



Value Banking
所享 超出所想

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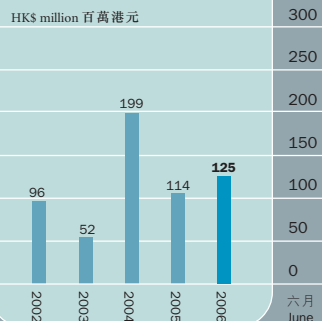
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FINANCIAL HIGHLIGHTS (UNAUDITED)

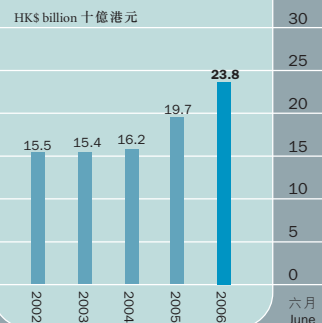
財務概要 (未經審核)

	For the 6 months ended	
	30 June 2006	30 June 2005
(HK\$ Million)	截至 二零零六年 六月三十日 止六個月	截至 二零零五年 六月三十日 止六個月
(百萬港元)		
Profit attributable to shareholders 股東應佔溢利	125	114
Interim dividend (per share) 中期股息 (每股)	6.00 cents	6.00 cents
Return on average equity 平均股本回報率	6.83%	6.32%
Return on average assets 平均資產回報率	0.49%	0.50%
	As at	As at
	30 June 2006	30 June 2005
	二零零六年 六月三十日	二零零五年 六月三十日
Total assets 總資產	51,369	50,907
Advances to customers less impairment 客戶貸款減減值	23,776	19,678
Customer deposits and medium term funding 客戶存款及中期資金	34,940	35,412
Shareholders' funds 股東資金	3,735	3,664
Unadjusted capital adequacy ratio 未經調整資本充足比率	19.85%	15.71%
Liquidity ratio (average for the month) 六月份平均流動資金比率	41.84%	44.60%

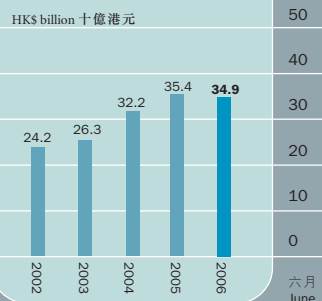
Profit Attributable to Shareholders
股東應佔溢利



Gross Advances to Customers
客戶貸款總額



Customer Deposits and Medium Term Funding
客戶存款及中期資金



CORPORATE INFORMATION 公司資料

SHAREHOLDERS

75% – Fubon Financial Holding Co., Ltd.
25% – Public

SOLICITORS

Clifford Chance
Slaughter and May

AUDITORS

KPMG

COMPANY SECRETARY

Ivan Young

REGISTERED OFFICE

Fubon Bank Building
38 Des Voeux Road Central
Hong Kong

BOARD OF DIRECTORS

Ming-Hsing (Richard) TSAI

Chairman

Vice Chairman – Fubon Financial Holding Co., Ltd.
Chairman – Fubon Life Assurance Co., Ltd.
Chairman – Fubon Asset Management Co., Ltd.

Chairman – Taiwan Mobile Co., Ltd.

Ming-Chung (Daniel) TSAI

Vice Chairman

Chairman and Chief Executive Officer – Fubon Financial Holding Co., Ltd.
Chairman – Taipei Fubon Commercial Bank Co., Ltd.

Chairman – Taiwan Fixed Network Co., Ltd.

Chairman – Fubon Land Development Co., Ltd.

Vice Chairman – Taiwan Mobile Co., Ltd.

Jin-Yi LEE

Executive Director

Managing Director and Chief Executive Officer
– Fubon Bank (Hong Kong) Limited
Director – Citi Fubon Life Insurance Company
Hong Kong Limited
Director – Net Alliance Co. Limited

股東

75% – 富邦金融控股股份有限公司
25% – 公眾持有

律師

高偉紳律師行
司力達律師樓

核數師

畢馬威會計師事務所

公司秘書

楊雅雲

註冊辦事處

香港中環
德輔道中38號
富邦銀行大廈

董事會

蔡明興

主席

副董事長 – 富邦金融控股股份有限公司
董事長 – 富邦人壽保險股份有限公司
董事長 – 富邦證券投資信託股份有限公司
董事長 – 台灣大哥大股份有限公司

蔡明忠

副主席

董事長兼執行長 – 富邦金融控股股份有限公司
董事長 – 台北富邦商業銀行股份有限公司
董事長 – 台灣固網股份有限公司
董事長 – 富邦建設股份有限公司
副董事長 – 台灣大哥大股份有限公司

李晉頤

執行董事

董事總經理兼行政總裁
– 富邦銀行(香港)有限公司
董事 – 香港富邦花旗人壽保險有限公司
董事 – 網聯(香港)有限公司

CORPORATE INFORMATION 公司資料

Michael CHANG Ming Yuen

Executive Director

Executive Vice President – Fubon Bank
(Hong Kong) Limited

Chairman – Fubon Credit (Hong Kong) Limited
Director – FB Securities (Hong Kong) Limited
Director – Fubon Hong Kong (Taiwan) Co., Ltd.
Director – Net Alliance Co. Limited

James YIP

Executive Director

Executive Vice President – Fubon Bank
(Hong Kong) Limited

Director – Fubon Credit (Hong Kong) Limited
Director – FB Securities (Hong Kong) Limited

Victor KUNG

Non-Executive Director

President – Fubon Financial Holding Co., Ltd.
President – Fubon Asset Management Co., Ltd.

Jesse DING

Non-Executive Director

President – Taipei Fubon Commercial Bank Co., Ltd.

Robert James KENRICK

Independent Non-Executive Director

Moses K. TSANG

Independent Non-Executive Director

Chairman and Managing Partner – Ajia Partners
General Manager and Partner – EC Investment
Services Limited

Hung SHIH

Independent Non-Executive Director

Managing Director – China Renaissance
Capital Investment Limited

SENIOR MANAGEMENT

Jin-Yi LEE	Managing Director and Chief Executive Officer
Michael CHANG	Executive Vice President and Head of Support and Risk Management Group
James YIP	Executive Vice President and Head of Financial Markets Group
David CHAN	Executive Vice President and Head of Financial Control Group

張明遠

執行董事

執行副總裁 – 富邦銀行(香港)有限公司

主席 – 富邦財務(香港)有限公司
董事 – 富銀證券(香港)有限公司
董事 – 台灣富銀股份有限公司
董事 – 網聯(香港)有限公司

葉強華

執行董事

執行副總裁 – 富邦銀行(香港)有限公司

董事 – 富邦財務(香港)有限公司
董事 – 富銀證券(香港)有限公司

龔天行

非執行董事

總經理 – 富邦金融控股股份有限公司
總經理 – 富邦證券投資信託股份有限
公司

丁予康

非執行董事

總裁 – 台北富邦商業銀行股份有限公司

甘禮傑

獨立非執行董事

曾國泰

獨立非執行董事

主席兼管理合夥人 – Ajia Partners
總經理兼合夥人 – EC Investment
Services Limited

石宏

獨立非執行董事

董事總經理 – 崇德基金投資有限公司

高級管理層

李晉頤	董事總經理兼行政總裁
張明遠	執行副總裁 兼營運風險及 後勤支援部主管
葉強華	執行副總裁 兼金融市場部主管
陳奕強	執行副總裁 兼財務管理部主管

REVIEW OF 2006 INTERIM PERFORMANCE 二零零六年中期業績回顧

HONG KONG AND CHINA ECONOMIC OVERVIEW

The Hong Kong economy sustained strength in the first quarter of 2006, with real GDP growing by a stronger-than-expected 8.2%. This followed an already robust 7.5% growth in the preceding quarter. GDP growth decelerated slightly in the second quarter, and may continue to slow for the rest of the year, but full year GDP may still produce a 6 – 7% increase, which is well above trend for Hong Kong. The economy expanded on a broad front in the first half of the year, driven by robust external trade, a distinct pickup in consumer spending, as well as a continued surge in investment in machinery and equipment. Importantly, domestic demand is currently playing an increasingly important role in the current economic upturn. Externally, exports continued to grow in the first half, rising 8.5%, thanks to surging regional trade, with China again the key growth driver. Exports of services were also robust, up 8.9% in the first quarter, with both offshore trade and inbound tourism, which record levels, growing distinctly further.

On the domestic front, private consumption picked up to a 4.5% growth in the first quarter, on the back of improving employment incomes, but also boosted in part by stronger household balance sheets, along with a rising stock market and a reviving property market. Consumer sentiment remained upbeat, even though interest rates rose - with the Hong Kong Dollar Prime rate rising in March and money market rates increasing broadly in line with USD rates. Overall investment expenditure maintained strong growth momentum, up 8.5% in the first quarter. Labor market conditions continue to improve, with the unemployment rate currently at a 4.5-year low of 5.0%. Inflation remained benign at 1.8% in the first half of the year. The successive rises in private housing rentals over the past two years have begun to impact to a greater extent. However, easing import prices have mitigated inflationary pressures somewhat.

香港及中國經濟概覽

於二零零六年第一季，香港經濟發展維持強勢，實質本地生產總值繼上個季度錄得7.5%強勁增長後再進一步錄得8.2%之增幅，超乎預期。然而，本地生產總值增長步伐於第二季輕微放緩，本年餘下期間亦可能繼續減慢，但全年本地生產總值仍可錄得6%至7%之升幅，遠勝香港之平均趨勢。香港經濟上半年整體有所增長，此乃受對外貿易興旺、消費開支明顯回升，以及機器設備投資持續攀升所推動。重要的是，本地需求在現時經濟復甦過程中所扮演之角色越趨重要。對外方面，上半年出口持續增長，錄得8.5%升幅，主要受惠於與中國之地區貿易急升所致。服務出口亦呈現強勁走勢，於首季上升8.9%，離岸貿易及來港旅客屢創紀錄，雙雙錄得可觀增長。

在本地經濟方面，個人消費於首季上升4.5%，此乃受就業收入不斷改善所推動，但亦部分由於家庭可支配收入增加，加上股市上揚及物業市場復甦所致。雖然息率向上（三月份港元最優惠利率調升，貨幣市場利率大致跟隨美元息率升勢），但消費信心仍然樂觀。整體投資開支維持暢旺增長勢頭，於首季上升8.5%。勞動市場狀況持續改善，失業率現時處於四年半以來低位之5.0%。本年上半年通脹維持於1.8%之溫和水平。過去兩年不斷上升之私人物業租金影響已逐漸擴大。然而，進口價格下降在某程度上減低了通脹壓力。

REVIEW OF 2006 INTERIM PERFORMANCE 二零零六年中期業績回顧

Locally, consumption looks set to remain robust, along with better job prospects and rising incomes. Investment in plant and equipment seems likely to increase further in line with rising corporate profits and also to cater for the growth in business. But construction is likely to remain weak in the near term, thereby capping the upside of overall investment. Although the global economy has been strong recently, there are signs of a slowdown in key markets, while the external environment is still clouded by various downside risks such as: the recent rise in oil prices; the impact of past increases in US interest rates; global trade imbalances; and lately, the tightening measures in the Mainland. Some of these risks in fact have intensified recently. How these risks play out will be critical to Hong Kong's trade and economic performance for the rest of the year.

FUBON BANK PERFORMANCE

Building on the business expansion in 2005, Fubon Bank (Hong Kong) Limited ("Fubon Bank") made a breakthrough in core performance for the first half of the year 2006 with operating profit before provisions and gains increasing by more than 60% to HK\$212 million from HK\$132 million for the corresponding period of 2005. Against a backdrop of intense market competition, Fubon Bank was able to capitalize on market growth opportunities. This led to an increase of total assets by 3% to HK\$51.4 billion as at 30 June 2006 as compared to the 2005 year-end figure of HK\$49.8 billion. There was also an overall yield improvement of 1.25% with an increase in the mix of higher yielding assets such as advances to customers and a reduction in surplus funds placed in cash and short term funds.

本地方面，消費呈現強勢，而就業前景亦見改善，工資亦有所上升。隨著企業利潤不斷上升及配合業務增長，廠房及設備投資很可能進一步增多。但建築行業短期而言仍然疲弱，因而阻礙整體投資升幅。雖然最近全球經濟表現穩健，主要市場卻呈現放緩跡象，而外圍環境仍然受近期油價上升、早前美國加息、全球貿易失衡及中國緊縮政策等負面風險因素而蒙上陰霾。其中部分風險的影響實際上已見加深。如何面對此等風險將對於香港本年餘下期間貿易及經濟表現起關鍵影響。

富邦銀行業績表現

受惠於二零零五年之業務擴展，二零零六年上半年富邦銀行(香港)有限公司(「富邦銀行」)核心業務收益增長強勁，未計撥備及收益前之營運溢利為二億一千二百萬港元，較二零零五年同期之一億三千二百萬港元增長超過60%。雖然市場競爭激烈，富邦銀行仍能夠成功掌握市場增長商機，截至二零零六年六月三十日之總資產增加至五百一十四億港元，較二零零五年底之四百九十八億港元增長3%。由於增加較高回報資金(例如客戶貸款)的比重及減少投放盈餘資金於現金及短期資金，整體收益率因而有所改善，上升1.25%。

REVIEW OF 2006 INTERIM PERFORMANCE

二零零六年中期業績回顧

Net interest income increased HK\$54 million or 20% to HK\$319 million in the first half of 2006, mainly due to the widening of prime-HIBOR spreads. Effective net interest margin improved from 1.19% from the first half of 2005 to 1.29% for 2006. Other operating income reached HK\$208 million for the first six months in 2006, representing a 37% increase compared to the same period of last year. Particularly worth mentioning was the strong growth in recurring sales of Financial Markets products throughout all segments, a 98% increase over the first half of 2005. The buoyant equity market drove a 61% increase in brokerage income. Fubon Bank also leveraged on its Fubon Financial's strength in expanding its insurance and unit trust businesses, resulting in a soaring growth of more than 100% in commission income. Consequently, non-interest income to operating income ratio improved from 36.3% as of 30 June 2005 to 39.4% as of 30 June 2006.

Operating expenses rose moderately to HK\$315 million from HK\$284 million compared with the same period in 2005. The increase was attributable primarily to higher compensation and other staff expenses resulting from the hiring of new staff for supporting business growth. The number of full-time equivalent employees grew by 135 to 831. Nevertheless, the cost to income ratio dropped from 68.2% to 59.8%, due to the robust growth of both net interest income and fee income.

The Group recorded a total charge of HK\$79 million for impaired loans and advances as compared with a reversal of provisions of HK\$3 million in the first half of last year. There was a gain on disposal of available-for-sale securities of HK\$20 million against a disposal loss of HK\$8 million which incurred during the same period in 2005. In view of the abovementioned factors, net profit for the first half of 2006 amounted to HK\$125 million, representing an increase of 10% compared with the corresponding period of 2005.

由於最優惠利率與銀行同業拆息的息差擴大，於二零零六年之上半年淨利息收入增加五千四百萬港元(或增長20%)，至三億一千九百萬港元。實際淨息差由二零零五年上半年之1.19%改善至二零零六年同期之1.29%。於二零零六年首六個月，其他營運收入達到二億零八百萬港元，較去年同期增長37%。值得一提的是各類型金融市場產品的經常性銷售錄得強勁增長，較二零零五年上半年上升98%。股市暢旺推動經紀佣金收入增長61%。本銀行還藉著富邦金控的優勢，擴充其保險及單位基金業務，使有關佣金收入攀升超過100%。同時，非利息收入對營運收入比率由二零零五年六月三十日的36.3%改善至二零零六年六月三十日的39.4%。

營運支出增長溫和，達三億一千五百萬港元，相對於二零零五年同期為二億八千四百萬港元。該支出增長主要是為了配合業務發展而增聘員工，全職員工人數增加了135名至831名，以致僱員成本及其他僱員開支增加。儘管如此，由於淨利息收入及費用收入均大幅增長，成本對收入比率由68.2%下調至59.8%。

本集團錄得減值貸款及墊款之總撥備支出為七千九百萬港元，而去年上半年之撥備撥回則為三百萬港元。出售可供出售證券之收益為二千萬港元，相對二零零五年同期出售錄得虧損為八百萬港元。鑒於上述因素，二零零六年上半年之淨盈利為一億二千五百萬港元，與二零零五年同期相比，增長10%。

REVIEW OF 2006 INTERIM PERFORMANCE 二零零六年中期業績回顧

The loan portfolio reached HK\$24 billion, an increase of 11% from December 2005 with solid growth across most of the loan types. Strong growth was seen in project and syndicated loans, short term advances and hire purchase loans, the respective loan volume increased by 61%, 21% and 12% respectively.

To diversify its funding sources, the Bank successfully completed the issuance of USD 200 million lower tier II subordinated debts and USD 150 million senior floating rate notes in April 2006 through its Euro Medium Term Note Program. This has further strengthened the Bank's capital base and liability structure, and reduced the Bank's reliance on rate sensitive funding. As a result, customer deposits dropped by 6% as budgeted for the first half of 2006.

Taiwan related business continued to grow during the first half of the year. With a full team of experienced professionals providing corporate banking services to Taiwanese customers in Hong Kong and the mainland, the Taiwan Team's corporate loans portfolio increased by 70% and its deposits portfolio grew 67% as compared to the 2005 year-end balances. Furthermore, the number of wealth management accounts increased by 44% with assets under management expanding by 36%. In addition, since the launch of a full-scale SME Division in 2005, the Division's performance has already won wide recognition from the industry as evidenced by the winning of the 2006 SME's Best Partner Award — Best Trade and Equipment Finance Bank Award organised by The Hong Kong Chamber of Small to Medium Business Limited.

貸款組合較二零零五年十二月上升**11%**，達二百四十億港元，大部分貸款類別均錄得穩定增長，當中項目及銀團貸款、短期貸款及租購融資錄得強勁增長，該等貸款的增長率分別為**61%**、**21%**及**12%**。

為分散資金來源，本銀行於二零零六年四月推出「歐元中期票據計劃」，成功發行二億美元後償票據及一億五千萬美元浮息票據。此舉進一步加強了本銀行之資本基礎及債務結構，並降低本銀行對利率敏感資金之依賴。因此，二零零六年上半年客戶存款符合預算，下跌**6%**。

本年度上半年，台灣相關業務持續錄得增長。憑著具備豐富經驗的專才組成的強大團隊，為在香港及內地的台灣客戶提供企業銀行服務，與二零零五年年底的數字相比，台灣團隊的企業貸款組合增長了**70%**，存款組合增長**67%**。此外，財富管理賬戶數目亦增加**44%**，所託管的資產上升了**36%**。另一方面，自二零零五年中小企業部全面投入運作以來，該部門之表現得到業界廣泛認可，可從其獲得由香港中小型企業商會頒發的二零零六年「中小企業最佳拍擋獎—最佳工貿及設備融資銀行大獎」得以印證。

INTERIM FINANCIAL REPORT 中期財務報告

The Directors have pleasure in presenting the unaudited interim consolidated financial report of Fubon Bank (Hong Kong) Limited ('the Bank') and its subsidiaries (collectively 'the Group') for the six months ended 30 June 2006.

COMPLIANCE WITH THE SUPERVISORY POLICY MANUAL ON INTERIM FINANCIAL DISCLOSURE BY LOCALLY INCORPORATED AUTHORISED INSTITUTIONS

The unaudited interim financial report on pages 17 to 65 together with the unaudited supplementary financial information on pages 66 to 90 comply, in all material respects, with the Supervisory Policy Manual "Interim Financial Disclosure by Locally Incorporated Authorised Institutions" issued by the Hong Kong Monetary Authority ("HKMA").

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Bank is committed to high standards of corporate governance and has followed the module on "Corporate Governance of Locally Incorporated Authorised Institutions" under the Supervisory Policy Manual (CG-1) issued by the HKMA in September 2001. The Bank has also taken steps to ensure compliance with the Code on Corporate Governance Practices (the "Code") in Appendix 14 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") which have been stated in the Corporate Governance Report included in the Group's 2005 annual report.

