

We attach greatest value to total customer satisfaction. We continue to stand by each and every customer, making the extra effort to anticipate, appreciate, understand, and satisfy the genuine needs of our customers, helping them achieve their financial goals.

東亞銀行竭誠待客，致力讓客戶感到稱心滿意。作為客戶至可信賴的理財夥伴，我們緊隨客戶步伐，洞悉客戶需要，並盡力滿足他們對金融和投資服務的需求，幫助其達致財務目標，實現理想。

Our Customer Focus

以客 為尊





# EXECUTIVE DIRECTORS' REPORT

## FINANCIAL REVIEW

### Financial Performance

The year 2005 saw confidence return to the local economy, as business and consumers stepped up spending. Neither high oil prices nor rising interest rates could dampen the mood through most of the year.

It was only in the latter part of the year that higher interest rates finally succeeded in cooling what had become an effervescent residential property market. Transactions in both the primary and secondary markets fell in reaction to the jump in mortgage interest rates in the latter half of the year. While the property market slowed to catch its breath, the economy continued to perform well. The unemployment rate continued to fall. Domestic consumption held firm, although the pace of retail sales growth slowed in the last quarter.

The Hong Kong banking industry remained highly competitive during the year, offering good value and helping to sustain the growth momentum.

The BEA Group's reported earnings for 2005 reflect certain accounting standard changes that have been implemented in 2005. The Hong Kong Institute of Certified Public Accountants ("HKICPA") announced several new or revised Hong Kong Accounting Standards ("HKAS") and Hong Kong Financial Reporting Standards ("HKFRS") in 2004. In preparing the financial statements for 2005, all applicable HKAS and HKFRS have been adopted. Prior period adjustments have been made to the financial statements for 2004, depending on the individual requirements of the concerned HKAS and HKFRS. The effects of adopting these HKAS and HKFRS on the preparation and presentation of financial statements are summarised in Note 3.

The BEA Group achieved a profit attributable to equity holders of the Group of HK\$2,749 million for the year ended 31st December, 2005, a growth of 17.1% as compared with 2004.

The adoption of HKAS 39 had a mild impact on the recognition of interest income and expense. Net interest income increased by HK\$146 million, or 4.0%, from HK\$3,614 million, due to healthy growth in loans to customers. The improvement came despite a fall in net interest margin, from 1.95% to 1.85%. Non-interest income increased by HK\$310 million, or 16.5%, when compared with 2004, due partly to the adoption of

HKAS 39, which reclassified net interest income related to funding swap transactions as non-interest income, as well as to the increase in trading profits on investments in securities. As a result, total operating income increased by 8.3% to HK\$5,953 million.

Despite that total operating expenses increased by 8.2% over the corresponding figure in 2004 to HK\$2,988 million due to continuing expansion of the Group activities, the cost to income ratio declined marginally from 50.3% in 2004 to 50.2% in 2005.

Operating profit before impairment allowances (previously referred to as the charge for bad and doubtful debt) increased by HK\$231 million, or 8.4%, over the HK\$2,734 million attained in 2004.

As a result of the continuous improvement in asset quality and the new approaches to assessing the loan impairment due to the adoption of HKAS 39, the impairment loss on loans and advances decreased by HK\$131 million, or 48.1%, compared to 2004, to HK\$141 million.

Following the relocation of the Group's operations departments to Millennium City 5 in Kwun Tong in the first half year, two vacant office premises were sold. As a result, the Group recorded a profit on disposal of fixed assets of HK\$365 million, an increase of HK\$350 million as compared with 2004.

The considerable rise in property prices in 2005 allowed BEA to record a revaluation surplus for investment properties of HK\$234 million. However, an impairment loss of HK\$210 million was recorded on vacant bank premises.

Share of profit less losses from associates decreased by HK\$35 million to HK\$34 million.

After taking into account income taxes, profit after taxation was HK\$2,786 million, an increase of 17.4% over the HK\$2,372 million recorded the previous year.

Minority interests increased by HK\$12 million to HK\$37 million.

Profit attributable to equity holders of the Group increased to HK\$2,749 million, a rise of 17.1% compared to 2004.

# 執行董事報告書

## 財務回顧

### 財務表現

在2005年，企業和消費者對本地經濟恢復信心，增加開支。油價高企和利率上揚均不能削弱去年大部分時間一直延續的良好氣氛。

直至下半年利率上升，才令蓬勃的住宅物業市場開始降溫。下半年內按揭息率上升，使一、二手物業市道下滑。幸好，樓市雖然放緩，本地經濟仍續有良好表現，失業率更持續下降。縱使零售市場在第4季的增長減慢，市民消費仍然保持堅穩。

年內，本地銀行業競爭依然熾烈，既為客戶提供增值服務，同時亦有助維持本身業務的增長動力。

香港會計師公會於2004年公布了數項新增或經修訂的《香港會計準則》和《香港財務報告準則》，因此東亞銀行集團的2005年業績報告反映若干已實施的會計準則修訂。本集團採用所有適用準則編製2005年的財務報表，並已按照有關準則的個別規定，重新編列2004年度財務報表。採用此等準則對本集團財務報表的影響，已總結於附註3內。

在截至2005年12月31日止之年度，本集團錄得股東應佔溢利港幣2,749,000,000元，較2004年上升17.1%。

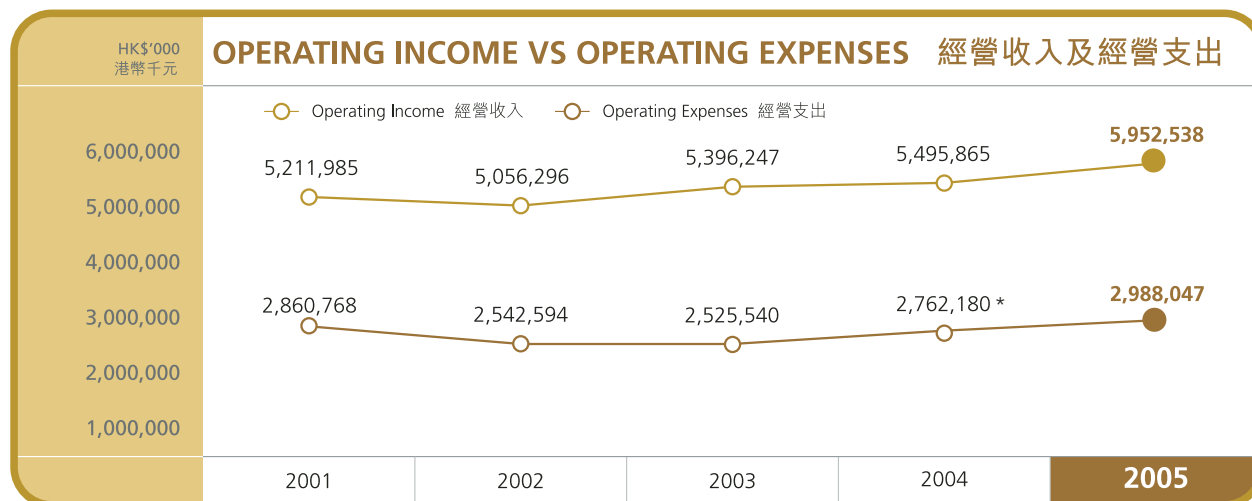
採用《香港會計準則》第39號對計算利息收入和支出的影響輕微。雖然淨息差由1.95%收窄至1.85%，但本集團在客戶貸款方面取得健康增長，令淨利息收入相較2004年錄得的港幣3,614,000,000元，增加港幣146,000,000元，即4.0%。與2004年比較，非利息收入增加港幣310,000,000元或16.5%，這部分源於本集團按照《香港會計準則》第39號的新規定，把原列為淨利息收入的資金掉期交易之收益，列作為非利息收入，加上本集團的證券投資盈利增加。因此，經營收入總額上升8.3%，達港幣5,952,538,000元。

儘管本集團業務擴展令經營支出總額相較2004年上升8.2%，至港幣2,988,000,000元，但成本對收入比率由2004年的50.3%，輕微下降至2005年的50.2%。

扣除減值準備（即以往所指的「壞賬和呆賬支出」）前的經營溢利，相較2004年所得的港幣2,734,000,000元上升港幣231,000,000元，即8.4%。

由於資產素質持續改善，以及本集團因應《香港會計準則》第39號之規定而採用新的評估方法以提撥貸款減值準備，貸款減值準備因此減少港幣131,000,000元或48.1%，至港幣141,000,000元。

隨著多個部門在2005年上半年相繼遷入觀塘創紀之城五期的新辦公大樓，本集團完成了出售兩項空置物業，因而錄得出售固定資產之盈利達港幣365,000,000元，對比2004年同期數字增加港幣350,000,000元。



\* Restated due to changes in accounting policies.

