investment securities	(1,135)	13,194
應佔聯營公司溢利減虧損	Share of profits less losses of associates	(95,102)	–
遞延支出攤銷	Amortisation of deferred expenses	62,539	46,630
折舊	Depreciation	125,537	113,388
股票投資股息收入	Dividend income from equity investment securities	(11,979)	(17,873)
後償票據利息支出	Interest expenses on subordinated notes	355,260	280,745
滙兌差額	Foreign exchange difference	(20,565)	–
買賣業務現金淨流入	Net cash inflow from trading activities	1,539,918	1,583,815
國庫券減少(原到期日超過3個月)	Decrease in treasury bills (original maturity over 3 months)	–	1,261,403
銀行及其他金融機構存款增加 (原到期日超過3個月)	Increase in placements with banks and other financial institutions (original maturity over 3 months)	(262,025)	(31,795)
存款證(增加)/減少	(Increase)/decrease in certificates of deposit	(1,028,156)	2,525,176
其他證券投資減少/(增加)	Decrease/(increase) in other investments in securities	320,625	(1,974,876)
客戶、銀行和其他金融機構 墊款、貿易票據及其他賬項減少	Decrease in advances to customers, banks and other financial institutions, trade bills and other accounts	1,818,242	1,202,593
持有至到期證券及投資證券增加	Increase in held-to-maturity securities and investment securities	(3,757,717)	(5,037,910)
銀行及其他金融機構結存 增加/(減少)	Increase/(decrease) in deposits and balances of banks and other financial institutions	1,446,560	(900,795)
客戶存款增加/(減少)	Increase/(decrease) in deposits from customers	3,503,906	(2,658,734)
已發行存款證(減少)/增加	(Decrease)/increase in certificates of deposit issued	(1,121,337)	508,001
其他賬項及準備增加/(減少)	Increase/(decrease) in other accounts and provisions	332,402	(432,808)
已發行債務證券減少	Decrease in issued debt securities	–	(373,371)
產生／(用於)經營業務之現金	Cash generated from/(used in) operating activities	2,792,418	(4,329,301)

32. 收購附屬公司**(a) 收購淨資產**

		二零零三年 2003 港幣千元 HK\$'000
現金及短期資金	Cash and short-term funds	5,732
客戶墊款及其他賬項減準備	Advances to customers and other accounts less provisions	7,590
有形固定資產	Tangible fixed assets	366
其他賬項及準備	Other accounts and provisions	(17,285)
因收購而產生的商譽	Goodwill on acquisition	10,558
		6,961
已付投資成本	Investment cost paid	5,221
未付投資成本	Investment cost payable	1,740
涉及現金總額	Total amount satisfied by cash	6,961

**(b) 收購附屬公司導致的現金及現金等值項目
流入淨額分析****32. ACQUISITION OF A SUBSIDIARY****(a) Net assets acquired****(b) Analysis of net inflow of cash and cash equivalents in respect
of the acquisition of a subsidiary**

		二零零三年 2003 港幣千元 HK\$'000
現金代價	Cash consideration	(5,221)
收購之現金及短期資金	Cash and short-term funds acquired	5,732
		511

33. 現金及現金等值項目結餘分析

(i) 綜合現金流量表內的現金及現金等值項目

		本集團 The Group	
		二零零三年 2003	二零零二年 2002 (重報) (Restated)
		港幣千元 HK\$'000	港幣千元 HK\$'000
現金及於銀行及其他 金融機構結存	Cash and balances with banks and other financial institutions	494,134	657,000
即期及短期通知存款	Money at call and short notice	6,832,040	4,723,135
銀行及其他金融機構存款 (須於原到期日三個月內償還)	Placements with banks and other financial institutions (with original maturity within three months)	334,348	171,006
		7,660,522	5,551,141

(ii) 與綜合資產負債表之對賬

33. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

(i) Components of cash and cash equivalents in the consolidated cash flow statement

(ii) Reconciliation with the consolidated balance sheet

		本集團 The Group	
		二零零三年 2003	二零零二年 2002 (重報) (Restated)
		港幣千元 HK\$'000	港幣千元 HK\$'000
現金及短期資金	Cash and short-term funds	7,326,174	5,380,135
一個月後到期的銀行及 其他金融機構存款	Placements with banks and other financial institutions maturing after one month	646,373	221,006
綜合資產負債表的數額	Amount shown in the consolidated balance sheet	7,972,547	5,601,141
減：原到期日超過 三個月數額	Less: amounts with an original maturity of beyond three months	(312,025)	(50,000)
綜合現金流量表內的現金及 現金等值項目	Cash and cash equivalents in the consolidated cash flow statement	7,660,522	5,551,141

34. 僱員退休計劃

本集團設有一項既定供款公積金計劃（簡稱「該退休計劃」）。據此，本集團須把相當於僱員基本薪金10%的供款撥入基金內。該退休計劃是一個強制性公積金（簡稱「強積金」）豁免計劃，涵蓋範圍遍及本集團的所有全職僱員。僱員毋須作出任何供款。如果僱員在獲得全數供款前離開本集團，本集團不得將僱員所放棄的供款用作減少現時的供款額，而需將有關供款撥入一個獨立的福利基金，作為該退休計劃成員的福利金。

除了該退休計劃外，本集團自二零零零年十二月一日起，也參與一項認可強積金退休計劃，為現有及新僱員提供計劃選擇。本集團已根據強積金計劃規定提供等同強制部分的福利。

本年度內，本集團就這些計劃作出的供款約為3,500萬元（二零零二年：2,400萬元）（附註4(c)）。

35. 證券形式的福利

於二零零三年五月十六日，本行之控股公司中信國際金融控股有限公司（「中信國際金融控股」）採納了中信國際金融控股購股權計劃（「新購股權計劃」），並同時終止了於一九九五年三月三十日採納的高級行政人員購股權計劃（「舊購股權計劃」）。舊購股權計劃的條文將繼續具有十足效力及作用，惟以行使於舊購股權計劃終止前已授出之購股權為限。截至二零零三年十二月三十一日止年度內，中信國際金融控股並未有根據舊購股權計劃授出任何購股權。根據新購股權計劃，中信國際金融控股於二零零三年十二月一日向273位合資格僱員授予購股權，包括本行若干董事及行政總裁。該購股權行使價為每股港幣3.54元，可認購的股份總數達6,758,000股。該等購股權屬無代價賦予，可於二零零五年十一月十七日至二零一三年十一月十六日期間內行使。

於購股權賦予日，中信國際金融控股並無確認的僱員福利成本或責任。當購股權行使時，中信國際金融控股的股本隨着收取所得金額而增加。

34. STAFF RETIREMENT SCHEME

The Group has a defined contribution provident fund scheme (the '**Retirement Scheme**') under which it contributes 10% of the employees' basic salaries. The Retirement Scheme is an MPF exempted scheme and covers all permanent full-time employees of the Group. No employee contributions are required. Contributions forfeited by leavers prior to vesting fully may not be used by the Group to reduce the existing level of contribution but are transferred to a separate welfare fund which shall be applied for the welfare of the Retirement Scheme's members.

