

PROACTIVE

Management for
Sustainable

GROWTH

Summary
Financial Report
2010

This Summary Financial Report only gives a summary of the information and particulars contained in the "2010 Annual Report" ("Annual Report") of the Company from which this Summary Financial Report is derived. Both the Annual Report and this Summary Financial Report are available (in English and Chinese) on the Company's website at www.bochk.com and the Stock Exchange's website at www.hkex.com.hk. You may obtain, free of charge, a copy of the Annual Report (English or Chinese or both) from the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, details of which are set out in the letters sent by the Company to its shareholders in mid of April 2011.

BOC Hong Kong (Holdings) Limited (“the Company”) was incorporated in Hong Kong on 12 September 2001 to hold the entire equity interest in Bank of China (Hong Kong) Limited (“BOCHK”), its principal operating subsidiary. Bank of China Limited holds a substantial part of its interests in the shares of the Company through BOC Hong Kong (BVI) Limited, an indirect wholly owned subsidiary of Bank of China Limited.

BOCHK is a leading commercial banking group in Hong Kong. With nearly 270 branches, 530 ATMs and other delivery channels in Hong Kong, BOCHK and its subsidiaries offer a comprehensive range of financial products and services to individual and corporate customers. BOCHK is one of the three note issuing banks in Hong Kong. In addition, the BOCHK Group (comprising BOCHK, Nanyang Commercial Bank and Chiyu Banking Corporation) and its subsidiaries have 25 branches and sub-branches in the Mainland of China to provide cross-border banking services to customers in Hong Kong and the Mainland. BOCHK is appointed by the People’s Bank of China as the Clearing Bank for Renminbi (RMB) business in Hong Kong. On 13 July 2010, BOCHK was authorised as the Clearing Bank of RMB banknotes business for the Taiwan region.

The Company began trading on the main board of the Stock Exchange of Hong Kong on 25 July 2002, with stock code “2388”, ADR OTC Symbol: “BHKLY”.

Technology



People



OUR VISION

TO BE YOUR PREMIER BANK

OUR MISSION

Build

customer satisfaction and provide quality and professional service

Offer

rewarding career opportunities and cultivate staff commitment

Create

values and deliver superior returns to shareholders

Combining the initials of mission and core values, we have

BOC SPIRIT

OUR CORE VALUES

Social Responsibility

We care for and contribute to our communities

Performance

We measure results and reward achievement

Integrity

We uphold trustworthiness and business ethics

Respect

We cherish every individual

Innovation

We encourage creativity

Teamwork

We work together to succeed

Nature



Theme

Advanced technology and nature can work in equanimity for the benefit of mankind. By making a harmonious blend of these important aspects of modern life, we aim to create more value for customers and shareholders while contributing to the sustainable development of society.

Through the innovative use of information technology, the Group continues to enhance our products and services, transcending the boundaries of time and space, to better serve our corporate and individual customers in Hong Kong, the Mainland of China and overseas.

At the same time, we care for the environment that we serve. Our commitment to Corporate Social Responsibility (CSR), as reflected by our support of Hong Kong National Geopark, is a valuable component of our long-term competitiveness.

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Shareholders may elect to receive printed copy of Annual Report or Summary Financial Report for all future financial years by writing to the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, details of which are set out in the letters sent by the Company to its shareholders in mid of April 2011.

This Summary Financial Report is available in both English and Chinese. Printed copy prepared in the language different from that in which you have received is available by writing to the Company's Share Registrar, Computershare Hong Kong Investor Services Limited.

This Summary Financial Report is also available (in both English and Chinese) on the Company's website at www.bochk.com and the Stock Exchange's website at www.hkex.com.hk.

If you have any queries about how to obtain copies of the Company's Annual Report or Summary Financial Report or how to access those documents on the Company's website, please call the Company's hotline at (852) 2846 2700.

FINANCIAL HIGHLIGHTS

For the year	2010 HK\$'m	2009 ⁶ HK\$'m	Change +/(-)%
Net operating income before impairment allowances	27,508	26,055	5.58
Operating profit	18,239	15,104	20.76
Profit before taxation	19,742	16,724	18.05
Profit for the year	16,690	14,251	17.11
Profit attributable to the equity holders of the Company	16,196	13,930	16.27
Per share	HK\$	HK\$	+/(-)%
Earnings per share	1.5319	1.3175	16.27
Dividend per share	0.9720	0.8550	13.68
At year-end	HK\$'m	HK\$'m	+/(-)%
Capital and reserves attributable to the equity holders of the Company	115,181	104,179	10.56
Issued and fully paid share capital	52,864	52,864	–
Total assets	1,661,040	1,212,794	36.96
Financial ratios	%	%	
Return on average total assets ¹	1.21	1.21	
Return on average capital and reserves attributable to the equity holders of the Company ²	14.77	14.83	
Cost to income ratio	34.84	46.60	
Loan to deposit ratio ³	59.69	60.98	
Average liquidity ratio ⁴	38.77	40.18	
Capital adequacy ratio ⁵	16.14	16.85	

1. Return on average total assets = $\frac{\text{Profit for the year}}{\text{Daily average balance of total assets}}$

2. Return on average capital and reserves attributable to the equity holders of the Company
= $\frac{\text{Profit attributable to the equity holders of the Company}}{\text{Average of the beginning and ending balance of capital and reserves attributable to the equity holders of the Company}}$

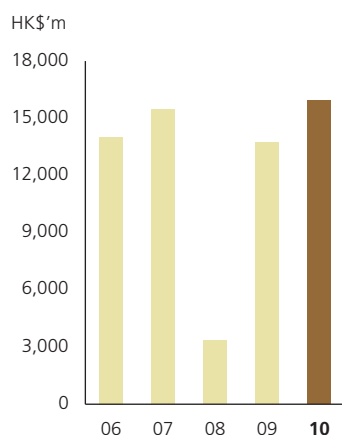
3. Loan to deposit ratio is calculated as at year end. Loan represents gross advances to customers. Deposit includes structured deposits reported as "Financial liabilities at fair value through profit or loss".

4. Average liquidity ratio is calculated as the simple average of each calendar month's average liquidity ratio of BOCHK for the year.

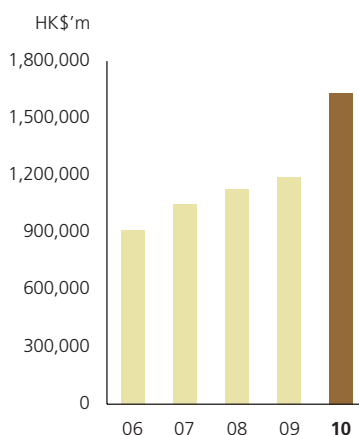
5. Capital adequacy ratio is computed on the consolidated basis that comprises the positions of BOCHK and certain subsidiaries specified by the HKMA for its regulatory purposes and in accordance with the Banking (Capital) Rules.

6. Certain comparative amounts have been restated to reflect the early adoption of HKAS 12 (Amendment) "Income Taxes".

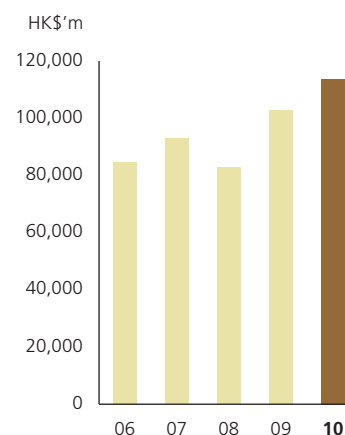
Profit attributable to the equity holders of the Company



Total assets



Capital and reserves attributable to the equity holders of the Company



FIVE-YEAR FINANCIAL SUMMARY

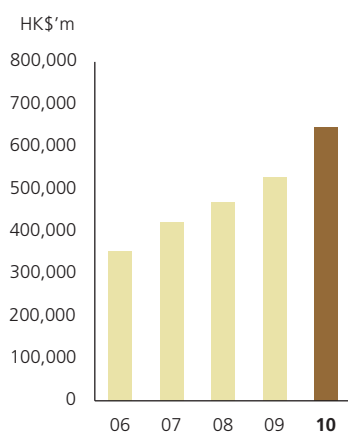
The financial information of the Group for the last five years commencing from 1 January 2006 is summarised below:

	2010	2009 ²	2008 ²	2007 ²	2006 ²
For the year	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m
Net operating income before impairment allowances	27,508	26,055	25,526	27,254	21,309
Operating profit	18,239	15,104	4,182	18,033	16,545
Profit before taxation	19,742	16,724	4,078	19,126	17,139
Profit for the year	16,690	14,251	2,977	15,883	14,269
Profit attributable to the equity holders of the Company	16,196	13,930	3,313	15,512	13,992
Per share	HK\$	HK\$	HK\$	HK\$	HK\$
Earnings per share	1.5319	1.3175	0.3134	1.4672	1.3234
At year-end	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m
Advances and other accounts	645,424	527,135	469,493	420,234	352,858
Total assets	1,661,040	1,212,794	1,147,245	1,067,637	928,953
Daily average balance of total assets	1,382,121	1,177,294	1,099,198	1,032,577	915,900
Deposits from customers ¹	1,027,267	844,453	811,516	799,565	703,776
Total liabilities	1,542,751	1,105,879	1,061,695	971,540	841,401
Issued and fully paid share capital	52,864	52,864	52,864	52,864	52,864
Capital and reserves attributable to the equity holders of the Company	115,181	104,179	83,734	93,879	85,565
Financial ratios	%	%	%	%	%
Return on average total assets	1.21	1.21	0.27	1.54	1.56
Cost to income ratio	34.84	46.60	34.36	28.52	30.78
Loan to deposit ratio ¹	59.69	60.98	56.74	51.66	49.32

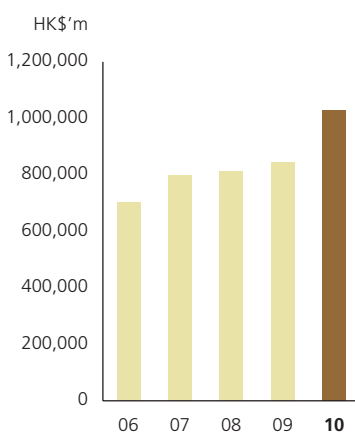
1. Deposits from customers include structured deposits reported as "Financial liabilities at fair value through profit or loss".

