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董事會報告書

DIRECTORS' REPORT

董事會全真欣然呈報友銀行有限公司(「本銀行」)及其附屬公司(連同本銀行統稱「本集團」)截至二零零二年十二月三十一日止年度之董事會報告及經審核之綜合賬目。

主要業務

本銀行為根據香港《銀行業條例》所規定獲認可之持牌銀行。本銀行之主要業務為提供銀行及相關之金融服務。附屬公司的主要業務載於賬目附註21內。

業績及分派

本集團截至二零零二年十二月三十一日止年度之業績載於第5頁綜合損益表內。

董事會已宣佈派發中期股息每股港幣50元，合共港幣150,000,000元，並已於二零零二年七月十日派付。

董事會現建議派發末期股息每股港幣60元，合共港幣180,000,000元。

儲備

本集團及本銀行於本年度內的儲備變動詳情載於賬目附註26內。

固定資產

本集團及本銀行的固定資產變動詳情載於賬目附註22內。

董事

本年內及直至本報告日期為止之董事如下：

和廣北	(董事長)	(於二零零二年四月一日委任)
吳亮星	(副董事長)	(於二零零二年四月一日委任)
吳文拱	(副董事長兼總經理)	
陳耀中		
趙明華		(於二零零二年四月一日委任)
毛小威		(於二零零二年七月三日委任)
劉燕芬		(於二零零二年四月一日委任)
陳遠才		
謝耀權		(於二零零二年七月二十日辭任)
吳家璋*		(於二零零二年四月一日委任)
余國春*		(於二零零二年四月一日委任)
張其華		
林廣兆		(於二零零二年三月三十一日辭任)
林經緯		(於二零零二年三月三十一日辭任)
李引桐		(於二零零二年三月三十一日辭任)
陳佩貞		(於二零零二年三月三十一日辭任)
孫鴻基		(於二零零二年三月三十一日辭任)

*獨立非執行董事

根據本銀行的《公司章程》第99條，吳文拱先生及張其華先生依章輪值退任，並符合資格及願意應選連任。

董事之合約權益

於本年度內或年結時，本銀行、其任何控股公司、附屬公司或同系附屬公司概無簽訂任何涉及本集團之業務而本銀行之董事直接或間接在其中擁有重大權益之重要合約。

董事購買股份或債券之權利

根據本銀行之中間控股公司——中銀香港(控股)有限公司(「中銀控股」)的全體股東於二零零二年七月十日通過的書面決議案，中銀控股批准及採納一份二零零二年認股權計劃及一份二零零二年股份儲蓄計劃。中銀控股於首次公開招股時，曾向香港交易所(「港交所」)承諾，中銀控股不會在未取得港交所事先同意前，於上市後六個月期間內(即截至二零零三年一月二十五日止)授出或同意授出任何認股權。有鑑於此，於截至二零零二年十二月三十一日止年度內，中銀控股並未根據二零零二年認股權計劃或二零零二年股份儲蓄計劃授出任何認股權。

於二零零二年七月五日，中銀控股之直接控股公司——BOC Hong Kong (BVI) Limited (「BOC(BVI)」)根據《上市前認股權計劃》向董事和廣北先生、吳亮星先生、吳文拱先生、趙明華先生及毛小威先生授予認股權，彼等可據此向BOC(BVI)購入合共3,270,000股中銀控股現有已發行股份，認購價相等於招股價為每股港幣8.5元。上述認股權自二零零二年七月二十五日起一年內不得行使。該等認股權自二零零二年七月二十五日起四年內歸屬，該等認股權的25%股份數目將於每年年底歸屬，有效行使期間為十年。於二零零二年七月二十五日(即中銀控股股份開始在港交所買賣之日)或之後，不會再根據《上市前認股權計劃》授出任何認股權。

除上文披露者外，在本年度任何時間內，本銀行、其任何控股公司、附屬公司或同系附屬公司概無訂立任何安排，使董事可藉購買本銀行或任何其他法人團體之股份或債券而獲益。

管理合約

本年度內，本銀行並無就整體業務或任何重要業務之管理及行政工作簽訂或存有任何合約。

遵從《本地註冊認可機構披露財務資料》指引

截至二零零二年十二月三十一日之賬目完全符合金融管理專員於二零零二年十一月頒佈的監管政策手冊規定之《本地註冊認可機構披露財務資料》指引。

核數師

本賬目已經由羅兵咸永道會計師事務所審核，該核數師任滿告退，惟符合資格，願應聘連任。

承董事會命

和廣北
董事長

香港，二零零三年三月十九日

The directors are pleased to present their report together with the audited consolidated accounts of Chi Yu Banking Corporation Limited (hereinafter referred to as the "Bank") and its subsidiaries (together with the Bank hereinafter referred to as the "Group") for the year ended 31st December 2002.

Principal activities

The Bank is a licensed bank authorised under the Hong Kong Banking Ordinance. The principal activities of the Bank are the provision of banking and related financial services in Hong Kong. The principal activities of the Bank's subsidiaries are shown in note 21 to the accounts.

Results and appropriations

The results of the Group for the year ended 31st December 2002 are set out in the consolidated profit and loss account on page 5.

The directors have declared an interim dividend of HK\$50 per ordinary share, totalling HK\$150,000,000, which was paid on 10th July 2002.

The directors recommend the payment of a final dividend of HK\$60 per ordinary share, totalling HK\$180,000,000.

Reserves

Movements in the reserves of the Group and the Bank during the year are set out in note 26 to the accounts.

Fixed assets

Details of the movements in fixed assets of the Group and the Bank are set out in note 22 to the accounts.

Directors

The directors during the year and up to the date of this report are:

He Guangbei (Chairman)	(appointed on 1st April 2002)
Ng Leung Sing (Vice Chairman)	(appointed on 1st April 2002)
Ng Man Kung (Vice Chairman and General Manager)	
Chen Yiao Zhong	
Chiu Ming Wah	(appointed on 1st April 2002)
Mao Xiaowei	(appointed on 3rd July 2002)
Liu Yanfen	(appointed on 1st April 2002)
Tan Wan Chye	
Tse Yiu Kuen	(resigned on 20th July 2002)
Woo Chia Wei*	(appointed on 1st April 2002)
Yu Kwok Chun*	(appointed on 1st April 2002)
Zhang Qi Hua	
Lam Kwong Siu	(resigned on 31st March 2002)
Lam King Wai	(resigned on 31st March 2002)
Lee In Tong	(resigned on 31st March 2002)
Tan Poey Cheng, Lynette	(resigned on 31st March 2002)
Sun Hung Kay	(resigned on 31st March 2002)

* Independent non-executive directors

In accordance with the Article 99 of the Bank's Articles of Association, Messrs. Ng Man Kung and Zhang Qi Hua retire by rotation and, being eligible, offer themselves for re-election.

Directors' interests in contracts

No contracts of significance in relation to the Group's business to which the Bank or any of its holding companies, subsidiaries or fellow subsidiaries was a party and in which any of the Bank's directors or members of its management had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' interests in equity or debt securities

Pursuant to written resolutions of all the shareholders of the Bank's intermediate holding company, BOC Hong Kong (Holdings) Limited ("BOCHKHL"), passed on 10th July 2002, BOCHKHL has approved and adopted a 2002 Share Option Scheme and a 2002 Sharesave Plan. In connection with BOCHKHL's initial public offering, BOCHKHL has undertaken to The Stock Exchange of Hong Kong Limited ("Stock Exchange") that for a period of 6 months from its listing i.e. until 25th January 2003, BOCHKHL shall not, amongst other things, grant or offer or agree to grant options over any shares without prior consent of the Stock Exchange. Accordingly, no options have been granted by BOCHKHL pursuant to the 2002 Share Option Scheme or the 2002 Sharesave Plan for the year ended 31st December 2002.

On 5th July 2002, Mr He Guangbei, Mr Ng Leung Sing, Mr Ng Man Kung, Mr Chiu Ming Wah and Mr Mao Xiaowei were granted options by BOC Hong Kong (BVI) Limited ("BOC (BVI)"), the immediate holding company of BOCHKHL, pursuant to a Pre-listing Share Option Scheme of BOCHKHL to purchase from BOC (BVI) an aggregate of 3,270,000 existing issued shares of the BOCHKHL at a price of HK\$8.5 per share which is the same as the offer price. None of these options may be exercised within one year from 25th July 2002. These options have a vesting period of four years from 25th July 2002 with a valid exercise period of ten years. 25% of the number of shares subject to such options will be vested at the end of each year. No offer to grant any options under the Pre-listing Share Option Scheme may be made on or after 25th July 2002, the date on which dealings in the BOCHKHL's shares commenced on the Stock Exchange.

Save as disclosed above, at no time during the year was the Bank or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements 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.

Management contracts

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

Compliance with guideline on "Financial Disclosure by Locally Incorporated Authorized Institutions"

The accounts for the year ended 31st December 2002 fully comply with the requirements set out in the guideline on "Financial Disclosure by Locally Incorporated Authorized Institutions" under the Supervisory Policy Manual issued by the Monetary Authority in November 2002.

Auditors

The accounts have been audited by PricewaterhouseCoopers, who retired and being eligible, offer themselves for re-appointment.

On behalf of the Board

He Guangbei

Chairman

Hong Kong, 19th March 2003

董事會及總經理室

BOARD OF DIRECTORS & MANAGEMENT

總經理室

總經理

吳文拱

副總經理

陳耀輝 (於二零零二年十二月一日聘任)

謝耀權 (於二零零二年七月二十日辭任)

助理總經理

蕭流廣

鄭碧泉

王少華

馮德希

董事會顧問

陳克承

BOARD OF MANAGEMENT

General Manager

Ng Man Kung

Deputy General Managers

Chan Yiu Fai (Appointed on 1st December 2002)

Tse Yiu Kuen (Resigned on 20th July 2002)

Assistant General Managers

Siu Lau Kwong

Cheng Pik Chuen

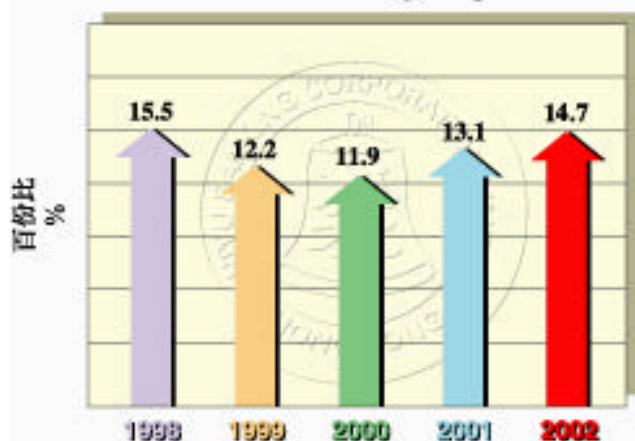
Wong Siu Wah

Fung Tak Hee

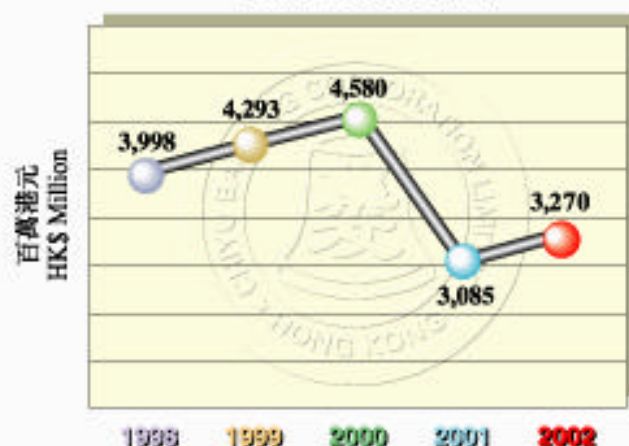
THE CONSULTANT OF BOARD OF DIRECTORS

Tan Khek Seng

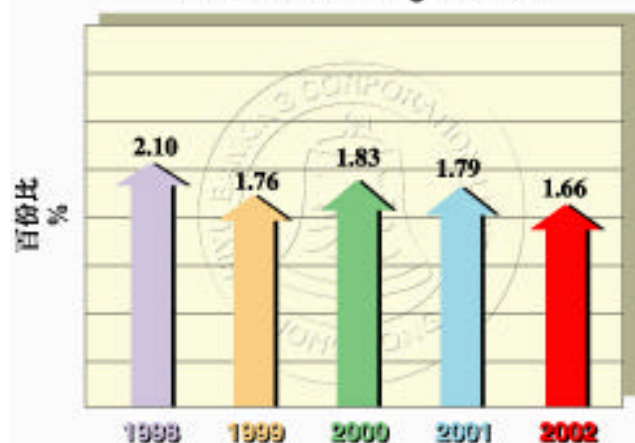
資本回報率
Return on Average Capital



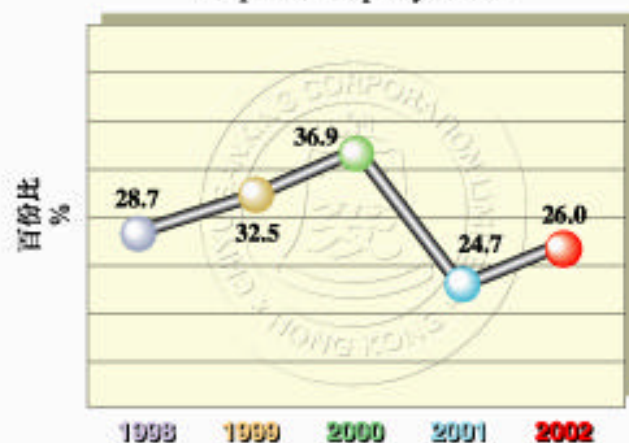
股東資金
Shareholders' funds



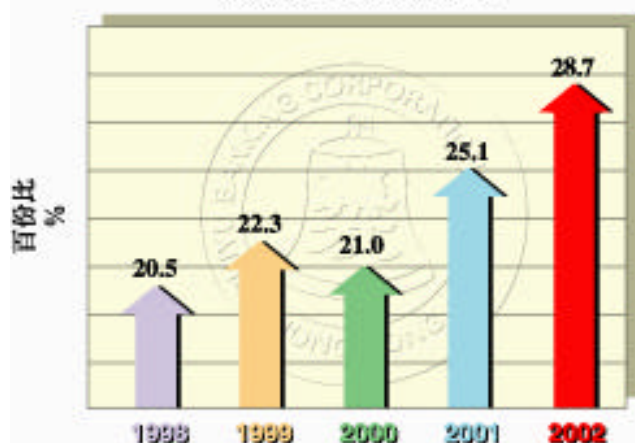
資產回報率
Return on Average Assets



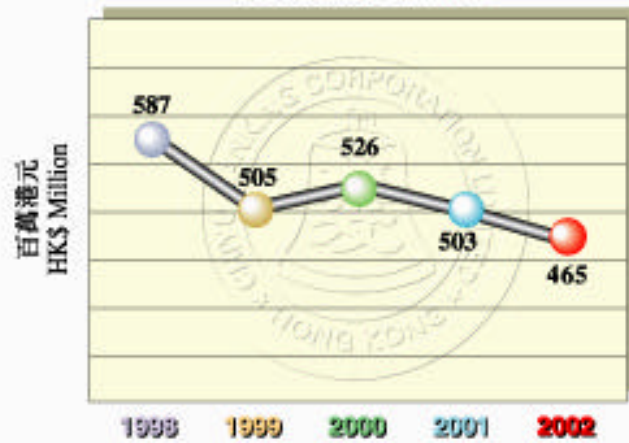
資本充足比率
Capital Adequacy Ratio



成本對收入比率
Cost : Income Ratio



稅後盈利
Profit after Taxation



回顧及展望

REVIEW AND PROSPECTS

回顧及展望

二零零二年，世界經濟的復甦步伐仍然緩慢，本地經營環境亦未見明顯的好轉，樓價進一步下滑，失業率及破產個案仍然高企，消費及投資需求疲弱，銀行業競爭依然激烈。本行在董事會和控股公司中國銀行(香港)有限公司的領導下，致力提高企業管治水平、開拓理財業務、改善資產質素及控制經營成本，以爭取更理想的業績。

財務回顧

稅後溢利港幣4.65億港元，較去年減少7.51%，但平均總資產回報率及股東資金回報率仍保持於1.66%及14.65%。

淨利息收入為港幣5.93億元，比去年下跌港幣0.94億元，跌幅13.70%，主要由於2001年派發了港幣19.5億元特別股息，令無利息成本資金大幅減少所致。由於持有定息證券，令淨息差增加11個點子至2.02%，惟未能抵銷無利息成本資金減少及貸款利差收窄的影響，導致淨利息收益率下跌2.7個點子至2.13%。

其他經營收入為港幣1.75億元，較去年下跌3.30%，主要是受市場環境不振影響，令證券代理的相關服務費和佣金收入下跌19.95%所致，但由於拓展代理基金、辦理客戶結構性存款等業務有一定的成效，非利息收入佔總收入由去年21.18%上升至22.81%，緩和了其他經營收入下跌的影響。

經營支出港幣2.21億元，比去年增加2.40%，主要是會計政策的改變令人事費用及折舊準備支出增加，惟在有效運用各項資源和控制經營開支下，成本收入比率仍保持於28.74%的較低水平。

年內致力清理不良資產及加強信貸監控，資產質素有較明顯改善，不履約貸款比率由去年底的9.79%下降至6.40%，提呆準備支出亦較去年同期減少72.56%。本年內收回已核銷呆賬達港幣1,259萬元，較去年多收回港幣704萬元。

至年底日，綜合總資產港幣282.51億元較去年微增港幣4.60億元，但受市場資金充裕及信貸需求疲弱影響，客戶貸款較去年下跌3.92%，存款則與去年相若。

REVIEW AND PROSPECTS

The recovery of the global economy in 2002 was still slow and the local business environment did not show significant improvement. Declining property market, high unemployment rate, increasing bankruptcies, and weak consumption and investment sentiments led to sluggish demand for banking services and intense competition in the banking industry in Hong Kong. Under the supervision of our Board of Directors and with the support of the immediate holding company, Bank of China (Hong Kong) Limited, we aim to improve our performance through focusing our efforts on strengthening corporate governance, developing wealth management services, improving assets quality and enhancing cost control.

Financial Review

Profit after tax amounted to HK\$465million, a reduction of 7.51% compared with 2001. Return on average assets and return on average shareholders' fund were 1.66% and 14.65% respectively.

Net interest income fell by 13.70% to HK\$593 million, a decrease of HK\$94 million compared with last year, which was mainly attributable to the sharp reduction in interest free funds after the payment of special dividends of HK\$1.95 billion in 2001. With the investments in fixed rate securities, the net interest spread improved by 11 basis points to 2.02%. Decreasing interest free funds and lower loan interest spread however resulted in 27 basis points compression in the net interest margin to 2.13%.

Other operating income decreased by 3.30% to HK\$175 million. Due to the sluggish local business environment, commission income from securities trading dropped by 19.95%. However, with the successful initiatives to promote investment funds and Premium Fixed Deposit, the non-interest income to total revenue rose to 22.81% compared with 21.18% last year.

Operating expenses increased by 2.40% to HK\$221 million, which was mainly due to the changes in accounting policy in the recognition of staff costs and accelerated depreciation. Through effective utilization of resources and implementation of cost control measure, the cost to income ratio has remained at a comparatively low level of 28.74%.

We have continued to put efforts in improving the asset quality and enhancing credit control. The ratio of non-performing loans dropped from 9.79% to 6.40%. The charge for bad and doubtful debts decreased by 72.56%. During the year, the bad debt recoveries amounted to HK\$12.59 million, an increase of HK\$7.04 million compared with last year.

By the end of 2002, the consolidated total assets increased by HK\$460 million to HK\$282.51 billion. However, due to surplus market liquidity and sluggish loan demand, loans and advances to customers slightly reduced by 3.92%, while customer deposits remained almost the same as last year.

業務回顧

零售銀行業務

本年內搬遷了土瓜灣及屯門分行，使其從屋邨型分行轉變成地區型分行，重新裝修了觀塘、新蒲崗及北角三間分行，使這些處於重點地區的老行，換上新裝配合零售業務的轉型。

迎合客戶和市場需要，推出新產品，年內領先推出「結構性優惠存款」，積極推介「期權寶」、「股權寶」、零售債券和基金業務，為本行增加了非利息收入，調整了收入結構。

增強理財銷售隊伍，密切了與東南亞華僑客戶的關係，同時開拓珠三角理財客戶。年內增聘多位應屆大學生，經過悉心培訓，已全部派往前線，擔任理財主任，提升了銷售隊伍的專業質素。

企業銀行業務

成為中小企業的最佳合作伙伴乃本行致力追求的目標。為配合客戶適應市場變化和業務發展需要，本行不斷研究和開發相關服務產品，並以靈活的服務滿足客戶需求，相繼推出「進出口發票貼現」、「機器設備貸款」及「工程貸款」等適合中小企需要的產品。

擴大市場區域，爭攬珠三角三資企業。本年設立中國業務組統籌內地兩間分行及珠三角業務，以利發揮「聯通中港」的最大效應。

根據我國對外開放金融業的時間表，兩間內地分行已於七月申請開辦全面外匯業務，更全面地開展銀行業務。

展望

展望2003年，全球經濟仍受不明朗因素影響，中國經濟則隨著入世之後，外貿及外資投入持續增加，將保持快速增長。本港在中國經濟持續強勁增長的帶動下，加速推動與珠三角經濟融合，預期本港經濟會隨著外圍經濟逐步復甦，經營環境改善，金融業也會因拓展空間擴大而從中得益。本行將會致力加強為客戶提供更全面的財富增值產品和積極拓展中小企工商業務，通過擴大客戶基礎和優質服務，爭取更佳業績。

Operations Review

Retail Banking Business

In 2002, our Tokwawan and Tuen Mun branches were both moved to better locations in order to transform from estate branches to district branches. We also renovated our Kwun Tong, San Po Kong and North Point branches to achieve our retail business transformation strategy.