Besides the Retirement Scheme, the Group also participated in an approved MPF scheme effective on 1 December 2000 to provide scheme choice to both existing and new employees. Mandatory benefits are being provided under the MPF Scheme.

During the year, the Group contributed approximately \$35 million (2002: \$24 million) (note 4(c)) to these schemes.

35. EQUITY COMPENSATION BENEFITS

The holding company of the Bank, CITIC International Financial Holdings Limited ('**CIFH**'), adopted The CITIC International Financial Holdings Limited Share Option Scheme (the '**New Option Scheme**') on 16 May 2003 and, at the same time, terminated the Senior Executive Share Option Scheme adopted by CIFH on 30 March 1995 (the '**Old Option Scheme**'). The provisions of the Old Option Scheme remain in full force and effect to the extent necessary to give effect to the exercise of all options granted prior to the termination of the Old Option Scheme. For the year ended 31 December 2003, there was no option granted by CIFH under the Old Option Scheme. Options to subscribe for a total of 6,758,000 shares of CIFH at the exercise price of HK\$3.54 per share were granted to 273 eligible employees, including certain directors and the Chief Executive Officer of the Bank, under the New Option Scheme on 1 December 2003. These options were granted for nil consideration and can be exercised during the period from 17 November 2005 to 16 November 2013.

At the date of the grant, no employee benefit cost or obligation is recognised by CIFH. When the options are exercised, equity of the CIFH is increased by the amount of the proceeds received.

36. 行政人員貸款

本行根據香港《公司條例》第161B條披露行政人員的貸款詳情如下：

		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
於12月31日的結欠 — 來自本行	Balance outstanding at 31 December – By the Bank	6,389	145,329
本年度內最高結欠總額 — 來自本行	Maximum aggregate amount outstanding during the year – By the Bank	17,915	292,653

於二零零三年十二月三十一日，並無到期而未償還利息，亦沒有為這些貸款提撥準備。

36. LOANS TO OFFICERS

Particulars of loans to officers of the Bank disclosed pursuant to section 161B of the Hong Kong Companies Ordinance are as follows:

There was no interest due but unpaid nor any provision made against these loans at 31 December 2003.

37. 用作抵押的資產

於二零零三年十二月三十一日，總值1.25億元（二零零二年：0.94億元）的持有至到期證券及總值3萬元的即期及短期通知存款（二零零二年：60萬元）已抵押予美國貨幣監理處，作為於美國的法定存款。

37. ASSETS PLEDGED AS SECURITY

On 31 December 2003, held-to-maturity securities amounting to \$125 million (2002: \$94 million) and money at call and short notice amounting to \$0.03 million (2002: \$0.6 million) have been pledged to the Office of the Comptroller of Currency in the USA as statutory deposits.

38. 比較數字

比較數字已因應關於遞延稅項會計政策的改變予以更改，該項詳細的說明已列於附註3。

38. COMPARATIVE FIGURES

Certain comparative figures have been adjusted as a result of the change in accounting policy for deferred taxation, details of which are set out in note 3.

39. 最終控股公司

董事認為，本行於二零零三年十二月三十一日的直接控股公司為在香港註冊成立的中信國際金融控股有限公司，而最終控股公司為在中華人民共和國註冊成立的中國中信集團公司（前稱「中國國際信托投資公司」）。

39. ULTIMATE HOLDING COMPANY

At 31 December 2003, the directors consider the immediate holding company to be CITIC International Financial Holdings Limited which is incorporated in Hong Kong, and the ultimate holding company to be CITIC Group (formerly known as China International Trust and Investment Corporation) which is incorporated in the People's Republic of China.

40. 財務報表核准

這些財務報表已於二零零四年三月十八日獲董事會核准並授權發佈。

40. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 18 March 2004.

未經審核財務資料補充

Unaudited Supplementary Financial Information

於二零零三年十二月三十一日
(除特別列明外以港幣為單位)

as at 31 December 2003
(Expressed in Hong Kong dollars unless otherwise indicated)

(A) 資本充足比率及流動資金比率

(A) CAPITAL ADEQUACY AND LIQUIDITY RATIOS

		二零零三年 2003	二零零二年 2002 (重報) (Restated)
未經調整資本充足比率	Unadjusted capital adequacy ratio	16.30%	17.38%
經調整資本充足比率	Adjusted capital adequacy ratio	16.02%	16.76%
2002年1月1日至2002年 10月31日十個月的 平均流動資金比率	Average liquidity ratio for 10 months from 1 January 2002 – 31 October 2002	不適用 N/A	46.92%
2002年11月1日至2002年 12月31日兩個月的 平均流動資金比率	Average liquidity ratio for 2 months from 1 November 2002 – 31 December 2002	不適用 N/A	47.09%
截至2003年12月31日止年度 平均流動資金比率	Average liquidity ratio for year ended 31 December 2003	49.18%	不適用 N/A

未經調整資本充足比率是根據香港金融管理局(「金管局」)為監管目的所規定，按本行及其若干附屬公司的合併基準，並且符合香港《銀行業條例》附表三的基準計算。

經調整資本充足比率已考慮結算日的市場風險，並按照金管局頒佈的《就市場風險維持足夠資本》指引及與未經調整資本充足比率相同的合併基準計算。

平均流動資金比率根據金管局為監管目的所規定，按本行及若干附屬公司的合併基準，並且符合香港《銀行業條例》附表四的基準計算。

The unadjusted capital adequacy ratio is computed on the consolidated basis covering the Bank and certain of its subsidiaries as required by the Hong Kong Monetary Authority (the 'HKMA') for its regulatory purposes, and is in accordance with the Third Schedule to the Hong Kong Banking Ordinance.

The adjusted capital adequacy ratio which takes into account market risks as at the balance sheet date is computed in accordance with the Guideline 'Maintenance of Adequate Capital Against Market Risks' issued by the HKMA and on the same consolidated basis as for unadjusted capital adequacy ratio.

