

## 財務及業務回顧

### FINANCIAL RESULTS AND OPERATION REVIEW

董事會欣然提呈本集團截至二〇〇六年六月三十日止六個月的中期報告及簡明賬目。本集團截至二〇〇六年六月三十日止六個月之綜合損益表、綜合現金流量表及綜合權益變動表，以及本集團於二〇〇六年六月三十日結算之綜合資產負債表，均是未經審核及以簡明賬目編製。上述各項連同有關註釋、補充財務資料及補充資料列於本中期報告第七頁至第五十二頁。

二〇〇六年上半年香港經濟表現持續強勁，無論內部消費、對外貿易、就業率和市民收入均有所增長，股市暢旺，樓市經過一輪調升後步入整固期。

預期下半年香港經濟仍會繼續增長，然而中東局勢動盪，油價飆升，美息走向不明朗和全球貿易失衡，均會對經濟構成負面影響。同業間之競爭亦日形激烈，這反映在息價戰和各自加時服務以拉攏顧客方面，銀行將要面對更多因經營環境轉變而帶來的挑戰。

本行二〇〇六年首六個月的業績與去年同期比較：

除稅後盈利上升65.9%，為港幣880,027,000元，主要是淨利息收入及非利息收入均有所增加，當中證券業務收益的增長尤為顯著，投資物業業經重估後也有增值。

淨利息收入較去年同期上升24.7%，為港幣675,351,000元。市場利率趨升，貸存息差繼續有改善，銀行剩餘資金之收益亦有增加，淨息差較去年同期擴闊25個基點。

保險業務回復增長，營業收入錄得5.9%增幅，為港幣191,878,000元，其他非利息收入增加27.2%，為港幣258,318,000元，當中以證券業務收益增長最為顯著。

總營業收入增加21.6%，為港幣1,125,547,000元；營業支出上升9.3%，為港幣309,750,000元，主要為人力資源開支及電腦相關費用的增加。

成本對收入比率為27.5%，較去年同期下降3.1%，扣除貸款減值準備金前的營業溢利增加26.9%，為港幣815,797,000元。撥備貸款減值準備金港幣58,940,000元。由於保險索償而須撥備之準備亦因保險營業收入增加而上升6.3%，為港幣145,452,000元。

營業溢利增加20.2%，為港幣611,405,000元。

The Directors are pleased to present the Group's Interim Report and condensed accounts for the six months ended 30 June 2006. The consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity of the Group for the six months ended 30 June 2006, and the consolidated balance sheet as at 30 June 2006 of the Group, all of which are unaudited and condensed, along with selected explanatory notes, supplementary financial information and supplementary information are set out on pages 7 to 52 of this report.

Economic rally continued in the first half of 2006, bolstering domestic consumption, foreign trade, employment rate and per capita income. The stock market was active, while the property market was consolidating following the recent phase of price upward movement.

In spite of the anticipation that the local economy will remain strong, instability in the Middle East, soaring oil prices, unclear US dollar interest rate trend and worldwide trade imbalance all pose negative impact on the economy. Meanwhile, competition in the banking sector intensifies as reflected in price competition and extension of service hours. Such changes of operating environment will present greater challenges to the banking sector.

Comparing the Bank's operating results for the first half of 2006 with the corresponding period of 2005:

Profit after taxation amounted to HK\$880,027,000, representing an increase of 65.9%, mainly attributable to surging net interest income and non-interest income, among which securities brokerage business achieved outstanding performance. Revaluation on investment properties also recorded a surplus.

Net interest income was HK\$675,351,000, up 24.7% as compared with that in the same period last year, reflecting improved interest spreads between loans and deposits and increased earnings from free funds, as interest rates continued to rise. Net interest margin improved by 25 basis points compared with the corresponding period last year.

Insurance business resumed growth with operating income rising by 5.9% to HK\$191,878,000. Other non-interest income went up by 27.2% to HK\$258,318,000, mainly contributed by remarkable income growth in securities brokerage business.

Total operating income surged by 21.6% to HK\$1,125,547,000. Operating expenses increased by 9.3% to HK\$309,750,000, mainly due to rising human resources and information technology related expenses.

The cost-to-income ratio dropped by 3.1% to 27.5%, compared with the first half of 2005. Operating profit before impairment allowances on loans and advances increased by 26.9% to HK\$815,797,000. Impairment allowances on loans and advances of HK\$58,940,000 were made. Charge for insurance claims went up by 6.3% to HK\$145,452,000 in line with higher insurance operating income.

