

BALANCE SHEET

at 31 December 2006

(Expressed in millions of Hong Kong dollars)

	note	2006	2005
ASSETS			
Cash and balances with banks and other financial institutions	29	9,360	9,173
Placings with and advances to banks and other financial institutions	30	80,679	46,520
Trading assets	31	10,778	9,153
Financial assets designated at fair value	32	1,595	1,647
Derivative financial instruments	54	1,787	1,623
Advances to customers	33	244,235	215,110
Amounts due from subsidiaries		92,601	93,261
Financial investments	34	162,422	142,120
Investments in subsidiaries	35	2,357	2,104
Investments in associates	36	1,634	1,634
Investment properties	37	1,557	2,644
Premises, plant and equipment	38	4,219	4,798
Interest in leasehold land held for own use under operating lease	39	580	594
Intangible assets	40	143	71
Other assets	41	13,456	13,836
		627,403	544,288
LIABILITIES			
Current, savings and other deposit accounts	42	478,712	421,518
Deposits from banks		17,680	12,043
Trading liabilities	43	60,093	45,804
Financial liabilities designated at fair value	44	987	967
Derivative financial instruments	54	1,520	1,771
Certificates of deposit and other debt securities in issue	45	7,623	10,060
Amounts due to subsidiaries		1,720	1,433
Other liabilities	46	17,051	15,112
Deferred tax and current tax liabilities	48	1,998	1,303
Subordinated liabilities	49	7,000	3,511
		594,384	513,522
CAPITAL RESOURCES			
Share capital	50	9,559	9,559
Retained profits	51	17,281	15,562
Other reserves	51	2,546	2,012
Proposed dividends	25	3,633	3,633
Shareholders' funds		33,019	30,766
		627,403	544,288

Michael R P Smith *Chairman*

Raymond C F Or *Vice-Chairman and Chief Executive*

Richard Y S Tang *Director*

C C Li *Secretary*

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