The average liquidity is computed on the consolidated basis covering the Bank and certain of its subsidiaries as required by the HKMA for its regulatory purposes, and is in accordance with the Fourth Schedule to the Hong Kong Banking Ordinance.

(B) 扣除減項後資本基礎**(B) CAPITAL BASE AFTER DEDUCTIONS**

		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 (重報) (Restated) 港幣千元 HK\$'000
核心資本	Core capital		
實繳普通股本	Paid up ordinary share capital	2,393,341	2,393,341
股份溢價	Share premium	282,930	282,930
儲備	Reserves	2,157,024	1,936,526
核心資本總額	Total core capital	4,833,295	4,612,797
合格補助資本	Eligible supplementary capital		
土地及土地權益重估儲備	Reserves on revaluation of land and interests in land	8,362	8,362
呆賬一般準備	General provisions for doubtful debts	546,474	498,137
永久後償債項	Perpetual subordinated debt	1,940,783	1,950,078
有期後償債項	Term subordinated debt	1,397,364	2,306,399
補助資本總額	Gross value of supplementary capital	3,892,983	4,762,976
合格補助資本總額	Eligible value of supplementary capital	3,892,983	4,612,797
扣除減項前總資本基礎	Total capital base before deductions	8,726,278	9,225,594
總資本基礎減項	Deductions from total capital base	(511,734)	(135,865)
扣除減項後總資本基礎	Total capital base after deductions	8,214,544	9,089,729

(C) 分部資料

分部資料是按本集團的業務和地區分部作出呈述。由於董事認為業務分部較切合本集團內部財務資料的滙報，故已採用此業務分部資料為基本報告形式。

(i) 業務分部

本集團主要從事提供銀行及相關金融服務。以下是本集團主要業務組成部分：

零售銀行業務： 主要包括存款戶口服務、住宅物業貸款、其他消費借貸、信用卡服務及租賃。

企業銀行業務： 主要包括貿易融資、銀團貸款及其他企業借貸。

財資業務： 包括提供外匯交易服務、資金市場活動、管理投資證券及中央現金管理。

未分配業務： 主要包括銀行物業及不能合理地列入特定業務分部的任何項目。

就分部滙報而言，經營收入的分配是根據內部轉讓價格機制反映資金的利益分配到業務分部上。從二零零三年一月一日開始，轉讓價格機制已被修改。而中央現金管理功能已從「未分配業務」分配到「財資業務」內。管理層認為以上改變可充分反映集團內部組織和管理架構及其內部財務報告系統。因此，比較數字已按本年度賬項呈示要求而作出相應調整。

成本的分配是根據各業務分部的直接成本及合理基準分配經常費用予各業務分部。而使用銀行物業產生的市值租金會反映於「未分配業務」之分部間經營收入內及各業務部之分部間經營支出中。

(C) SEGMENTAL INFORMATION

Segmental information is represented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format as the directors consider that this is more relevant to the Group's internal financial reporting.

(i) Business segments

The Group is principally engaged in the provision of banking and related financial services. The Group comprises the following main business segments:

Retail banking business: It mainly comprises deposit account services, residential mortgage, other consumer lendings, credit card services and finance leases.

Wholesale banking business: It mainly comprises trade financing, syndicated loans and other corporate lendings.

Treasury: It covers provision of foreign exchange services, money market activities, management of investment securities and central cash management.

Unallocated: It mainly comprises the bank premises and any items which cannot be reasonably allocated to specific business segments.

For the purpose of segment reporting, the allocation of operating income reflects the benefits of funding resources allocated to the business segments based on internal funds transfer pricing mechanism. Starting from 1 January 2003, transfer pricing methodology has been revised. Moreover, the function of central cash management has been reallocated from 'Unallocated' to 'Treasury'. Management considered the above changes reflect better the Group's internal organisational and management structure and its system of internal financial reporting. As a result, the comparative figures have been adjusted to conform with current year's presentation.

Cost allocation is based on the direct costs incurred by the respective business segments and apportionment of overheads on a reasonable basis to the business segments. Rental charges at market rate for usage of bank premises are reflected as inter-segment income for the 'unallocated' segment and inter-segment expenses for the respective business segments.

(C) 分部資料 (續)**(i) 業務分部 (續)**

二零零三年
2003

		本集團 The Group				
		零售銀行 Retail banking 港幣千元 HK\$'000	企業銀行 Wholesale banking 港幣千元 HK\$'000	財資 Treasury 港幣千元 HK\$'000	未分配業務 Unallocated 港幣千元 HK\$'000	綜合 Consolidated 港幣千元 HK\$'000
淨利息收入	Net interest income	669,302	536,806	326,097	15,079	1,547,284
其他經營收入	Other operating income	213,093	187,073	(30,616)	30,058	399,608
經營收入	Operating income	882,395	723,879	295,481	45,137	1,946,892
經營支出	Operating expense	(376,207)	(96,710)	(47,713)	(397,136)	(917,766)
分部間經營(支出)/收入	Inter-segment (expenses)/income	(220,287)	(106,900)	(40,799)	367,986	-
未計準備前經營溢利	Operating profit before provisions	285,901	520,269	206,969	15,987	1,029,126
呆壞賬準備	Charge for bad and doubtful debts	(170,198)	(252,419)	-	(51,021)	(473,638)
分部業績	Segment result	115,703	267,850	206,969	(35,034)	555,488
出售有形固定資產淨虧損	Net loss on disposal of tangible fixed assets	(11,634)	(393)	(156)	(9,635)	(21,818)
重估投資物業淨盈餘	Net surplus on revaluation of investment properties	-	-	-	7,835	7,835
其他物業減值損失	Impairment loss on other premises	-	-	-	(4,751)	(4,751)
出售持有至到期證券 淨溢利	Net profit on disposal of held-to-maturity securities	-	407	123,541	-	123,948
持有至到期證券及 投資證券回撥/(準備)	Provision written back/(made) for held-to-maturity securities and investment securities	(1,166)	2,301	-	-	1,135
所佔聯營公司溢利減虧損	Share of profits less losses of associates	-	-	-	95,102	95,102
正常業務的稅前溢利	Profit from ordinary activities before taxation	102,903	270,165	330,354	53,517	756,939
稅項	Income tax	-	-	-	(103,214)	(103,214)
股東應佔溢利/(虧損)	Profit/(loss) attributable to shareholders	102,903	270,165	330,354	(49,697)	653,725
年度內折舊	Depreciation for the year	28,451	3,689	2,243	91,154	125,537
分部資產	Segment assets	17,936,829	26,582,352	29,995,046	2,705,666	77,219,893
聯營公司權益	Interest in associates	-	-	-	195,306	195,306
總資產	Total assets	17,936,829	26,582,352	29,995,046	2,900,972	77,415,199
分部負債	Segment liabilities	35,274,744	22,413,884	9,733,654	785,720	68,208,002
本年度內產生的資本開支	Capital expenditure incurred during the year	8,029	2,468	2,660	34,155	47,312

