

## SUPPLEMENTARY INFORMATION

### (1) Advances and other accounts

	30 June 2005	31 December 2004
	HK\$'000	HK\$'000
Advances to customers	22,058,301	20,290,219
Advances to banks and other financial institutions	57,527	58,212
Accrued interest and other accounts	256,827	246,801
Impairment loss allowances		
– Individual	(53,831)	–
– Collective	(110,910)	–
Provision for bad and doubtful debts		
– Specific	–	(101,391)
– General	–	(201,876)
Interest in suspense	–	(45,931)
	<b>22,207,914</b>	<b>20,246,034</b>

### (2) Gross amount of advances by significant industry sectors

	30 June 2005	31 December 2004
	HK\$'000	HK\$'000
Loans for use in Hong Kong		
– Industrial, commercial and financial		
– Property development	2,023,971	1,908,862
– Property investment	4,840,718	4,535,567
– Financial concerns	1,625,490	1,710,024
– Stockbrokers	354,517	332,380
– Wholesale and retail trade	648,723	703,129
– Manufacturing	1,016,718	1,028,883
– Transport and transport equipment	121,332	188,054
– Others	3,642,589	2,901,625
– Individuals		
– Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	820,898	902,046
– Loans for the purchase of other residential properties	2,662,410	2,547,051
– Credit card advances	72,550	75,928
– Others	1,150,961	1,039,947
Trade finance	643,428	521,789
Loans for use outside Hong Kong	2,433,996	1,894,934
	<b>22,058,301</b>	<b>20,290,219</b>

## SUPPLEMENTARY INFORMATION

### (3) Advance to customers and overdue advances - by geographical areas

The Group's gross advances to customers by countries or geographical areas after taking into account any risk transfers are as follows:

	Total advances to customers		Advances overdue for over three months	
	30 June 2005	31 December 2004	30 June 2005	31 December 2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	20,031,693	18,770,951	587,580	795,319
People's Republic of China	382,904	299,049	174,700	17,299
Macau	747,210	256,263	-	-
America	470,557	469,864	-	-
Others	425,937	494,092	-	-
	<u>22,058,301</u>	<u>20,290,219</u>	<u>762,280</u>	<u>812,618</u>

### (4) Impaired / non-performing advances to customers

	30 June 2005	% to total advances	31 December 2004	% to total advances
	HK\$'000		HK\$'000	
Gross impaired advances to customers	651,343	2.95	-	
Gross non-performing advances to customers	-		790,980	3.90
Individual impairment loss allowances	(49,948)		-	
Specific provisions	-		(95,142)	
	<u>601,395</u>		<u>695,838</u>	
Interest in suspense	-		45,931	
Market value of collateral pledged	<u>616,764</u>		<u>704,626</u>	

There were no impaired advances to banks and other financial institutions.

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### (5) Cross-border claims

The Group's cross-border claims by countries or geographical areas which constitutes 10% or more of the relevant disclosure item after taking into account any risk transfers are as follows:

	<b>30 June 2005</b>			
	<b>Banks and other financial institutions</b>	<b>Public sector entities</b>	<b>Others</b>	<b>Total</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Asia Pacific excluding Hong Kong	5,931,622	271,049	1,236,221	7,438,892
Europe	10,025,299	3,775	310,449	10,339,523
– of which – Germany	3,409,296	2,397	6,192	3,417,885
– United Kingdom	<u>2,668,891</u>	<u>1,231</u>	<u>285,954</u>	<u>2,956,076</u>

	<b>31 December 2004</b>			
	<b>Banks and other financial institutions</b>	<b>Public sector entities</b>	<b>Others</b>	<b>Total</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Asia Pacific excluding Hong Kong	6,337,848	93,933	627,242	7,059,023
North and South America	1,193,244	35,455	834,073	2,062,772
Europe	8,847,098	3,989	200,370	9,051,457
– of which – United Kingdom	<u>2,107,986</u>	<u>1,585</u>	<u>184,909</u>	<u>2,294,480</u>

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### (6) Overdue and rescheduled advances

	30 June 2005		31 December 2004	
	Gross advances HK\$'000	% to total advances	Gross advances HK\$'000	% to total advances
Advances overdue for				
– 6 months or less but over 3 months	112,412	0.5	19,391	0.1
– 1 year or less but over 6 months	43,316	0.2	52,108	0.3
– Over 1 year	<u>606,552</u>	<u>2.7</u>	<u>741,119</u>	<u>3.6</u>
Total overdue advances	<b>762,280</b>	<b>3.4</b>	812,618	4.0
Rescheduled advances	<u>321,864</u>	<u>1.5</u>	<u>438,149</u>	<u>2.2</u>
Total overdue and rescheduled advances	<u><b>1,084,144</b></u>	<u><b>4.9</b></u>	<u>1,250,767</u>	<u>6.2</u>
Secured overdue amounts	<u>728,336</u>	<u>3.3</u>	<u>727,534</u>	<u>3.6</u>
Unsecured overdue amounts	<u>33,944</u>	<u>0.1</u>	<u>85,084</u>	<u>0.4</u>
Market value of securities held against secured overdue advances	<u><b>1,024,110</b></u>		<u>845,862</u>	

The loan borrowers are predominantly located in Hong Kong.

There were no advances to banks and other financial institutions or other assets which were overdue for over 3 months as at 30 June 2005 and 31 December 2004, nor were there any rescheduled advances to banks and other financial institutions.

Reposessed assets held by the Group as at 30 June 2005 amounted to HK\$110,380,000 (2004: HK\$141,850,000).

