

Supplementary Information (Unaudited)

Advances to customers by industry sectors

	Group	
	Gross advances to customers	
	2006	2005
	HK\$'000	HK\$'000
Loans for use in Hong Kong		
Industrial, commercial and financial:		
Property development	291,630	–
Property investment	1,770,464	56,674
Financial concerns	74,066	–
Stockbrokers	66,018	–
Telecommunication	51,578	–
Wholesale and retail trade	16,355	–
Manufacturing	484,588	1,602
Transport and transport equipment	2,139,575	516,024
Others	1,190,590	–
Individuals:		
Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	257,769	–
Loans for the purchase of other residential properties	2,676,947	19,927
Credit card advances	12,467	–
Others	3,255,512	2,911,121
Trade finance	727,657	–
Loans for use outside Hong Kong	661,381	78,452
	13,676,597	3,583,800

The advances to customers are classified by industry sectors based on the industry in which the loans granted were used. In those cases where loans cannot be classified with reasonable certainty, they are classified according to the known principal activity of the borrowers or by reference to the assets financed according to the loan documentation.

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Cross-border claims

The following table illustrates the geographical disclosure of the Group's cross-border claims by type of counterparties on which the ultimate risk lies, and is shown according to the location of the counterparties after taking into account the transfer of risk. An individual country or geographical area is reported if it constitutes 10% or more of the aggregate cross-border claims.

	Banks and other financial institutions	Public sector entities	Others	Total
	HK\$'million	HK\$'million	HK\$'million	HK\$'million
As at 31 December 2006 (2005: Nil)				
1. Asia Pacific excluding Hong Kong	2,087	7	154	2,248
of which:				
Australia	899	–	23	922
2. Western Europe	2,953	–	308	3,261

Currency risk

Foreign currency exposures with a net position (regardless of sign) which constitutes 10% or more of the total net position in all foreign currencies of the Group are as follow:

	US Dollars	Others	Total
	In HK\$'million	In HK\$'million	In HK\$'million
As at 31 December 2006 (2005: Nil)			
Spot assets	3,762	1,332	5,094
Spot liabilities	(4,320)	(1,819)	(6,139)
Forward purchases	2,944	902	3,846
Forward sales	(2,319)	(205)	(2,524)
Net long position	67	210	277
		Renminbi	
		In HK\$'million	
Net structural long position			199

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Capital adequacy and liquidity ratios

	2006	2005
Capital adequacy ratio as at 31 December:		
Public Bank (Hong Kong)		
Unadjusted ratio	17.54%	–
Adjusted ratio	17.17%	–
Public Finance		
Unadjusted ratio:		
Before final dividend	38.79%	38.52%
After final dividend	34.44%	34.06%
Average liquidity ratio for the year:		
Public Bank (Hong Kong)	51.96%	–
Public Finance	64.95%	72.45%

The above unadjusted and adjusted capital adequacy ratio and average liquidity ratio for the year are computed in accordance with the Third Schedule and the Fourth Schedule of the Banking Ordinance respectively.

The unadjusted capital adequacy ratio of Public Bank (Hong Kong) is computed on a consolidated basis (including Public Investments Limited, Public Credit Limited and Public Bank (Nominees) Limited). The adjusted capital adequacy ratio which takes into account market risk is computed in accordance with the guidelines on “Maintenance of Adequate Capital Against Market Risks” under the Supervisory Policy Manuals issued by the HKMA and the subsidiaries included in the consolidated basis are the same as those included in the unadjusted capital adequacy ratio.

The unadjusted capital adequacy ratio of Public Finance is computed on a consolidated basis (including Public Securities Limited and Public Financial Limited). The adjusted capital adequacy ratio is not disclosed herein as the market risk arising from Public Finance’s trading book is regarded as immaterial. Public Finance meets all of the de minimis exemption criteria for reporting market risk as set out in “Maintenance of Adequate Capital Against Market Risks” under the Supervisory Policy Manuals issued by the HKMA and has relied on such criteria in considering the materiality of market risk arising from its trading book.