\* 因會計政策變更而重報。

## Executive Directors' Report (continued)

### Financial Position

Total consolidated assets of the BEA Group were HK\$238,799 million at the end of 2005, representing a rise of 13.5% from HK\$210,370 million at the end of 2004. Advances to customers increased by 18.3% to HK\$138,744 million.

Total deposits increased by 8.6% to HK\$182,326 million, while customer deposits rose by 7.4% to HK\$175,895 million. Demand deposits and current accounts decreased by a combined HK\$1,054 million to HK\$10,865 million. Savings accounts decreased by HK\$13,232 million to HK\$35,498 million. Time deposits at the year-end 2005 stood at HK\$129,533 million, an increase of HK\$26,444 million, or 25.7%, when compared with the balance at year-end 2004.

In December 2005, the Group issued US\$550 million subordinated loan capital. As at 31st December, 2005, loan capital stood at HK\$8,549 million, an increase of 100.2% when compared with the balance at year-end 2004. Total equity stood

at HK\$24,405 million, an increase of HK\$2,546 million, or 11.6%, when compared with the balance at the end of 2004.

During the year, BEA issued HKD floating rate certificates of deposit with a face value of HK\$2,700 million, and HKD fixed rate certificates of deposit with a face value of HK\$1,300 million. The Bank redeemed HKD certificates of deposit amounting to HK\$2,000 million upon maturity, and repurchased a quantity of its own certificates of deposit amounting to HK\$117 million equivalent. The Bank also issued and redeemed a number of short term TWD fixed rate certificates of deposit.

After taking into account all debt instruments issued, the loan-to-deposit ratio was 76.1%, being 6.3% higher than the 69.8% reported at the end of 2004.

At the end of December 2005, the face value of the outstanding debt portfolio was HK\$6,497 million, with the carrying amount equal to HK\$6,431 million.

### Maturity Profile of Debts Issued

As at 31st December, 2005

(All expressed in millions of dollars)

	Currency	Total Face Value	Year of Maturity		
			2006	2007	2008
<b>Floating Rate Certificates of Deposit</b>					
Issued in 2005	HKD	2,700	1,200		1,500
<b>Fixed Rate Certificates of Deposit</b>					
Issued in 2005	HKD	1,300	800		500
Issued in 2005	TWD	2,900	2,900		
<b>Discounted Certificates of Deposit</b>					
Issued in 2002	HKD	288	288		
Issued in 2002	USD	86		86	
Issued in 2003	AUD	50	50		
Issued in 2003	NZD	44	44		
<b>Step Up Certificates of Deposit</b>					
Issued in 2003	USD	44			44
<b>Total Debts issued in HKD equivalent</b>		<b>6,497</b>	<b>3,489</b>	<b>669</b>	<b>2,339</b>

## 執行董事報告書 (續)

此外，受惠於年內物業價格大幅上升，本集團投資物業的價值經重估後錄得港幣234,000,000元的盈餘，而就空置的銀行物業所作之減值損失則為港幣210,000,000元。

本集團應佔聯營公司的溢利經減除虧損後減少港幣35,000,000元，至港幣34,000,000元。

經計及稅項支出後，除稅後溢利為港幣2,786,000,000元，相較2004年之稅後溢利港幣2,372,000,000元，上升17.4%。

少數股東權益增加港幣12,000,000元，至港幣37,000,000元。

本集團2005年之股東應佔溢利升至港幣2,749,000,000元，較2004年增加17.1%。

### 財務狀況

於2005年年底，本集團的綜合資產總額為港幣238,799,000,000元，相較2004年同日總額數字之港幣210,370,000,000元，上升13.5%。客戶貸款增加18.3%，達港幣138,744,000,000元。

已發行債務證券的年期

於2005年12月31日

(以百萬元位列示)

存款總額上升8.6%，至港幣182,326,000,000元；客戶存款則為港幣175,895,000,000元，升幅為7.4%。活期和往來存款合計港幣10,865,000,000元，減少港幣1,054,000,000元。儲蓄存款為港幣35,498,000,000元，減少港幣13,232,000,000元。於2005年12月31日之定期存款則為港幣129,533,000,000元，對比2004年年底結餘增加港幣26,444,000,000元，或25.7%。

2005年12月，本集團發行550,000,000美元的後償票據。在2005年12月31日，借貸資本為港幣8,549,000,000元，與2004年年底比較，增加100.2%。股東權益總額由2004年12月底增加港幣2,546,000,000元或11.6%，至港幣24,405,000,000元。

本行於2005年內發行面值港幣2,700,000,000元的港元浮息存款證，以及面值港幣1,300,000,000元的港元定息存款證，並於到期時贖回此等港元存款證共港幣2,000,000,000元，和購回其等值港幣117,000,000元的各類存款證。本行於年內亦發行，並於到期時贖回若干短期的台幣定息存款證。

經計入所有已發行的債務證券後，本行貸款對存款比率為76.1%，較2004年年底的69.8%上升6.3%。

	貨幣	總面值	到期年份		
			2006	2007	2008
<b>浮息存款證</b>					
2005年發行	港幣	2,700	1,200		1,500
<b>定息存款證</b>					
2005年發行	港幣	1,300	800		500
2005年發行	台幣	2,900	2,900		
<b>貼現存款證</b>					
2002年發行	港幣	288	288		
2002年發行	美元	86		86	
2003年發行	澳元	50	50		
2003年發行	紐元	44	44		
<b>步陞存款證</b>					
2003年發行	美元	44			44
<b>所有已發行債務證券 (相等於港幣)</b>		<b>6,497</b>	<b>3,489</b>	<b>669</b>	<b>2,339</b>



In recognition of BEA's excellent reputation as a local brand, the Bank Group was awarded the "2005 Hong Kong Top Service Brand Award" in January 2006.

本行憑藉傑出的品牌形象，於2006年1月榮獲「2005年香港服務名牌」獎項。



## Risk Management

BEA has established comprehensive risk management procedures that enable it to identify, measure, monitor and control the various types of risk it faces, and, where appropriate, to allocate capital against those risks. All risk management policies have been approved by the Board of Directors. Risk management mechanisms have been established at different levels throughout the Group. This is supplemented by active management involvement, effective internal controls and comprehensive audits in the best interests of BEA.

With effect from 1st January, 2006, the Group has established an enterprise-wide risk structure and set up a centralised risk management department to handle and monitor all major risks, including credit risk, market risk, liquidity risk and operational risk. The Group also appointed a Chief Risk Officer to oversee this function. It is expected that the overall risk management capability of the Bank Group would be further enhanced as a result.

## OPERATIONS REVIEW

### RECOGNITION

In recognition of BEA's excellent reputation as a local brand that stands for the very best in quality and service to customers and the public at large, the Bank Group was awarded the "2005 Hong Kong Top Service Brand Award" in January 2006.

The award programme was jointly organised by the Hong Kong Brand Development Council and the Chinese Manufacturers' Association of Hong Kong. The objective of the award programme is to give recognition to outstanding brand names

established by Hong Kong companies and to promote Hong Kong products and services.

In May 2005, Cyberbanking was awarded the "Excellence in Internet Banking Award" in "The Asian Banker's Excellence in Retail Financial Services Awards 2004". In October 2005, Cyberbanking also won the "Award of Merit" in the Enterprise Solution Category 2005 in the "First Hong Kong Wireless Technology Excellence Awards" for its innovative mobile phone and PDA services.

