

# APPENDIX I Unaudited Supplementary Financial Information

(Amount in millions of Renminbi, unless otherwise stated)

## 1. Liquidity ratios

	As at 30 June	As at 31 December
	2006	2005
RMB current assets to RMB current liabilities	32.03%	48.92%
Foreign currency current assets to foreign currency current liabilities	45.88%	87.36%

The above liquidity ratios are calculated in accordance with the formula promulgated by the PBOC and China Banking Regulatory Commission ("CBRC") and based on the financial information prepared in accordance with PRC GAAP as at 30 June 2006 and 31 December 2005.

## 2. Capital adequacy ratios

	As at 30 June	As at 31 December
	2006	2005
Core capital adequacy ratio	10.63%	8.08%
Capital adequacy ratio	12.40%	10.42%

The above capital adequacy ratios are calculated in accordance with the rules and regulations promulgated by the CBRC and based on the financial information prepared in accordance with PRC GAAP as at 30 June 2006 and 31 December 2005.

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## 3. Capital adequacy ratio related components

The capital adequacy ratio related components used in the calculation of the adequacy ratios as at 30 June 2006 and 31 December 2005 presented in note 2 above, calculated based on the financial information prepared in accordance with PRC GAAP, are analyzed as below. All figures included in the calculation are extracted from PRC GAAP financial statements of the Group.

	As at 30 June	As at 31 December
	2006	2005
<b>Components of Capital base</b>		
<b>Core capital:</b>		
Share capital	253,839	209,427
Reserves	115,756	25,795
Minority interest	28,812	28,778
Total core capital	398,407	264,000
<b>Supplementary capital:</b>		
General provisions	26,993	25,677
Long-term subordinated bonds issued	60,000	60,000
Others	(11,954)	(1,380)
Gross value of supplementary capital	75,039	84,297
Total capital base before deductions	473,446	348,297
<b>Deductions:</b>		
Investments in non-consolidated financial institutions	(2,385)	(2,877)
Investment properties	(5,503)	(5,697)
Investments in non-financial institutions	(13,531)	(13,486)
Total capital base after deductions	452,027	326,237
Core capital base after deductions(1)	387,698	252,970
<b>Risk-weighted assets and market risk capital adjustment</b>		
Risk-weighted assets and market risk capital adjustment	3,645,527	3,131,002

(1) Pursuant to the relevant regulations, 50% of total deductions were applied in deriving the core capital base.

#### 4. Currency concentrations other than RMB

	Equivalent in million of RMB			
	USD	HKD	Others	Total
<b>As at 30 June 2006</b>				
Spot assets	1,241,244	678,731	338,075	2,258,050
Spot liabilities	(728,666)	(636,729)	(287,808)	(1,653,203)
Forward purchases	358,608	144,566	164,929	668,103
Forward sales	(494,574)	(64,702)	(199,397)	(758,673)
Net options position	(123,155)	(1,554)	(4,363)	(129,072)
Net long position	253,457	120,312	11,436	385,205
Net structural position	695	24,056	3,759	28,510

	Equivalent in million of RMB			
	USD	HKD	Others	Total
<b>As at 31 December 2005</b>				
Spot assets	1,098,680	635,734	300,855	2,035,269
Spot liabilities	(669,188)	(628,115)	(277,674)	(1,574,977)
Forward purchases	276,202	141,283	160,668	578,153
Forward sales	(367,380)	(65,733)	(172,536)	(605,649)
Net options position	(141,639)	(1,637)	(1,834)	(145,110)
Net long position	196,675	81,532	9,479	287,686
Net structural position	320	21,373	3,745	25,438

The net options position is calculated using the delta equivalent approach as set out in the requirements of the banking return of the Hong Kong Monetary Authority. Structural assets and liabilities that are netted to arrive at the above structural position include the following:

- \* Investments in fixed assets and premises, net of depreciation charges;
- \* Capital and statutory reserves of overseas branches;
- \* Investments in overseas subsidiaries and related companies; and
- \* Loan capital.

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## 5. Cross-border claims

The Group is principally engaged in business operations within Mainland China, and regards all claims on third parties outside Mainland China as cross-border claims.

Cross-border claims include balances with central banks, placements with banks and other financial institutions, government certificates of indebtedness for bank notes issued, trading assets and other financial instruments at fair value through profit or loss, loans and advances to customers and investment securities.

Cross-border claims have been disclosed by different country or geographical areas. A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of cross-border claims, after taking into account any risk transfers. Risk transfer is only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

	Banks and other financial institutions	Public sector entities	Others	Total
<b>As at 30 June 2006</b>				
Asia Pacific excluding Mainland China				
-Hong Kong	35,454	22,893	339,324	397,671
-Other Asia Pacific locations	123,210	38,630	56,971	218,811
	158,664	61,523	396,295	616,482
North and South America	125,075	459,294	160,790	745,159
Europe	303,408	17,287	49,088	369,783
Middle East and Africa	1,880	1,181	2,559	5,620
	589,027	539,285	608,732	1,737,044
	Banks and other financial institutions	Public sector entities	Others	Total
<b>As at 31 December 2005</b>				
Asia Pacific excluding Mainland China				
-Hong Kong	26,914	28,355	346,806	402,075
-Other Asia Pacific locations	113,010	49,388	52,757	215,155
	139,924	77,743	399,563	617,230
North and South America	99,082	247,242	157,515	503,839
Europe	327,745	14,108	58,315	400,168
Middle East and Africa	1,463	977	3,494	5,934
	568,214	340,070	618,887	1,527,171

## 6. Overdue assets

For the purposes of the tables below, loans and advances to customers and placements with banks and other financial institutions are considered overdue if either principal or interest payment is overdue.

(i) Gross amount of overdue loans and advances to customers

	As at 30 June 2006	As at 31 December 2005
Gross loans and advances to customers which		
– between 3 and 6 months	9,729	14,012
– between 6 and 12 months	20,097	21,778
– over 12 months	51,539	40,231
	81,365	76,021
Percentage:		
– between 3 and 6 months	0.40%	0.63%
– between 6 and 12 months	0.84%	0.97%
– over 12 months	2.14%	1.80%
	3.38%	3.40%

(ii) Gross amount of overdue placements with banks and other financial institutions

	As at 30 June 2006	As at 31 December 2005
Gross placements with banks and other financial institutions which have been overdue for:		
– between 3 and 6 months	-	-
– between 6 and 12 months	-	-
– over 12 months	544	546
	544	546
Percentage:		
– between 3 and 6 months	-	-
– between 6 and 12 months	-	-
– over 12 months	0.19%	0.16%
	0.19%	0.16%

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## 6. Overdue assets(continued)

(iii) Overdue loans and advances to customers by geographical area

	As at 30 June 2006	As at 31 December 2005
Mainland China	120,808	118,032
Hong Kong and Macau	8,526	8,260
Other overseas locations	224	179
	129,558	126,471
Less: gross loans and advances to customers which have been overdue for less than 3 months	(48,193)	(50,450)
	81,365	76,021