董事會欣然提呈富邦銀行(香港)有限公司(「本銀行」)及各附屬公司(統稱「本集團」)截至二零零六年六月三十日止之六個月之未經審核中期綜合財務報告。

遵守監管政策手冊內「本地註冊認可機構披露中期財務資料」所載的指引

載於第17至65頁之未經審核中期財務報告連同載於第66至90頁之未經審核補充財務資料在所有重大方面亦已遵守香港金融管理局(「金管局」)頒佈之監管政策手冊內「本地註冊認可機構披露中期財務資料」的指引。

遵守企業管治常規守則

本銀行致力實行高水準企業管治，一直遵守金管局於二零零一年九月頒佈的監管政策手冊(CG-1)的其中章節「本地註冊認可機構的企業管治」。本銀行亦採取步驟確保遵守香港聯合交易所有限公司(「聯交所」)證券上市規則附錄十四內之企業管治常規守則(「守則」)，該等步驟已載於本集團二零零五年年報企業管治報告內。

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There were three exceptions mentioned in the Corporate Governance Report and the Bank has taken the following steps thereafter to address these exceptions:

- (1) The Articles of Association (“Articles”) of the Bank provide that the Managing Director is excluded from retirement by rotation. In compliance with the Code provision that every Director should be subject to retirement by rotation, the Bank thereafter proposed to its shareholders at the 2006 Annual General Meeting to amend the Articles accordingly. The proposed amendment was passed at the Annual General Meeting on 28 April 2006.
- (2) The Code provision requires that Directors must comply with the obligations set out in the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) in Appendix 10 of the Listing Rules. Upon appointment, a Director was not aware that his spouse had, before his appointment, purchased 100,000 issued shares of the Bank in March 2004 and therefore failed to make the required notification to the Bank under the Model Code in respect of said issued shares. The Director only became aware of his spouse’s ownership of the shares in January 2006 and he then notified the Bank accordingly.

After the Director’s spouse disposed of the 100,000 issued shares of the Bank in the market, the Bank’s public float of 25% of its issued share capital was restored on 2 March 2006.

本銀行已就二零零五年年報內企業管治報告中所述之三項未能符合守則之事項採取了以下步驟：

- (1) 本銀行之組織章程細則(「章程細則」)規定，董事總經理無須輪值退任。為遵照守則條文有關每名董事均須輪值退任之規定，本銀行其後於二零零六年度之股東週年大會上向其股東建議作出相應修訂。該項修訂已於二零零六年四月二十八日舉行之股東週年大會上通過。
- (2) 守則條文規定董事必須遵守上市規則附錄十內上市發行人進行證券交易的標準守則(「標準守則」)所載的責任。有一名董事於獲委任時並不知悉其配偶於該董事獲委任前，曾於二零零四年三月購買本銀行100,000股已發行股份，故未能就上述已發行股份向本銀行作出所須通知。該名董事於二零零六年一月才知悉其配偶擁有本銀行股份，並已通知本銀行有關上述事宜。

於該名董事之配偶已在市場上出售該100,000股，本銀行之公眾持股量亦已於二零零六年三月二日回復至佔已發行股本25%之水平。

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(3) The Code provides that a majority of the members of the Remuneration Committee should be Independent Non-Executive Directors. The Remuneration Committee of the Bank during 2005 did not comply with the Code as it comprised a total of four members, two Non-Executive Directors and two Independent Non-Executive Directors.

In compliance with the Code, the Board approved the appointment of the remaining Independent Non-Executive Director to the Remuneration Committee in January 2006.

Save the abovementioned exceptions, the Bank has applied the principles and complied with the Code provisions throughout the period ended 30 June 2006 and to the fullest extent of the recommended best practices of the Code.

(3) 守則條文訂明，薪酬委員會之大部分成員須由獨立非執行董事擔任。於二零零五年，本銀行之薪酬委員會未能符合此項條文，原因是該委員會的四名成員為兩名非執行董事及兩名獨立非執行董事，而獨立非執行董事並非佔大多數。

為符合有關守則條文，董事會批准於二零零六年一月委任其餘一位獨立非執行董事加入薪酬委員會。

除上文所述者外，本銀行已於截至二零零六年六月三十日止整段期間內採用守則內所述之原則及遵守有關條文，並已盡力遵守守則建議之最佳指引。

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DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

The Directors and Chief Executive of the Bank who held office at 30 June 2006 had the following interests in the shares of its ultimate holding company, Fubon Financial Holding Co., Ltd. ("Fubon"), at that date as recorded in the register of Directors' and Chief Executive's interests and short positions required to be kept under section 352 of the Securities and Futures Ordinance:

董事及行政總裁於股份、相關股份及債券的權益和淡倉

於二零零六年六月三十日在任之本銀行董事及行政總裁根據證券及期貨條例第352條須存置的董事及行政總裁的權益及淡倉登記冊中，擁有其最終控股公司富邦金融控股股份有限公司（「富邦」）股份權益如下：

Name 姓名	Personal 個人	Family 家族	Corporate 法團	Ordinary shares in Fubon of NT\$1 each 富邦每股面值一元新台幣普通股股份		Percentage of total issued shares 佔全部發行 股權之百分比
				Total number of shares held 所持股份總數		
Ming-Chung (Daniel) Tsai 蔡明忠	229,536,304	29,963,166	1,782,797,232 ⁽¹⁾	2,042,296,702	25.32	
Ming-Hsing (Richard) Tsai 蔡明興	208,947,280	26,716,879	1,782,797,232 ⁽¹⁾	2,018,461,391	25.03	
Jin-Yi Lee 李晉頤	600,000 ⁽²⁾	-	-	600,000	0.01	
Jesse Ding 丁予康	2,031,531	-	-	2,031,531	0.03	
Victor Kung 龔天行	680,571	383	-	680,954	0.01	
Chang Ming-Yuen, Michael 張明遠	76,000 ⁽²⁾	-	-	76,000	0.00	
Fan Sheung Yam, Horace 范上欽	150,000 ⁽²⁾	-	-	150,000	0.00	

Notes:

附註：

- (1) 1,782,797,232 shares were held through corporations in which Mr. Ming-Chung (Daniel) Tsai, Mr Ming-Hsing (Richard) Tsai and other Tsai family members have beneficial interests.
- (2) The shares were acquired pursuant to Fubon's treasury shares programme which invited the Directors and certain senior management of the Group to acquire Fubon's shares at a discounted price.

- (1) 1,782,797,232股股份由多個法團持有，而蔡明忠先生、蔡明興先生及其他蔡氏家族成員於上述法團均享有受惠權益。
- (2) 該等股份是透過富邦庫存股份計劃所認購。該計劃邀請本集團董事及若干高級管理層成員以折讓價認購富邦股份。

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Apart from the foregoing, none of the Directors and Chief Executive of the Bank or any of their spouses or children under eighteen years of age has interests or short positions in the shares, underlying shares or debentures of the Bank, any of its holding company, subsidiaries or fellow subsidiaries, as recorded in the register required to be kept or as otherwise notified to the Bank pursuant to the Model Code.

The Bank has adopted the Model Code set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. The Bank has made specific enquiries of all Directors regarding any non-compliance with the Model Code during the period, and received confirmations from all Directors that, with the exception of the matter referred to in the non-compliance with the Code mentioned above, they have fully complied with the required standards set out in the Model Code.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30 June 2006, the register of substantial shareholders showed that the Bank had been notified of the following interests, being 5% or more of the Bank's issued capital.

除上述者外，本銀行董事及行政總裁或彼等配偶或任何十八歲以下子女，概無持有本銀行、其任何控股公司、附屬公司或同系附屬公司的股份、相關股份或債券中擁有須根據標準守則存置登記冊中或須知會本銀行的權益或淡倉。

年內本銀行已採納上市規則附錄十所載之上市發行人董事進行證券交易之標準守則。本銀行已向所有董事作出有關任何違反標準守則之特定查詢，除上述未遵守守則之事項外，彼等確認已完全遵守標準守則所載之規定。

主要股東及其他人士

於二零零六年六月三十日，本銀行已從主要股東登記冊內獲悉下列人士擁有本銀行已發行股本5%或以上的權益。

		Percentage of total shareholding 佔總控股權 百分比
	Ordinary shares of HK\$1 each 每股面值一港元 普通股份	
Fubon Financial Holding Co., Ltd.	富邦金融控股股份有 限公司	879,120,000 75

INTERIM FINANCIAL REPORT 中期財務報告

DIRECTORS

The Directors in office during the six months ended 30 June 2006 and at the date of this report were:

Executive Directors

Jin-Yi Lee

(Managing Director and Chief Executive Officer)

Chang Ming-Yuen, Michael

(appointed on 28 April 2006)

James Yip

(appointed on 1 July 2006)

Fan Sheung Yam, Horace

(resigned on 1 July 2006)

Non-Executive Directors

Ming-Hsing (Richard) Tsai (Chairman)

Ming-Chung (Daniel) Tsai (Vice Chairman)

Victor Kung

Jesse Ding

Wing-Fai Ng

(resigned on 28 April 2006)

Independent Non-Executive Directors

Robert James Kenrick

Moses Tsang

Hung Shih

PURCHASE, SALE OR REDEMPTION OF THE BANK'S LISTED SHARES

The Bank has not redeemed any of its listed shares during the six months ended 30 June 2006. Neither the Bank nor any of its subsidiaries has purchased or sold any of the Bank's shares during the period.

董事

於截至二零零六年六月三十日止六個月期間及本報告日期之在任董事為：

執行董事

李晉頤

(董事總經理兼行政總裁)

張明遠

(於二零零六年四月二十八日委任)

葉強華

(於二零零六年七月一日委任)

范上欽

(於二零零六年七月一日辭任)

非執行董事

蔡明興(主席)

蔡明忠(副主席)

龔天行

丁予康

吳榮輝

(於二零零六年四月二十八日辭任)

獨立非執行董事

甘禮傑

曾國泰

石宏

購入、出售或贖回本銀行之上市 股份

本銀行於截至二零零六年六月三十日止六個月期內並無贖回其任何上市股份。本銀行或其附屬公司於期內亦無購買或出售本銀行之股份。

INDEPENDENT REVIEW REPORT 獨立審閱報告



**INDEPENDENT REVIEW REPORT
TO THE BOARD OF DIRECTORS OF
FUBON BANK (HONG KONG) LIMITED**
(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have been instructed by the Bank to review the interim financial report set out on pages 17 to 65.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants. The interim financial report is the responsibility of, and has been approved by, the Directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

獨立審閱報告
致富邦銀行(香港)有限公司
董事局
(於香港註冊成立的有限公司)

緒言

吾等已按 貴銀行指示審閱第17至65頁所載之中期財務報告。

董事與核數師的責任

香港聯合交易所有限公司證券上市規則規定上市公司之中期財務報告的編製必須按照上市規則之有關條款以及香港會計師公會頒佈之香港會計準則第34號「中期財務報告」。董事須就中期財務報告負責，並已作出批核。

我們的責任是根據我們審閱工作的結果，對中期財務報告提出獨立結論，並按照我們雙方所協定的應聘條款，僅向整體董事會報告。除此以外，我們的報告書不可用作其他用途。我們概不就本報告書的內容，對任何其他人士負責或承擔法律責任。

INDEPENDENT REVIEW REPORT 獨立審閱報告

REVIEW WORK PERFORMED

We conducted our review in accordance with Statement of Auditing Standards 700 “*Engagements to review interim financial reports*” issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of the Group’s management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

REVIEW CONCLUSION

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2006.

KPMG

Certified Public Accountants

Hong Kong, 8 August 2006

已執行之審閱工作

吾等已根據香港會計師公會頒佈之核數準則第700號「*審閱中期財務報告的聘任*」而進行審閱工作。審閱主要包括對集團管理層作出垂詢，並就中期財務報告進行分析程序，並評估（除另行披露外）中期財務報告是否已貫徹應用會計政策及呈列方式。審閱不包括例如監控測試以及核實資產、負債及交易等之審核程序。審閱較審核範圍明顯較細，因此，所提供之保證亦較審核為低。故此，吾等並未對中期財務報告發表任何審核意見。

審閱結論

鑑於吾等之審閱並不構成審核，吾等並不察覺截至二零零六年六月三十日止六個月之中期財務報告需要作出任何重大的修訂。

畢馬威會計師事務所

執業會計師

香港，二零零六年八月八日

CONSOLIDATED INCOME STATEMENT (UNAUDITED) 綜合收益表 (未經審核)

For the six months ended 30 June 2006 截至二零零六年六月三十日止之六個月

			For the six months ended	
			30 June 2006	30 June 2005
			截至 二零零六年 六月三十日 之六個月 HK\$'000 千港元	截至 二零零五年 六月三十日 之六個月 HK\$'000 千港元 (restated) (重列)
		Note 附註		
Interest income	利息收入	4	1,179,433	624,885
Interest expense	利息支出	4	(860,071)	(359,620)
Net interest income	淨利息收入		319,362	265,265
Other operating income	其他營運收入	5	207,837	151,172
Operating income	營運收入		527,199	416,437
Operating expenses	營運支出	6	(315,031)	(284,188)
Operating profit before gains and impairment losses	收益及減值虧損前經營溢利		212,168	132,249
Gains/(losses) from disposals of available-for-sale securities	出售可供出售證券之收益/(虧損)	7	19,878	(7,638)
(Charge)/write back of impairment losses on advances to customers and provisions	客戶貸款之減值虧損之(扣除)/撥回及撥備	8	(79,339)	3,001
(Charge)/reversal of impairment losses on investments and assets acquired under lending agreements	投資及根據貸款協議所得資產減值虧損之(扣除)/回撥		(105)	5,319
Profit before taxation	除稅前溢利		152,602	132,931
Taxation	稅項	9	(27,202)	(19,109)
Profit attributable to shareholders	股東應佔溢利		125,400	113,822
Interim dividend of 6.00 Hong Kong cents per share proposed after the balance sheet date (2005: 6.00 Hong Kong cents)	於結算日後建議派付之中期股息每股6.00港仙(二零零五年: 6.00港仙)		(70,330)	(70,330)
Earnings per share (Hong Kong cents)	每股盈利(港仙)	10	10.70	9.71

The notes on pages 22 to 65 form part of this unaudited interim financial report.

載於第22頁至第65頁之賬目附註為本未經審核中期財務報告之一部分。

EXTRACTS FROM CONSOLIDATED BALANCE SHEET (UNAUDITED) 綜合資產負債表概要 (未經審核)

As at 30 June 2006 於二零零六年六月三十日

			As at 30 June 2006 二零零六年 六月三十日 HK\$'000 千港元	As at 31 December 2005 二零零五年 十二月三十一日 HK\$'000 千港元
ASSETS	資產			
Cash and short term funds	現金及短期資金	12	5,658,234	10,157,048
Placements with banks maturing between one and twelve months	一至十二個月到 期之銀行 同業放款		1,833,739	1,573,939
Trading securities	持作交易用途之證券	13	454,226	395,081
Other financial instruments designated as at fair value through profit or loss	按公平價值訂值納入 損益賬之其他 金融工具	14	624,605	646,707
Derivative financial instruments	衍生金融工具	15	426,799	330,364
Advances to customers less impairment	客戶貸款減減值	16	23,776,150	21,375,566
Accrued interest and other accounts	應計利息及 其他賬目	17, 24	865,412	643,764
Available-for-sale securities	可供出售證券	18	16,584,461	13,523,761
Investment in associated company	聯營公司投資	19	6,026	6,470
Fixed assets	固定資產	20	1,139,123	1,150,838
			51,368,775	49,803,538

EXTRACTS FROM CONSOLIDATED BALANCE SHEET (UNAUDITED) 綜合資產負債表概要 (未經審核)

As at 30 June 2006 於二零零六年六月三十日

			As at 30 June 2006 二零零六年 六月三十日	As at 31 December 2005 二零零五年 十二月三十一日
	Note 附註		HK\$'000 千港元	HK\$'000 千港元
LIABILITIES		負債		
Deposits and balances of banks and other financial institutions		銀行同業及其他金融機構之存款及結餘	909,647	1,195,791
Deposits from customers	21	客戶存款	30,491,998	32,543,110
Certificates of deposit issued		已發行存款證	3,283,038	3,805,341
Derivative financial instruments	15	衍生金融工具	353,442	355,114
Trading liabilities	22	交易賬項之負債	1,559,503	1,125,534
Other financial liabilities and accounts payable	23, 24	其他金融負債及應付款項	8,337,205	7,029,732
Floating rate notes issued	25	已發行浮息票據	1,165,080	0
Subordinated notes issued	26	已發行後償票據	1,533,385	0
			47,633,298	46,054,622
CAPITAL RESOURCES		資本來源		
Share capital		股本	1,172,160	1,172,160
Share premium		股份溢價	749,778	749,778
Reserves	27	儲備	1,813,539	1,826,978
Shareholders' funds		股東資金	3,735,477	3,748,916
			51,368,775	49,803,538

Approved and authorised for issue by the Board of Directors on 8 August 2006

於二零零六年八月八日由董事會批准且授權發佈。

The notes on pages 22 to 65 form part of this unaudited interim financial report.

載於第22頁至第65頁之賬目附註為本未經審核中期財務報告之一部分。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) 股本變動之綜合報告表(未經審核)

For the six months ended 30 June 2006 截至二零零六年六月三十日止之六個月

		For the six months ended	
		30 June 2006	30 June 2005
		截至 二零零六年 六月三十日 之六個月 HK\$'000 千港元	截至 二零零五年 六月三十日 之六個月 HK\$'000 千港元
	Note 附註		
Shareholders' equity at 1 January	於一月一日股東股本		
As previously reported	承前報告	3,748,916	3,702,772
Adjustment arising from changes in accounting policies	因會計政策變動之調整	0	49,462
As restated	已重列	3,748,916	3,752,234
Realisation of revaluation deficit/(surplus) of available-for-sale securities	可供出售證券之重估虧絀／(盈餘)變現 27	18,722	(8,523)
Net change in fair value of available-for-sale securities	可供出售證券淨公平價值變動 27	(30,723)	(79,926)
Deferred taxation in respect of available-for-sale securities	可供出售證券之遞延稅項 27	2,100	15,520
Net losses not recognised in the income statement	未在收益表內確認之虧損淨額	(9,901)	(72,929)
Net profit for the period	期內淨盈利	125,400	113,822
Dividend paid during the period	期內股息派發	(128,938)	(128,938)
Shareholders' equity	股東股本	3,735,477	3,664,189

The notes on pages 22 to 65 form part of this unaudited interim financial report.

載於第22頁至第65頁之賬目附註為本未經審核中期財務報告之一部分。

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED) 綜合現金流動表摘要 (未經審核)

For the six months ended 30 June 2006 截至二零零六年六月三十日止之六個月

		For the six months ended	
		30 June 2006	30 June 2005
		截至 二零零六年 六月三十日 之六個月 HK\$'000 千港元	截至 二零零五年 六月三十日 之六個月 HK\$'000 千港元
Net cash (outflow)/inflow from operating activities	營運活動之現金 (流出) / 流入淨額	(6,379,683)	4,809,372
Net cash generated from investing activities	投資活動產生之現金淨額	(19,965)	(28,951)
Net cash generated from/(used in) financing activities	融資活動產生 / (運用) 之現金淨額	2,534,279	(128,938)
(Decrease)/increase in cash and cash equivalents	現金及等同現金項目之(減少) / 增加	(3,865,369)	4,651,483
Cash and cash equivalents at 1 January	於一月一日之現金及等同現金項目	10,106,918	9,186,328
Cash and cash equivalents at 30 June	於六月三十日之現金及等同現金項目	6,241,549	13,837,811
Analysis of cash and cash equivalents	現金及等同現金項目之分析		
Cash on hand and at banks	現金及銀行同業結餘	380,121	515,349
Money at call and short notice	通知及短期存款	4,602,366	11,055,336
Treasury bills with original maturity within three months	原定到期期限為三個月之國庫券	895,321	1,878,583
Placements with banks maturing between one and twelve months, which mature within three months from acquisition date	一至十二個月到期之銀行同業放款 (自獲得之日起三個月到期)	363,741	388,543
		6,241,549	13,837,811

The notes on pages 22 to 65 form part of this unaudited interim financial report.

