



中信嘉華銀行有限公司 CITIC KA WAH BANK LIMITED

(Incorporated in Hong Kong with limited liability)

ANNOUNCEMENT OF 2004 FINAL RESULTS

The Board of Directors of CITIC Ka Wah Bank Limited (the “Bank”) is pleased to announce the audited consolidated results of the Bank and its subsidiaries (the “Group”) for the year ended 31 December 2004 as follows:–

(A) CONSOLIDATED INCOME STATEMENT

	The Group		
	2004	2003	Variance
	HK\$'000	HK\$'000	%
Interest income	2,229,845	2,510,148	(11.17)
Interest expense	(773,492)	(962,864)	(19.67)
Net interest income	1,456,353	1,547,284	(5.88)
Fees and commission income	437,496	412,367	6.09
Fees and commission expense	(26,880)	(39,000)	(31.08)
Other operating income	190,378	26,241	625.50
Non-interest income	600,994	399,608	50.40
Operating income	2,057,347	1,946,892	5.67
Operating expenses	(1,012,224)	(917,766)	10.29
Operating profit before provisions	1,045,123	1,029,126	1.55
Charge for bad and doubtful debts	(100,540)	(473,638)	(78.77)
Operating profit	944,583	555,488	70.05
Net profit/(loss) on disposal of tangible fixed assets	19,755	(21,818)	190.54
Net surplus on revaluation of investment properties	7,555	7,835	(3.57)
Provision written back on held-to-maturity securities	9,682	1,135	753.04
Impairment loss on goodwill	(9,502)	–	N/A
Net profit on disposal of held-to-maturity securities	–	123,948	N/A
Impairment loss on other premises	–	(4,751)	N/A
Share of (losses)/profits of associates	(6,094)	95,102	(106.41)
Profit from ordinary activities before taxation	965,979	756,939	27.62
Income tax	(149,583)	(103,214)	44.93
Profit attributable to shareholders	816,396	653,725	24.88
Dividends attributable to the year:			
Interim dividends declared during the year	463,600	351,551	

(B) CONSOLIDATED BALANCE SHEET

	The Group		
	As at	As at	Variance
	31 Dec 2004	31 Dec 2003	
	HK\$'000	HK\$'000	%
Assets			
Cash and short-term funds	8,262,040	7,326,174	12.77
Placements with banks and other financial institutions maturing after one month	362,429	646,373	(43.93)
Trade bills less provisions	246,081	452,489	(45.62)
Certificates of deposit	1,366,315	2,059,100	(33.65)
Other investments in securities	3,489,760	2,262,980	54.21
Advances to customers and other accounts less provisions	42,603,199	40,386,077	5.49
Held-to-maturity securities and investment securities	22,298,706	22,458,050	(0.71)
Interest in associates	191,450	195,306	(1.97)
Goodwill	–	10,558	N/A
Deferred tax assets	54,054	49,348	9.54
Tangible fixed assets	1,418,918	1,568,744	(9.55)
Total assets	80,292,952	77,415,199	3.72
Liabilities			
Deposits and balances of banks and other financial institutions	3,555,852	3,486,079	2.00
Deposits from customers	55,648,955	58,414,884	(4.73)
Certificates of deposit issued	6,959,690	4,711,175	47.73
Debt securities issued	2,322,798	–	N/A
Current taxation	6,392	16,912	(62.20)
Deferred tax liabilities	8	15	(46.67)
Other accounts and provisions	1,542,837	1,578,937	(2.29)
Total liabilities	70,036,532	68,208,002	2.68
Capital resources			
Share capital	3,083,341	2,393,341	28.83
Reserves	2,897,183	2,544,134	13.88
Shareholders' funds	5,980,524	4,937,475	21.13
Loan capital	4,275,896	4,269,722	0.14
Total capital resources	10,256,420	9,207,197	11.40
Total liabilities and capital resources	80,292,952	77,415,199	3.72

(C) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	The Group	
	2004	2003
	HK\$'000	HK\$'000
Shareholders' equity at 1 January	4,937,475	
– As previously reported		4,595,722
– Prior year adjustment in respect of deferred taxation		40,292
– As restated		4,636,014
Issue of shares	690,000	–
Exchange differences	253	(713)
Net gains/(losses) not recognised in the income statement	253	(713)
Profit attributable to shareholders	816,396	653,725
Dividends declared during the year	(463,600)	(351,551)
Shareholders' equity at 31 December	5,980,524	4,937,475

Notes:

The financial information in this financial results announcement does not constitute statutory financial statements.

