

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2001

## 4. BUSINESS AND GEOGRAPHICAL SEGMENTS - continued

### (a) Business segments - continued

- (i) Segment information about these businesses for the year ended 31 December 2001 is presented below:

#### INCOME STATEMENT

	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 from external customers	1,246,716	732,479	-	-	1,979,195
Interest expense to external customers	(1,145,697)	(36,817)	-	-	(1,182,514)
Inter-segment income	463,549	-	-	(463,549)	-
Inter-segment expense	-	(463,549)	-	463,549	-
Net income	564,568	232,113	-	-	796,681
Other operating income	71,398	16,184	68,912	-	156,494
Operating income	635,966	248,297	68,912	-	953,175
Inter-segment pricing is charged at prevailing customer deposits interest rates.					
Charge for bad and doubtful debts	(136,437)	-	-	-	(136,437)
Net losses from disposal of property and equipment	(843)	-	-	-	(843)
Gains less losses from disposal of other securities	-	-	15,926	-	15,926
Gains less losses from disposal of held-to-maturity securities	-	5,088	-	-	5,088
Result					
Segment profit	227,217	239,327	58,150	-	524,694
Unallocated corporate expenses	-	-	-	-	(111,467)
Profit from operations	-	-	-	-	413,227
Share of results of jointly controlled entities	-	-	(18,882)	-	(18,882)
Profit from ordinary activities before taxation	-	-	-	-	394,345
Taxation	-	-	-	-	(48,458)
Net profit for the year	-	-	-	-	345,887

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for the year ended 31 December 2001

## 4. BUSINESS AND GEOGRAPHICAL SEGMENTS - continued

### (a) Business segments - continued

(i) Segment information about these businesses as at 31 December 2001 is presented below:

#### OTHER INFORMATION

	Corporate and retail banking HK\$'000	Treasury and foreign exchange activities HK\$'000	Other activities HK\$'000	Others HK\$'000	Consolidated HK\$'000
Capital additions	56,275	147	8,581	29,644	94,647
Depreciation and amortisation	32,290	671	4,732	10,735	48,428

#### BALANCE SHEET

	Corporate and retail banking HK\$'000	Treasury and foreign exchange activities HK\$'000	Other activities HK\$'000	Consolidated HK\$'000
<b>Assets</b>				
Segment assets	19,850,571	18,238,736	612,191	38,701,498
Interest in an associate	–	–	360,139	360,139
Interest in jointly controlled entities	–	–	75,668	75,668
Unallocated corporate assets				325,925
Consolidated total assets				39,463,230
<b>Liabilities</b>				
Segment liabilities	32,759,494	470,433	–	33,229,927
Unallocated corporate liabilities				437,321
Consolidated total liabilities				33,667,248

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2001

## 4. BUSINESS AND GEOGRAPHICAL SEGMENTS - continued

### (a) Business segments - continued

(ii) Segment information about these businesses for the year ended 31 December 2000 is presented below:

#### INCOME STATEMENT

	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 from external customers	1,742,029	866,700	-	-	2,608,729
Interest expense to external customers	(1,614,684)	(53,909)	-	-	(1,668,593)
Inter-segment income	479,238	-	-	(479,238)	-
Inter-segment expense	-	(479,238)	-	479,238	-
Net income	606,583	333,553	-	-	940,136
Other operating income	73,154	7,013	96,946	-	177,113
Operating income	<u>679,737</u>	<u>340,566</u>	<u>96,946</u>	-	<u>1,117,249</u>
Inter-segment pricing is charged at prevailing customer deposits interest rates.					
Charge for bad and doubtful debts	(171,533)	-	-	-	(171,533)
Net gains from disposal of property and equipment	40	-	-	-	40
Gains less losses from disposal of other securities	-	-	13,641	-	13,641
Result					
Segment profit	<u>245,292</u>	<u>328,787</u>	<u>73,697</u>	-	647,776
Unallocated corporate expenses					(92,947)
Profit from ordinary activities before taxation					554,829
Taxation					(98,231)
Net profit for the year					<u>456,598</u>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2001

## 4. BUSINESS AND GEOGRAPHICAL SEGMENTS - continued

### (a) Business segments - continued

(ii) Segment information about these businesses as at 31 December 2000 is presented below:

#### OTHER INFORMATION

	Corporate and retail banking HK\$'000	Treasury and foreign exchange activities HK\$'000	Other activities HK\$'000	Others HK\$'000	Consolidated HK\$'000
Capital additions	8,999	200	3,917	11,984	25,100
Depreciation and amortisation	34,051	656	3,758	5,265	43,730

#### BALANCE SHEET

	Corporate and retail banking HK\$'000	Treasury and foreign exchange activities HK\$'000	Other activities HK\$'000	Consolidated HK\$'000
<b>Assets</b>				
Segment assets	20,310,663	17,378,742	604,641	38,294,046
Interest in an associate	-	-	344,767	344,767
Interest in jointly controlled entities	-	-	51,800	51,800
Unallocated corporate assets				301,187
Consolidated total assets				38,991,800
<b>Liabilities</b>				
Segment liabilities	31,618,205	672,511	-	32,290,716
Unallocated corporate liabilities				972,780
Consolidated total liabilities				33,263,496

### (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 2000 and 2001, 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.