(C) SEGMENTAL INFORMATION (cont'd)**(i) Business segments (cont'd)**

未經審核財務資料補充

Unaudited Supplementary Financial Information

(C) 分部資料 (續)

(i) 業務分部 (續)

二零零二年
2002

(C) SEGMENTAL INFORMATION (cont'd)

(i) Business segments (cont'd)

本集團
The Group

		零售銀行 Retail banking 港幣千元 HK\$'000	企業銀行 Wholesale banking 港幣千元 HK\$'000	財資 Treasury 港幣千元 HK\$'000	未分配業務 Unallocated 港幣千元 HK\$'000	綜合 Consolidated 港幣千元 HK\$'000
淨利息收入	Net interest income	638,906	551,406	500,060	16,712	1,707,084
其他經營收入	Other operating income	205,899	213,821	21,093	30,548	471,361
經營收入	Operating income	844,805	765,227	521,153	47,260	2,178,445
經營支出	Operating expense	(461,984)	(117,580)	(48,712)	(389,244)	(1,017,520)
分部間經營(支出)/收入	Inter-segment (expenses)/income	(186,622)	(81,439)	(26,187)	294,248	-
未計準備前經營 溢利/(虧損)	Operating profit/(loss) before provisions	196,199	566,208	446,254	(47,736)	1,160,925
呆壞賬準備	Charge for bad and doubtful debts	(264,597)	(233,846)	-	(10,785)	(509,228)
分部業績	Segment result	(68,398)	332,362	446,254	(58,521)	651,697
出售有形固定資產淨虧損	Net loss on disposal of tangible fixed assets	-	-	-	(8,987)	(8,987)
重估投資物業淨虧損	Net deficit on revaluation of investment properties	-	-	-	(13,879)	(13,879)
出售聯營公司淨虧損	Net loss on disposal of associates	-	-	-	(190)	(190)
出售持有至到期證券 淨溢利	Net profit on disposal of held-to-maturity securities	-	3,786	48,163	-	51,949
持有至到期證券及投 資證券回撥/(準備)	Provision written back/(made) for held-to-maturity securities and investment securities	-	(13,194)	-	-	(13,194)
正常業務的稅前溢利	Profit from ordinary activities before taxation	(68,398)	322,954	494,417	(81,577)	667,396
稅項	Income tax	-	-	-	(94,631)	(94,631)
股東應佔溢利/(虧損)	Profit/(loss) attributable to shareholders	(68,398)	322,954	494,417	(176,208)	572,765
年度內折舊	Depreciation for the year	27,669	7,634	1,764	76,321	113,388
分部資產	Segment assets	20,074,715	26,726,174	23,304,988	2,694,099	72,799,976
聯營公司權益	Interest in associates	-	-	-	120,110	120,110
總資產	Total assets	20,074,715	26,726,174	23,304,988	2,814,209	72,920,086
分部負債	Segment liabilities	35,695,308	19,576,302	7,720,902	1,001,388	63,993,900
本年度內產生的資本開支	Capital expenditure incurred during the year	5,588	459	638	81,849	88,534

(C) 分部資料 (續)**(ii) 按地區劃分**

根據本集團的主要營業地點或倘屬本行，則根據負責匯報業績或將資產記賬的分行地點而言，本集團主要在香港經營業務，本集團90%以上的經營收入、稅前溢利、總資產、總負債、或有負債及承擔均源自香港或屬香港業務賬目。

(C) SEGMENTAL INFORMATION (cont'd)**(ii) By geographical area**

On the basis of the location of the principal operations of the Group or, in the case of the Bank, on the location of the branches responsible for reporting the results or booking the assets, the Group operates predominantly in Hong Kong with over 90% of the Group's operating income, profit before taxation, total assets, total liabilities, contingent liabilities and commitments arising therefrom or booked therein.

本集團
The Group

		二零零三年 2003			二零零二年 2002		
		客戶墊款 Advances to customers 港幣千元 HK\$'000	逾期貸款 及墊款 Overdue loans and advances 港幣千元 HK\$'000	不履約貸款 Non- performing loans 港幣千元 HK\$'000	客戶墊款 Advances to customers 港幣千元 HK\$'000	逾期貸款 及墊款 Overdue loans and advances 港幣千元 HK\$'000	不履約貸款 Non- performing loans 港幣千元 HK\$'000
香港	Hong Kong	32,152,653	1,957,523	1,926,471	35,136,453	1,752,223	1,673,556
中國	Mainland China	4,391,333	34,766	36,773	4,319,078	–	4,732
美國	USA	557,475	–	–	693,345	–	8,731
其他	Others	2,508,632	132,665	126,884	1,792,877	12,295	12,295
		39,610,093	2,124,954	2,090,128	41,941,753	1,764,518	1,699,314

上述有關地區分析的資料已按交易另一方所在地劃分，風險轉移已考慮在內。由與交易方不同的國家的一方作出擔保的債權風險將轉至擔保方的國家賬項中。銀行或其他金融機構分行的債權風險則轉至其總部所在國家的賬項中。

不履約貸款是指利息撥入暫記賬或已停止計算的墊款。

The above geographical analysis is classified by the location of the counterparties after taking into account the transfer of risk. For a claim guaranteed by a party situated in a country different from the counterparty, risk will be transferred to the country of the guarantor. For a claim on the branch of a bank or other financial institution, the risk will be transferred to the country where its head office is situated.

Non-performing advances to customers are those advances on which interest is being placed in suspense or on which interest accrual has ceased.

(D) 客戶墊款 – 按行業劃分

按行業劃分的客戶墊款資料按金管局所用的類別及定義分析。

(D) ADVANCES TO CUSTOMERS – BY INDUSTRY SECTORS

The analysis of advances to customers by industry sectors is based on categories and definitions used by the HKMA.