The financial information relating to the financial year ended 31 December 2004 included in this preliminary final results announcement does not constitute the Group's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2004 will be available from the Bank's registered office. The external auditors expressed an unqualified opinion on those financial statements in their report dated 10 March 2005.

SUPPLEMENTARY FINANCIAL INFORMATION

(1) Summary of financial position

	The Group		
	As at	As at	Variance
	31 Dec 2004	31 Dec 2003	
	HK\$'000	HK\$'000	%
Loans and advances	42,296,803	40,067,153	5.56
Loans loss provisions	903,009	1,060,056	(14.81)
Total assets	80,292,952	77,415,199	3.72
Average interest earning assets	69,559,294	72,534,556	(4.10)
Total deposits	62,608,645	63,126,059	(0.82)
Shareholders' funds	5,980,524	4,937,475	21.13
<i>Financial ratios</i>			
Loans to deposits	67.56%	63.47%	
Loans to total assets	52.68%	51.76%	
General provisions coverage	1.23%	1.36%	
Property lending	35.72%	38.72%	
Cost to income	49.20%	47.14%	
Return on assets	1.04%	0.87%	
Return on shareholders' funds	14.96%	13.66%	

(2) Operating profit

The operating profit for the year is stated after taking account of the following:

(a) Other revenue

	The Group		
	2004	2003	Variance
	HK\$'000	HK\$'000	
Dividend income			
Listed investments	243	–	N/A
Unlisted investments	8,880	11,979	(25.87)
Rental income less outgoings	4,364	8,393	(48.00)
	13,487	20,372	(33.80)

(b) Other net income

	The Group		
	2004	2003	Variance
	HK\$'000	HK\$'000	
Net gain/(loss) on other investments in securities	91,627	(17,100)	635.83
Net gain arising from dealing in foreign currencies	49,258	10,905	351.70
Net gain/(loss) arising from other dealing activities	19,454	(3,382)	675.22
Others	16,552	15,446	7.16
	176,891	5,869	2,913.99
Total	190,378	26,241	625.50

(3) **Income tax in the consolidated income statement**

	The Group		
	2004	2003	Variance
	HK\$'000	HK\$'000	%
Current tax – Provision for Hong Kong Profits Tax			
Tax for the year	156,377	94,550	65.39
Over-provision in respect of prior years	(1,253)	(1,501)	(16.52)
	155,124	93,049	66.71
Current tax – Overseas			
Tax for the year	1,127	4,706	(76.05)
Deferred tax			
Origination and reversal of temporary differences	(4,713)	(5,264)	(10.47)
Effect of increase in tax rate on deferred tax balances at 1 January	–	(3,777)	N/A
	(4,713)	(9,041)	(47.87)
Share of an associate's taxation	(1,955)	14,500	(113.48)
Total income tax expense	149,583	103,214	44.93

The provision for Hong Kong Profits Tax is calculated at 17.5% (2003: 17.5%) of the estimated assessable profits for the year. Taxation for branches and subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant countries.

(4) **Dividends**

	The Group	
	2004	2003
	HK\$'000	HK\$'000
First interim dividend declared of HK\$8.82 cents (2003: HK\$6.29 cents) per share	211,000	150,551
Second interim dividend declared of HK\$8.19 cents (2003: HK\$8.40 cents) per share	252,600	201,000
	463,600	351,551

(5) **Advances to customers and other accounts less provisions**

	The Group		
	As at 31 Dec 2004	As at 31 Dec 2003	Variance
	HK\$'000	HK\$'000	%
Advances to customers	42,048,236	39,610,093	6.16
Specific provisions for bad and doubtful debts	(381,172)	(513,582)	(25.78)
General provisions for bad and doubtful debts	(519,351)	(541,903)	(4.16)
	41,147,713	38,554,608	6.73
Advances to banks and other financial institutions	20,000	40,000	(50.00)
Accrued interest and other accounts less provisions	1,435,486	1,791,469	(19.87)
	42,603,199	40,386,077	5.49