Operating profit surged by 20.2% to HK\$611,405,000.

受惠於期內房地產價格上升及反映本行將旺角銀行中心三層樓面改作商場用途的物業價值，本行的投資物業經重估後與去年底比較錄得港幣418,003,000元的升值。

客戶存款與去年同期比較增加8.6%，為港幣57,786,301,000元，與去年底比較增加6.4%。

客戶貸款與去年同期比較增加10.7%，為港幣38,666,333,000元，與去年底比較增加4.9%。減值準備金為港幣214,470,000元，其中60.8%屬綜合減值準備，為總貸款的0.34%。貸存比率為61.1%，與去年同期相若，去年底為62.6%。

平均總資產回報率為2.27%，高於去年同期之1.49%；平均股東資金回報率為16.94%，高於去年同期之11.01%。

二〇〇六年六月三十日之綜合資本充足比率為16.9%，期內平均流動資金比率為45%。

## 存款

總存款與去年底比較增長6.4%，由於美元與港元利率已逐步回升，吸引客戶將其他投資項目的資金轉移作定期存款。

香港將於九月實施存款保障計劃，為存戶提供了一安全網，料能增強一般零售存戶的信心。

截至六月底本行發行的存款證總值為港幣5,150,520,000元，較去年底上升20.4%，絕大部份為浮息，其中定息結構性存款證則有相關衍生工具對沖利率風險。

人民幣持續升值，本行人民幣存款比去年錄得5.1%升幅。中央正積極研究擴大香港銀行經營人民幣業務的範圍，包括以人民幣結算與國內貿易和發行人民幣債券，相信會刺激人民幣在香港的流通。

## 放款

總放款與去年底比較增加4.9%。

Revaluation on investment properties recorded a surplus of HK\$418,003,000 as compared with that of 2005 year-end, reflecting the rise in property prices during the period under review as well as the valuation of Bank Centre in Mongkok after the making over of its first three floors into a shopping arcade.

Total customer deposits amounted to HK\$57,786,301,000, up 8.6% and 6.4% when compared with that of the same period and year-end in 2005 respectively.

Advances to customers went up by 10.7% from the level a year ago to HK\$38,666,333,000, up 4.9% as compared with that at 2005 year-end. Impairment allowances amounted to HK\$214,470,000, of which 60.8% was collective impairment allowances, representing 0.34% of the total advances to customers. The loan-to-deposit ratio was 61.1%, remaining at the same level as last mid-year. At 2005 year-end the loan-to-deposit ratio was 62.6%.

The return on average total assets was 2.27%, higher than 1.49% for the same period in 2005. The return on average shareholders' funds was 16.94%, above the 11.01% recorded in the same period last year.

At 30 June 2006, the consolidated capital adequacy ratio was 16.9%, and the average liquidity ratio for the first half of 2006 was 45%.

## Deposits

Total deposit grew by 6.4% as compared with that at last year-end. The gradual rises in both US and Hong Kong dollar interest rates tempted more depositors to seek higher returns by channelling their funds from other investment products to fixed deposit accounts.

The Deposit Protection Scheme to be launched in Hong Kong in September 2006 will help strengthen the average retail depositors' confidence by providing them with a safety net feature.

As at 30 June 2006, certificates of deposit issued totaled HK\$5,150,520,000, up 20.4% as compared with that at last year-end. An overwhelming majority are floating rate certificates of deposit. For those fixed rate structured certificates of deposit, the interest rate risk involved is hedged by relevant derivatives.

The Bank's renminbi deposits recorded an increase of 5.1% as compared with that at 2005 year-end thanks to the continuous appreciation of renminbi. The Central Government is considering relaxing the range of renminbi businesses for banks in Hong Kong, including trade settlement in renminbi and issuance of renminbi denominated bonds. This will likely widen the circulation of renminbi in Hong Kong.

## Advances to customers

Total loans and advances to customers grew by 4.9% as compared with that at 2005 year-end.