		本集團 The Group 客戶墊款總額 Gross advances to customers	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
用於香港的貸款	Loans for use in Hong Kong		
工商及金融界	Industrial, commercial and financial		
– 物業發展	– Property development	327,555	563,368
– 物業投資	– Property investment	4,090,359	5,147,370
– 金融界	– Financial concerns	2,647,514	1,621,606
– 股票經紀	– Stockbrokers	20,519	27,590
– 批發及零售貿易	– Wholesale and retail trade	2,240,916	2,464,647
– 製造業	– Manufacturing	3,506,532	3,318,627
– 運輸業及運輸設備	– Transport and transport equipment	4,551,838	4,938,645
– 其他	– Others	3,761,929	3,175,545
個人	Individuals		
– 購入居者有其屋計劃、 私人發展商參與興建居屋計劃 及租者置其屋計劃單位的貸款	– Loans for the purchase of flats under the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	23,979	30,990
– 購入其他住宅物業的貸款	– Loans for the purchase of other residential properties	10,920,086	13,246,473
– 信用卡墊款	– Credit card advances	426,249	335,647
– 其他	– Others	1,409,427	1,289,488
貿易融資	Trade finance	1,913,475	1,968,023
用於香港以外地區的貸款	Loans for use outside Hong Kong	3,769,715	3,813,734
		39,610,093	41,941,753

(E) 滙率風險

本集團來自買賣、非買賣及結構性外滙盤的滙率風險的資料披露如下。向金管局申報的期權盤淨額是按照該局的銀行持有外滙盤申報表(MA(BS)6)中所載的方式計算。

(E) CURRENCY RISK

The information concerning the foreign currency exposures of the Group arising from trading, non-trading and structural positions is disclosed as follows. The net option position reported is calculated in accordance with the methods set out in the banking return 'Foreign Currency Position' (MA(BS)6) submitted to the HKMA.

		本集團 The Group					
相等於 港幣千元	Equivalent in HK\$'000	二零零三年 2003			二零零二年 2002		
		美元 US dollars	人民幣 Renminbi	總額 Total	美元 US dollars	人民幣 Renminbi	總額 Total
現貨資產	Spot assets	26,057,334	225,983	26,283,317	24,971,598	76,883	25,048,481
現貨負債	Spot liabilities	(24,566,069)	(9,157)	(24,575,226)	(22,548,083)	(6,186)	(22,554,269)
遠期買入	Forward purchases	9,986,595	–	9,986,595	20,917,099	–	20,917,099
遠期賣出	Forward sales	(8,239,058)	–	(8,239,058)	(19,641,958)	–	(19,641,958)
期權盤淨額	Net option position	23,051	–	23,051	3,959	–	3,959
長盤淨額	Net long position	3,261,853	216,826	3,478,679	3,702,615	70,697	3,773,312

期權盤淨額是按照最差情況方式計算。

The net option position is calculated using the worst case approach.

(F) 跨境債權

跨境債權資料是資產負債表上呈示考慮了風險轉移後按交易另一方所在地計算的交易另一方風險。由與交易方不同的國家的一方作出擔保的債權風險將轉至擔保方的國家賬項中。銀行或其他金融機構分行的債權風險則轉至其總部所在國家的賬項中。轉移風險後達總跨境債權10%或以上的個別國家或地區債權如下：

(F) CROSS-BORDER CLAIMS

Cross-border claims are on-balance sheet exposures of counterparties based on the location of the counterparties after taking into account the transfer of risk. For a claim guaranteed by a party situated in a country different from the counterparty, risk will be transferred to the country of the guarantor. For a claim on the branch of a bank or other financial institution, the risk will be transferred to the country where its head office is situated. Claims on individual countries or areas, after risk transfer, amounting to 10% or more of the aggregate cross-border claims are shown as follows:

		銀行及其他 金融機構 Banks and other financial institutions 港幣千元 HK\$'000	公營機構 Public sector entities 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
二零零三年	2003				
香港以外亞太區	Asia and Pacific excluding Hong Kong	6,886,634	187,909	5,089,835	12,164,378
其中澳洲	of which Australia	3,314,907	–	58,420	3,373,327
其中中國	of which Mainland China	2,076,200	187,909	4,466,485	6,730,594
西歐	Western Europe	15,428,297	–	4,997,868	20,426,165
其中德國	of which Germany	4,155,222	–	1,273,093	5,428,315
其中英國	of which United Kingdom	4,361,105	–	830,528	5,191,633
二零零二年	2002				
香港以外亞太區	Asia and Pacific excluding Hong Kong	5,003,680	83,160	6,119,931	11,206,771
其中澳洲	of which Australia	3,073,500	–	8,550	3,082,050
其中中國	of which Mainland China	1,146,360	83,160	5,217,019	6,446,539
西歐	Western Europe	9,285,160	–	5,709,212	14,994,372
其中德國	of which Germany	3,506,880	–	1,219,750	4,726,630
其中英國	of which United Kingdom	2,226,590	–	1,153,503	3,380,093

(G) 逾期客戶墊款(已扣除暫記利息)

扣除已資本化但記入暫記賬項內的應計利息的客戶墊款總額已逾期達：

		本集團 The Group	
		二零零三年 2003	二零零二年 2002
		港幣千元 HK\$'000	港幣千元 HK\$'000
		%*	%*
– 3個月至6個月	– 6 months or less but over 3 months	165,835	262,097
– 6個月至1年	– 1 year or less but over 6 months	307,408	169,342
– 1年以上	– over 1 year	1,651,711	1,333,079
總額	Total	2,124,954	1,764,518
有抵押逾期墊款	Secured overdue advances	1,388,339	1,059,650
無抵押逾期墊款	Unsecured overdue advances	736,615	704,868
		2,124,954	1,764,518
持有有抵押逾期墊款 抵押品的市值	Market value of collateral held against the secured overdue advances	1,738,316	1,701,268
特別準備	Specific provisions made	410,020	347,557

* 佔客戶墊款總額計算

於二零零三年十二月三十一日及二零零二年十二月三十一日，本集團並無逾期超過三個月的銀行及其他金融機構墊款。

(G) OVERDUE ADVANCES TO CUSTOMERS (NET OF SUSPENDED INTEREST)

The gross amount of advances, net of accrued interest that has been capitalised but accrued to a suspense account, which have been overdue for periods of:

		本集團 The Group	
		二零零三年 2003	二零零二年 2002
		港幣千元 HK\$'000	港幣千元 HK\$'000
		%*	%*
– 3個月至6個月	– 6 months or less but over 3 months	165,835	262,097
– 6個月至1年	– 1 year or less but over 6 months	307,408	169,342
– 1年以上	– over 1 year	1,651,711	1,333,079
總額	Total	2,124,954	1,764,518
有抵押逾期墊款	Secured overdue advances	1,388,339	1,059,650
無抵押逾期墊款	Unsecured overdue advances	736,615	704,868
		2,124,954	1,764,518
持有有抵押逾期墊款 抵押品的市值	Market value of collateral held against the secured overdue advances	1,738,316	1,701,268
特別準備	Specific provisions made	410,020	347,557

* Based on total advances to customers

There were no advances to banks and other financial institutions which were overdue for over 3 months as at 31 December 2003 and 31 December 2002.