In order to meet customer demands and market needs, we launched a new Premium Fixed Deposit and continued to promote our Currency Option Deposit, Equity Linked Deposit, Debt Securities and Investment Funds agency services, aiming to improve non-interest income and income structure accordingly.

We focus on strengthening our personal banking team, maintain good relationships with our customers in South East Asia and expand our business in the Pearl River Delta Region. Throughout this year, we continued to improve the quality of our product selling team by providing our newly employed University graduate staff with professional training.

Corporate Banking Services

To be the best business partner of small and medium enterprises is one of our targeted objectives. In order to assist our customers in adapting the rapid changes in the market condition and business development, we continued to develop flexible small and medium enterprise products such as Import & Export Invoice Discount, Machine & Equipment Financing, and Project Loans etc.

The China Business Team was established to coordinate the effort to expand our business network and broaden the customer bases in our branches in China and the Pearl River Delta Region.

China opens its banking sector to foreign participation. Our branches in China has successfully obtained an approval from relevant authorities to provide full foreign currency services in July 2002, which generates excellent opportunities for our future business development.

Future Prospect

Despite there are uncertainties in the worldwide economy, foreign trade and capital investment are expected to increase continuously in 2003 following China's accession to the W.T.O. The growth of China's economy as a whole also benefits the economy of the Pearl River Delta Region. The Hong Kong economy and business environment is expected to gradually improve, and this naturally would benefit the banking and finance industry. We will concentrate our efforts towards providing more value added products for our customers, and we will also continue to develop our business in the small and medium enterprises' market. We aim to continue improving our performance by broadening our customer base, and delivering premium customer services.

核數師報告書

AUDITORS' REPORT

核數師報告

致集友銀行有限公司

(於香港註冊成立之有限公司) 股東

本核數師已完成審核第5至第48頁之賬目，該等賬目乃按照香港普遍採納之會計原則編製。

董事及核數師各自之責任

香港〈公司條例〉規定董事須編製真實兼公平之賬目。在編製該等真實兼公平之賬目時，董事必須採用適當之會計政策，並且貫徹應用該等會計政策。

本核數師之責任是根據審核之結果，對該等賬目作出獨立意見，並向股東報告。

意見之基礎

本核數師已按照香港會計師公會所頒佈之核數準則進行審核工作。審核範圍包括以抽查方式查核與賬目所載數額及披露事項有關之憑證，亦包括評審董事於編製賬目時所作之重大估計和判斷，所採用之會計政策是否適合貴銀行與貴集團之具體情況，及有否貫徹應用並足夠披露該等會計政策。

本核數師在策劃和進行審核工作時，均以取得所有本核數師認為必需之資料及解釋為目標，以便獲得充分憑證，就該等賬目是否存有重大錯誤陳述，作出合理之確定。在作出意見時，本核數師亦已評估該等賬目所載之資料在整體上是否足夠。本核數師相信我們之審核工作已為下列意見提供合理之基礎。

意見

本核數師認為，上述之賬目足以真實兼公平地顯示貴銀行與貴集團於二零零二年十二月三十一日結算時之財務狀況，及貴集團截至該日止年度之溢利及現金流量，並按照香港〈公司條例〉妥為編製。

羅兵咸永道會計師事務所

執業會計師

香港，二零零三年三月十九日

AUDITORS' REPORT

TO THE SHAREHOLDERS OF

CHIYU BANKING CORPORATION LIMITED

(Incorporated in Hong Kong with limited liability)

We have audited the accounts on pages 5 to 48 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 accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

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 accounts. It also includes an assessment of the significant estimates and judgement made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the Bank and the Group, 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 accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the accounts give a true and fair view of the state of affairs of the Bank and the Group as at 31st December 2002 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 19th March 2003

綜合損益表

CONSOLIDATED PROFIT AND LOSS ACCOUNT

截至二零零二年十二月三十一日止年度

FOR THE YEAR ENDED 31ST DECEMBER 2002

		附註 Note	2002 HK\$'000	2001 HK\$'000
利息收入	Interest income	3	845,418	1,419,151
利息支出	Interest expense		(252,163)	(731,736)
淨利息收入	Net interest income		593,255	687,415
其他經營收入	Other operating income	4	175,332	184,749
經營收入	Operating income		768,587	872,164
經營支出	Operating expenses	5	(220,904)	(219,198)
提取準備前之經營溢利	Operating profit before provisions		547,683	652,966
計提呆壞賬準備	Charge for bad and doubtful debts	8	(20,444)	(71,533)
提取準備後之經營溢利	Operating profit after provisions		527,239	581,433
出售/重估固定資產之淨虧損	Net loss from disposal/revaluation of fixed assets	9	(1,164)	(22,733)
出售投資證券之淨盈利	Net gain on disposal of investment securities		-	17,250
投資證券之減值虧損準備	Provision for impairment losses on investment securities		(4,206)	(2,984)
除稅前溢利	Profit before taxation		521,869	572,966
稅項	Taxation	10	(56,413)	(69,714)
股東應佔溢利	Profit attributable to shareholders	11, 26	465,456	503,252
股息	Dividends	12	330,000	2,070,000

綜合資產負債表

CONSOLIDATED BALANCE SHEET

於二零零二年十二月三十一日

AS AT 31ST DECEMBER 2002

		附註 Note	2002 HK\$'000	2001 HK\$'000
資產	Assets			
現金及短期資金	Cash and short-term funds	14	10,416,308	9,260,234
一至十二個月內到期之銀行和其 他金融機構存款	Placements with banks and other financial institutions maturing between one and twelve months	28	3,329,297	7,451,104
貿易票據	Trade bills	15	124,581	43,696
持有之存款證	Certificates of deposit held	16, 28	686,503	49,970
持有至到期日證券	Held-to-maturity securities	17, 28	4,980,749	2,017,568
投資證券	Investment securities	18, 28	29,784	34,197
貸款及其他賬項	Advances and other accounts	19	7,779,867	8,022,395
固定資產	Fixed assets	22	423,639	442,570
其他資產	Other assets		480,266	469,221
資產總額	Total assets		28,250,994	27,790,955
負債	Liabilities			
銀行和其他金融機構之存款及 結餘	Deposits and balances of banks and other financial institutions	28	1,184,770	932,500
客戶存款	Deposits from customers	23, 28	23,059,554	23,063,310
其他賬項及準備	Other accounts and provisions	24	736,196	710,068
負債總額	Total liabilities		24,980,520	24,705,878
資本	Capital resources			
股本	Share capital	25	300,000	300,000
儲備 (未扣除於年結日後建議派 發之股息港幣一億八千萬 元; 二零零一年: 港幣一億 二千萬元)	Reserves (stated before dividend proposed after year end of HK\$180,000,000; 2001: HK\$120,000,000)	26	2,970,474	2,785,077
股東資金	Shareholders' funds		3,270,474	3,085,077
負債及資本總額	Total liabilities and capital resources		28,250,994	27,790,955

經董事會於二零零三年三月十九日
通過核准並由以下人士代表簽署:

Approved by the Board of Directors on 19th March 2003 and signed on behalf of the Board by:

董事長: 和廣北

He Guangbei

Chairman

副董事長兼總經理: 吳文拱

Ng Man Kung

Vice Chairman and General Manager

董事: 趙明華

Chiu Ming Wah

Director

秘書: 傅遠達

Po Yuen Fung

Secretary

資產負債表

BALANCE SHEET

於二零零二年十二月三十一日

AS AT 31ST DECEMBER 2002

		附註 Note	2002 HK\$'000	2001 HK\$'000
資產	Assets			
現金及短期資金	Cash and short-term funds	14	10,416,308	9,260,234
一至十二個月內到期之銀行和其 他金融機構存款	Placements with banks and other financial institutions maturing between one and twelve months	28	3,329,297	7,451,104
貿易票據	Trade bills	15	124,581	43,696
持有之存款證	Certificates of deposit held	16, 28	686,503	49,970
持有至到期日證券	Held-to-maturity securities	17, 28	4,980,749	2,017,568
投資證券	Investment securities	18, 28	10,115	12,888
貸款及其他賬項	Advances and other accounts	19	7,781,455	8,024,343
投資附屬公司	Investments in subsidiaries	21	3,913	3,913
應收附屬公司款項	Amounts due from subsidiaries	21	75,638	75,391
固定資產	Fixed assets	22	389,726	409,008
其他資產	Other assets		476,602	465,599
資產總額	Total assets		28,274,887	27,813,714
負債	Liabilities			
銀行和其他金融機構之存款及 結餘	Deposits and balances of banks and other financial institutions	28	1,184,770	932,500
客戶存款	Deposits from customers	23, 28	23,188,340	23,177,998
其他賬項及準備	Other accounts and provisions	24	637,940	506,254
應付附屬公司款項	Amounts due to subsidiaries	21	39,082	157,443
負債總額	Total liabilities		25,050,132	24,774,195
資本	Capital resources			
股本	Share capital	25	300,000	300,000
儲備 (未扣除於年結日後建議派 發之股息港幣一億八千萬 元; 二零零一年: 港幣一億 二千萬元)	Reserves (stated before dividend proposed after year end of HK\$180,000,000; 2001: HK\$120,000,000)	26	2,924,755	2,739,519
股東資金	Shareholders' funds		3,224,755	3,039,519
負債及資本總額	Total liabilities and capital resources		28,274,887	27,813,714

經董事會於二零零三年三月十九日
通過核准並由以下人士代表簽署:

董事長: 和廣北
副董事長兼總經理: 吳文拱
董事: 趙明華
秘書: 傅遠逢

Approved by the Board of Directors on 19th March 2003 and signed on behalf of the Board by:

He Guangbei Chairman
Ng Man Kung Vice Chairman and General Manager
Chiu Ming Wah Director
Po Yuen Fung Secretary

綜合股東權益變動表

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

截至二零零二年十二月三十一日止年度

FOR THE YEAR ENDED 31ST DECEMBER 2002

		附註 Note	2002 HK\$'000	2001 HK\$'000
在一月一日之股東權益，如前呈報	Total equity as at 1st January, as previously reported		3,085,077	4,369,768
採納會計準則第9號(經修訂)之影響	Effect of adopting SSAP 9 (revised)		-	210,000
在一月一日之股東權益，經重列	Total equity as at 1st January, as restated		3,085,077	4,579,768
重估投資物業(虧損)/盈餘	(Deficit)/surplus on revaluation of investment properties	26	(175)	444
重估銀行房產(減值)/盈餘	(Deficit)/surplus on revaluation of bank premises	26	(9,855)	161,869
海外業務賬目之外匯換算差額	Exchange difference arise on translation of accounts of overseas operations	26	(29)	(256)
綜合損益表未確認之淨(虧損)/盈利	Net gains and losses not recognised in the profit and loss account		(10,059)	162,057
股東應佔溢利	Profit attributable to shareholders	26	465,456	503,252
已付股息	Dividends paid	26	(270,000)	(2,160,000)
在十二月三十一日之股東權益	Total equity as at 31st December		3,270,474	3,085,077

綜合現金流量表

CONSOLIDATED CASH FLOW STATEMENT

截至二零零二年十二月三十一日止年度

FOR THE YEAR ENDED 31ST DECEMBER 2002

		附註 Note	2002 HK\$'000	2001 HK\$'000
經營業務	Operating activities			
經營業務之現金(流出)/流入淨額	Net cash (outflow)/inflow from			
	operating activities	27(a)	(1,704,806)	2,474,941
已付香港利得稅	Hong Kong profits tax paid		(6,324)	(35,673)
已付海外稅項	Overseas profits tax paid		(1,710)	(3,411)
經營業務之現金(流出)/流入淨額	Net cash (outflow)/inflow from			
	operating activities		(1,712,840)	2,435,857
投資業務	Investing activities			
購入固定資產	Purchase of fixed assets		(12,000)	(10,451)
出售固定資產	Disposal of fixed assets		2,351	13,128
出售投資證券	Disposal of investment securities		240	66,340
已收投資證券股息	Dividend income received from			
	investment securities		1,506	7,540
投資業務之現金(流出)/流入淨額	Net cash (outflow)/inflow from			
	investing activities		(7,903)	76,557
融資前之現金(流出)/流入淨額	Net cash (outflow)/inflow before			
	financing		(1,720,743)	2,512,414
融資	Financing			
已付普通股股息	Dividends paid on ordinary shares		(270,000)	(2,160,000)
融資之現金流出淨額	Net cash outflow from financing		(270,000)	(2,160,000)
現金和現金等同項目之(減少)/增加	(Decrease)/increase in cash and			
	cash equivalents		(1,990,743)	352,414
一月一日之現金和現金等同項目	Cash and cash equivalents at 1st January		12,110,546	11,758,132
十二月三十一日之現金和現金等同項目	Cash and cash equivalents at			
	31st December	27(b)	10,119,803	12,110,546

賬目附註

NOTES TO THE ACCOUNTS

1 主要業務

集友銀行有限公司(「本銀行」)於香港註冊成立。本銀行為根據香港《銀行業條例》所規定獲認可之持牌銀行。

本銀行主要從事銀行及相關之金融服務。附屬公司(連同本銀行統稱「本集團」)的主要業務載於賬目附註21內。

2 主要會計政策

本集團編製綜合賬目所採用之主要會計政策列於下文。

(a) 編製基準

本賬目採用歷史成本法編製，惟就若干證券投資、資產負債表外工具、房產及投資物業之重估而予以修訂，並按照香港普遍採納之會計原則及香港會計師公會頒佈之會計實務準則(「會計準則」)編製。此外，本賬目亦完全符合金融管理專員於二零零二年十一月頒佈的監管政策手冊規定之《本地註冊認可機構披露財務資料》指引。

本賬目所採用的會計政策及計算方法與截至二零零一年十二月三十一日之年度本集團財務資料的編製基礎一致。本年度起，本集團採納下列由香港會計師公會頒佈並於二零零二年一月一日或以後之會計期間開始生效之會計準則：

會計準則第1號(經修訂) 財務報表編制之呈報
會計準則第11號(經修訂) 外幣換算
會計準則第15號(經修訂) 現金流量表
會計準則第34號(經修訂) 僱員福利

採納此等新準則對本集團賬目的影響載於下文會計政策之具體項目中。

(b) 綜合基準

綜合賬目包括本銀行及各附屬公司截至十二月三十一日止之賬目。附屬公司指被本集團直接或間接控制董事會之組成或超過半數投票權、持有過半數發行股本之公司。在年內購入或售出之附屬公司，其業績由收購生效日起計或計至出售生效日止列入綜合損益表內。

所有集團內公司間之重大交易及結餘已於綜合賬目編製時對銷。

1 Principal activities

Chiyu Banking Corporation Limited (hereinafter as the "Bank") was incorporated in Hong Kong. The Bank is a licensed bank authorised under the Hong Kong Banking Ordinance.

The principal activities of the Bank are the provision of banking and related financial services in Hong Kong. The principal activities of the Bank's subsidiaries (together with the Bank hereinafter as the "Group") are shown in note 21 to the accounts.

2 Principal accounting policies

The Group has adopted the following principal accounting policies when preparing the consolidated accounts.

(a) Basis of preparation

The consolidated accounts have been prepared under the historical cost convention as modified by the revaluation of certain investments in securities, off-balance sheet instruments, premises and investment properties, and in accordance with accounting principles generally accepted in Hong Kong and comply with the Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants ("HKSA"). In addition, these accounts comply fully with the requirements set out in the guideline on "Financial Disclosure by Locally Incorporated Authorized Institutions" under the Supervisory Policy Manual issued by the Monetary Authority in November 2002.

The accounting policies and methods of computation used in the preparation of these accounts are consistent with those used in the preparation of the Group's financial information for the year ended 31st December 2001. In the current year, the Group adopted the following SSAPs issued by the HKSA which have become effective for accounting periods commencing on or after 1st January 2002:

SSAP1 (revised)	:	Presentation of financial statements
SSAP 11 (revised)	:	Foreign currency translation
SSAP 15 (revised)	:	Cash flow statements
SSAP 34 (revised)	:	Employee benefits

The effect of adopting these new standards is set out in the accounting policies below.

(b) Basis of consolidation

The consolidated accounts include the accounts of the Bank and its subsidiaries made up to 31st December. Subsidiaries are those entities in which the Group, directly and indirectly, controls the composition of the board of directors, controls more than half the voting power or holds more than half of the issued share capital. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

2 主要會計政策 (續)

(b) 綜合基準 (續)

出售附屬公司之收益或虧損指下列之差額：a) 出售權益之所得，及 b) 集團應佔該公司之資產淨值，連同任何未攤銷商譽或負商譽（或已在儲備記賬但之前並未在綜合損益賬支銷或攤銷之商譽 / 負商譽），以及任何有關之累計外幣換算差額。

在本銀行之資產負債表內，附屬公司之投資以成本值扣除減值虧損準備入賬。本銀行將附屬公司之業績按已收及應收股息入賬。

(c) 收益確認

利息收入在應計時確認，惟呆賬戶利息會停計或撥入暫記賬，而撥入暫記賬之利息會與資產負債表之相關結餘項目對銷。

費用及佣金收入在賺取時確認，惟假若有關交易涉及之利率或其他風險超逾本會計期間，則按交易限期攤銷。

股息收入在收取股息之權利確定時確認。

經營租賃之租金收入按直線法在租約期內確認，惟假若有其他更能反映租賃資產所產生之使用利益之時間模式，則採用該系統化之時間模式為基準確認。

(d) 貸款

向客戶、銀行及其他金融機構提供之貸款以未償還本金額減除呆壞賬準備及暫記利息後計入資產負債表。向銀行及其他金融機構提供之貸款包括存放銀行及其他金融機構之一年以上到期存款。

樓宇按揭的現金回贈需資本化，並以直線法於客戶提前還款補償期內攤銷，期限最長不能超過3年。

任何被收回並已取消贖權的資產在被售出前將繼續以貸款列賬，而售出資產後收回的款項淨額會用於償付全數或部份之貸款餘額，未償付貸款餘額與預期售出資產後收回款項之不足數將提撥準備。

2 Principal accounting policies (continued)

(b) Basis of consolidation (continued)

The gain or loss on the disposal of a subsidiary represents the difference between: a) the proceeds of the sale and, b) the Group's share of its net assets together with any unamortised goodwill or negative goodwill (or goodwill / negative goodwill taken to reserves and which was not previously charged or recognised in the consolidated profit and loss account) and any related accumulated foreign currency translation difference.

In the Bank's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Bank on the basis of dividends received and receivable.

(c) Revenue recognition

Interest income is recognised in the profit and loss account as it accrues, except in the case of doubtful debts, where interest is either ceased to accrue or is credited to a suspense account which is netted in the balance sheet against the relevant balances.

Fees and commission income are recognised when earned, unless they relate to transactions involving an interest rate risk or other risks which extend beyond the current period, in which case they are amortised over the period of the transaction.

Dividend income is recognised when the right to receive payment is established.

Rental income under operating leases is recognised on a straight-line basis over the period of the lease, unless another systematic basis is more representative of the time pattern in which the use benefit derived from the leased asset diminishes.

(d) Advances

Advances to customers, banks and other financial institutions are recognised and reported on the balance sheet, when cash is advanced, at the principal amount outstanding net of provisions for bad and doubtful debts and suspended interest. Advances to banks and other financial institutions include placements with banks and other financial institutions of more than one year.

Cash rebates granted in relation to residential mortgage loans are capitalised and amortised on a straight line basis over the prepayment penalty period not exceeding three years.

Foreclosed assets acquired will continue to be reported as advances upon repossession until they are realized. Any net proceeds from realisation will be applied to repay outstanding advances fully or partially. Provision is made on the shortfall between the expected sales proceeds from realisation of the repossessed assets and the outstanding advances.

