

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2005

(Expressed in millions of Hong Kong dollars)

	note	2005	2004 restated*
Interest income	7(a)	19,029	12,782
Interest expense	7(b)	(7,961)	(2,777)
Net interest income		11,068	10,005
Fee income		3,394	3,841
Fee expense		(520)	(416)
Net fee income	7(c)	2,874	3,425
Net trading income	7(d)	579	1,113
Net income from financial instruments designated at fair value	7(e)	2	–
Dividend income	7(f)	60	89
Net earned insurance premiums	7(g)	7,865	4,420
Other operating income	7(h)	798	773
Total operating income		23,246	19,825
Net insurance claims incurred and movement in policyholder liabilities	7(i)	(7,014)	(3,772)
Net operating income before loan impairment (charges)/releases and other credit risk provisions		16,232	16,053
Loan impairment (charges)/releases and other credit risk provisions	7(j)	(618)	777
Net operating income		15,614	16,830
Employee compensation and benefits		(2,281)	(2,234)
General and administrative expenses		(1,976)	(1,734)
Depreciation of premises, plant and equipment		(280)	(256)
Amortisation of intangible assets		(9)	(8)
Total operating expenses	7(k)	(4,546)	(4,232)
Operating profit	39(a)	11,068	12,598
Profit on disposal of fixed assets and financial investments	8	477	442
Net surplus on property revaluation	9	1,313	146
Share of profits from associates	23	500	97
Profit before tax		13,358	13,283
Tax expenses	10	(1,795)	(1,711)
Profit for the year		11,563	11,572
Profit attributable to minority interests		(221)	(208)
Profit attributable to shareholders	11	11,342	11,364
Dividends	13(a)	9,942	9,942
<i>(Figures in HK\$)</i>			
Earnings per share	12	5.93	5.94
Dividends per share	13(a)	5.20	5.20

* Comparative figures have been restated to reflect the adoption of a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards, details of which are set out in note 4 "Changes in accounting policies".

The notes on pages 87 to 185 form part of these financial statements.