

Unaudited Supplementary Financial Information

(Amount in millions of Renminbi, unless otherwise stated)

1 LIQUIDITY RATIOS

	As at 31 December	
	2006	2005
RMB current assets to RMB current liabilities	37.65%	48.92%
Foreign currency current assets to foreign currency current liabilities	64.14%	87.36%

The above liquidity ratios are calculated in accordance with the formula promulgated by the PBOC and CBRC and based on the financial information prepared in accordance with PRC GAAP as at 31 December 2006 and 2005.

The basis of calculation for the 2006 liquidity ratios has taken into consideration the changes pursuant to Yin Jian Fa [2006] No. 175 issued by the CBRC whereby "Other liabilities due within one month" are also included as current liabilities and hence reducing the liquidity ratios so derived compared to 2005.

2 CAPITAL ADEQUACY RATIOS

	As at 31 December	
	2006	2005
Core capital adequacy ratio	11.44%	8.08%
Capital adequacy ratio	13.59%	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 31 December 2006 and 2005.

(Amount in millions of Renminbi, unless otherwise stated)

3 CAPITAL ADEQUACY RATIO RELATED COMPONENTS

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

	As at 31 December	
	2006	2005
Components of Capital base		
Core capital:		
Share capital	253,623	209,427
Reserves	126,916	25,795
Minority interest	29,560	28,778
Total core capital	410,099	264,000
Supplementary capital:		
General provisions	28,315	25,677
Long-term subordinated bonds issued	60,000	60,000
Others	(2,439)	(1,380)
Gross value of supplementary capital	85,876	84,297
Total capital base before deductions	495,975	348,297
Deductions:		
Goodwill	(1,875)	—
Investments in non-consolidated financial institutions	(4,371)	(2,877)
Investment properties	(5,141)	(5,697)
Investments in non-financial institutions	(13,226)	(13,486)
Total capital base after deductions	471,362	326,237
Core capital base after deductions⁽¹⁾	396,855	252,970
Risk-weighted assets and market risk capital adjustment		
Risk-weighted assets and market risk capital adjustment	3,469,017	3,131,002

(1) Pursuant to the relevant regulations, 100% of goodwill and 50% of other deductions were applied in deriving the core capital base.

4 CURRENCY CONCENTRATIONS OTHER THAN RMB

	Equivalent in millions of RMB			
	USD	HKD	Others	Total
As at 31 December 2006				
Spot assets	1,293,462	673,839	323,070	2,290,371
Spot liabilities	(698,037)	(692,564)	(281,209)	(1,671,810)
Forward purchases	354,019	132,513	144,966	631,498
Forward sales	(694,752)	(47,811)	(182,891)	(925,454)
Net option position*	(133,930)	(1,446)	(1,456)	(136,832)
Net long position	120,762	64,531	2,480	187,773
Net structural position	23,300	23,173	4,072	50,545
As at 31 December 2005				
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 option 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 option position is calculated using the delta equivalent approach as set out in the requirements of the banking return of the Hong Kong Monetary Authority.

Included in the spot assets and liabilities and net long position above are those positions related to the Group's overseas subsidiaries and branches. Such positions are excluded from the net structural position above.

(Amount in millions of Renminbi, unless otherwise stated)

4 CURRENCY CONCENTRATIONS OTHER THAN RMB (Continued)

On the basis that these positions are excluded from the spot assets, spot liabilities and net long position; and are included in the net structural position, the positions would be as follows. All exchange differences arising from the translation of the net structural position shown below are recognized under the "Currency translation differences" as a separate component of equity, and therefore do not impact the Group's profit or loss.

	Equivalent in millions of RMB			
	USD	HKD	Others	Total
As at 31 December 2006				
Net long position	142,546	(9,691)	(8,317)	124,538
Net structural position	1,516	97,395	14,869	113,780
As at 31 December 2005				
Net long position	197,107	9,868	(74)	206,901
Net structural position	(112)	93,037	13,298	106,223

5 CROSS-BORDER CLAIMS

The Group is principally engaged in business operations within Chinese Mainland, and regards all claims on third parties outside Chinese Mainland 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.

5 CROSS-BORDER CLAIMS (Continued)

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
As at 31 December 2006				
Asia Pacific excluding Chinese Mainland				
— Hong Kong	22,622	22,438	351,754	396,814
— Other Asia Pacific locations	122,713	60,160	58,340	241,213
	145,335	82,598	410,094	638,027
North and South America	270,758	239,871	168,179	678,808
Europe	357,164	74,259	62,525	493,948
Middle East and Africa	1,936	314	3,137	5,387
	775,193	397,042	643,935	1,816,170

	Banks and other financial institutions	Public sector entities	Others	Total
As at 31 December 2005				
Asia Pacific excluding Chinese Mainland				
— 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

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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 31 December	
	2006	2005
Gross loans and advances to customers which have been overdue for:		
— between 3 and 6 months	8,957	14,012
— between 6 and 12 months	15,203	21,778
— over 12 months	50,058	40,231
	74,218	76,021
Percentage:		
— between 3 and 6 months	0.37%	0.63%
— between 6 and 12 months	0.63%	0.97%
— over 12 months	2.06%	1.80%
	3.06%	3.40%

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

	As at 31 December	
	2006	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	499	546
	499	546
Percentage:		
— between 3 and 6 months	—	—
— between 6 and 12 months	—	—
— over 12 months	0.12%	0.16%
	0.12%	0.16%

6 OVERDUE ASSETS (Continued)**(iii) Overdue loans and advances to customers by geographical area**

	As at 31 December	
	2006	2005
Chinese Mainland	114,003	118,032
Hong Kong and Macau	4,360	8,260
Other overseas locations	191	179
	118,554	126,471
Less: gross loans and advances to customers which have been overdue for less than 3 months	(44,336)	(50,450)
	74,218	76,021