

Unaudited Supplementary Financial Information

未經審核補充財務資料

(a) Capital Adequacy and Liquidity Ratios

(a) 資本充足及流動資金比率

		2005 二零零五年 %	2004 二零零四年 %
Unadjusted capital adequacy ratio at year end	於年底未經調整資本充足比率	14.96	18.46
Adjusted capital adequacy ratio incorporating market risk	於年底已經調整資本充足比率 (包括市場風險)	14.94	18.22
Average liquidity ratio for December	十二月份平均流動資金比率	47.49	50.06
Average liquidity ratio for the year ended 31 December	截至十二月三十一日止年度 之平均流動資金比率	44.71	63.28

The unadjusted capital adequacy ratio is computed on a consolidated basis as required by the HKMA for its regulatory purposes, and is in accordance with the Third Schedule of the Hong Kong Banking Ordinance. The adjusted capital adequacy ratio incorporating market risk is computed on the same consolidated basis, and is in accordance with the Guideline “Maintenance of Adequate Capital Against Market Risks” issued by the HKMA.

未經調整之資本充足比率乃按金管局之規管要求並根據香港銀行業條例表三以綜合基準計算。合併市場風險後之經調整資本充足比率根據由金管局公佈之準則「維持充足資本以應對市場風險」以相同之綜合基準計算。

The average liquidity ratio for the year is computed as the simple average of each calendar month’s average ratio, as reported in Part I (2) of the “Return of Liquidity Position of an Authorised Institution” (MA(BS)1E) calculated in accordance with the Fourth Schedule of the Hong Kong Banking Ordinance.

如「認可財務機構流動資金狀況報表」(MA(BS)1E) 第一部分(2)所呈報，本年度之平均流動資金比率根據香港銀行業條例表四以每公曆月平均比率之簡單平均值計算。

Unaudited Supplementary Financial Information

未經審核補充財務資料

(b) The components of the total capital base after deductions as reported under Part I of the banking return “Capital Adequacy Return” (MA(BS)3) calculated in accordance with the Third Schedule of the Hong Kong Banking Ordinance are as follows.

(b) 如銀行報表第一部分「資本充足報表(MA(BS)3)所呈報，根據香港銀行業條例表五計算之扣除應扣項目後總資金基礎之各組成部分如下：

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Core capital	核心資本		
Paid up ordinary share capital	繳足股款的普通股股本	1,172,160	1,172,160
Reserves (including retained earnings)	儲備(包括保留溢利)	1,550,802	1,670,086
Share premium	股份溢價	749,778	749,778
Eligible supplementary capital	可計算的附加資本		
Reserves on revaluation of land and interests in land	土地及土地權益價值重估儲備	36,868	36,868
Reserves on revaluation of holdings of securities not held for trading purposes	非持作交易用途證券價值重估儲備	(72,476)	(4,350)
Collective impairment allowance for impaired loans	減值貸款之綜合減值撥備	76,115	145,919
Regulatory reserve	法定儲備	107,722	0
Total capital base before deductions	扣減前的資本基礎總額	3,620,969	3,770,461
Deductions from total capital base	資本基礎總額的扣減項目	(65,036)	(67,930)
Total capital base after deductions	扣減後的資本基礎總額	3,555,933	3,702,531

(c) Major Customers

Total income attributable to the Group's five largest customers combined is substantially less than 30% of the Group's total income for both years 2004 and 2005.

