

(6) Business - continued

Segment information about these businesses for the six months ended 30 June 2002 is presented below:

	Corporate and retail banking HK\$'000	Treasury and foreign exchange activities HK\$'000	Other activities HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Interest income	451,300	176,466	–	–	627,766
Interest expense	(246,421)	(5,977)	–	–	(252,398)
Inter-segment income	93,270	–	–	(93,270)	–
Inter-segment expenses	–	(93,270)	–	93,270	–
Net interest income	298,149	77,219	–	–	375,368
Other operating income	54,698	12,104	33,203	–	100,005
Operating income	<u>352,847</u>	<u>89,323</u>	<u>33,203</u>	<u>–</u>	<u>475,373</u>
Inter-segment pricing is charged at prevailing customer deposits interest rates.					
Charge for bad and doubtful debts	(57,457)	–	–	–	(57,457)
Net (losses) / gains from disposal of property and equipment	(132)	–	15	–	(117)
Gains less losses from disposal of held-to-maturity securities	–	1,597	–	–	1,597
Operating expenses	<u>(138,865)</u>	<u>(14,350)</u>	<u>(7,706)</u>	<u>–</u>	<u>(160,921)</u>
Result					
Segment profit	<u>156,393</u>	<u>76,570</u>	<u>25,512</u>	<u>–</u>	258,475
Unallocated corporate expenses					(56,521)
Profit from operations					201,954
Share of results of jointly controlled entities					(9,510)
Profit from ordinary activities before taxation					192,444
Taxation					(29,057)
Net profit for the period					<u>163,387</u>

- b. Geographical segmentation is analysed based on the locations of the principal operations of the branches and subsidiary companies responsible for reporting the results or booking the assets. For both six months ended 2002 and 2003, more than 90% of the Group's revenue and profit from ordinary activities before taxation were generated by assets booked by the principal operations of the branches and subsidiary companies located in Hong Kong.

NOTES

(7) Other operating income

	6 months ended 30 June 2003 HK\$'000	6 months ended 30 June 2002 HK\$'000
Fee and commission income	47,471	60,368
Less: Fee and commission expenses	(926)	(549)
Net fee and commission income	46,545	59,819
Dividend income	4,144	2,735
Gains less losses from dealing in foreign currencies	14,048	12,104
Gross rental income from properties	2,478	4,742
Less: Outgoings	(3,374)	(2,795)
Net rental (expense) / income	(896)	1,947
Safe deposit box rentals	10,149	9,997
Other banking services income	14,843	11,903
Others	720	1,500
	<u>89,553</u>	<u>100,005</u>

(8) Operating expenses

	6 months ended 30 June 2003 HK\$'000	6 months ended 30 June 2002 HK\$'000
Staff costs		
Salaries and other costs	110,401	106,053
Retirement benefits scheme contributions	7,519	8,550
Total staff costs	117,920	114,603
Depreciation and amortisation	19,403	18,236
Premises and equipment expenses, excluding depreciation		
Rental and rates for premises	17,422	12,742
Others	6,473	5,980
Other operating expenses	63,227	65,881
	<u>224,445</u>	<u>217,442</u>

(9) Deposits from customers

	30 June 2003 HK\$'000	31 December 2002 HK\$'000
Demand deposits and current accounts	1,550,802	1,459,406
Savings deposits	6,397,636	5,458,963
Time, call and notice deposits	23,881,756	25,573,883
	<u>31,830,194</u>	<u>32,492,252</u>

(10) Maturity profiles

The maturity profiles of certain assets and liabilities of the Group as at 30 June 2003 are analysed as follows:

	Repayable on demand HK\$'000	Repayable within 3 months or less (except those repayable on demand) HK\$'000	Repayable after 3 months but within 1 year HK\$'000	Repayable after 1 year but within 5 years HK\$'000	Repayable after more than 5 years HK\$'000	Undated HK\$'000	Total HK\$'000
ASSETS							
Cash and short-term fund	1,732,240	8,127,239	105,751	169,534	24,968	-	10,159,732
Placements with banks and other financial institutions	-	3,486,083	26,000	-	-	-	3,512,083
Advances to banks and other financial institutions	-	44,695	14,036	-	-	-	58,731
Advances to customers	2,309,134	2,568,873	2,314,437	6,812,997	4,511,342	936,607	19,453,390
Debt securities							
Trading securities	66,845	92,451	21,399	24,317	-	-	205,012
Held-to-maturity securities	-	200,485	241,508	1,379,571	80,001	-	1,901,565
	66,845	292,936	262,907	1,403,888	80,001	-	2,106,577
Certificate of deposit held	-	73,394	426,898	1,023,284	-	-	1,523,576
LIABILITIES							
Deposits and balances of banks and other financial institutions	35,647	381,842	-	-	-	-	417,489
Deposits from customers	7,959,274	21,758,041	1,771,987	340,892	-	-	31,830,194

The maturity profiles of certain assets and liabilities of the Group as at 31 December 2002 are analysed as follows:

	Repayable on demand HK\$'000	Repayable within 3 months or less (except those repayable on demand) HK\$'000	Repayable after 3 months but within 1 year HK\$'000	Repayable after 1 year but within 5 years HK\$'000	Repayable after more than 5 years HK\$'000	Undated HK\$'000	Total HK\$'000
ASSETS							
Cash and short-term fund	668,318	11,333,514	117,263	239,452	29,937	-	12,388,484
Placements with banks and other financial institutions	-	1,982,395	241,070	-	-	-	2,223,465
Advances to banks and other financial institutions	-	44,961	-	-	-	14,038	58,999
Advances to customers	2,542,913	3,226,712	2,032,931	6,493,420	4,606,342	748,217	19,650,535
Debt securities							
Trading securities	42,390	44,052	76,382	22,836	-	-	185,660
Held-to-maturity securities	-	4,227	246,862	1,253,365	52,690	-	1,557,144
	42,390	48,279	323,244	1,276,201	52,690	-	1,742,804
Certificate of deposit held	-	42,435	383,220	912,113	-	-	1,337,768
LIABILITIES							
Deposits and balances of banks and other financial institutions	37,854	382,991	-	-	-	-	420,845
Deposits from customers	6,925,674	23,296,487	1,931,036	339,055	-	-	32,492,252