



Corporate Profile

Bank of China (Hong Kong), established on 1 October 2001, is a Hong Kong incorporated licensed bank. Its ultimate controlling shareholder is Bank of China.



A New Starting Point

BOCHK has combined the commercial banking businesses of ten of the twelve member banks originally under the Bank of China ("BOC") Group in Hong Kong, including Bank of China Hong Kong Branch, the Hong Kong branches of the seven banks incorporated in the Mainland of China (The Kwangtung Provincial Bank, Sin Hua Bank Ltd, The China & South Sea Bank Ltd, Kincheng Banking Corporation, The China State Bank, Ltd, The National Commercial Bank Ltd and The Yien Yieh Commercial Bank Ltd), as well as two locally-incorporated banks, Hua Chiao Commercial Bank Ltd and Po Sang Bank Ltd. BOCHK also holds shares in Nanyang Commercial Bank Ltd and Chiyu Banking Corporation Ltd, both of which are incorporated in Hong Kong, as well as BOC Credit Card (International) Ltd. These two banks and BOC Credit Card (International) Ltd are subsidiaries of BOCHK.

The restructuring and merger of the BOC Group and establishment of BOCHK have been achieved against the background of a growing trend of merger, acquisition and consolidation in the international and Hong Kong banking industry. The restructuring and merger have enabled us to emerge as an integrated and stronger bank, improve our operations and enhance our efficiency so as to provide better services to our local and international clients.

The significance of using the name "Bank of China (Hong Kong) Limited" is that, on the one hand, we continue to use the name of "Bank of China" which has a very long history - 90 years old in 2002 - coupled with solid strength and goodwill. Bank of China is one of the largest banks established in the earliest years of banking in China. It is also the first state-owned bank in China to expose itself to the world market. On the other hand, the use of "Hong Kong" in the name highlights the former BOC Group's mission of "Taking roots in Hong Kong and serving Hong Kong". It further explicitly shows that BOCHK has chosen incorporation in Hong Kong in order to operate in accordance with local and international banking regulatory standards, corporate governance requirements, prudent accounting principles and financial information disclosure requirements. This adherence to international best practice enables us to serve Hong Kong and international customers better and will help us establish a foundation for better utilizing local and international capital markets in the future. "Bank of China (Hong Kong)" also fully reflects the advantageous position enjoyed by us in both the Mainland of China and Hong Kong markets. By capitalizing on our familiarity with both markets and operating environments, and the BOC Group's well-established and extensive network in both places, we are able to provide comprehensive and quality products and services to customers both in Hong Kong and the Mainland of China.



Our Strengths

We believe that BOCHK, originated from the twelve member banks of the former BOC Group in Hong Kong, is one of the most established banks in Hong Kong. In terms of asset size and market status, retail network and brand name, integrated financial service capability, and close linkage with the Mainland of China, BOCHK enjoys substantial advantages.

- BOCHK is one of the major local banks. BOCHK enjoys a leading position among local banks in terms of asset size and market share. As at the end of 2001, the total assets of BOCHK were approximately HK\$766.1 billion, and deposits and loans were HK\$606.4 billion and HK\$308.1 billion respectively, which makes BOCHK the second largest bank in Hong Kong. BOCHK assumes a leading position among local banks in various areas of retail and corporate banking businesses, including mortgage loans, syndicate loans, credit cards, small and medium-sized enterprises loans, foreign exchange and precious metals retail business. BOCHK is one of the three note-issuing banks in Hong Kong, and assumes the role of Chairman Bank of the Hong Kong Association of Banks on a rotational basis.
- BOCHK has an extensive distribution network and a broad customer base covering retail and corporate customers. Our brand has become a household name. As at the end of June 2002, BOCHK has a total of 358 branches (including branches in the Mainland of China and overseas, of which 343 are located in Hong Kong), including 65 branches of Nanyang Commercial Bank and Chiyu Banking Corporation. We have approximately 3.7 million retail and credit card accounts and approximately 236,000 corporate customers as at the end of 2001. Prior to the restructuring and merger, some member banks of the BOC Group had conducted business in Hong Kong for approximately 80 years. Long history of operation in Hong Kong has not only earned BOCHK a broad customer base, solid operational foundation and strength, but has also gained the support and trust of the general public. We believe that a good brand image has been well-established in Hong Kong.



- The comprehensive financial services offered by BOCHK allow us to become a leading integrated financial service provider in Hong Kong. BOCHK does not only have extensive experience and comprehensive product lines in retail, corporate banking and treasury businesses. It has also developed a comprehensive structure in non-banking financial services through close cooperation with our affiliates under the umbrella of the BOC Group. For example, Bank of China Group Insurance Company Ltd is one of the largest property and casualty insurers in Hong Kong and BOC Group Life Assurance Company Ltd is ranked among the top ten life insurers in Hong Kong. BOCI Securities Ltd is one of the largest retail securities brokers in Hong Kong and BOCI-Prudential Trustee Ltd is one of the major service providers of Mandatory Provident Fund scheme in Hong Kong. BOC International Holdings Ltd and its subsidiaries' rapidly expanding investment banking business allows BOCHK to build a competitive platform to offer corporate and investment banking services.