(H) 逾期貸款與墊款及不履約貸款的對賬

(H) RECONCILIATION BETWEEN OVERDUE LOANS AND ADVANCES AND NON-PERFORMING LOANS

		本集團 The Group	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
逾期超過3個月的客戶墊款	Advances to customers overdue for more than 3 months	2,124,954	1,764,518
減：逾期超過3個月而仍然計息的款項	Less: Amount overdue for more than 3 months and on which interest is still being accrued	(247,895)	(173,900)
加：逾期3個月或以下或未逾期但利息記入暫記賬項或已停止計息的款項	Add: Amount overdue for 3 months or less, or not yet overdue and on which interest is being placed in suspense or on which interest accrual has ceased	84,187	75,591
加：利息記入暫記賬項或已停止計息的重整墊款	Add: Rescheduled advances on which interest is being placed in suspense or on which interest accrual has ceased	128,882	33,105
利息記入暫記賬項或已停止計息的客戶墊款	Advances to customers on which interest is being placed in suspense or on which interest accrual has ceased	2,090,128	1,699,314

(I) 其他逾期資產

(I) OTHER OVERDUE ASSETS

		本集團 The Group	
		二零零三年 2003 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000
貿易票據總額已逾期達：	The gross amount of trade bills which has been overdue for:		
– 3個月至6個月	– 6 months or less but over 3 months	–	282
– 6個月至1年	– 1 year or less but over 6 months	1,162	–
– 1年以上	– over 1 year	–	12,864
		1,162	13,146
持有至到期證券總額已逾期達：	Held-to-maturity securities which have been overdue for:		
– 6個月至1年	– 1 year or less but over 6 months	69,409	–
– 1年以上	– over 1 year	15,526	15,601
		84,935	15,601

(J) 重整貸款

		二零零三年 2003		二零零二年 2002	
		港幣千元 HK\$'000	%*	港幣千元 HK\$'000	%*
重整貸款	Rescheduled loans	517,916	1.31	68,559	0.16

* 佔客戶墊款總額計算

重整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，這些經修訂的還款條件對本集團而言並非一般商業條款。客戶重整貸款已扣除其後逾期超過三個月並於附註(G)滙報的逾期貸款。

於二零零三年十二月三十一日及二零零二年十二月三十一日，本集團並無重組的銀行及其他金融機構貸款。

(K) 取回資產

		二零零三年 2003		二零零二年 2002	
		港幣千元 HK\$'000	%*	港幣千元 HK\$'000	%*
已計入客戶墊款及其他賬項中	Included in advances to customers and other accounts	325,393	0.81	409,682	0.16

* 佔客戶墊款總額計算

取回資產指已逾期或已逾三個月仍未收回的貸款，其後經本集團收回。於二零零三年十二月三十一日及二零零二年十二月三十一日，本集團並無取回資產。

(J) RESCHEDULED LOANS

		The Group		The Group	
		二零零三年 2003	%*	二零零二年 2002	%*
		港幣千元 HK\$'000		港幣千元 HK\$'000	
		517,916	1.31	68,559	0.16

* Based on total advances to customers

Rescheduled advances are those advances which have been restructured or renegotiated because of a deterioration in the financial position of the borrower, or the inability of the borrower to meet the original repayment schedule and for which the revised repayment terms are non-commercial to the Group. Rescheduled advances to customers are stated net of any advances that have subsequently become overdue for over 3 months and reported as overdue advances in note (G).

There were no advances to banks and other financial institutions which were rescheduled as at 31 December 2003 and 31 December 2002.

(K) REPOSSESSED ASSETS

		The Group		The Group	
		二零零三年 2003	%*	二零零二年 2002	%*
		港幣千元 HK\$'000		港幣千元 HK\$'000	
		325,393	0.81	409,682	0.16

* Based on total advances to customers

Reposessed assets are those assets which have been repossessed by the Group because of a deterioration in the financial position of the borrower, or the inability of the borrower to meet the original repayment schedule and for which the revised repayment terms are non-commercial to the Group. Repossessed assets to customers are stated net of any advances that have subsequently become overdue for over 3 months and reported as overdue advances in note (G).

(L) 企業管治

本集團致力於保持高企業管治水平，在本年度內及在所有重要的事項上均符合金管局頒佈的監管政策手冊《本地註冊認可機構的企業管治》所載的規定。

(M) 董事委員會

本行董事會已設立以下的委員會：

(i) 審核委員會

該委員會為獨立機構，協助董事會監察本行是否符合各項政策、程序以及內部及法定規定；監督本行內部及外部核數師；並協助董事會獨立檢討本行的財務匯報流程及內部控制制度的有效性。該委員會由本行三名董事組成，其中兩名為獨立非執行董事。

(ii) 高層人事委員會

該委員會監督本行高級行政人員的聘任及撤離、薪酬及繼任計劃，也協助董事會挑選及引薦填補董事會空缺的人選。該委員會由本行四名董事組成。

(iii) 信貸及風險管理委員會

該委員會從董事會層面監督本行的風險管理策略、政策及機制。有關的風險主要包括信貸、市場、利率、資金流動性、營運、信譽、法律及策略性風險。該委員會通過本行管理層面的多個委員會監督本行的風險管理，包括信貸委員會、不良貸款委員會、國際信貸委員會、資產及負債管理委員會以及營運及監控委員會。該委員會由本行五名董事組成。

(L) CORPORATE GOVERNANCE

The Group is committed to high standards of corporate governance and has complied, in all material respects, throughout the year with the module on 'Corporate Governance of Locally Incorporated Authorized Institutions' under the Supervisory Policy Manual issued by the HKMA.

(M) BOARD COMMITTEES

The Board of Directors (the '**Board**') of the Bank has established the following committees:

(i) Audit Committee

The Committee, being an independent body, assists the Board in monitoring compliance with the policies, procedures, and internal and statutory regulations. It provides oversight of the Bank's internal and external auditors and assists the Board in providing independent review of the effectiveness of the Bank's financial reporting process and internal control system. The Committee comprises three directors of the Bank, two of which are independent non-executive directors.

