

FINANCIAL HIGHLIGHTS

	2006 HK\$'m	Restated 2005 HK\$'m	Change +/(-)%
For the year			
Net operating income before loan impairment allowances	21,309	18,174	17.25
Operating profit	16,541	15,048	9.92
Profit before taxation	17,139	16,502	3.86
Profit for the year	14,284	13,856	3.09
Profit attributable to the equity holders of the Company	14,007	13,596	3.02
Per share	HK\$	HK\$	+/(-)%
Earnings per share	1.3248	1.2859	3.03
Dividend per share	0.8480	0.8080	4.95
At year-end	HK\$'m	HK\$'m	+/(-)%
Capital and reserves attributable to the equity holders of the Company	84,655	79,935	5.90
Issued and fully paid share capital	52,864	52,864	–
Total assets	928,953	831,002	11.79
Financial ratios	%	%	
Return on average total assets ¹	1.56	1.67	
Return on average capital and reserves attributable to the equity holders of the Company ²	17.02	18.27	
Cost to income ratio	30.78	31.75	
Gross impaired advances to customers as a percentage of gross advances to customers	0.26	0.56	
Gross classified advances to customers as a percentage of gross advances to customers	0.57	1.28	
Loan to deposit ratio ³	49.32	52.27	
Average liquidity ratio ⁴	50.46	42.02	
Capital adequacy ratio ⁵	13.99	15.37	

- Return on average total assets = $\frac{\text{Profit for the year}}{\text{Daily average balance of total assets}}$
- Return on average capital and reserves attributable to the equity holders of the Company = $\frac{\text{Profit attributable to the equity holders of the Company}}{\text{Average of the beginning and ending balance of capital and reserves attributable to the equity holders of the Company}}$
- Loan to deposit ratio is calculated as at year end. Loan represents gross advances to customers. Deposit also includes structured deposits reported as "Trading liabilities and other financial instruments at fair value through profit or loss".
- Average liquidity ratio is calculated as the simple average of each calendar month's average liquidity ratio of BOCHK for the year.
- Capital adequacy ratio is computed on the consolidated basis that comprises the positions of BOCHK and certain subsidiaries specified by the HKMA for its regulatory purposes and in accordance with the Third Schedule of the Banking Ordinance.
- In June 2006, the Group acquired a 51% shareholding of an under common control entity, BOC Life. The financial statements have been prepared in accordance with the principles of merger accounting as set out in Accounting Guideline 5 "Merger accounting for common control combinations" issued by the HKICPA. The comparative amounts for the year 2005 have been restated in accordance with the principles for merger accounting to present the result and assets of the Group as if BOC Life had been combined with the Group during the year.