2. Certain comparative amounts have been restated to reflect the early adoption of HKAS 12 (Amendment) "Income Taxes".

Advances and other accounts



Deposits from customers





Online Login
Personal Customers
Business Customers
Related Companies

IR Investor Relations
BOC Hong Kong (Holdings)
HKD 24.500 -0.250
2011/03/15 09:45:03
The information is for reference only

BOCHK Offshore RMB Bond Index
CNY HIBOR
Notice about the customer service in "Investment Zone"

Sport for All! Lead A Healthy and LOHAS Life!

Personal Banking

- Transaction message service for online payments and CBIC with no limit on the number of transactions through your internet transaction card.
- Pre-order foreign currencies via Personal Customer Hotline and you can collect the banknotes from your designated branch.
- Enjoy up to 15% discount on premium or premium of as low as HK\$66 upon successful online commitment in Universal Travel Insurance.

BOCHK Precious Metal and FX Margin

BOCHK Precious Metal and FX Margin Trading Services enable you to capture every opportunity in the foreign exchange market according to your investment goals and risk appetite.

BOC CUP Dual Currency Credit Card

1st launch CUP Cross Border Autopsy Service, enjoy service fee waiver and earn reward Gift Points!

BOCHK "Kiddie Sky"

From now until 31 March, customers can enjoy welcome offers of "Kiddie Sky". For every HK\$10,000 Average Wealth Balance Increment, i-Free customers can enjoy cash rewards of up to HK\$20 upon successful registration.

Corporate Banking

- New customers who enter advanced insurance fee of 1% for using of Mutual Local Securities via CIB Online.
- BOCHK Business Cooperation Insurance Fund provides you with Multi-Regional Coverage.

BOCHK Securities Trading Service

Enjoy "Brokerage fee waiver" for the first-time transactions of buying local securities when you set up a Multi-Currency Savings Account (which supports multi-currencies such as USD and RMB etc) as Securities settlement account.

Remittance Plus

BOC Remittance Plus has extended to about 4,000 Regions and Municipalities in the Mainland and Macao.

BOCHK Premium Deposits

Premium Deposit is a flexible investment product that is linked to currency exchange rate. It provides an opportunity to use currency option to earn a higher potential return according to personal investment preference.

WHAT'S NEW

- BOC Credit Cardholders Switch to e-Statement and Get Chances to Win Fabulous Prizes
- Bank of China (Hong Kong) specially presents "Enjoy Premium & Add Excites"
- "Capital Investment Return Scheme" service
- Time deposit rate up to 5.00% p.a.
- 0.1% Brokerage fee No minimum charge
- RMB deposit interest rate up to 1.3% p.a.
- Wash Management Enjoy online (852) 3669 3911

WHAT CAN BOCHK DO FOR YOU? (Please Select)



OFFERING
QUALITY SERVICES
TO YOU



CHAIRMAN'S STATEMENT



I am pleased to report that the Group delivered record results in 2010, with both net operating income before impairment allowances and profit attributable to shareholders achieving new highs since our listing. The Group's net operating income before impairment allowances increased by 5.6% year-on-year to HK\$27,508 million, despite pressure from low interest rates and intense competition. Operating profit before impairment allowances increased by 28.8% to HK\$17,924 million. The Group's profit attributable to shareholders increased by 16.3% year-on-year to HK\$16,196 million or HK\$1.5319 per share. The Board has recommended a final dividend of HK\$0.572 per share. Together with the interim dividend of HK\$0.400 per share, this will mean a total dividend of HK\$0.972 per share, representing an increase of 13.7% year-on-year. The Group's total dividend payout as a percentage of profit attributable to shareholders will be 63.5%.

The Group's total assets grew 37.0% to HK\$1,661 billion, driven by core growth and rapid expansion of local RMB business in Hong Kong. Our customer deposits grew strongly, especially in RMB deposits. We continued to deliver satisfactory loan growth and manage our treasury investments proactively.

For BOCHK's performance in 2010, there were three key areas that I would like to highlight:

First, it was the effective execution of our balanced growth strategy. Notwithstanding the improvements in the economic environment, we continued to face operating challenges, especially in the competitive landscape, while interest rates stayed low. Against this backdrop, we focused on executing our proactive business strategy to balance growth, return and risks. We have remained financially sound and recorded solid growth in our core businesses. As at end 2010, our loan book grew by 19.1% with improved pricing of corporate loans. To support the growth of our business, we adopted a proactive deposit strategy. Our deposits grew 21.6%. Loan-to-deposit ratio was at 59.69% compared to 60.98% as at end 2009. Overall loan quality remained solid with classified or impaired

loan ratio further improving to 0.14% from 0.34% at end 2009.

Second, we adopted a proactive approach in managing our capital and liquidity. We firmly believe that a strong capital and liquidity position is key to support business growth and to ensure our competitiveness. As at end 2010, we remained well-capitalised with consolidated capital adequacy ratio standing comfortably at 16.14% and core capital ratio at 11.29%. Our liquidity position remained sound at 38.77%. During the year, taking advantage of an improving market, we took further steps to manage our capital. We successfully completed our maiden issue of subordinated notes amounting to US\$2.5 billion to global investors. The offering was very well received and underlined the market's recognition of BOCHK's strength and franchise. Our bond issue received The Asset's Triple A Best Bank Capital Bond Award. In 2010, we also implemented the internal rating systems. This will allow BOCHK to migrate to the foundation internal ratings-based ("FIRB") approach under the Basel II capital adequacy framework to quantify our credit risk in 2011. The migration to FIRB will form an important foundation for the Group's credit business and risk management. It will help ensure more efficient capital management to better position the Group for quality growth opportunities and to meet the upcoming regulatory requirements under Basel III.

Third, our efforts to solidify our leadership in the offshore RMB business delivered encouraging results. 2010 was a year which saw accelerated pace in the expansion of the offshore RMB market. RMB business is an important strategic focus of the Group and we continued to strengthen our business platform and customer relationship to capture these rising opportunities. During the year, the RMB trade settlement scheme was substantially expanded in terms of geographical coverage, both in the Mainland and globally, and the number of Mainland pilot enterprises has also increased significantly. The use of RMB in foreign direct investments into the Mainland is also allowed, subject to regulatory approval on a case-by-case basis. In addition, the scope of RMB bond issuance was extended

CHAIRMAN'S STATEMENT

beyond financial institutions to all corporates. In January 2011, the People's Bank of China announced the pilot scheme for the settlement of overseas direct investments in RMB, further enhancing the use of RMB globally. Capitalising on our competitive edges, we maintained leading market positions in our core RMB businesses. During the period, our RMB deposits registered robust growth, which forms an important foundation for the Group's RMB business development going forward. The volume of RMB trade settlement and exchange transactions recorded encouraging growth. We also continued to actively develop a wide spectrum of RMB products and services, including trade products, credit cards and insurance products. We also actively participated in the underwriting and distribution of the RMB bonds issued in Hong Kong. BOCHK was also appointed by the People's Bank of China as the Clearing Bank of RMB banknotes business for Taiwan. Furthermore, we continued to work closely with BOC, our parent bank, to enhance the Group's overall RMB service capability and to consolidate the Group's leading position.

Over the past years, we have worked tirelessly to strengthen our platform for the Group's long-term sustainable growth. We took significant steps to develop new business capabilities and invest in key strategic business areas. We also focused on proactively and prudently managing our capital, liquidity and risks to ensure that the Group is strongly positioned for emerging growth opportunities. And we strengthened our collaboration with BOC, our parent bank, which created more new business opportunities. These closer collaborations enabled us to optimise our customer portfolio and to extend BOCHK's presence outside Hong Kong. The overall operating landscape has changed substantially since the financial turmoil in 2008. Nonetheless, I am pleased that BOCHK has emerged stronger than ever, which reaffirmed that our determined efforts and judicious investments are paying off. These results also reflected the dedication and diligence of our management and staff. I would like to thank them for their contributions. At the same time, I also wish to thank our customers for their continuous support and the Board for their wisdom and counsel.

Embedded in our core business strategy is our commitment to sustainability. In January 2010, with the approval of the Board, the Group formulated its "Corporate Social Responsibility Policy" ("CSR"). Our CSR programmes are focused on promoting sustainable development of the economy, society and environment in every facet of our business. This is crucial to enhancing our long-term competitiveness, and will allow us to strengthen our relationship with shareholders, employees, customers, business partners, the government and the community.

With regard to 2011, we are encouraged by the continuing recovery of the global economy. However, we will stay alert to the uncertainties arising from the mounting inflationary pressures, especially in emerging markets, which may cause possible headwinds across the path to recovery. On the back

of coordinated government measures, the debt crisis in Europe is expected to be well contained but there are good reasons for caution as the recovery is still fragile. As for the Chinese economy, it has been maintaining respectable growth, which in turn provides solid support to the Hong Kong economy given the ongoing integration of the two economies. In addition, it is expected that the offshore RMB market will continue to expand in an incremental and orderly manner and present significant business opportunities for the banking sector and the Group in the longer term. The Group will continue to strengthen its business platform and to pursue its proactive strategy to capture these opportunities.

With effect from 1 April 2011, Mr. Lam Yim Nam, the Group's Deputy Chief Executive, who is in charge of the Personal Banking and Product Management, Channel Management and BOC Credit Card (International) Limited, will retire after over 30 years with the Group. Mr. Yeung Jason Chi Wai, who is currently the Board Secretary and Company Secretary of the Company and the Bank, will be appointed as the Deputy Chief Executive of the Group to succeed Mr. Lam's role. Mr. Chan Chun Ying will take over Mr. Yeung's position as the Board Secretary and Company Secretary of the Company and the Bank. On behalf of the Board, I would like to take this opportunity to thank Mr. Lam for his valuable contributions to the Group and wish him a happy retirement. The Board welcomes Mr. Yeung and Mr. Chan to their new positions.

Lastly, I would like to thank our shareholders for their support and trust. My colleagues and I are committed to striving for continual improvement and creating value for our shareholders. We are proud of our franchise and have a strong capital position, which, together with our clear strategy and determination, will put us in a unique position to lead the way forward for the Group's sustainable growth in the long term.