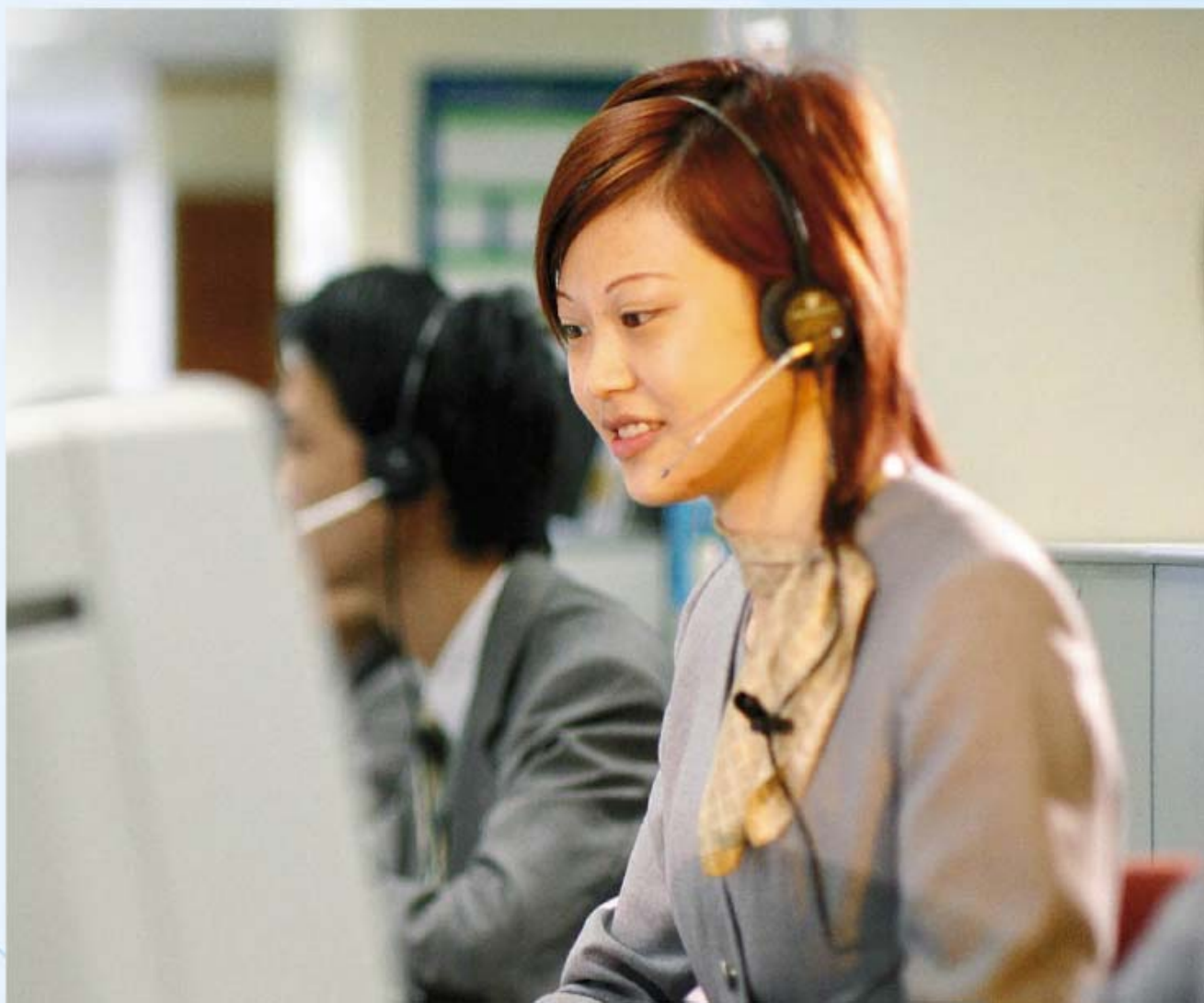


- Backed by our parent company, Bank of China, BOCHK is able to fully leverage the opening and speedy growth of the financial marketplace in the Mainland of China. China's accession to World Trade Organization and the rapid growth of the Chinese economy provide the banking industry in Hong Kong with enormous opportunities. Bank of China enjoys significant competitive advantages in branch network, customer base, RMB capital and familiarity with the policies and markets of the Mainland of China. Furthermore, Bank of China has been the leading bank in the foreign exchange business in the Mainland of China and is the only bank in China that has large-scale overseas operations. This will bring benefits to both BOCHK's customers in the Mainland and customers that have businesses in the Mainland. We therefore believe that the synergy generated between BOCHK and our parent company allows us to achieve a leading position in the Greater China region.

Our Development Strategy

BOCHK's strategy is to capitalize on the strengths, the benefits and the opportunities arising from our restructuring, merger and transformation into an integrated financial service company that is focused on maximizing shareholders' value. Specifically, we intend to strengthen our competitiveness and position and increase our profitability by:

- increasing revenues by leveraging our integrated customer and distribution strengths, with particular emphasis on enhancing our non-interest revenues through more effective cross-selling and enhanced product offering. In line with our "customer-centric" principle, we offer tailored and best-in-breed products to meet different demands of various customers under our proactive selling and market-oriented culture.





- enhancing profitability by optimizing our business mix. Our goal is to improve profitability by increasing our focus on higher return-on-equity business segments, particularly retail banking, credit cards and personal financial services (including securities brokerage, insurance and investment funds). This is a marked difference from the previous focus on business volume and market share growth to the present emphasis on economic efficiency and profitability.
- improving asset quality and strengthening risk management. We have implemented a new risk management structure, practices, policies and procedures to ensure the independence and empowerment of the risk management functions. Internal non-performing loans capabilities and systems are also strengthened through the newly created and dedicated Special Assets Management Department.
- improving operating efficiency, management and control, product and service capabilities by upgrading technology and other infrastructures. We are upgrading our information technology systems and continue to rationalize our branch network, and encourage our customers to use low-cost direct distribution channels. In the meantime, we will continue to consolidate and streamline our back office processing operations.
- capitalizing on our relationship with our parent, Bank of China. We plan to explore various cooperative efforts with our parent company to better serve our customers with banking needs in the Mainland of China in order to realize revenue and cost synergies.