(c) 主要客戶

於二零零四年及二零零五年本集團五名最大股東應佔收入總額遠低於本集團收入總額之30%。

Unaudited Supplementary Financial Information

未經審核補充財務資料

(d) Overdue advances to customers

(d) 逾期客戶貸款

		The Group 本集團			
		2005 二零零五年		2004 二零零四年	
		HK\$'000 千港元	% of total advances 佔貸款總額 之百分比	HK\$'000 千港元	% of total advances 佔貸款總額 之百分比
Gross advances to customers which have been overdue with respect to either principal or interest for periods of:	以下期間的本金或利息逾期之客戶貸款總額：				
- 6 months or less but over 3 months	- 六個月或以下惟三個月以上	38,953	0.18%	37,959	0.21%
- 1 year or less but over 6 months	- 一年或以下惟六個月以上	17,514	0.08%	20,132	0.11%
- Over 1 year	- 超過一年	105,754	0.49%	108,909	0.60%
		162,221	0.75%	167,000	0.92%
		HK\$'000 千港元		HK\$'000 千港元	
Overdue advances to customers which are	逾期客戶貸款乃				
- secured	- 有抵押	77,392		103,356	
- unsecured	- 無抵押	84,829		63,644	
		162,221		167,000	
		HK\$'000 千港元		HK\$'000 千港元	
Amount of collateral held against the overdue advances	就逾期貸款持有之抵押品價值	71,070		99,937	
		HK\$'000 千港元		HK\$'000 千港元	
Amount of expected recoveries from companies in liquidation in respect of the overdue advances	就逾期貸款中，預期可從清盤公司收回之價值	11,299		8,828	
		HK\$'000 千港元		HK\$'000 千港元	
Individually assessed impairment allowance in respect of advances overdue for more than three months	就逾期超過三個月的貸款所作出之個別減值撥備數額	85,400		60,724	

Overdue assets of the Group comprise advances to customers only as at 31 December 2004 and 2005.

本集團之逾期資產僅包括截至二零零四年及二零零五年十二月三十一日提供予客戶之貸款。

Unaudited Supplementary Financial Information

未經審核補充財務資料

(e) Rescheduled advances to customers

(e) 重定還款期之客戶貸款

		The Group 本集團			
		2005 二零零五年		2004 二零零四年	
		HK\$'000 千港元	% of total advances 佔貸款總額 之百分比	HK\$'000 千港元	% of total advances 佔貸款總額 之百分比
Rescheduled advances to customers	重定還款期之客戶貸款	108,227	0.50%	160,172	0.88%

(f) Foreign Exchange Exposures

(f) 外匯風險

The net positions or net structural positions in foreign currencies are disclosed as follows:

有關外幣之倉盤淨額或結構性倉盤淨額之披露如下：

		The Group 本集團					
		2005 二零零五年					
		New					
Equivalent in HK\$ Million	百萬港元等值	US Dollars 美元	Euros 歐元	New Zealand Dollars 紐元	Australian Dollars 澳元	Others 其他	Total 總額
Spot assets	現貨資產	10,194	668	903	1,536	1,321	14,622
Spot liabilities	現貨負債	(9,535)	(551)	(805)	(1,299)	(1,359)	(13,549)
Forward purchases	遠期買入	2,146	345	21	30	607	3,149
Forward sales	遠期賣出	(2,138)	(463)	(108)	(271)	(591)	(3,571)
Net option position	期權盤淨額	4	(4)	1	0	0	1
Net long/(short) position	長/(短)盤淨額	671	(5)	12	(4)	(22)	652
		New					
		2005 二零零五年					
		New					
		US Dollars 美元	Euros 歐元	New Zealand Dollars 紐元	Australian Dollars 澳元	Others 其他	Total 總額
Net structural position	結構性倉盤淨額	31	0	0	0	0	31

Unaudited Supplementary Financial Information

未經審核補充財務資料

(f) Foreign Exchange Exposures (continued)

(f) 外匯風險 (續)