XIAO Gang
Chairman

24 March 2011

CHIEF EXECUTIVE'S REPORT



In the year of 2010, the Group witnessed solid growth and development. Our business performed strongly with a broadly-based advancement in our financial results. We achieved record highs in our net operating income before impairment allowances, profit attributable to shareholders, earnings per share and annual dividend per share since our listing. After steady growth in the first half of the year, we benefitted from even greater growth momentum in our core businesses in the second half.

The Group's outstanding results in the past year were attributable to both external and internal factors. The overall operating environment continued to improve. Although the recovery of most Western economies was far from smooth, many Asian countries, in particular China, demonstrated strong growth, thus giving rise to more business opportunities for banks. Hong Kong also posted high GDP growth, led by robust private consumption, investments in business and property, inbound tourism as well as the export of goods and services. In addition, the further opening of the RMB banking business has created a new horizon of development opportunities for the banking industry. For the Group, by capitalising on our intrinsic strengths and competitive edge, we succeeded in expanding our core businesses, capturing new market opportunities, and penetrating various newly-developed business arenas with major breakthroughs. While exploiting growth opportunities, we also rose to meet various challenges and risks, including volatilities in the global financial market, persistently low interest rates, intensifying competition and escalating costs.

More importantly, being a forward-looking banking group aimed at delivering sustainable results, we focus not just on immediate prospects but possible scenarios in the longer term

as well. Our strategy is to stay ahead of changes in market conditions, be they positive or negative, and take proactive measures on a timely basis. This has proven successful with the decisive initiatives we took in 2009 to seize the then emerging opportunities and to drive growth when the overall atmosphere was still pessimistic. Now again when the economy had staged a full recovery and market demand was unusually strong last year, we persisted in implementing a proactive yet prudent policy in managing business growth to ensure that: (a) our wide range of business streams would grow in a balanced manner; (b) profit growth would be sustainable over a longer period; (c) all the major risks would be taken into full account and properly contained in accordance with our stringent risk management principles; and (d) our capital base and liquidity position would be strong enough to support our growth and fend off any possible changes in our way ahead. Our foremost objective is to strike a balance among growth, return and risks.

The Group's performance last year can be taken as an accurate reflection of a company with visionary business philosophy.

Major Initiatives

- With proactive management, we continued to grow our lending business against the backdrop of exceptionally high loan demand in the market last year. It should be noted that we put more emphasis on the quality of growth and therefore adhered to prudent credit policy. We adjusted our lending strategy that aimed not merely at quantitative increase but higher yield and credit quality as well. Despite keen competition in the market, we enlarged our deposit base. Our loan-to-deposit ratio was closely monitored and maintained at a healthy level.

CHIEF EXECUTIVE'S REPORT

- Amid uncertainty in the global economy and financial markets, we safeguarded the strength of our capital base and the quality of our assets with proactive financial management. We were well capitalised, which is essential for supporting long-term development as well as ensuring a stable dividend policy. The Group's asset quality was excellent with the classified or impaired loan ratio making further improvement during the year and outshining the industry as a whole.
- We posted across-the-board growth in our core businesses. Corporate lending, including trade finance, grew by a substantial percentage. We remained the leader in loan syndication in the Hong Kong-Macau market. We also maintained our strong market position in residential property mortgage. Meanwhile, our credit card business saw impressive growth. As a result, there were marked increases in the Group's net interest income as well as net fee and commission income from traditional banking business.
- We solidified our market lead and achieved major milestones in RMB banking business. There was conspicuous growth in a wide spectrum of RMB business particularly in the second half of 2010. We pioneered a number of new RMB services in trade settlement, treasury and insurance products. We underwrote and distributed the majority of RMB bonds issued in Hong Kong, and took the lead in the distribution of RMB funds. The development of RMB-HKD dual currency credit cards went from strength to strength. We were also appointed by the People's Bank of China as the clearing bank for RMB banknotes business for the Taiwan region.
- By enhancing the business platforms for our newly developed business arenas, we made notable headway in broadening our income and profit base. Through closer collaboration with our parent, BOC, we have been able to offer a more comprehensive range of services. We have strengthened the linkage of our cash management platform with that of BOC and its overseas branches. Our custody services were extended to QDII in China. We also enlarged our range of wealth management solutions for both corporate and individual customers in the Mainland. Last but not least, we substantially enriched the scope of our life insurance business, boosted our market share and have become one of the top-ranked life insurers in Hong Kong.

Key Financial Results

In 2010, profit attributable to the Company's shareholders increased by 16.3% to HK\$16,196 million, which was driven by a broad-based growth in income and profit among our core businesses. The Group's net operating income before impairment allowance was HK\$27,508 million, up 5.6% year-on-year. Operating profit before impairment allowances was HK\$17,924 million, up by a remarkable 28.8%. On a half-yearly basis, the above three items increased by 25.3%, 19.3% and 23.9% respectively, demonstrating an accelerating growth momentum in the second half of the year.

Return on average total assets (ROA) and return on average capital and reserves attributable to the equity holders of the Company (ROE) were 1.21% and 14.77% respectively, versus 1.21% and 14.83% for 2009.

Net interest income (NII) increased by 4.5% to HK\$18,734 million with the growth in average interest-earning assets, which was up by 18.6% and reached HK\$1,255,879 million by 31 December 2010. Owing to the low interest rates in the market throughout the year, the net interest margin (NIM) narrowed by 20 basis points to 1.49%. Despite the diluting effect of the local RMB business on our NIM, the growth of RMB business did make a positive contribution to our interest income. It should be noted that the growth in NII was also a reflection of our efforts in improving the pricing of new corporate loans.

Net fee and commission income grew by 8.2% to HK\$7,044 million. Bills commission income rose by 19.8% while fee income from our credit card business increased by an even more impressive 32.6%. Fee income from currency exchange and payment services intensified by 55.9% and 14.7% respectively while commission income from loans and trust services also saw satisfactory growth.

The Group recorded a net trading gain of HK\$1,369 million, down 7.8% year-on-year. The decrease was due to the foreign exchange (FX) loss on FX swap contracts, which were used for the Group's liquidity and funding activities.

As regards expenditure, we continued to exercise a high degree of prudence in cost management while driving business growth and equipping ourselves for future development. Total operating expenses amounted to HK\$9,584 million, down 21.1% from 2009 when a major part of the Lehman Brothers-related expenses were incurred. The Group's cost-to-income ratio for 2010 was 34.84%, being one of the best in the industry.

CHIEF EXECUTIVE'S REPORT

Balance sheet growth was strong with total assets increasing by 37.0% over the prior year to HK\$1,661,040 million by the end of 2010. This considerable rise was due mainly to the development of the Group's core banking business and the expansion of RMB business in our capacity as both a participating bank and the sole RMB clearing bank in Hong Kong. Under rigorous risk management, the quality of our assets remained excellent. The classified or impaired loan ratio was down 20 basis points to 0.14%, which was far below the industry average.

Last year we maintained the strong growth momentum of our lending business. After registering a double-digit increase in 2009 when the market as a whole was mute, total loans and advances to customers grew by 19.1% to HK\$613,219 million as at the end of 2010. Of this, trade finance rose by 82.1%, loans for use in Hong Kong by 9.9% whereas loans for use outside Hong Kong were up 29.4%.

We succeeded in enlarging our deposit base to support business growth, in particular lending. In 2010, deposits from customers increased by 21.6% to HK\$1,027,267 million. Our RMB deposit base grew tremendously by 304.0%. Loan-to-deposit ratio was kept at 59.69%, down 1.29 percentage points from a year ago.

The Group's capital and liquidity positions remained strong. By issuing USD subordinated notes in 2010 to pay off outstanding USD credit facilities provided by BOC, we broadened the Group's investor base and improved the costs of funding. Consolidated capital adequacy ratio (CAR) as at the end of 2010 was 16.14%, versus 16.85% a year ago. Tier 1 CAR was 11.29%. The average liquidity ratio stayed at a healthy level of 38.77%.

Business Review **Personal Banking**

Last year, we focused our Personal Banking business on reinforcing our leading market positions in core businesses, expanding our high-potential customer base for long-term growth, collaborating with BOC to develop cross-border services and optimising our distribution channels.

Total operating income increased by 4.6% to HK\$11,141 million. Net interest income was up 3.3% due to the growth in average loans and deposits. Other operating income grew by an even stronger 6.2% to HK\$5,156 million, led by the solid growth of fee and commission from the distribution of funds as well as life insurance. Fee income from loans, payment services and credit cards also increased. Profit before tax was HK\$4,656 million, up 3.4%.

We effectively expanded our high-potential customer base by broadening the range of products and services, and taking various initiatives for service enhancement, customer relationship building and promotion. As a result, we grew our wealth management customer base and their assets maintained with the Group by 15.9% and 14.3% respectively during the year.

The revival of the local residential property market gave rise to new demand from customers. By offering tailor-made mortgage plans for different customer segments, we reinforced our position in the residential property mortgage market and grew our mortgage loans by 15.9%. As a demonstration of the high credit quality of residential mortgages, the delinquency and rescheduled loan ratio stood at a low 0.02% by the end of the year.

On the back of a reviving economy, our credit card business registered remarkable growth in 2010. Card issuance, cardholder spending and merchant acquiring volume jumped by 17.5%, 22.7% and 41.0% respectively. With service enhancement, we maintained our market lead in the China UnionPay merchant acquiring business and cardholder spending volume, which surged by 57.3% and 115.5% respectively. Credit card advances rose by 12.0% while the credit quality of card advances stayed sound with the annualised charge-off ratio standing at 1.36%.

Total stock brokerage fee income declined by 9.9%, which occurred mainly in the first half of 2010, followed by a strong rebound of 17.7% in the second half. To pave the way for long-term growth, we continued to expand our stock trading customer base through various service enhancement initiatives. Encouraging growth was recorded in the distribution of funds last year with commission income derived from that soaring by 64.9%.

We made tangible progress in reinforcing our market lead in the RMB banking business by offering a more comprehensive range of RMB products covering deposits, credit cards, bonds, funds and insurance. We successfully grew our RMB deposits and maintained our leading position in the RMB credit card business. We introduced RMB-denominated life insurance product in Hong Kong that could be settled in RMB. Our RMB bond brokerage and fund distribution businesses prospered, coupled with the distribution of the initial RMB-denominated funds in Hong Kong.