2 主要會計政策 (續)

(e) 呆壞賬準備

本集團在內部將貸款分為合格、關眷、次級、呆賬及虧損五個等級。為了分析及監察目的，合格及關眷等級會被進一步細分。系統對貸款自動分級主要依據貸款本息的逾期情況，及貸款是否有足夠抵押而定。此外，對貸款人的還款能力和本息收回機會的人工評估亦是考慮該貸款等級的因素之一。

當董事對貸款本息最終能否全數收回可能有疑慮時，會針對相關貸款作出特別準備。董事根據個別貸款之具體情況對個別貸款之潛在虧損進行評估，在考慮可用之抵押品後，將計提特別準備，以使資產之賬面值減至預期之可變現淨值。當未能合理估計有關之損失，本集團會根據各項貸款之分級，按已預先釐定之撥備水平為有關貸款之無抵押部份提撥特別準備。

此外，本集團亦已計提一般呆壞賬準備金。上述兩項準備金已從資產負債表之「客戶貸款」及「貿易票據」中扣除。

假如貸款沒有實際收回希望或完成回收過程涉及長時間，該貸款將作撇銷處理。撇銷貸款後之回收款項會用以沖減本年度之特別呆賬準備。

(f) 固定資產

(i) 銀行房產

銀行房產以成本值或估值減累積減值虧損及累積折舊列賬，折舊以直線法按如下估計可用年限內撇銷：

租約土地	按租約餘期
樓宇	按租約餘期及15-50年兩者之較短者

估值以個別物業之公開市值為計算基準。自本年度起，董事評估認為獨立估值週期須由每隔5年進行一次改為每隔3年進行一次，惟是項轉變對本集團的賬目並無影響。相隔年間由董事檢討個別物業之賬面值，如董事認為個別物業價值有重大變動則會作出相應調整。重估之增值撥入房產重估儲備，減值則首先與同一個別資產早前之增值對銷，然後在損益賬中扣除。其後任何增值將撥入損益賬（以早前扣減之金額為限），然後撥往重估儲備。出售房產時，重估儲備中與先前估值有關之已變現部分，將從重估儲備轉撥至留存盈利。

2 Principal accounting policies (continued)

(e) Provisions for bad and doubtful debts

The Group classifies loans and advances into pass, special mention, substandard, doubtful and loss categories. The pass and special mention categories are further divided into sub-categories for analysis and monitoring purpose. System driven classification of loans and advances is based primarily on the status of overdue payments of interest and/or principal and whether the loans, advances and accrued interest are fully collateralised. Moreover, manual assessment of the borrower's capacity to repay and of the degree of doubt about the collectibility of interest and/or principal is made and factored into the classification process.

Provisions are made against specific loans and advances as and when the Directors have has doubt on the ultimate recoverability of principal or interest in full. Based on the Director's assessment of the potential losses on those identified loans and advances on a case-by-case basis, specific provision is made to reduce the carrying value of the asset, taking into account available collateral, to their expected net realisable value. Where it is not possible to reliably estimate the loss, the Group applies pre-determined provisioning levels to the unsecured portion of loans and advances based on the Group's loan classification procedures.

In addition, amounts have been set aside as a general provision for bad and doubtful debts. Both specific and general provisions are deducted from "Advances and other accounts" and "Trade bills" in the balance sheet.

When there is no realistic prospect of recovery, or a lengthy recovery process is involved the outstanding debt is written off. Recovery of loans written off is accounted for as a reduction of current year's specific provision.

(f) Fixed assets

(i) Bank premises

Bank premises are stated at cost or valuation less accumulated impairment losses and accumulated depreciation calculated to write off the assets over their estimated useful lives on a straight line basis as follows:

Leasehold land	- Over the remaining period of the lease
Buildings	- Over the shorter of the remaining period of the leases, and 15-50 years

Independent valuations are performed on individual properties on the basis of open market values. In the current year, the directors have assessed that the period between independent valuations should be changed from five years to three years. This change has no impact on the accounts of the Bank. In the intervening years, the directors review the carrying value of individual properties and adjustment is made where in the directors' opinion there has been a material change in value. The valuations are on an open market value basis related to individual properties. Increases in valuation are credited to the premises revaluation reserve. Decreases in valuation are first set off against increases on earlier valuations in respect of the same individual asset and thereafter are debited to the profit and loss account. Any subsequent increases are credited to the profit and loss account up to the amount previously debited, and then to the revaluation reserve. Upon disposal of premises, the relevant portion of the revaluation reserve realised in respect of previous valuations is released and transferred from the revaluation reserve to retained earnings.

2 主要會計政策 (續)

(f) 固定資產 (續)

(i) 銀行房產 (續)

出售房產損益為出售該資產收回之淨額及其賬面值間之差額，並會被確認於損益表內。

(ii) 投資物業

投資物業乃在土地及樓宇中所佔之權益，而該等土地及樓宇之建築工程及發展經已完成，因其具有投資價值而持有，任何租金收入均按公平原則磋商釐定。

投資物業由獨立估值師最少每隔3年估值一次；相隔期間每年由集團內具專業資格之高級職員負責估值。估值以個別物業之公開市值為計算基準，並體現在本集團賬目內。重估之增值撥入投資物業重估儲備，減值則首先以整個投資物業組合為基礎與先前之增值對銷，然後從損益賬中扣除。其後任何增值將撥入損益賬(以先前扣減之金額為限)，然後撥往投資物業重估儲備。

租約尚餘20年或以下年期之投資物業均按租約尚餘年期折舊。

在出售投資物業時，重估儲備中與先前估值有關之已變現部分，將從投資物業重估儲備轉撥至損益賬。

(iii) 發展中物業

發展中物業以成本值扣除減值之損列賬。成本值包括發展與建築費用，及屬於發展項目之利息與其他直接成本。物業於落成後將轉撥為銀行房產或投資物業。

(iv) 其他固定資產

其他固定資產以成本值減累積折舊及累積減值虧損列賬。其他固定資產之折舊以直線法於其如下估計可用年限內撇銷：

運輸工具	3至10年
傢俬裝置及設備	3至15年

出售其他固定資產之盈虧在損益賬確認。

2 Principal accounting policies (continued)

(f) Fixed assets (continued)

(i) Bank premises (continued)

The gain or loss on disposal of bank premises is the difference between the net sales proceeds and the carrying value of the relevant asset and is recognized in the profit and loss account.

(ii) Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are valued annually and independent valuations are performed at intervals of not more than three years; in each of the intervening years, valuations are undertaken by professionally qualified personnel of the Group. The valuations are on an open market value basis related to individual properties and incorporated in the accounts on a portfolio basis. Increases in valuation are credited to the investment properties revaluation reserve. Decreases in valuation are first set off against increases on earlier valuations and thereafter are debited to the profit and loss account. Any subsequent increases in valuation are credited to the profit and loss account up to the amount previously debited, and then to the revaluation reserve.

Investment properties held on leases with unexpired periods of 20 years or less are depreciated over the remaining terms of the leases.

Upon the disposal of an investment property, the relevant portion of the revaluation reserve realised in respect of previous valuations is released from the investment properties revaluation reserve to the profit and loss account.

(iii) Properties under development

Properties under development are carried at cost less impairment losses. The cost includes development and construction expenditure incurred and interest and other direct costs attributable to the development. On completion, the properties are transferred to bank premises or investment properties.

(iv) Other fixed assets

Other fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation on other fixed assets is calculated to write off the assets on a straight-line basis over their estimated useful lives as follows:

Motor vehicles	3 to 10 years
Furniture, fixtures and equipment	3 to 15 years

The gain or loss on disposal of other fixed assets is recognised in the profit and loss account.

2 主要會計政策 (續)

(f) 固定資產 (續)

(v) 減值及出售盈虧

在每年結算日，本集團會考慮內部及外界資訊，評核銀行房產、發展中物業及其他固定資產有否減值。如有跡象顯示該等資產出現減值，則估算其可收回價值，及在合適情況下將減值虧損入賬以將資產減至其可收回價值。此等減值虧損在損益表入賬，但假若某資產乃按估值列賬，而減值虧損不超過同一資產之重估盈餘，此等虧損則當作重估減值。

出售投資物業以外之固定資產之損益為出售該資產收回之淨額及其賬面值間之差額，並會被確認於損益表內。

(g) 證券投資

(i) 持有至到期日證券

持有至到期日證券指本集團有明確意圖並有能力持有至到期日之有期債券。此等證券按成本值並就購入產生之溢價或折讓按到期期間作攤銷調整，再減非暫時性之減值準備後列賬。當本集團預期無法收回其賬面值時會作出撥備，並在產生時在損益賬中列作虧損。

購入有期債券產生之溢價及折讓之攤銷會在損益賬上計入利息收入。出售持有至到期日證券之盈虧在產生時列入損益賬。

(ii) 投資證券

在購入時有意按既定長期目的持續持有(例如就策略性目的持有)之投資證券在資產負債表中按成本值減任何非暫時性之減值準備入賬。

投資證券之賬面值在結算日均作檢討，以評估其公平值是否已下跌至低於其賬面值。如出現如此下跌，有關證券之賬面值須調減至其公平值，除非有證據顯示下跌只屬暫時性質。調減之數在損益表中列作虧損。

2 Principal accounting policies (continued)

(f) Fixed assets (continued)

(v) Impairment and gain or loss on sale

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that bank premises, properties under development and other fixed assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation decrease.

The gain or loss on disposal of a fixed asset other than investment properties is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account.

(g) Investments in securities

(i) Held-to-maturity securities

Held-to-maturity securities are dated debt securities which the Group has the expressed intention and ability to hold to maturity. These securities are stated at cost adjusted for the amortisation of premiums or discounts arising on acquisition over the periods to maturity, less provision for diminution in their value which is other than temporary. Provisions are made for the amount of the carrying value which the Group does not expect to recover and are recognised as an expense in the profit and loss account as they arise.

The amortisation of premiums and discounts arising on acquisition of dated debt securities is included as part of interest income in the profit and loss account. Profits or losses on realisation of held-to-maturity securities are accounted for in the profit and loss account as they arise.

(ii) Investment securities

Securities which are intended to be held on a continuing basis for an identified long term purpose at the time of acquisition (for example for strategic purposes), are stated in the balance sheet at cost less any provisions for diminution in value which is other than temporary.

The carrying amounts of investment securities are reviewed as at the balance sheet date in order to assess whether the fair values have declined below the carrying amounts. When such a decline has occurred, the carrying amount is reduced to the fair value unless there is evidence that the decline is temporary. The amount of the reduction is recognised as an expense in the profit and loss account.

2 主要會計政策 (續)

(g) 證券投資 (續)

(ii) 投資證券 (續)

公平值指具充分資訊之自願人士在公平交易原則下將資產交換或作債務償付之金額。

當引致減值之情況及事件不再存在，並有可信證據顯示新的情況和事件會於可預見將來持續，則將就持有至到期日證券及投資證券賬面值作出之準備撥回。撥回之數額限於已提減值準備。

(h) 經營租賃

經營租賃是指擁有資產之所有風險及回報實質上由出租公司保留之租賃。如本集團為租賃人，經營租賃之租金款額在扣除自出租公司收取之任何回扣後，於租賃期內以直線法在損益賬中支銷。

如本集團為出租人，租賃資產在資產負債表中列為固定資產，並與同類型自置固定資產相同之基準按可使用年期折舊。租金收入在租約期內以直線法確認。特別為賺取租賃收入而產生之初始直接成本在產生期內之損益賬中列作開支。

(i) 撥備

當本集團因為已發生的事件而須承擔現有法律性或推定性責任，而解除責任時有可能消耗經濟資源及利益，並在責任金額能夠可靠地作出估算的情況下，需為確認有關責任而計提撥備。

(j) 遞延稅項

為課稅而計算之盈利與在損益賬所示之溢利二者間因時間差別而產生之差額，若預期有可能於可預見將來支付或可收回負債或資產，即按現行稅率計提遞延稅項。

(k) 外幣換算

以外幣為本位幣之交易，均按交易當日之匯率折算。於結算日以外幣顯示之貨幣資產與負債則按結算日之匯率折算。由此產生之匯兌盈虧均計入損益賬。

附屬公司以外幣顯示之資產負債表均按結算日之匯率折算，而損益賬則按當期平均匯率折算。匯兌盈虧作為儲備變動入賬。

2 Principal accounting policies (continued)

(g) Investments in securities (continued)

(ii) Investment securities (continued)

Fair value is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

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 downs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future. The amount written back is limited to the amount of the write-downs.

(h) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals applicable to such operating leases net of any incentives received from the lessor are charged to the profit and loss account on a straight-line basis over the lease term.

Where the Group is the lessor, the assets subject to the lease are included in fixed assets in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned fixed assets. Rental income from operating leases is recognised on a straight-line basis over the lease term. Initial direct costs incurred specifically to earn revenue from an operating lease are recognised as an expense in the profit and loss account in the period in which they are incurred.

(i) Provisions

A provision is recognised when the Group has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate can be made of the amount of the obligation.

(j) Deferred taxation

Deferred taxation is provided at the current tax rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the profit and loss account to the extent that it is probable that a liability or an asset is expected to be payable or recoverable in the foreseeable future.

(k) Foreign currency translation

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

The balance sheets of subsidiaries expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss account is translated at an average rate for the period. Exchange differences are dealt with as a movement in reserves.

2 主要會計政策（續）

(I) 僱員福利

(i) 退休福利成本

本集團根據認可職業退休計劃（「職業退休計劃」）或強制性公積金（「強積金」）計劃之界定供款退休計劃作出供款，所有員工均可參與該兩個計劃。集團與員工之供款按職業退休計劃下員工基本薪金之百分比及強積金計劃之強積金規例計算。在損益表支銷之退休福利計劃成本指本集團應向此等計劃支付之供款。員工在全數享有供款前退出職業退休計劃而被沒收之供款會由本集團用作扣減目前本集團的供款負擔或根據職業退休計劃信託契據條例沖減其開支。

退休計劃之資產與本集團之資產分開持有，由獨立管理基金保管。

(ii) 長期服務金

僱員在集團服務滿5年後，若沒有觸犯規定而被辭退，集團會給予該僱員長期服務金。當個別僱員被辭退時，該僱員在有關退休福利計劃之僱主供款先用以支付該僱員的長期服務金，若有不足之數才會由集團補發差額。董事將以組合基準按僱員之服務年資估算有否差額，若有重大差額，則會確認於損益賬內。

(iii) 有償缺勤

僱員獲享的年度休假及病假在累積時確認。本集團會對僱員服務至年結日所累積，但尚未使用的年度休假責任作出估算並提撥準備。尚未使用的病假可積累至120天，但僱員並不享有現金權益。若集團預計病假之責任是重大時，將確認該責任。

年度休假及病假以外的其他有償缺勤不允許累積。若僱員於獲享有償缺勤的年度內未悉數享用該等可用缺勤，剩餘之可用缺勤將被取消，僱員於離職時亦無權收取現金以彌補任何未被使用的可用缺勤。由於僱員之服務年資並不會增加僱員之利益，故集團於此類缺勤發生時始予確認。

2 Principal accounting policies (continued)

(I) Employee benefits

(i) Retirement benefit costs

The Group contributes to defined contribution retirement schemes under either recognised occupation retirement schemes ("ORSO schemes") or mandatory provident fund ("MPF") schemes which are available to all employees. Contributions to the scheme by the Group and employees are calculated as a percentage of employees' basic salaries for the ORSO schemes and in accordance with the MPF rules for MPF schemes. The retirement benefit scheme costs are charged to the profit and loss account as incurred and represents contributions payable by the Group to the schemes. Forfeited contributions by those employees who leave the ORSO scheme prior to the full vesting of their contributions are used by the Group to reduce the existing level of contributions or to meet its expenses under the trust deed of the ORSO schemes.

The assets of the schemes are held separately from those of the Group in independently administered funds.

(ii) Long service payment

The Group pays long service payment to staff who are dismissed without committing any offence and have been employed by the Group for more than 5 years. Employer's portion of the relevant retirement fund, on an individual basis, will be first utilised to offset the long service payment for which dismissed employees entitled, any shortfall will be further provided by the Group. The directors will estimate any such shortfall payment during employee's years of service on a portfolio basis, and recognise in the profit and loss account if material.

(iii) Compensated absences

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for unused annual leave as a result of services rendered by employees up to the balance sheet date. Unused sick leave may be carried forward up to 120 days but are non-vesting. The Group recognises annual and sick leave obligations if they are estimated to be material.

Compensated absences other than annual and sick leave are non-accumulating, they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group. As employee service does not increase the amount of the benefit, the Group recognises no liability or expense until the absences occur.

2 主要會計政策 (續)

(I) 僱員福利 (續)

(iv) 獎金計劃

若因僱員提供的服務而令集團產生獎金之法律或推定責任，而該責任的金額亦能可靠地作出估計，集團需確認該預期的獎金支出並以負債列賬。

(m) 資產負債表外之金融工具

資產負債表外之金融工具乃來自本集團在外匯、利率、股票及其他市場上進行之期貨、遠期、掉期、期權及其他交易合約。此等工具之記賬方法視乎交易目的是為了買賣或風險對沖而定。集團在發生衍生交易合約時決定交易目的屬買賣或作為風險對沖之用。

用作買賣而進行之交易均以公平價值列賬。交易所買賣合約的公平價值按市場報價。非交易所買賣合約的公平價值按交易員的報價、定價模型或具相似性質票據的報價。因公平價值變動而產生之損益列入損益表內之「外匯活動之淨盈利/虧損」。

因按市值劃價而產生之未實現盈利列賬於「其他資產」內。而按市值劃價而產生之未實現損失則列賬於「其他賬項及準備」內。

風險對沖交易須於發生時清楚界定，並需建立齊備的檔案紀錄，包括所採用的對沖工具、對沖之目的、策略、及所有對沖風險及工具間之關係。此外，需能顯示出於整段期間內預計對沖工具均能高度有效地達到抵銷所需對沖風險之目的。用作風險對沖之交易按所對沖之資產、負債或持倉淨額等同之基準而估值。任何損益均按有關之資產、負債或持倉淨額產生損益之等同基準確認於損益表內。

若有關的衍生交易不再符合上述所列之對沖條件，該衍生工具將被視為買賣目的，並以此按上述方法記賬。

若集團訂立了淨額結算總協議或其他具有法律強制力的協議，即使交易對手包括因破產而不能履行其責任，只要集團仍毫無疑問地具有堅持以淨額與同一交易對手進行結算之權力，則衍生交易產生之資產、負債才可以在對銷後列賬。

除非結算用之貨幣相同，或屬於在活躍市場取得報價之可自由兌換貨幣，衍生交易才能對銷。

2 Principal accounting policies (continued)

(I) Employee benefits (continued)

(iv) Bonus plans

The expected cost of bonus payments are recognized as a liability when the group has a present or legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(m) Off-balance sheet financial instruments

Off-balance sheet financial instruments arise from futures, forwards, swaps, options and other transactions undertaken by the Group in the foreign exchange, interest rate, equity and other markets. The accounting for these instruments is dependent upon whether the transactions are undertaken for trading purposes or to hedge risk. The Group designates a derivative as held for trading or hedging purposes when it enters into a derivative contract.

Transactions undertaken for trading purposes are marked to market at fair value. For exchange-traded contracts, fair value is based on quoted market prices. For non-exchange traded contracts, fair value is based on dealer quotes, pricing models or quoted prices for instruments with similar characteristics. The gain or loss arising from change in fair value is recognised in the profit and loss account as "Net gain/(loss) from foreign exchange activities".

Unrealised gains on transactions which are marked to market are included in "Other assets". Unrealised losses on transactions which are marked to market are included in "Other accounts and provisions".

Hedging derivative transactions are designated as such at inception and requires that the hedging instrument, hedging objective, strategy and all relationships between hedging risk and items be fully documented. It must also be demonstrated that a derivative would be expected to be highly effective in accomplishing the objective of offsetting the risk being hedged throughout the reporting period. Hedging instruments are valued on an equivalent basis to the assets, liabilities or net positions that they are hedging. Any profit or loss is recognised in the profit and loss account on the same basis as that arising from the related assets, liabilities or net position.

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

Assets and liabilities arising from derivative transactions are netted off only when the Group has entered into master netting agreements or other legally enforceable arrangements, which allow the Group any right to insist on settlement with the same counterparty on a net basis beyond doubt in all situations of default by the other party or parties including insolvency of any parties to the contract.

Derivative transactions are not offset unless the related settlement currencies are the same, or are denominated in freely convertible currencies for which quoted exchange rates are available in an active market.

2 主要會計政策 (續)

(n) 或然負債及或然資產

或然負債指因為已發生的事件而可能引起之責任，此等責任只能就本集團不能完全控制之一宗或多宗未來不確定事件之出現與否才能確認。或然負債亦可能是因為已發生的事件而引致之現有責任，但由於可能不需要消耗經濟資源，或責任金額未能可靠地衡量而未有確認。

或然負債不會被確認，但會在賬目附註中披露。假若消耗資源之可能性改變導致可能出現資源消耗，此等負債將被確認為撥備。

或然資產指因為已發生的事件而可能產生之資產，此等資產只能就集團不能完全控制之一宗或多宗未來不確定事件之出現與否才能確認。

或然資產不會被確認，但如有可能收到經濟利益，會在賬目附註中披露。若將會收到經濟利益可被實質確定時，將確認為資產。

(o) 關連人士

於本報告內，關連人士指該等人士有能力可以直接或間接去控制其他人士、或對其他人士在作出與財務及經營有關的決定時有重大的影響力、或集團與該等人士均受到共同的控制或重大的共同影響力。關連人士可以是個人或其他企業。

(p) 現金及現金等同項目

就綜合現金流量表而言，現金及現金等同項目指由其取得日起三個月內到期之款項，包括現金、銀行及金融機構結餘、國庫券、其他合資格票據及存款證。

3 利息收入

上市投資之利息收入

非上市投資之利息收入

其他利息收入

2 Principal accounting policies (continued)

(n) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the accounts when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(o) Related parties

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

(p) Cash and cash equivalents

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition including cash, balances with banks and other financial institutions, treasury bills and certificates of deposit.