(6) Reserves

	The Group		
	As at	As at	Variance
	31 Dec 2004	31 Dec 2003	
	HK\$'000	HK\$'000	%
Share premium	282,930	282,930	—
General reserve	100,000	100,000	—
Other property revaluation reserve	11,945	11,945	—
Capital reserve	6,589	6,589	—
Exchange differences	(458)	(711)	(35.58)
Retained profits	2,496,177	2,143,381	16.46
Total	2,897,183	2,544,134	13.88

(7) Advances to customers – By industry sectors

	The Group				
	As at 31 Dec 2004		As at 31 Dec 2003		Variance
	HK\$'000	%	HK\$'000	%	%
Loans for use in Hong Kong					
<i>Industrial, commercial and financial</i>					
– Property development	350,668	0.83	327,555	0.83	7.06
– Property investment	4,157,529	9.89	4,090,359	10.33	1.64
– Financial concerns	2,654,487	6.31	2,647,514	6.68	0.26
– Stockbrokers	39,835	0.10	20,519	0.05	94.14
– Wholesale and retail trade	1,898,338	4.51	2,240,916	5.66	(15.29)
– Manufacturing	3,372,328	8.02	3,506,532	8.85	(3.83)
– Transport and transport equipment	5,404,016	12.85	4,551,838	11.49	18.72
– Others	3,690,455	8.78	3,761,929	9.50	(1.90)
<i>Individuals</i>					
– Loans for the purchase of flats under the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	19,394	0.05	23,979	0.06	(19.12)
– Loans for the purchase of other residential properties	10,512,764	25.00	10,920,086	27.57	(3.73)
– Credit card advances	538,041	1.28	426,249	1.07	26.23
– Others	1,108,971	2.64	1,409,427	3.56	(21.32)
Trade finance	2,124,777	5.05	1,913,475	4.83	11.04
Loans for use outside Hong Kong	6,176,633	14.69	3,769,715	9.52	63.85
	42,048,236	100.00	39,610,093	100.00	6.16

(8) Advances to customers – By geographical area

The geographical analysis is classified by the location of the counterparties after taking into account the transfer of risk. For a claim guaranteed by a party situated in a country different from the counterparty, risk will be transferred to the country of the guarantor.

	The Group					
	As at 31 Dec 2004			As at 31 Dec 2003		
	Advances to customers	Overdue loans and advances	Non-performing loans	Advances to customers	Overdue loans and advances	Non-performing loans
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	34,026,118	928,361	850,237	32,515,584	1,514,868	1,483,817
Mainland China	5,731,095	530,062	530,062	4,670,115	500,555	502,561
USA	663,834	—	—	559,575	—	—
Others	1,627,189	363	363	1,864,819	109,531	103,750
	42,048,236	1,458,786	1,380,662	39,610,093	2,124,954	2,090,128

(9) **Non-performing advances to customers**

Non-performing advances to customers are advances on which interest is being placed in suspense or on which interest accrual has ceased.

interest accrual has ceased.

	The Group				
	Total amount of loans on which interest is placed in suspense		Market value of collateral held	Specific provisions made	Amount of interest in suspense
	HK\$'000	%*	HK\$'000	HK\$'000	HK\$'000
As at 31 December 2004	1,380,662	3.28	1,175,290	304,703	186,720
As at 31 December 2003	2,090,128	5.28	1,630,574	480,701	238,745

* Based on total advances to customers

There were no advances to banks and other financial institutions on which interest is being placed in suspense or on which interest accrual has ceased as at 31 December 2004 and 31 December 2003, nor were there any specific provisions made for them on these two days.

The specific provisions were made after taking into account the value of collateral in respect of such advances.

(10) **Overdue advances to customers (net of suspended interest)**

The gross amount of advances, net of accrued interest that has been capitalised but accrued to a suspense account, which have been overdue for periods of:

	The Group			
	As at 31 Dec 2004		As at 31 Dec 2003	
	HK\$'000	%*	HK\$'000	%*
– 6 months or less but over 3 months	90,905	0.22	165,835	0.42
– 1 year or less but over 6 months	213,538	0.51	307,408	0.77
– over 1 year	1,154,343	2.74	1,651,711	4.17
Total	1,458,786	3.47	2,124,954	5.36
Secured overdue advances	1,095,739		1,388,339	
Unsecured overdue advances	363,047		736,615	
	1,458,786		2,124,954	
Market value of collateral held against the secured overdue advances	1,231,918		1,738,316	
Specific provisions made	317,788		410,020	

* Based on total advances to customers

There were no advances to banks and other financial institutions which were overdue for over 3 months as at 31 December 2004 and 31 December 2003.