		The Group 本集團 2004 二零零四年					
		New					
Equivalent in HK\$ Million	百萬港元等值	US Dollars 美元	Euros 歐元	Zealand Dollars 紐元	Australian Dollars 澳元	Others 其他	Total 總額
Spot assets	現貨資產	10,713	23	367	1,446	1,423	13,972
Spot liabilities	現貨負債	(10,005)	(206)	(352)	(1,416)	(1,055)	(13,034)
Forward purchases	遠期買入	2,078	369	8	381	838	3,674
Forward sales	遠期賣出	(2,781)	(187)	(21)	(393)	(1,206)	(4,588)
Net option position	期權盤淨額	0	0	0	0	0	0
Net long/(short) position	長/(短)盤淨額	5	(1)	2	18	0	24
		New					
		US Dollars 美元	Euros 歐元	Zealand Dollars 紐元	Australian Dollars 澳元	Others 其他	Total 總額
Net structural position	結構性倉盤淨額	0	0	0	0	0	0

Unaudited Supplementary Financial Information

未經審核補充財務資料

(g) Cross-border Claims

The information on cross-border claims discloses exposures to foreign counterparties on which the ultimate risk lies, and is derived according to the location of the counterparties after taking into account any transfer of risk. In general, such transfer of risk takes place 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. Only regions constituting 10% or more of the aggregate cross-border claims are disclosed.

(g) 跨境債權

跨境債權資料披露於外資金融機構(最終風險所在)之風險，並根據經計及任何轉移風險後該等機構所在地而得出。一般而言，倘該等債權由該機構所屬國家之外之其他國家之任何人士作出擔保或倘該等債權乃由一家總辦事處位於另一國家之海外分行持有，便會實行轉移風險。構成跨境債權10%或以上地區方作出披露。

<i>Figures in HK\$Million</i>		The Group 本集團 2005 二零零五年			
		Banks and other financial institutions 銀行及其他 金融機構	Public sector entities 公營機構	Others 其他	Total 總額
Asia Pacific excluding Hong Kong	亞洲太平洋地區(不包括香港)	1,991	5	529	2,525
North America	北美洲	1,184	1,169	57	2,410
Western Europe	西歐	9,963	156	664	10,783
of which France	法國	1,850	0	0	1,850
of which Germany	德國	2,797	0	0	2,797

<i>Figures in HK\$Million</i>		The Group 本集團 2004 二零零四年			
		Banks and other financial institutions 銀行及其他 金融機構	Public sector entities 公營機構	Others 其他	Total 總額
Asia Pacific excluding Hong Kong	亞洲太平洋地區(不包括香港)	3,258	4	766	4,028
of which Singapore	新加坡	2,314	0	53	2,367
North America	北美洲	437	1,172	58	1,667
of which United States	美國	430	1,172	53	1,655
Western Europe	西歐	3,318	156	25	3,499
of which United Kingdom	英國	1,967	0	1	1,968

Unaudited Supplementary Financial Information

未經審核補充財務資料

(h) Repossessed assets and assets acquired under lending agreements

The total repossessed assets and assets acquired under lending agreements of the Group as at 31 December 2005 amounted to HK\$71,880,000 (2004: HK\$186,740,000).

(i) Corporate governance

The Group is committed to high standards of corporate governance, and has complied throughout the period with the module on “Corporate governance of locally incorporated authorised institutions” under the Supervisory Policy Manual issued by the HKMA.

(j) Key specialised committees

The Board of Directors has established a number of governing committees including the Executive Credit Committee, Management Committee, Credit Committee, Asset and Liability Committee, Audit Committee, and Remuneration Committee. The compositions and functions of the Remuneration Committee and the Audit Committee are explained in the sections F and I of the Corporate Governance Report respectively and corresponding information on the Credit Committee is set out in Note 38(a). Compositions and functions of the other committees are set out below:

(i) Executive Credit Committee

On 11 August 2005, the Executive Credit Committee was established comprising the Chairman, Vice Chairman and two Executive Directors. This committee serves as the Credit Committee of the Board of Directors to review and approve credit proposals within limits assigned by the Board. The Executive Credit Committee replaced the previous Executive Committee.