載於第22頁至第65頁之賬目附註為本未經審核中期財務報告之一部分。

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

1. ACTIVITIES AND CORPORATE AFFILIATION

The Bank, through its branches and subsidiaries, provides a range of banking, financial and related services.

The Directors consider the Group's ultimate holding company at 30 June 2006 to be Fubon Financial Holding Co., Ltd. ("Fubon") which is incorporated in the Republic of China and operates as a financial conglomerate.

2. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and in compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issuance on 8 August 2006.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2005 annual financial statements, except for the accounting policy changes and the adoption of new accounting policies that are expected to be reflected in the 2006 annual financial statements. Details of these changes are set out in note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies to and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

業務及公司附屬集團

本銀行透過其分行及附屬公司提供一系列銀行、金融及相關服務。

董事會認為，本集團於二零零六年六月三十日的最終控股公司為富邦金融控股股份有限公司（「富邦」）。該公司於中華民國註冊成立，為一家金融企業集團。

報告之編製基準

本財務報告乃根據香港聯合交易所有限公司證券上市規則的適用披露規定及香港會計師公會頒佈的香港會計準則第34號「中期財務報告」而編製，並於二零零六年八月八日獲授權刊發。

於編製本中期財務報告時，除採納若干預計將於二零零六年度財務報告中反映的新會計政策變動外，本中期財務報告已應用與二零零五年度賬目內所採納之相同會計政策。此等變動詳情已載列於附註3。

按照香港會計準則第34號編製的財務報告需要管理層作出決定、估計及假設，該等決定、估計及假設影響會計政策的應用，以及按本歷年截至報告日期為止呈報之資產及負債、收入及支出之金額。實際結果有可能會與估計出現差異。

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

2. BASIS OF PREPARATION (continued)

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2005 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Statement of Auditing Standards 700, "Engagements to review interim financial reports", issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 15.

The financial information relating to the financial year ended 31 December 2005 that is included in the interim financial report as being previously reported information does not constitute the Bank's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2005 are available from the Bank's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 1 March 2006.

報告之編製基準 (續)

本中期財務報告包括簡明綜合財務報告及部份說明性附註。附註所載的解釋，有助於了解自本集團編制二零零五年年度財務報告以來，對財務狀況和業績表現方面的變動構成重要影響的事件和交易。上述簡明綜合中期財務報告及部份說明性附註並未包括根據香港財務報告準則而編製之全份財務報告之所有資料。

此中期財務報告為未經審核，惟畢馬威會計師事務所已根據香港會計師公會頒佈核數準則第700號「審閱中期財務報告的聘任」而進行審閱。畢馬威會計師事務所向董事會提供之獨立審閱報告載於第15頁。

本中期財務報告內所載有關截至二零零五年十二月三十一日止財政年度之財務資料並不構成本銀行於該財政年度之法定財務報告，惟乃源自該等財務報告。截至二零零五年十二月三十一日止年度之法定財務報告可於本銀行之註冊辦事處索取。核數師已於二零零六年三月一日就該等財務報告發表無保留意見。

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

未經審核中期財務報告附註

3. CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING POLICIES ADOPTED

The HKICPA has issued a number of amendments of the Hong Kong Financial Reporting Standards (“HKFRSs”, which term collectively includes Hong Kong Accounting Standards “HKASs” and Interpretations) that are effective or available for early adoption for accounting periods beginning on or after 1 January 2006. The Board of Directors has determined the accounting policies expected to be adopted in the preparation of the Group’s annual financial statements for the year ending 31 December 2006, on the basis of HKFRSs currently in issue.

The HKFRSs that will be effective or are available for voluntary early adoption in the annual financial statements for the year ending 31 December 2006 may be affected by the issue of additional interpretation(s) or other changes announced by the HKICPA subsequent to the date of issuance of this interim report. Therefore the policies that will be applied in the Group’s financial statements for that period cannot be determined with certainty at the date of issuance of this interim financial report.

The changes in the Group’s accounting policies resulting from the adoption of new HKFRSs are attributable to the adoption of the amendments to HKAS 39, “Financial instruments: Recognition and measurement”, amendments to HKAS 19, “Employee benefits - Actuarial Gains and Losses, Group Plans and Disclosures” and various amendments to HKAS 1 “Presentation of financial statements” and HKAS 27 “Consolidated and separate financial statements” as a result of the amendments of the Hong Kong Companies (Amendment) Ordinance 2005. The adoption of these amendments has no material effect on this interim financial report.

會計政策變動及採納新會計政策

香港會計師公會已頒佈多項對香港財務報告準則（「香港財務報告準則」，此統稱包括香港會計準則（「香港會計準則」）及有關詮釋）作出之修訂，該等準則於二零零六年一月一日或以後的會計期間起生效或可被提早採用。董事會決定本集團將根據已發佈之香港財務報告準則，以此制定有關會計政策，而該等會計政策將預期於編製截至二零零六年十二月三十一日止年度財務報告時被採納。

可被提早採納或將生效之香港財務報告準則，對於編製截至二零零六年十二月三十一日止年度之財務報告採納之香港財務報告準則而言，或會受香港會計師公會於本中期報告刊發日期後發佈之附加詮釋或由該會宣佈之其他變動所影響。因此，於本中期財務報告刊發日期，本集團尚未能完全確定為編製本年度財務報告所須採納之會計政策。

由於採納香港財務報告準則之多項修訂而導致本集團會計政策變動，該等修訂包括香港會計準則第39號「金融工具：確認與計量」之修訂、香港會計準則第19號「僱員福利－精算盈虧、集團計劃及披露」之修訂，以及香港會計準則第1號「財務報告之呈列」及由於根據二零零五年香港公司（修訂）條例作出之修訂而引致香港會計準則第27號「綜合及獨立之財務報告」之多項修訂。採用此等修訂對本中期業績報告並無重大影響。

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

3. CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING POLICIES ADOPTED

(continued)

In addition, the Group has adopted fair value hedge accounting to account for the subordinated notes issued (the hedged item) and the interest rate swap (the hedging instrument) entered into during this accounting period to hedge the designated interest rate risk arising from the subordinated notes. The Group has not applied hedge accounting to the financial instruments held or issued in previous year.

Hedge accounting

Hedge accounting recognises the offsetting effects on profit or loss of changes in the fair values of the hedging instruments and the hedged items. The Group assesses and documents whether the financial instruments that are used in hedging transactions are highly effective in offsetting changes in fair values of hedged items attributable to the hedged risks both at the hedge inception and on an ongoing basis. The Group discontinues prospectively hedge accounting when (a) the hedging instrument expires or is sold, terminated or exercised; (b) the hedge no longer meets the criteria for hedge accounting; or (c) the Group revokes the designation.

A fair value hedge seeks to offset risks of changes in the fair value of the recognised assets and liabilities that will give rise to a gain or loss being recognised in the income statement.

The hedging instruments are measured at fair value, with fair value changes recognised in the income statement. The carrying amounts of the hedged items are adjusted by the amount of the changes in fair value of the hedging instrument attributable to the risk being hedged. These adjustments are recognised in the income statement to offset the effect of gain or loss in the hedging instruments.

會計政策變動及採納新會計政策 (續)

此外，本集團採用公平價值對沖會計法呈列本會計期間已發行之後償票據（被對沖項目）及期內訂立以對沖來自後償票據之指定利率風險之掉期利率協議（對沖工具）。本集團並無就上年度持有或發行之金融工具採用對沖會計法。

對沖會計

對沖會計法確認對沖工具及被對沖項目因各自公平價值變動所產生之溢利或虧損之抵銷效應。本集團評估對沖交易中採用之對沖工具是否能高度有效地抵銷對沖項目因應指定利率風險所引致之公平價值變動，並將有關評估記錄於對沖交易開始時及於日後繼續評估。當有下列情況發生時，本集團終止對沖會計處理(a)對沖工具過期或已售出、終止或已獲行使；(b)對沖不能符合對沖會計處理標準；或(c)本集團撤銷該認定。

公平價值對沖目的是為抵銷已確認資產及負債公平價值變動（該等變動將導致在收益表內確認損益）。

對沖工具按公平價值列賬，公平價值變動於收益表內確認。對沖項目之賬面值按所對沖之風險所導致該對沖工具公平價值變動之金額作出調整。此等調整在收益表內確認，以抵銷對沖工具所產生之損益之影響。

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

3. CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING POLICIES ADOPTED

(continued)

Hedge accounting (continued)

In order to qualify for hedge accounting, the Group carries out prospective effectiveness testing to demonstrate that it expects the hedge to be highly effective at the inception of the hedge and throughout its life. Actual effectiveness (retrospective effectiveness) is also demonstrated on an ongoing basis.

The documentation of each hedging relationship sets out how the effectiveness of the hedge is assessed. For fair value hedge relationship, the Group utilises the cumulative dollar offset method as effectiveness testing methodology. For prospective effectiveness, the hedging instruments must be expected to be highly effective in achieving offsetting changes in fair value attributable to the hedged risk during the period for which the hedge is designated. For actual effectiveness, the changes in fair value must offset each other in the range of 80 per cent to 125 per cent for the hedge to be deemed effective.

The adoption of fair value hedge accounting has resulted in a revaluation gain of HK\$20,055,000 from the subordinated notes attributable to the designated interest rate risk being offset against the revaluation loss from the interest rate swap of HK\$19,853,000 recognised in the income statement as required under HKAS 39.

In addition, an amount of HK\$20,055,000 was adjusted to the carrying amount of the subordinated notes as of 30 June 2006 as a result of the fair value hedge accounting.

會計政策變動及採納新會計政策 (續)

對沖會計 (續)

為符合對沖會計法，於初始訂立對沖關係時及於其整段年內本集團進行預計有效性評估測試，以證明該項對沖交易能高度有效地發揮預期對沖功能。本集團亦定期對該等對沖關係之實際有效性進行追溯有效性測試。

每項對沖關係均備有詳細文件載列該項對沖關係有效性之評估。就公平價值對沖關係而言，本集團使用累計價值抵銷法作為測試有效性之方法。就預計有效性而言，對沖工具必須在劃定對沖期間內預計能高度有效地抵銷對沖風險之公平價值之變動。就實際有效性而言，公平價值之實際變動抵銷額須在百分之八十至百分之一百二十五範圍才被視為有效。

來自因採用公平價值對沖會計法於後償票據之指定利率風險之重估收益為20,055,000港元，該等收益用於抵銷根據香港會計準則第39號而於收益表內確認之掉期利率協議之重估虧損為19,853,000港元。

此外，由於採用公平價值對沖會計法，於二零零六年六月三十日後償票據之賬面值已作出20,055,000港元之調整。

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

4. INTEREST INCOME AND EXPENSE

利息收入及支出

		Six months ended	
		30 June 2006	30 June 2005
		截至	截至
		二零零六年	二零零五年
		六月三十日	六月三十日
		之六個月	之六個月
		HK\$'000	HK\$'000
		千港元	千港元
(a) Interest income	利息收入		
Listed investments	上市投資	52,297	35,457
Other	其他	1,082,491	568,772
Interest income on financial assets that are not at fair value through profit or loss	非按公平價值訂值 納入損益賬之金融 資產之利息收入	1,134,788	604,229
Interest income on trading assets	交易賬項下資產之 利息收入		
– listed investments	– 上市投資	44	1,247
– unlisted investments	– 非上市投資	28,361	8,413
Interest income on financial assets designated at fair value through profit or loss	按公平價值訂值納入 損益賬之金融資產 之利息收入	16,240	10,996
		1,179,433	624,885

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

4. INTEREST INCOME AND EXPENSE (continued)

利息收入及支出 (續)

		Six months ended	
		30 June 2006	30 June 2005
		截至 二零零六年 六月三十日 之六個月 HK\$'000 千港元	截至 二零零五年 六月三十日 之六個月 HK\$'000 千港元
(b) Interest expense	利息支出		
Deposits from customers, banks and other financial institutions and certificates of deposit issued	客戶、銀行同業及其他金融機構之存款及已發行存款證	674,983	299,410
Other financial liabilities	其他金融負債	133,535	44,409
Interest expense on financial liabilities that are not at fair value through profit or loss	非按公平價值訂值納入損益賬之金融負債之利息支出	808,518	343,819
Interest expense on trading liabilities	交易賬項下負債之利息支出	51,553	15,801
		860,071	359,620

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

5. OTHER OPERATING INCOME

其他營運收入

		Six months ended	
		30 June 2006	30 June 2005
		截至 二零零六年 六月三十日 之六個月 HK\$'000 千港元	截至 二零零五年 六月三十日 之六個月 HK\$'000 千港元 (restated) (重列)
Note 附註			
	Fees and commission income	109,572	69,358
	Less: Fees and commission expense	(20,305)	(10,246)
	Net fees and commission income	89,267	59,112
	Dividend income from listed available-for-sale securities	2,534	50
	Dividend income from unlisted available-for-sale securities	8,992	6,565
	Gains less losses from dealing in foreign currencies	15,225	10,667
	Gains less losses from dealing in trading securities	(2,003)	(10,447)
	Gains less losses from other dealing activities	87,358	28,927
	Gains less losses from short selling activities	896	9,887
	Gains less losses from other financial liabilities	23(a) (4,752)	36,669
	Revaluation loss on other financial instruments designated at fair value through profit or loss	(22,102)	(2,877)
	Revaluation gain on derivative financial instruments	21,796	2,218
	Revaluation gain on hedged items attributable to the hedged risk	20,055	0
	Revaluation loss on hedging instrument	(19,853)	0
	Rental income	679	1,929
	Others	9,745	8,472
		207,837	151,172

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

6. OPERATING EXPENSES

營運支出

		Six months ended	
		30 June 2006	30 June 2005
		截至	截至
		二零零六年	二零零五年
		六月三十日	六月三十日
		之六個月	之六個月
		HK\$'000	HK\$'000
		千港元	千港元
Salaries and other staff costs	薪金及其他僱員成本	168,833	129,268
Premises and other fixed assets	房地產及其他固定資產		
Rental of premises	房地產租金	12,940	13,161
Depreciation	折舊	32,327	31,778
Others	其他	7,742	7,383
Auditors' remuneration	核數師酬金	770	641
Other operating expenses	其他營運支出		
Business promotion	業務推廣	16,796	28,972
Legal and professional fees	法律顧問費用	10,965	9,961
Communication	通訊	10,918	9,874
Electronic data processing and computer systems	電子資料處理及電腦系統	32,669	31,187
Others	其他	21,071	21,963
		315,031	284,188

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

7. GAINS/(LOSSES) FROM DISPOSAL OF AVAILABLE-FOR-SALE SECURITIES

出售可供出售證券之收益／(虧損)

		Six months ended	
		30 June 2006	30 June 2005
		截至	截至
		二零零六年	二零零五年
		六月三十日	六月三十日
		之六個月	之六個月
		HK\$'000	HK\$'000
		千港元	千港元
Realisation of revaluation (deficit)/surplus previously recognised in revaluation reserve (Note 27)	過往於重估儲備內確認之重估(虧絀)／盈餘變現(附註27)	(18,722)	8,523
Net gain/(loss) arising in current period	期內淨收益／(虧損)	38,600	(16,161)
		19,878	(7,638)

8. (CHARGE)/ WRITE BACK OF IMPAIRMENT LOSSES ON ADVANCES TO CUSTOMERS AND PROVISIONS

客戶貸款之減值虧損之(扣除)／撥回及撥備

		Six months ended	
		30 June 2006	30 June 2005
		截至	截至
		二零零六年	二零零五年
		六月三十日	六月三十日
		之六個月	之六個月
		HK\$'000	HK\$'000
		千港元	千港元
Impairment losses (charged)/ released on advances to customers (Note 16(a))	已(扣除)／撥回之客戶貸款減值虧損(附註16(a))		
– Additions	– 增加	(81,714)	(33,461)
– Releases	– 撥回	18,030	36,462
Provision for loss from obligation under standby credit facility (Note 23)	備用信貸承擔虧損撥備(附註23)	(15,655)	0
		(79,339)	3,001

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

9. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

綜合收益表內的所得稅

		Six months ended	
		30 June 2006	30 June 2005
		截至	截至
		二零零六年	二零零五年
		六月三十日	六月三十日
		之六個月	之六個月
		HK\$'000	HK\$'000
		千港元	千港元
Current tax – Hong Kong Profits Tax	即期稅項 – 香港利得稅準備		
Tax for the period	期內稅項	32,343	17,589
– Under-provision in respect of prior years	– 過往年度準備不足	154	0
		32,497	17,589
Deferred tax	遞延稅項		
– Origination and reversal of temporary differences (Note 24(b))	– 暫時性差異產生及撥回 (附註24(b))	(5,295)	1,520
Total income tax expense	所得稅支出總額	27,202	19,109

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

9. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (continued)

綜合收益表內的所得稅 (續)

Reconciliation between tax expense and accounting profit at applicable tax rates

稅項支出與適用應課稅率計算之會計溢利間之對賬

		Six months ended	
		30 June 2006	30 June 2005
		截至	截至
		二零零六年	二零零五年
		六月三十日	六月三十日
		之六個月	之六個月
		HK\$'000	HK\$'000
		千港元	千港元
Profit before taxation	除稅前溢利	152,602	132,931
Notional tax on profit before taxation, calculated at the applicable rates in Hong Kong	除稅前溢利之估計稅項，以香港適用之應課稅率計算	26,705	23,263
Tax effect of non-taxable revenue	非應課稅項收入之稅項影響	(2,659)	(5,235)
Tax effect of non-deductible expenses	非可扣減支出之稅項影響	3,002	1,081
Under-provision in prior years	過往年度準備不足	154	0
Actual tax expense	實質稅項支出	27,202	19,109

The provision for Hong Kong Profits Tax for 2006 is calculated at 17.5% (2005: 17.5%) of the estimated assessable profits for the six months ended 30 June 2006.

香港二零零六年利得稅撥備乃根據截至二零零六年六月三十日止六個月之估計應課稅溢利按17.5%之稅率(二零零五年: 17.5%)計算。

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

10. EARNINGS PER SHARE

Earnings per share is calculated on profit attributable to shareholders of HK\$125,400,000 (2005: HK\$113,822,000) and on 1,172,160,000 (2005: 1,172,160,000) ordinary shares in issue during the period. There are no convertible loan capital, options or warrants outstanding which would cause a dilution effect on earnings per share.

11. SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because substantially all of the Group's business is attributable to a single geographical segment, Hong Kong.

The Bank and its subsidiaries are principally engaged in the provision of banking and related financial services.

Retail Banking mainly comprises the Consumer Banking and the Retail Distribution Network businesses. Consumer Banking comprises credit card merchant acquiring, provision of credit card advances, insurance and unit trust businesses. Retail Distribution Network business mainly comprises private banking, deposit account services, residential mortgage and other consumer lending.

Wholesale Banking comprises the Small and Medium Enterprise businesses and the Corporate Banking Business. Small and Medium Enterprise businesses include both personal and corporate equipment financing, commercial lending to small and medium enterprises, automobile and other consumer leasing contracts and lending activities. Corporate Banking business covers trade financing, syndicated loans and other corporate lending.

