

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2004

## 4. BUSINESS AND GEOGRAPHICAL SEGMENTS - continued

### (a) Business segments - continued

- (i) Segment information about these businesses as at 31 December 2004 is presented below: -  
continued

#### BALANCE SHEET

	Corporate and retail banking HK\$'000	Treasury and foreign exchange activities HK\$'000	Other business activities HK\$'000	Consolidated HK\$'000
<b>Assets</b>				
Segment assets	21,078,497	19,649,998	686,045	41,414,540
Interests in jointly controlled entities	–	–	68,875	68,875
Unallocated corporate assets				627,770
Consolidated total assets				<u>42,111,185</u>
<b>Liabilities</b>				
Segment liabilities	33,988,496	1,522,769	–	35,511,265
Unallocated corporate liabilities				396,494
Consolidated total liabilities				<u>35,907,759</u>

#### OTHER INFORMATION

	Corporate and retail banking HK\$'000	Treasury and foreign exchange activities HK\$'000	Other business activities HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Capital additions	31,600	103	373	23,462	55,538
Depreciation	<u>25,371</u>	<u>647</u>	<u>4,268</u>	<u>18,688</u>	<u>48,974</u>

## 4. BUSINESS AND GEOGRAPHICAL SEGMENTS - continued

## (a) Business segments - continued

(ii) Segment information about these businesses for the year ended 31 December 2003 is presented below:

## INCOME STATEMENT

	Corporate and retail banking HK\$'000	Treasury and foreign exchange activities HK\$'000	Other business activities HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Interest income from external customers	669,630	364,543	-	-	1,034,173
Interest expense to external customers	(357,850)	(6,145)	-	-	(363,995)
Inter-segment income (Note)	121,776	-	-	(121,776)	-
Inter-segment expense (Note)	-	(121,776)	-	121,776	-
Net income	433,556	236,622	-	-	670,178
Other operating income	89,546	34,270	90,024	-	213,840
Operating income	523,102	270,892	90,024	-	884,018
Charge for bad and doubtful debts	(62,803)	-	-	-	(62,803)
Net losses from disposal of property and equipment	(2,140)	(126)	(398)	-	(2,664)
Net gains from disposal of other securities	-	-	22,192	-	22,192
Provision for impairment loss in respect of other securities	-	-	(7,809)	-	(7,809)
Operating expenses	(280,402)	(20,337)	(28,858)	-	(329,597)
Segment profit	177,757	250,429	75,151	-	503,337
Unallocated corporate expenses					(133,557)
Profit from operations					369,780
Share of results of jointly controlled entities			(2,000)		(2,000)
Profit from ordinary activities before taxation					367,780
Taxation					(56,305)
Net profit for the year					311,475

Note: Inter-segment pricing is charged at prevailing customer deposits interest rates.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2004

## 4. BUSINESS AND GEOGRAPHICAL SEGMENTS - continued

### (a) Business segments - continued

(ii) Segment information about these businesses as at 31 December 2003 is presented below: -  
continued

#### BALANCE SHEET

	Corporate and retail banking HK\$'000	Treasury and foreign exchange activities HK\$'000	Other business activities HK\$'000	Consolidated HK\$'000
<b>Assets</b>				
Segment assets	20,852,733	17,458,133	597,169	38,908,035
Interest in an associate	-	-	396,448	396,448
Interests in jointly controlled entities	-	-	66,238	66,238
Unallocated corporate assets				570,195
Consolidated total assets				<u>39,940,916</u>
<b>Liabilities</b>				
Segment liabilities	32,629,660	997,322	-	33,626,982
Unallocated corporate liabilities				369,526
Consolidated total liabilities				<u>33,996,508</u>

#### OTHER INFORMATION

	Corporate and retail banking HK\$'000	Treasury and foreign exchange activities HK\$'000	Other business activities HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Capital additions	14,371	765	929	26,860	42,925
Depreciation	<u>25,993</u>	<u>512</u>	<u>4,904</u>	<u>14,177</u>	<u>45,586</u>

### (b) Geographical segments

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 years 2003 and 2004, 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. More than 90% of assets were located in Hong Kong and the balance of the assets were extended to branches outside Hong Kong, mainly in Mainland China and America.

Details of geographical segmentation are set out in note 3 of the unaudited supplementary financial information.