(11) **Reconciliation between overdue loans and advances and non-performing loans**

	The Group	
	As at 31 Dec 2004	As at 31 Dec 2003
	HK\$'000	HK\$'000
Advances to customers overdue for more than 3 months	1,458,786	2,124,954
Less: Amount overdue for more than 3 months and on which interest is still being accrued	(142,832)	(247,895)
Add: Amount overdue for 3 months or less, or not yet overdue and on which interest is being placed in suspense or on which interest accrual has ceased	11,047	84,187
Add: Rescheduled advances on which interest is being placed in suspense or on which interest accrual has ceased	53,661	128,882
Advances to customers on which interest is being placed in suspense or on which interest accrual has ceased	1,380,662	2,090,128

(12) Other overdue assets

		The Group	
		As at 31 Dec 2004	As at 31 Dec 2003
		HK\$'000	HK\$'000
The gross amount of trade bills which has been overdue for:			
– 6 months or less but over 3 months		2,565	–
– 1 year or less but over 6 months		–	1,162
		2,565	1,162
Held-to-maturity securities which have been overdue for:			
– 1 year or less but over 6 months		–	69,409
– over 1 year		15,549	15,526
		15,549	84,935

(13) Rescheduled loans

		The Group	
		As at 31 Dec 2004	As at 31 Dec 2003
		HK\$'000	%*
Rescheduled loans		226,093	0.54

* Based on total advances to customers

There were no advances to banks and other financial institutions which were rescheduled as at 31 December 2004 and 31 December 2003.

(14) Repossessed assets

		The Group	
		As at 31 Dec 2004	As at 31 Dec 2003
		HK\$'000	HK\$'000
Included in advances to customers and other accounts		231,572	325,393

(15) Off-balance sheet exposures

(a) Contingent liabilities and commitments

The following is a summary of the contractual amounts of each significant class of contingent liabilities and commitments:

		The Group	
		As at 31 Dec 2004	As at 31 Dec 2003
		HK\$'000	HK\$'000
Direct credit substitutes		943,362	1,096,253
Trade-related contingencies		1,165,944	1,635,365
Other commitments:			
– with an original maturity of under 1 year or which are unconditionally cancellable		10,576,584	10,387,731
– with an original maturity of 1 year or over		588,078	734,808
		13,273,968	13,854,157

(b) Derivatives

Derivatives refer to financial contracts whose value depends on the value of one or more underlying assets or indices.

The following is a summary of the notional amounts of each significant type of derivatives entered into by the Group:

	The Group					
	As at 31 Dec 2004			As at 31 Dec 2003		
	Trading	Hedging	Total	Trading	Hedging	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Exchange rate contracts						
Forwards	2,637,254	-	2,637,254	1,059,391	-	1,059,391
Swaps	7,447,460	3,504,209	10,951,669	12,416,034	4,966,108	17,382,142
Options purchased	241,068	-	241,068	172,189	-	172,189
Options written	238,249	-	238,249	142,182	-	142,182
Interest rate contracts						
Forwards and futures	427,590	-	427,590	2,173,677	-	2,173,677
Swaps	3,570,070	11,615,697	15,185,767	3,060,615	8,992,439	12,053,054
Options purchased	1,671,487	-	1,671,487	1,853,448	-	1,853,448
Options written	1,849,231	-	1,849,231	2,031,079	-	2,031,079
Equity contracts						
Options purchased	-	1,083	1,083	-	12,044	12,044
Options written	-	1,083	1,083	-	12,044	12,044
	18,082,409	15,122,072	33,204,481	22,908,615	13,982,635	36,891,250

- (c) The replacement costs and credit risk weighted amounts of the above off-balance sheet exposures of the Group are as follows. The Group did not enter into any bilateral netting arrangements during the year and accordingly these amounts are shown on a gross basis.