### IMPROVEMENT TO OPERATIONS

#### Office Centralisation

The relocation of departments to BEA Tower at Millennium City 5 in Kwun Tong was completed in May 2005, and a grand opening ceremony held on 12th September, 2005. This centralisation exercise will enable the Bank to enhance its operational efficiency and manage the utilisation of office space more effectively.

The Bank is in the process of disposing of surplus office properties created as a result of the relocation exercise.

#### Relocating Back-Office Operations to the Mainland China

The back-office operating centre in Guangzhou, incorporated under the name of East Asia Electronic Data Processing (Guangzhou) Limited, has been running smoothly and is being capable of in-sourcing functions from the Bank as planned. With the centre's track record in processing the relocated functions satisfactorily, the Bank has mapped plans to outsource more of its operating functions thereto in the years ahead.

## 執行董事報告書 (續)

BEA celebrated the grand opening of BEA Tower at Millennium City 5 in Kwun Tong in September 2005. 本行於2005年9月舉行盛大慶典，慶祝位於觀塘創紀之城五期的東亞銀行中心正式啟用。



在2005年12月31日，本行的債務組合總額面值為港幣6,497,000,000元，其賬面值則為港幣6,431,000,000元。

### 風險管理

東亞銀行已建立一套完善的風險管理程序，以識別、衡量、監察和控制本行所承受各類風險，並在適當情況下分配資本以抵禦該等風險。所有風險管理政策均經董事會批准。本集團已在各業務層面建立風險管理機制，並結合管理層的適當參與、有效的內部監控和完善的稽核程序，藉以確保本行最大的利益。

自2006年1月1日起，本集團建立覆蓋各項業務的風險管理架構，並成立風險管理部門集中處理和監察各類主要風險，包括信貸風險、市場風險、流動資金風險及營運風險。本集團亦委任風險總監負責監察風險管理部的運作，從而提升整體風險管理水平。

### 業務回顧

#### 獎項

東亞銀行憑藉傑出的品牌形象，為本港客戶和社會大眾提供優質服務，贏得市場讚譽，剛於2006年1月榮獲「2005年香港服務名牌」獎項。

此項選舉是由香港品牌發展局和香港中華廠商聯合會聯合主辦，旨在表彰香港公司創立的傑出品牌，提高香港產品和服務的知名度。

2005年5月，本行憑電子網絡銀行服務榮獲《亞洲銀行家》雜誌(The Asian Banker)頒發「2004年度零售金融服務卓越大獎」中的「網上銀行服務卓越獎」。而在10月，電子網絡銀行服務的流動電話及電子手帳理財，榮獲第一屆「香港無線科技傑出大獎」中的「無線企業應用方案—優異獎」。

### 營運改善措施

#### 辦公室集中計劃

本行多個部門已於2005年5月完成搬遷，陸續進駐位於觀塘創紀之城五期的東亞銀行中心。為慶祝銀行中心正式啟用，本行於9月12日舉行了盛大的開幕典禮。辦公室集中計劃順利完成，不但有助本行提升營運效率，亦能讓本行更有效運用辦公室空間。

本行現正為數個因搬遷後而騰空的物業，在市場上逐步進行出售。

#### 後勤支援工序北移

本集團設於廣州的後勤運作中心，註冊名稱為東亞電子資料處理(廣州)有限公司。自開業以來運作暢順，並能如期接手處理所有從香港轉移至該中心的工序。在此良好基礎下，日後本行將會遷移更多合適的工序至後勤營運中心處理。



## Executive Directors' Report (continued)

With the opening of the Langham Place and Millennium City 5 branches, BEA now operates over 110 branches and SupremeGold Centres in Hong Kong.

朗豪坊和創紀之城五期分行開幕後，本行目前在香港已設有超過110間分行及顯卓理財中心。



### Information Technology

#### *New Accounting System*

The Bank is to launch a new computer system for general ledger operations in 2006. The new accounting system will not only improve operating efficiency and strengthen control, but also meet the evolving regulatory reporting requirements and improve information management by facilitating information sharing and consolidation.

#### *Core Banking System*

In January 2005, the first phase of the Core Banking System Implementation project, covering Customer Information File and System Architecture, was completed. The first phase strengthened BEA's sales and marketing infrastructure by providing support to campaign execution and customer sales contact activities. It also empowered BEA to capture more customer data for storage in the Customer Relationship Management System. The Bank is now in a better position to analyse customer behaviour and preferences.

In May 2005, the Bank moved forward to implement the functional and technical design for the second phase of the project, which covers Deposit and Payment modules. Detailed design and development work is under way, and the second phase will be ready for roll out in the second half of 2006.

### PERSONAL BANKING

#### Branch Distribution

BEA continues to implement the Branch Rationalisation Programme to further strengthen the local branch network. During 2005, two new branches were opened, five branches were relocated to more prominent sites, and seven branches

were closed and merged with nearby branches. At the end of January 2006, the total number of branches in Hong Kong stood at 87.

To further enhance the Bank's service in wealth management, four SupremeGold Centres were opened during the year, bringing the number of SupremeGold Centres to 26 by the end of January 2006. The Bank plans to open four SupremeGold Centres in 2006.

The Branch Renewal Programme is also ongoing. The new branch design concept, which provides a bright and spacious atmosphere, was first introduced three years ago and has been well received by customers. More branches will be renovated to the new standard in the years to come.

With the expansion of the permissible scope of personal RMB business, the Bank began to offer RMB deposit account services to business customers in the designated industries starting from December 2005.

A new marketing aid, named Insurance Needs Analysis Tool, was installed at all BEA branches and SupremeGold Centres during the year to further enhance the professionalism of insurance sales staff in delivering quality financial analysis and solutions.

To enhance its insurance services, BEA has introduced two new programmes, one providing express services and another offering tailor-made quotations for specified customers. The express service speeds up the application process for non-Hong Kong residents, so that the whole process including medical examination can be completed within five days. Tailor-made



Our new branch design concept provides a bright and spacious atmosphere for customers.

本行全新的分行設計概念，成功為分行營造寬敞明亮的環境，廣受客戶歡迎。

The Bank offers a wider range of Renminbi services to its customers.  
本行為客戶推出廣泛的人民幣服務。



### 資訊科技

#### 新會計系統

本行計劃於2006年啟用新的會計系統，新系統不僅能提升本行營運效率和加強業務監察，同時亦能透過資訊的共享和整合，以符合不斷新增的監管要求和改善資訊管理。

#### 核心銀行系統

本行於2005年1月完成首階段的核心銀行系統計劃，當中涵蓋客戶資料檔案和系統的結構。首階段計劃除有助加強本行前線人員的銷售能力、支援市場推廣計劃的推行和促進產品銷售的客戶聯繫活動外，還提升了本行將客戶資料保存於客戶關係管理系統的能力，讓本行能更有效地分析客戶的消費行為和喜好，從而改善產品的設計和推廣。

2005年5月，本行開展計劃第2階段的功能和技術設計，當中涉及存款和支付系統。本行現正為此進行詳細的設計和開發工作，整個階段計劃將於2006年下半年竣工。

### 個人銀行業務

#### 分行業務

為加強本地分行業務網絡，本行繼續推行「分行優化計劃」，年內已有兩間新分行開幕，5間分行遷至更顯著的地點，以及7間分行

與鄰近的分行合併。在2006年1月底，本行在香港合共設有87間分行。

為持續提升財富管理服務的素質，本行於年內增設了4間顯卓理財中心。2006年1月底，本行顯卓理財中心總數為26間，而本行亦計劃於年內再增設4間新中心。

本行繼續推行「分行更新計劃」，在3年前推出的新設計概念成功為分行營造寬敞明亮的環境，廣受客戶歡迎。本行會於來年為更多分行進行翻新工程，以符合該新標準的要求。

隨著人民幣業務的經營範圍擴大，本行於2005年12月推出為從事指定行業的企業客戶而設的人民幣存款賬戶服務。

本行亦於分行和顯卓理財中心裝設了一套名為稱心「保」理財分析的推廣工具，提升保險銷售人員在提供優質理財分析和方案時的專業表現。

本行實施兩項新安排，以提升保險服務水平。其中一項為特快服務，旨在加快非香港居民的申請時間，使整個申請手續，包括驗身程序，能於5天內完成。另一項是為客戶度身訂造報價單，目的是加強處理客戶申請時的彈性，無須經過一般承保時較冗長的程序。



The SHKP Club VISA Card was launched in partnership with Sun Hung Kai Properties, enabling BEA to broaden its customer base.  
本行與新鴻基地產攜手推出「新地會VISA卡」，進一步拓展信用卡客戶基礎。



quotations provide flexibility for applications that deviate from normal underwriting requirements.