CHIEF EXECUTIVE'S REPORT

During the year, we continued to upgrade and optimise our distribution channels. In particular, we strengthened our e-platform by launching the "Mobile Banking" service, which enables customers to manage their finance and investment using their mobile phones. Our e-banking platform was further enhanced for customers' convenience.

Corporate Banking

Our strategic focus for corporate banking in 2010 was to attain quality growth by leveraging our competitive advantages and expanding our cross-border services for the Mainland's large corporate entities undertaking global expansion. We also strived to offer a more comprehensive range of services, including RMB-related services, to customers on both sides of the border.

Impressive financial results were posted last year. Total operating income rose by 14.3% to HK\$9,360 million while profit before taxation grew by an even stronger 17.7% to HK\$6,961 million. Net interest income increased by 20.6% due to the healthy growth in loans and advances.

To capture the strong demand for cross-border loans and financial services in Hong Kong, we took full advantage of our unique market position and offered customised services and total solutions to our core corporate clients. Benefitting from the implementation of the Global Relationship Manager Programme and the Global Credit Facilities Agreement with BOC, we strengthened our relationship with large corporate customers in the Mainland. As a result, we grew our corporate loans by 20.6%. At the same time, we maintained our position as the top mandated arranger in the Hong Kong-Macau syndicated loan market, and expanded our IPO financing business by providing financing services to corporate and individual customers in connection with 32 IPOs in Hong Kong.

We registered a very robust growth of 82.1% in our trade finance last year. The thriving global trade as well as our enhanced relationship with corporate clients and strenuous effort in innovating cross-border trade finance products together accounted for our blooming business.

In RMB banking, we pioneered the granting of RMB invoice finance for both exports and imports, RMB working capital loans and RMB remittance service for dividend payout. We were appointed by the Hong Kong Securities Clearing Company Limited as the RMB agent bank for conducting RMB money settlement.

During the year, we continued to develop our SME business by means of service enhancement, including the cross-border usage of credit facility, and by actively assisting enterprises to secure loans under the HKSAR Government's SME Loan Guarantee Scheme and Special Loan Guarantee Scheme.

By enriching our product and service range, we made considerable progress in expanding our cash management business. We continued to strengthen the linkage of our cash management service platform with those of BOC and its overseas branches. With the extension of our network of remittance points to about 4,000 in the Mainland and Macau, we expanded the number of remittance transactions by 13.9%.

Meanwhile, our presence in the custody market was further reinforced. Working closely with BOC, we succeeded in enlarging our institutional client base and securing mandates to provide global custody services to QDII, including major banks, fund houses and securities companies in the Mainland. Total assets in our custody increased by 17.5% year-on-year to HK\$460.1 billion.

Treasury

Treasury's main focus in 2010 was to proactively manage the Group's banking book and optimise the investment portfolio to guard against risk while maximising return. We adopted a more dynamic yet prudent approach in asset and liability management.

Operating income dropped by 7.2% to HK\$5,941 million due mainly to the 13.2% reduction in net interest income caused by the decline in the net yield of debt securities. However, there was a strong increase of 25.7% in other operating income, driven largely by the rise in net trading gain from foreign exchange activities and net gain from the disposal of investment securities. Profit before taxation declined by 21.6% to HK\$5,463 million. This was mainly the result of a drastic reduction of 76.4% in net release of impairment allowances versus 2009 when we actively de-risked our investment portfolio.

With regard to changes in the market, we adjusted our investment strategy from time to time. Investments were made in high-quality fixed-rate government-related bonds, financial institution and corporate bonds with robust fundamentals. To better manage interest rate risks and liquidity, attention was also paid to control the duration of our investment portfolio.

CHIEF EXECUTIVE'S REPORT

Last year our exposure to US non-agency RMBS was further reduced to HK\$1.2 billion, versus HK\$3.8 billion as at the end of 2009. The Group also reduced its exposure to European countries affected by the sovereign debt crisis, with exposure to debt securities issued by financial institutions in Ireland and Italy down from HK\$3,217 million to HK\$1,238 million.

Our traditional businesses related to foreign exchange and precious metals showed satisfactory growth. We provided offshore customers with hedging products linked to foreign exchange and interest rates to meet their needs. The trading volume of RMB-foreign exchange derivatives and interest rate swaps increased. BOCHK also introduced the first offshore RMB deliverable forwards in Hong Kong.

In October 2010, we formed a new wholly-owned subsidiary named BOCHK Asset Management Limited (AML) to tailor investment solutions for customers and enhance the Group's retail sales capability. On 31 December 2010, AML published the "BOCHK Offshore RMB Bond Index" – the first of its kind in Hong Kong.

Insurance

Strong growth was recorded in income and profit by our insurance segment in 2010. Profit before taxation soared by 71.2% to HK\$505 million. Net operating income grew by 63.7% to HK\$771 million, of which net interest income was up 17.3% and other operating income up 12.1%. With the improvement in our insurance product mix, gross regular premium income surged by a hefty 184.1%.

In 2010 we focused primarily on enhancing our service platform and product offerings to grow our income base and market share. We also strived to reinforce BOC Life's corporate image through marketing and promotion. A more comprehensive range of products was rolled out to cater to the market's diverse needs, including a series of RMB-denominated life insurance products, which received enthusiastic response from the market. Through product innovation, multi-channel distribution and diversified marketing, we effectively boosted our market share and raised our market ranking from No. 4 in 2009 to No.2 in 2010.

Mainland Business

The main emphasis of our Mainland business was to secure steady growth in the balance sheet. Deposits surged by 133.1% while advances to customers increased by 26.2%. As a result, there was a huge improvement in our loan-to-deposit ratio. Asset quality further improved with the classified loan ratio dropping to 0.23%.

Total operating income grew by 10.1%. We made much progress in enhancing our product service platform in the Mainland market. Our wealth management product offerings were enriched and well-received by customers. By partnering with a number of insurers, we provided a wider range of insurance products to both individual and corporate customers. NCB (China) stepped up its collaboration with BOC and the Group to offer more comprehensive financial services, including cross-border RMB trade settlement, and expanded its customer base with cross-border banking needs.

NCB (China)'s branch network in the Mainland was further expanded to comprise a total of 25 branches and sub-branches.

Outlook

Looking ahead, we expect economic growth in Hong Kong would continue to be fueled by consumption, investments, exports and the positive effects of the rapidly growing Mainland and Asian economies. We believe that under the Mainland's Twelfth Five-Year Plan, the Chinese economy will grow in a more balanced fashion, thus creating more healthy demand for credit and wealth management services. Having said that, we are fully aware of the challenges and risks in the economic environment. There is mounting uncertainty in the Middle East and North African region. The aftermath of the earthquake in Japan needs to be closely monitored. The global financial market is still subject to volatility. Meanwhile, low interest rates may continue to constrain interest spreads and escalating inflationary pressure has the most immediate impact on higher operating costs.

Taking into full account both the internal and external circumstances, we will continue to adopt a proactive management strategy to drive balanced and quality growth in

CHIEF EXECUTIVE'S REPORT

2011. We will leverage our strong foundations and capabilities to reinforce our leading positions in core businesses while focusing on the development of the offshore RMB banking business.

RMB banking business is one of our strategic priorities in the current year and beyond. We will reinforce our market lead and expand our RMB services. At the same time, we will leverage our competitive edge in the RMB business to enlarge our customer base and enhance our penetration of the market. To coincide with the development of the Mainland's RMB policies, we will develop integrated products and provide total solutions to our corporate and individual customers. Now that RMB has become a currency more widely used in the region and beyond, we have entered a new era and are taking a more global perspective in developing our RMB business. In this respect, we will collaborate more closely with our parent BOC and its overseas branches to expand our services and extend our reach.

We will continue to grow our core businesses, including wealth management, corporate finance, loan syndication, residential mortgage, life insurance and credit cards. As the economy continues to revive, the demand among both individual and corporate customers for banking services and products will increase correspondingly. Capitalising on our capabilities of product innovation and service reinforcement, coupled with channel optimisation, we will enhance our service and product offerings to better serve the diverse needs of customers through an integrated service platform. As part of our continuous efforts to strengthen our customer segmentation and to tap the potential growing populations of our targeted segment, we extend our customer base to acquire high net-worth clients, including those from the Mainland that need wealth management and cross-border financial services.

With interest rates remaining compressed, we will take further proactive measures to improve our net interest margin and net interest income. More effort will be put into controlling the cost of funds and increasing return on assets, including loans and investments. In pursuit of sustainable and quality growth, we will continue to take a balanced approach in our lending business in the aim for higher risk-adjusted return.

In anticipation of mounting inflationary pressure, we will need to take an even more prudent approach in managing our costs. While driving business growth, we will continue to exercise stringent risk management and internal control, maintaining our capital strength and liquidity position. The introduction of FIRB this year will help us reinforce our capital management. To support our long-term growth and development amid fierce market competition, we will ensure sufficient investment in human resources, information technology and channels enhancement.

Last but not least, we remain committed to corporate social responsibility and will continue to play an active role in contributing to the well-being of society (for details of our efforts in this aspect, please refer to the "Corporate Social Responsibility" of the Summary Financial Report).

2010 was a rewarding year and I wish to extend my gratitude to the Board of Directors, shareholders and customers for their guidance, trust and support. I have deep respect for all my colleagues who have given their best so that together we can deliver good results year after year. I thank each and every one of them. I firmly believe that we can continue to count on them for delivering value and performance for our shareholders, customers and the community in 2011.



HE Guangbei
Vice Chairman & Chief Executive

Hong Kong, 24 March 2011



OFFERING
INNOVATIVE SERVICES
TO YOU



上午10:25

94%

中國銀行(香港)
BANK OF CHINA

HSI

22880.52 ↑ 465.36 (↑ 1.99%)

Market Turnover: HKD14,542.68M
As at: 2011-03-15 10:10:04 +08:00



Mobile Banking



Forex Rates



Latest Promotion



Credit Card



Personal Loan



ATM/Branches



Setting



CSR



Terms and Conditions & Important Notice



MANAGEMENT'S DISCUSSION & ANALYSIS

The following sections provide metrics and analytics of the Group's performance, financial position, and risk management in the year 2010. These should be read in conjunction with the financial statements included in the Annual Report.

FINANCIAL PERFORMANCE AND CONDITION IN BRIEF

The following table is a summary of the Group's key financial results for the year 2010 with a comparison with the previous two financial periods.