3 Interest income

	本集團 The Group	
	2002	2001
	HK\$'000	HK\$'000
Interest income from listed investments	59,612	4,196
Interest income from unlisted investments	120,212	160,802
Other interest income	665,594	1,254,153
	845,418	1,419,151

4 其他經營收入

服務費和佣金收入
減：服務費和佣金支出

服務費和佣金淨收入

– 上市證券投資
– 非上市證券投資
外匯活動之淨盈利
投資物業之總租金收入
其他

4 Other operating income

Fees and commission income
Less: Fees and commission expenses

Net fees and commission income
Dividend income from

– listed investments in securities
– unlisted investments in securities
Net gain from foreign exchange activities
Gross rental income from investment properties
Others

本集團
The Group

2002	2001
HK\$'000	HK\$'000
159,292	150,933
(17,958)	(15,716)
141,334	135,217
50	75
1,456	7,465
29,966	39,341
1,489	1,257
1,037	1,394
175,332	184,749

5 經營支出

職員薪金支出(附註6)
房產支出(不包括折舊)
– 房產租金
– 其他
折舊費用
核數師酬金
其他經營支出

5 Operating expenses

Staff costs (Note 6)
Premises expenses excluding depreciation
– rental of premises
– others
Depreciation
Auditor's remuneration
Other operating expenses

本集團
The Group

2002	2001
HK\$'000	HK\$'000
141,356	139,406
13,062	15,116
5,017	4,649
17,386	11,463
2,080	–
42,003	48,564
220,904	219,198

截至二零零一年十二月三十日止年度之核數師酬金由直接控股公司[中國銀行(香港)有限公司]支付。

The auditors' remuneration for the year ended 31st December 2001 was borne by the immediate holding company, Bank of China (Hong Kong) Limited.

6 職員薪金

職員薪金支出(包括董事酬金)：
職員薪金支出
退休金計劃供款
遣散費

6 Staff costs

Staff costs including directors' emoluments

Wages and salaries
Pension costs – defined contribution plans
Termination benefits

本集團
The Group

2002	2001
HK\$'000	HK\$'000
131,466	130,094
9,693	9,414
197	(102)
141,356	139,406

7 董事酬金

本年度本銀行向董事支付之酬金總額如下：

袍金
其他酬金
基本薪金及其他津貼
酌情發放之花紅

根據本銀行之中間控股公司 中銀香港（控股）有限公司（「中銀控股」）的全體股東於二零零二年七月十日通過的書面決議案，中銀控股批准及採納一份二零零二年認股權計劃及一份二零零二年股份儲蓄計劃。中銀控股於首次公開售股時，曾向香港交易所（「港交所」）承諾，中銀控股不會在未取得港交所事先同意前，於上市後六個月期間內（即截至二零零三年一月二十五日止）授出或同意授出任何認股權。有鑑於此，於截至二零零二年十二月三十一日止年度內，中銀控股並未根據二零零二年認股權計劃或二零零二年股份儲蓄計劃授出任何認股權。

於二零零二年七月五日，中銀控股之直接控股公司 BOC Hong Kong (BVI) Limited（「BOC (BVI)」）根據《上市前認股權計劃》向某些董事授予認股權，彼等可據此向BOC(BVI)購入合共3,270,000股中銀控股現有已發行股份，認購價相等於招股價為每股港幣8.5元。上述認股權自二零零二年七月二十五日起一年內不得行使。該等認股權自二零零二年七月二十五日起四年內歸屬，該等認股權的25%股份數目將於每年年底歸屬，有效行使期間為十年。於二零零二年七月二十五日（即中銀控股股份開始在港交所買賣之日）或之後，不會再根據《上市前認股權計劃》授出任何認股權。由是次授予認股權所產生的利益既未包含在披露的董事酬金及職員開支中，也沒有在損益賬上反映。

8 計提呆壞賬準備

呆壞賬準備淨計提額

特別準備
– 新撥準備
– 撥回
– 收回款項（附註20）

一般準備

在綜合損益賬支銷之淨計提額（附註20）

7 Directors' emoluments

The aggregate amounts of emoluments payable to directors of the Bank during the year are as follows:

	本集團 The Group	
	2002	2001
	HK\$'000	HK\$'000
Fees	-	-
Other emoluments		
Basic salaries and allowances	2,816	2,182
Discretionary bonuses	146	166
	2,962	2,348

Pursuant to written resolutions of all the shareholders of the Bank's intermediate holding company, BOC Hong Kong (Holdings) Limited ("BOCHKHL"), passed on 10th July 2002, BOCHKHL has approved and adopted a 2002 Share Option Scheme and a 2002 Sharesave Plan. In connection with BOCHKHL's initial public offering, BOCHKHL has undertaken to The Stock Exchange of Hong Kong Limited ("Stock Exchange") that for a period of 6 months from its listing i.e. until 25th January 2003, BOCHKHL shall not, amongst other things, grant or offer or agree to grant options over any shares without prior consent of the Stock Exchange. Accordingly, no options have been granted by BOCHKHL pursuant to the 2002 Share Option Scheme or the 2002 Sharesave Plan for the year ended 31st December 2002.

On 5th July 2002, certain directors were granted options by BOC Hong Kong (BVI) Limited ("BOC (BVI)"), the immediate holding company of BOCHKHL, pursuant to a Pre-listing Share Option Scheme of BOCHKHL to purchase from BOC (BVI) an aggregate of 3,270,000 existing issued shares of the BOCHKHL at a price of HK\$8.5 per share which is the same as the offer price on the date on which dealings in the BOCHKHL's shares commenced on the Stock Exchange. None of these options may be exercised within one year from 25th July 2002. These options have a vesting period of four years from 25th July 2002 with a valid exercise period of ten years. 25% of the number of shares subject to such options will vest at the end of each year. No offer to grant any options under the Pre-listing Share Option Scheme may be made on or after 25th July 2002, the date on which dealings in the BOCHKHL's shares commenced on the Stock Exchange. The benefits arising from the granting of these share options are not included in the directors' emoluments and staff cost and have not been recognised in the profit and loss account.

8 Charge for bad and doubtful debts

	本集團 The Group	
	2002	2001
	HK\$'000	HK\$'000
Net charge for bad and doubtful debts		
Specific provisions		
– new provisions	102,585	153,659
– releases	(29,090)	(39,878)
– recoveries (Note 20)	(12,586)	(19,630)
	60,909	94,151
General provisions	(40,465)	(22,618)
Net charge to consolidated profit and loss account (Note 20)	20,444	71,533

9 出售/重估固定資產之淨虧損

出售銀行房產之盈利
出售其他固定資產之虧損
銀行房產重估虧損
發展中物業之減值準備

10 稅項

在綜合損益賬支銷之稅項指下列各類稅項

– 本年度估計應課稅溢利之香港利得稅
– 往年度準備不足
應佔所投資合夥企業之估計香港利得稅虧損

撇銷合夥企業投資

香港利得稅
海外稅項

香港利得稅乃按照本年度估計應課稅溢利依稅率16% (二零零一年：16%)提撥準備。海外溢利之稅款按照本年度估計應課稅溢利依集團經營業務所在國家之現行稅率計算。

本銀行訂立多項飛機租賃及息票分拆交易，因該等交易關係本銀行成為若干特別用途合夥企業之其中一名普通合夥人。本銀行並不擁有此等企業之控制權，因而並沒有納入此等企業於集團綜合賬目內。於二零零二年十二月三十一日，本銀行於此等合夥企業之投資列於資產負債表「其他資產」內，合共港幣197,000,000元(二零零一年：港幣258,000,000元)。本銀行在此等合夥企業之投資按投資所得稅務利益之比例，在合夥年內攤銷。

9 Net loss from disposal/revaluation of fixed assets

本集團 The Group	
2002	2001
HK\$'000	HK\$'000
Gain on disposal of bank premises	10,866
Loss on disposal of other fixed assets	(1,091)
Deficit on revaluation of bank premises	(26,008)
Impairment of property under development	(6,500)
(1,164)	(22,733)

10 Taxation

The amount of taxation charged to the consolidated profit and loss account represents:

本集團 The Group	
2002	2001
HK\$'000	HK\$'000
Hong Kong profits tax	
– current year taxation	76,976
– under provision in prior year	6,599
Attributable share of estimated Hong Kong profits tax losses arising from investments in partnerships	(79,915)
7,470	3,660
Investments in partnerships written off	63,909
Hong Kong profits tax	67,569
Overseas taxation	2,145
56,413	69,714

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The Bank has entered into certain aircraft leasing and coupon strip transactions involving special purpose partnerships in which the Bank is one of the general partners. The Bank does not control the partnerships and consequently they are not consolidated in the Bank's accounts. As at 31st December 2002, the Bank's investment in such partnerships, which is included in "Other assets" in the balance sheet amounted to approximately HK\$197 million (2001: HK\$258 million). The Bank's investments in these partnerships are amortised over the life of the partnership in proportion to the taxation benefits resulting from those investments.

10 稅項 (續)

本銀行作為主要普通合夥人之
合夥企業之總資產及負債如
下：

資產

負債

下列各項之遞延稅項並沒有
在損益表支銷：

加速折舊免稅額

稅務虧損

一般呆壞賬準備

於十二月三十一日下列各項
之遞延稅項並沒有作出撥
備：

加速折舊免稅額

稅務虧損

一般呆壞賬準備

由於未能確定遞延稅項資產
於可預見將來能否收回，故
未有為遞延稅項資產作出撥
備。

10 Taxation (continued)

The total assets and liabilities of partnerships where the Bank is the majority general partner are as follows:

		本集團及本銀行 The Group and the Bank	
		2002	2001
		HK\$'000	HK\$'000
Assets		224,068	363,147
Liabilities		144,697	237,836

The amount of deferred taxation not provided for in the profit and loss account represents:

本集團 The Group		本銀行 The Bank	
2002	2001	2002	2001
(支銷)/收益 (Charge)/ benefit	(支銷)/收益 (Charge)/ benefit	(支銷)/收益 (Charge)/ benefit	(支銷)/收益 (Charge)/ benefit
HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accelerated depreciation allowances		3,014	1,073
Tax losses		14	52
General provision for bad and doubtful debts		(6,475)	(3,618)
		(3,447)	(2,493)

The full amount of deferred taxation has not been provided for the following as at 31st December:

本集團 The Group		本銀行 The Bank	
2002	2001	2002	2001
HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accelerated depreciation allowances		(6,074)	(9,088)
Tax losses		207	193
General provisions for bad and doubtful debts		27,525	34,000
		21,658	25,105
		(5,886)	(9,020)
		-	-
		27,525	34,000
		21,639	24,980

No provision for deferred tax asset is made as it is not certain that the amount will be recoverable in the foreseeable future.

11 股東應佔溢利

截至二零零二年十二月三十一日止年度之股東應佔溢利在本銀行賬目中記賬之數額約為港幣465,266,000元(二零零一年：港幣506,588,000元)。

12 股息**留存盈利之分派**

- 擬派末期股息每普通股港幣60元(二零零一年：港幣40元)
- 已派中期股息每普通股港幣50元(二零零一年：無)
- 已派特別股息每普通股港幣零元(二零零一年：港幣650元)

附註(i)：在二零零三年三月十八日舉行的董事會會議中，董事建議派發末期股息每普通股港幣60元，合計港幣180,000,000元。此項擬派股息並無於本財務報表列作應付股息，惟將於截至二零零二年十二月三十一日止年度列作留存盈利分派。

13 退休福利成本

本集團推行若干定額供款計劃，此等計劃屬於強制性公積金計劃條例(「強積金計劃條例」)豁免之職業退休計劃。根據該等計劃，僱員須向職業退休計劃之每月供款為彼等基本薪金之5%，而僱主之每月供款為僱員基本月薪之5%至15%不等(視乎彼等之服務年期)。僱員有權於二十年服務期屆滿後，在僱用期終止時收取100%之僱主供款，或於三年至二十年以下服務期屆滿後，在退休、提前退休、永遠喪失工作能力及健康欠佳或僱用期終止等情況(被即時解僱除外)下，收取20%至95%之僱主供款。

隨著強積金計劃條例於二零零零年十二月一日實施，本集團亦參與中銀保誠簡易強積金計劃(「強積金計劃」)，該計劃之受託人為中銀國際英國保誠信託有限公司，投資管理人為中銀國際英國保誠資產管理有限公司，此兩間公司均為本銀行之有關連人士。截至二零零二年十二月三十一日，本集團向強積金計劃之供款總額則約為港幣130,000元。

截至二零零二年十二月三十一日，在扣除約港幣955,000元(二零零一年：約港幣1,131,000元)之沒收供款後，職業退休計劃之供款總額約為港幣10,518,000元(二零零一年：約港幣10,456,000元)。

11 Profit attributable to shareholders

The profit for the year ended 31st December 2002 attributable to shareholders and dealt with in the accounts of the Bank amounted to HK\$465,266,000 (2001: HK\$506,588,000).

12 Dividends

	本集團 The Group	
	2002	2001
	HK\$'000	HK\$'000
Appropriations from retained profits		
- Final, proposed of HK\$60 (2001: HK\$40) per ordinary share	180,000	120,000
- Interim, paid of HK\$50 (2001: Nil) per ordinary share	150,000	-
- Special, paid of Nil (2001: HK\$650) per ordinary share	-	1,950,000
	<u>330,000</u>	<u>2,070,000</u>

Note (i): At a meeting held on 18th March 2003 the directors proposed to declare a final dividend of HK\$60 per ordinary share amounting to HK\$180,000,000. This proposed dividend is not reflected as a dividend payable in these accounts, but will be reflected as an appropriation of retained earnings for the year ended 31st December 2002.

13 Retirement benefit costs

The Group operates certain defined contribution schemes which are ORSO schemes exempted under the Mandatory Provident Fund Schemes Ordinance ("MPF Schemes Ordinance"). Under the schemes, the employees make monthly contributions to the ORSO schemes equal to 5% of their basic salaries, while the employer makes monthly contributions equal to 5% to 15% of the employees' monthly basic salaries, depending on their years of service. The employees are entitled to receive 100% of the employer's contributions upon termination of employment after completing 20 years of service, or at a scale of 20% to 95% after completing 3 to less than 20 years of service, on conditions of retirement, early retirement, permanent incapacity and ill-health or termination of employment other than summary dismissal.

With the implementation of the MPF Schemes Ordinance on 1st December 2000, the Group also participates in the BOC-Prudential Easy Choice Mandatory Provident Fund Scheme ("MPF Scheme"), the trustee of which is BOCI-Prudential Trustee Limited and the investment manager of which is BOCI-Prudential Asset Management Limited, which are related parties of the Company. For the year ended 31st December 2002, total employer contributions to the MPF scheme amounted to approximately HK\$130,000.

The total contributions for those ORSO schemes for the year ended 31st December 2002 amounted to approximately HK\$10,518,000 (2001: approximately HK\$10,456,000), after a deduction of forfeited contributions of approximately HK\$955,000 (2001: approximately HK\$1,131,000).

14 現金及短期資金

現金
銀行和其他金融機構之結餘

即期及短期通知存款 (一個
月內到期)
國庫券(包括外匯基金票據)

持有之國庫券(包括外匯基金
票據)為非上市及持有至到期
日證券，並按攤銷成本列
賬。

15 貿易票據

貿易票據

貿易票據是從銀行客戶以折
扣價購入之第三者信用証信
貸合約。

16 持有之存款證

非上市及持有至到期日證
券，按攤銷成本入賬

17 持有至到期日證券

上市證券，按攤銷成本入賬
– 香港
– 海外

非上市證券，按攤銷成本
入賬

上市證券市值

14 Cash and short-term funds

		本集團 The Group		本銀行 The Bank	
		2002	2001	2002	2001
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash	Cash	91,748	99,867	91,748	99,867
Balances with banks and other financial institutions	Balances with banks and other financial institutions	248,868	1,823,614	248,868	1,823,614
Money at call and short notice maturing within one month	Money at call and short notice maturing within one month	10,033,702	7,297,279	10,033,702	7,297,279
Treasury bills (including Exchange Funds Bills)	Treasury bills (including Exchange Funds Bills)	41,990	39,474	41,990	39,474
		<u>10,416,308</u>	<u>9,260,234</u>	<u>10,416,308</u>	<u>9,260,234</u>

Treasury bills (including Exchange Fund Bills) are unlisted, held-to-maturity and stated at amortised cost.

15 Trade bills

		本集團及本銀行 The Group and the Bank	
		2002	2001
		HK\$'000	HK\$'000
Trade bills	Trade bills	124,581	43,696

Trade bills represent letters of credit obligation of third parties that the Bank purchased from customers at a discount.

16 Certificates of deposit held

		本集團及本銀行 The Group and the Bank	
		2002	2001
		HK\$'000	HK\$'000
Unlisted, held-to-maturity securities, at amortised cost	Unlisted, held-to-maturity securities, at amortised cost	686,503	49,970

17 Held-to-maturity securities

		本集團及本銀行 The Group and the Bank	
		2002	2001
		HK\$'000	HK\$'000
Listed, at amortised cost	Listed, at amortised cost		
– Listed in Hong Kong	– Listed in Hong Kong	1,251,359	794,544
– Listed outside Hong Kong	– Listed outside Hong Kong	276,446	10,000
		<u>1,527,805</u>	<u>804,544</u>
Unlisted, at amortised cost	Unlisted, at amortised cost	3,452,944	1,213,024
		<u>4,980,749</u>	<u>2,017,568</u>
Market value of listed investments	Market value of listed investments	<u>1,579,035</u>	<u>803,494</u>

17 持有至到期日證券（續）
持有至到期日證券之發行機構分析如下：

17 Held-to-maturity securities (continued)

Held-to-maturity securities are analysed by issuer as follows:

		本集團及本銀行 The Group and the Bank	
		2002	2001
		HK\$'000	HK\$'000
中央政府和中央銀行	Central governments and central banks	1,270,183	742,091
公營機構	Public sector entities	390,000	–
銀行和其他金融機構	Banks and other financial institutions	3,290,536	1,194,273
公司企業	Corporate entities	30,030	81,204
		4,980,749	2,017,568

18 投資證券

18 Investment securities

		本集團 The Group		本銀行 The Bank	
		2002	2001	2002	2001
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
非上市債務證券，按成本值入賬	Unlisted debt securities, at cost	944	1,044	944	1,044
股票證券，按成本值入賬	Equity securities, at cost				
– 在香港以外上市	– Listed outside Hong Kong	653	653	653	653
– 非上市	– Unlisted	35,377	35,484	14,068	14,175
		36,030	36,137	14,721	14,828
減：投資減值準備	Less: provision for impairment in value	(7,190)	(2,984)	(5,550)	(2,984)
		28,840	33,153	9,171	11,844
		29,784	34,197	10,115	12,888
上市證券市值	Market value of listed investments	3,558	3,806	3,558	3,806

投資證券之發行機構分析如下：

Investment securities are analysed by issuer as follows:

		本集團 The Group		本銀行 The Bank	
		2002	2001	2002	2001
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
銀行及其他金融機構	Banks and other financial institutions	653	653	653	653
企業	Corporate entities	28,437	32,750	8,768	11,441
其他	Others	694	794	694	794
		29,784	34,197	10,115	12,888

19 貸款及其他賬項

(a) 貸款及其他賬項

客戶貸款
應計利息

呆壞賬準備(附註20)

– 一般準備
– 特別準備

銀行及其他金融機構
貸款

於二零零一年十二月三十一日，並無給予銀行和其他金融機構的貸款。

(b) 不履約貸款 不履約貸款分析如下：

不履約貸款
佔客戶貸款總額之比例

就上述不履約貸款作出
之特別準備
暫記利息 (附註20)

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

於二零零二年十二月三十一日，對銀行及其他金融機構之貸款既無利息已撥入暫記賬或已停止計算利息，亦無任何特別準備之撥備（二零零一年：無）。

19 Advances and other accounts

(a) Advances and other accounts

本集團 The Group		本銀行 The Bank	
2002	2001	2002	2001
HK\$'000	HK\$'000	HK\$'000	HK\$'000
Advances to customers	8,310,763	7,985,553	8,312,744
Accrued interest	88,795	122,395	88,762
8,106,360	8,399,558	8,107,948	8,401,506
Provision for bad and doubtful debts (Note 20)			
– General	(212,498)	(172,033)	(212,498)
– Specific	(164,665)	(155,202)	(164,665)
(327,235)	(377,163)	(327,235)	(377,163)
7,779,125	8,022,395	7,780,713	8,024,343
Advances to banks & other financial institutions	–	742	–
7,779,867	8,022,395	7,781,455	8,024,343

At 31st December 2001, there were no advances to banks and other financial institutions.

(b) Non-performing loans:

Non-performing loans are analysed as follows:

本集團及本銀行 The Group and the Bank	
2002	2001
HK\$'000	HK\$'000
Non-performing loans	813,430
As a percentage to total advances to customers	9.79%
Specific provisions made in respect of such loans	164,665
Amount of interest in suspense (Note 20)	5,596

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

There were no advances to banks and other financial institutions on which interest has been placed in suspense or on which interest accrual has ceased as at 31st December 2002 and 31st December 2001 nor were there any specific provisions made.