#### Cyberbanking

During the year, Cyberbanking was further upgraded to serve customers better. In January 2005, e-Statement and CyberDonation services were introduced over the Internet. To further enhance security when processing online banking transactions, Cyberbanking implemented two-factor authentication in June 2005. At the end of 2005, the Bank had over 310,000 registered Cyberbanking users. The average daily usage volume exceeded 143,000 transactions.

Corporate Cyberbanking recorded steady growth in its customer base in 2005. By the end of 2005, over 16,600 corporate customers had registered with BEA's Corporate Cyberbanking, representing a 21% increase compared to the end of 2004.

#### Property Loans

The property market consolidated in the second half of 2005 after a sharp rise at the beginning of the year. The rise in mortgage interest rates took its toll, depressing the number of new transactions and therefore reducing mortgage loan demand.

To moderate the impact of rising mortgage interest rates, in early September BEA launched the "BEA Fixed Rate Mortgage Plan" and pioneered the 40-year Fixed Amount Mortgage Plan to provide more flexible mortgage solutions.

In addition, BEA actively coordinated with various property developers to provide preferential mortgage plans to homebuyers, which sustained BEA's business growth in the face

of a contraction in property transaction volume in the second half of 2005.

#### Consumer Loans

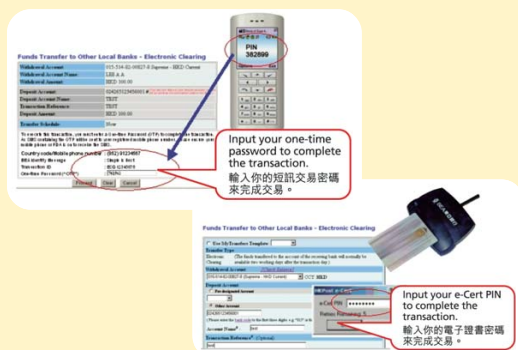
With the steady growth of the economy and improvement in private consumption, BEA launched a new overdraft facilities package and initiated various promotional programmes in the second half of 2005. The promotional programmes incorporated a wide range of attractive offers, such as low interest rate lock-in period and highly personalised pricing, and were successful in capturing customers of good quality including professionals, executives and middle-income earners. Double-digit growth in the portfolio of this target customer segment was recorded, as compared with the corresponding period the previous year.

In addition, in August 2005 BEA introduced an innovative personal loan product, named CyberCash, to Cyberbanking customers. CyberCash is a highly convenient and quick loan service that allows customers to apply for loans online via the Internet and mobile phones. The approved loan will be deposited directly to a BEA account designated by the customer within two hours. This product was well received by younger income earners, who are frequent users of the Internet.

#### Credit Cards

BEA continued to build its credit card brand during the year. Services were enhanced through the revamp of key products, and appealing cardholder privileges were employed to encourage regular card usage. Moreover, the Bank exploited cross-selling opportunities to deepen business penetration and enlarge the customer base. For example, BEA partnered with Sun Hung Kai Properties to launch the SHKP Club VISA Card co-branded card in April 2005.

## 執行董事報告書 (續)



BEA's new overdraft facilities package was successful in capturing quality customers.

本行推出的嶄新透支服務，成功吸引不少優質客戶。

Cyberbanking implemented two-factor authentication to enhance online security.

電子網絡銀行服務實施雙重認證措施，加強網上銀行交易的保安。



### 電子網絡銀行服務

本行在2005年內進一步提升電子網絡銀行服務，使服務範圍更加多元化，其中包括於1月推出電子結單和網上捐款服務。為加強網上銀行交易的保安，電子網絡銀行服務於6月實施了雙重認證措施。於2005年年底，本行已有31萬名客戶登記使用電子網絡銀行服務，平均每日在網上進行逾14萬3,000宗交易。

企業電子網絡銀行服務的客戶人數在年內穩定增長，至年底，已有超過16,600個企業客戶登記使用此項服務，比較2004年同期上升21%。

### 樓宇按揭貸款

本地樓市繼於年初急升後，在下半年因按揭利率上升而出現整固，物業買賣宗數減少，按揭貸款需求因而受壓。

為緩和按揭利率上升對樓市的影響，本行於9月初推出「東亞定息按揭計劃」，率先在市場上提供長達40年的定額供款按揭貸款，為客戶帶來更具彈性的按揭方案。

本行亦積極與各大地產發展商合作，為置業人士提供優惠的按揭貸款。因此，雖然物業成交量在下半年出現萎縮，本行的樓宇按揭貸款業務仍然錄得增長。

### 私人貸款

本行把握經濟穩步增長和私人消費好轉的勢頭，在2005年下半年推出一項嶄新的透支服務和數項市場推廣計劃。推廣計劃的特色包括提供非常吸引的優惠，如為客戶提供鎖定低息期和高度個人化的息率，因而成功吸引到更多優質客戶，包括專業人士、行政人員和中收入人士使用本行貸款服務。與2004年同期比較，本行為這目標客戶群提供的貸款額錄得雙位數字的增長。

2005年8月，本行為電子網絡銀行服務客戶推出「電子網絡快得錢」，讓客戶專享快捷簡便的貸款服務。客戶只需透過此項服務的網上理財或流動電話/電子手帳理財，即可遞交申請。批核程序僅需2小時，款項即直接存入客戶的東亞銀行賬戶內。此項產品推出後，深受經常使用互聯網的年青工作人士歡迎。

### 信用卡業務

本行在年內繼續強化信用卡業務的品牌形象，為此改善了多項信用卡服務，包括革新現有主要產品和提供專享優惠，務求增加本行信用卡的使用量。本行亦同時致力提升交叉銷售機會，以增加整體信用卡業務的市場滲透率和擴大客戶基礎。其中，本行於4月與新鴻基地產攜手推出聯營信用卡——新地會VISA卡。



BEA continued to expand its range of insurance products, and introduced several new life insurance and general insurance products in the year.

本行於年內成功推出多個全新的人壽和一般保險計劃，令保險產品範圍不斷擴闊。

In 2005, the Bank introduced sophisticated segmentation tools and a robust credit platform, including behavioural scoring engines. The ability to conduct credit evaluation was also updated, with the introduction of an improved scoring programme. New marketing strategies were devised based on these innovations, so as to provide rewards specific to different target customers.

The Bank's risk management efforts during the year were successful in stabilising the credit card charge-off ratio. In addition, a new initiative was launched to fine-tune credit line management.

Seizing the business potential brought by the expansion of RMB business, credit card business will align its overall strategy to make the most of macroeconomic developments.

#### Blue Cross (Asia-Pacific) Insurance Limited

Blue Cross Insurance recorded steady growth in all business lines through the year. The Company's well-established distribution network enabled it to offer a wide range of insurance products to target customers. The BEA Life Insurance Series and selected general insurance products were distributed through over 110 BEA branches and SupremeGold Centres. Other distribution channels included insurance agents, brokers, allied partners, and both the BEA and Blue Cross on-line websites.

In 2005, Blue Cross gross premium income increased by 24%, while life insurance and general insurance premium income grew by 51% and 4% respectively.

Being a trustworthy brand in the market, Blue Cross received a number of awards in recognition of its achievements, including "The Most Popular Travel Insurance Company Award", "MIS

Asia IT Excellence Award", and "High Flyers Achievement Award – Health Insurance".