Financial Indicators		2010 Performance								
1. Profit Attributable to Shareholders	HK\$m <table border="1"> <tr> <th>Year</th> <th>Profit (HK\$m)</th> </tr> <tr> <td>2008</td> <td>3,313</td> </tr> <tr> <td>2009</td> <td>13,930</td> </tr> <tr> <td>2010</td> <td>16,196</td> </tr> </table>	Year	Profit (HK\$m)	2008	3,313	2009	13,930	2010	16,196	Profit attributable to shareholders <ul style="list-style-type: none"> Profit attributable to shareholders was HK\$16,196 million, up HK\$2,266 million or 16.3% year-on-year and a record high since listing.
Year	Profit (HK\$m)									
2008	3,313									
2009	13,930									
2010	16,196									
2. Return on Average Capital and Reserves Attributable to the Equity Holders of the Company ("ROE")¹	% <table border="1"> <tr> <th>Year</th> <th>ROE (%)</th> </tr> <tr> <td>2008</td> <td>3.73</td> </tr> <tr> <td>2009</td> <td>14.83</td> </tr> <tr> <td>2010</td> <td>14.77</td> </tr> </table>	Year	ROE (%)	2008	3.73	2009	14.83	2010	14.77	ROE <ul style="list-style-type: none"> ROE was 14.77%, down 0.06 percentage point as the increase in equity outpaced that of the profit. Higher equity was mainly caused by additions of retained earnings, premises revaluation reserve and reserve for fair value changes of available-for-sale securities.
Year	ROE (%)									
2008	3.73									
2009	14.83									
2010	14.77									
3. Return on Average Total Assets ("ROA")²	% <table border="1"> <tr> <th>Year</th> <th>ROA (%)</th> </tr> <tr> <td>2008</td> <td>0.27</td> </tr> <tr> <td>2009</td> <td>1.21</td> </tr> <tr> <td>2010</td> <td>1.21</td> </tr> </table>	Year	ROA (%)	2008	0.27	2009	1.21	2010	1.21	ROA <ul style="list-style-type: none"> ROA stayed at 1.21%. While the Group's profit rose by 17.1%, its average asset base also increased with the growth of advances to customers, securities investments and the RMB business.
Year	ROA (%)									
2008	0.27									
2009	1.21									
2010	1.21									
4. Net Interest Margin ("NIM")	% <table border="1"> <tr> <th>Year</th> <th>NIM (%)</th> </tr> <tr> <td>2008</td> <td>2.00</td> </tr> <tr> <td>2009</td> <td>1.69</td> </tr> <tr> <td>2010</td> <td>1.49</td> </tr> </table>	Year	NIM (%)	2008	2.00	2009	1.69	2010	1.49	NIM <ul style="list-style-type: none"> NIM was 1.49%, down 20 basis points year-on-year because of low market interest rates, the increase in HIBOR-based loans and the diluting effect of the local RMB business in Hong Kong. Net interest income grew by HK\$802 million or 4.5%.
Year	NIM (%)									
2008	2.00									
2009	1.69									
2010	1.49									
5. Cost-to-Income Ratio ("CIR")	% <table border="1"> <tr> <th>Year</th> <th>CIR (%)</th> </tr> <tr> <td>2008</td> <td>34.36</td> </tr> <tr> <td>2009</td> <td>46.60</td> </tr> <tr> <td>2010</td> <td>34.84</td> </tr> </table>	Year	CIR (%)	2008	34.36	2009	46.60	2010	34.84	CIR <ul style="list-style-type: none"> CIR was 34.84%, down 11.76 percentage points. Operating expenses dropped by 21.1%, largely due to the significant decline in expenses incurred for Lehman Brothers-related products. Operating income increased by 5.6%.
Year	CIR (%)									
2008	34.36									
2009	46.60									
2010	34.84									

MANAGEMENT'S DISCUSSION & ANALYSIS

Financial Indicators		2010 Performance								
6. Deposits from Customers (including structured deposits)	<p>HK\$'bn</p> <table border="1"> <tr> <th>Year</th> <th>Value (HK\$'bn)</th> </tr> <tr> <td>2008.12.31</td> <td>811.5</td> </tr> <tr> <td>2009.12.31</td> <td>844.5</td> </tr> <tr> <td>2010.12.31</td> <td>1,027.3</td> </tr> </table>	Year	Value (HK\$'bn)	2008.12.31	811.5	2009.12.31	844.5	2010.12.31	1,027.3	<p>Deposits from Customers</p> <ul style="list-style-type: none"> Total deposits increased by 21.6% to HK\$1,027.3 billion. The Group adopted proactive deposit strategy to support business growth. RMB deposits also grew strongly.
Year	Value (HK\$'bn)									
2008.12.31	811.5									
2009.12.31	844.5									
2010.12.31	1,027.3									
7. Advances to Customers	<p>HK\$'bn</p> <table border="1"> <tr> <th>Year</th> <th>Value (HK\$'bn)</th> </tr> <tr> <td>2008.12.31</td> <td>460.4</td> </tr> <tr> <td>2009.12.31</td> <td>515.0</td> </tr> <tr> <td>2010.12.31</td> <td>613.2</td> </tr> </table>	Year	Value (HK\$'bn)	2008.12.31	460.4	2009.12.31	515.0	2010.12.31	613.2	<p>Advances to Customers</p> <ul style="list-style-type: none"> The Group's advances to customers increased by 19.1% to HK\$613.2 billion, which was underpinned by the growth of all major loan segments.
Year	Value (HK\$'bn)									
2008.12.31	460.4									
2009.12.31	515.0									
2010.12.31	613.2									
8. Classified or Impaired Loan Ratio³	<p>%</p> <table border="1"> <tr> <th>Year</th> <th>Value (%)</th> </tr> <tr> <td>2008.12.31</td> <td>0.46</td> </tr> <tr> <td>2009.12.31</td> <td>0.34</td> </tr> <tr> <td>2010.12.31</td> <td>0.14</td> </tr> </table>	Year	Value (%)	2008.12.31	0.46	2009.12.31	0.34	2010.12.31	0.14	<p>Classified or Impaired Loan Ratio</p> <ul style="list-style-type: none"> Classified or impaired loan ratio was 0.14%, down from 0.34% at the end of 2009. Formation of new classified loans remained at a low level, representing approximately 0.1% of total loans.
Year	Value (%)									
2008.12.31	0.46									
2009.12.31	0.34									
2010.12.31	0.14									
9. Capital Adequacy Ratio ("CAR")	<p>%</p> <table border="1"> <tr> <th>Year</th> <th>Value (%)</th> </tr> <tr> <td>2008.12.31</td> <td>16.17</td> </tr> <tr> <td>2009.12.31</td> <td>16.85</td> </tr> <tr> <td>2010.12.31</td> <td>16.14</td> </tr> </table>	Year	Value (%)	2008.12.31	16.17	2009.12.31	16.85	2010.12.31	16.14	<p>CAR</p> <ul style="list-style-type: none"> CAR was at a solid level of 16.14% at the end of 2010. Core capital ratio stood at 11.29%.
Year	Value (%)									
2008.12.31	16.17									
2009.12.31	16.85									
2010.12.31	16.14									
10. Average Liquidity Ratio	<p>%</p> <table border="1"> <tr> <th>Year</th> <th>Value (%)</th> </tr> <tr> <td>2008</td> <td>41.74</td> </tr> <tr> <td>2009</td> <td>40.18</td> </tr> <tr> <td>2010</td> <td>38.77</td> </tr> </table>	Year	Value (%)	2008	41.74	2009	40.18	2010	38.77	<p>Average Liquidity Ratio</p> <ul style="list-style-type: none"> Average liquidity ratio remained healthy at 38.77% in 2010.
Year	Value (%)									
2008	41.74									
2009	40.18									
2010	38.77									

1 Return on Average Capital and Reserves Attributable to the Equity Holders of the Company as defined in "Financial Highlights".

2 Return on Average Total Assets as defined in "Financial Highlights".

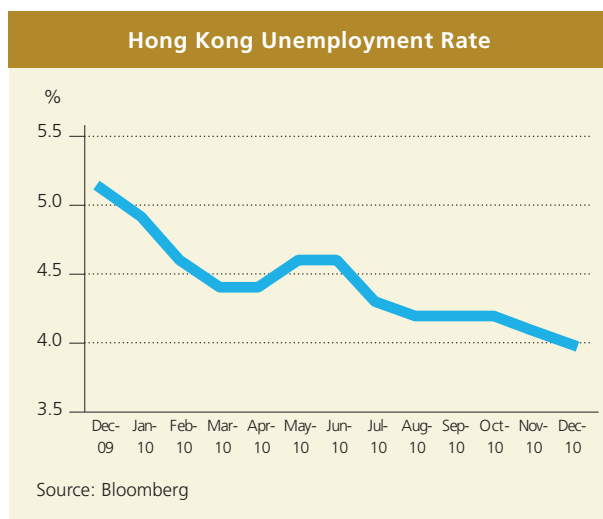
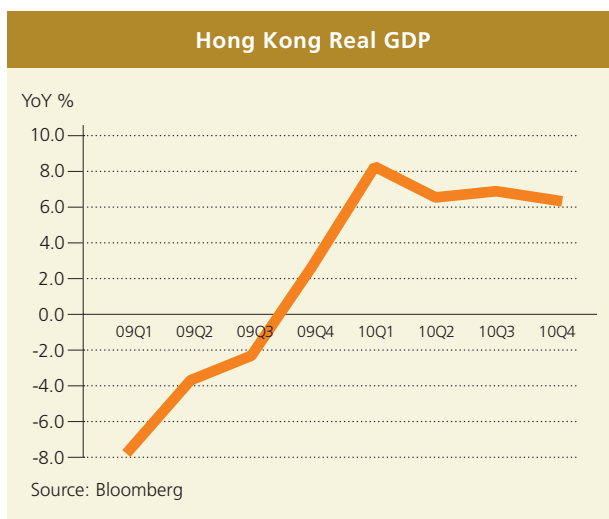
3 Classified or impaired loans represent advances which have been classified as "substandard", "doubtful" or "loss" under the Group's classification of loan quality, or individually assessed to be impaired.

