

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2008
(Expressed in millions of Hong Kong dollars)

		2008	2007
	note		
Interest income	8	26,172	34,406
Interest expense	8	(9,940)	(19,687)
Net interest income		16,232	14,719
Fee income		5,704	7,682
Fee expense		(735)	(796)
Net fee income	9	4,969	6,886
Trading income	10	1,455	1,679
Net (loss)/income from financial instruments designated at fair value	11	(1,031)	1,907
Dividend income	12	82	52
Net earned insurance premiums	13	12,351	9,702
Other operating income	14	701	747
Total operating income		34,759	35,692
Net insurance claims incurred and movement in policyholders' liabilities	15	(11,463)	(10,677)
Net operating income before loan impairment charges and other credit risk provisions		23,296	25,015
Loan impairment charges and other credit risk provisions	16	(2,776)	(576)
Net operating income		20,520	24,439
Employee compensation and benefits		(3,452)	(3,585)
General and administrative expenses		(2,851)	(2,684)
Depreciation of premises, plant and equipment		(432)	(348)
Amortisation of intangible assets		(60)	(33)
Total operating expenses	17	(6,795)	(6,650)
Operating profit		13,725	17,789
Gain on dilution of investment in associate		–	1,465
Gains less losses from financial investments and fixed assets	21	267	716
Net surplus on property revaluation	22	79	379
Share of profits from associates		1,807	1,122
Profit before tax		15,878	21,471
Tax expense	23	(1,779)	(2,865)
Profit for the year		14,099	18,606
Profit attributable to shareholders		14,099	18,242
Profit attributable to minority interests		–	364
		14,099	18,606
Dividends	26	12,045	12,045
<i>(Figures in HK\$)</i>			
Earnings per share	25	7.37	9.54
Dividends per share	26	6.30	6.30

The notes on pages 94 to 238 form part of these financial statements.