Blue Cross continued to expand its market share through the offering of innovative products. Pet Care Insurance was launched in July 2005 to provide pet lovers with desired medical cover for their cats and dogs. Another new product, DecorationSafe, was promoted to the public in the last quarter of 2005, offering protection for property damage and liability loss due to decoration works at home or in the office.

## CORPORATE BANKING

### Corporate Lending

BEA remained an active player in the corporate lending market during 2005. In the first half of the year, demand for loans was strong from all business sectors due to the low interest rate environment, higher property values and strong domestic demand. However, as interest rates and oil prices surged in the second half of the year, local companies began to slow their pace of business expansion. Overall, companies reported good business turnover but only moderate profit growth for the year.

Competition among banks remained keen for all business segments and loan types. To improve yield return and to broaden the client base, BEA pro-actively solicited business by participating in high quality and return-justified deals. BEA was quick to take advantage of the booming economy in Macau, capturing emerging lending opportunities as local and international investors sought financing in Hong Kong for new investments in Macau.

BEA actively participated in new financing exercises involving large conglomerates, including property development and



Blue Cross Insurance continued to record steady growth, as a result of offering insurance products to target customers through its well-established distribution network.

藍十字透過其廣闊的分銷網絡，向目標客戶銷售多元化保險產品，持續錄得穩定的業務增長。

本行亦引用了先進高效的客戶分層和信貸分析工具，包括客戶消費行為的評分系統等。本行採用更先進的評分方法，以加強信貸的評估工作。同時，本行還利用這些先進工具制定各項市場推廣策略，為配合不同類型目標客戶所需而提供合適的優惠和獎賞。

本行在年內推行的風險管理措施，有效將信用卡撇賬率保持在穩定水平。另外，本行亦為改善信貸限額管理推出了一項新措施。

隨著人民幣業務擴大，信用卡業務的發展潛力亦更形優厚，本行將乘此機遇在策略上予以配合，進一步拓展信用卡業務。

### 藍十字(亞太)保險有限公司

藍十字各項保險業務在年內均錄得穩定增長。透過其廣闊的分銷網絡，藍十字得以向不同目標客戶銷售範圍廣泛的保險產品，包括經本行在香港的逾110間分行和顯卓理財中心，推銷「東亞人壽保險系列」和特選的一般保險產品。其他渠道則包括保險代理、經紀、聯盟夥伴、本行和藍十字網站等。

藍十字於2005年錄得總保費收入上升達24%；人壽保險和一般保險的保費收入增幅則分別為51%和4%。

藍十字的保險產品信譽昭著，屢獲嘉獎，曾榮獲「最受歡迎旅遊保險公司」、「MIS亞洲區資訊科技卓越獎」、「傑出企業成就獎—醫療保險」等獎項。

藍十字不斷推出創新產品以提高市場份額，包括於7月推出「智得寵」計劃，為喜愛寵物人士提供貓狗醫療保險；另外，還於第4季推出全新的「裝修寶」，旨在保障投保人免因家居或辦公室裝修工程而引致財物損毀或第三者責任的賠償。

### 企業銀行業務

#### 企業貸款

本行一向積極拓展企業貸款市場。在上半年，由於利率處於低水平，加上物業價值回升和本地需求強勁，各行各業對貸款的需求殷切。然而，利率和油價在下半年持續上升，令本地企業開始減慢其業務擴展速度。總體而言，雖然企業在營業額方面取得良好表現，但盈利增長僅屬溫和。

銀行業在各個行業貸款業務和貸款種類上的競爭依然激烈。為促進業務增長和擴闊客源，本行在年內積極參與多宗優質而又能保證收益的交易。此外，澳門經濟日益繁榮，吸引到不少本港和國際投資者往該地投資，而他們對在港融資的需求亦與日俱增。本行迅速掌握箇中良機，為該等投資者提供所需貸款。

本行在年內積極參與多項大型企業的新融資計劃，包括在香港和澳門的地產發展和投資項目、為企業籌措營運資金、首次公開招股前的融資活動，以及協助內地大型企業透過在港分支機構收購

## Executive Directors' Report (continued)



The "SME Loan Programme" and the "Corporate Tax Loan Programme" were tailor-made for small to medium-sized enterprises.

「中小企業貸款計劃」和「企業稅務貸款計劃」是為中小企業度身設計的貸款方案。



BEA successfully completed seven projects as a Receiving Bank in 2005. 本行在2005年成功擔任7個新股上市項目的收票銀行。

investment projects in Hong Kong and Macau, working capital financing and IPO pre-financing. The Bank also secured deals to finance overseas acquisitions made by large PRC corporations via their Hong Kong subsidiaries. The Bank has underwritten and participated in numerous syndicated deals, including a HK\$5,200 million syndicated loan facility to CITIC Pacific Limited, a HK\$3,600 million syndicated loan facility to Hopewell Highway Infrastructure Limited and a US\$729 Million syndicated loan facility to Wynn Resorts (Macau), S.A.

In the small to medium-sized enterprise market, BEA continues to focus on companies with promising business prospects, offering tailor-made banking facilities and a comprehensive range of value-added services. The Bank launched several loan schemes targeted at this segment, including the "SME Loan Programme", the "Trade Finance Programme" and the "Corporate Tax Loan Programme".

Commercial advances were in strong demand in the first 6 months of the year, but flattened in the second half in front of the backdrop of surging interest rates and oil prices. Equipment and vehicle financing maintained satisfactory growth throughout the year as a result of the Bank's focus on enhancing its business relationships with equipment and vehicle dealers. On the other hand, the taxi and public light bus loan business recorded a mild drop as BEA continued to adopt a prudent lending policy. A zero-write off record was maintained for the taxi and public light bus portfolio during the period.

The Bank organised a number of information seminars for corporate customers in 2005, aiming to further enhance the relationship with these customers. For example, in January, BEA organised a seminar under the theme "Global Economic Outlook and Foreign Exchange Market for 2005". The seminar provided

useful macro economic and market information to assist customers in developing their business plans for the year ahead.

In October, BEA organised a seminar on "Capturing Business Opportunities in China: New Directions and Developments in the Expanding Mainland Market". Three experts on China were invited to share their insights and experience with the Bank's customers.

In mid-January 2006, BEA held a seminar entitled "Charting Course for 2006: The Outlook Opportunities". The seminar brought together distinguished leaders in the fields of economics, real estate, foreign exchange, and investment with BEA's corporate and personal-banking customers.

### Securities Lending

BEA maintained its market share in staggings loans for IPOs in 2005, achieving a 38% increase in loan activity in line with the rise in IPO fundraising. The Bank was also active in providing IPO Receiving Bank services, successfully completing seven projects, including The Link REIT, the largest real estate investment trust issued to date, and China Construction Bank, the first of China's Big Four banks to list in Hong Kong. BEA recorded a 24% increase in traditional share financing loans during 2005, and will strive to establish an even stronger foothold in local stock market financing in 2006.

### Bank of East Asia (Trustees) Limited

#### Mandatory Provident Fund

To provide greater flexibility in the management of voluntary contributions, BEA launched a new service, the MPF Personal Contribution Account ("PCA"), in April 2005. A PCA can be opened by anyone interested in saving for retirement; it is not necessary to have an MPF account with BEA to qualify. BEA is the first MPF trustee in Hong Kong to offer this service.



The Bank organised three informative seminars for corporate customers in 2005, further enhancing the relationship with these customers.

