

BEA tower
東亞銀行中心





For over 85 years, we at BEA have supported our customers, helping them increase their wealth and grow their businesses. As we further expand our presence in China and around the world, we remain steadfast in our dedication to providing the highest standard of service, enabling every customer to enjoy continued prosperity.

東亞銀行成立至今逾85年，與客戶一起成長。我們致力協助客戶達成增值致富的目標，積極支持他們實踐鴻圖大計。我們不斷拓展在內地和全球的業務網絡，堅守一貫宗旨，為客戶提供最佳服務，讓客戶安享豐盛的成果。

Our Continued Growth

持續增長

CHAIRMAN'S STATEMENT

I am pleased to inform shareholders that Mr. Kenneth LO Chin-ming was appointed an Independent Non-executive Director and a member of the Audit Committee of The Bank of East Asia ("BEA" or the "Bank") on 1st May, 2005, and Mr. Eric LI Fook-chuen was appointed a Non-executive Director of the Bank on 25th January, 2006. Mr. Lo is the Chairman and Chief Executive Officer of the Industrial Bank of Taiwan, and Mr. Li the Chairman and Chief Executive Officer of The Kowloon Dairy Limited. I am confident that the valuable contribution of Mr. Lo and Mr. Li will lead to the further success of BEA.

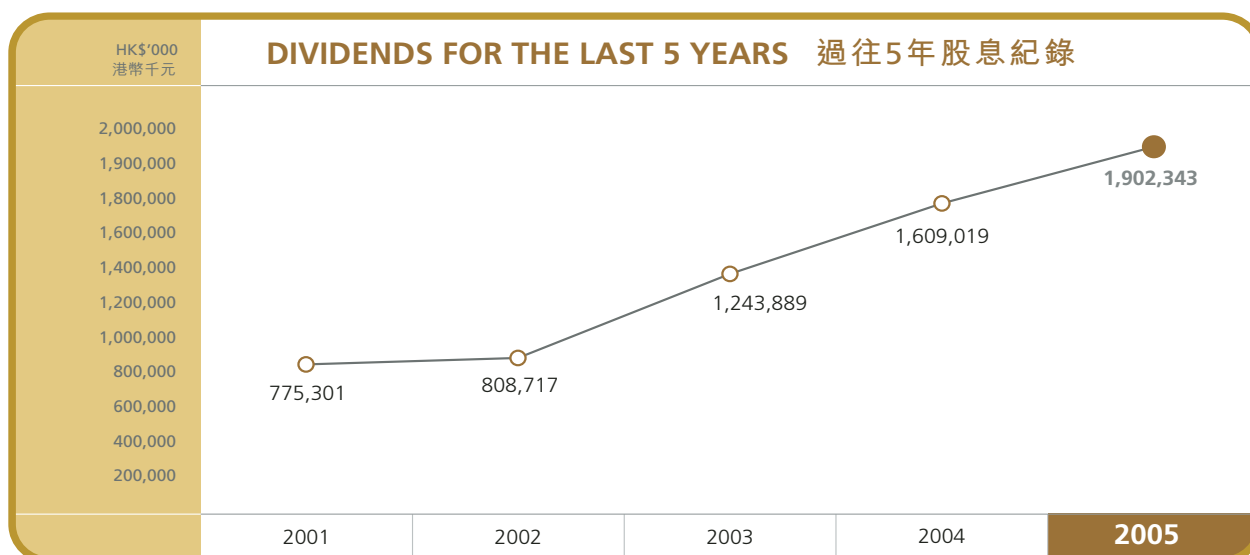
At the forthcoming Annual General Meeting to be held on Friday, 7th April, 2006, Dr. Simon LI Fook-sean will retire in accordance with the Articles of Association and will not seek re-election. Dr. Simon Li was appointed a Director of the Bank in 1987 and has served BEA for 19 years. On behalf of the Board, I take this opportunity to extend our gratitude to Dr. Li for his wise counsel and invaluable contribution to BEA during his tenure of service on the Board and wish him every happiness, good health and success for the future.

In 2005, BEA Group achieved a profit attributable to equity holders of the Group of HK\$2,749 million, representing an increase of HK\$401 million, or 17.1%, over that of HK\$2,348 million in 2004. Basic earnings per share were HK\$1.83. Return on average assets and return of average equity were 1.3% and 12.2%, respectively.

