

Table B: Performance Ratios of the Banking Sector <sup>(a)</sup>

	2002	2003	All AIs 2004	2005	2006
<b>Asset Quality</b> <sup>(b)</sup>	%	%	%	%	%
As % of total credit exposures <sup>(c)</sup>					
Total outstanding provisions/ impairment allowances	1.40	1.14	0.78	0.49	<b>0.39</b>
Classified <sup>(d)</sup> exposures:					
Gross	2.77	2.25	1.22	0.81	<b>0.59</b>
Net of specific provisions/ individual impairment allowances	1.85	1.54	0.81	0.54	<b>0.41</b>
Net of all provisions/impairment allowances	1.37	1.10	0.44	0.33	<b>0.21</b>
As % of total loans					
Total outstanding provisions/ impairment allowances	2.39	1.98	1.42	0.87	<b>0.71</b>
Classified <sup>(d)</sup> loans:					
Gross	4.53	3.74	2.11	1.34	<b>1.05</b>
Net of specific provisions/ individual impairment allowances	2.98	2.54	1.40	0.87	<b>0.73</b>
Net of all provisions/impairment allowances	2.13	1.76	0.70	0.47	<b>0.34</b>
Overdue > 3 months and rescheduled loans	3.41	2.81	1.54	0.94	<b>0.76</b>
<b>Profitability</b>					
Return on assets (operating profit)	0.94	0.93	1.06	1.07	<b>1.13</b>
Return on assets (post-tax profit)	0.81	0.81	0.97	0.97	<b>1.00</b>
Net interest margin	1.52	1.41	1.18	1.18	<b>1.29</b>
Cost-income ratio	46.3	45.8	48.7	50.4	<b>50.8</b>
Bad debt charge to total assets	0.24	0.24	0.01	0.01	<b>0.03</b>
<b>Liquidity</b>					
Loan to deposit ratio (all currencies)	62.6	57.1	55.8	56.8	<b>51.8</b>
Loan to deposit <sup>(e)</sup> ratio (Hong Kong dollar)	88.5	81.5	82.6	84.3	<b>74.7</b>

**Asset quality**

Delinquency ratio of residential mortgage loans  
Credit card receivables  
Delinquency ratio  
Charge-off ratio

**Profitability**

Operating profit to shareholders' funds  
Post-tax profit to shareholders' funds

**Capital adequacy**

Equity to assets ratio <sup>(b)</sup>

Capital adequacy ratio (consolidated)

(a) Figures are related to HK office(s) only except where otherwise stated.

(b) Figures are related to HK office(s). For locally incorporated AIs, figures include their overseas branches.

(c) Credit exposures include loans & advances, acceptances & bills of exchange held, investment debt securities issued by others, accrued interest, and commitments and contingent liabilities to or on behalf of non-banks.

(d) Denotes loans or exposures graded as "substandard", "doubtful" or "loss" in the HKMA's Loan Classification System.

(e) Includes swap deposits.

<b>Retail banks</b>				
2002	2003	2004	2005	2006
%	%	%	%	%
1.41	1.13	0.77	0.42	<b>0.33</b>
3.02	2.32	1.27	0.82	<b>0.63</b>
2.15	1.67	0.91	0.60	<b>0.48</b>
1.61	1.18	0.50	0.39	<b>0.30</b>
2.49	2.05	1.45	0.78	<b>0.63</b>
5.04	3.94	2.25	1.37	<b>1.11</b>
3.53	2.78	1.59	0.98	<b>0.85</b>
2.55	1.89	0.80	0.59	<b>0.48</b>
3.59	2.87	1.48	0.92	<b>0.80</b>
1.35	1.36	1.52	1.55	<b>1.53</b>
1.18	1.18	1.39	1.40	<b>1.35</b>
2.09	1.91	1.66	1.68	<b>1.80</b>
39.3	38.6	41.4	41.8	<b>42.7</b>
0.34	0.29	-0.02	-0.01	<b>0.01</b>
53.5	49.5	50.0	53.2	<b>47.9</b>
78.6	71.6	73.2	78.8	<b>69.1</b>
<b>Surveyed Institutions</b>				
2002	2003	2004	2005	2006
%	%	%	%	%
1.06	0.86	0.38	0.19	<b>0.20</b>
1.28	0.92	0.44	0.37	<b>0.37</b>
13.25	10.02	4.73	2.81	<b>2.91</b>
<b>Locally incorporated banks</b>				
2002	2003	2004	2005	2006
%	%	%	%	%
16.2	16.9	18.7	18.4	<b>18.9</b>
14.0	14.6	17.2	16.7	<b>16.6</b>
10.6	10.5	10.6	8.1	<b>8.2</b>
<b>All locally incorporated AIs</b>				
2002	2003	2004	2005	2006
%	%	%	%	%
15.7	15.3	15.4	14.8	<b>15.0</b>