MANAGEMENT'S DISCUSSION & ANALYSIS

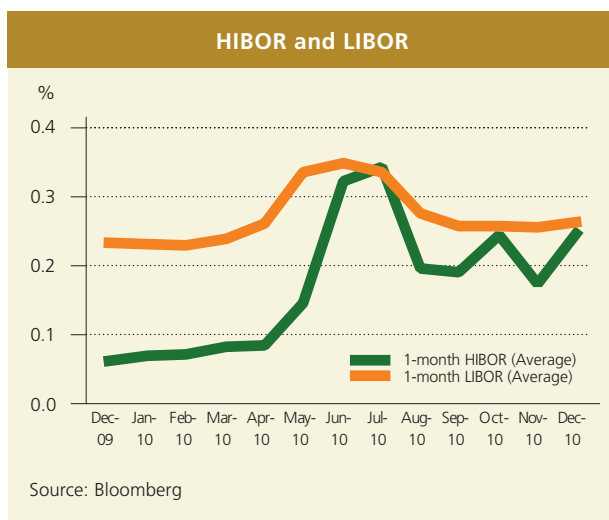
ECONOMIC BACKGROUND & OPERATING ENVIRONMENT

The global economy continued to recover in 2010. The pace of recovery was particularly strong in Asia. However, growth in certain major economies decelerated. As the impact of the first round of quantitative easing measures (QE I) waned, economic growth in the US slowed down and unemployment rose again after the first quarter. The US Federal Reserve launched the second round of quantitative easing measures (QE II) in November 2010 in an attempt to boost the economy and employment, and bring inflation up to normal levels.

GDP growth in the Mainland China reached 10.3% in 2010. The Consumer Price Index ("CPI") in the Mainland rose by 3.3%, caused mainly by surging food prices. To curb the inflationary pressure, the Mainland raised interest rates and the reserve requirement ratio several times.



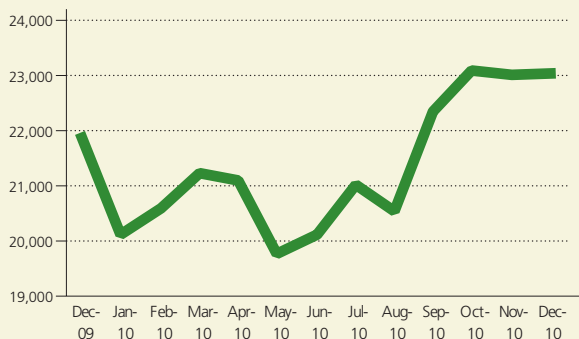
After resuming growth in the fourth quarter of 2009, the Hong Kong economy sustained its growth momentum in 2010. GDP grew by 6.8%, supported by the rise in private consumption and the revival of world trade. Domestic demand picked up, with both consumption and fixed investment growing at a pace. At the same time, net exports also made significant contribution to the GDP growth. The unemployment rate dropped to 4.0% in the last quarter of the year. Inflationary pressure in Hong Kong was mounting amid rising food prices and rent, with the Composite CPI rising by 3.1% year-on-year in December 2010.



The US Federal Reserve maintained its target interest rate at close to zero during the year. The QE II as well as the fiscal and monetary policies adopted by central governments around the world also led to ample liquidity in the market. Despite some slight increases, market interest rates remained at a very low level throughout the year. Average 1-month HIBOR and LIBOR increased from 0.06% and 0.23% respectively in December 2009 to 0.24% and 0.26% respectively in December 2010.

MANAGEMENT'S DISCUSSION & ANALYSIS

Hang Seng Index



Source: Bloomberg

Investors in the Hong Kong stock market turned cautious in the first half of 2010 in view of the worsening of the European debt crisis and the tightening of the Mainland's fiscal policy. In the second half, stock transactions increased with the soaring of the Mainland stock market and the release of QE II in the US. The Hang Seng Index reached 24,964 points in November, the highest since June 2008, and closed at 23,035 points at the end of 2010.

The local residential property market remained buoyant in 2010, with both the property prices and transaction volume continuing to mount. The surge in the property market prompted the government to launch several measures, including additional stamp duty and the further tightening of mortgage criteria to curb speculation. The number of sales and purchase agreements of all building units registered a 21.5% increase versus 2009, while the average price of private domestic properties showed an increase of 20.1% since the end of 2009. Meanwhile, HIBOR-based mortgage became the norm in the market as dictated by customers' preference.

During the year, Hong Kong achieved several major breakthroughs in the RMB banking business. On 11 February 2010, the Hong Kong Monetary Authority announced the "Elucidation of Supervisory Principles and Operational Arrangements Regarding Renminbi Business in Hong Kong" ("Elucidation"), to facilitate the development of diversified RMB-denominated financial services. On 19 July 2010, the People's Bank of China ("PBOC") and BOCHK signed the revised "Settlement Agreement on the Clearing of Renminbi Businesses" ("Settlement Agreement"), which expanded the scope of offshore RMB banking business and enhanced the flexibility for Hong Kong and overseas banks to conduct such business. Both the Elucidation and the revised Settlement Agreement led to greater flexibility and offered more favourable development prospects for the RMB business. New RMB products were subsequently launched by banks and insurance companies.

As interest rates remained low and competition for both loans and deposits intensified, banks in Hong Kong continued to face a narrowing net interest margin. Greater inflationary pressure on operating costs was also affecting banks' profitability. Nevertheless, as the economy further recovered, coupled with keen demand from the Mainland, loan growth in Hong Kong was made possible. The rebound of the stock market in the second half of the year also gave rise to opportunities for banks to increase non-interest income. As asset quality improved with the economic recovery, there was less need for provisioning.

Outlook for 2011

The Group takes a cautiously optimistic view on Hong Kong's economic outlook in 2011. The Hong Kong economy recorded steady growth in 2010 with the gradual stabilisation of the global economy and financial markets. While there are potential challenges and uncertainties, including mounting inflationary pressure in emerging markets, political unrest in certain countries and fluctuations in fund flow, the Group believes that the trend of global economic recovery would continue and enable Hong Kong economy to sustain decent growth in 2011.

Given the accommodative policies adopted by central governments and the quantitative easing measures by the US and other economies, Hong Kong's banking sector encountered ample liquidity. Market interest rates are expected to remain low for some time. Intense competition on pricing will also exert pressure on banks' net interest margin.

MANAGEMENT'S DISCUSSION & ANALYSIS

While the market's general concern for the European sovereign debt issue has not dissipated, political unrest in Middle East and North Africa has fueled the rise in oil price and market volatility. The potential impact on Hong Kong's banking sector and the financial markets in case of any sovereign default cannot be ignored.

With increasing cross-border economic activities, Hong Kong's economy is increasingly linked with the Mainland. In view of mounting inflationary pressure, the PBOC had raised interest rates and the reserve requirement ratio several times in 2010. It is possible that the Central Government may introduce more controlling policies, which could create uncertainties in Hong Kong's operating environment.

Apart from market risks, banks might also face more stringent regulatory requirements on product sales and customer service, liquidity management and capital management.

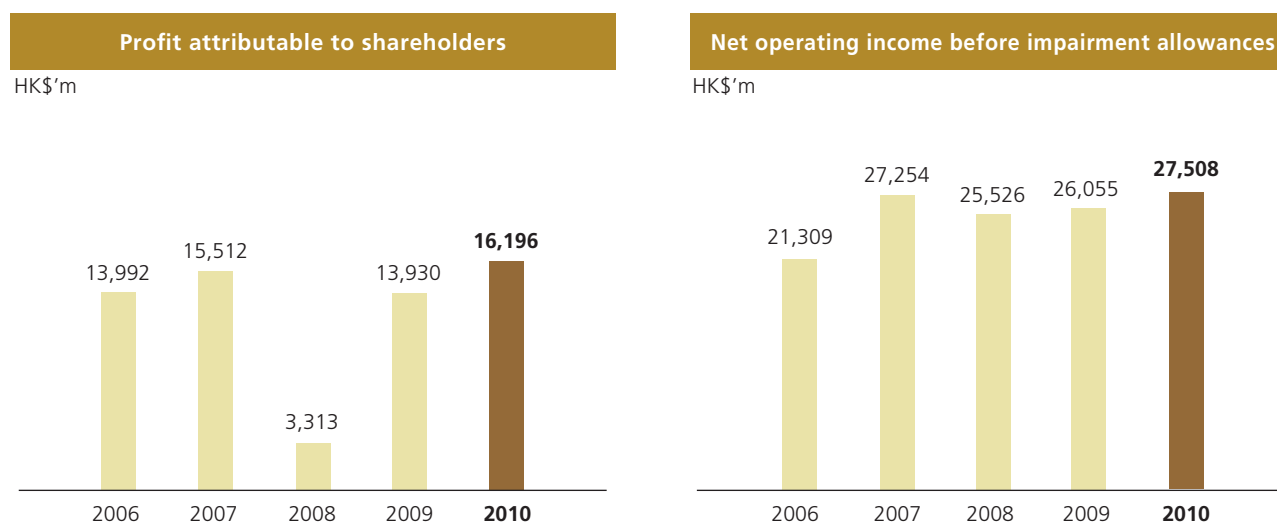
Looking forward, the Group believes that the Mainland's robust economic growth will continue to support Hong Kong's long-term economic development. The expansion of the offshore RMB business and the increasing use of RMB in the global economy will also facilitate the growth of RMB banking business in Hong Kong. In addition, China's twelfth five-year plan, which focuses on accelerating the transformation of its economic development pattern, may create new business opportunities for banks in Hong Kong.

The Group's 2011 business focuses are set out in the Business Review section.

CONSOLIDATED FINANCIAL REVIEW

Financial Performance

In spite of the still challenging operating environment, the Group achieved encouraging results in both its financial performance and business development in 2010. By seizing opportunities arising from the reviving economy and capitalising on its core competencies, both the Group's net operating income before impairment allowances and profit attributable to shareholders reached record highs in 2010. The Group expanded its traditional businesses proactively and took key steps in growing its RMB business. As a result, the Group's asset base and RMB business in Hong Kong recorded satisfactory growth. Meanwhile, the Group continued to exercise rigorous risk management in view of the economic uncertainties arising from the debt crisis in Europe as well as the risks of overheating in the property market. The capital adequacy ratio of the banking group remained at a solid level.