(ii) Executive Personnel Committee

The Committee provides oversight of the appointment and removal, remuneration, and succession plan of the Bank's senior executives. It also assists the Board in selecting and recommending candidates for vacancy on the Board. The Committee comprises four directors of the Bank.

(iii) Credit & Risk Management Committee

The Committee oversees the Bank's risk management strategy, policies and mechanism. The risks concerned primarily include credit, market, interest rate, liquidity, operational, reputation, legal and strategic risks. The Committee carries out its oversight function on the Bank's risk management through various committees at Bank management level, including: Credit Committee, Non Performing Loan Committee, International Credit Committee, Asset & Liability Management Committee ('**ALCO**') and Operations & Control Committee. The Committee comprises five directors of the Bank.

(N) 風險管理

本集團已對信貸風險、流動資金、資本及市場風險的控制與監察制定了政策和程序，並由董事會定期進行檢討。我們的內部核數師亦會作出定期審計，評定出現主要風險的地方的控制措施是否充足及有效，而且確保本集團遵循內部的政策和程序。

為了對沖某些利率風險，本集團已使用利率衍生工具：在交易所買賣的工具（包括利率期貨及債券期貨）以及場外衍生工具（包括利率掉期及期權）。外匯利率風險方面，本集團已採用外匯掉期、期貨及期權作對沖。本集團已採用外匯及利率衍生工具兩種工具分別對沖銀行（應計）賬項及買賣（市值）賬項的風險。所有使用主要衍生工具的利率風險及外匯風險對沖策略已在實施前獲得資產及負債管理委員會核准。

(i) 信貸風險管理

出現信貸風險是由於交易另一方可能違反合約。本集團從事的借貸、貿易融資、庫務、衍生工具及其他業務均存在信貸風險。

本集團的信貸政策手冊界定了信貸核准結構及核准權限的授予、提供信貸的標準、信貸的核准及監察程序、內部信貸風險評級制度、貸款分類制度和提撥準備政策，也參考了香港《銀行業條例》的規定以及金管局不時頒佈的指引。

某些信貸政策在附屬公司制定、實施及維持。在本行及其附屬公司層面，信貸風險管理工作由董事會委任的信貸及風險管理委員會集中處理及監察。該委員會制定核准權力及把核准權力下放予多個處理信貸相關工作的委員會，包括處理核准信貸申請、政策例外情況、貸款分類、特別準備、被評信貸管理及銀行間交易方風險控制的委員會。這些委員會的成員包括行政總裁、風險管理總監、集團信貸主管及其他高級管理人員。

(N) RISK MANAGEMENT

The Group has established policies and procedures for the control and monitoring of credit risk, liquidity, capital and market risk, which are reviewed regularly by the Board. The internal auditors also perform regular audits to assess the adequacy and effectiveness of controls for major risk areas and to ensure compliance with the policies and procedures.

In order to hedge some of the interest rate risks, the Group has used interest rate derivatives: exchange traded instruments include interest rate futures and bond futures, and over-the-counter derivatives include interest rate swaps and options. With regard to foreign exchange risk, the Group has used FX swaps, forwards and options for hedging. The Group has used both types of derivatives, i.e. foreign exchange and interest rate derivatives, to hedge the respective risks in both the banking (accrual) book and the trading (marking to market) book. All interest rate risk and foreign exchange risk hedging strategies using major derivatives have been approved by the ALCO prior to their implementation.

(i) Credit risk management

Credit risk arises from the possibility that the counterparty in a transaction may default. It arises from the lending, trade finance, treasury, derivatives and other activities undertaken by the Group.

The Group's credit policy manual, which was approved by the Board, defines the credit approval hierarchy and delegation of approval authority, the credit extension criteria, the credit approval and monitoring process, the internal credit risk rating system, the loan classification system and provisioning policy. It also takes into account the requirements of the Hong Kong Banking Ordinance and the guidelines issued by the HKMA from time to time.

Specific credit policies are formulated, implemented and maintained at subsidiaries. At the level of the Bank and its subsidiaries, the credit risk management function is centralised and is overseen by the Credit & Risk Management Committee appointed by the Board. The Committee defines and delegates the approval authority to various credit-related functional committees in respect of the approval of credit applications, policy exceptions, loan classifications, specific provisions, management of criticised credits and the control of interbank counterparty risks. These committees comprise the Chief Executive Officer, Chief Credit and Risk Officer, Head of Credit Department and other members of senior management.

(N) 風險管理 (續)

(i) 信貸風險管理 (續)

有別於列賬在資產負債表上項目，其信貸風險為原有價值。而衍生工具的信貸風險是正重置成本。衍生工具的信貸風險於附註30內作出披露。

(ii) 流動資金管理

本集團管理流動資金以確保符合監管要求及法定的流動資金比率。更重要的是本集團為了確保無論在正常或緊急情況下均具備足夠的資金應付客戶的承諾。除了定期發行遠期存款證外，本集團也作出購回協議安排，以增加流動資金。本集團採取了較積極的流動資金管理方式。

(iii) 資本管理

本集團的政策是維持一個雄厚的資本基礎以支持本集團的業務發展，並符合法定的資本充足比率。如上述附註(A)所披露，本集團於二零零三年十二月三十一日未經調整及經調整資本充足比率分別為16.30%及16.02%，遠高於法定最低比率。

本集團的資金是根據各營業部門所承擔的風險分配予各個不同的業務。根據金管局的規定，若干財務附屬公司須受金管局資本要求規限方面的監管。

(iv) 市場風險管理

本集團繼續透過風險管理部的市場風險管理組有效管理市場風險。市場風險管理確保本集團只會在落實客戶指示、內部有買賣需要及對沖的情況下於外匯、利率、證券及股票等市場買賣盤。

本集團的最高市場風險由董事會及本行資產及負債管理委員會訂定。這些風險需定期受到監控，並向管理層匯報。

(N) RISK MANAGEMENT (cont'd)

(i) Credit risk management (cont'd)

Unlike on-balance sheet instruments, where the credit risk is generally represented by the principal value, the credit risk for derivatives is the positive replacement cost. The credit risk exposure for derivative is disclosed in Note 30.

(ii) Liquidity management

The Group manages its liquidity in order to meet all regulatory requirements and comply with the statutory liquidity ratio. More importantly, the Group must be able to meet all customer claims in both normal and emergency circumstances. Besides issuing long-dated certificates of deposit regularly, the Group has also arranged re-purchase agreement facilities in order to enhance its liquidity. The Group adopts a proactive approach towards managing liquidity.