As at 31st December, 2005, total consolidated assets were HK\$238,799 million, an increase of HK\$28,429 million over

the position at the end of 2004. Advances to customers stood at HK\$138,744 million, representing 58.1% of total consolidated assets. Customer deposits were HK\$175,895 million, while certificates of deposit and subordinated debt issued stood at HK\$6,431 million and HK\$8,549 million, respectively. The loan to deposit ratio was 76.1%, compared with 69.8% at the end of 2004. Total equity increased by 11.6% to HK\$24,405 million.

At the Annual General Meeting, the Directors will propose a final dividend of HK\$0.93 per share, which, together with the interim dividend of HK\$0.33 per share paid in September 2005, will constitute a total dividend of HK\$1.26 per share for the full year. This represents an increase of 16.7% over the total dividend of HK\$1.08 per share for the year 2004. Shareholders whose names are on the Register of Members at the close of business on Wednesday, 15th March, 2006 will be entitled to the proposed final dividend. The final dividend will be paid in cash, with an option to receive new, fully paid shares in lieu of cash. This scrip dividend scheme is conditional upon the passing of the relevant resolution at the Annual General Meeting, and the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval to the listing of and permission to deal in the new shares. The dividend warrants and the share certificates for the scrip dividend will be sent to shareholders by ordinary mail on or about Saturday, 8th April, 2006. Details of the scrip dividend and the election form will be sent to shareholders on or about Wednesday, 15th March, 2006.



主席報告書



Dr. The Hon. Sir David Li Kwok-po
Chairman and Chief Executive
主席兼行政總裁
李國寶爵士

本人欣然向各位股東宣布，東亞銀行於2005年5月1日委任駱錦明先生為本行獨立非執行董事和審核委員會委員，並於2006年1月25日委任李福全先生為本行非執行董事。駱先生為台灣工業銀行董事長。李先生為九龍維記牛奶有限公司主席兼行政總裁。本人深信駱先生和李先生定能為本行作出寶貴貢獻，協助本行臻取更大成就。

在2006年4月7日(星期五)召開的股東周年常會上，李福善博士根據本行組織章程退任本行董事，並不再膺選連任。李博士於1987年起獲委任為本行董事，本人謹代表董事會感謝李博士19年來為本行所提供的寶貴意見，對本行貢獻良多。本人也特此祝願他身心愉快、萬事如意。

東亞銀行集團在2005年錄得股東應佔溢利達港幣2,749,000,000元，與2004年溢利港幣2,348,000,000元相比，增加港幣401,000,000元或17.1%。每股基本盈利為港幣1.83元。平均資產回報率和平均股本回報率分別為1.3%和12.2%。

本集團在2005年12月31日的綜合資產總額達港幣238,799,000,000元，較2004年同日數字上升港幣28,429,000,000

元。客戶貸款為港幣138,744,000,000元，佔綜合資產總額的58.1%。客戶存款為港幣175,895,000,000元，存款證和後償票據總額分別為港幣6,431,000,000元和港幣8,549,000,000元。貸款對存款比率為76.1%，2004年年底則為69.8%。股東權益總額上升11.6%至港幣24,405,000,000元。

董事會將於股東周年常會上建議派發末期股息每股港幣9角3仙。連同2005年9月派發的中期股息每股港幣3角3仙，全年每股將合共派發股息港幣1元2角6仙，相比2004年全年派發的股息每股港幣1元8仙，升幅為16.7%。在2006年3月15日(星期三)辦公時間結束時名列本行股東名冊的股東，將獲派發上述建議末期股息。該末期股息將以現金派發，惟股東可選擇收取已繳足股款的新股以代替現金。是項以股代息計劃須待股東在周年常會上通過有關決議案，並得香港聯合交易所有限公司上市委員會批准所發行的新股上市買賣方可作實。有關股息單和以股代息的股票約於2006年4月8日(星期六)以平郵寄予股東。以股代息計劃的詳情將連同有關選擇表格約於2006年3月15日(星期三)寄予各股東。

Chairman's Statement (continued)

In 2005, the operating environment in Hong Kong improved, and loan demand increased in tandem with the strong growth of the local economy. However, economic growth moderated in the final quarter, as the spike in interest rates in the last half of the year dampened consumer sentiment toward property investment and consumption. Despite the weakness at the end of the year, the overall asset quality of the Banks' portfolio improved and the Bank was able to make significant progress in recovery of bad debt.