本行在年內為企業客戶舉辦3個資訊性研討會，進一步加強與客戶的關係。

海外資產安排所需資金，計有：中信泰富有限公司涉資港幣52億元的銀團貸款、合和公路基建有限公司涉資港幣36億元的銀團貸款和永利渡假村（澳門）股份有限公司涉資7億2,900萬美元的銀團貸款。

在中小型企業貸款市場，本行持續以一些前景優良的中小型企業為首要目標對象，為其度身設計貸款方案和全面的增值服務。本行在年內為中小型企業推出多項貸款計劃，包括「中小型企業貸款計劃」、「貿易融資計劃」和「企業稅務貸款計劃」。

客戶在上半年對商業貸款的需求殷切，但由於在下半年利率和油價上升，此類貸款的需求已轉趨平穩。有賴本行與設備和汽車代理商的業務關係愈加緊密，本行的設備和汽車融資業務在年內取得滿意增長。由於本行持續採取審慎的貸款政策，年內的土和公共小巴貸款業務輕微下跌，但仍能保持零撇賬的優秀紀錄。

本行在年內為企業客戶舉辦了多個資訊性研討會，進一步加強雙方關係，其中包括在1月舉行的「環球經濟前景與外匯市場2005」研討會，旨在從宏觀角度分析環球經濟，為與會客戶提供實用參考資訊，助其規劃來年業務發展。

在10月，本行舉辦「掌握形勢、捕捉商機：中國市場新動向」研討會，邀得3位中國財經專家跟與會者分享他們的精闢見解和營商經驗。

2006年1月中旬，本行再次舉辦研討會，主題為「2006年營商新方向：前景與商機」。研討會邀得在經濟、地產、外匯和投資界的知名人士與本行企業和個人客戶一同展望今年市場前景。

### 證券貸款

本行在新股上市的認購貸款業務上維持市場份額，隨著年內新股上市融資項目增加而錄得38%的業務增長。本行亦積極參與公開招股項目，例如擔任7個新股上市項目的收票銀行，包括全球最大的房地產投資信託基金——領匯房地產投資信託基金，及內地四大國有銀行之一的中國建設銀行。傳統證券融資業務方面，本行錄得24%的貸款總額增長。在2006年，本行將會繼續著力爭取在本地證券貸款業務上佔據更大的市場份額。

### 東亞銀行（信託）有限公司

#### 強制性公積金

本行於2005年4月推出全新的強積金個人供款賬戶服務，為強積金計劃成員提供更具彈性的自願性供款安排。新的賬戶服務讓成員無需在本行開立強積金賬戶，亦可將個人供款存入本行，為未來儲蓄而作退休之用。本行為全港首間強積金核准受託人接納非本行強積金客戶在本行開立個人供款賬戶。





The Bank launched over 30 different Linked Deposit products in 2005, giving customers more investment options.  
本行於年內成功推出逾30個掛鈎存款產品，讓客戶享有更多投資選擇。

In addition, BEA launched three new constituent funds under its Master Trust Scheme in September 2005, namely BEA (MPF) Asian Growth Fund, BEA (MPF) Hong Kong Growth Fund and BEA (MPF) Global Bond Fund. With the new funds, scheme members now have more investment options.

The strength of BEA's MPF investment team was underscored at the end of the year, when it was reported that BEA ranked the second in the MPF Index compiled by Mercer Human Resource Consulting for the one-year period ended September 2005.

#### Trust Services

In addition to the provision of MPF services, Bank of East Asia (Trustees) Limited also offers a wide range of trustee services to both individual and corporate customers. Four sub-funds were successfully launched under the BEA Signature Portfolio Fund in January 2005, namely BEA Aggressive Fund, BEA Growth Fund, BEA Balanced Fund and BEA Stable Fund.

## WEALTH MANAGEMENT

### Structured Products

The Bank launched over 30 different Linked Deposit products in 2005. A major milestone was achieved during the year, with distribution of principal protected structured products having been extended to all branches on the Mainland and in Macau, significantly increasing the base of potential customers.

The Bank also introduced the mass market to a number of innovative investment products with exotic options that were previously only available to affluent individuals. Furthermore, products with shorter tenors and early redemption features were

offered to give customers a higher degree of flexibility to take advantage of the buoyant market.

During the year, the transaction volume of structured deposits increased by 7.7%, while the total outstanding structured products portfolio increased by 60%.

### Mutual Fund Business / Asset Management

Timely market information is the key to smart investing. In order to make it easier for the Bank's customers to access such intelligence, the Bank revamped its online Cyberfund Centre and joined forces with ET-Wealth (a subsidiary of the listed Hong Kong Economic Times Group). With the revamp, the Bank has significantly enhanced the content of its financial news and information on investment funds.

In 2005, the investment fund business of the Bank grew by more than 15% in terms of net assets under custody.

Due to the strong performance of several BEA investment funds and a 23% increase in assets under management from the MPF business, the Bank's investment management subsidiary, East Asia Asset Management Company Limited, recorded a significant increase in profit of over 39% in 2005.

### Bancassurance

Bancassurance business continued to achieve double-digit growth in 2005, with a 30% increase in insurance premium income. The Bank further enhanced its insurance product range by developing market-responsive insurance products, particularly single premium, refundable term life, and annuity plans. Customers can now access BEA's insurance products at the branches, or via the Internet and by telephone.



With distribution of principal protected structured products having been extended to the Mainland and Macau, BEA had significantly increased the base of potential customers.

本行將結構產品業務拓展至內地和澳門，令潛在客戶基礎顯著擴大。

此外，本行於9月在集成信託計劃下新增3個成分基金，分別為東亞(強積金)亞洲增長基金、東亞(強積金)香港增長基金和東亞(強積金)環球債券基金，為成員提供更多元化的基金選擇。

在年底，本行強積金投資管理隊伍以其實力獲得嘉許。本行在 Mercer Human Resource Consulting編製的截至2005年9月年度MPF Index中，榮獲最佳表現強積金服務供應商的第2名。

### 信託管理服務

除提供強積金服務外，東亞銀行(信託)有限公司亦為個人和企業客戶提供廣泛系列的信託服務。2005年1月，本行在「東亞尊享組合基金」下成功推出「東亞進取基金」、「東亞增長基金」、「東亞均衡基金」和「東亞平穩基金」4個成分基金。

### 財富管理服務

#### 結構產品

在2005年，本行共推出逾30個掛鈎存款產品。本行於年內同時在內地和澳門推售保本結構投資產品，令潛在客戶基礎顯著擴大，為推展結構產品業務邁出重要的一步。

本行亦向公眾人士推出多項創新投資產品，使目標對象不再局限於富裕客戶；另外，又推出了年期較短和可以提早贖回的產品，

讓客戶享有更靈活的投資選擇，掌握結構產品市場發展蓬勃而帶來的投資良機。

結構存款產品的成交量在年內增加7.7%，結構產品的認購總額則上升60%。

#### 互惠基金業務 / 資產管理

迅速掌握最新市場資訊，是精明投資的關鍵。為方便客戶瞭解最新市場資訊，本行與上市公司香港經濟日報集團旗下的環富通，合作推出全新的「東亞網上基金中心」，大大加強其中的財經消息和投資基金資訊內容。

本行於年內所管理的投資基金業務資產值錄得逾15%的增長。

由於本行多個投資基金的表現突出，加上本行所管理的強積金資產值增加23%，本行專責投資管理的附屬機構——東亞資產管理有限公司年內溢利上升39%，增幅可觀。

#### 銀行保險業務

銀行保險業務在2005年續有雙位數字增長，保費收入升幅為30%。本行更藉開發切合市場需要的保險產品，進一步拓闊產品範圍，特別推出了整付保費計劃、保費回贈壽險和年金計劃等。客戶現可在本行分行或透過本行網站和投保熱線，投保本行提供的各式保險計劃。



The Bank re-launched BEA Private Banking in September 2005 to enhance its offering of value-added wealth management services for high net worth customer segment.

本行於2005年9月成立私人銀行部，著力提升本行為高資產值客戶提供的財富管理增值服務。

With the aim of increasing the penetration rate of insurance products within the Bank's customer base, various cross-selling campaigns to targeted customers from credit card, mortgage loans and children's savings accounts were introduced in 2005. Sophisticated marketing segmentation and sales promotion strategies were employed to achieve budgeted growth. In particular, a series of road shows were organised at various shopping centres to strengthen brand awareness.

#### Private Banking

The Bank re-launched BEA Private Banking in September 2005, aiming to be a leading provider of premier wealth management services to key clients in the region. Established as a separate unit under the Wealth Management Division of the Bank, this new unit enhances the Bank's offering of value-added wealth management services for the high net worth customer segment.

