

FINANCIAL HIGHLIGHTS

	Half-year ended 30 June 2006 HK\$'m	Restated Half-year ended 30 June 2005 HK\$'m	Restated Year ended 31 December 2005 HK\$'m
Net operating income before loan impairment allowances	10,517	8,311	18,174
Operating profit	8,188	7,053	15,048
Profit before taxation	8,673	7,970	16,502
Profit for the period/year	7,229	6,642	13,856
Profit attributable to the equity holders of the Company	7,093	6,546	13,596
	HK\$	HK\$	HK\$
Earnings per share	0.6709	0.6191	1.2859
Dividend per share	0.4010	0.3280	0.8080
	HK\$'m	HK\$'m	HK\$'m
Capital and reserves attributable to the equity holders of the Company	81,034	73,789	79,935
Issued and fully paid share capital	52,864	52,864	52,864
Total assets	860,335	820,393	831,002
Financial ratios	%	%	%
Return on average total assets ¹	1.59	1.62	1.67
Return on average capital and reserves attributable to the equity holders of the Company ²	17.63	18.35	18.27
Cost to income ratio	28.25	32.40	31.75
Gross impaired advances to customers as a percentage of gross advances to customers	1.09	1.89	1.28
Loan to deposit ratio ³	51.18	53.49	52.27
Average liquidity ratio ⁴	50.30	39.15	42.02
Capital adequacy ratio ⁵	14.61	15.74	15.37

- Return on average total assets =
$$\frac{\text{Profit for the period/year}}{\text{Daily average balance of total assets}}$$
- 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 30 June 2006, 30 June 2005 and 31 December 2005. 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 corresponding period.
- 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 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 period ended 30 June 2005 and 31 December 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 in existence as at those dates.