利率攀升令物業交投放緩，加上提早還款者增，本行上半年住宅樓宇按揭敘做呈現減縮。下半年會向市場推出更多適應不同客戶需求的新產品讓客戶選擇。

企業融資續表現良好，較去年底增長23.3%，銀團貸款亦有12.9%增幅。

永隆財務有限公司上半年的租購及租賃貸款雖然亦錄得增長，惟因資金成本上升和貸款減值撥備增加，盈利表現未如理想。

## 財資

外匯買賣及外幣找換整體收益較去年同期上升5.9%。

美元息率經連續多次調升後接近見頂，與其他貨幣息率差距拉近，外匯價格波幅收窄，交投平淡，盈利受影響；最近日元、歐元、英鎊、澳元均先後加息，預期下半年外匯交投將轉趨活躍，盈利情況會有所改善。外幣找換業務則有較佳表現。

現時環球利率已普遍回升，本行參與資本市場活動保持活躍，會繼續密切留意市場變化和利率走勢調控經營策略，以求有更佳收益。

## 理財

理財業務收益與去年同期相若。

美國聯邦基金利率逐步調升至高位，投資者對持有利率結構性產品多數抱持觀望態度，部份客戶選擇將資金作存款收息，致交投淡靜。

理財業務經過近幾年高速增長後已進入整固期，理財中心會積極發掘合適的投資產品，擴大銷售隊伍，加強對產品的分析、宣傳和推廣，冀吸納更多新客戶和增加銷售額。

Property transactions slowed down after a series of rate increases, and this coupled with excessive early repayments, resulted in a contraction of residential mortgage lending in the first half of 2006. The Bank will launch more loan products to specially cater for customers' needs in the second half of the year.

Corporate loans performed satisfactorily and recorded an increase of 23.3% as compared with 2005 year-end, while syndicated loan financing achieved a 12.9% growth over last year-end level.

Total advances through the Bank's hire-purchase and leasing subsidiary, Wing Lung Finance Limited, grew in the first half of 2006. However, rising funding costs and higher provisions for impairment allowances exerted pressure on its operating profit.

## Treasury

Combined income from foreign exchange and money exchange business gained by 5.9% from the level a year ago.

The US Federal Funds rates, after a series of upward adjustments, are expected to level out and move closer to those of other currencies. As a result, market volatility narrowed, affecting the Bank's foreign exchange trading volume and income. Given the recent interest rate rises in Japanese Yen, Euro, British Pound and Australian Dollar, more active foreign exchange activities are expected in the second half of 2006, which should boost trading volume and income. As to money exchange business, there was considerable growth.

As interest rates are climbing globally, the Bank will continue to maintain its active role in the capital market. The Bank will keep a close eye on market development and interest rate trend to formulate appropriate strategies for profit growth.

## Wealth management

Wealth management income remained at last mid-year level.

The US Federal Funds rates gradually moved up to a relatively high level. Consequently, investors have taken a more prudent view towards interest rate structured products, and some chose to place their funds in interest-earning deposits, thus affecting the demand for wealth management products.

Wealth management business entered a period of consolidation after several years of rapid growth. The Wealth Management Centre will actively identify a wider choice of appealing investment products. It will strengthen product sales force and product analysis, and launch promotion campaigns to enlarge the customer base and bolster sales volume.

## 信用卡

信用卡業務截至六月底，發卡總數較去年底增加3%，放出賬款則呈現退減。

信用卡中心會投放更多資源和推出多項宣傳活動以爭取新卡，另會著力推廣白金卡和公司卡，期望客戶基礎逐步擴大後，與其他服務產品交互推銷，增加利息及非利息收入。

## 證券

二〇〇六年上半年本港證券市場交投比去年同期上升93.1%，本行證券業務佣金收益增加85.7%。本行自去年底推出定額收費形式認購新股服務，反應理想，對吸納新客戶頗有幫助。

證券部由下半年開始將電腦系統能量提升，同時會擴展各種服務渠道予以配合，包括擴大網上交易容量、增設證券買賣分部、增加音頻電話買賣和報價線路等，以迎接旺市時交投量的增長。

## 保險

保險業務整體淨收益較去年同期增長4.8%。

永隆保險有限公司的承保業務有所增長，主要是多做了僱員責任賠償與意外及醫療保險，惟索償金額亦有增加。

保險部的代理業務和佣金收益均呈下跌，主要受到市場割價競爭嚴峻的衝擊；代理人壽保險亦呈現退減，原因是存款利率已大幅回升，影響了具儲蓄性人壽保險產品的銷售。

吾人會採用較靈活調節價格政策以應付競爭，同時堅守穩健營運原則，以求保險業務能平衡而持續發展。

## *Credit card*

At 30 June 2006, the total number of credit cards issued rose by 3% as compared with that at 2005 year-end, while total credit card receivables retrenched.