## SUPPLEMENTARY INFORMATION

### (7) Currency risk

The Group's foreign currency exposures arising from non-trading and structural position which constitute 10% or more of the total net position in all foreign currencies are as follows:

	30 June 2005						
	US\$	MOP	JPY	RMB	AUD	CAD	CHF
Equivalent in thousands of HK\$							
Spot assets	9,273,848	268,272	148,828	276,488	1,626,680	334,493	37,810
Spot liabilities	(8,974,181)	(289,113)	(146,860)	(271,904)	(1,948,545)	(332,531)	(36,657)
Forward purchases	128,052	-	6,207	657	321,272	-	1,560
Forward sales	(420,388)	-	(5,998)	-	-	(1,557)	(1,062)
Net long (short) position	<u>7,331</u>	<u>(20,841)</u>	<u>2,177</u>	<u>5,241</u>	<u>(593)</u>	<u>405</u>	<u>1,651</u>
		EUR	GBP	NZD	SGD	Others	Total
Equivalent in thousands of HK\$							
Spot assets		154,204	472,103	986,123	1,323	2,559	13,582,731
Spot liabilities		(149,016)	(474,630)	(1,018,143)	(9)	-	(13,641,589)
Forward purchases		-	2,808	29,956	-	-	490,512
Forward sales		(2,359)	-	-	-	-	(431,364)
Net long (short) position		<u>2,829</u>	<u>281</u>	<u>(2,064)</u>	<u>1,314</u>	<u>2,559</u>	<u>290</u>
Net structural position							<u>MOP</u> <u>48,545</u>
				31 December 2004			
				USD	MOP	RMB	Total
Equivalent in thousands of HK\$							
Spot assets				8,052,649	65,664	218,096	8,336,409
Spot liabilities				(8,064,146)	(46,720)	(212,232)	(8,323,098)
Forward purchases				112,120	-	566	112,686
Forward sales				(89,653)	-	-	(89,653)
Net long position				<u>10,970</u>	<u>18,944</u>	<u>6,430</u>	<u>36,344</u>
Net structural position							<u>MOP</u> <u>48,545</u>

## SUPPLEMENTARY INFORMATION

- (8) The contractual or notional amounts of each of the following classes of off-balance sheet exposures outstanding are:

	30 June 2005 HK\$'000	31 December 2004 HK\$'000
Contingent liabilities and commitments		
– Direct credit substitutes	961,483	1,023,725
– Trade-related contingencies	319,152	351,095
– Other commitments	7,434,450	7,106,729
– Forward assets purchases	38,495	50,291
	<u>8,753,580</u>	<u>8,531,840</u>
Derivatives		
– Exchange rate contracts - hedging	48,258	135,335
– Exchange rate contracts - trading	81,805	–
– Interest rate swap contracts - hedging	201,027	387,760
– Interest rate swap contracts - trading	412,112	–

The replacement cost and credit risk weighted amounts of the above off-balance sheet exposures are as follows:

	30 June 2005		31 December 2004	
	Replacement cost HK\$'000	Credit risk weighted amount HK\$'000	Replacement cost HK\$'000	Credit risk weighted amount HK\$'000
Contingent liabilities and commitments	n/a	2,418,203	n/a	2,272,921
Exchange rate contracts	429	478	1,015	1,461
Interest rate contracts	47,862	18,473	8,972	3,941
	<u>48,291</u>	<u>2,437,154</u>	<u>9,987</u>	<u>2,278,323</u>

The above amounts do not take into account the effects of bilateral netting arrangements.

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### (9) Capital adequacy and liquidity ratio

	30 June 2005	31 December 2004
	%	%
Capital adequacy ratio	<u>17.99</u>	<u>19.96</u>
	30 June 2005	30 June 2004
	%	%
Average liquidity ratio for the period	<u>48.73</u>	<u>53.23</u>

The capital adequacy ratio is calculated as the ratio, expressed as a percentage, of the capital base to the risk assets, as specified in the Third Schedule of the Banking Ordinance, with reference to the financial information of the Bank, Liu Chong Hing Finance Limited, Liu Chong Hing Banking Corporation, Cayman, Right Way Investments Limited and Gallbraith Limited.

The average liquidity ratio is calculated as the ratio, expressed as a percentage, of the average of each calendar month's average ratio, as specified in the Fourth Schedule of the Banking Ordinance, with reference to the financial information of the Bank, Liu Chong Hing Finance Limited, Liu Chong Hing Banking Corporation, Cayman, Right Way Investments Limited and Gallbraith Limited.

### (10) The components of the total capital base after deductions as reported under Part I of the Capital Adequacy Return are as follows:

	30 June 2005	31 December 2004
	HK\$'000	HK\$'000
Core capital		
Paid up ordinary share capital	217,500	217,500
Share premium account	1,542,817	1,542,817
Reserves (eligible for inclusion in core capital)	<u>3,307,342</u>	<u>3,208,021</u>
	<b>5,067,659</b>	4,968,338
Eligible supplementary capital		
Reserves on revaluation of land and interests in land	473,563	474,092
Reserves on revaluation of holding of securities not held for trading purposes	<b>37,988</b>	27,771
Collective impairment allowance for impaired assets and regulatory reserve / general provision for doubtful debt	<u>221,592</u>	<u>201,873</u>
Total capital base before deductions	<b>5,800,802</b>	5,672,074
Deductions from total capital base	<b>(456,122)</b>	(281,833)
Total capital base after deductions	<u><b>5,344,680</b></u>	<u>5,390,241</u>