The Group's profit attributable to shareholders increased by HK\$2,266 million, or 16.3%, to HK\$16,196 million. Earnings per share were HK\$1.5319, up from HK\$1.3175 in 2009. ROA and ROE were 1.21% and 14.77% respectively.

MANAGEMENT'S DISCUSSION & ANALYSIS

Factors Affecting the Group's Performance in 2010

Below are the key positive factors that contributed to the Group's 2010 financial performance:

- With an improving economic environment and increasing loan demand, the Group registered a **broad-based loan growth** of 19.1%. The increase in corporate loans was particularly strong. The growth in trade finance was outstanding. The Group also maintained its leadership in the local residential mortgage market and the Hong Kong-Macau syndicated loan market.
- To support the Group's asset growth and business development, the Group implemented a strategic plan to attract deposits and proactively managed its funding costs. As a result, the Group's **deposit base increased** by 21.6%. During the year, as part of its strategy to manage capital and funding costs, the Group issued **subordinated notes** to repay the US Dollar subordinated loan granted by BOC.
- The Group actively promoted its **traditional banking businesses** and recorded a double-digit growth in the related net fee and commission income. Satisfactory growth was recorded across all major items with higher growth in currency exchange, trade settlement and payment services.
- **The Group made encouraging progress in its RMB business in Hong Kong.** With the further expansion of the offshore RMB market, the Group actively developed and promoted its cross-border RMB business. The Group launched a number of RMB trade settlement, treasury and insurance products, and acted as the lead manager for several RMB bonds issued in Hong Kong. The business volume of RMB cross-border settlement, exchange transactions and remittance transactions recorded satisfactory growth. The issuance of dual currency China UnionPay ("CUP") credit cards continued to rise while the Group's RMB deposits saw significant growth. The growth of RMB assets also contributed to the increase in net interest income despite the diluting effect of local RMB deposits on the Group's net interest margin.
- Contribution from the Group's **insurance business** increased strongly. Thanks to the successful implementation of the financial planning team and "need-based selling" approach as well as the new business opportunities in the local RMB market and the recovery of the financial markets, BOC Life recorded a substantial growth in its profit. It improved its market share and market ranking in terms of total standard new business premium. At the same time, commission income from the Group's life insurance agency business doubled year-on-year.

The Group's financial performance in 2010 was also subject to the following key negative factors:

- Exceptionally low market interest rates further compressed the Group's net interest margin.
- Despite higher demand for mortgage loans, customers would generally opt for HIBOR-based lending to take advantage of the low interbank rates, which bore a lower gross yield compared to prime-based mortgages.
- Intense market competition in loan and deposit businesses resulted in pressure on loan pricing and funding costs.
- The Group's Mainland operation also faced intense competition in the loan and deposit market. It also focused on growing deposits in order to improve the loan to deposit ratio, resulting in higher funding costs. These all weighed down the profitability of the Group's Mainland operation.

MANAGEMENT'S DISCUSSION & ANALYSIS

Financial Highlights

HK\$m, except percentage amounts	2010	(Restated) 2009
Net interest income	18,734	17,932
Other operating income	8,774	8,123
Net operating income before impairment allowances	27,508	26,055
Operating expenses	(9,584)	(12,141)
Operating profit before impairment allowances	17,924	13,914
Net reversal of impairment allowances	315	1,190
Others	1,503	1,620
Profit before taxation	19,742	16,724
Profit attributable to the equity holders of the Company	16,196	13,930
Earnings per share (HK\$)	1.5319	1.3175
Return on average total assets	1.21%	1.21%
Return on average capital and reserves attributable to the equity holders of the Company	14.77%	14.83%
Net interest margin	1.49%	1.69%
Non-interest income ratio	31.90%	31.18%
Cost-to-income ratio	34.84%	46.60%

In 2010, the Group's net operating income before impairment allowances increased by HK\$1,453 million or 5.6% year-on-year to HK\$27,508 million, driven by the improvement in net interest income, net fee and commission income, income from foreign exchange activities arising from customer-related activities as well as net operating income of the Group's insurance segment. Increase in net gain on investment in securities also contributed to the growth in the Group's net operating income. There was, however, a reduction in net trading gain mainly caused by a foreign exchange loss from foreign exchange swap contracts*. Operating expenses declined by 21.1% due to the significant decline in expenses incurred for Lehman Brothers-related products. The Group recorded a modest amount of net reversal of impairment allowances on securities investments and loans.

* Foreign exchange swap contracts are usually used for the Group's liquidity management and funding activities in its daily operation.

Income growth accelerated in the second half of the year, backed by the continuous recovery of the local economy, revival of the equity market and development of the RMB business in Hong Kong. Compared to the first half of the year, the Group's net operating income before impairment allowances increased by HK\$2,426 million or 19.3% in the second half. Profit attributable to shareholders rose by HK\$1,816 million or 25.3%.

Analyses of the Group's financial performance and business operations are set out in the following sections.

MANAGEMENT'S DISCUSSION & ANALYSIS

Net Interest Income and Margin

HK\$m, except percentage amounts	2010	2009
Interest income	23,449	21,684
Interest expense	(4,715)	(3,752)
Net interest income	18,734	17,932
Average interest-earning assets	1,255,879	1,058,765
Net interest spread	1.43%	1.64%
Net interest margin	1.49%	1.69%
Adjusted net interest margin* (adjusted for clearing bank function)	1.59%	1.74%

* The adjusted net interest margin excludes the estimated impact of RMB clearing services performed by the Group. Since December 2003, the Bank has been appointed as the clearing bank to provide RMB clearing services in Hong Kong.

Net interest income increased by HK\$802 million or 4.5%, which was primarily attributable to the growth in average interest-earning assets. Net interest margin was 1.49%, down 20 basis points year-on-year. Should the estimated impact of BOCHK's RMB clearing function in Hong Kong be excluded, the adjusted net interest margin would have been 1.59%, down 15 basis points year-on-year.

Average interest-earning assets increased by HK\$197,114 million or 18.6%, mainly supported by the Group's customer deposits and the increases in RMB funds from the clearing bank business.

Average yield of interest-earning assets fell by 18 basis points while the average rate of interest-bearing liabilities increased by 3 basis points. As a result, the net interest spread decreased by 21 basis points. Contribution from net free fund increased by 1 basis point.

The decline in the average yield of interest-earning assets was primarily due to three factors. The first one was the repricing of the Group's assets, namely, debt securities investments as well as loans and advances to customers, at a lower rate under the low interest rate environment. Secondly, the proportion of loans and advances with pricing based on interbank market rates (hereafter called "market rate-based loans") became larger. The last factor was the increase in local RMB deposits (including those arising from the clearing bank business and the Group's customers), the use of which was limited at the early stage of development of the offshore RMB business.

The adverse impact from the above-mentioned factors was moderated by the Group's proactive approach in managing its assets and liabilities through an increase in higher-yielding assets such as loans and advances to customers as well as debt securities investments.

MANAGEMENT'S DISCUSSION & ANALYSIS

The summary below shows the average balances and average interest rates of individual categories of assets and liabilities:

	Year ended 31 December 2010		Year ended 31 December 2009	
	Average balance HK\$'m	Average yield %	Average balance HK\$'m	Average yield %
ASSETS				
Cash, Balances and placements with banks and other financial institutions	276,827	1.07	241,931	1.21
Debt securities investments	393,865	2.24	330,196	2.46
Loans and advances to customers	570,697	2.01	473,890	2.22
Other interest-earning assets	14,490	1.37	12,748	1.14
Total interest-earning assets	1,255,879	1.87	1,058,765	2.05
Non interest-earning assets	126,242	–	118,529	–
Total assets	1,382,121	1.70	1,177,294	1.84

	Year ended 31 December 2010		Year ended 31 December 2009	
	Average balance HK\$'m	Average rate %	Average balance HK\$'m	Average rate %
LIABILITIES				
Deposits and balances of banks and other financial institutions	142,969	0.76	74,734	0.70
Current, savings and fixed deposits	859,366	0.34	792,744	0.28
Certificate of deposits issued	–	–	519	4.06
Subordinated liabilities*	27,113	1.88	27,092	3.40
Other interest-bearing liabilities	53,949	0.33	29,829	0.19
Total interest-bearing liabilities	1,083,397	0.44	924,918	0.41
Non interest-bearing deposits	67,037	–	56,601	–
Shareholders' funds# and non interest-bearing liabilities	231,687	–	195,775	–
Total liabilities	1,382,121	0.34	1,177,294	0.32

* Bank of China (Hong Kong) Limited ("BOCHK"), the principal operating subsidiary of the Group, secured two subordinated loans from BOC in June and December 2008 respectively. Subsequently, BOCHK issued fixed rate subordinated notes in February and April 2010 and applied the proceeds to repay the US Dollar subordinated loan secured from BOC.

Shareholders' funds represent capital and reserves attributable to the equity holders of the Company.

Second Half Performance

Net interest income increased by HK\$806 million or 9.0% compared to the first half of 2010 primarily due to the growth in average interest-earning assets. Net interest margin was 1.42%, down 16 basis points. Should the estimated impact of BOCHK's RMB clearing function in Hong Kong be excluded, the adjusted net interest margin would have been 1.55%, down by 9 basis points as compared to the first half of 2010.

Average interest-earning assets increased by HK\$225,141 million, or 19.7% compared to the first half of 2010. It was mainly supported by the Group's customer deposits and the increase in RMB funds from the clearing bank business.

MANAGEMENT'S DISCUSSION & ANALYSIS

The average market interest rates in the second half was slightly higher than that in the first half, with average 1-month HIBOR rate rising by 10 basis points while average 1-month LIBOR rate remained at the same level. However, the increase in deposit costs, higher proportion of market rate-based loans and growth in local RMB assets continued to put pressure on the Group's net interest margin. These negative effects were partly offset by the growth in loans and advances to customers and debt securities investments, which bore higher yield.