每股盈利

每股盈利乃按期內股東應佔溢利125,400,000港元(二零零五年: 113,822,000港元)及於期內已發行普通股股份1,172,160,000股(二零零五年: 1,172,160,000股)計算。概無任何可兌換之資本貸款、期權或可兌換認股證以致對每股盈利構成攤薄之影響。

分項資料

分項資料乃根據本集團的業務及區域分類編製。由於本集團之全部業務大體上集中在香港單一區域內，業務分項被揀選為基本報告形式。

本銀行及其附屬公司之主要業務為銀行經營及有關之財務服務。

零售銀行業務主要包括零售消費銀行業務及零售分銷網絡業務。零售消費銀行業務包括信用卡商戶服務、信用卡信貸服務、保險及單位信託業務。零售分銷網絡業務主要包括私人銀行業務、存款戶口服務、住宅按揭及其他消費信貸。

批發銀行業務包括中小企業務及企業銀行業務。中小企業務包括私人及企業設備借貸、中小企業借貸、汽車及其他消費租賃合約及借貸業務。企業銀行業務涵蓋貿易融資、銀團貸款及其他企業借貸。

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

11. SEGMENT REPORTING (continued)

Financial Markets mainly provides securities brokerage, foreign exchange services and centralized cash management for deposit taking and lending, management of trading securities, execution of management's investment strategies in money market investment instruments and the overall funding of the Group.

Real Estate is responsible for the management and orderly realization of the Group's repossessed properties and properties acquired under lending agreements.

Unallocated items mainly comprise the central management unit, management of investments in securities, premises and property management and other activities which cannot be reasonably allocated to specific business segments.

分項資料 (續)

金融市場業務主要包括證券買賣、外匯交易服務及存款和借貸的中央現金管理、證券交易活動管理，按管理層投資策略在貨幣市場進行投資與及本集團的整體資金管理。

物業管理業務包括管理及出售本集團收回及根據貸款協議所得的物業。

其他未被分配的項目主要包括中央管理單位，證券投資管理，房地產及物業管理及其他未能合適地分配於特定業務的分項。

Six months ended

30 June 2006 截至 二零零六年 六月三十日 之六個月 HK\$'000 千港元	30 June 2005 截至 二零零五年 六月三十日 之六個月 HK\$'000 千港元 (restated) (重列)
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(a) Operating Income

Retail Banking
Wholesale Banking
Financial Markets
Real Estate
Unallocated*

營運收入

零售銀行
批發銀行
金融市場
物業管理
未分類項目*

221,886	248,467
157,897	115,113
154,350	46,334
(1,534)	(1,404)
(5,400)	7,927
527,199	416,437

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

未經審核中期財務報告附註

11. SEGMENT REPORTING (continued)

分項資料 (續)

		Six months ended	
		30 June 2006	30 June 2005
		截至	截至
		二零零六年	二零零五年
		六月三十日	六月三十日
		之六個月	之六個月
		HK\$'000	HK\$'000
		千港元	千港元
(b) Profit before taxation	除稅前溢利		
Retail Banking	零售銀行	37,249	89,244
Wholesale Banking	批發銀行	19,121	57,362
Financial Markets	金融市場	121,302	4,131
Real Estate	物業管理	(2,589)	12,918
Unallocated*	未分類項目*	(22,481)	(30,724)
		152,602	132,931

* Unallocated items mainly comprise interest income derived from shareholders' funds not used by the business segments, staff housing loans and the related interest income and funding costs, staff deposits and the related interest expenses and the head office premises, furniture, fixtures and equipment and the related depreciation.

* 未分類項目主要包涵未被各業務所使用之股東資金所產生之利息收入、員工按揭貸款及有關利息收入及資金開支、員工存款和有關利息支出，與及總辦事處物業使用、傢俬、裝置及設備和有關之折舊。

Geographical segments

The geographical segmental analysis is based on the locations of the principal operations of the subsidiaries or on the location of the branches of the Bank responsible for reporting the results or booking the assets, the location of customers and the location of assets. For the period ended 30 June 2006 and 2005, all of the Group's operating income and profit before taxation were generated by assets booked by the principal operations of the branches and subsidiaries of the Bank located in Hong Kong. More than 90% of assets were either located in Hong Kong or were extended to companies and individuals domiciled in Hong Kong. The balance of the assets were extended to companies and individuals domiciled outside Hong Kong, mainly in China.

區域分項

區域分項之資料分析是根據附屬公司之主要業務所在地點，或按負責報告業績或將資產入賬之本銀行分行位置、客戶位置及資產位置予以披露。於截至二零零六年及二零零五年六月三十日期間，本集團之所有營運收入及除稅前溢利均是從位於香港的本銀行附屬公司及分行入賬之資產所產生。本銀行多於90%的資產是位於香港或借給以香港為基地的公司及個人客戶，而剩餘的資產是借給位於香港以外(以中國為主)的公司及個人客戶。

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

12 CASH AND SHORT TERM FUNDS

現金及短期資金

		As at	
		30 June 2006 二零零六年 六月三十日 HK\$'000 千港元	31 December 2005 二零零五年 十二月三十一日 HK\$'000 千港元
Cash in hand	現金	93,328	77,657
Balances with the Hong Kong Monetary Authority	香港金融管理局結餘	9,677	0
Balances with banks and other financial institutions	銀行同業及其他金融機構之結餘	277,116	264,564
Money at call and short notice*	通知及短期存款*	5,278,113	9,814,827
		5,658,234	10,157,048

* Money at call and short notice represents deposits of up to a maximum of one month maturity from the balance sheet date.

* 通知及短期存款指結算日起計最長一個月到期之存款。

13. TRADING SECURITIES

持作交易用途之證券

		As at	
		30 June 2006 二零零六年 六月三十日 HK\$'000 千港元	31 December 2005 二零零五年 十二月三十一日 HK\$'000 千港元
Trading securities at fair value	持作交易用途證券之公平價值		
Debt securities	債務證券		
– Listed in Hong Kong	– 於香港上市	4,180	3,482
– Unlisted	– 非上市	41,771	23,234
Treasury bills (including Exchange Fund Bills) – Unlisted	國庫券(包括外匯基金票據) – 非上市	408,275	368,365
Total	總值	454,226	395,081

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

13. TRADING SECURITIES (continued)

The trading securities are issued by:

Central governments and central banks	中央政府及中央銀行
Public sector entities	公營機構
Banks and other financial institutions	銀行及其他金融機構
Corporate entities	企業

持作交易用途之證券(續)

持作交易用途證券由以下機構發行：

		As at	
		30 June 2006 二零零六年 六月三十日 HK\$'000 千港元	31 December 2005 二零零五年 十二月三十一日 HK\$'000 千港元
		411,729	371,507
		15,163	23,234
		26,608	0
		726	340
		454,226	395,081

14. OTHER FINANCIAL INSTRUMENTS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

按公平價值訂值納入損益賬 之其他金融工具

Debt securities at fair value	按公平價值訂值之 債務證券
– Listed in Hong Kong	– 於香港上市
– Unlisted	– 非上市
Total	總值

		As at	
		30 June 2006 二零零六年 六月三十日 HK\$'000 千港元	31 December 2005 二零零五年 十二月三十一日 HK\$'000 千港元
		473,261	77,189
		151,344	569,518
		624,605	646,707

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14. OTHER FINANCIAL INSTRUMENTS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

The other financial instruments designated as at fair value through profit or loss are issued by:

Central governments and central banks	中央政府及中央銀行
Public sector entities	公營機構
Corporate entities	企業

按公平價值訂值納入損益賬 之其他金融工具 (續)

按公平價值訂值納入損益賬之其他金融工具由以下機構發行：

As at		30 June 2006 二零零六年 六月三十日 HK\$'000 千港元	31 December 2005 二零零五年 十二月三十一日 HK\$'000 千港元
		73,466	77,189
		473,261	488,075
		77,878	81,443
		624,605	646,707

15. DERIVATIVE FINANCIAL INSTRUMENTS

In accordance with HKAS 39, the Group recognises the aggregate fair values of derivative financial instruments on its balance sheet. The aggregate fair values of favourable derivative financial instruments, including embedded derivatives, are recognised as derivative financial assets whereas the aggregate fair values of unfavourable derivative financial instruments are recognised as derivative financial liabilities. The derivative financial instruments can become favourable assets or liabilities as a result of fluctuations in market rates relative to their terms. Changes in the fair value of these derivatives are recognised in the income statement.

衍生金融工具

根據香港會計準則第39號，本集團於其資產負債表中確認衍生金融工具之總公平價值。順差衍生金融工具，包括嵌入式衍生工具之總公平價值已確認為衍生金融資產；而逆差衍生金融工具之總公平價值已確認為衍生金融負債。因應市況波動對該衍生金融工具價值之影響，衍生金融工具可成為金融資產或負債。該等衍生工具公平價值的變動已於收益表中確認。

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

未經審核中期財務報告附註

15. DERIVATIVE FINANCIAL INSTRUMENTS

(continued)

衍生金融工具 (續)

(a) Fair values and notional amounts of derivative financial instruments

(a) 衍生金融工具之公平價值及名義金額

		Fair values 公平價值		
		Notional amount	Assets	Liabilities
		名義金額	資產	負債
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
30 June 2006				
二零零六年六月三十日				
i)	Foreign exchange derivatives			
	– Forward exchange contracts	3,519,866	99,274	(6,253)
	– Swaps	4,016,234	17,453	(16,784)
	– Options purchased	6,297,125	29,006	0
	– Options written	6,319,438	0	(29,360)
		20,152,663	145,733	(52,397)
ii)	Equity derivatives			
	– Options purchased	134,795	749	0
	– Options written	134,795	0	(749)
		269,590	749	(749)
iii)	Commodity derivatives			
	– Options purchased	54,370	2,472	0
	– Options written	54,370	0	(2,472)
		108,740	2,472	(2,472)
iv)	Interest rate derivatives			
	– Interest rate swaps	11,661,515	275,774	(295,901)
	– Forward rate agreements	2,000,000	104	(69)
	– Interest rate options purchased	395,350	1,967	0
	– Interest rate options written	200,000	0	(1,854)
		14,256,865	277,845	(297,824)
Total recognised derivative assets/ (liabilities) held	持有之已確認衍生 資產／(負債)總額		426,799	(353,442)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

未經審核中期財務報告附註

15. DERIVATIVE FINANCIAL INSTRUMENTS

(continued)

衍生金融工具 (續)

(a) Fair values and notional amounts of derivative financial instruments (continued)

(a) 衍生金融工具之公平價值及名義金額 (續)

		Notional amount	Fair values	
			Assets	Liabilities
31 December 2005		名義金額	資產	負債
二零零五年十二月三十一日		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
i)	Foreign exchange derivatives			
	– Forward exchange contracts	1,832,083	70,741	(69,960)
	– Swaps	2,105,394	1,069	(4,325)
	– Options purchased	1,517,021	17,454	0
	– Options written	1,515,243	0	(17,454)
		6,969,741	89,264	(91,739)
ii)	Equity derivatives			
	– Options purchased	149,103	1,414	0
	– Options written	149,103	0	(1,414)
		298,206	1,414	(1,414)
iii)	Interest rate derivatives			
	– Interest rate swaps	7,214,414	237,401	(260,455)
	– Interest rate options purchased	397,900	2,285	0
	– Interest rate options written	200,000	0	(1,506)
		7,812,314	239,686	(261,961)
Total recognised derivative assets/ (liabilities) held	持有之已確認衍生 資產/(負債)總額		330,364	(355,114)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

15. DERIVATIVE FINANCIAL INSTRUMENTS

(continued)

In accordance with HKAS 39, the aggregative fair value of favourable and unfavourable derivative financial instruments have been recognized as derivative financial assets and liabilities respectively, as disclosed in note (a). The following is a summary of the contractual amounts, credit risk-weighted amounts and replacement costs of these derivative financial instruments outstanding as of 31 December 2005 and 30 June 2006.

衍生金融工具 (續)

根據香港會計準則第39號，順差及逆差衍生金融工具之公平價值總額已如附註(a)所披露分別確認為本集團之衍生金融資產及負債。以下為於二零零五年十二月三十一日及二零零六年六月三十日此等尚未平倉之衍生金融工具之合約金額、信貸風險加權金額及重置成本之摘要。

		30 June 2006 二零零六年六月三十日		
		Contractual amounts	Credit risk weighted amounts	Replacement costs
		合約金額 HK\$'000 千港元	信貸風險 加權金額 HK\$'000 千港元	重置成本 HK\$'000 千港元
Exchange rate contracts	匯率合約			
- Forward exchange contracts	- 遠期匯率合約	3,519,866	9,545	99,274
- Swaps	- 掉期合約	3,815,901	8,700	17,453
- Options purchased	- 購入期權	6,297,125	48,437	29,007
- Options written	- 沽出期權	6,319,438	N/A	N/A
		19,952,330	66,682	145,734
Equity option contracts	股票期權合約			
- Options purchased	- 購入期權	134,795	1,414	749
- Options written	- 沽出期權	134,795	N/A	N/A
		269,590	1,414	749
Commodity option contracts	商品期權合約			
- Options purchased	- 購入期權	54,370	1,799	2,472
- Options written	- 沽出期權	54,370	N/A	N/A
		108,740	1,799	2,472
Interest rate contracts	利率合約			
- Interest rate swaps	- 利率掉期合約	10,640,436	41,864	131,149
- Forward rate agreements	- 遠期利率協議	2,000,000	21	104
- Interest rate options purchased	- 購入利率期權	200,000	571	1,854
- Interest rate options written	- 沽出利率期權	200,000	N/A	N/A
		13,040,436	42,456	133,107
Total	總值	33,371,096	112,351	282,062

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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15. DERIVATIVE FINANCIAL INSTRUMENTS

(continued)

衍生金融工具 (續)

		31 December 2005 二零零五年十二月三十一日		
		Credit risk		
		Contractual amounts	weighted amounts	Replacement costs
		合約金額	加權金額	重置成本
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Exchange rate contracts	匯率合約			
– Forward exchange contracts	– 遠期匯率合約	1,832,083	4,022	70,741
– Swaps	– 掉期合約	1,686,468	1,890	1,052
– Options purchased	– 購入期權	1,517,021	9,219	17,454
– Options written	– 沽出期權	1,515,243	N/A	N/A
		6,550,815	15,131	89,247
Equity option contracts	股票期權合約			
– Options purchased	– 購入期權	149,103	559	1,414
– Options written	– 沽出期權	149,103	N/A	N/A
		298,206	559	1,414
Interest rate contracts	利率合約			
– Interest rate swaps	– 掉期利率合約	5,154,846	32,488	119,736
– Interest rate options purchased	– 購入利率期權	200,000	501	1,506
– Interest rate options written	– 沽出利率期權	200,000	N/A	N/A
		5,554,846	32,989	121,242
Total	總值	12,403,867	48,679	211,903

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

15. DERIVATIVE FINANCIAL INSTRUMENTS

(continued)

Derivatives arise from forward, swap and option transactions undertaken by the Group in the foreign exchange, interest rate, commodity and equity markets. The contractual amounts of these instruments disclosed in this note indicate the volume of transactions outstanding as at 31 December 2005 and 30 June 2006; they do not represent amounts at risk.

The replacement costs and credit risk-weighted amounts of the off-balance sheet exposures disclosed in part (b) of this note do not take into account the effects of bilateral netting arrangements. They were assessed in accordance with the HKMA's guidelines which implement the Basle agreement on capital adequacy. Replacement cost represented the cost of replacing all contracts which have a positive value when marked to market. The credit risk-weighted amount refers to the amount as computed in accordance with the Third Schedule to the Hong Kong Banking Ordinance on capital adequacy and depends on the status of the counterparty and the maturity characteristics. The credit risk-weights used range from 0% to 100% for contingent liabilities and commitments, and from 0% to 50% for exchange rate, interest rate, commodity and equity option contracts.

衍生金融工具 (續)

衍生工具乃因本集團在外匯、利率、商品及股本市場進行遠期、掉期及期權交易而產生。本附註披露之該等工具合約金額顯示出於二零零五年十二月三十一日及二零零六年六月三十日之未付交易量，惟並不代表風險之金額。

於本附註第(b)部份披露之資產負債表以外項目之重置成本及信貸風險加權金額並無計及雙邊淨額結算安排之影響。該等數額乃根據已包容了巴塞爾協議內有關資本充足方面之金管局指引。重置成本乃指重置所有以市況計算會有正數值之合約成本。信貸風險加權金額乃指根據銀行業條例附表三所計算之金額及視乎交易對象及剩餘期限而進行評估。用於或然負債及承擔之信貸風險加權比率為0%至100%，而用於匯率、利率、商品及股票期權合約之有關比率則為0%至50%。

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

16. ADVANCES TO CUSTOMERS LESS IMPAIRMENT

客戶貸款減減值

		As at	
		30 June 2006	31 December 2005
		二零零六年 六月三十日	二零零五年 十二月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
Gross advances to customers	客戶貸款總額	23,998,482	21,544,382
Impairment allowances	減值撥備		
– Collective impairment allowance	– 綜合減值撥備	(99,239)	(76,115)
– Individual impairment allowance	– 個別減值撥備	(123,093)	(92,701)
		23,776,150	21,375,566

(a) Movement in impairment allowances on advances to customers

(a) 客戶貸款減值撥備變動

		Six months ended 30 June 2006	
		截至二零零六年六月三十日止六個月	
		Individual impairment allowance	Collective impairment allowance
		個別減值撥備	綜合減值撥備
		HK\$'000	HK\$'000
		千港元	千港元
At 1 January 2006	於二零零六年一月一日	92,701	76,115
Impairment allowances charged to income statement	減值撥備於收益表扣除	40,560	23,124
Amounts written off	撇賬金額	(20,529)	0
Recoveries of advances written off in previous years	承過去年度已撇賬貸款之收回	10,361	0
At 30 June 2006	於二零零六年六月三十日	123,093	99,239

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

16. ADVANCES TO CUSTOMERS LESS IMPAIRMENT (continued)

(b) Advances to customers analysed by industry sector

The following economic sector analysis is based on the categories and definitions used by the HKMA:

客戶貸款減減值 (續)

(b) 按行業分類的客戶貸款

以下經濟行業分析乃根據金管局使用的組別及定義：

		As at	
		30 June 2006	31 December 2005
		二零零六年	二零零五年
		六月三十日	十二月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
Gross advances for use in Hong Kong	在香港使用的貸款總額		
Industrial, commercial and financial	工商金融		
– Property development	– 物業發展	29,074	28,135
– Property investment	– 物業投資	3,868,418	3,963,801
– Financial concerns	– 金融企業	427,367	313,227
– Stockbrokers	– 股票經紀	131,692	159,616
– Wholesale and retail trade	– 批發及零售業	149,772	101,064
– Manufacturing	– 製造業	3,710,867	4,174,292
– Transport and transport equipment	– 運輸及運輸設備	795,030	684,127
– Others	– 其他	2,539,098	2,047,464
Individuals	個人		
– Loans for the purchase of flats in the Home Ownership Scheme and Private Sector Participation Scheme	– 購買「居者有其屋計劃」及「私人參建居屋計劃」樓宇的貸款	3,341	1,461
– Loans for the purchase of other residential properties	– 購買其他住宅物業的貸款	7,221,588	7,503,104
– Credit card advances	– 信用卡貸款	474,918	478,553
– Others	– 其他	1,017,612	952,404
		20,368,777	20,407,248
Trade finance	貿易融資	821,338	614,629
Gross advances for use outside Hong Kong	在香港以外使用的貸款總額	2,808,367	522,505
Gross advances to customers	客戶貸款總額	23,998,482	21,544,382

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

16. ADVANCES TO CUSTOMERS LESS IMPAIRMENT *(continued)*

客戶貸款減值 (續)

(c) Impaired advances to customers

(c) 客戶減值貸款

The impaired advances together with the aggregate amount of individual impairment allowances in respect of such advances are as follows:

減值貸款連同就該等貸款已撥出之個別減值撥備如下：

		As at			
		30 June 2006		31 December 2005	
		二零零六年		二零零五年	
		六月三十日		十二月三十一日	
		HK\$'000	%	HK\$'000	%
		千港元	百分比	千港元	百分比
Gross impaired advances	減值貸款總額	259,037	1.08	213,133	0.99
Individual impairment allowances made against impaired loans	就減值貸款作出之個別減值撥備	(123,093)		(92,701)	
		135,944		120,432	

i. As a percentage of gross advances to customers.

i. 為客戶貸款總額之百分比。

17. ACCRUED INTEREST AND OTHER ACCOUNTS

應計利息及其他賬目

Included in accrued interest and other accounts are trade bills net of allowances of HK\$56,020,000 (2005: HK\$36,691,000).