20 呆壞賬準備

20 Provisions for bad and doubtful debts

本集團及本銀行
截至二零零二年十二月三十一日止年度
The Group and the Bank
For the year ended 31st December 2002

		特別準備	一般準備	合計	暫記利息
		Specific	General	Total	Suspended interest
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
於二零零二年一月一日之結餘	Balances as at 1st January 2002	164,665	212,498	377,163	5,596
在損益賬支銷/(撥回) (附註8)	Charge/(credit) to profit and loss account (Note 8)	60,909	(40,465)	20,444	-
註銷款額	Amounts written off	(82,958)	-	(82,958)	(609)
收回往年已註銷之貸款 (附註8)	Recoveries of advances written off in previous years (Note 8)	12,586	-	12,586	-
年內暫記利息	Interest suspended during the year	-	-	-	3,303
暫記利息轉回	Suspended interest recovered	-	-	-	(3,198)
於二零零二年十二月三十一日之結餘	Balance as at 31st December 2002	155,202	172,033	327,235	5,092
作為對以下項目的準備：	Representing provisions against:				
客戶貸款(附註19)	Advances to customers (Note 19)	155,202	172,033	327,235	5,092

本集團及本銀行
截至二零零一年十二月三十一日止年度
The Group and the Bank
For the year ended 31st December 2001

		特別準備	一般準備	合計	暫記利息
		Specific	General	Total	Suspended interest
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
於二零零一年一月一日之結餘	Balances as at 1st January 2001	235,626	235,116	470,742	15,387
在損益賬支銷/(撥回) (附註8)	Charge/(credit) to profit and loss account (Note 8)	94,151	(22,618)	71,533	-
註銷款額	Amounts written off	(184,742)	-	(184,742)	(9,228)
收回往年已註銷之貸款 (附註8)	Recoveries of advances written off in previous years (Note 8)	19,630	-	19,630	-
年內暫記利息	Interest suspended during the year	-	-	-	2,467
暫記利息轉回	Suspended interest recovered	-	-	-	(3,030)
於二零零一年十二月三十一日之結餘	Balance as at 31st December 2001	164,665	212,498	377,163	5,596
作為對以下項目的準備：	Representing provisions against:				
客戶貸款(附註19)	Advances to customers (Note 19)	164,665	212,498	377,163	5,596

21 投資附屬公司

非上市股份，按成本值列賬
應收附屬公司款項（附註(a)）
應付附屬公司款項（附註(a)）

附註：

(a) 應收或應付附屬公司款項
均為無抵押、不收取利息
及無固定之還款日期。

於二零零二年十二月三十
一日之附屬公司呈列如
下：

21 Investments in subsidiaries

		本銀行 The Bank	
		2002	2001
		HK\$'000	HK\$'000
Unlisted shares, at cost		3,913	3,913
Amounts due from subsidiaries (Note (a))		75,638	75,391
Amounts due to subsidiaries (Note (a))		(39,082)	(157,443)
		40,469	(78,139)

Note:

(a) Amounts due from/to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Details of the subsidiaries as at 31st December 2002 are set out below:

公司名稱 Name	註冊/ 營業地點 Place of incorporation / operation	已發行及 繳足普通股 股本詳情 Particulars of issued and paid up ordinary share capital	本銀行持有 股權比例 Equity interest held by the Bank		主要業務 Principal activities
			直接持有 Directly	間接持有 Indirectly	
集友銀行(代理人)有限公司 Chiyu Banking Corporation (Nominees) Limited	香港 Hong Kong	1,000股每股 面值100港元 1,000 shares of HK\$100 each	100%	-	投資控股 Investment holding
誠信置業有限公司 Seng Sun Development Company Limited	香港 Hong Kong	2,800股每股 面值1,000港元 2,800 shares of HK\$1,000 each	100%	-	投資控股 Investment holding
Pacific Trend Profits Corporation	英屬處 女群島 The British Virgin Islands	1股每股 面值 1美元 1 share of US\$1	100%	-	投資控股 Investment holding
朗權有限公司 Glory Cardinal Limited	香港 Hong Kong	2股每股 面值 1港元 2 shares of HK\$1 each	-	100%	投資控股 Investment holding
亮澤有限公司 Glister Company Limited	香港 Hong Kong	2股每股 面值 1港元 2 shares of HK\$1 each	-	100%	投資控股 Investment holding
欣澤有限公司 Grace Charter Limited	香港 Hong Kong	2股每股 面值 1港元 2 shares of HK\$1 each	-	100%	投資控股 Investment holding
誠信置業(廈門)有限公司 Seng Sun Development (Xiamen) Company Limited	中華人民 共和國 The People's Republic of China	5,000,000美元 US\$5,000,000	-	100%	地產發展 Property development

22 固定資產

22 Fixed assets

		本集團 The Group				
		發展中物業	銀行房產	投資物業	傢具裝置 和設備 Furniture, fixtures and equipment	合計 Total
		Properties under development	Bank premises	Investment properties		
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
成本或估值	Cost or valuation					
二零零二年一月一日	At 1st January 2002	38,432	363,612	24,219	78,009	504,272
增置	Additions	407	79	274	11,240	12,000
重估	Revaluation	-	(16,638)	(175)	-	(16,813)
重新分類	Reclassifications	-	2,293	(2,293)	-	-
出售	Disposals	-	(1,860)	-	(7,914)	(9,774)
二零零二年十二月三十一日	At 31st December 2002	38,839	347,486	22,025	81,335	489,685
累計折舊及減值	Accumulated depreciation and impairment losses					
二零零二年一月一日	At 1st January 2002	6,500	-	-	55,202	61,702
本年度準備	Charge for the year	-	5,811	-	11,575	17,386
重估撥回	Write back on revaluation	-	(5,756)	-	-	(5,756)
出售	Disposals	-	(55)	-	(7,231)	(7,286)
二零零二年十二月三十一日	At 31st December 2002	6,500	-	-	59,546	66,046
賬面淨值	Net book value					
二零零二年十二月三十一日	At 31st December 2002	32,339	347,486	22,025	21,789	423,639
二零零一年十二月三十一日	At 31st December 2001	31,932	363,612	24,219	22,807	442,570
上述資產之成本值或估值分析如下：	The analysis of cost or valuation of the above assets is as follows:					
二零零二年十二月三十一日	At 31st December 2002					
按成本值	At cost	38,839	-	-	81,335	120,174
按二零零二年估值	At valuation 2002	-	347,486	22,025	-	369,511
		38,839	347,486	22,025	81,335	489,685
二零零一年十二月三十一日	At 31st December 2001					
按成本值	At cost	38,432	-	-	78,009	116,441
按二零零一年估值	At valuation 2001	-	363,612	24,219	-	387,831
		38,432	363,612	24,219	78,009	504,272

22 固定資產（續）

本集團之銀行房產及投資物業的賬面值按租約餘期分析如下：

22 Fixed assets (continued)

The carrying amounts of bank premises and investment properties of the Group are analysed based on the remaining terms of the leases as follows:

		本集團 The Group			
		銀行房產 Bank premises		投資物業 Investment properties	
		2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
位於香港：	In Hong Kong, held on:				
- 長期租約(50年以上)	- Long-term leases (over 50 years)	244,380	256,630	18,900	20,610
- 中期租約(10-50年)	- Medium-term leases (10 to 50 years)	92,701	95,850	-	-
位於香港以外地區：	Outside Hong Kong held on:				
- 長期租約(50年以上)	- Long-term leases (over 50 years)	8,880	8,231	-	-
- 中期租約(10-50年)	- Medium-term leases (10 to 50 years)	1,525	2,901	3,125	3,609
		347,486	363,612	22,025	24,219
		本銀行 The Bank			
		銀行房產 Bank premises	投資物業 Investment properties	傢具裝置和設備 Furniture, fixtures and equipment	合計 Total
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
成本或估值	Cost or valuation				
二零零二年一月一日	At 1st January 2002	361,982	24,219	77,978	464,179
增置	Additions	79	274	11,240	11,593
重估	Revaluation	(16,582)	(175)	-	(16,757)
重新分類	Reclassifications	2,293	(2,293)	-	-
出售	Disposals	(1,860)	-	(7,899)	(9,759)
二零零二年十二月三十一日	At 31st December 2002	345,912	22,025	81,319	449,256
累計折舊	Accumulated depreciation				
二零零二年一月一日	At 1st January 2002	-	-	55,171	55,171
本年度準備	Charge for the year	5,779	-	11,575	17,354
重估撥回	Write back on revaluation	(5,724)	-	-	(5,724)
出售	Disposals	(55)	-	(7,216)	(7,271)
二零零二年十二月三十一日	At 31st December 2002	-	-	59,530	59,530
賬面淨值	Net book value				
二零零二年十二月三十一日	At 31st December 2002	345,912	22,025	21,789	389,726
二零零一年十二月三十一日	At 31st December 2001	361,982	24,219	22,807	409,008

22 固定資產（續）

上述資產之成本值或估值分析如下：

22 Fixed assets (continued)

The analysis of cost or valuation of the above assets is as follows:

		本銀行 The Bank			
		銀行房產	投資物業	傢具裝置 和設備 Furniture, fixtures and equipment	合計 Total
		Bank premises	Investment properties		
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
二零零二年十二月三十一日	At 31st December 2002				
按成本值	At cost	-	-	81,319	81,319
按二零零二年估值	At valuation 2002	345,912	22,025	-	367,937
		<u>345,912</u>	<u>22,025</u>	<u>81,319</u>	<u>449,256</u>
二零零一年十二月三十一日	At 31st December 2001				
按成本值	At cost	-	-	77,978	77,978
按二零零一年估值	At valuation 2001	361,982	24,219	-	386,201
		<u>361,982</u>	<u>24,219</u>	<u>77,978</u>	<u>464,179</u>

本銀行之銀行房產及投資物業的賬面值按租約餘期分析如下：

The carrying amounts of bank premises and investment properties of the Bank are analysed based on the remaining terms of the leases as follows:

		本銀行 The Bank			
		銀行房產 Bank premises	投資物業 Investment properties		
		2002	2001	2002	2001
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
位於香港：	In Hong Kong, held on:				
- 長期租約(50年以上)	- Long-term leases (over 50 years)	244,380	256,630	18,900	20,610
- 中期租約(10-50年)	- Medium-term leases (10 to 50 years)	91,127	94,220	-	-
位於香港以外地區：	Outside Hong Kong held on:				
- 長期租約(50年以上)	- Long-term leases (over 50 years)	8,880	8,231	-	-
- 中期租約(10-50年)	- Medium-term leases (10 to 50 years)	1,525	2,901	3,125	3,609
		<u>345,912</u>	<u>361,982</u>	<u>22,025</u>	<u>24,219</u>

投資物業由獨立特許測計師卓德測計師有限公司二零零二年十二月三十一日以公開市值基準進行重估。於二零零二年十二月三十一日，董事經參考獨立測計師對若干房產所作的專業估值，而對列於資產負債表內的房產價值進行了重估。

Investment properties were revalued at 31st December 2002 on the basis of their open market value by an independent firm of chartered surveyors, Chesterton Petty Limited. As at 31st December 2002, the bank premises are included in the balance sheet at directors' valuation, having regard to the independent professional valuation carried out on certain bank premises.

22 固定資產（續）

根據上述之重估結果，集團之房產及投資物業之升值及減值已分別貸記集團之物重估儲備及借記損益賬如下：

22 Fixed assets (continued)

As a result of the above-mentioned revaluation, increases and decreases in value of the Group's and the Bank's investment properties and premises were debited to the Group's and the Bank's investment properties and premises revaluation reserves as follows:

	本集團 The Group		本銀行 The Bank	
	投資物業 Investment properties	銀行房產 Bank premises	投資物業 Investment properties	銀行房產 Bank premises
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
於重估減少借記物業重估儲備				
		Decrease in valuation debited to property revaluation reserve		
	175	9,855	175	9,855

於年結日之估值已下跌至低於原本成本值減累計折舊的房產，約港幣1,027,000元已於本年損益表中扣除。

Approximately HK\$1,027,000 was charged to the consolidated profit and loss account in respect of the bank premises where year end valuation had fallen below historical cost less accumulated depreciation.

於二零零二年十二月三十一日，假若銀行房產按成本值減累計折舊及減值虧損列賬，則其應列於賬目內之賬面值如下：

As at 31st December 2002, the carrying amounts of bank premises that would have been included in the accounts had the premises been stated at cost less accumulated depreciation and impairment losses are as follows:

	本集團 The Group		本銀行 The Bank	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
銀行房產	185,728	206,134	182,629	202,964

Bank premises

23 客戶存款**23 Deposits from customers**

	本集團 The Group		本銀行 The Bank	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
活期存款及往來戶口				
		Demand deposits and current accounts		
	947,237	807,244	947,677	808,242
儲蓄存款	7,942,207	7,389,361	7,956,298	7,389,361
定期及通知存款	14,170,110	14,866,705	14,284,365	14,980,395
	23,059,554	23,063,310	23,188,340	23,177,998

24 其他賬項及準備

24 Other accounts and provisions

		本集團 The Group		本銀行 The Bank	
		2002	2001	2002	2001
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
應付利息	Interest payable	31,186	44,849	31,203	44,849
本期稅項(附註(a))	Current taxation (Note (a))	20,971	19,190	20,851	19,280
應計項目及其他應付款	Accruals and other payables	684,039	646,029	585,886	442,125
		736,196	710,068	637,940	506,254

(a) 本期稅項包括：

(a) Current taxation

		本集團 The Group		本銀行 The Bank	
		2002	2001	2002	2001
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
香港利得稅	Hong Kong profits tax	20,497	18,822	20,497	18,841
海外稅項	Overseas taxation	474	368	354	439
		20,971	19,190	20,851	19,280

25 股本

25 Share capital

		本銀行 The Bank	
		2002	2001
		HK\$'000	HK\$'000
法定、已發行及繳足股本：	Authorised, issued and fully paid:		
3,000,000股(二零零一年：	3,000,000 (2001: 3,000,000) ordinary		
3,000,000股)普通股，	shares of HK\$100 each	300,000	300,000
每股面值港幣100元			

26 儲備

26 Reserves

		本集團 The Group				
		商譽儲備	銀行房產 重估儲備	投資物業 重估儲備	換算儲備	留存盈利
		Goodwill reserve	Bank premises revaluation reserve	Investment properties revaluation reserve	Exchange reserve	Retained earnings
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
於二零零二年一月一日	At 1st January 2002	-	162,093	444	270	2,622,270
匯兌調整	Exchange difference	-	-	-	(29)	-
本年度溢利	Net profit for the year	-	-	-	-	465,456
二零零一年已付末期股息	2001 final dividend paid	-	-	-	-	(120,000)
二零零二年已付中期股息	2002 Interim dividend paid	-	-	-	-	(150,000)
物業重估	Revaluation of property	-	(9,855)	(175)	-	-
二零零二年十二月三十一日	At 31st December 2002	-	152,238	269	241	2,817,726
相當於：	Representing:					
本銀行及附屬公司	Bank and subsidiaries	-	152,238	269	241	2,817,726

26 儲備 (續)

26 Reserves (continued)

		本集團 The Group				
		商譽儲備	銀行房產 重估儲備	投資物業 重估儲備	換算儲備	留存盈利
		Goodwill reserve	Bank premises revaluation reserve	Investment properties revaluation reserve	Exchange reserve	Retained earnings
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
於二零零一年一月一日	At 1st January 2001, as					
如前呈報	previously reported	857	224	-	526	4,068,161
採納會計準則第9號(經修訂)	Effect of adopting SSAP 9					
之影響	(revised)	-	-	-	-	210,000
採納會計準則第30號之影響	Effect of adopting SSAP 30	(857)	-	-	-	857
重列	At 1st January 2001,					
	as restated	-	224	-	526	4,279,018
匯兌調整	Exchange difference	-	-	-	(256)	-
本年度溢利	Net profit for the year	-	-	-	-	503,252
二零零零年已付末期股息	2000 final dividend paid	-	-	-	-	(210,000)
二零零一年已付特別股息	2001 special dividend paid	-	-	-	-	(1,950,000)
重估盈餘	Revaluation of property	-	161,869	444	-	-
二零零一年十二月三十一日	At 31st December 2001	-	162,093	444	270	2,622,270
相當於：	Representing:					
本銀行及附屬公司	Bank and subsidiaries	-	162,093	444	270	2,622,270

		本銀行 The Bank			
		銀行房產 重估儲備	投資物業 重估儲備	留存盈利	合計
		Bank Premises revaluation reserve	Investment properties revaluation reserve	Retained earnings	Total
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
於二零零二年一月一日	At 1st January 2002	162,093	444	2,576,982	2,739,519
本年度溢利	Net profit for the year	-	-	465,266	465,266
二零零一年已付末期股息	2001 final dividend paid	-	-	(120,000)	(120,000)
二零零二年已付中期股息	2002 Interim dividend paid	-	-	(150,000)	(150,000)
物業重估	Revaluation of property	(9,855)	(175)	-	(10,030)
二零零二年十二月三十一日	At 31st December 2002	152,238	269	2,772,248	2,924,755
於二零零一年一月一日	At 1st January 2001, as				
如前呈報	previously reported	224	-	4,020,394	4,020,618
採納會計準則第9號 (經修訂)	Effect of adopting SSAP 9				
之影響	(revised)	-	-	210,000	210,000
重列	At 1st January 2001, as restated	224	-	4,230,394	4,230,618
本年度溢利	Net profit for the year	-	-	506,588	506,588
二零零零年已付末期股息	2000 final dividend paid	-	-	(210,000)	(210,000)
二零零一年已付特別股息	2001 special dividend paid	-	-	(1,950,000)	(1,950,000)
物業重估	Revaluation of property	161,869	444	-	162,313
二零零二年十二月三十一日	At 31st December 2001	162,093	444	2,576,982	2,739,519

(a) 本銀行之投資物業及銀行房產重估儲備並非已變現之溢利，故不可用作分派。

(a) The Bank's investment properties and bank premises reserves do not represent realised profits and are not available for distribution.

27 綜合現金流量表附註

(a) 提取準備後之經營溢利與經營業務之現金(流出)/流入淨額對賬

提取準備後之經營溢利折舊
呆壞賬準備
已註銷之貸款(扣除收回額)
投資證券之股息收入
原到期日超過三個月之國庫券變動
原到期日超過三個月之銀行和其他金融機構存款變動
原到期日超過三個月之即期及短期通知存款變動
貿易票據變動
原到期日超過三個月之持有存款證變動
持有至到期日證券變動
貸款及其他賬項變動
還款期超過三個月之銀行和其他金融機構存款及結餘變動
其他資產變動
客戶存款變動
其他賬項及準備變動
匯兌差額
經營業務之現金(流出)/流入淨額

(b) 現金和現金等同項目結餘分析

現金及銀行和其他金融機構之結餘
即期及短期通知存款(原到期日在三個月內)
國庫券(原到期日在三個月內)
銀行和其他金融機構存款(原到期日在三個月內)
銀行和其他金融機構之存款及結餘(原到期日起計三個月內償還)

27 Notes to the consolidated cash flow statement

(a) Reconciliation of operating profit after provisions to net cash (outflow)/inflow from operating activities

	2002	2001
	HK\$'000	HK\$'000
Operating profit after provisions	527,239	581,433
Depreciation	17,386	11,463
Charges for bad and doubtful debts	20,444	71,533
Advances written off net of recoveries	(70,372)	(165,112)
Dividends income from investment in securities	(1,506)	(7,540)
Change in treasury bills with original maturity over three months	39,474	567,097
Change in placements with banks and other financial institutions with original maturity over three months	1,009,611	1,320,506
Change in money at call and short notice with original maturity over three months	79,523	(1,060,474)
Change in trade bills	(80,885)	(12,777)
Change in certificates of deposit held with original maturity over three months	(636,533)	(29,992)
Change in held-to-maturity securities	(2,963,181)	(766,023)
Change in advances and other accounts	292,456	1,192,969
Change in deposits and balances of banks and other financial institutions repayable over three months	98,652	(57,489)
Change in other assets	(58,291)	238,691
Change in deposits from customers	(3,756)	966,158
Change in other accounts and provisions	24,995	(375,246)
Exchange differences	(62)	(256)
Net cash (outflow)/inflow from operating activities	(1,704,806)	2,474,941

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

	2002	2001
	HK\$'000	HK\$'000
Cash and balances with banks and other financial institutions	340,616	1,923,481
Money at call and short notice with original maturity within three months	9,052,751	6,236,805
Treasury bills with original maturity within three months	41,990	-
Placements with banks and other financial institutions with original maturity within three months	1,769,564	4,881,760
Deposits and balances of banks and other financial institution with original maturity within three months	(1,085,118)	(931,500)
	10,119,803	12,110,546

28 到期日分析

本集團及本銀行於十二月三十一日至合約到期日之剩餘期限之資產及負債之到期日分析匯總如下：

28 Maturity profile

The maturity profile of assets and liabilities of the Group and the Bank analysed by the remaining period as at 31st December 2002 and 31st December 2001 to the contractual maturity dates is as follows:

		本集團 The Group					
		即期	三個月內	三個月以上 至一年內 One year or less but over three months	2002 一年以上 至五年內 Five years or less but over one year	五年以上 Over five years	無註明 日期 Undated
		Repayable on demand	Three months or less				合計 Total
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
資產	Assets						
國庫券	Treasury bills	-	41,990	-	-	-	41,990
一至十二個月內到期之銀行 和其他金融機構存款	Placements with banks and other financial institutions maturing between one and twelve months	-	2,882,825	446,472	-	-	3,329,297
持有之存款證	Certificates of deposit held	-	10,104	139,989	536,410	-	686,503
客戶貸款	Advances to customers	794,410	1,096,770	587,595	2,268,258	2,720,845	7,983,965
銀行及其他金融機構貸款	Advances to banks and other financial institutions	-	742	-	-	-	742
債務證券，含於	Debt securities included in						
- 持有至到期日證券	- Held-to-maturity securities	-	564,180	1,579,432	2,798,143	38,994	4,980,749
- 投資證券	- Investment securities	-	-	-	-	250	944
負債	Liabilities						
銀行和其他金融機構之存款 及結餘	Deposits and balances of banks and other financial institutions	81,760	1,081,491	21,519	-	-	1,184,770
客戶存款	Deposits from customers	8,939,491	13,080,596	999,908	39,559	-	23,059,554
		本銀行 The Bank					
		即期	三個月內	三個月以上 至一年內 One year or less but over three months	2002 一年以上 至五年內 Five years or less but over one year	五年以上 Over five years	無註明 日期 Undated
		Repayable on demand	Three months or less				合計 Total
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
資產	Assets						
國庫券	Treasury bills	-	41,990	-	-	-	41,990
一至十二個月內到期之銀行 和其他金融機構存款	Placements with banks and other financial institutions maturing between one and twelve months	-	2,882,825	446,472	-	-	3,329,297
持有之存款證	Certificates of deposit held	-	10,104	139,989	536,410	-	686,503
客戶貸款	Advances to customers	794,410	1,096,872	587,908	2,269,431	2,720,845	7,985,553
銀行及其他金融機構貸款	Advances to banks and other financial institutions	-	742	-	-	-	742
債務證券，含於	Debt securities included in						
- 持有至到期日證券	- Held-to-maturity securities	-	564,180	1,579,432	2,798,143	38,994	4,980,749
- 投資證券	- Investment securities	-	-	-	-	250	944
負債	Liabilities						
銀行和其他金融機構之存款 及結餘	Deposits and balances of banks and other financial institutions	81,760	1,081,491	21,519	-	-	1,184,770
客戶存款	Deposits from customers	8,954,021	13,194,852	999,908	39,559	-	23,188,340

28 到期日分析 (續)

28 Maturity profile (continued)

		本集團 The Group					
		即期	三個月內	三個月以上 至一年內 One year or less but over three months	2001 一年以上 至五年內 Five years or less but over one year	五年以上 Over five years	無註明 日期 Undated
		Repayable on demand	Three months or less				合計 Total
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
資產	Assets						
國庫券	Treasury bills	-	-	39,474	-	-	39,474
一至十二個月內到期之銀行 和其他金融機構存款	Placements with banks and other financial institutions maturing between one and twelve months	-	5,701,362	1,749,742	-	-	7,451,104
持有之存款證	Certificates of deposit held	-	9,999	-	39,971	-	49,970
客戶貸款	Advances to customers	1,084,985	814,173	606,174	2,143,198	2,815,187	8,310,763
債務證券，含於	Debt securities included in						
- 持有至到期日證券	- Held-to-maturity securities	-	379,495	576,547	1,022,536	38,990	2,017,568
- 投資證券	- Investment securities	-	-	-	-	250	1,044
負債	Liabilities						
銀行和其他金融機構之存款 及結餘	Deposits and balances of banks and other financial institutions	122,448	809,052	1,000	-	-	932,500
客戶存款	Deposits from customers	8,246,407	13,795,939	976,209	44,755	-	23,063,310
		本銀行 The Bank					
		即期	三個月內	三個月以上 至一年內 One year or less but over three months	2001 一年以上 至五年內 Five years or less but over one year	五年以上 Over five years	無註明 日期 Undated
		Repayable on demand	Three months or less				合計 Total
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
資產	Assets						
國庫券	Treasury bills	-	-	39,474	-	-	39,474
一至十二個月內到期之銀行 和其他金融機構存款	Placements with banks and other financial institutions maturing between one and twelve months	-	5,701,362	1,749,742	-	-	7,451,104
持有之存款證	Certificates of deposit held	-	9,999	-	39,971	-	49,970
客戶貸款	Advances to customers	1,084,985	814,269	606,462	2,144,795	2,815,187	8,312,744
債務證券，含於	Debt securities included in						
- 持有至到期日證券	- Held-to-maturity securities	-	379,495	576,547	1,022,536	38,990	2,017,568
- 投資證券	- Investment securities	-	-	-	-	250	1,044
負債	Liabilities						
銀行和其他金融機構之存款 及結餘	Deposits and balances of banks and other financial institutions	122,448	809,052	1,000	-	-	932,500
客戶存款	Deposits from customers	8,361,095	13,795,939	976,209	44,755	-	23,177,998

上述到期日分類乃按照香港金融管理局頒佈之監管政策守則規定之《本地註冊認可機構財務資料披露》指引而編製。根據該指引，本集團將逾期不超過一個月之貸款及債務證券申報為「即期」資產，並將不履約資產或逾期超過一個月之資產申報為「無註明日期」資產。對於按不同款額或分期償還之資產，只有該資產中實際逾期之部分被視作逾期。其他未到期之部份仍繼續根據剩餘期限申報，但假若對該資產之償還能力有疑慮，則將該等款項列為「無註明日期」。上述列示之資產並未扣除任何相關準備(如有)。

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

29 資產負債表外風險

- (a) 或然負債和承擔
或然負債和承擔中每項
重要類別之合約金額概
要如下：

直接信貸替代項目
與交易有關的或然項目
與貿易有關的或然項目
其他承擔：

- 原到期日為一年以下
或可無條件撤消
- 原到期日為一年及以
上

- (b) 衍生工具
衍生工具中每項重要類
別之名義金額概要如
下：

29 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:

	本集團及本銀行 The Group and the Bank	
	2002	2001
	HK\$'000	HK\$'000
Direct credit substitutes	58,214	80,863
Transaction-related contingencies	10,408	3,241
Trade-related contingencies	1,235,298	961,236
Other commitments with an original maturity of:		
- under one year or which are unconditionally cancellable	3,052,955	3,187,391
- one year and over	627,618	545,409
	4,984,493	4,778,140

(b) Derivatives

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

	本集團及銀行 The Group and the Bank					
	2002			2001		
	買賣 Trading	對沖 Hedging	合計 Total	買賣 Trading	對沖 Hedging	合計 Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
匯率合約						
現貨及遠期						
掉期						
外匯期權合約						
- 購入外匯期權						
- 沽出外匯期權						
利率合約						
利率掉期						
股票合約						
- 購入外匯期權						
- 沽出外匯期權						
Exchange rate contracts:						
Spots and forwards	572,334	-	572,334	717,430	-	717,430
Swaps	-	9,860	9,860	-	8,909	8,909
Foreign exchange option contracts						
- currency options purchased	48,872	-	48,872	68,634	-	68,634
- currency options written	48,872	-	48,872	68,634	-	68,634
Interest rate contracts						
Interest rate swaps	-	38,994	38,994	-	38,990	38,990
Equity contracts						
- Equity options purchased	102,423	-	102,423	-	-	-
- Equity options written	102,423	-	102,423	-	-	-
	874,924	48,854	923,778	854,698	47,899	902,597

29 資產負債表外風險 (續)

(b) 衍生工具 (續)

上述資產負債表外風險的重置成本及信貸風險加權數額(並未計及本集團及本銀行訂立之雙邊淨額結算安排的影響)如下：

或然負債和承擔

匯率合約

利率合約

該等工具之合約數額僅顯示於資產負債表結算當日仍未清算的交易量，並不代表本集團存在風險的數額。

信貸風險加權數額是根據香港《銀行業條例》第三附表及香港金融管理局發出之指引計算。該等數額的計算取決於交易方的情況及每種合約的到期形式而定。

重置成本是指替代所有按市值計算而其價值為正數之合約的成本(假設交易對手不履行責任)，並根據合約的市值計算。重置成本約等同於此等合約於結算日之信貸風險金額。

30 資本及租賃承擔

(a) 資本承擔

於二零零二年十二月三十一日，本集團並無重大資本承擔(二零零一年：無)。

29 Off-balance sheet exposures (continued)

(b) Derivatives (continued)

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

本銀行及本銀行 The Group and the Bank			
2002		2001	
信貸風險 加權金額 Credit risk weighted amount HK\$'000	重置成本 Replacement cost HK\$'000	信貸風險 加權金額 Credit risk weighted amount HK\$'000	重置成本 Replacement cost HK\$'000
Contingent liabilities and commitments		612,750	
Exchange rate contracts		1,987	
Interest rate contracts		117	
1,039,400	361	614,854	3,071

The contract or notional amounts of these instruments indicate the volume of transactions outstanding as at the balance sheet dates. They do not represent the amounts at risk.

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

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

30 Capital and lease commitments

(a) Capital commitments

There were no significant capital commitments as at 31st December 2002 (2001: Nil).

32 有關連人士交易

有關連人士乃指所有能夠直接或間接地控制對方或在財政或運作的決定上能夠對其行使重大影響力之人士。如有關人士受到同樣控制或同樣重大影響，亦會被確認為有關連。

年內，本集團與本集團之有關連人士進行了多種交易，此等有關連人士包括同系附屬公司、直接控股公司、最終控股公司及其他受最終控股公司直接或間接控制或可對其行使重大影響力之公司。

本集團在正敘業務中按正敘商業條款進行之重大有關連人士交易詳列如下：

(a) 與最終控股公司之交易

(i) 銀行同業活動

年內，本集團與最終控股公司進行日敘之銀行業務交易，包括接納及存放同業存款，這些交易均按市場收費率計算。

有關年內進行交易之收入及支出之資料，與及在結算日之結餘詳列如下：

利息收入
利息支出
現金及短期資金
銀行和其他金融機構之存款
銀行和其他金融機構之存款及結餘

(ii) 資產負債表以外之交易與最終控股公司進行之資產負債表以外交易之合約金額、信貸風險加權金額及重置成本詳列如下：

外匯合約：
合約金額
信貸風險加權金額
重置成本

32 Related party transactions

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

The Group entered into various transactions with the Group's related parties, including fellow subsidiaries, immediate holding company and the ultimate holding company and entities, directly or indirectly, controlled or significantly influenced by the ultimate holding company.

Significant related party transactions, which were carried out in the normal course of the Group's business and on commercial terms are as follows:

(a) Transactions with the ultimate holding company

(i) Interbank activities

During the year, the Group entered into transactions at prevailing market rates with the ultimate holding company in the ordinary course of its interbank activities, including the acceptance and placement of interbank deposits.

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

本集團 The Group		
	2002	2001
	HK\$'000	HK\$'000
Interest income	113,434	300,274
Interest expense	1,447	2,100
Cash and short-term funds	3,278,510	4,764,321
Placements with banks and other financial institutions	1,143,602	3,796,721
Deposits and balances of banks and other financial institutions	294,176	571,901

(ii) Off-balance sheet transactions

Details of contract amounts, credit risk weighted amounts and replacement costs of off-balance sheet transactions with the ultimate holding company are set out below:

本集團 The Group		
	2002	2001
	HK\$'000	HK\$'000
Exchange rate contracts:		
Contract amount	62,172	8,909
Credit risk weighted amounts	164	476
Replacement costs	326	1,935

32 有關連人士交易（續）

(b) 與直接控股公司之交易

(i) 銀行同業活動

年內，本集團與直接控股公司進行日敘之銀行業務交易，包括接納及存放同業存款，這些交易均按市場收費率計算。

有關年內進行交易之收入及支出之資料，與及在結算日之結餘詳列如下：

利息收入
利息支出

現金及短期資金
銀行和其他金融機構之
存款
銀行和其他金融機構之
存款及結餘

(ii) 代理服務

年內，本集團向直接控股公司提供外匯兌換交易代理服務，並收取佣金收入。此外，本集團支付佣金予直接控股公司作為提供支票結算及交收之服務。

佣金收入
佣金支出

(iii) 資產負債表以外之交易與直接控股公司進行之資產負債表以外交易之合約金額、信貸風險加權金額及重置成本詳列如下：

匯率合約：
合約金額
信貸風險加權金額
重置成本
利率合約：
合約金額
信貸風險加權金額
股票合約：
合約金額

32 Related party transactions (continued)

(b) Transactions with the immediate holding company

(i) Interbank activities

During the year, the Group entered into transactions at prevailing market rates with immediate holding company in the ordinary course of its interbank activities, including the acceptance and placement of interbank deposits.

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

本集團 The Group		
	2002	2001
	HK\$'000	HK\$'000
Interest income	4,672	34,941
Interest expense	5,843	19,205
Cash and short-term funds	1,128,862	53,969
Placements with banks and other financial institutions	116,982	-
Deposits and balances of banks and other financial institutions	660,554	4,235

(ii) Agency services

During the year, the Group received commission income from provision of agency services in respect of foreign exchange transactions from the immediate holding company. In addition, the Group paid commission expense to the immediate holding company for cheque clearing and settlement services.

本集團 The Group		
	2002	2001
	HK\$'000	HK\$'000
Commission income	11,820	18,331
Commission expense	3,232	3,426

(iii) Off-balance sheet transactions

Details of contract amounts, credit risk weighted amounts and replacement costs of off-balance sheet transactions with the immediate holding company are set out below:

本集團 The Group		
	2002	2001
	HK\$'000	HK\$'000
Exchange rate contracts:		
Contract amount	67,691	459,334
Credit risk weighted amounts	-	725
Replacement costs	-	500
Interest rate contracts:		
Contract amount	38,994	98,389
Credit risk weighted amounts	117	117
Equity contracts:		
Contract amount	102,423	-

32 有關連人士交易（續）

(b) 與直接控股公司之交易（續）

- (iv) 其他服務費用
年內，本集團就直接控股公司所提供之電腦支援、員工培訓及其他行政服務支付服務費用。

其他服務費用

(c) 與同系附屬公司之交易

- (i) 銀行同業活動
年內，本集團與同系附屬公司進行日敘之銀行業務交易，包括接納及存放同業存款，這些交易均按市場收費率計算。

有關年內進行交易之收入及支出之資料，與及在結算日之結餘詳列如下：

利息收入
利息支出

現金及短期資金
銀行和其他金融機構之存款
銀行和其他金融機構之存款及結餘

- (ii) 借貸活動
年內，本集團按以往之市場收費率向同系附屬公司批出信貸融資及接受存款。

有關年內進行交易之收入及支出之資料，與及在結算日之結餘詳列如下：

利息收入
利息支出

貸款
客戶存款
其他賬項

32 Related party transactions (continued)

(b) Transactions with the immediate holding company (continued)

(iv) Other service fees

During the year, the Group paid service fees to the immediate holding company for the computer support, staff training and other administrative services received by the Group.

	本集團 The Group	
	2002	2001
	HK\$'000	HK\$'000
Other service fees	19,303	22,227

(c) Transactions with fellow subsidiaries

(i) Interbank activities

During the year, the Group entered into transactions at prevailing market rates with fellow subsidiaries in the ordinary course of its interbank activities, including the acceptance and placement of interbank deposits.

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

	本集團 The Group	
	2002	2001
	HK\$'000	HK\$'000
Interest income	1,726	6,644
Interest expense	1,089	3,289
Cash and short-term funds	117,346	246,970
Placements with banks and other financial institutions	36,654	60,000
Deposits and balances of banks and other financial institutions	77,988	99,367

(ii) Lending activities

During the year, the Group extended credit facilities to and accepted deposits at previously market rates from the fellow subsidiaries.

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

	本集團 The Group	
	2002	2001
	HK\$'000	HK\$'000
Interest income	3,905	20,609
Interest expense	12,401	4,745
Advances	80,000	250,000
Deposits from customers	783,170	548,288
Other accounts	-	14,418

32 有關連人士交易 (續)

(c) 與同系附屬公司之交易 (續)

(iii) 代理服務

年內，本集團向同系附屬公司提供證券經紀和信用咭宣傳服務等代理服務，並收取佣金收入。

佣金收入

(iv) 保險代理服務

年內，本集團提供保險代理服務予兩間同系附屬公司，分別是中銀集團保險有限公司及中銀集團人壽保險有限公司，本集團從這兩間公司收取了佣金收入作回報。

佣金收入

(v) 其他佣金收入

本集團為同系附屬公司 - 中銀國際英國保誠資產管理有限公司所管理之兩項集成信託計劃擔任中介人。年內，本集團因提供此服務而收取之佣金收入約港幣6,642,000元 (二零零一年：港幣792,000元)。

(vi) 保險支出

年內，本集團向兩間同系附屬公司，分別是中銀集團保險有限公司及中銀集團人壽保險有限公司購買了普通及人壽保險之保單。截至二零零二年十二月三十一日，總保費支出約港幣1,858,000元 (二零零一年：港幣1,838,000元)。

33 比較數字

若干比較數字已重列以符合本年度之呈報基準及形式。

34 最終控股公司

本董事認為本集團之直接控股公司為本港成立之銀行——中國銀行(香港)有限公司，而最終控股公司為在中國註冊成立之國有商業銀行——中國銀行。

35 賬目批准

本賬目已於二零零三年三月十九日由董事會批准。

32 Related party transactions (continued)

(c) Transactions with fellow subsidiaries (continued)

(iii) Agency services

During the year, the Group received commission income from provision of agency services in respect of security brokerage and credit card promotion services to fellow subsidiaries.

本集團 The Group	
2002	2001
HK\$'000	HK\$'000
Commission income	
21,354	25,376

(iv) Insurance agency services

During the year, the Group provided insurance agency services to two fellow subsidiaries, BOC Group Insurance Co. Ltd. and BOC Group Life Assurance Co. Ltd. In return, the Group received commission income from these two entities.

本集團 The Group	
2002	2001
HK\$'000	HK\$'000
Commission income	
6,041	4,310

(v) Other commission income

The Group acted as an agent of two master trust schemes managed by a fellow subsidiary, BOCI-Prudential Asset Management Limited. During the year, the Group received commission income for the services provided of approximately HK\$6,642,000 (2001: HK\$792,000).

(vi) Insurance expense

During the year, the Group took general and life insurance policies from two fellow subsidiaries, BOC Group Insurance Co. Ltd. and BOC Group Life Assurance Co. Ltd. Total premiums paid by the Group for the year ended 31st December 2002 amounted to approximately HK\$1,858,000 (2001: HK\$1,838,000).

33 Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

34 Ultimate holding company

The directors consider Bank of China (Hong Kong) Limited, a bank incorporated in Hong Kong, to be the immediate holding company, and Bank of China, a wholly state-owned commercial bank incorporated in the People's Republic of China, as being the ultimate holding company.

35 Approval of accounts

The accounts were approved by the Board of Directors on 19th March 2003.

未經審核之補充財務資料

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

以下資料是賬目之補充資料，惟並不屬於經審核賬目之一部份。

The following information is disclosed as part of the accompanying information to the accounts and does not form part of the audited accounts.

(1) 資本充足比率及流動資金比率

於十二月三十一日之資本充足比率

於十二月三十一日之經調整資本充足比率

全年平均流動資金比率

未經調整資本充足比率指依據香港金融管理局按其監管規定指明之合併比率並根據香港《銀行業條例》附表三計算。

經調整資本充足比率指依據香港金融管理局所指定本銀行於十二月三十一日之比率，並根據香港金融管理局所頒佈的《就市場風險維持充足資本》指引，在計及信貸風險及市場風險後計算。

全年平均流動資金比率是根據香港《銀行業條例》附表四，就本銀行之香港辦事處在該財政年度十二個月中每個月的平均流動資金比率而計算的簡單平均數。

(1) Capital adequacy and liquidity ratios

	2002	2001
Capital adequacy ratio as at 31st December	26.00%	24.68%
Adjusted capital adequacy ratio as at 31st December	25.98%	24.65%
Average liquidity ratio for the year	43.64%	47.65%

The capital adequacy ratio is computed on the combined basis, as specified by the Hong Kong Monetary Authority for its regulatory purposes, and is in accordance with the Third Schedule to the Hong Kong Banking Ordinance.

The adjusted capital adequacy ratio represents the ratio of the Bank as specified by the Hong Kong Monetary Authority as at 31st December computed in accordance with the guideline of "Maintenance of Adequate Capital Against Market Risks" issued by the Hong Kong Monetary Authority taking into account both credit risk and market risk.

The average liquidity ratio for the year is calculated as the simple average of each calendar month's average liquidity ratio for the year of the Bank's Hong Kong offices computed in accordance with the Fourth Schedule of the Hong Kong Banking Ordinance.