The outlook for 2006 is favourable, although global and local economies are likely to expand at a more moderate pace than in 2005. Loan demand and business opportunities are expected to remain buoyant as a result of strong business sentiment and the relocation of some economic activity, particularly in the textiles and clothing sector, from the Mainland back to Hong Kong. To improve income growth, banks will continue to diversify into fee-generating businesses such as wealth management and structured products. Furthermore, banks will continue to invest in improving their risk management infrastructure in order to meet the regulatory requirements of the new Basel Capital Accord.

In 2005, BEA maintained its strategic focus on growth and efficiency enhancement, and continued to develop new revenue streams. The Bank launched a number of distinctive products in both Hong Kong and China to meet market needs. The Bank will continue to actively develop its wealth management business, including private banking and structured products. Furthermore, BEA will continue to exploit cross-selling opportunities by promoting Tricor's leading corporate services and share registration service and Blue Cross' insurance products. Last, but not least, the Bank will also continue to look for ROE accretive expansion opportunities via acquisitions and strategic alliances in Hong Kong, the Mainland and elsewhere.

With further expansion of its extensive branch network in the Mainland, the Bank will continue to enhance its strong franchise in China through capturing business opportunities arising from the introduction of CEPA and China's accession to the World Trade Organization ("WTO"). One area that offers great potential is personal Renminbi ("RMB") business in Hong Kong. BEA will also continue to strengthen its position in overseas markets, including the United States, Canada and South East Asia.

BEA will maintain its focus on improving operating efficiencies. The Office Centralisation Project to relocate back-office departments and operations to the new office tower in Millennium City 5 ("MC5") in Kwun Tong was completed in May 2005. BEA also plans to relocate additional back-office operations to the operating centre in Guangzhou. Leveraging the centralised Hong Kong operations at MC5 and the operating centre in Guangzhou will be the focal nexus for the year 2006. Furthermore, BEA will continue to enhance its systems and risk management platform to support its growth.

With its unique market position in Hong Kong, the Mainland and elsewhere, BEA is well prepared to further strengthen its franchise in the domestic, Mainland and overseas markets.

David LI Kwok-po

Chairman and Chief Executive

Hong Kong, 10th February, 2006

主席報告書 (續)

在2005年，香港的營商環境愈益好轉，貸款需求隨著本地經濟強勁增長而有所增加。然而，利率自去年下半年起逐步攀升，致使消費者對物業投資和消費的意欲轉弱，本地經濟增長於第4季出現放緩。儘管如此，銀行業的整體資產素質已有改善；本行在壞賬回收上取得可觀進展。

展望2006年，雖然本地和環球經濟的增長步伐或會相較去年遜色，整體經營前景依然向好。受惠於營商氣氛旺盛及經濟活動回流，特別是紡織及成衣業從內地遷回香港，貸款需求和營商機遇均可望繼續增加。為了促進收入增長，銀行界將持續拓展收費業務，如財富管理和結構投資產品，同時亦會不斷為改進風險管理的基礎設施而作出相應投資，藉以符合《巴塞爾新資本協定》中的有關規定。

本行在2005年貫徹一向的策略重點，繼續專注於加快業務增長、提高營運效率及拓展收入來源。我們已於香港和內地推出多項特別產品，配合兩地市場的需要。我們仍會積極發展財富管理業務，包括私人銀行和結構產品。另一方面，我們亦會透過推廣卓佳在市場上具領導地位的企業服務和股份登記服務，以及藍十字的保險產品，努力拓展交叉銷售機會；更會在香港、內地乃至其他主要地區，持續探求收購和結盟的良好契機，提升股東的平均股本回報。

隨著內地分行網絡在年內進一步擴大，本行將會一如以往，致力掌握《內地與香港關於建立更緊密經貿關係的安排》和中國加入世界貿易組織所帶來的商機，繼續擴大內地業務版圖。本地的個人人民幣銀行業務發展潛力優厚。另外，本行亦會著力提升在美國、加拿大和東南亞等海外市場的地位。

我們繼續著重提高銀行的營運效率，其中的「辦公室集中計劃」，把我們於香港的大部分後勤部門和業務集中於新建成的觀塘創紀之城五期，已於2005年5月順利完成。我們亦計劃把更多後勤工序遷至位於廣州的營運中心。藉著這兩項支援運作集中計劃以提高整體營運效率，為本行在2006年的業務發展重點之一；而為了支持業務增長，本行還會繼續提升營運系統和風險管理設施。

憑藉本集團在香港、內地和海外市場所享有的獨特地位，我們已經準備就緒，進一步鞏固我們在本地、內地以至海外銀行領域的優勢。

主席兼行政總裁
李國寶

香港，2006年2月10日