	The Group			
	As at 31 Dec 2004		As at 31 Dec 2003	
	Replacement cost	Credit risk weighted amount	Replacement cost	Credit risk weighted amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Contingent liabilities and commitments	N/A	1,072,223	N/A	1,414,021
Exchange rate contracts	119,532	66,096	120,536	71,464
Interest rate contracts	325,439	105,037	459,238	133,659
Equity contracts	1	46	50	599
	444,972	1,243,402	579,824	1,619,743

(16) Segmental reporting

Segment information is represented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format as the directors consider that this is more relevant to the Group's internal financial reporting.

Business segments

The Group is principally engaged in the provision of banking and related financial services. The Group comprises the following main business segments:

Retail banking business:	It mainly comprises deposit account services, residential mortgage, other consumer lendings, credit card services and finance leases.
Wholesale banking business:	It mainly comprises trade financing, syndicated loans and other corporate lendings.
Treasury:	It covers provision of foreign exchange services, money market activities, management of investment securities and central cash management.
Unallocated:	It mainly comprises the bank premises and any items which cannot be reasonably allocated to specific business segments.

For the purpose of segment reporting, the allocation of operating income reflects the benefits of funding resources allocated to the business segments based on internal funds transfer pricing mechanism.

Cost allocation is based on the direct costs incurred by the respective business segments and apportionment of overheads on a reasonable basis to the business segments. Rental charges at market rate for usage of bank premises are reflected as inter-segment income for the “unallocated” segment and inter-segment expenses for the respective business segments.

2004

	The Group				
	Wholesale banking	Retail banking	Treasury	Unallocated	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net interest income	546,615	620,826	279,513	9,399	1,456,353
Other operating income	161,622	273,743	131,589	34,040	600,994
Operating income	708,237	894,569	411,102	43,439	2,057,347
Operating expense	(89,085)	(354,638)	(48,683)	(519,818)	(1,012,224)
Inter-segment (expenses)/income	(144,595)	(261,511)	(43,583)	449,689	–
Operating profit/(loss) before provisions	474,557	278,420	318,836	(26,690)	1,045,123
(Charge)/write back for bad and doubtful debts	(131,065)	472	–	30,053	(100,540)
Segment result	343,492	278,892	318,836	3,363	944,583
Net profit/(loss) on disposal of tangible fixed assets	77	(909)	(31)	20,618	19,755
Net surplus on revaluation of investment properties	–	–	–	7,555	7,555
Provision written back for held-to-maturity securities	9,602	80	–	–	9,682
Impairment loss on goodwill	–	–	–	(9,502)	(9,502)
Share of losses of associates	–	–	–	(6,094)	(6,094)
Profit from ordinary activities before taxation	353,171	278,063	318,805	15,940	965,979
Income tax	–	–	–	(149,583)	(149,583)
Profit/(loss) attributable to shareholders	353,171	278,063	318,805	(133,643)	816,396
Depreciation for the year	3,463	21,598	1,500	122,509	149,070
Amortisation of goodwill for the year	–	–	–	1,056	1,056
Segment assets	26,786,588	19,067,753	31,771,909	2,475,252	80,101,502
Interest in associates	–	–	–	191,450	191,450
Total assets	26,786,588	19,067,753	31,771,909	2,666,702	80,292,952
Segment liabilities	21,678,021	37,395,844	10,312,412	650,255	70,036,532
Capital expenditure incurred during the year	18,140	18,437	1,355	24,852	62,784

2003

	The Group				
	Wholesale banking	Retail banking	Treasury	Unallocated	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net interest income	536,806	669,302	326,097	15,079	1,547,284
Other operating income	187,073	213,093	(30,616)	30,058	399,608
Operating income	723,879	882,395	295,481	45,137	1,946,892
Operating expense	(90,720)	(358,190)	(45,833)	(423,023)	(917,766)
Inter-segment (expenses)/income	(112,890)	(238,304)	(42,679)	393,873	–
Operating profit before provisions	520,269	285,901	206,969	15,987	1,029,126
Charge for bad and doubtful debts	(252,419)	(170,198)	–	(51,021)	(473,638)
Segment result	267,850	115,703	206,969	(35,034)	555,488
Net loss on disposal of tangible fixed assets	(393)	(11,634)	(156)	(9,635)	(21,818)
Net surplus on revaluation of investment properties	–	–	–	7,835	7,835
Impairment loss on other premises	–	–	–	(4,751)	(4,751)
Profit on disposal of held-to-maturity securities	407	–	123,541	–	123,948
Provision written back/(made) for held-to-maturity securities	2,301	(1,166)	–	–	1,135
Share of profits less losses of associates	–	–	–	95,102	95,102
Profit from ordinary activities before taxation	270,165	102,903	330,354	53,517	756,939
Income tax	–	–	–	(103,214)	(103,214)
Profit/(loss) attributable to shareholders	270,165	102,903	330,354	(49,697)	653,725
Depreciation for the year	3,689	28,451	2,243	91,154	125,537
Segment assets	26,582,352	17,936,829	29,995,046	2,705,666	77,219,893
Interest in associates	–	–	–	195,306	195,306
Total assets	26,582,352	17,936,829	29,995,046	2,900,972	77,415,199
Segment liabilities	22,413,884	35,274,744	9,733,654	785,720	68,208,002
Capital expenditure incurred during the year	2,468	8,029	2,660	34,155	47,312