(2) 資本基礎減除扣減項目之組成 用以計算上述十二月三十一日資本充足比率並向香港金融管理局申報的資本基礎的組成部份減除扣減項目分析如下：

(2) Components of capital base after deductions

The capital base after deductions used in the calculation of the above capital adequacy ratios as at 31st December and reported to the Hong Kong Monetary Authority is analysed as follows:

	本集團 The Group	
	2002	2001
	HK\$'000	HK\$'000
核心資本：		
繳足的普通股本	300,000	300,000
儲備	2,456,977	2,070,394
損益賬	135,265	386,588
核心資本總額	2,892,242	2,756,982
附加資本：		
銀行房產及投資物業重估儲備	224	224
一般呆壞賬準備	131,000	140,000
可計算的附加資本總額	131,224	140,224
扣減前的資本基礎總額	3,023,466	2,897,206
扣減：		
持有附屬公司或控股公司的股份	(3,913)	(3,913)
對有連繫公司的風險承擔	(65,246)	(36,401)
在其他銀行或金融機構的股本投資	(653)	(653)
扣減後的資本基礎總額	2,953,654	2,856,239

- (3) 外幣風險
下表列出主要外幣風險概要。淨期權盤是根據香港金融管理局「外幣持倉」申報表所載之最保守情況計算。

等值港幣

現貨資產
現貨負債
遠期買入
遠期賣出
長/(短)盤淨額
結構倉盤淨額

(3) Currency concentration

The following is a summary of the major foreign currency exposures. The net option position is calculated based on the worst-case approach set out in the prudential return "Foreign Currency Position" issued by the HKMA.

		本集團 The Group						
2002		美元 US Dollars	英鎊 Pound Sterling	紐元 New Zealand	澳元 Australian Dollars	日元 Japanese Yen	其他 Others	合計 Total
Equivalent in Hong Kong dollars		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Spot assets		5,497,078	178,662	674,433	1,260,190	152,037	612,655	8,375,055
Spot liabilities		(5,258,819)	(174,763)	(674,365)	(1,215,753)	(549,496)	(795,349)	(8,668,545)
Forward purchases		402,240	3,189	87,211	59,938	636,033	209,053	1,397,664
Forward sales		(553,620)	(6,509)	(84,248)	(100,420)	(238,521)	(33,773)	(1,017,091)
Net long/(short) position		86,879	579	3,031	3,955	53	(7,414)	87,083
Net structural position		-	-	-	-	-	211	211

		本集團 The Group						
2001		美元 US Dollars	英鎊 Pound Sterling	紐元 New Zealand	澳元 Australian Dollars	日元 Japanese Yen	其他 Others	合計 Total
Equivalent in Hong Kong dollars		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Spot assets		4,657,009	406,075	688,679	1,375,853	74,422	842,691	8,044,729
Spot liabilities		(4,819,958)	(362,401)	(671,317)	(1,331,245)	(284,092)	(698,654)	(8,167,667)
Forward purchases		673,985	3,168	5,928	14,823	274,346	33,875	1,006,125
Forward sales		(351,363)	(45,243)	(18,180)	(55,397)	(64,652)	(174,704)	(709,539)
Net long/(short) position		159,673	1,599	5,110	4,034	24	3,208	173,648
Net structural position		-	-	-	-	-	178	178

(4) 分類資料

(a) 按業務分類

(4) Segmental information

(a) By class of business

截至二零零二年十二月三十一日止年度
As at and for the year ended 31st December 2002

		商業銀行 Commercial Banking	財資業務 Treasury	未分配項目 Unallocated	小計 Subtotal	抵銷數 Eliminations	總合總額 Consolidated
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
淨利息收入		418,742	181,515	(7,002)	593,255	-	593,255
其他經營收入		170,820	41	29,951	200,812	(25,480)	175,332
經營收入		589,562	181,556	22,949	794,067	(25,480)	768,587
經營支出		(172,832)	(3,080)	(70,472)	(246,384)	25,480	(220,904)
提取準備前之經營溢利/ (虧損)		416,730	178,476	(47,523)	547,683	-	547,683
計提呆壞賬準備		(20,444)	-	-	(20,444)	-	(20,444)
提取準備後之經營溢利/ (虧損)		396,286	178,476	(47,523)	527,239	-	527,239
出售/重估固定資產虧損		-	-	(1,164)	(1,164)	-	(1,164)
投資證券之減值虧損準備		-	-	(4,206)	(4,206)	-	(4,206)
除稅前溢利/(虧損)		396,286	178,476	(52,893)	521,869	-	521,869
資產		ASSETS					
分部資產		8,120,451	19,474,341	656,202	28,250,994	-	28,250,994
負債		LIABILITIES					
分部負債		23,567,806	1,268,410	144,304	24,980,520	-	24,980,520

(4) 分類資料 (續)**(a) 按業務分類 (續)**

淨利息收入
其他經營收入
經營收入
經營支出
提取準備前之經營溢利/(虧損)
計提呆壞賬準備
提取準備後之經營溢利/(虧損)
出售/重估固定資產虧損
出售投資證券之淨盈利
投資證券之減值虧損準備
除稅前溢利/(虧損)
資產
分部資產
負債
分部負債

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

財資業務包括資金市場、外匯買賣及資本市場業務。財資業務部門管理本集團之融資活動。財資業務部門為所有其他業務部門提供資金，並接納從商業銀行存款業務中籌借的資金。該等部門間資金交易按適當市場買/賣價或按其他業務部門平均資金需求所釐定之內部融資利率及有關財政年度內平均一個月之銀行同業拆息率定價。本集團之資本利息收入亦作為財資業務列入利息收入淨額內。另外，本集團外匯業務之盈虧亦屬財資業務部門管轄。本附註所呈列之損益資料已按部門間支出/收入交易編製。因此，去年的比較數將以此基準重列。分部資產及負債並無就部門間借貸的影響而作出調整反映。換言之，分部損益資料不可與分部資產及負債資料作比較。

(4) Segmental information (continued)**(a) By class of business (continued)**

截至二零零一年十二月三十一日止年度
As at and for the year ended 31st December 2001

	商業銀行 Commercial Banking	財資業務 Treasury	未分配項目 Unallocated	小計 Subtotal	抵銷數 Eliminations	總合總額 Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net interest income	375,253	316,128	(3,966)	687,415	-	687,415
Other operating income	174,530	436	41,693	216,659	(31,910)	184,749
Operating income	549,783	316,564	37,727	904,074	(31,910)	872,164
Operating expenses	(169,589)	(2,640)	(78,879)	(251,108)	31,910	(219,198)
Operating profit/(loss) before provisions	380,194	313,924	(41,152)	652,966	-	652,966
Charge for bad and doubtful debts	(71,533)	-	-	(71,533)	-	(71,533)
Operating profit/(loss) after provisions	308,661	313,924	(41,152)	581,433	-	581,433
Net loss from disposal/ revaluation of fixed assets	-	-	(22,733)	(22,733)	-	(22,733)
Net gain from disposal of investment securities	-	-	17,250	17,250	-	17,250
Provision for impairment in investment securities	-	-	(2,984)	(2,984)	-	(2,984)
Profit/(loss) before taxation	308,661	313,924	(49,619)	572,966	-	572,966
ASSETS						
Segment assets	8,250,284	18,779,278	761,393	27,790,955	-	27,790,955
LIABILITIES						
Segment liabilities	23,408,617	1,045,783	251,478	24,705,878	-	24,705,878

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

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

(4) 分類資料 (續)

(a) 按業務分類 (續)

未分配項目主要包括本集團之固定資產、投資證券、聯營公司權益及其他無法合理劃入某一特定業務部門之項目之收支。租金支出按業務部門所佔每平方英尺之固定比率劃分。

某職能部門之營運開支劃入最敘使用該部門提供服務之有關業務部門。無法劃入某一特定業務部門之其他共用服務之營運開支亦列入未分配項目內。

(b) 按地理區域分類

按區域分析之資料是根據附屬公司之主要營業地點或按負責業績或資產列賬之總行及分行所在地予以披露。

於二零零二年及二零零一年，本集團之收入及除稅前溢利超過90%是由香港的分行及附屬公司經營所產生；本集團之資產、負債和資產負債表外項目超過90%是由香港的分行及附屬公司所記賬。

(c) 服務費及佣金收入

(4) Segmental information (continued)

(a) By class of business (continued)

Unallocated items mainly comprise fixed assets of the Group, investment securities and other items which cannot be reasonably allocated to a specific business segment. Rental expenses are allocated to business segments based on a fixed rate per square footage occupied.

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

(b) By geographical areas

The information concerning geographical analysis has been presented based on the principal places of operations of the subsidiaries, or in the case of the Bank, on the location of the branches of the Bank responsible for reporting the results or booking the assets.

For the years 2002 and 2001, more than 90% of the Group's income and profit before taxation were generated by the operation of, and more than 90% of the Group's total assets, liabilities and off-balance sheet items were booked in the accounts of the branches of the Bank and subsidiaries located in Hong Kong.

(c) Fees and commission income

		本集團 The Group	
		2002	2001
		HK\$'000	HK\$'000
押匯及放款	Bills and loans commissions	62,120	58,198
匯款	Payment services	13,112	14,794
保險	Insurance	6,210	4,607
證券	Securities	32,080	40,648
資產管理及信託業務	Asset management and trust services	8,298	1,194
擔保	Guarantees	1,536	1,905
信用卡	Credit card	1,002	1,971
其他	Other		
- 保管箱	- Safe deposit box	8,207	6,590
- 自動柜員機提款卡	- BOC cards	2,019	2,154
- 不動戶	- Dormant accounts	1,197	1,632
- 其他	- Sundry	23,511	17,240
		159,292	150,933

(4) 分類資料 (續)

(d) 按行業分類的客戶貸款

根據在香港境內或境外以及借款人從事之業務、行業作出分類的客戶貸款資料分析如下：

在香港使用的貸款

工商金融業

- 物業發展
- 物業投資
- 金融企業
- 股票經紀
- 批發及零售業
- 製造業
- 運輸及運輸設備

- 其他

個人

- 購買「居者有其屋計劃」、「私人參建居屋計劃」與「租者置其屋計劃」樓宇的貸款

- 購買其他住宅物業的貸款

- 其他

在香港使用的貸款總額

貿易融資

在香港以外使用的貸款

客戶貸款總額

(e) 按地理區域分類的客戶貸款、逾期超過三個月的貸款及不履約貸款

下列按地理區域分類的客戶貸款、逾期超過三個月的貸款及不履約貸款，是根據交易方所在地點而劃分，並已考慮風險轉移因素。一般而言，倘貸款的擔保人與貸款人位處不同地點，便會出現風險轉移。

(i) 客戶貸款

香港

中國內地

(4) Segmental information (continued)

(d) Sectoral analysis of advances to customers

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

本集團 The Group	
2002	2001
HK\$'000	HK\$'000
Loans for use in Hong Kong	
Industrial, commercial and financial	
- Property development	125,251
- Property investment	1,239,639
- Financial concerns	340,846
- Stockbrokers	15,017
- Wholesale and retail trade	1,016,043
- Manufacturing	574,279
- Transport and transport equipment	18,946
- Others	1,403,472
Individuals	
- Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Schemes	221,731
- Loans for the purchase of other residential properties	2,567,823
- Others	177,744
Total loans for use in Hong Kong	7,700,791
Trade finance	321,884
Loans for use outside Hong Kong	288,088
Total advances to customers	8,310,763

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

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

(i) Gross advances to customers

本集團 The Group	
2002	2001
HK\$'000	HK\$'000
Hong Kong	7,970,327
Mainland China	340,436
7,983,965	8,310,763

(4) 分類資料 (續)

(e) 按地理區域分類的客戶貸款、逾期超過三個月的貸款及不履約貸款 (續)

(ii) 逾期超過三個月之貸款

香港
中國內地

(iii) 不履約貸款

香港
中國內地

(5) 跨境債權

跨國債權之資料顯示對海外交易對手之最終風險之地區分佈，並在計入任何風險轉移後按照交易對手所在地計算。一般而言，假如債務之擔保人所處國家與借貨人不同，或債務由某銀行之海外分行作出而其總公司位處另一國家，則會確認跨國債權風險之轉移。佔總跨國債權10%或以上之地區方作分析及披露如下：

亞太區(香港除外)
西歐

(4) Segmental information (continued)

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

(ii) Overdue advances for over three months

Hong Kong
Mainland China

(iii) Non-performing loans

Hong Kong
Mainland China

(5) Cross-border claims

The information on cross-border claims discloses exposures to foreign counterparties on which the ultimate risk lies, and is derived according to the location of the counterparties after taking into account any transfer of risk. In general, such transfer of risk takes place if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country. Only regions constituting 10% or more of the aggregate cross-border claims are analysed by geographical areas and disclosed as follows:

Asia Pacific excluding
Hong Kong
Western Europe

Asia Pacific excluding
Hong Kong
Western Europe

本集團
The Group

2002	2001
HK\$'000	HK\$'000
333,252	569,588
108,093	125,504
441,345	695,092

本集團
The Group

2002	2001
HK\$'000	HK\$'000
402,807	689,529
107,883	123,901
510,690	813,430

本集團
The Group

2002		
銀行和其他 金融機構 Banks and other financial institutions	其他 Others	合計 Total
HK\$'000	HK\$'000	HK\$'000
8,093,000	448,000	8,541,000
6,331,000	1,000	6,332,000

本集團
The Group

2001		
銀行和其他 金融機構 Banks and other financial institutions	其他 Others	合計 Total
HK\$'000	HK\$'000	HK\$'000
10,065,000	212,000	10,277,000
3,564,000	-	3,564,000

(a) 逾期及不履約貸款

(a) Overdue and non-performing loans

(b) 經重組之客戶貸款(已扣除上述之逾期貸款)

(b) Rescheduled advances to customers net of amounts included in overdue advances

經重組之客戶貸款

(6) 逾期及經重組資產

(b) 經重組之客戶貸款(已扣除上述之逾期貸款)

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

經重組貸款乃指客戶因為財政困難或無能力如期還款而經雙方同意達成重整還款計劃之貸款，而經修訂之還款條款(例如利率或還款期)並非一般商業條款。修訂還款計劃後之經重組貸款如仍逾期超過三個月，則包括在逾期貸款內。列示之經重組貸款會扣除已計入客戶賬但撥入暫記賬之利息，但未扣除特別準備。

(7) 收回資產

收回資產

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

(8) 風險管理

總覽

本集團業務之主要內在風險包括信貸風險、市場風險(包括利率及匯率風險)、流動資金風險及營運風險。本集團之風險管理目標是將風險維持在可接受之範圍內，獲取長期之經風險調詳後之資本回報之最大化。

(6) Overdue and rescheduled assets (continued)

(b) Rescheduled advances to customers net of amounts included in overdue advances (continued)

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

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

(7) Repossessed assets held

	本集團 The Group	
	2002	2001
	HK\$'000	HK\$'000
Reposessed assets held	167,807	276,180

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

(8) Risk management

Overview

The principal types of risk inherent in the Group's business include credit risk, market risk (including interest rate and exchange rate risk), liquidity risk and operational risk. The Group's risk management goal is to maximise its return on capital while maintaining risk exposure within acceptable parameters.

(8) 風險管理（續）

風險管理結構

本集團之風險管理政策設計是用以識別及分析信貸風險、市場風險、流動資金風險及營運風險，並設定適當之風險限額，同時透過管理及資訊系統，持續監察這些風險及限額。本集團不斷改良及提升其風險管理政策及程序，以配合市場及產品之轉變。

為達致風險管理目標，本集團遂因應重組而設置了一個更為集中、獨立及全面之風險管理架構，該架構涉及下列要素：

- 規範之公司治理機制令到董事會、管理委員會及高層人員積極監察及參與風險管理；
- 獨立於本集團之策略業務單位之報告機制；
- 制訂統一之風險管理政策、程序及限額，從而識別、量度及監控潛在之業務風險；
- 改善風險量度、監控及管理資訊系統，支援業務活動及風險管理；及
- 清晰的風險管理問責制。

本集團面對與中銀香港相同類別的內在風險，並採取相約的風險管理策略及制度。本集團獨立地實施其風險管理策略並向中銀香港作定期匯報。

信貸風險管理

信貸風險指客戶或交易對手將不能或不願意履行與本集團達成之承諾。信貸風險主要來自集團之借貸、貿易融資及財資業務。

本集團之信貸風險管理目標是將信貸風險維持在可接受之水平內，同時盡量擴大資本回報率。此外，本集團已發展並實施一套全面性之政策及程序，用以識別、量度及監控整個機構內之信貸風險。本集團之董事會在風險管理委員會之協助下，制訂集團之整體風險管理策略及政策，以及整體風險限額及信貸授權指引。風險管理委員會負責檢討及批核本集團之風險管理政策及程序，並會作出修訂。下列是本集團之信貸風險管理結構之目標：

- 建設合適之信貸風險環境；
- 採用穩健之信貸審批程序；
- 維持適當之信貸管理、量度及監察程序；及
- 對信貸風險作充分而獨立之監控。

(8) Risk management (continued)

Risk Management Structure

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

To achieve the Group's risk management goals, the Group established a centralised risk management structure that involves the following elements:

- A corporate governance structure to provide active oversight and participation by the Board of Directors, committees and senior management;
- reporting lines that are independent of the Group's Strategic Business Units ("SBUs");
- uniform risk management policies, procedures and limits by which the Group identifies, measures, monitors and controls inherent risks;
- improved risk measurement, monitoring and management information systems to support business activities and risk management; and
- clearly defined risk management responsibilities and accountability.

The Group faces the same types of inherent business risks and adopts consistent risk management strategies and policies as its immediate holding company BOCHK. The Group executes its risk management strategy independently and reports to BOCHK management on a regular basis.

Credit Risk Management

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

The Group's primary goal in credit risk management is to maximise its risk-adjusted rate of return while maintaining its credit risk exposure within acceptable parameters. In particular, the Group has developed and implemented comprehensive policies and procedures to identify, measure, monitor and control credit risk across the organisation. The Group's Board of Directors, with the assistance of the Risk Management Committee, sets the Group's overall risk management strategy and policies, and the Group's overall risk limits and credit authorisation guidelines. The Risk Management Committee is responsible for reviewing and approving the Group's risk management policies and procedures as well as modifications to these policies and procedures. The primary goals of the credit risk management structure are:

- establishing an appropriate credit risk environment;
- enforcing prudent procedures for approving credits;
- maintaining an appropriate credit administration, measurement and monitoring process; and
- ensuring adequate independent oversight and control over credit risk.

(8) 風險管理（續）

與本集團之總體風險管理目標一致，確保本集團信貸風險管理策略有效運用之主要原則包括：

- 平衡集團之風險容忍度與預期回報率；
- 透過地區、行業、產品、客戶、到期日及幣種安排，將銀行之貸款組合風險分散；
- 維持獨立之信貸檢討程序，確保風險評估及監察以全面及客觀之方式進行；
- 強調現金流量在評估申請人還款能力方面之重要性；
- 依循法例及監管規則之規定要求；
- 為每個營運單位及負責人清楚界定他們在信貸管理方面之職責及問責制；
- 避免過份依賴抵押品及擔保；
- 準確量度並全面披露信貸風險；及
- 貫徹執行信貸政策，維持一致性。

信貸風險管理架構

本集團之董事會代表股東之整體利益，負責制訂信貸風險管理之策略性目標及原則。董事會本著為銀行風險調詳後之收益及股東價值爭取最大化為目標，對集團之整體信貸風險管理負最終責任。

風險管理委員會是董事會直屬之委員會，負責制訂及修訂本集團信貸風險政策及程序。

本集團相信，獨立監察及作出適當之平衡是施行有效風險管理之關鍵。為此，在本集團之組織/管理架構中，信貸管理部及稽核部會分別直接向風險管理委員會及稽核委員會匯報，形成獨立監察機制。

此外，與信貸風險管理有關之責任、問責制及職權亦已在本集團中清楚界定。

總經理除處理其他事務外，亦負責施行信貸風險管理策略及經董事會批核之重大政策。總經理亦負責對為集團資產爭取高回報之目標與在風險管理委員會訂立之可接受風險水平間進行政策管理平衡。

風險管理委員會之主要職責包括審核及批准超過授信申請單位總經理權限之貸款申請。

本集團之授信申請單位，例如企業銀行、零售銀行、資金部及中國業務部，都是風險監控之前線部門。這些部門需要依據本集團之信貸風險管理策略政策及守則，在所授權之限額內進行業務活動。多級之信貸審批權限，主要根據信貸人員的專業經驗、能力與責任而設置。

(8) Risk management (continued)

Consistent with the Group's overall risk management objectives, the key principles that ensure effective implementation of the Group's credit risk management strategy are:

- balancing the Group's tolerance for risk with the level of expected returns;
- diversifying the Group's loan portfolio by geographic regions, industries, products, customers, maturities and currencies;
- maintaining the independence of the credit review process to ensure risk assessment and monitoring are conducted in an objective, fair and comprehensive manner;
- emphasising the importance of cash flow as an essential factor in assessing borrowers' repayment ability;
- ensuring compliance with legal and regulatory requirements;
- assigning clearly defined credit risk management responsibilities and accountability to each relevant operating unit and staff involved in the risk management process;
- avoiding over-reliance on collaterals and guarantees;
- ensuring accurate measurement and full disclosure of credit risk exposure; and
- maintaining of consistent credit policy.

Credit Risk Management Structure

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

The Risk Management Committee is a board level committee that has the responsibility of determining and revising the Group's credit risk management policies and procedures.