Through BEA Private Banking, select customers have access to dedicated, relationship oriented, trusted and professionally trained bankers on a one-to-one basis. BEA Private Banking encompasses an extensive range of services for managing personal wealth, including advisory and discretionary portfolio management, treasury and structured products, dealing in securities and funds, family trust and estate planning, in addition to the full range of banking services.

#### INVESTMENT BANKING AND SERVICES

##### East Asia Securities Company Limited – Securities Cybertrading

East Asia Securities continued to benefit from the improving local market sentiment and investor confidence during the past year.

The Company has dedicated itself to continually raising its standard of services in order to meet the increasingly sophisticated demands of its customers and the marketplace. As a measure of its success, the Company registered a 16% rise in the number of Cybertrading accounts during 2005. As of 31st December, 2005, more than 49% of the Company's securities clients were subscribers to the Cybertrading Service.

East Asia Securities has instituted various incentive schemes to encourage clients to execute trades via its user-friendly electronic trading platform. The schemes have generated strong positive response from clients. Currently, the volume of transactions executed via the Cybertrading System, expressed as a percentage of total turnover, accounts for some 50% of the number of trades and 36% of transaction value.

With a view to further enhancing the Cybertrading Service, East Asia Securities has plans to introduce an eIPO Service and further enhance its IVRS Trading System and Mobile Phone Trading in the first half of 2006.

##### East Asia Futures Limited – Futures Cybertrading

For the year 2005, East Asia Futures, the wholly-owned futures and options broking arm of the Bank, benefited greatly from the improved local market conditions. The Company has recorded significant growth in its client base since the launch of its online real time trading platform in August 2004 – the Futures Cybertrading System.

Year to year, the Company registered growth of 34% in the number of Futures Cybertrading accounts. As of 31st December, 2005, more than 67% of the Company's clients had subscribed to the Futures Cybertrading Service.



Customers are encouraged to execute trades via BEA's user-friendly Securities and Futures Cybertrading platforms, which enable them to keep abreast of the latest market trends.

客戶可使用本行網站的實時電子交易平台買賣股票和期貨，緊貼市況，方便快捷。

為增加保險產品在本行客戶群中的滲透率，本行在年內為信用卡、按揭貸款和兒童儲蓄賬戶等業務的目標客戶，推行了形形色色的市場推廣計劃，同時亦採取先進的市場分層和促銷策略，務求達到設定的增長率，其中包括在多個商場舉行一系列的展銷活動，提升本行保險品牌的知名度。

### 私人銀行業務

本行於9月成立私人銀行部，為亞太區內主要客戶提供尊貴的財富管理服務，以期成為此項服務的主要提供者。私人銀行部隸屬於財富管理處，著力提升本行為高資產值客戶提供的財富管理增值服務。

本行資深專業的私人銀行經理竭誠待客，貼身照顧特選客戶的需要，除全面的銀行服務外，還提供多種個人理財服務，範圍涵蓋諮詢和資產管理支援、資金和結構產品、證券和基金買賣、家庭信託和財產規劃。

### 投資銀行服務

#### 東亞證券有限公司 — 電子網絡股票買賣服務

在2005年，東亞證券有限公司受惠於本地市場氣氛好轉和投資信心增加，業務持續增長。

該公司成功提高電子網絡股票買賣服務的素質，迎合客戶和市場的更高要求。這從該公司於年內的電子網絡買賣服務賬戶數目上

升16%，以及於12月31日已有逾49%的證券客戶登記使用此項服務中，已經得到反映。

為鼓勵客戶使用操作簡易的電子交易平台買賣股票，該公司提供各項優惠計劃，並得到客戶廣泛的支持。現時，透過電子網絡股票買賣系統完成的交易，分別佔本行錄得總成交宗數和總成交金額的50%和36%。

為進一步提升電子網絡股票買賣服務的素質，該公司現正計劃推出電子初次公開招股服務，並會於2006年上半年提升其「話音識別互動買賣系統」和流動電話股票買賣服務。

#### 東亞期貨有限公司 — 電子網絡期貨買賣服務

本行全資附屬期貨和期權買賣服務機構 — 東亞期貨有限公司，在2005年內明顯受惠於本地市場環境轉好，自2004年8月推出網上實時期貨交易平台 — 電子網絡期貨買賣系統以來，客戶人數錄得可觀增長。

該公司在電子網絡期貨買賣服務賬戶數目方面，取得按年增長34%；於2005年12月31日，已有超過67%的期貨客戶登記使用此項服務。



BEA further expanded its strong presence in China with the total number of outlets reaching 23. 本行持續擴大在內地的業務版圖，內地網點數目現已增至23個。



East Asia Futures has instituted various incentive schemes to encourage clients to execute trades via its user-friendly electronic trading platform. Currently, the volume of transactions executed via the Futures Cybertrading System, expressed as a percentage of total turnover, accounts for some 40% of trades and 35% of transaction value.

### CHINA OPERATIONS

In 2005, BEA opened two branches in Hangzhou and Chongqing, two sub-branches in Shanghai Xintiandi and Shenzhen Nanshan as well as two representative offices in Suzhou and Dongguan. At present, BEA has a total of 23 outlets in China, including 11 branches, 6 representative offices and 6 sub-branches. Further expansion is planned for 2006, including but not limited to upgrading the existing representative offices into full branches and establishing more sub-branches on the Mainland and in Macau.

To explore the bancassurance business opportunities in China, BEA entered into cooperation agreements with China Pacific Insurance Company Limited and China Life Insurance Company Limited during the year. Nine out of the eleven branches in China have already obtained agency licences for marketing both life and general insurance products.

BEA launched five derivative products in China and one derivative product in Macau during the year, with encouraging sales results. BEA will continue to develop innovative personal banking products to suit the needs of the local market.

Furthermore, BEA obtained approval from the State Administration of Foreign Exchange to provide RMB forward services to its customers.

In 2005, BEA has achieved a significant growth of 50% in the loan portfolio and 74% in the net profit in the China, Taiwan and Macau markets. BEA is confident that the business units in these three markets would be able to maintain this growth momentum in 2006.

### OVERSEAS OPERATIONS

In 2005, BEA continued the implementation of its international expansion strategy. In March, The Bank of East Asia (Canada) opened a branch in the city of Vancouver. In April, BEA exercised the option to increase its shareholding in P.T. Bank Resona Perdania, its joint venture bank in Indonesia, raising its stake from 24.89% to 30%.

In June, The Bank of East Asia (U.S.A) N.A. ("BEA-USA") opened its fourth California branch in Torrance. To further strengthen BEA's presence in the United States, in December, East Asia Holding Company, Inc., a wholly-owned subsidiary of BEA, signed a definitive agreement to acquire National American Bankcorp ("NABancorp"). NABancorp is the holding company for National American Bank ("NAB"), a commercial bank with three branches in the San Francisco Bay Area. NAB will be merged into BEA-USA following the completion of the acquisition in the second quarter of 2006. The acquisition will enable BEA Group to expand its network into the dynamic San Francisco market, and it will provide a platform for further growth in northern California.

BEA-USA is also preparing to open two additional branches in New York City in the first half 2006. Cyberbanking Services will be extended to customers beginning in the second quarter of 2006. By mid 2006, BEA-USA will have a total of 10 branches in the U.S.