The Credit Card Centre will deploy more resources and launch various promotional activities to enlarge the card base, with a particular focus on platinum and corporate cards. It is expected that a larger card base will help generate higher interest income as well as non-interest income through cross-selling with other banking products.

## *Securities broking*

In the first half of 2006, trading volume of the local stock market moved up by 93.1% from the level a year ago. The Bank's securities commission income recorded an upsurge of 85.7%. The fixed fee IPO loan package introduced last year-end was well-received and proved effective in enlarging the customer base.

Pursuant to the securities computer system capacity upgrade starting in the second half of the year, the Bank is vigorously enhancing various type of service channels by enlarging the capacity of online trading system, setting up new securities service centres and increasing the number of telephone lines for securities trading and stock price quotation.

## *Insurance*

Aggregate net insurance operating income grew by 4.8% over the corresponding period last year.

Underwriting business of Wing Lung Insurance Company Limited advanced in the first half of 2006, mainly attributable to the growth in employees' compensation as well as accident and health classes. This increase in portfolio naturally brought about a larger amount of claims.

The Insurance Department recorded a contraction in agency business and commission income due to stiff bidding competition. Sale of life insurance products also retreated owing to rising deposit interest rates that affected the appeal of savings related life products.

The Bank will adopt a more flexible pricing strategy in the face of keen competition, while adhering to its prudent operating philosophy for sustainable development.

## 分行

本行現時在本地設有分行33間，在內地深圳市設有分行及支行各一間、美國羅省及開曼群島各設有分行一間，均運作如常，業務和盈利表現平穩。

國內業務部已向中國銀監會為深圳分行經營人民幣業務及為上海代表處升格為分行提交了申請。

羅省分行自遷進新址營業，一切已上軌道，該分行正積極把握位處華人社區之地利推廣業務。

## 資訊科技

上半年資訊科技發展重點是配合巴塞爾新資本協定的要求而開發新系統，加強對各類風險的管理。

年內，資訊科技部會提升多個應用系統，以應付業務發展需要。

深圳軟件開發中心運作暢順，資訊科技部會繼續與IBM深圳開發中心合作，加強系統開發能量。

## 人力資源

在二〇〇六年六月底，本行僱員總人數為1,404人。

人力資源部經常開設或安排一些與業務及新產品有關的課程、資訊科技應用課程、銷售技巧專題講座等，以充實職員的知識和技能及提升整體競爭力；本行並鼓勵及資助職員考取一些特定資格考試，協助他們持續進修及登記專業資格；亦不時與海內外同業互派人員作訪問和技術交流，以配合業務發展。另外人力資源部亦著力加強職員對受規管項目的認識，使知道切實遵守有關法例、守則、指引或規則。

承董事會命  
秘書 馮蘊蓓 謹啟

香港 二〇〇六年八月十六日

## Branch

The Bank operates 33 local branches, one branch and a sub-branch in Shenzhen, and a branch in Los Angeles in the US and in Cayman Islands. They all performed solidly in both business and returns.

The Mainland Business Department has applied to the China Banking Regulatory Commission for operating renminbi business in Shenzhen Branch and for upgrading its Shanghai Representative Office to a full branch.

Los Angeles Branch has been running on track since its relocation to Alhambra. The branch, now situated right in the Chinese community, is stepping up its marketing efforts for business growth.

## Investment in information technology

In the first half of 2006, emphasis was placed on the development of new systems in compliance with the requirements of the New Capital Accord (Basel II) and to strengthen management of various risks.

The Information Technology Department will upgrade a number of application systems for business development during the year.

Given the smooth operation of the software development centre in Shenzhen, the Information Technology Department will continue to cooperate with IBM for system capability enhancement.

## Human resources

At the end of June 2006, total workforce amounted to 1,404.

In order to upgrade the skills, knowledge and overall competitiveness of its staff, the Bank's Human Resource Department has been actively organising seminars and training sessions related to bank operations, product knowledge, information technology, sales techniques and specialised topics. The Bank also encourages and sponsors staff members to attend various training programmes so that they can obtain the required professional qualifications. Exchange visits with overseas correspondents take place regularly to share and mutually update business and operational experience which should be useful for future development. Furthermore, the Department endeavours to ensure staff members' understanding and observance of relevant laws, codes, guidelines and regulations.

By Order of the Board  
**Maria Wan-sin FUNG**  
Secretary

Hong Kong, 16 August 2006