應計利息及其他賬目中包括已扣除撥備之商業票據56,020,000港元(二零零五年：36,691,000港元)。

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

未經審核中期財務報告附註

18. AVAILABLE-FOR-SALE SECURITIES

可供出售證券

		As at	
		30 June 2006 二零零六年 六月三十日 HK\$'000 千港元	31 December 2005 二零零五年 十二月三十一日 HK\$'000 千港元
Listed debt securities at fair value	上市債務證券—按公平價值		
– Listed in Hong Kong	– 於香港上市	2,416,372	1,541,072
– Listed outside Hong Kong	– 於香港以外上市	635,222	1,688,178
		3,051,594	3,229,250
Unlisted debt securities at fair value	非上市債務證券—按公平價值		
– Treasury bills (including Exchange Fund Bills)	– 國庫券 (包括外匯基金票據)	7,564,330	6,924,752
– Certificates of deposit	– 存款證	310,322	373,175
– Debt securities	– 債務證券	5,549,658	2,898,895
		13,424,310	10,196,822
		16,475,904	13,426,072
Equity shares at fair value	股票—按公平價值		
– Listed in Hong Kong	– 於香港上市	33,055	88,098
– Unlisted	– 非上市	75,502	9,591
		108,557	97,689
Total available-for-sale securities	可供出售證券總值	16,584,461	13,523,761

The available-for-sale securities are issued by:

可供出售證券由以下機構發行：

		As at	
		30 June 2006 二零零六年 六月三十日 HK\$'000 千港元	31 December 2005 二零零五年 十二月三十一日 HK\$'000 千港元
Central governments and central banks	中央政府及中央銀行	11,095,934	9,720,465
Public sector entities	公營機構	397,702	313,065
Banks and other financial institutions	銀行及其他金融機構	3,581,921	2,013,700
Corporate entities	企業	1,508,904	1,476,531
		16,584,461	13,523,761

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

未經審核中期財務報告附註

19. INVESTMENT IN ASSOCIATED COMPANY

聯營公司投資

		As at	
		30 June 2006	31 December 2005
		二零零六年	二零零五年
		六月三十日	十二月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
Unlisted shares, at cost	非上市股份，按成本值	5,761	5,761
Advances	貸款	8,187	8,778
Less: Impairment loss on unlisted shares	減：非上市股份之減值虧損	(5,761)	(5,761)
Provision for advances to an associated company	向一間聯營公司貸款之撥備	(2,161)	(2,308)
		6,026	6,470

The Bank owns 40% (2005: 40%) of the issued share capital of IBA Finance Corporation, which is incorporated in the Philippines. The principal activity of the associated company is the provision of financing and leasing services in the Philippines. The Bank has not equity accounted for the investment in the associated company in view of the immaterial amount involved.

本銀行擁有在菲律賓註冊成立之 IBA Finance Corporation 40% (二零零五年：40%) 已發行股本。該聯營公司之主要業務為於菲律賓提供財務及租賃服務。由於投資額並不重大，故本集團並無於賬目中按權益計算其於該聯營公司之投資。

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

20. FIXED ASSETS

		Fixed Assets		
		Premises	Furniture, fixtures and equipment	Total
		物業	傢俬、 裝置及設備	總額
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Cost or valuation	成本值或估值			
At 1 January 2006	於二零零六年一月一日	1,132,743	415,418	1,548,161
Additions	添置	0	20,632	20,632
Disposals	出售	0	(2,748)	(2,748)
At 30 June 2006	於二零零六年六月三十日	1,132,743	433,302	1,566,045
Accumulated depreciation	累計折舊			
At 1 January 2006	於二零零六年一月一日	114,714	282,609	397,323
Charge for the period	期內折舊	6,423	25,904	32,327
Released on disposal	出售之抵免	0	(2,728)	(2,728)
At 30 June 2006	於二零零六年六月三十日	121,137	305,785	426,922
Net book value	賬面淨值			
At 30 June 2006	於二零零六年六月三十日	1,011,606	127,517	1,139,123
At 31 December 2005	於二零零五年十二月三十一日	1,018,029	132,809	1,150,838

21. DEPOSITS FROM CUSTOMERS

		As at	
		30 June 2006	31 December 2005
		二零零六年 六月三十日	二零零五年 十二月三十一日
		HK\$'000 千港元	HK\$'000 千港元
Demand deposits and current accounts	活期及往來存款	4,074,044	3,646,745
Savings deposits	儲蓄存款	694,893	674,688
Call deposits	通知存款	1,731,754	1,767,760
Time deposits	定期存款	23,991,307	26,453,917
		30,491,998	32,543,110

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

22. TRADING LIABILITIES

交易賬項之負債

		As at	
		30 June 2006	31 December 2005
		二零零六年 六月三十日	二零零五年 十二月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
Short positions in Exchange Fund Bills/Notes	外匯基金票據／債券之短倉	400,470	359,289
Accounts payable under repurchase agreement	根據回購協議應付款項	1,159,033	766,245
		1,559,503	1,125,534

23. OTHER FINANCIAL LIABILITIES AND ACCOUNTS PAYABLES

其他金融負債及應付賬款

		As at	
		30 June 2006	31 December 2005
		二零零六年 六月三十日	二零零五年 十二月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
Other financial liabilities (Note a)	其他金融負債(附註a)	7,583,550	6,604,025
Provision for loss from obligation under standby credit facility (Note b)	備用信貸承擔虧損撥備(附註b)	15,655	0
Accounts payable and other liabilities	應付賬款及其他負債	738,000	425,707
		8,337,205	7,029,732

Notes:

- (a) Other financial liabilities represent funds obtained from financial institutions in respect of government bills and notes sold but not yet purchased. They were included in other accounts and liabilities in the 2005 annual report.
- (b) The provision represents the estimated amount of the loss attributable to the Group's obligation arising under a standby facility extended. A corresponding amount has been charged to the consolidated income statement accordingly during the period ended 30 June 2006.

附註：

- (a) 其他金融負債指就已售出但未購回之政府票據及債券從金融機構獲得之資金。其他金融負債計入二零零五年年報其他賬目及負債內。
- (b) 該項撥備指本集團根據一項因提供備用貸款產生之承擔中應佔之預計虧損。因此相關金額已經在截至二零零六年六月三十日止期間之綜合收益表中作出扣減。

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

24. INCOME TAX IN THE BALANCE SHEET

(a) Current tax payable included in “Other financial liabilities and accounts payable” in the consolidated balance sheet represents:

Provision for Hong Kong Profits Tax for the period	本期之香港利得稅準備	
Provisional Hong Kong Profits Tax paid	已付暫繳香港利得稅	
Balance of Hong Kong Profits Tax provision relating to prior years	承過往年度香港利得稅準備結餘	
Provision for Hong Kong Profits Tax	香港利得稅準備	
Representing: Hong Kong Profits Tax recoverable*	代表： 可收回之已付香港利得稅*	
Provision for Hong Kong Profits Tax*	香港利得稅準備*	

* The amounts of taxation recoverable and payable are expected to be settled within one year and are included in the “Accrued interest and other accounts” and “other financial liabilities and accounts payable” respectively.

資產負債表內之所得稅

(a) 計入綜合資產負債表「其他金融負債及應付款項」之本期末應付稅項為：

	As at 30 June 2006 二零零六年 六月三十日 HK\$'000 千港元	31 December 2005 二零零五年 十二月三十一日 HK\$'000 千港元
	30,495	32,798
	(10,232)	(30,697)
	20,263	2,101
	2,807	552
	23,070	2,653
	(1)	(774)
	23,071	3,427
	23,070	2,653

* 可收回及應繳稅項金額預計於一年內清算。此等項目分別列入「應計利息及其他賬目」及「其他金融負債及應付賬款」內。

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

未經審核中期財務報告附註

24. INCOME TAX IN THE BALANCE SHEET

(continued)

(b) Deferred tax assets and liabilities recognised

Deferred tax assets and liabilities are included in “Accrued interest and other accounts” and “Other financial liabilities and accounts payable” respectively in the consolidated balance sheet. The components of deferred tax assets/(liabilities) recognised in the consolidated balance sheet and the movements during the period are as follows:

		Depreciation allowances in excess of related depreciation	Defined benefit scheme assets	Collective impairment allowance	Individual impairment allowance	Cash rebate adjustment	Tax losses	Revaluation of available-for-sale securities	Revaluation of premises	Other	Total
		遞延有關折舊的折舊免稅額	定額福利計劃資產	綜合減值撥備	個別減值撥備	現金回贈之調整	稅項虧損	可供出售證券重估	物業重估	其他	總額
		HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 1 January 2005	於二零零五年一月一日	(11,171)	(2,899)	25,540	0	0	0	924	(7,153)	0	5,241
Deferred tax adjustments due to change in accounting policies charged to equity	遞延稅項調整因應會計政策調整而列作股本支出	0	0	(6,976)	2,002	(6,059)	0	0	0	543	(10,490)
At 1 January 2005 (restated)	於二零零五年一月一日(重列)	(11,171)	(2,899)	18,564	2,002	(6,059)	0	924	(7,153)	543	(5,249)
(Charged)/credited to consolidated income statement	綜合收益表之(支出)/進賬	2,800	0	(5,244)	(2,002)	2,781	0	0	121	(182)	(1,726)
Credited to reserves (Note 27)	儲備進賬(附註27)	0	0	0	0	0	0	9,647	0	0	9,647
At 31 December 2005	於二零零五年十二月三十一日	(8,371)	(2,899)	13,320	0	(3,278)	0	10,571	(7,032)	361	2,672
At 1 January 2006 (Charged)/credited to consolidated income statement	二零零六年一月一日綜合收益表之(支出)/進賬	(8,371)	(2,899)	13,320	0	(3,278)	0	10,571	(7,032)	361	2,672
Credited to reserves (Note 27)	儲備進賬(附註27)	13	0	4,048	0	1,256	0	0	60	(82)	5,295
At 30 June 2006	二零零六年六月三十日	(8,358)	(2,899)	17,368	0	(2,022)	0	12,671	(6,972)	279	10,067

資產負債表內的所得稅(續)

(b) 已確認遞延稅項資產及負債

遞延稅項資產及負債分別計入綜合資產負債表「應計利息及其他賬目」及「其他金融負債及應付款項」。於綜合資產負債表內確認之遞延稅項資產/(負債)之各組成部份及期內之變動如下：

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

24. INCOME TAX IN THE BALANCE SHEET

(continued)

(c) Deferred tax assets and liabilities not recognised

The Group has no material unrecognised deferred tax asset or liability as at 30 June 2006 (2005: HK\$ Nil).

資產負債表內的所得稅 (續)

(c) 未確認之遞延稅項資產及負債

本集團於二零零六年六月三十日未有重大未確認之遞延稅項資產及負債(二零零五年：零港元)。

	30 June 2006 二零零六年 六月三十日 HK\$'000 千港元	As at 31 December 2005 二零零五年 十二月三十一日 HK\$'000 千港元
Net deferred tax asset recognised on the consolidated balance sheet	10,069	2,687
Net deferred tax liability recognised on the consolidated balance sheet	(2)	(15)
	10,067	2,672

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

25. FLOATING RATE NOTES ISSUED

The floating rate notes of face values and carrying amounts of HK\$1,165 million (USD 150 million) were issued by the Bank on 4 April 2006 bearing interest at the rate of three-month USD LIBOR plus 0.22% per annum, payable quarterly. The maturity date for the notes is 6 April 2009.

26. SUBORDINATED NOTES ISSUED

The subordinated notes of face value of HK\$1,553 million (USD 200 million) and carrying amount of HK\$1,533 million qualifying as tier two capital were issued by the Bank on 25 April 2006. The subordinated notes bear interests at 6.125% per annum for the period from the issuance date to 26 April 2011, payable semi-annually. The subordinated notes carry a one-time call option exercisable by the Bank on 26 April 2011. If the call option is not exercised, the interest rate for the subordinated notes will be reset at the United States treasury rate plus 1.93875% for the period from 27 April 2011 to the final maturity date on 26 April 2016, payable semi-annually.

The carrying amount of the subordinated notes included an adjustment of HK\$20 million due to application of fair value hedge accounting.

已發行浮息票據

本銀行於二零零六年四月四日發行票面值及賬面金額為十一億六千五百萬港元（一億五千萬美元）之浮息票據，該等票據之年息率為倫敦銀行同業對三個月美元拆息利率加0.22%，並於每季付息一次。該等票據到期日期為二零零九年四月六日。

已發行後償票據

本銀行於二零零六年四月二十五日發行票面值十五億五千三百萬港元（二億美元）及賬面金額十五億三千三百萬港元符合二級資本準則之後償票據。該等後償票據由發行日期起至二零一一年四月二十六日止期間按年息率6.125%計息，於每半年付息一次。該等後償票據附帶一次性贖回選擇權，可由本銀行於二零一一年四月二十六日行使。倘該項贖回選擇權未獲行使，該等後償票據之利率將由二零一一年四月二十七日起至最終到期日二零一六年四月二十六日止期間重訂為美國國庫債券利率加1.93875%，並維持每半年付息一次。

上述後償票據之賬面金額已計入因採用公平價值對沖會計法而作出之調整二千萬港元。

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27. RESERVES

		儲備				
		Capital redemption reserve	Regulatory reserve	Investment revaluation reserve	Retained earnings	Total
		資本贖回儲備	法定儲備	投資重估儲備	保留溢利	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
At 1 January 2005	於二零零五年一月一日					
As previously reported	按先前呈報	372,000	0	(4,350)	1,413,184	1,780,834
Adjustments due to changes in accounting policies	因會計政策變動產生之調整	0	0	0	49,462	49,462
As restated	重列	372,000	0	(4,350)	1,462,646	1,830,296
Profit after tax for the year	年內除稅後溢利	0	0	0	241,441	241,441
Realisation of revaluation surplus of available-for-sale securities	可供出售證券之重估盈餘變現	0	0	(4,234)	0	(4,234)
Net change in fair value of available-for-sale securities	可供出售證券淨公平價值變動	0	0	(50,904)	0	(50,904)
Deferred taxation (Note 24(b))	遞延稅項(附註24(b))	0	0	9,647	0	9,647
Dividend paid in respect of the previous financial year	已支付之上一財政年度股息	0	0	0	(128,938)	(128,938)
Interim dividend paid	已派付中期股息	0	0	0	(70,330)	(70,330)
Establishment of regulatory reserve	設立法定儲備	0	107,722	0	(107,722)	0
At 31 December 2005	於二零零五年十二月三十一日	372,000	107,722	(49,841)	1,397,097	1,826,978
At 1 January 2006	於二零零六年一月一日	372,000	107,722	(49,841)	1,397,097	1,826,978
Profit after tax for the period	期內除稅後溢利	0	0	0	125,400	125,400
Realisation of revaluation surplus of available-for-sale securities	可供出售證券之重估盈餘變現	0	0	18,722	0	18,722
Net change in fair value of available-for-sale securities	可供出售證券淨公平價值變動	0	0	(30,723)	0	(30,723)
Deferred taxation (Note 24(b))	遞延稅項(附註24(b))	0	0	2,100	0	2,100
Dividend paid in respect of the previous financial year	有關過往財政年度已付之股息	0	0	0	(128,938)	(128,938)
Increase in regulatory reserve	法定儲備增加	0	12,270	0	(12,270)	0
At 30 June 2006	於二零零六年六月三十日	372,000	119,992	(59,742)	1,381,289	1,813,539

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27. RESERVES (continued)

- (a) The capital redemption reserve arose from the redemption of the Bank's "A" and "B" preference shares in 1991 and 1992 out of its retained earnings. The capital redemption reserve is undistributable under the Hong Kong Companies Ordinance section 79 C(2) but may be applied by the Bank in paying up its unissued shares to be allotted to its members as fully paid bonus shares.
- (b) Subsequent to the balance sheet date, the Directors have proposed an interim dividend of 6 Hong Kong cents per share (2005: 6 Hong Kong cents per share) amounting to HK\$70,329,600 (2005: HK\$70,329,600). This dividend has not been recognised as a liability at the balance sheet date.
- (c) Regulatory reserve

The regulatory reserve is an appropriation from retained earnings and is maintained for the purpose of paragraph 9 of the Seventh Schedule to the Hong Kong Banking Ordinance for prudential supervision purposes. Transfers to and from the regulatory reserve are made directly through retained earnings and not the income statement and in consultation with the HKMA.

儲備 (續)

- (a) 資本贖回儲備因在一九九一年及一九九二年自本銀行之保留溢利撥款贖回其「A」及「B」優先股而產生。根據香港《公司條例》第79C(2)條，資本贖回儲備乃不可分派，但可由本銀行用以繳付將配發予其股東之未發行股份之股款作為繳足紅股。
- (b) 於結算日後，董事已建議派付中期股息每股6港仙，合共70,329,600港元(二零零五年：每股6港仙，合共70,329,600港元)。該等股息並未於結算日確認為負債。
- (c) 法定儲備

法定儲備為保留溢利之分派，乃出於審慎監管目的就香港《銀行業條例》附表七第9段而設立。法定儲備之金額變動乃直接從保留溢利中調撥，而非經收益表入賬，並經諮詢金管局後作出有關決定。

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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28. ANALYSIS OF ASSETS AND LIABILITIES BY REMAINING MATURITY

資產及負債按剩餘期限之分析

The following maturity profile is based on the remaining period at the balance sheet date to the contractual maturity date:

下列期限組別乃基於結算日至合約訂明到期日之剩餘期限：

		As at 30 June 2006 二零零六年六月三十日					
		Repayable on demand	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Undated or overdue
Total	即時 還款	三個月 或以下	三個月 以上 至一年	一年 以上 至五年	五年 以上	無定期 或逾期	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
千港元	千港元	千港元	千港元	千港元	千港元	千港元	
ASSETS	資產						
Cash and short term funds	現金及短期資金	5,658,234	380,121	5,278,113	0	0	0
Placements with banks maturing between one and twelve months	一至十二個月到期之銀行同業放款	1,833,739	0	1,833,739	0	0	0
Trading securities	持作交易用途之證券	454,226	0	327,378	118,657	5,956	2,235
Other financial instruments designated as at fair value through profit or loss	按公平價值訂值納入損益賬之其他金融工具	624,605	0	0	0	401,430	223,175
Derivative financial instruments	衍生金融工具	426,799	0	0	0	0	426,799
Advances to customers less impairment	客戶貸款減減值	23,776,150	880,861	4,695,688	3,062,057	7,685,354	7,406,785
Available-for-sale securities	可供出售證券	16,584,461	0	2,491,407	11,898,308	1,573,756	482,370
Other assets	其他資產	603,801	0	539,042	55,036	9,723	0
Undated assets	無定期資產	1,406,760	0	0	0	0	1,406,760
		51,368,775	1,260,982	15,165,367	15,134,058	9,676,219	8,114,565
							2,017,584
LIABILITIES	負債						
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之存款及結餘	909,647	114,994	739,653	55,000	0	0
Deposits from customers	客戶存款	30,491,998	6,500,691	22,127,519	765,632	966,114	132,042
Certificates of deposit issued	已發行存款證	3,283,038	0	1,126,438	1,078,550	1,078,050	0
Derivative financial instruments	衍生金融工具	353,442	0	0	0	0	353,442
Trading liabilities	交易賬項之負債	1,559,503	0	1,548,915	0	7,766	2,822
Other financial liabilities and accounts payable	其他金融負債及應付款項	8,073,438	0	7,431,326	345,379	296,733	0
Floating rate notes issued	已發行浮息票據	1,165,080	0	0	0	1,165,080	0
Subordinated notes issued	已發行後償票據	1,533,385	0	0	0	0	1,533,385
Undated liabilities	無定期負債	263,767	0	0	0	0	263,767
		47,633,298	6,615,685	32,973,851	2,244,561	3,513,743	1,668,249
							617,209
Net liquidity gap	流動資金缺口淨額	5,354,703	17,808,484	(12,889,497)	(6,162,476)	(6,446,316)	

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

29. MATERIAL RELATED PARTIES TRANSACTIONS

During the period, the Group entered into a number of transactions with its ultimate holding company and related parties, including Taipei Fubon Commercial Bank. These transactions were entered into in the ordinary course of the Group's banking business and included, inter alia, lending, placement of interbank deposits, participation in loan syndicates, correspondent banking transactions and foreign exchange transactions. The contracts were priced based on relevant market rates at the time of each transaction, and were under the same terms as those available to other counterparties and customers of the Group. In the opinion of the Directors these transactions were conducted on normal commercial terms.