(ii) Management Committee

The Management Committee comprises the Bank's Chief Executive, Executive Directors, chief financial officer, Head of legal and compliance department and senior managers as appointed by the Chief Executive. The Committee is the key decision making body for the Bank and is responsible mainly for formulation of the Bank's business strategies in all major business units. The Committee also coordinates among business units during the implementation process, monitors the implementation of the approved business strategies and reviews the achievement of business targets and objectives.

(h) 收回資產及根據借貸協議收購之資產

於二零零五年十二月三十一日止本集團之收回資產及根據貸款協議所得資產總額為71,880,000港元(二零零四年：186,740,000港元)。

(i) 企業管治

本集團致力實行高水平企業管治，並於期內遵守金管局頒佈的監管政策手冊的其中章節「本地註冊認可機構的企業管治」。

(j) 主要專責委員會

董事會已成立若干管治委員會，包括執行信貸委員會、管理委員會、信貸委員會、資產及負債委員會、審核委員會以及薪酬委員會。薪酬委員會及審核委員會之構成及職能分別於企業管治報告第F及第I部分說明，有關信貸委員會之相應資料載於附註38(a)。其他委員會之構成及職能載列如下：

(i) 執行信貸委員會

於二零零五年八月十一日，執行信貸委員會成立，成員包括主席、副主席及兩位執行董事。此委員會作為董事會之信貸委員會，負責審閱及批核董事會指定限額以內的信貸建議。執行信貸委員會已取代前身之執行委員會。

(ii) 管理委員會

管理委員會由本銀行的行政總裁、執行董事、財務總監、法律及合規部主管及由行政總裁委任的高級管理人員組成。該委員會乃本銀行的重要決策部門，主要負責籌劃本銀行一切主要部門的業務策略。該委員會亦負責於推行業務策略時協調各部門工作、監察落實已批核的策略，以及檢討達致業務目標與目的之表現。

Unaudited Supplementary Financial Information

未經審核補充財務資料

(j) Key specialised committees (continued)

(iii) Asset and Liability Committee

The Asset and Liability Committee comprises the Bank's Chief Executive, Executive Director, chief financial officer, head of treasury, and senior managers as appointed by the Chief Executive. The Committee meets on a weekly basis with the internal auditor and chief compliance officer attending the meeting as observers to ensure overall compliance with the governing policies. The Committee's main responsibilities include regular review of the Bank's operations relating to interest rate risk and liquidity risk and in particular the Bank's ability to meet its funding obligations, and its compliance with statutory liquidity and capital adequacy requirements. The Committee regularly reviews and endorses, for the Board's approval, the Bank's policies governing asset and liability management, investment, and other risk management issues. It also formulates both long term strategy for the sources and uses of funds and short term directives to address prevailing conditions and monitors the implementation of these strategies and directives. In addition, the Asset and Liability Committee assesses the risk and profitability of new products proposed by business units and approves new products.

(k) Management of risks

The Group has established policies and procedures for the control and monitoring of credit risk, liquidity, capital and market risk. The risk management policy is formulated by the Board, which also monitors risk and regularly reviews the effectiveness of the Group's risk management policies.

(i) Credit risk management

Details of the Group's credit risk management policies and measures have been set out in Note 38(a).

(ii) Liquidity management

Details of the Group's liquidity risk management policies and measures have been set out in Note 38(c).

(j) 主要專責委員會 (續)

(iii) 資產及負債委員會

資產及負債委員會由本銀行的行政總裁、執行董事、財務總監、司庫主管、以及行政總裁委任的高級管理人員組成。委員會與內部核數師每星期舉行一次會議，公司管治及合規部主管會列席會議作觀察員，確保全面符合管治政策。委員會的主要職責包括定期檢討本銀行涉及利率風險及流動資金風險的業務，特別針對本銀行應付債務的能力以及遵守法定流動資金及資本充足要求事宜。委員會定期審閱及批核本銀行有關資產及負債管理、投資及其他風險管理事宜的政策，以報董事會批准。委員會亦制定資源及資金運用的長遠政策、應付當時狀況的短期方針以及監察該等政策及方針的推行。此外，資產及負債委員會亦評估有關營業部門所提出新產品的風險及盈利能力，並批審有關新產品。

