

"It is the Bank's objective to be the leading Hong Kong bank serving the Hong Kong, China and overseas Chinese communities."



Dr. The Hon. David LI Kwok-po
Chairman and Chief Executive

In 2000, The Bank of East Asia Group achieved profit attributable to shareholders of HK\$1,871 million, which represents an increase of HK\$382 million, or 25.7%, over the 1999 figure of HK\$1,489 million. Basic earnings per share were HK\$1.33. Return on average assets and return on average equity were 1.3% and 11.7% respectively.

As at 31st December, 2000, total consolidated assets were HK\$177,348 million, of which 58.6%, or HK\$103,994 million, were advances to customers. Customer deposits were HK\$138,747 million, while debt instruments issued stood at HK\$10,496 million. The loan to deposit ratio was 69.7%, compared with 68.4% at the end of last year. Total capital resources increased by 17.3% to HK\$17,631 million.

At the Annual General Meeting to be held on Thursday, 29th March, 2001, the Directors will propose to pay a final dividend of HK\$0.45 per share which, together with the interim dividend of HK\$0.20 per share paid in September 2000, will make a total dividend of HK\$0.65 per share. This represents an increase of 22.6% over the total dividend of HK\$0.53 per share paid for the year 1999 (*Note*).

Chairman's Statement

(continued)



The Bank has become one of the most respected financial institutions in Hong Kong with a significant regional and international presence. In 2000, the Bank received the Euromoney Awards for Excellence 2000 as the Best Domestic Bank in Hong Kong. Our East Asia Cyberbanking and Cybertrading Services were awarded Winner of Asian Banking Awards 2000 in the "New Business Venture" category and East Asia Cyberbanking Service was also elected one of the winners of the "2000 Hong Kong Coalition of Service Industries Innovative Service Award".



The Bank's many achievements in 2000 have been recognized internationally, at the Euromoney Awards for Excellence 2000 as the Best Domestic Bank in Hong Kong (left), Asian Banking Awards 2000 (middle) and 2000 Hong Kong Coalition of Service Industries Innovative Service Award (right).



As our business activities become more complex, we have placed high priority on risk management. We have established comprehensive risk management procedures which enable the Bank to control and monitor various types of risk which the Bank faces.

We are the largest independent local bank in Hong Kong. It is the Bank's objective to be the leading Hong Kong bank serving the Hong Kong, China and overseas Chinese communities. Our strategy is to focus on strengthening and expanding our franchise in Hong Kong, China and international markets. We believe this strategy will enable the Bank to increase its asset base, profitability and the value of our shareholders' investment.

The Bank intends to implement its strategy in Hong Kong by continuing to selectively expand its Hong Kong branch network and broaden the scope of its products and services. We will continue to focus on domestic retail banking business and on building our consumer franchise. Our recent acquisition of First Pacific Bank has strengthened our domestic franchise and given us a competitive advantage in the Hong Kong market. As part of our acquisition exercises, with the assistance from professional consultants, we are currently conducting careful integration planning to fully merge the businesses and operations of both First Pacific Bank and United Chinese Bank with the Bank in order to unify our operations and to achieve cost synergies. We are carrying out major initiatives to transform our branches into sales centres and to enhance the brand image of the Bank. As part of the expansion of our product range, the Bank is seeking to increase the contribution from non-collateral based lending activities such as consumer finance and credit card, and other fee-based services such as insurance and Mandatory Provident Fund services.

The Bank's strategy in China is to expand our branch network to realize our expansion strategy, and to maximize the benefits of our long-standing presence in China. In particular, the acquisition of First Pacific Bank, which brings our total assets above the minimum set by the People's Bank of China for foreign banks to expand their branch network in China, allows us to take advantage of our leading position in China.

In addition to growing through the expansion of our core business, we are also evaluating opportunities to grow through acquisitions in those countries where we can leverage our brand, services and operations.

David LI Kwok-po

Chairman and Chief Executive

Hong Kong

8th February, 2001

Note : Shareholders whose names are on the Register of Members at the close of business on Thursday, 8th March, 2001 will be entitled to the proposed final dividend. The scrip dividend scheme is conditional upon the passing of the relevant resolution at the forthcoming Annual General Meeting and the Listing Committee of The Stock Exchange of Hong Kong Limited granting 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 Thursday, 29th March, 2001. The final dividend will be paid in cash with an option to receive new, fully paid shares in lieu of cash. Details of the scrip dividend and the election form will be sent to shareholders on or about Thursday, 8th March, 2001.