The Group believes that independence and proper checks-and-balances are of critical importance in effective risk management. To achieve these purposes, in the Group's managerial/organisational structure, the Credit Management Department ("CMD") and the Audit Department report directly to the Risk Management Committee and Audit Committee respectively. All these committees and departments form an independent line of control.

In addition, respective responsibilities, accountabilities and authorities related to credit risk management are clearly defined throughout the Group.

The General Manager is responsible for, among other things, implementing the credit risk management strategy and significant policies approved by the Board. The General Manager is also charged with balancing the Group's goal of generating a high yield on its assets and the need to maintain risk exposure within tolerance levels stipulated by the Risk Management Committee.

The Risk Management Committee has the responsibility for reviewing and approving loans exceeding the credit approval limit of the General Manager.

The Group's credit initiation units, such as Corporate Banking, Retail Banking, Treasury Departments and Mainland Branches Business Departments, act as the first line of risk control. They are required to conduct business activities within the limits of delegated authorities and in accordance with the Group's credit risk management strategy, policies and procedures. Multi-level credit approval authorities are set depending mostly on the credit officers' professional experience, skill and responsibilities.

(8) 風險管理（續）

信貸管理部獨立於授信申請單位，根據風險管理策略及政策協助總經理管理信貸風險，並就識別、量度、監察及控制信貸風險作獨立盡職審查。

此外，為避免出現利益衝突，信貸審核之事務都是獨立於業務單位。

信貸管理部仍需要負責收回不履約貸款之事務。

信貸批核程序

本集團對高風險及低風險之貸款採用不同之審批程序。所有信貸審批權限均由本集團之董事會授權。

符合若干有關信貸類別、貸款目的、貸款金額、抵押品覆蓋及抵押足夠度之低風險信貸交易，可以採用低風險審批程序處理。授信申請單位之信貸授權人員可以依據這些程序批核此類信貸申請而毋須由信貸管理部預先審批。信貸管理部內相應之審核人員會對這些預先批核之低風險信貸交易作貸後獨立檢查，並評估最初之信貸決定是否按照既定程序執行。

至於高風險貸款，授信申請單位之信貸人員只能夠接受及審閱貸款申請及作出初步貸款決定。信貸申請再經由信貸管理部之審核人員對貸款申請是否符合政策程序規定、信貸風險評估是否足夠及資料是否充足等作出獨立評估。信貸管理部有權依據評估結果作出否決或不否決。

信貸風險評估

信貸風險評估之結果對於作出信貸決定十分重要。本集團之信貸評估強調要全面了解貸款目的及貸款結構、借款人之財政狀況、現金流量狀況、還款能力以及業務方面之管理。本集團亦會評估與公司借款人有關之行業風險。在評估個別貸款申請時，本集團亦會考慮貸款組合之整體信貸風險。

信貸風險監控

本集團擁有完善的信貸風險監控政策及程序，通過利用及時的管理信息系統，持續及一致地監督本集團的信貸風險及限額。信貸管理部設立獨立小組，專責統籌對全集團單一客戶及客戶集團進行全面深入地監督，以識別及控制個別及整體貸款組合的信貸風險。

(8) Risk management (continued)

The CMD, being structurally independent to credit initiation units, reports to and assists the General Manager in managing credit risk based on the credit risk management strategies and policies. It also provides independent analysis and review for the purpose of identifying, measuring, monitoring and controlling credit risk.

To avoid any potential conflicts of interest, the credit review functions are independent of the business development units.

The CMD is also responsible for the collection of non-performing loans ("NPL").

Credit Approval Procedures

The Group employs discriminatory approval procedures for high-risk loans and low risk loans. All credit approval and review authorities originate from the Group's Board of Directors.

Low risk credit transactions that fulfil certain requirements relating to credit types, loan purposes, loan amount, guarantee, collateral coverage and security adequacy can be approved by authorised credit officers in the credit initiation units without prior review of the CMD. Loan review officers in the CMD conduct independent post-approval reviews and assess if initial credit decisions have been made in accordance with the established policies and procedures.

On the other hand, for high-risk loans are subject to pre-approval review by the review officers in the CMD to assess compliance with policies and procedures, adequacy of credit risk assessment, and information sufficiency. The CMD is authorised to exercise the right of veto or concurrence based on the review conclusions.

Credit Risk Assessment

The result of credit risk assessment is a critical factor in making credit decisions. The Group's credit assessment emphasises a thorough understanding of the purpose and structure of the loan, the borrower's financial status, cash flow position and repayment ability as well as business management. The Group also evaluates the industry risk associated with the corporate borrowers. When assessing an individual loan application, the Group considers overall credit risk at the portfolio level.

Credit Risk Monitoring

The Group has well-established policies and procedures by means of robust and just-in-time administrative information systems. An independent dedicated section in CMD conducts thorough and comprehensive monitoring of each obligor and group of obligors to identify and control the individual and overall credit risk in the loan portfolio.

(8) 風險管理 (續)

信貸風險監控 (續)

本集團建立了早期預警程序，以便更早期地察覺借戶信用狀況之惡化徵兆，從而對潛在問題貸款客戶進行更嚴密的監控，以防止客戶狀況進一步轉差。此外，又採用保守的房地產抵押品折讓政策，以反映香港物業市場不景氣之現狀。

為持續地壓縮不履約貸款，提高信貸資產質量，本集團建立了一套壓縮控制指標，以衡量及評估在處理問題貸款過程中的努力及成效。信貸管理部負責監督進展情況，並定期向集團高層提供監控報告。另外，本集團亦推行了一套激勵計劃，以鼓勵及嘉獎在此過程中作出貢獻的員工。

市場風險管理

市場風險是指本集團的資產、負債及承擔因為市場之利率、匯率及股票價格等變動而令資產負債表內外持倉出現損失的風險，因而造成盈利或虧損。

本集團的市場風險來自外匯、債券及衍生工具的自營買賣持倉。本集團並無從事外匯及股票的自營坐盤交易。本集團在外匯及衍生工具進行的交易活動，主要是執行客戶的交易指示及為了對沖其他交易賬項而持有的倉盤。

本集團管理層制定了各項業務活動所能承擔的最大風險。風險的衡量和監察是根據本金額(或名義金額)、未平倉盤及止蝕限度而制定，並規定每個業務單位、業務類別及整體的風險均控制在管理層已制定的限額內。

本集團符合香港金融管理局發出的《就市場風險維持充足資本》指引所載的低額豁免準則。因此，本集團認為在自營交易上的市場風險並不重大，因此並無在財務報告內再詳加披露有關市場風險的質量性或數量性的資料。

外匯風險管理

本集團向客戶提供外幣存款、孖展買賣及遠期交易等服務。外匯風險是指本集團之資產、負債及承擔因為外幣匯率的變動而造成盈利或虧損的風險。

本集團之外匯風險主要來自商業銀行業務之匯兌風險。本集團之政策是於營業日結束前將外匯倉盤進行平倉處理。營運部結算組負責確定所有外匯交易已遵從管理層所制定的指引執行。

(8) Risk management (continued)

Credit Risk Monitoring (continued)

An early alert program for potential problem customers has been established in order to detect early signs of deterioration in the credit status of obligors and trigger close monitoring to prevent further deterioration. Also, conservative collateral discount policy has been implemented to reflect the current stagnant property market in Hong Kong.

To achieve sustainable reduction of the NPLs and improvement in asset quality, the Group has established internal targets to evaluate the effort and performance in the resolution of criticised loans. CMD provides regular monitoring reports to senior management for high-level oversight. An incentive scheme has also been developed to provide appreciation and reward to those who have made the most contribution and merit in the progress.

Market Risk Management

Market risk is the risk of losses in on- and off-balance sheet positions arising from changes in interest rates, foreign exchange rates and equity prices, on the Group's assets, liabilities and commitments, thus causing profits and losses.

The Group's market risk originates from its holding in the trading book of foreign exchange, debt securities and derivatives. The Group does not engage in proprietary trading in foreign exchange and equity instruments. The Group's trading activities on foreign exchange and derivative instruments mainly arise from the execution of trade orders from customers and positions taken in order to hedge other elements of the trading book.

The Group's maximum market risk exposures in different activities are set by management. Exposures are measured and monitored on the basis of principal (or notional) amount, outstanding position and stop-loss limit, and are controlled within the limits approved by the management for each business unit, business type and in aggregate.

The Group has met the "de minimis" criteria set out in the Maintenance of Adequate Capital Against Market Risk guideline issued by the Hong Kong Monetary Authority. As a result, the Group considers that the market risk arising from its trading book is not material and no further qualitative or quantitative disclosure is made of market risk in these accounts.

Foreign Exchange Risk Management

The Group provides foreign exchange deposit, margin trading and forward transaction services to its customers. Foreign exchange risk is the risk arising from changes in foreign exchange rates on the Group's assets, liabilities and commitments, thus causing profits or losses.

The Group's exchange exposures mainly comprise currency exposures originated by its commercial banking business. It is the Group's policy to close out foreign exchange positions at the end of a business day. The Settlement Section in Operation Department ensures that all foreign currency transactions are conducted in accordance with the guidelines established by management.

(8) 風險管理（續）

利率風險管理

本集團的資產負債表主要包括以港元為單位的利率敏感資產及負債。本集團的利率風險主要來自此等資產及負債到期日或重訂價格期限的錯配，以及利率波動風險。此外，不同交易的不同定價基準亦可能令本集團的資產和負債在同一重訂價格期間產生利率風險。

利率風險管理主要目的在於減低利率波動對淨利息收入所造成的潛在不利影響。風險管理組訂立了嚴格的內部指引，用以監察及控制利率風險。資產負債管理委員會制定了策略，管理本集團在資金市場的運作，和在票據、商業票據及存款證方面的投資。本集團在限定的風險範圍內可作少量利率持倉，以賺取更佳收益回報。

流動資金風險管理

流動資金風險來自借貸、自營交易及投資活動，以及管理自營交易持倉時而產生。流動性風險包括在到期日因受不能預計的資金成本上升而令本集團資產組合出現再融資的風險，和未能及時及/或按合理價格變現某類持倉產生的風險。流動資金管理之目標是令本集團能夠按時應付其所有到期債務（即使在惡劣市況下）和為其投資機會提供資金。本集團於二零零二年度的平均流動資金比率為43.64%，遠高於法例規定的最低比率25%。

本集團有多元化的流動資金來源，以靈活地滿足其融資需求。本集團業務的資金主要來自零售及公司客戶的存款。雖然本集團主要為資金貸放者，但本集團亦會在同業市場上借入短期資金。此外，本集團亦會不時透過出售投資籌集資金。

本集團將所得資金大部份用於放貸、投資債券或作同業拆放。一般而言，接受存款的平均到期日較貸款或投資的期限為短，但較同業拆放的平均到期日為長。

(8) Risk management (continued)

Interest rate risk management

The Group's balance sheet consists predominantly of Hong Kong dollar denominated interest rate sensitive assets and liabilities. The Group's primary sources of interest rate risk are mismatches in the maturities or re-pricing periods of these assets and liabilities and movements in interest rates. In addition, different pricing bases for different transactions may also lead to interest rate risk for the Group's assets and liabilities within the same re-pricing period.

Interest rate risk management is to limit potential adverse effects of interest rate movements on net interest income. The Risk Management Committee sets up strict internal guidelines to monitor and control interest rate exposures. The Asset and Liabilities Management Committee formulates strategies to manage the Group's money market operations, investment in bills, commercial papers, certificates of deposit and notes. Only small interest rate positions may be taken for yield enhancement within the risk limits.

Liquidity risk management

Liquidity risk arises in the funding of lending, trading and investment activities and in the management of trading positions. Liquidity risk includes both the risk of unexpected increase in the cost of funding to refinance the Group's asset portfolio at appropriate maturities and the risk of being unable to liquidate a position in a timely manner and/or at a reasonable price. The goal of liquidity management is for the Group to be able, even under adverse market conditions, to meet all its maturing repayment obligations on time and to fund all of its investment opportunities. The Group's average liquidity ratio of 43.64% for the year of 2002 was well above the statutory minimum ratio of 25%.

The Group maintains flexibility in meeting its funding requirements by maintaining diverse sources of liquidity. The Group funds its operations principally by accepting deposits from retail and corporate depositors. The Group also borrows in the short-term interbank markets, although it is typically a net lender of funds. In addition, the Group from time to time raises funds through the sale of investments.

The Group uses the majority of funds raised to extend loans, to make investments in debt securities or to conduct interbank placements. Generally, the average maturity of deposits is shorter than that of loans or investments but is longer than that of interbank placements.

(8) 風險管理（續）

流動資金風險管理（續）

本集團資產負債管理策略的主要目標是要保持足夠的流動性和資本金水平，在有效的風險管理機制內及合理的融資成本要求下，爭取最大回報。本集團的資產負債管理組負責制定政策方針並透過財務管理部的職責確保本集團有足夠的流動資金及能取得最低融資成本，同時緊密策劃及監察本集團的資產負債表內外持倉量所衍生的風險。本集團財務管理部會按情況，並就投資、融資和外匯管理的現有水平和預計變化，向資產負債管理組匯報和分析。本集團已實施各項措施：

改善其管理資訊系統，分別在每日、每周及每月提供有關流動資產變動及客戶存款變動的更新資料；監察流動資金比率，以符合香港金融管理局的規定；定期編製到期差距分析，協助管理層及時檢討和監察本集團的流動資金狀況；進行處境分析，以評估不同風險因素對流動資金狀況之影響；設定須受監察的一系列流動性風險因素及流動性風險預警系統，為不尋常情況作出預警報告；及設立三級應變機制，更有效處理緊急事件。

資本管理

本集團採用資本充足比率作為主要量度標準以監控本身資本的充足性，以符合香港金管局法定要求。在報表披露的經營期間，集團之資本水平符合各項法定要求。按合併基礎計算，未經調整的資本充足比率為26.00%，而經調整了市場風險的資本充足比率為25.98%，分別較去年底之24.68%及24.65%輕微上升。兩項比率均較法定最低要求為高。

操作風險管理

操作風險涉及因操作流程不完善、人為過失、電腦系統故障或外部突發事件等因素造成之經濟損失。本集團致力做好操作風險管理工作，以達至業界先進水平。

為達有效的內部控制，本集團各項業務流程及操作細則均備有規章制度，所有業務運作著重操控分離及具備獨立授權。

本集團各部門對操作風險負首要管理責任，並因應其業務範疇制訂操作細則。合規部及稽核部負責有關監控，及定期檢討各項業務運作。

本集團今年繼續改善緊急事故應變方案，設置足夠後備設施及進行測試演習。本集團亦已購買保險以減低因操作風險引致的損失。

(8) Risk management (continued)

Liquidity risk management (continued)

The primary goal of the Group's asset and liability management strategy is to achieve an optimal return while ensuring adequate levels of liquidity and capital within an effective risk control framework and at reasonable cost of funding. The Asset and Liabilities Management Committee is responsible for establishing these policy directives and works closely with the Financial Management Department to ensure that the Group maintains adequate levels of liquidity and secures the lowest possible cost of funding, while closely planning and monitoring the Group's on- and off-balance sheet assets and liabilities with regard to the risk incurred. The Financial Management Department provides reporting and analytical services to Asset and Liabilities Management Committee with respect to current and planned positions taken for investment, funding and foreign exchange management purposes. In particular, the Group has implemented various measures to:

- improve its management information system to provide timely information on the movement of its liquid assets and that of its customer deposits on a daily, weekly and monthly basis;
- monitor liquidity ratios in compliance with the HKMA's requirements;
- prepare regular maturity gap analysis to enable management to review and monitor the Group's liquidity position on a timely basis;
- conduct scenario analysis to estimate the impact of various risk factors on the liquidity position;
- establish a range of liquidity risk factors for monitoring purposes and a liquidity risk warning index system to detect early signs of any irregularities; and
- create a three-tier response system to effectively deal with any emergencies.

Capital management

The Group monitors the adequacy of its capital using the Capital Adequacy Ratio ("CAR") as one of the major measurements, which is subject to the Hong Kong Monetary Authority regulatory requirements. The Group maintained its capital to comply with all the statutory standards for all the periods presented in the report. On combined basis, the Bank's unadjusted CAR and adjusted CAR incorporating market risk were changed from 24.68% and 24.65% as at the end of last year to 26.00% and 25.98% respectively. Both were well above the statutory minimum standards.

Operational Risk Management

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

In order to achieve effective internal controls, the Group maintains adequate documentation of its business processes and operating procedures. It also emphasises proper segregation of duties and independent authorisation among all business activities.

Every department is primarily responsible for establishing procedures managing operational risk and within its own business functions. This is monitored by the Compliance Department and Audit Department, which play important role in the periodic review of various business operations.

Our Business Continuity Plan is further enhanced within the year. Adequate facilities are maintained and tested for the recovery of critical business functions in the event of a disaster. The Group also arranges insurance cover to mitigate potential losses in respect of operational risk.

CORPORATE GOVERNANCE

企業管治

本集團之企業管治工作已遵照香港金融管理局於二零零一年九月頒佈之監管政策手冊規定之《本地註冊認可機構的企業管治》指引。

為了能專着在對集團運作，風險管理，財務及長遠發展有重大影響之策略性及重要事宜上，董事會成立了三個委員會監督集團各主要範疇。各委員會之詳情如下：

行政委員會

行政委員會在全體董事會授權下，處理在全體董事會會議休會期間需要董事會審議之事宜。其職責包括：

- 審議為實現董事會已審定之集團整體發展策略及業務計劃之政策、實施計劃和管理辦法；
- 檢討策略及業務計劃之實施進度；
- 提出策略性之議案供全體董事會審定；及
- 按監管當局及控股公司制定之政策，審議集團之制度及執行細則。

行政委員會之主席為吳文拱先生，委員會其他成員均為銀行之執行董事。

稽核委員會

稽核委員會協助董事會監督集團之稽核工作及監察集團符合已審定之政策及程序，以確保集團之財務報告流程及內部控制系統之有效性。其職責包括：

- 審查及監督內部控制體系之有效性，控制財務風險以及財務報告及稽核之程序；
- 獨立評估財務彙報及其控制框架之效力及效率，經營政策及制度之充份性；及
- 監控集團實際操作，以確保集團合法合規經營。

稽核委員會成員包括趙明華先生（主席）、劉燕芬女士、陳遠才先生及吳家璋先生，彼等均為銀行之非執行董事。

風險管理委員會

風險管理委員會協助董事會監督集團之風險管理，制定集團風險管理策略、政策及程序，以及監控其執行之情況。其職責包括：

- 協助董事會掌握集團之風險承擔程度；
- 對董事會提出合適之風險管理策略建議；及
- 根據董事會之要求制定風險管理、授權和職責分工等有關風險管理之政策。

風險管理委員會成員包括毛小威先生（主席）、吳亮星先生、吳文拱先生、陳耀中先生及余國春先生，彼等均為銀行之董事。

Corporate Governance

The Group has complied with the guideline on “Corporate Governance of Locally Incorporated Authorized Institutions” under the Supervisory Policy Manual issued by the Hong Kong Monetary Authority in September 2001.

In order to focus the attention on strategic and material issues that have significant impact on the Group’s operation, financial performance, risk management and long-term development, three committees has been established under the Board of Directors to oversee the major areas of the Group. The details of the committees are given below.

Executive Committee

The Executive Committee has been delegated with power from the Board to handle matters which require the Board’s review, but arise between full board meetings. Its responsibilities include:

- approving policies, implementation plans and management measures to effect the group-wise development strategies and business plans approved by the Board;
- reviewing the progress on implementation of the strategies and business plans;
- recommending strategic proposals to the full Board for its consideration and approval; and
- approving the Group’s rules and regulations according to the policies imposed by the supervisory authorities and the holding company.

The Chairman of Executive Committee is Mr. Ng Man Kung and other members are composed of Executive Directors of the Bank.

Audit Committee

The Audit Committee assists the Board to oversee the auditing activities of the Group and monitor compliance with approved policies and procedures, so that the effectiveness of financial reporting process and internal control systems of the Group can be assured. Its responsibilities include:

- reviewing and monitoring the effectiveness of the internal control systems, the controls over financial risks and the procedures of financial reporting and auditing;
- assessing independently the effectiveness and efficiency of financial reporting system and its controlling mechanism, and the sufficiency of operating policies and system; and
- monitoring the operation of the Group to ensure the Group is running in compliance with the relevant laws and regulations.

The members of Audit Committee are Mr. Chiu Ming Wah (Chairman), Ms. Liu Yanfen, Mr. Tan Wan Chye and Woo Chia Wei. All of them are Non-executive Directors of the Bank.

Risk Management Committee

The Risk Management Committee assists the Board to oversee the risk management of the Group, to formulate the Group’s risk management strategies, policies and procedures, and to monitor the implementation of those strategies, policies and procedures. Its responsibilities include:

- assisting the Board to measure and monitor the risk exposures of the Group;
- recommending appropriate risk management strategies to the Board; and
- formulating risk management related policies such as the risk management policies and the authorities and duties delegation policy in accordance with the requirements set by the Board.

The members of the Risk Management Committee are Mr. Mao Xiaowei (Chairman), Mr. Ng Leung Sing, Mr. Ng Man Kung, Mr. Chen Yiao Zhong, and Mr. Yu Kwok Chun. All of them are Directors of the Bank.