(k) 風險管理

本集團已設有管理及監察信貸風險、流動資金、資本及市場風險的政策及程序。風險管理政策由董事會制定，委員會亦實行風險監察，並定期檢討本集團風險政策之有效性。

(i) 信貸風險管理

本集團之信貸風險管理政策及措施之詳情載列於附註38(a)。

(ii) 流動資金風險管理

本集團之流動資金風險管理政策及措施之詳情載列於附註38(c)。

Unaudited Supplementary Financial Information

未經審核補充財務資料

(k) Management of risks (continued)

(iii) Capital management

The Group's policy is to maintain a strong capital base to support the development of the Group's operations prudently, with the aim of diversifying its business activities, including the future expansion of the branch network, increasing the customer base, introducing new financial products and meeting the statutory capital adequacy ratio. As disclosed in Note (a) above, both the Group's adjusted capital adequacy ratio incorporating market risk of 14.94% and the unadjusted ratio of 14.96% as at 31 December 2005 was well above the statutory minimum ratio.

Capital is allocated to the various activities of the Bank depending on the risk taken by each business division. Where the subsidiaries are directly regulated by other regulators, they are required to maintain minimum capital according to the regulators' rules. Certain financial subsidiaries, as specified by the HKMA, are subject to the HKMA's capital requirements for its regulatory purposes.

Capital adequacy ratios and components of capital base are disclosed in Note (a) and Note (b).

(iv) Market risk management

Details of the Group's market risk management policies and measures have been set out in Note 38(b).

Risk management

The Group uses a VaR measure as a means of controlling the Bank's market risk. The VaR is an estimate, with a defined confidence level, of the potential loss which might arise due to changes in the value of investment portfolios, if positions were held unchanged for one business day. The calculation uses the variance-covariance model as the means to estimate the statistical confidence level. The Bank estimates the VaR of its investment portfolios with a confidence level of 95% and 99%. In addition, stress testing is performed on the portfolios and on a consolidated basis to assess the potential income statement impact as a result of extreme movements in market prices. The 95% and 99% VaR for the Bank's investment portfolio, including Hong Kong Exchange Fund bills, at 31 December 2005 were HK\$2,482,036 (2004: HK\$5,105,726) and HK\$3,517,978 (2004: HK\$7,221,123) respectively. The average VaR at 95% and 99% confidence levels for 2005 were HK\$4,985,590 (2004: HK\$11,707,428) and HK\$7,055,532 (2004: HK\$16,558,034) respectively.

(k) 風險管理 (續)

(iii) 資本管理

本集團擬維持雄厚的資本來支持本集團審慎地開拓業務，務求使本集團之業務更多元化，其中包括在未來擴大分行網絡、增強客戶基礎，以及提供更多全新金融產品等，及符合法定之資本充足比率。在附註(a)披露，本集團於二零零五年十二月三十一日之經調整資本充足比率(包括市場風險)為14.94%及未經調整比率則為14.96%，實已高於法定最低要求。

本銀行因應各部門所面對的風險程度將資本應用在不同業務上。若其附屬公司由其他監管機構所管核，該附屬公司須持有相關監管機構所規定的最低資本水平。金管局所指定的若干從事財務活動的附屬公司，須遵守金管局要求的資本規定。