The Bank entered into cooperation agreements with China Life Insurance and China Pacific Insurance. 本行先後與中國人壽和中國太平洋保險簽署合作協議，開拓在內地的銀行保險業務。

A new branch was opened in Vancouver City by The Bank of East Asia (Canada). 加拿大東亞銀行於溫哥華市開設了新分行。



為鼓勵客戶使用操作簡易的電子交易平台買賣期貨，該公司提供各項優惠計劃。目前，透過電子網絡期貨買賣系統完成的交易，分別佔本行錄得總成交宗數和總成交金額的約40%和35%。

### 中國業務

東亞銀行杭州分行和重慶分行、上海新天地支行和深圳南山支行，以及蘇州代表處和東莞代表處已於2005年開業。本行現於內地設有23個網點，包括11間分行、6個代表處和6間支行，並準備於2006年申請把現有在內地的代表處升格為分行，及在內地和澳門增設支行。

在2005年，本行先後與中國太平洋保險有限公司和中國人壽有限公司簽署合作協議，開拓在內地的銀行保險業務。本行在內地的11間分行中，已有9間取得保險兼業代理許可證，可在內地向客戶推售人壽保險和一般保險。

年內，本行除在內地推出5個衍生金融產品外，還在澳門首次推出衍生金融產品，銷售成績令人鼓舞。本行將會繼續開發創新個人銀行產品，切合當地市場需求。

另外，本行亦已獲得中國國家外匯管理局批准，為客戶提供人民幣遠期合約服務。

本行在內地、澳門和台灣分行業務的貸款組合，於2005年共錄得50%的重大升幅，除稅後利潤增幅更加為74%。本行有信心這3個市場的業務在2006年將繼續維持增長。

### 海外分行業務

本行貫徹推行其致力擴展國際業務的策略。繼加拿大東亞銀行於3月在溫哥華市開設分行後，本行於4月行使權利，增持其在設於印尼的聯營公司P.T. Bank Resona Perdania 的股權，由24.89%增加至30%。

6月，美國東亞銀行在托倫斯市開設其第4間加州分行。為擴大本行在美國的業務版圖，本行於12月透過全資附屬公司East Asia Holding Company, Inc. 簽署正式協議，收購National American Bancorp (NABancorp)。NABancorp 是美國國家銀行的控股公司；美國國家銀行從事商業銀行業務，在三藩市海灣區設有3間分行。根據收購協議，在2006年第2季本行完成收購後，美國國家銀行將合併於美國東亞銀行內。此項收購有助本行把業務網絡擴展至商機蓬勃的三藩市市場，為進一步拓展北加州市場奠定穩固基礎。

美國東亞銀行亦正籌備於2006年上半年在紐約市增設兩間分行，以及在2006年第2季起，為客戶推出電子網絡銀行服務。到2006年年中，該行將會在美國設有10間分行。

## Executive Directors' Report (continued)

In 2005, BEA overseas business units recorded a growth of 15% in the loan portfolio. Despite heavy loan prepayments and lesser-than-expected growth due to strong liquidity and high interest rate environment, overseas business units achieved an increase of 40% in net profit for the year ended 31st December, 2005. The overseas business units will continue to carry out the mission of improving profitability and providing high quality niche banking services to its target customers.

### CORPORATE SERVICES

The BEA Group, through Group member Tricor Holdings Limited ("Tricor"), is a leading provider of business, corporate and investor services in the region. These services include accounting, company formation, corporate compliance and company secretarial, executive search and selection, initial public offerings ("IPO") and share registration, payroll outsourcing and fund and trust administration.

Tricor recorded significant growth in revenue for the year and is the key contributor to the BEA Group's fees and commission income. The continued improvement in the business environment in Hong Kong has benefited Tricor's operations. The company has experienced strong demand for its corporate compliance services from both private and publicly listed companies in Hong Kong, its IPO and share registration services as well as its executive search work. Furthermore, its overseas operations have made a respectable contribution to Tricor's total revenue.

In May 2005, Tricor acquired the company secretarial business of Ernst & Young in the British Virgin Islands, adding strength to Tricor's already successful corporate services practice there. Continuing with its regional expansion strategy, in July 2005, Tricor acquired a substantial interest in the client accounting, payroll outsourcing and executive recruitment businesses of PricewaterhouseCoopers in Thailand, the leading accounting firm in that country. Pursuant to a sale and purchase agreement signed in December 2005, Tricor completed the acquisition of

a reputable corporate services practice in Malaysia on 12th January, 2006. Tricor also set up operations in Shenzhen, its third office on the Mainland, in October 2005.

As of January 2006, Tricor operates in 10 cities in the region. As market leader in business, corporate and investor services, Tricor will continue to look for business opportunities in Greater China and elsewhere.

On 16th January, 2006, Tricor consolidated its Hong Kong offices into a single location at Three Pacific Place on Hong Kong Island. The consolidation will facilitate the further integration of the company's various business lines, systems and resources.

### HUMAN RESOURCES

The Bank of East Asia Group employees at 31st December, 2005:

Hong Kong	4,518
Other Greater China	1,507
Overseas	418
Total	6,443

The year 2005 was a challenging year for human resources professionals, especially for those serving in the field of recruitment and retention. To meet these challenges, the Bank has continuously reviewed its human resources programmes to attract high calibre candidates and to retain outstanding performers. These programmes include enhancement of staff benefits, rewards to top performers, enrichment programmes for staff development, and best practice benchmarking conducted by external human resources consultants.

The Bank is committed to enhancing the capability and developing the potential of its staff in order to assist them to face the changing needs of their work. Besides regular in-house training programmes, the Bank has collaborated with university professors and external training consultants to design and organise customised training courses.

**David LI Kwok-po**  
*Chairman and Chief Executive*

**Joseph PANG Yuk-wing**  
*Executive Director*

**CHAN Kay-cheung**  
*Executive Director*

Hong Kong, 10th February, 2006

## 執行董事報告書 (續)

Tricor operates in 10 cities in the region following the completion of a series of acquisition and expansion plans.

繼完成多項收購和拓展計劃後，卓佳業務覆蓋區內10個城市。



The Bank has collaborated with university professors and external training consultants to organise customised training courses.

本行與大學教授和培訓顧問合作，為員工度身訂造培訓課程。

海外分行業務於2005年錄得15%的貸款業務增長。儘管在資金充裕和息率高企的環境下，提早還款個案大增，令業務增長遜於預期，在截至2005年12月31日止年度，海外分行業務的淨經營溢利仍然保持上升，升幅為40%。本行各海外業務機構均致力持續改善盈利能力，為所在地區的目標客戶提供優質的銀行服務。

### 企業服務

本集團成員——卓佳集團在區內企業和投資者服務市場居於領先地位，服務範圍涵蓋會計、公司成立、企業法規監管及公司秘書、行政人員招聘、首次公開招股及股份登記、支薪外判，以及資金和信託行政管理等。

卓佳在年內錄得可觀的收益增長，為本集團的收費和佣金收入總額帶來顯著貢獻。其業務因香港營商環境持續改善而受惠，本地客戶對私營和上市公司的企業法規監管、首次公開招股和股份登記、行政人員招聘等服務的需求甚殷。此外，卓佳海外業務的成績亦不俗，是其收入總額增長的主要來源之一。

2005年5月，卓佳收購安永會計師事務所在英屬處女群島的公司秘書服務，使其在該地優秀的企業服務業務更添實力。卓佳貫徹其在區內的業務拓展策略，於7月收購羅兵咸永道會計師事務所在泰國的客戶會計、支薪外判和行政人員招聘業務的重大股權。此外，根據於12月簽署的買賣協議，卓佳亦已於2006年1月12日完成收購馬來西亞一間信譽超卓的企業服務公司。2005年10月，卓佳於深圳設立辦事處，此為其在內地的第3個業務據點。

至2006年1月，卓佳的業務覆蓋區內10個城市。卓佳在商業、企業和投資者服務處於市場前列，將繼續探索在大中華區以至世界各地的商機。

2006年1月16日，卓佳將其在香港的多個辦事處整合，集中於太古廣場三期。此舉將能促進其不同業務、系統和資源的進一步統合。

### 人力資源

東亞銀行集團於2005年12月31日的員工人數如下：

香港	4,518
大中華其他地區	1,507
海外	418
合計	6,443

為招攬和保留優秀的員工，人力資源工作人員在2005年備受考驗。為此，本行持續檢討人力資源政策，包括增加員工福利、獎賞傑出的員工、推行員工培訓和發展計劃，以及委託人力資源顧問制定最佳作業標準等。

本行致力提升和發展員工的專業才能，幫助員工面對不同的工作需求。除了定期舉行培訓課程外，本行亦與若干大學教授和培訓顧問合作，為員工度身訂造適當的培訓課程。

主席兼行政總裁  
李國寶

執行董事  
彭玉榮

執行董事  
陳棋昌

香港，2006年2月10日