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

重大關連各方交易

本期內本集團分別與其最終控股公司及關連各方，包括台北富邦商業銀行進行交易。上述交易乃按本集團之銀行業務（其中包括借貸、接納銀行同業存款、參與銀團貸款、代理銀行交易及外匯交易）之一般程序進行。有關合約按各項交易當時之相關市況釐訂價格，並根據與本集團同業及客戶所訂立之相同條款而訂立。董事認為，上述交易乃按一般商業條款進行。

有關期內關連各方交易所產生之收支及於結算日尚未償還餘額之資料載列如下：

		Six months ended	
		30 June 2006	30 June 2005
		截至	截至
		二零零六年	二零零五年
		六月三十日	六月三十日
		之六個月	之六個月
		HK\$'000	HK\$'000
		千港元	千港元
(a)	Income/expenses	(a)	收入／支出
	Interest income	263	1,789
	Interest expense	420	21,951
(b)	Commission and service charges	(b)	佣金及服務費
	Fellow subsidiaries	3,417	928

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

29. MATERIAL RELATED PARTIES TRANSACTIONS

(continued)

The amount represents aggregate customer referral and support service fees paid to Taipei Fubon Commercial Bank, Fubon Securities Co., Ltd. and Fubon Life Assurance Co., Ltd. by the Group's entities during 2006 pursuant to the amended business co-operation agreements dated 20 March 2006. These transactions constitute continuing connected transactions of the Group under Rule 14A.14 of the Listing Rules.

重大關連各方交易 (續)

該款額乃本集團機構於二零零六年內根據於二零零六年三月二十日訂立之經修訂業務合作協議，向台北富邦商業銀行股份有限公司、富邦綜合證券股份有限公司及富邦人壽保險股份有限公司支付之轉介客戶及服務費用總額。該合作協議乃屬於上市規則第14A.14條內所提及之持續關連交易。

		As at	
		30 June 2006 二零零六年 六月三十日 HK\$'000 千港元	31 December 2005 二零零五年 十二月三十一日 HK\$'000 千港元
(c) Placement of deposits	(b) 放款		
<i>Fellow subsidiaries</i>	<i>同系附屬公司</i>		
Placements with banks maturing between one and twelve months	於一至十二個月到期之銀行放款	116,508	0
Accrued interest and other accounts	應計利息及其他賬目	181	2
Due from other related parties	應收其他關連各方	116,689	2
Total receivables	應收賬款總額	116,689	2

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29. MATERIAL RELATED PARTIES TRANSACTIONS 重大關連各方交易 (續) (continued)

		As at	
		30 June 2006 二零零六年 六月三十日 HK\$'000 千港元	31 December 2005 二零零五年 十二月三十一日 HK\$'000 千港元
(d) Acceptance of deposits	(d) 接納存款		
<i>Ultimate holding company</i>	最終控股公司		
Deposits and balances of banks and other financial institutions	銀行及其他金融機構之存款及結餘	3,812	3,722
<i>Other related parties</i>	其他關連各方		
Deposits and balances of banks and other financial institutions	銀行及其他金融機構之存款及結餘	35,721	0
Other liabilities	其他負債	366	71,527
Due to other related parties	應付其他關連各方	36,087	71,527
Total payables	應付賬款總額	39,899	75,249
		As at	
		30 June 2006 二零零六年 六月三十日 HK\$'000 千港元	31 December 2005 二零零五年 十二月三十一日 HK\$'000 千港元
(e) Exchange rate contracts (notional principal)	(e) 匯率合約 (名義本金額)		
<i>Fellow subsidiary</i>	同系附屬公司	46,603	33,347

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

29. MATERIAL RELATED PARTIES TRANSACTIONS

(continued)

(f) Key management personnel

- (i) As of 30 June 2006, the Bank has invested HK\$7.8 million in the preference shares of a company and has also committed to subscribe HK\$7.8 million in the preference shares in each of the coming three years. One of the Directors of the Bank and his related parties held 21.1% of the ordinary shares of the company and he is therefore considered to be able to exert significant influence over the entities involved. The terms of the offer are same as those offered to other independent investors.
- (ii) As of 30 June 2006, the Bank has invested HK\$4.6 million in an unlisted fund and has also committed to invest HK\$26.5 million within the next five years. One of the Directors of the Bank is also the director of the fund's asset manager and he is therefore considered to be able to exert significant influence over the entities involved. The offer price for the units acquired is same as those offered to other investors.

重大關連各方交易 (續)

(f) 主要管理人員

- (i) 於二零零六年六月三十日，本銀行投資7,800,000港元於一間公司之優先股，並承諾於未來三年每年認購7,800,000港元優先股。本銀行一名董事及其有關連人士持有該公司普通股中之21.1%，故被視為可對該有關實體行使重大影響。要約之條款與向其他獨立投資者所提呈之條款相同。
- (ii) 於二零零六年六月三十日，本銀行投資4,600,000港元於一項非上市基金，並承諾於未來五年投資26,500,000港元。本銀行一名董事亦為該基金之資產管理人之董事，故被視為可對該有關實體行使重大影響。所購入之單位發售價與其他投資者所獲提呈的價格相同。

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

30. CONTINGENT LIABILITIES AND COMMITMENTS

或然負債及承擔

(a) Credit related commitments and contingencies

Credit related commitments and contingencies include acceptances, letters of credit, guarantees and commitments to extend credit. The risk involved is essentially the same as the credit risk involved in extending loan facilities to customers. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the credit default. As the facilities may expire without being drawn upon, the contract amounts do not represent expected future cash flows.

(a) 與信貸有關之承擔及或然項目

與信貸有關之承擔及或然項目包括用以提供信貸之承兌票據、信用證、擔保書和承付款項。所涉及之風險基本上與向客戶提供貸款之信貸風險相同。合約數額是指當合約被完全提取及客戶違約時所承擔風險之數額。由於該等備用貸款可能在未經提取前已到期，故合約總額並不代表預計未來現金流量。

		As at 30 June 2006 二零零六年六月三十日		As at 31 December 2005 二零零五年十二月三十一日	
		Contractual amounts	Credit risk weighted amounts 信貸風險 加權金額	Contractual amounts	Credit risk weighted amounts 信貸風險 加權金額
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Direct credit substitutes	直接信貸替代項目	286,111	286,111	470,557	470,557
Transaction-related contingencies	與交易有關之或然項目	124,909	62,455	109,724	54,862
Trade-related contingencies	與貿易有關之或然項目	514,985	102,997	332,256	66,451
Undrawn loan facilities	未提取之備用貸款				
– with an original maturity of under 1 year or which are unconditionally cancellable	– 原訂到日期限少 於一年或可 無條件地取消	9,792,143	0	9,135,831	0
– with an original maturity of 1 year or over	– 原訂到日期限為 一年或以上	784,521	392,261	587,635	293,818
Forward forward deposits placed	遠期預約放款	1,913,709	382,742	1,155,067	231,013
		13,416,378	1,226,566	11,791,070	1,116,701

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

30. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

- (b) The total future minimum lease payments under non-cancellable operating leases are payable as follows:

- Within one year	— 一年內
- Between one and five years	— 一至五年間

- (c) Capital commitments outstanding at 30 June 2006 not provided for in the unaudited interim financial report were as follows:

Contracted for	已訂合約
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或然負債及承擔 (續)

- (b) 不可取消營運租賃下之未來最低應付租金總額如下：

As at	
30 June 2006 二零零六年 六月三十日 HK\$'000 千港元	31 December 2005 二零零五年 十二月三十一日 HK\$'000 千港元
17,826	18,777
9,407	5,489
27,233	24,266

- (c) 於二零零六年六月三十日未於未經審核中期財務報告內提撥之未兌現資本承擔如下：

As at	
30 June 2006 二零零六年 六月三十日 HK\$'000 千港元	31 December 2005 二零零五年 十二月三十一日 HK\$'000 千港元
127,285	51,071

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

31. COMPARATIVE FIGURES

In order to conform with the current period presentation, an amount of HK\$36,669,000 representing the gains less losses from other financial liabilities for the period ended 30 June 2005 included in the non-operating gains has been reclassified to other operating income on the face of the income statement and also in notes 5 and 11. In addition, gains less losses from dealing in trading securities and from other dealing activities have been reclassified to conform with the attributable trading activities in note 5. Revaluation loss on financial instruments shown in note 5 has also been separated into revaluation gain on derivative financial instruments and revaluation loss on other financial instruments designated at fair value through profit or loss.

比較數字

為符合現行期間之呈列方式，於截至二零零五年六月三十日止期間，其他金融負債之收益減虧損之款項中，一項列入非營運收入項目下為數36,669,000港元已於收益表及附註5及11項下重新歸類為其他營運收入。此外，買賣持作交易用途之證券及其他交易活動之收益減虧損亦已重新歸類，以符合現行附註5下應計之買賣活動分類。列於附註5下之金融工具重估虧損亦已分為衍生金融工具之重估收益及按公平價值訂值納入損益賬之其他金融工具之重估虧損。

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(A) CAPITAL ADEQUACY AND LIQUIDITY RATIOS

資本充足及流動資金比率

		2006 二零零六年 % 百分率	2005 二零零五年 % 百分率
Unadjusted capital adequacy ratio at period/year end	於期末／年底未經調整資本充足比率	19.85	14.96
Adjusted capital adequacy ratio incorporating market risk	經調整資本充足比率（包括市場風險）	19.70	14.94
Average liquidity ratio for June	六月份平均流動資金比率	41.84	44.60
Average liquidity ratio for the six months ended 30 June	截至六月三十日止六個月平均流動資金比率	42.91	45.92

The unadjusted capital adequacy ratio is computed on a consolidated basis as required by the HKMA for its regulatory purposes, and is in accordance with the Third Schedule of the Hong Kong Banking Ordinance. The adjusted capital adequacy ratio incorporating market risk is computed on the same consolidated basis, and is in accordance with the Guideline “Maintenance of Adequate Capital Against Market Risks” issued by the HKMA.

The average liquidity ratio for the year is computed as the simple average of each calendar month’s average ratio, as reported in Part I (2) of the “Return of Liquidity Position of an Authorised Institution” (MA(BS)1E) calculated in accordance with the Fourth Schedule of the Hong Kong Banking Ordinance.

未經調整資本充足比率是根據金管局訂定之綜合基準及《香港銀行業條例》附表三而計算，本銀行亦根據金管局發出「就市場風險維持充足資本」指引，以同樣綜合基礎計算經調整資本充足比率。

年內平均流動資金比率是以每個曆月平均比率的簡單平均數而計算。每個曆月平均比率乃根據《香港銀行業條例》附表四的規定計算並與「認可機構流動資金狀況申報表」(MA(BS)1E)第I(2)部中申報的數字相同。

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(B) The components of the total capital base after deductions as reported under Part I of the banking return “Capital Adequacy Return” (MA(BS)3) calculated in accordance with the Third Schedule of the Hong Kong Banking Ordinance are as follows:

在「資本充足比率申報表」(MA(BS)3)第I部中申報的資本基礎總額在扣減後的組成部份，根據《香港銀行業條例》附表三的規定計算，如下：

		As at	
		30 June 2006 二零零六年 六月三十日 HK\$'000 千港元	31 December 2005 二零零五年 十二月三十一日 HK\$'000 千港元
Core capital	核心資本		
Paid up ordinary share capital	繳足股款的普通股股本	1,172,160	1,172,160
Reserves (including retained earnings)	儲備(包括保留溢利)	1,609,416	1,550,802
Share premium	股份溢價	749,778	749,778
Eligible supplementary capital	可計算的附加資本		
Reserves on revaluation of land and interests in land	土地及土地權益價值重估儲備	36,868	36,868
Reserves on revaluation of holdings of securities not held for trading purposes	非持作交易用途證券價值重估儲備	(81,844)	(72,476)
Collective impairment allowance for impaired loans	減值貸款之綜合減值撥備	99,239	76,115
Term subordinated notes	有期後償票據	1,533,385	0
Regulatory reserve	法定儲備	119,992	107,722
Total capital base before deductions	扣減前的資本基礎總額	5,238,994	3,620,969
Deductions from total capital base	資本基礎總額的扣減項目	(95,854)	(65,036)
Total capital base after deductions	扣減後的資本基礎總額	5,143,140	3,555,933

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(C) OVERDUE ADVANCES TO CUSTOMERS

逾期客戶貸款

		As at 30 June 2006 二零零六年 六月三十日		As at 31 December 2005 二零零五年 十二月三十一日	
		HK\$'000 千港元	% of total advances 佔貸款之 百分比	HK\$'000 千港元	% of total advances 佔貸款之 百分比
Gross advances to customers which have been overdue with respect to either principal or interest for periods of:	以下期間之逾期客戶貸款(本金或利息)總額:				
- 6 months or less but over 3 months	- 六個月或以下惟三個月以上	22,601	0.09%	38,953	0.18%
- 1 year or less but over 6 months	- 一年或以下惟六個月以上	45,187	0.19%	17,514	0.08%
- Over 1 year	- 超過一年	101,396	0.42%	105,754	0.49%
		169,184	0.70%	162,221	0.75%
Overdue advances to customers which are	逾期客戶貸款乃:				
- secured	- 有抵押	84,079		77,392	
- unsecured	- 無抵押	85,105		84,829	
		169,184		162,221	
Amount of collateral held against the overdue advances	就逾期貸款持有之抵押品價值	80,662		71,070	
Amount of expected recoveries from companies in liquidation in respect of the overdue advances	就逾期貸款中預期可從清盤公司收回之價值	11,138		11,299	
Individually assessed impairment allowance in respect of advances overdue for more than three months	就逾期超過三個月之貸款所作之個別減值撥備數額	86,377		85,400	

Overdue assets of the Group comprise advances to customers only as at 30 June 2006 and 31 December 2005.

於二零零六年六月三十日及二零零五年十二月三十一日本集團之逾期資產只包括提供予客戶之貸款。

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(D) RESCHEDULED ADVANCES TO CUSTOMERS 重定還款期之客戶貸款

		As at 30 June 2006 二零零六年 六月三十日		As at 31 December 2005 二零零五年 十二月三十一日	
		HK\$'000 千港元	% of total advances 估貸款總額 之百分比	HK\$'000 千港元	% of total advances 估貸款總額 之百分比
Rescheduled advances to customers	重定還款期之客戶貸款	23,939	0.10%	108,227	0.50%

(E) FOREIGN EXCHANGE EXPOSURES 外匯風險

The net positions or net structural positions in foreign currencies are disclosed as follows:

有關外幣之倉盤淨額或結構性倉盤淨額之披露如下：

		As at 30 June 2006 於二零零六年六月三十日						
		US Dollars 美元	Euros 歐元	New Zealand Dollars 紐元	Australian Dollars 澳元	Chinese Renminbi 人民幣	Others 其他	Total 總額
Spot assets	現貨資產	12,614	599	1,041	882	143	1,310	16,589
Spot liabilities	現貨負債	(13,046)	(821)	(948)	(1,243)	(142)	(1,259)	(17,459)
Forward purchases	遠期買入	5,279	1,651	15	444	146	660	8,195
Forward sales	遠期賣出	(4,292)	(1,429)	(108)	(83)	(49)	(707)	(6,668)
Net option position	期權盤淨額	23	(5)	0	0	0	(7)	11
Net long/(short) position	長/(短)盤淨額	578	(5)	0	0	98	(3)	668
		US Dollars 美元	Euros 歐元	New Zealand Dollars 紐元	Australian Dollars 澳元	Chinese Renminbi 人民幣	Others 其他	Total 總額
Net structural position	結構性倉盤淨額	31	0	0	0	0	0	31

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(E) FOREIGN EXCHANGE EXPOSURES (continued)

外匯風險 (續)

		As at 31 December 2005 於二零零五年十二月三十一日							
		US		New Zealand		Australian	Chinese	Others	Total
Equivalent in HK\$ Million	百萬港元等值	Dollars	Euros	Dollars	Dollars	Dollars	Renminbi	Others	Total
		美元	歐元	紐元	澳元	人民幣	其他		總額
Spot assets	現貨資產	10,194	668	903	1,536	151	1,170		14,622
Spot liabilities	現貨負債	(9,535)	(551)	(805)	(1,299)	(149)	(1,210)		(13,549)
Forward purchases	遠期買入	2,146	345	21	30	45	562		3,149
Forward sales	遠期賣出	(2,138)	(463)	(108)	(271)	(45)	(546)		(3,571)
Net option position	期權盤淨額	4	(4)	1	0	0	0		1
Net long/(short) position	長/(短)盤淨額	671	(5)	12	(4)	2	(24)		652
		US		New Zealand		Australian	Chinese	Others	Total
		Dollars	Euros	Dollars	Dollars	Dollars	Renminbi	Others	Total
		美元	歐元	紐元	澳元	人民幣	其他		總額
Net structural position	結構性倉盤淨額	31	0	0	0	0	0		31

(F) CROSS-BORDER CLAIMS

跨境債權

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 disclosed.

跨境債權資料披露於外資金融機構(最終風險所在)之風險並根據經計及任何轉移風險後該等機構所在地而得出。一般而言，倘該等債權由該機構所屬國家以外之其他國家之任何人士作出擔保或倘該等債權乃由一家總辦事處位於另一國家之海外分行持有，便會實行轉移風險。構成總跨境債權10%或以上之地區才會作出披露。

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(F) CROSS-BORDER CLAIMS (continued)

跨境債權 (續)

		As at 30 June 2006 二零零六年六月三十日			
		Banks and other financial institutions 銀行及 其他金融機構	Public sector entities 公營機構	Others 其他	Total 總額
Figures in HK\$ Million	百萬港元				
Asia Pacific excluding Hong Kong	亞洲太平洋地區 (不包括香港)	3,579	4	708	4,291
North America	北美洲	647	1,166	79	1,892
Caribbean	加勒比	0	0	2,567	2,567
of which British Virgin Island	英屬處女群島	0	0	1,917	1,917
Western Europe	西歐	5,955	0	901	6,856

		As at 31 December 2005 二零零五年十二月三十一日			
		Banks and other financial institutions 銀行及 其他金融機構	Public sector entities 公營機構	Others 其他	Total 總額
Figures in HK\$ Million	百萬港元				
Asia Pacific excluding Hong Kong	亞洲太平洋地區 (不包括香港)	1,991	5	529	2,525
North America	北美洲	1,184	1,169	57	2,410
Western Europe	西歐	9,963	156	664	10,783
of which France	法國	1,850	0	0	1,850
of which Germany	德國	2,797	0	0	2,797

(G) REPOSSESSED ASSETS AND ASSETS ACQUIRED UNDER LENDING AGREEMENTS

收回資產及根據貸款協議所得資產

The total repossessed assets and assets acquired under lending agreements of the Group as at 30 June 2006 amounted to HK\$65,590,000 (2005: HK\$71,880,000).