資本充足比率及資本基礎組成部分分別於附註(a)及(b)披露。

(iv) 市場風險管理

本集團之市場風險管理政策及措施之詳情載列於附註38(b)。

風險管理

本集團採取風險值措施，以控制本銀行市場風險的方法。風險值乃一項對潛在虧損估計數字(其中包括明確的信心水平)。假設持倉量於一個營業日內維持不變，有關潛在虧損可能因投資組合的價值變動而產生。計算方式乃使用方差與協方差模式估計統計數字信心水平。本銀行預期其投資組合的風險值的信心水平為95%及99%。此外，投資組合須接受壓力測試，並以綜合基準評估因市場價格極端變動對收益表的潛在影響。本銀行投資組合(包括香港外匯基金票據)之95%及99%信心水平風險值於二零零五年十二月三十一日分別為2,482,036港元(二零零四年：5,105,726港元)及3,517,978港元(二零零四年：7,221,123港元)。二零零五年95%及99%信心水平之平均風險值分別為4,985,590港元(二零零四年：11,707,428港元)及7,055,532港元(二零零四年：16,558,034港元)。

Unaudited Supplementary Financial Information

未經審核補充財務資料

(k) Management of risks (continued)

(iv) Market risk management (continued)

Market risk exposure

The Group adopts a prudent approach to managing its trading portfolios, and reduces any excessive market risk by executing offsetting transactions or hedging contracts with other market counterparties. Market risk ensues once the Group takes positions in markets such as foreign exchange, interest rates, securities and equities. Such positions are driven by execution of customer orders, proprietary trading and hedging.

The Group's maximum market risk exposures are set by the Asset and Liability Committee. Exposures are monitored and reported to the management regularly. The average daily revenue generated from the treasury's trading activities for the year was HK\$92,980 (2004: HK\$75,775) and the standard deviation was HK\$134,910 (2004: HK\$90,323). An analysis of the Group's trading revenue is shown below:

(k) 風險管理 (續)

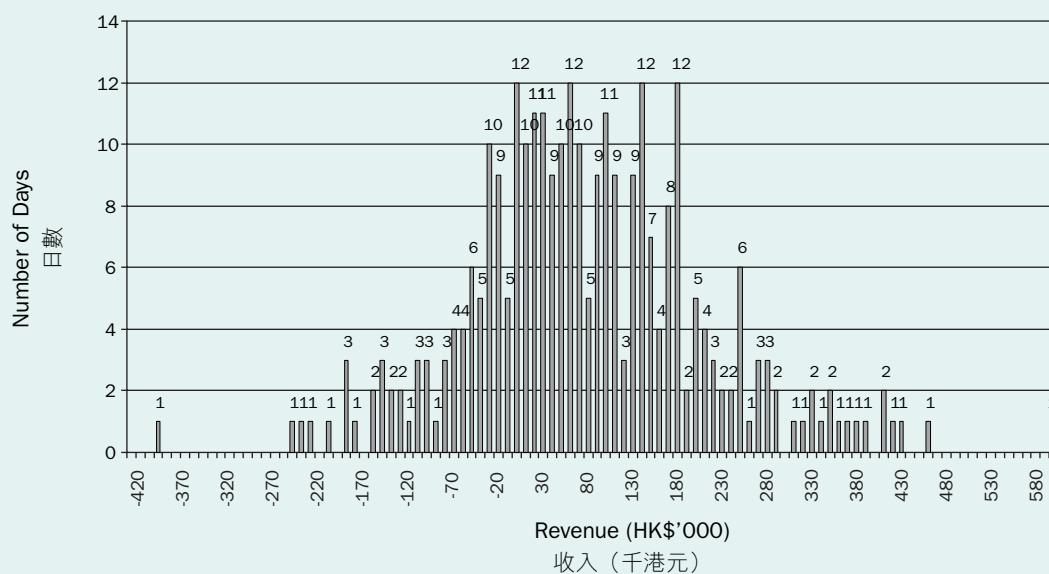
(iv) 市場風險管理 (續)

市場風險承擔

本集團採納一套謹慎的方法，以管理其交易組合，並透過其他市場同業簽訂抵銷交易或對沖合約，以減低任何過度市場風險。若本集團於外匯市場，利率市場或證券及股票市場持倉時便會產生市場風險，而這是因應客戶的交易指示、自營買賣及對沖活動時進行的交易。