(iii) Capital management

The Group's policy is to maintain a strong capital base to support the development of the Group's business and to meet the statutory capital adequacy ratio. As disclosed in note (A) above, the Group's unadjusted capital adequacy ratio and adjusted capital adequacy ratio of 16.30% and 16.02% respectively as at 31 December 2003 are well above the statutory minimum ratio.

Capital is allocated to the various activities of the Bank depending on the risk taken by each business division. Certain financial subsidiaries, as specified by the HKMA, are subject to the HKMA's capital requirements for its regulatory supervision purposes.

(iv) Market risk management

The Group continues to manage its market risk effectively via the Market Risk Management Unit (the 'Unit') of the Risk Management Department. The Unit ensures that once the Group takes positions in markets such as foreign exchange, interest rates, securities and equities, such positions are driven by execution of customer orders, proprietary trading and hedging.

The Group's maximum limits on market risk exposures are established by the Board and ALCO. Exposures are monitored and reported to management regularly.

(N) 風險管理 (續)

(iv) 市場風險管理 (續)

本集團於二零零三年度的買賣盤業務產生的單日平均虧損為172,000元(二零零二年：盈利6,000元)。

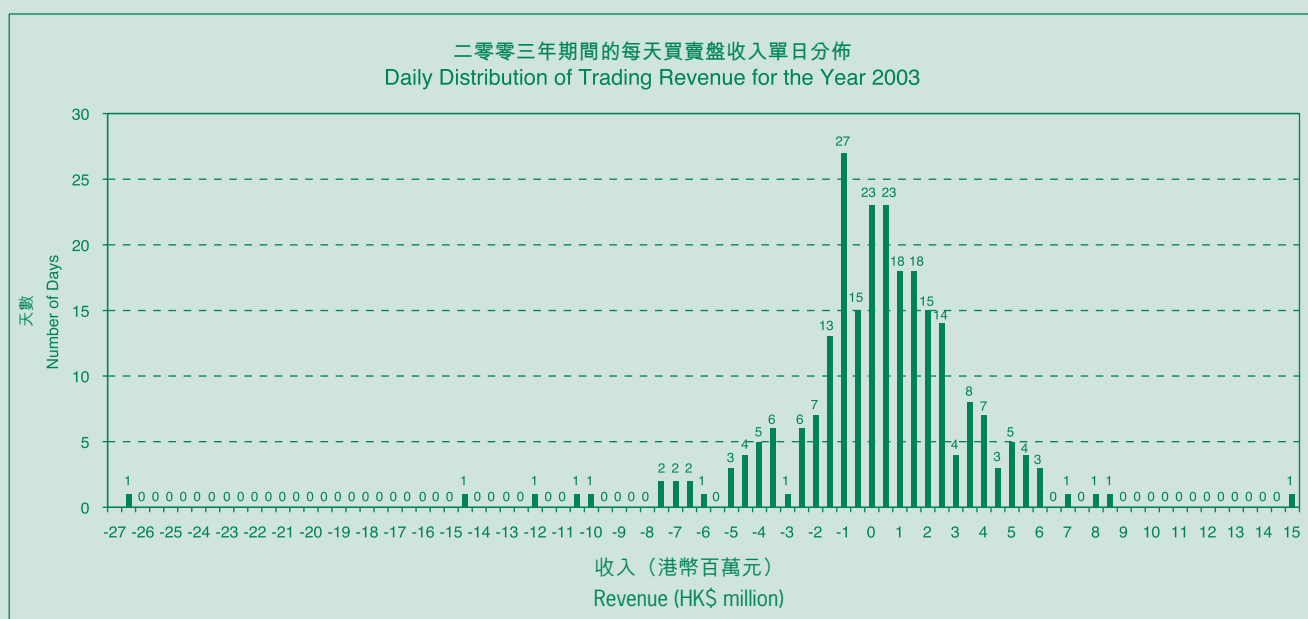
本集團的交易盤收入分析如下：

(N) RISK MANAGEMENT (cont'd)

(iv) Market risk management (cont'd)

The average daily profit and loss incurred from the Group's trading activities during 2003 was a loss of \$172,000 (2002: gain of \$6,000).

An analysis of the Group's trading revenue is shown below:



圖：截至二零零三年十二月三十一日止年度買賣盤收入單日分佈

Figure: Daily distribution of trading revenue for the year ended 31 December 2003

從圖中所見，單日最高虧損為26,667,000元，而單日最高盈利為14,531,000元。248天中有122天出現虧損。最常見的單日虧損為1,000,000元至1,500,000元之間，共出現27次。

This shows a maximum daily loss of \$26,667,000 and a maximum daily gain of \$14,531,000. There were 122 out of 248 trading days with losses. The most frequent result was daily loss of between \$1,000,000 and \$1,500,000 with 27 occurrences.

(v) 外匯風險管理

本集團的外匯風險來自外匯盤買賣、商業交易、外匯證券投資及海外分行，所有外匯買賣盤額度均由資產及負債管理委員會核准。截至二零零三年十二月三十一日止年度單日平均外匯買賣虧損為86,000元。

(v) Foreign exchange risk management

The Group's foreign exchange risk stems from foreign exchange position taking, commercial dealing, investment in foreign currency securities and overseas branches. All foreign exchange positions are subject to the exposure limits approved by the ALCO. The average daily foreign exchange trading profit and loss for the year ended 31 December 2003 was a loss of \$86,000.

(N) 風險管理 (續)

(vi) 利率風險管理

本集團的銀行賬項及買賣盤賬項中存在利率風險。前者的風險每月由資產及負債管理委員會檢討，後者則每天按市價計值。截至二零零三年十二月三十一日止年度的買賣賬項中的單日平均虧損為122,000元。

(vii) 其他買賣活動

於二零零三年度，股票及商品買賣活動並不顯著，而商品買賣只限於黃金。本年度於股票及商品買賣活動分別為溢利9,189,000元及虧損443,000元。

(N) RISK MANAGEMENT (cont'd)

(vi) Interest rate risk management

The Group's interest rate risk exists in both the banking book and the trading book. The risk entailed in the former is reviewed by the ALCO on a monthly basis and the latter is marked to market daily. The average daily profit and loss incurred in interest rate trading for the year ended 31 December 2003 was a loss of \$122,000.

(vii) Other trading activities

In 2003, trading activities in equities and commodity were both not significant, with commodity trading limited to gold. The total trading profit and loss for equities and commodity for the year were a gain of \$9,189,000 and a loss of \$443,000 respectively.

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