截至二零零六年六月三十日，本集團之收回資產及根據貸款協議所得資產總額為65,590,000港元（二零零五年：71,880,000港元）。

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(H) INVESTMENTS IN SUBSIDIARIES

All principal subsidiaries are directly owned by the Bank. Details of principal subsidiaries at 30 June 2006 are as follows:

附屬公司投資

全部主要附屬公司均由本銀行直接擁有。於二零零六年六月三十日主要附屬公司之資料如下：

		Issued and fully paid-up ordinary share capital 已發行 及繳足 之普通股本	% of ownership interest held 持有之 股權百分比	Net profit for the period 期內淨溢利 千元\$'000	Principal activities 主要業務
<i>Incorporated and operating in Hong Kong</i>		於香港註冊成立及經營			
Fubon Credit (Hong Kong) Limited	富邦財務(香港) 有限公司	HK\$65,000,000 65,000,000港元	100%	HK\$52,526 52,526港元	Leasing and other finance 租賃及其他財務
Fubon (Hong Kong) Trustee Limited	富邦(香港)信託 有限公司	HK\$5,000,000 5,000,000港元	100%	HK\$83 83港元	Trustee services 信託服務
FB Securities (Hong Kong) Limited	富銀證券(香港) 有限公司	HK\$8,000,000 8,000,000港元	100%	HK\$20,064 20,064港元	Securities broking 證券經紀
FB Fund Management (Hong Kong) Limited	富銀資金管理(香港) 有限公司	HK\$8,000,000 8,000,000港元	100%	HK\$498 498港元	Fund management 資金管理
Fubon Nominees (Hong Kong) Limited		HK\$200 200港元	100%	HK\$6 6港元	Nominees services 代理人服務
<i>Incorporated and operating in Vanuatu</i>		於瓦魯圖註冊成立及經營			
Fubon Bank Vanuatu Limited		US\$4,000,000 4,000,000美元	100%	US\$107 107美元	Finance 財務

All of these controlled subsidiaries have been consolidated into the Group's financial statements. All the subsidiaries are private companies except for Fubon (Hong Kong) Trustee Limited, which is a public company.

以上公司為受控附屬公司，並已歸納入本集團之賬目內。除富邦(香港)信託有限公司為公眾公司外，該等附屬公司均為私人公司。

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(I) CORPORATE GOVERNANCE

The Group is committed to high standards of corporate governance, and has complied throughout the period with the module on “Corporate governance of locally incorporated authorised institutions” under the Supervisory Policy Manual issued by the HKMA.

(J) KEY SPECIALISED COMMITTEES

The Board of Directors has established a number of governing committees including the Executive Credit Committee, Management Committee, Asset and Liability Committee, Audit Committee, and Remuneration Committee. Compositions and functions of these committees are set out below:

(i) Executive Credit Committee

On 11 August 2005, the Executive Credit Committee was established comprising the Chairman, Vice Chairman and two Executive Directors. This committee serves as the Credit Committee of the Board of Directors to review and approve credit proposals within limits assigned by the Board.

(ii) Management Committee

The Management Committee comprises the Bank's Chief Executive, Executive Directors, chief financial officer, head of legal and compliance department and senior managers as appointed by the Chief Executive. The Committee is the key decision making body for the Bank and is responsible mainly for formulation of the Bank's business strategies in all major business units. The Committee also coordinates among business units during the implementation process, monitors the implementation of the approved business strategies and reviews the achievement of business targets and objectives.

企業管治

本集團致力實行高水平企業管治，並於期內遵守金管局頒佈的監管政策手冊的其中章節「本地註冊認可機構的企業管治」。

主要專責委員會

董事會已成立若干管治委員會，包括執行信貸委員會、管理委員會、資產及負債委員會、審核委員會以及薪酬委員會。該等委員會之構成及職能載列如下：

(i) 執行信貸委員會

執行信貸委員會成立於二零零五年八月十一日，成員包括主席、副主席及兩位執行董事。此委員會作為董事會之信貸委員會，負責審閱及批核董事會指定限額以內的信貸建議。

(ii) 管理委員會

管理委員會由本銀行的行政總裁、執行董事、財務總監、法律及合規部主管及由行政總裁委任的高級管理人員組成。該委員會乃本銀行的重要決策部門，主要負責籌劃本銀行一切主要部門的業務策略。該委員會亦負責於推行業務策略時協調各部門工作、監察落實已批核的策略，以及檢討達致業務目標與目的之表現。

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(J) KEY SPECIALISED COMMITTEES *(continued)*

(iii) Asset and Liability Committee

The Asset and Liability Committee comprises the Bank's Chief Executive, Executive Director, chief financial officer, head of treasury, and senior managers as appointed by the Chief Executive. The Committee meets on a weekly basis with the internal auditor and chief compliance officer attending the meeting as observers to ensure overall compliance with the governing policies. The Committee's main responsibilities include regular review of the Bank's operations relating to interest rate risk and liquidity risk and in particular the Bank's ability to meet its funding obligations, and its compliance with statutory liquidity and capital adequacy requirements. The Committee regularly reviews and endorses, for the Board's approval, the Bank's policies governing asset and liability management, investment, and other risk management issues. It also formulates both long term strategy for the sources and uses of funds and short term directives to address prevailing conditions and monitors the implementation of these strategies and directives. In addition, the Asset and Liability Committee assesses the risk and profitability of new products proposed by business units and approves new products.

(iv) Audit Committee

The Audit Committee comprises three members, one Non-Executive Director and two Independent Non-Executive Directors. The Audit Committee is chaired by Mr Robert Kenrick, an Independent Non-Executive Director who has appropriate accounting professional qualifications. It meets at least four times a year and additionally when deemed necessary.

主要專責委員會 (續)

(iii) 資產及負債委員會

資產及負債委員會由本銀行的行政總裁、執行董事、財務總監、司庫主管、以及行政總裁委任的高級管理人員組成。委員會於每星期舉行一次會議，內部核數師及公司管治及合規部主管均列席會議作觀察員，以確保全面符合管治政策。委員會的主要職責包括定期檢討本銀行涉及利率風險及流動資金風險的業務，特別針對本銀行應付債務的能力以及遵守法定流動資金及資本充足要求事宜。委員會定期審閱及批核本銀行有關資產及負債管理、投資及其他風險管理事宜的政策，以報董事會批准。委員會亦制定資源及資金運用的長遠政策、應付當時狀況的短期方針以及監察該等政策及方針的推行。此外，資產及負債委員會亦評估有關營業部門所提出新產品的風險及盈利能力，並批審有關新產品。

(iv) 審核委員會

審核委員會由一名非執行董事及兩名獨立非執行董事共三位成員組成。審核委員會由擁有適當之會計專業資格之獨立非執行董事甘禮傑主持。審核委員會每年至少舉行四次會議，且當有需要時可舉行額外會議。

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(J) KEY SPECIALISED COMMITTEES *(continued)*

(iv) Audit Committee *(continued)*

The Audit Committee ensures adequate supervision of the Bank's financial reporting processes, reviews the internal audit programme and reports, ensures co-ordination between the internal and external auditors, and monitors the compliance with internal policies, statutory regulations and recommendations made by the external auditors.

In particular, the Audit Committee reviews the Bank's financial reporting process and the systems of internal control, including reviews of the internal audit functions and the risk management process. In addition, the reviews undertaken by Audit Committee on the internal audit function include reviews of the internal audit program, the internal audit reports issued, the major findings from any investigation and remedial actions taken by the relevant departments in response to the findings.

The Audit Committee also reviews the appointment of the external auditors and discusses with them the nature and scope of the audits. In addition, any issues arising from their audits together with the follow up actions taken by the Bank to address these issues are also examined by the Audit Committee. The Audit Committee also reviews the interim and annual financial statements before recommending them to the Board for approval. It also reviews the Bank's statement on internal control systems in the annual report prior to the endorsement by the Board.

主要專責委員會 *(續)*

(iv) 審核委員會 *(續)*

審核委員會確保對本銀行之財務申報程式進行足夠的監管、檢討內部審核程式及報告、確保內部及聘用核數師之間之合作及監控遵守內部政策、法規及由外部核數師所提出之推薦意見之情況。

審核委員會詳細審核本銀行之財務報告編製程序及內部監控系統，其中包括對內部審核職能及風險管理程式之審核。此外，由審核委員會對內部審核職能所進行之審核包括對內部審核方案、已發佈之內部審核報告、任何調查所發現的主要問題及相關部門對所發現問題所採取之補救行動之審核。

審核委員會亦對聘用核數師之委任進行審核，並與其就審計之性質及範圍進行討論。此外，由於其審計而產生之問題以及其後由本銀行為解決該等問題所採取之行動亦由審核委員會進行審核。審核委員會亦會對中期及年度財務報告進行審閱，才送呈董事會並建議批准。其亦在董事會批准年報所載之本銀行有關內部監控系統之聲明前對其進行審閱。

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(J) KEY SPECIALISED COMMITTEES *(continued)*

(v) Remuneration Committee

The Remuneration Committee comprises the Board's Non-Executive Chairman, Non-Executive Vice Chairman and three Independent Non-Executive Directors. The Committee meets as required to review and approve the remuneration packages for senior executives which include the Chief Executive Officer, Executive Directors, and Executive Vice Presidents. Executive Directors do not play a part in decisions on their own remuneration.

(K) MANAGEMENT OF RISKS

The Group has established policies and procedures for the control and monitoring of credit risk, liquidity, capital and market risk. The risk management policy is formulated by the Board, which also monitors risk and regularly reviews the effectiveness of the Group's risk management policies. The internal auditors also perform regular audits to ensure compliance with the policies and procedures.

(i) Credit risk management

This category includes credit and counterparty risks from loans and advances, issuer risks from the securities business, counterparty risks from trading activities and country risks. Credit risk arises from the potential that a borrower or counterparty will fail to perform under an obligation. It arises from the lending, trading, treasury, derivatives and other activities. The Group identifies and manages credit risk through its (a) target market definitions, (b) credit approval process, (c) post-disbursement monitoring and (d) remedial management procedures. These policies and procedures are documented in the Group's credit policy which defines the credit extension criteria, the credit approval authorities delegated from the Board, the credit monitoring processes, the loan grading system and provisioning policy.

主要專責委員會 (續)

(v) 薪酬委員會

薪酬委員會由董事會之非執行主席、非執行副主席及三名獨立非執行董事組成。該委員會按需要舉行會議，以審閱及批准高級行政人員（包括行政總裁、執行董事及執行副總裁）之薪酬方案。執行董事並無參與彼等本身薪酬之決策。

風險管理

本集團已設有管理及監察信貸風險、流動資金、資本及市場風險的政策及程序。風險管理政策由董事會制定，董事會亦實行風險監察，並定期檢討本集團風險政策之有效性。內部核數師亦定期進行審核，確保遵守政策及程序。

(i) 信貸風險管理

此類風險包括貸款及墊款之信貸及交易對手風險、證券交易之發行人風險、貿易融資之交易對手風險及國家風險。信貸風險源於貸款人或交易對手未能履行其承擔，可來自本集團之貸款、交易買賣、財資、衍生工具及其他業務。本集團透過(a)目標市場定位、(b)信貸審批流程、(c)付款後監控及(d)補救管理程序來識別及管理信貸風險。該等政策及程序記錄於本集團之信貸政策內，而有關政策對信貸條件、董事會指定之信貸審批職權、信貸監管程序、貸款評級系統及撥備政策作出明確的界定。

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(K) MANAGEMENT OF RISKS (continued)

(i) Credit risk management (continued)

The Board of Directors delegates credit approval to the following in descending order of authority; the Executive Credit Committee, the Chief Executive Officer and the Credit Committee.

The Credit Committee carries out the Bank's credit risk management functions. It meets twice a week and is responsible for approving, advising and recommending to the Chief Executive the approval of credit exposures in accordance with the credit authority limits. The Credit Committee reviews and implements measures on credit risk management and controls and plays a key role in credit monitoring. It reviews loans extended by lending officers and provides guidelines to all lending officers to assist them in monitoring the credit risk of the loan portfolio.

The credit departments, Enterprise Credit Risk Management Unit and Consumer Finance Risk Management Unit, receive their authority and delegated responsibilities from the Credit Committee to provide centralised management of credit risk. They are responsible for:

- independent evaluation of credit applications, which covers facility details, credit grade determination, risk review and analysis and financial spreads;
- control of cross-border exposures, as well as those to banks and financial institutions;
- portfolio management of risk concentrations;
- maintenance of the loan grading system; and

風險管理 (續)

(i) 信貸風險管理 (續)

信貸政策授權以下人士依次審批信貸：執行信貸委員會、行政總裁及信貸委員會。

信貸委員會負責本銀行之信貸風險管理工作。該委員會每星期舉行兩次會議，專責根據信貸授權限額就信貸風險批核信貸建議；並向行政總裁提供意見及推薦建議。信貸委員會亦審閱及實施信貸風險管理及控制之措施，在信貸監控方面扮演著重要之角色。該委員會審閱貸款主任所批出之貸款，並向全體借貸主任提供指引，協助彼等監控貸款組合之信貸風險。

信貸部門、企業信貸風險管理部及消費信貸風險管理部獲授權並代表信貸委員會進行統一信貸風險管理，負責下列各項職責：

- 獨立審核信貸申請，包括信貸詳情、信貸評級釐定、風險評審及息差分析；
- 跨境債權以及銀行及財務機構的風險監控；
- 管理組合內風險，以避免風險過份集中；
- 更新貸款評級系統；及

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(K) MANAGEMENT OF RISKS (continued)

(i) Credit risk management (continued)

- reporting to the Risk Management Committee regularly on aspects of the loan portfolio. This includes information on large credit exposures, industry exposures, country exposures and levels of bad debt provisioning.

In addition, the Group has also established guidelines to ensure that each new product is designed and reviewed by a product committee with respect to the risks involved, including credit risk. All relevant departments are required to put in place the appropriate processes, systems and controls before the product is approved by the New Product Committee.

Specific policies and measures to address different kinds of credit related activities are set out below:

(a) Corporate lending

Corporate lending is generally concentrated among middle market borrowers. In addition to the compliance with the Group's underwriting standards, credit risk is managed by conducting a thorough credit evaluation and obtaining proper approval for the proposed credit transactions. Subject to the size of the facility and the risk grading of the borrower, different extents of credit evaluation and levels of credit approval are required to ensure the proper credit risk management measures are exercised. Credit approval also takes into account facility structure, tenor, the repayment ability of the prospective borrower and available security.

風險管理 (續)

(i) 信貸風險管理 (續)

- 定期向風險管理委員會匯報貸款組合情況，包括大額信貸風險、行業風險、國家風險以及壞賬撥備程度等資料。

此外，本集團亦已制定政策以確保每項新產品經由產品發展委員會設計及審閱所涉及之風險（包括信貸風險）。所有有關之部門必須於產品獲得新產品委員會批准前，制定有關工作流程、系統及監控措施。

針對不同類型信貸相關業務之特定政策及措施載列如下：

(a) 企業借貸

企業借貸一般集中於中型市場借款公司。除遵守本集團之貸款標準外，信貸風險亦透過就信貸申請所進行詳盡之信貸評估及經適當審批而加以控制。視乎貸款規模及借款人之風險評級，必須進行不同程度之信貸評估及不同級別之信貸審批，以確保適當之信貸風險管理措施得以實施。審批信貸時會考慮貸款種類、貸款年期、有關借款申請人之還款能力及有關抵押品。

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(K) MANAGEMENT OF RISKS *(continued)*

(a) Corporate lending *(continued)*

The Group has established limits for exposures to individual industries and for borrowers and groups of borrowers, regardless of whether the credit exposure is in the form of loans or non-funded exposures. The Group also undertakes ongoing credit analysis and monitoring at several levels. The policies and procedures also take into account the requirements under the Hong Kong Banking Ordinance and the guidelines issued by the HKMA with respect to large exposures and provisioning requirements.

The credit risk management procedures are designed to promote early detection of counterparty, industry or product exposures that require special monitoring. The Enterprise Credit Risk Management Unit monitors overall portfolio risk as well as individual problem loans and potential problem loans on a regular basis. Relevant management reports are submitted to the Chief Executive Officer as well as the Internal Control Department for their reviews.

(b) Retail credit risk

The Group's retail credit policy and approval process are designed to address high volumes of relatively homogeneous, small value lending transactions in each retail loan category. Because of the nature of retail banking, the credit policies are based primarily on statistical analyses of risks with respect to different products and types of customers. The Consumer Finance Risk Management Unit is responsible for conducting regular monitoring of the retail credit risks. They are also responsible for determination and revision of product terms and desired customer profiles on a regular basis. In addition, they also review the existing policies on underwriting, loan classification, provisioning, and write off on a regular basis.

風險管理 *(續)*

(a) 企業借貸 *(續)*

本集團已設立個別行業之風險限額以及貸款人及貸款人團體之風險限額，無論信貸風險是由於貸款或非借貸交易而產生。本集團亦在不同層次持續開展信貸分析及監控。該等政策及程序亦參考香港《銀行業條例》內之規定及金管局就大額放款限度及撥備規定頒佈之指引。

信貸風險管理程序旨在促進及早發現需要特別監控之交易對手、行業或產品。企業信貸風險管理部定期監控貸款組合整體風險及個別問題貸款及潛在問題貸款。有關管理報告提交行政總裁及內部審核部門審閱。

(b) 零售銀行信貸風險

本集團之零售銀行信貸政策及審批流程乃針對每個零售貸款類別中之大量同類型但價值較小之貸款交易而設計。由於零售銀行之性質，信貸政策主要依據不同產品及客戶類型之風險統計分析結果而釐定。消費信貸風險管理部負責對零售銀行信貸風險進行定期監控。該部門亦負責定期釐定及修訂產品條款及理想的客戶組別。此外，該部門還定期審閱有關貸款、貸款分類、撥備及有關根據定期性撇銷之政策。

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(K) MANAGEMENT OF RISKS *(continued)*

(c) Credit risk for treasury transactions

The credit risk of the Group's treasury transactions is managed the same way as the Group manages its corporate lending risk. The Group sets individual limits to its counterparties based on its risk assessment.

Unlike on-balance sheet instruments, where the credit risk is generally represented by the principal value, the credit risk for derivatives is the positive replacement cost together with an estimate for the potential future change in its market value. The credit risk exposure on derivatives is disclosed in note 15(b) of this interim financial report.

(d) Credit-related commitments

The risks involved in credit-related commitments and contingencies are essentially the same as the credit risk involved in extending loan facilities to customers. These transactions are, therefore, subject to the same credit application, portfolio maintenance and collateral requirements as for customers applying for loans.

(e) Concentration of credit risk

Concentration of credit risk exists when changes in geographic, economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is material in relation to the Group's total exposures. The Group's portfolio of financial instruments is diversified along industry and product sectors.

風險管理 (續)

(c) 財資交易之信貸風險

本集團財資交易信貸風險之管理方式與本集團管理其企業借貸風險之方式相同。本集團根據風險評估對其交易對手設定個別交易及風險管理限額。

有別於資產負債表內項目(通常以本金價值來表示信貸風險)，衍生工具之信貸風險為正重置成本連同以其市值之未來潛在變動之估計。衍生工具之信貸風險於本中期財務報告附註15(b)內披露。

(d) 與信貸有關之承擔

與信貸有關之承擔及或然項目所涉及之風險基本上與向客戶提供貸款之信貸風險相同。因此，該等交易須遵守與客戶申請貸款相同之信貸申請、該等貸款組合要求及抵押品規定。

(e) 信貸風險過份集中

當地域、經濟或行業因素之變動對不同類別之交易對手產生類似影響，而彼等之信貸風險合計起來對本集團構成重大風險時便會出現信貸風險過份集中之問題。本集團之金融工具組合經已分散至多個行業及產品類別。

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(K) MANAGEMENT OF RISKS *(continued)*

(ii) Capital management

The Group's policy is to maintain a strong capital base to support the development of the Group's operations prudently, with the aim of diversifying its business activities, including the future expansion of the branch network, increasing the customer base, introducing new financial products and meeting the statutory capital adequacy ratio. As disclosed in note (A) above, both the Group's adjusted capital adequacy ratio incorporating market risk of 19.70% and the unadjusted ratio of 19.85% as at 30 June 2006 was well above the statutory minimum ratio. The Bank also issued subordinated notes of USD 200 million during this period to further expand the capital base to support future business expansion.

