

CONSOLIDATED INCOME STATEMENT

unaudited

		<i>Half-year ended 30 June 2006</i>	<i>Half-year ended 30 June 2005</i>	<i>Half-year ended 31 December 2005</i>
<i>(Expressed in millions of Hong Kong dollars)</i>				
	<i>note</i>			
Interest income	1	13,334	7,900	11,129
Interest expense	2	(6,959)	(2,636)	(5,325)
Net interest income		6,375	5,264	5,804
Fee income		2,078	1,792	1,602
Fee expense		(296)	(215)	(305)
Net fee income	3	1,782	1,577	1,297
Trading income excluding net interest expense		659	389	496
Net interest (expense)/income on trading activities		(879)	44	(350)
Net trading income	4	(220)	433	146
Net income from financial instruments designated at fair value	5	82	50	(48)
Dividend income		31	37	23
Net earned insurance premiums		3,954	2,728	5,137
Other operating income	6	392	410	388
Total operating income		12,396	10,499	12,747
Net insurance claims incurred and movement in policyholder liabilities		(3,671)	(2,409)	(4,605)
Net operating income before loan impairment charges and other credit risk provisions		8,725	8,090	8,142
Loan impairment charges and other credit risk provisions	7	(34)	(302)	(316)
Net operating income		8,691	7,788	7,826
Employee compensation and benefits		(1,277)	(1,125)	(1,156)
General and administrative expenses		(907)	(892)	(1,084)
Depreciation of premises, plant and equipment		(150)	(135)	(145)
Amortisation of intangible assets		(4)	(4)	(5)
Total operating expenses	8	(2,338)	(2,156)	(2,390)
Operating profit		6,353	5,632	5,436
Profit on disposal of fixed assets and financial investments	9	574	348	129
Net surplus on property revaluation		318	877	436
Share of profits from associates		268	205	295
Profit before tax		7,513	7,062	6,296
Tax expenses	10	(1,202)	(924)	(871)
Profit for the period		6,311	6,138	5,425
Profit attributable to minority interests		(121)	(93)	(128)
Profit attributable to shareholders		6,190	6,045	5,297
Dividends	12	4,206	4,206	5,736
<i>(Figures in HK\$)</i>				
Earnings per share	11	3.24	3.16	2.77
Dividends per share	12	2.20	2.20	3.00