(17) Capital adequacy ratio

	The Group	
	As at 31 Dec 2004	As at 31 Dec 2003
Unadjusted capital adequacy ratio*	16.50%	16.30%
Adjusted capital adequacy ratio**	16.02%	16.02%

* The unadjusted capital adequacy ratio is computed on the consolidated basis covering the Bank and certain of its subsidiaries as required by the Hong Kong Monetary Authority (the "HKMA") for its regulatory purposes, and is in accordance with the Third Schedule to the Hong Kong Banking Ordinance.

** The adjusted capital adequacy ratio which takes into account market risks as at the balance sheet date is computed in accordance with the Guideline "Maintenance of Adequate Capital Against Market Risks" issued by the HKMA and on the same consolidated basis as for unadjusted capital adequacy ratio.

(18) Capital base after deductions

	The Group	
	As at	As at
	31 Dec 2004	31 Dec 2003
	HK\$'000	HK\$'000
Core capital		
Paid up ordinary share capital	3,083,341	2,393,341
Share premium	282,930	282,930
Reserves	2,515,495	2,157,024
Total core capital	5,881,766	4,833,295
Eligible supplementary capital		
Reserves on revaluation of land and interests in land	8,362	8,362
General provisions for doubtful debts	521,837	546,474
Perpetual subordinated debt	1,943,589	1,940,783
Term subordinated debt	932,923	1,397,364
Total eligible supplementary capital	3,406,711	3,892,983
Total capital base before deductions	9,288,477	8,726,278
Deductions from total capital base	(135,860)	(511,734)
Total capital base after deductions	9,152,617	8,214,544

(19) Liquidity ratio

	The Group	
	2004	2003
Average liquidity ratio for year ended 31 December	47.91%	49.18%

The average liquidity is computed on the consolidated basis covering the Bank and certain of its subsidiaries as required by the HKMA for its regulatory purposes, and is in accordance with the Fourth Schedule to the Hong Kong Banking Ordinance.

(20) Currency risk

The information concerning the foreign currency exposures of the Group arising from trading, non-trading and structural positions is disclosed as follows. The net options position reported is calculated in accordance with the methods set out in the banking return "Foreign Currency Position" (MA(BS)6) submitted to the HKMA.

Equivalent in HK\$'000	The Group							
	As at 31 Dec 2004				As at 31 Dec 2003			
	US dollars	Renminbi	Other	Total	US dollars	Renminbi	Other	Total
Spot assets	28,183,590	350,736	4,974,552	33,508,878	26,057,334	225,983	5,551,948	31,835,265
Spot liabilities	(29,468,720)	(118,758)	(4,652,022)	(34,239,500)	(24,566,069)	(9,157)	(5,320,448)	(29,895,674)
Forward purchases	7,309,008	–	2,629,869	9,938,877	9,986,595	–	2,378,099	12,364,694
Forward sales	(5,848,312)	–	(2,943,565)	(8,791,877)	(8,239,058)	–	(2,621,242)	(10,860,300)
Net options position	693	–	(693)	–	23,051	–	128,193	151,244
Net long position	176,259	231,978	8,141	416,378	3,261,853	216,826	116,550	3,595,229

The net options position is calculated using the model user approach (2003: worst case approach).

STATEMENT OF COMPLIANCE

In preparing the accounts for the year ended 31 December 2004, the Bank has fully complied with the requirements set out in the Supervisory Policy Manual "Financial Disclosure by Locally Incorporated Authorised Institutions" issued by the HKMA.