

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2006
(Expressed in millions of Hong Kong dollars)

	note	2006	2005 restated
Interest income	7	29,262	19,713
Interest expense	7	(17,568)	(8,917)
Net interest income		11,694	10,796
Fee income		4,074	3,394
Fee expense		(577)	(438)
Net fee income	8	3,497	2,956
Trading income	9	1,330	885
Net income/(expense) from financial instruments designated at fair value	10	899	(32)
Dividend income	11	47	60
Net earned insurance premiums	12	7,846	7,783
Other operating income	13	845	798
Total operating income		26,158	23,246
Net insurance claims incurred and movement in policyholders' liabilities	14	(8,077)	(7,014)
Net operating income before loan impairment charges and other credit risk provisions		18,081	16,232
Loan impairment charges and other credit risk provisions	15	(264)	(618)
Net operating income		17,817	15,614
Employee compensation and benefits		(2,694)	(2,281)
General and administrative expenses		(2,214)	(1,976)
Depreciation of premises, plant and equipment		(323)	(280)
Amortisation of intangible assets		(10)	(9)
Total operating expenses	16	(5,241)	(4,546)
Operating profit		12,576	11,068
Profit on disposal of fixed assets and financial investments	20	843	477
Net surplus on property revaluation	21	321	1,313
Share of profits from associates		655	500
Profit before tax		14,395	13,358
Tax expense	22	(2,049)	(1,795)
Profit for the year		12,346	11,563
Profit attributable to shareholders		12,038	11,342
Profit attributable to minority interests		308	221
		12,346	11,563
Dividends	25	9,942	9,942
<i>(Figures in HK\$)</i>			
Earnings per share	24	6.30	5.93
Dividends per share	25	5.20	5.20

The notes on pages 94 to 196 form part of these financial statements.