Capital is allocated to the various activities of the Bank depending on the risk taken by each business division. Where the subsidiaries are directly regulated by other regulators, they are required to maintain minimum capital according to the regulators' rules. Certain financial subsidiaries, as specified by the HKMA, are subject to the HKMA's capital requirements for its regulatory purposes.

Capital adequacy ratios and components of capital base are disclosed in note (A) and note (B).

風險管理 (續)

(ii) 資本管理

本集團之既定策略是維持雄厚的資本來支持本集團審慎地開拓業務，務求使本集團之業務更多元化，其中包括在未來擴大分行網絡、增強客戶基礎，以及提供更多全新金融產品等，及符合法定之資本充足比率要求。在附註(A)中披露本集團於二零零六年六月三十日之經調整資本充足比率（包括市場風險）為19.70%及未經調整比率則為19.85%，遠高於法定最低要求。本銀行亦於期內發行2億美元之後償票據，進一步擴充資本基礎，以支持未來業務發展。

本銀行因應各部門所面對的風險程度將資本分配到不同業務上。當附屬公司受他監管機構所管核，該附屬公司亦須符合相關監管機構所規定的最低資本水平。金管局所指定的若干從事財務活動的附屬公司，均須遵守金管局要求的資本規定。

資本充足比率及資本基礎組成部分分別於附註(A)及(B)披露。

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(K) MANAGEMENT OF RISKS (continued)

(iii) Liquidity management

The purpose of liquidity management is to ensure sufficient cash flows to meet all financial commitments and to capitalize on opportunities for business expansion. This includes the Group's ability to meet deposit withdrawals either on demand or at contractual maturity, to repay borrowings as they mature, to comply with the statutory liquidity ratio, and to make new loans and investments as opportunities arise.

Liquidity is managed on a daily basis by the treasury department under the direction of the Asset and Liability Committee. The treasury department is responsible for ensuring that the Group has adequate liquidity for all operations, ensuring that the funding mix is appropriate so as to avoid maturity mismatches and to prevent price and reinvestment rate risk in case of a maturity gap, and monitoring relevant markets for the adequacy of funding and liquidity.

The Group manages liquidity risk by holding sufficient liquid assets (e.g. cash and short term funds and securities) of appropriate quality to ensure that short term funding requirements are covered within prudent limits. In order to lengthen the duration of the funding, the Bank periodically issues certificates of deposit with maturities of not more than 5 years. In addition, the Group also issued floating rate notes and subordinated notes during this period which have further lengthened the duration and improved the liquidity position. Adequate standby facilities are also maintained to provide strategic liquidity to meet unexpected and material cash outflows in the ordinary course of business. The Group regularly performs stress tests on its liquidity position.

風險管理 (續)

(iii) 流動資金風險管理

流動資金風險管理旨在確保足夠現金流量以滿足所有財務承擔及滿足業務擴展之所需。有關措施涵蓋本集團因客戶需要或於合約到期時所需之提款、於借款到期時所需之貸款償還、為符合法定流動資金比率所需保持流動資金及當新貸款及投資機會出現時所需資金。

資金部門在資產負債委員會指導下每日對流動資金進行管理。資金部門負責確保本集團擁有各項營運所需之流動資金、調整資金組合以避免期限錯配及防止因期限錯配而產生之價格及再投資利率風險、並監控相關市場以確保充足的流動資金。

本集團管理流動資金風險的方法是透過持有充足之流動資產(如現金及短期基金與證券)以確保短期資金需求可在審慎限額內得以滿足。為延長資金之持續期，本銀行定期發行不超於五年期之存款證。此外，本集團於本期內亦發行浮息票據及後償票據，進一步延長了持續期，並改善流動資金狀況。本集團亦維持適當之備用貸款以提供策略性流動資金，足以應付正常業務過程中可能出現之突然及重大現金流出。本集團亦定期對其流動資金狀況進行壓力測試。

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(K) MANAGEMENT OF RISKS *(continued)*

(iii) Liquidity management *(continued)*

As disclosed in note (A) above, both the Group's consolidated liquidity ratio of 41.84% for June 2006 and the average liquidity ratio of 42.91% for the six months period ended June 2006 were well above the statutory minimum ratio of 25%.

(iv) Market risk management

Market risk arises on all market risk sensitive financial instruments, including securities, foreign exchange contracts, equity and derivative instruments, as well as from balance sheet or structural positions. The objective of market risk management is to avoid excessive exposure of earnings and equity to loss and to reduce the Group's exposure to the volatility inherent in financial instruments.

The Bank transacts in the money market, foreign exchange market, equity market and capital market giving rise to market risk exposures. Positions are taken as a result of the execution of customers' orders, market making activities, and positions taken in order to hedge the Bank's open position. The Bank does not engage in significant proprietary trading of foreign exchange, but merely executes customer orders.

風險管理 (續)

(iii) 流動資金風險管理 (續)

如上文附註(A)所披露，本集團二零零六年六月之綜合流動資金比率為41.84%及截至二零零六年六月止六個月期間之平均流動資金比率為42.91%均遠超於法定的25%之最低比率。

(iv) 市場風險管理

市場風險產生於所有對市場風險敏感之金融工具，包括證券、外匯合約、股本及衍生工具，以及資產負債表或架構狀況。市場風險管理之目標為避免盈利及股本遭受過度損失及減少本集團因金融工具本身固有波幅所引申之風險。

本銀行於產生市場風險之貨幣市場、外匯市場、股票市場及資本市場進行交易。由於執行客戶指令、進行莊家活動及為對沖本銀行之未平倉合約，故有需要持有各種倉盤。本銀行並無從事重大外匯自營買賣，但純粹為執行客戶指令的外匯買賣除外。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION 未經審核補充財務資料

(K) MANAGEMENT OF RISKS *(continued)*

(iv) Market risk management *(continued)*

Financial instruments traded include debt, equity and other securities and certain derivatives. Derivatives are contracts whose value is derived from one or more underlying financial instruments or indices defined in the contract. They include swaps, forward rate agreements, futures, options and combinations of these instruments. Derivatives are used to manage the Bank's own exposures to market risk as part of its asset and liability management process. The principal derivatives instruments used by the Bank are interest, equity and foreign exchange rate related contracts, which are primarily over-the-counter derivatives. Most of the Bank's derivative positions have been entered into to meet customer demand and to hedge these and other trading positions.

The Board reviews and approves the policies for the management of market risks and dealing authorities and limits. The Board has delegated the responsibility for ongoing general market risk management to the Asset and Liability Committee. This committee articulates the interest rate view of the Bank and decides on future business strategy with respect to interest rates. It also reviews and sets funding policy and ensures adherence to risk management objectives. The risk management policies to address currency risk and interest rate risk are set out in the following relevant sections.

風險管理 (續)

(iv) 市場風險管理 (續)

本集團所買賣之金融工具包括債務、股本及其他證券以及若干衍生工具。衍生工具為其價值按有關合約內界定之一項或多項相關金融工具或指數釐定之合約，包括掉期、遠期匯率協議、期貨、期權及該等工具之組合。衍生工具作為本銀行資產及負債管理程序之一部分，用於管理其本身之市場風險。本銀行使用之主要衍生工具為利率、股票及外匯匯率相關合約，主要為場外交易衍生工具。本銀行多數衍生工具持倉乃為滿足客戶需求及對沖該等及其他交易持倉而訂立。

董事會檢討及審批有關市場風險管理之政策及處理授權及限額事宜。董事會已將持續一般市場風險管理之責任授予資產及負債委員會。該委員會負責因應本銀行之利率之走勢預測，而決定有關業務策略。該委員會亦審閱及制訂融資政策並確保各風險管理目標得以達成。針對貨幣風險及利率風險而制定之風險管理政策在下列有關部份詳述。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION 未經審核補充財務資料

(K) MANAGEMENT OF RISKS *(continued)*

(iv) Market risk management *(continued)*

The Group has also established clear market risk policies, including limits, reporting lines and control procedures, which are reviewed regularly and approved by the Board. Market risk is managed within various limits approved by the Board. These limits are determined for each financial instrument and include limits on product volume, gross and net positions, position concentrations, mark to market limits, stop loss limits and risk position limits.

(a) Currency risk

The Group's foreign currency positions arise from foreign exchange dealing, commercial banking operations and structural foreign currency exposures. All foreign currency positions are managed by the treasury department within limits approved by the Board. Structural foreign currency positions arise mainly on foreign currency investments in the Group's subsidiaries and an associated company. The Group seeks to match closely its foreign currency denominated assets with corresponding liabilities in the same currencies.

風險管理 (續)

(iv) 市場風險管理 (續)

本集團已成立清晰的市場風險政策，包括風險限額、呈報範圍及控制程序，並由董事會定期檢討及審批。市場風險乃按董事會所通過的不同限額加以管理。此等限額乃為各項金融工具而釐定，包括各類產品限額、持倉總額及淨額、持倉集中限額、按市值計算的產品限額、止蝕限額，以及持倉風險限額。

(a) 貨幣風險

本集團之外匯持倉源自外匯買賣、商業銀行業務及結構性外幣持倉。所有外幣持倉均由資金部管理，並維持在董事會所訂定之範圍內。結構性外幣持倉主要源自本集團於附屬公司及聯營公司之外幣投資。本集團設法將以外幣為單位之資產切實配對以同樣貨幣為單位之相應負債。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION 未經審核補充財務資料

(K) MANAGEMENT OF RISKS *(continued)*

(iv) Market risk management *(continued)*

(b) Interest rate risk

The Group's interest rate positions mainly arise from treasury and commercial banking activities. Interest rate risk arises in both trading portfolios and available-for-sale portfolios. Interest rate risk primarily results from the timing differences in the repricing of interest-bearing assets, liabilities and commitments. It also related to positions from non-interest bearing liabilities including shareholders' funds and current accounts, as well as from certain fixed rate loans and liabilities. Interest rate risk is managed by the treasury department within limits approved by the Board, including interest rate gap limits. The Group also uses interest rate swaps and other derivatives to manage interest rate risk.

Structural interest rate risk arises primarily from the deployment of non-interest bearing liabilities, including shareholders' funds and current accounts, as well as from certain fixed rate loans and liabilities. Structural interest rate risk is monitored by the Asset and Liability Committee.

風險管理 (續)

(iv) 市場風險管理 (續)

(b) 利率風險

本集團之利率風險主要源自財資及商業銀行業務。利率風險由交易證券組合及可供出售證券組合所產生。利率風險主要由計息資產、負債及承擔之再定息時差引致，亦與包括股東資金及來往戶在內之非計息負債以及若干定息貸款及負債產生之倉盤有關。利率風險由資金部門管理，並維持在董事會批准之限額(包括利率差別限額)之內。本集團亦使用利率掉期及其他衍生工具管理利率風險。

結構利率風險主要由包括股東資金及來往賬戶在內之非計息負債以及若干定息貸款及負債所產生。結構利率風險由資產負債委員會監控。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION 未經審核補充財務資料

(K) MANAGEMENT OF RISKS *(continued)*

(iv) Market risk management *(continued)*

(c) Risk management tools

One of the tools used by the Group to monitor and limit market risk exposure is Value-at-risk (VAR). VAR is a technique that estimates the potential losses that could occur on risk positions as a result of movements in market rates and prices over a specified time horizon and to a given level of confidence. The calculation uses the variance-covariance model as the means to estimate the statistical confidence level.

The Group augments its VAR limits with other positions and sensitivity limit structures. Additionally, the Group applies a wide range of sensitivity analysis, both on individual portfolios and on the Group's consolidated positions to assess the potential impact on the Group's earnings as a result of extreme movements in market prices.

The Group estimates the VaR of its investment portfolios with a confidence level of 95% and 99%. In addition, stress testing is performed on the portfolios and on a consolidated basis to assess the potential income statement impact as a result of extreme movements in market prices. The 95% and 99% VaR for the Bank's investment portfolio, including Hong Kong Exchange Fund bills, at 30 June 2006 were HK\$6,189,581 (2005: HK\$5,920,180) and HK\$8,754,039 (2005: HK\$8,373,022) respectively. The average VaR at 95% and 99% confidence levels for the first six months of 2006 were HK\$4,051,465 (2005: HK\$9,317,122) and HK\$5,730,360 (2005: HK\$13,177,379) respectively.

風險管理 (續)

(iv) 市場風險管理 (續)

(c) 風險管理工具

風險值是本集團為監控及限制市場風險所採用之一種工具。風險值是一種按一既定信心水平估計由於市場利率及價格在特定持盤時間內之變動而使持倉盤可能出現虧損的估計數字。其計算方法為採用方差與協方差模式對統計信心水平進行估計。

本集團結合持倉盤及敏感性限額及風險值限額。此外，本集團對個人貸款組合及本集團之綜合狀況應用較廣範圍之敏感性分析，以評估市價之極端變動對本集團盈利之潛在影響。

本銀行預期其投資組合的風險值的信心水平為95%及99%。此外，投資組合須接受壓力測試，並以綜合基準評估因市場價格極端變動對收益表的潛在影響。本銀行投資組合(包括香港外匯基金票據)之95%及99%信心水平風險值於二零零六年六月三十日分別為6,189,581港元(二零零五年：5,920,180港元)及8,754,039港元(二零零五年：8,373,022港元)。二零零六年首六個月，95%及99%信心水平之平均風險值分別為4,051,465港元(二零零五年：9,317,122港元)及5,730,360港元(二零零五年：13,177,379港元)。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION 未經審核補充財務資料

(K) MANAGEMENT OF RISKS *(continued)*

(iv) Market risk management *(continued)*

(d) Market risk exposure

The Group adopts a prudent approach to managing its trading portfolios, and reduces any excessive market risk by executing offsetting transactions or hedging contracts with other market counterparties. Market risk ensues once the Group takes positions in markets such as foreign exchange, interest rates, securities, commodities and equities. Such positions are driven by execution of customer orders, proprietary trading and hedging.

The Group's maximum market risk exposures are set by the Board. Exposures are monitored and reported to the Asset and Liability Committee and the Risk Management Committee regularly. The average daily revenue generated from the treasury's trading activities for the period was HK\$86,641 (2005: HK\$87,405) and the standard deviation was HK\$144,549 (2005: HK\$128,233). An analysis of the Group's trading revenue is shown below:

風險管理 (續)

(iv) 市場風險管理 (續)

(d) 市場風險承擔

本集團採納一套謹慎的方法，以管理其交易組合，並透過其他市場同業簽訂抵銷交易或對沖合約，以減低任何過度市場風險。若本集團於外匯市場，利率市場，證券市場，商品市場及股票市場持倉時便會產生市場風險，而這是因應客戶的交易指示、自營買賣及對沖活動時進行的交易。

本集團之最高市場風險承擔由董事會訂定。並定期監控及向資產及負債委員會及風險管理委員會匯報。期內由財資交易活動中獲得的平均每日收益為86,641港元(二零零五年：87,405港元)，標準偏差為144,549港元(二零零五年：128,233港元)。本集團之交易收益分析如下：

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION 未經審核補充財務資料

(K) MANAGEMENT OF RISKS (continued)

風險管理 (續)

(iv) Market risk management (continued)

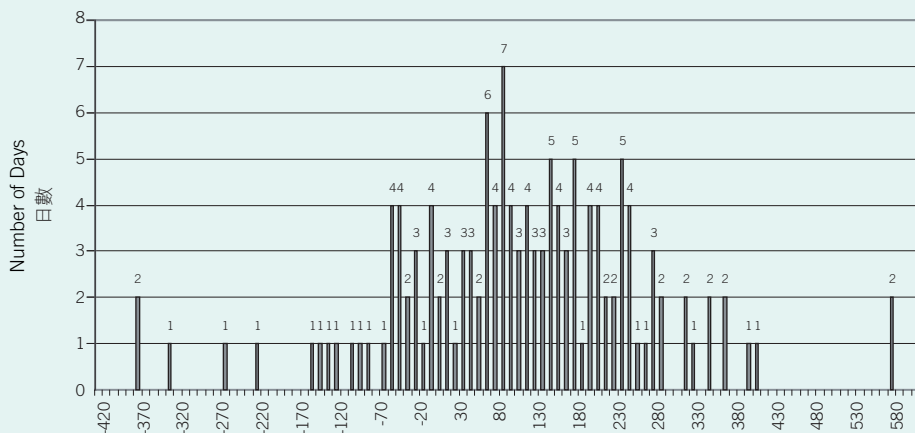
(iv) 市場風險管理 (續)

(d) Market risk exposure (continued)

(d) 市場風險承擔 (續)

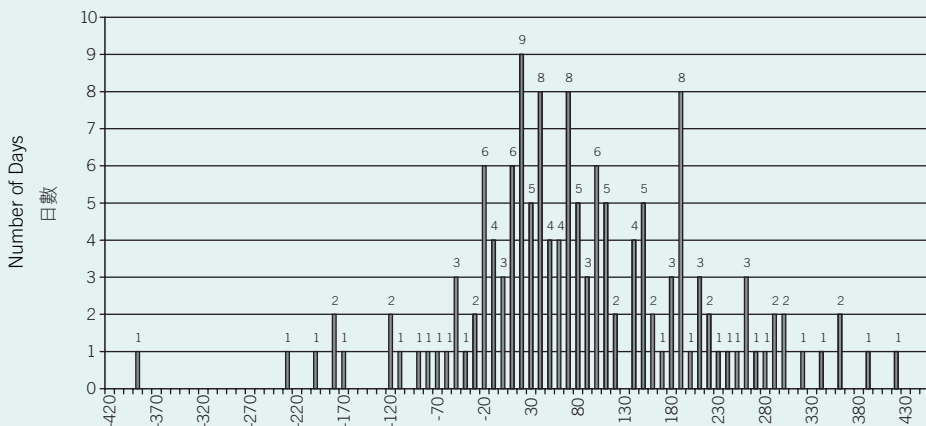
Daily Distribution of Trading Revenue for the period ended June 2006

截至二零零六年六月止期間每日交易收益分佈



Daily Distribution of Trading Revenue for the period ended June 2005

截至二零零五年六月止期間每日交易收益分佈



UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION 未經審核補充財務資料

(K) MANAGEMENT OF RISKS *(continued)*

(iv) Market risk management *(continued)*

(d) Market risk exposure *(continued)*

This shows a maximum daily loss of HK\$370,458 (2005: HK\$385,948) with 27 days (2005: 29 days) out of 136 days (2005: 144 days) showing losses. The most frequent result was a daily revenue falling between HK\$80,000 to HK\$90,000 (2005: HK\$20,000 to HK\$30,000) with 7 occurrences (2005: 9 occurrences). The highest daily revenue was HK\$589,426 (2005: HK\$428,000).

風險管理 (續)

(iv) 市場風險管理 (續)

(d) 市場風險承擔 (續)

以上圖表顯示於136天(二零零五年：144天)成交日中，27天(二零零五年：29天)錄得虧損，最高每日虧損370,458港元(二零零五年：385,948港元)。最常見每日收益是介乎80,000港元至90,000港元(二零零五年：20,000港元至30,000港元)，其出現次數為7次(二零零五年：出現9次)最高每日收益為589,426港元(二零零五年：428,000港元)。

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Fubon Bank Vanuatu Limited
Fubon Nominees (Hong Kong) Limited
Fubon (Hong Kong) Trustee Limited

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Shatin

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