本集團之最高市場風險承擔由資產及負債委員會訂定。並定期監控及向管理層匯報。年度內由財資交易活動中獲得的平均每日收益為92,980港元(二零零四年：75,775港元)，標準偏差為134,910港元(二零零四年：90,323港元)。本集團之交易收益分析如下：

Daily Distribution of Trading Revenue for the Year ended December 2005
截至二零零五年十二月止年度每日交易收益分佈



Unaudited Supplementary Financial Information

未經審核補充財務資料

(k) Management of risks (continued)

(k) 風險管理 (續)

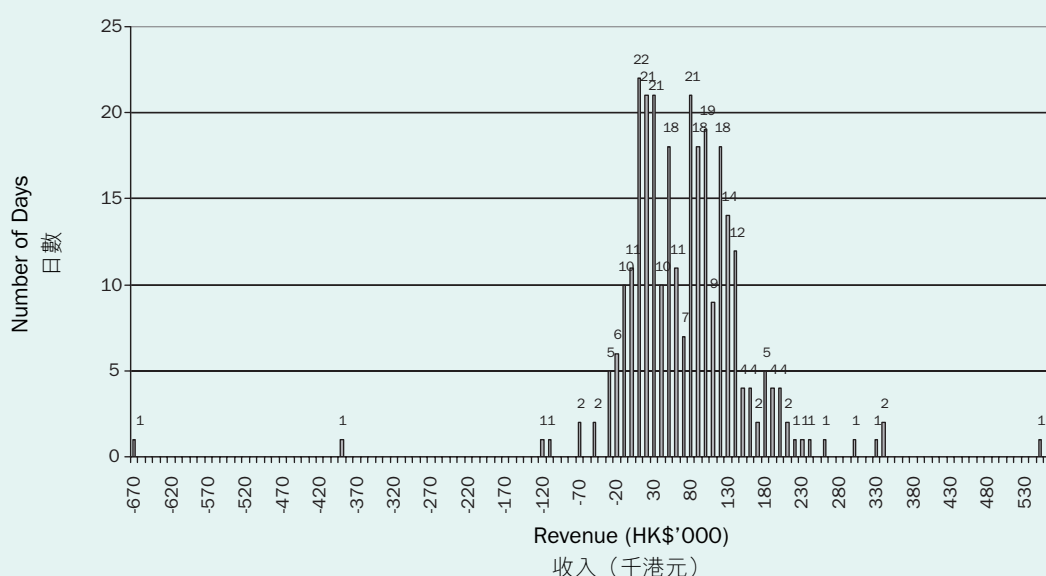
(iv) Market risk management (continued)

(iv) 市場風險管理 (續)

Market risk exposure (continued)

市場風險承擔 (續)

Daily Distribution of Trading Revenue for the Year ended December 2004
截至二零零四年十二月止年度每日交易收益分佈



This shows a maximum daily loss of HK\$385,948 (2004: HK\$662,554) with 67 days (2004: 29 days) out of 296 days (2004: 295 days) showing losses. The most frequent results were observed in daily revenue falling between HK\$10,000 to HK\$20,000, HK\$70,000 to HK\$80,000, HK\$150,000 to HK\$160,000 and HK\$190,000 to HK\$200,000 (2004: HK\$10,000 to HK\$20,000) with 12 occurrences in each range (2004: 22 occurrences in HK\$10,000 to HK\$20,000). The highest daily revenue was HK\$619,701 (2004: HK\$552,245).

以上圖表顯示於296天(二零零四年：295天)成交日中，67天(二零零四年：29天)錄得虧損，最高每日虧損385,948港元(二零零四年：662,554港元)。最頻密交易成績為每日收益為10,000港元至20,000港元、70,000港元至80,000港元、150,000港元至160,000港元及190,000港元至200,000港元(二零零四年：10,000港元至20,000港元)，並於每一組別出現12次(二零零四年：於10,000港元至20,000港元中出現22次)。最高每日收益為619,701港元(二零零四年：552,245港元)。