Net Fee and Commission Income

HK\$m	2010	2009
Investment and life insurance fee income	3,736	3,886
Credit cards	2,003	1,511
Loan commissions	961	922
Bills commissions	751	627
Payment services	568	495
Currency exchange	332	213
Other insurance	323	100
Trust services	206	178
Safe deposit box	200	191
Others	399	413
Fee and commission income	9,479	8,536
Fee and commission expenses	(2,435)	(2,028)
Net fee and commission income	7,044	6,508

Net fee and commission income increased by HK\$536 million, or 8.2%, to HK\$7,044 million. The increase was broad-based, of which bills commissions increased by HK\$124 million or 19.8% and fee income from credit card business grew by HK\$492 million or 32.6%. The growth in bills commission was in line with the robust performance of Hong Kong's external trade while the increase in fee income from credit card business was driven by the rise in cardholder spending and merchant acquiring volume by 22.7% and 41.0% respectively. Fee income from currency exchange and payment services rose by HK\$119 million or 55.9% and HK\$73 million or 14.7% respectively. Loan commissions and trust services also recorded satisfactory growth. Investment and life insurance fee income declined by HK\$150 million or 3.9%, which is discussed in the next section "Investment and Life Insurance Business". Fee and commission expenses increased by HK\$407 million or 20.1%, which was mainly due to the growth of the credit card business.

Second Half Performance

Compared to the first half of 2010, net fee and commission income increased by HK\$250 million or 7.4% in the second half. Total fee and commission income rose by HK\$517 million or 11.5%, mainly resulting from the increases in investment and life insurance fee income, fee income from the credit card business as well as currency exchange, but this increase was partially offset by the decrease in loan commissions. Meanwhile, fee and commission expenses were also up HK\$267 million, or 24.6%, mainly because of higher expenses incurred by the credit card and stock broking businesses.

MANAGEMENT'S DISCUSSION & ANALYSIS

Investment and Life Insurance Business

HK\$'m	2010	2009
Investment and life insurance fee income		
Securities brokerage		
– Stockbroking	3,279	3,638
– Bonds	59	39
Funds distribution	160	97
Life insurance ¹	238	112
	3,736	3,886
Net operating income/(loss) of BOC Life ²		
Gross earned premiums	8,650	7,762
Less: gross earned premiums ceded to reinsurers	(2,166)	(18)
Others ³	2,716	342
Less: net insurance benefits and claims	(7,988)	(7,286)
	1,212	800
Total income from investment and life insurance business	4,948	4,686
Of which:		
Life insurance fee income ¹	238	112
Net operating income of BOC Life ²	1,212	800
Total life insurance income	1,450	912
Investment fee income	3,498	3,774
Total income from investment and life insurance business	4,948	4,686

1 Fee income from life insurance only includes that from the Group's insurance business partner after group consolidation elimination.

2 Before commission expenses.

3 Comprises net interest income, net trading gain/(loss), net gain/(loss) on financial instruments designated at fair value through profit or loss, net gain on investment in securities, commission income and other operating income of BOC Life.

The Group's income from the investment and life insurance business increased by HK\$262 million, or 5.6%, to HK\$4,948 million. The increase was mainly contributed by the growth in income from the life insurance business and fee income from fund distribution.

Fee income from funds and bonds distribution went up by HK\$63 million or 64.9%, and HK\$20 million or 51.3% respectively. Meanwhile, fee income from stock broking declined by HK\$359 million or 9.9%, as local stock investors' sentiments were negatively affected by the European debt crisis and the tightening measures taken by the Mainland government, in particular in the first half of the year.

Net operating income from BOC Life rose by HK\$412 million or 51.5%, to HK\$1,212 million. It was mainly attributable to improved underwriting results, the continuous optimisation of product mix and better investment performance. Gross insurance premium income rose by 11.4% with gross regular premium increasing by 185.2% year-on-year. Net insurance benefits and claims rose by HK\$702 million or 9.6%. The increase was also a reflection of the movement in policy reserves caused by the drop of long-term interest rates, which was offset by a corresponding increase in net gain on financial instruments designated at fair value through profit or loss.

Second Half Performance

Compared to the first half of 2010, income from the investment and life insurance business increased by HK\$732 million or 34.7% in the second half. The growth was mainly driven by the increase in fee income from stock broking by HK\$267 million or 17.7%, as the stock investors' sentiments improved in the second half of 2010. Net operating income from BOC Life increased by HK\$492 million or 136.7% because of the improved underwriting results and investment performance, as well as higher interest income.

MANAGEMENT'S DISCUSSION & ANALYSIS

Net Trading Gain/(Loss)

HK\$'m	2010	2009
Foreign exchange and foreign exchange products	999	1,273
Interest rate instruments and items under fair value hedge	262	62
Equity instruments	(8)	26
Commodities	116	124
Net trading gain	1,369	1,485

Net trading gain was HK\$1,369 million, down HK\$116 million or 7.8%, which was mainly caused by the decrease of HK\$274 million or 21.5% in the net trading gain from foreign exchange and related products. The decrease was primarily caused by higher foreign exchange loss on foreign exchange swap contracts*. These foreign exchange swap contracts were used for the Group's liquidity and funding activities. Should the impact of the loss on foreign exchange swap contracts be excluded, the gain from other foreign exchange activities would have increased by HK\$343 million, or 26.4%. Net trading gain from interest rate instruments and items under fair value hedge also rose by HK\$200 million or 322.6% as a result of the rise in mark-to-market gain of certain interest rate instruments.

* Foreign exchange swap contracts are usually used for the Group's liquidity management and funding activities. Under the foreign exchange swap contracts, the Group exchanges one currency (original currency) for another (swapped currency) at the spot exchange rate (spot transaction) and commits to reverse the spot transaction by exchanging the same currency pair at a future maturity at a predetermined rate (forward transaction). In this way, surplus funds in original currency are swapped into another currency for liquidity and funding purposes without any foreign exchange risk. The exchange difference between the spot and forward contracts is recognised as foreign exchange gain or loss (as included in "net trading gain/(loss)"), while the corresponding interest differential between the surplus funds in original currency and swapped currency is reflected in net interest income.

Second Half Performance

Compared to the net trading loss of HK\$36 million in the first half of 2010, the Group registered a net trading gain of HK\$1,405 million in the second half of the year. The gain was largely contributed by the mark-to-market gain on certain interest rate instruments in the second half of the year, as opposed to a loss in the first half. Net trading gain from foreign exchange and foreign exchange products also increased by HK\$299 million or 85.4%.

Net Gain/(Loss) on Financial Instruments Designated at Fair Value through Profit or Loss (FVTPL)

HK\$'m	2010	2009
Banking business of the Group	44	261
BOC Life	698	(939)
Net gain/(loss) on financial instruments designated at FVTPL	742	(678)

Compared to the net loss of HK\$678 million in 2009, the Group recorded a net gain of HK\$742 million on financial instruments designated at FVTPL in 2010. This was mainly due to the mark-to-market gain on certain debt securities investments of BOC Life, which was caused by the drop in market interest rates. Meanwhile, net gain on financial instruments designated at FVTPL from the banking business dropped by HK\$217 million, or 83.1%, mainly due to the decline in the mark-to-market gain on certain debt securities investments.

Second Half Performance

Net gain on financial instruments designated at FVTPL in the second half of 2010 was HK\$102 million, down HK\$538 million or 84.1% from the first half. This was mainly caused by the mark-to-market loss of certain debt securities investments of BOC Life caused by the increase in market interest rates.

MANAGEMENT'S DISCUSSION & ANALYSIS

Operating Expenses

HK\$m, except percentage amounts	2010	2009
Staff costs	5,357	5,091
Premises and equipment expenses (excluding depreciation)	1,201	1,160
Depreciation on owned fixed assets	1,131	1,018
Other operating expenses	1,806	1,594
Core operating expenses	9,495	8,863
Expenses incurred on Lehman Brothers-related products*	89	3,278
Total operating expenses	9,584	12,141
Cost-to-income ratio	34.84%	46.60%
Core cost-to-income ratio	34.52%	34.02%

* Includes the related legal expenses.

The Group's total operating expenses decreased by HK\$2,557 million or 21.1% to HK\$9,584 million. This was largely due to the significant decline in expenses incurred for Lehman Brothers-related products. In 2010, the Group focused on operational efficiency and cost control while deploying relevant financial resources for business development. Additional expenses were incurred for marketing and promotion as well as business expansion in strategic focus areas such as the Mainland market and RMB business. Operating expenses also increased with the growth of transaction volume.

Staff costs increased by HK\$266 million or 5.2%, primarily due to more human resources input for business growth and higher performance-related incentives. Compared to the end of 2009, headcount measured in full-time equivalents rise by 562 to 13,806 at the end of 2010.

Premises and equipment expenses increased by HK\$41 million or 3.5% as a result of higher IT costs and higher rental for branches in Hong Kong and new branches in the Mainland. Depreciation on owned fixed assets rose by HK\$113 million, or 11.1%, to HK\$1,131 million, which was attributable to larger depreciation charge on premises following the upward revaluation. Other operating expenses increased by HK\$212 million or 13.3% to HK\$1,806 million, mainly due to higher marketing and promotion expenses as well as expenses connected with the increasing business volume.

Second Half Performance

Compared to the first half of 2010, total operating expenses rose by HK\$516 million, or 11.4%, mainly due to the increase in staff costs, business promotion and IT expenses. Compared to 30 Jun 2010, headcount measured in full-time equivalents rose by 377.

Net Reversal/(Charge) of Loan Impairment Allowances

HK\$m	2010	2009
Net reversal/(charge) of allowances before recoveries		
– individual assessment	149	(241)
– collective assessment	(528)	(343)
Recoveries	449	481
Net reversal/(charge) of loan impairment allowance	70	(103)

The Group's loan quality remained sound in 2010. It recorded a net reversal of loan impairment allowances of HK\$70 million versus a HK\$103 million net charge in 2009.

MANAGEMENT'S DISCUSSION & ANALYSIS

A net reversal of HK\$149 million of individual allowance was registered in 2010 under an improved economic environment. Higher net charge of collective allowance was primarily due to the expansion of the loan portfolio and the re-estimation of parameter values in the assessment model in the second half of the year. Meanwhile, recoveries during the year totaled HK\$449 million.

Second Half Performance

The Group recorded a net charge of loan impairment allowances of HK\$24 million in the second half of 2010 relative to a net reversal of HK\$94 million in the first half. The net charge of loan impairment allowances was primarily caused by the higher net charge from collective assessment as a result of the expansion of the loan portfolio and the re-estimation of parameter values in the assessment model in the second half of the year.

Net Reversal/(Charge) of Impairment Allowances on Securities Investments

HK\$'m	2010	2009
Held-to-maturity securities	46	690
Available-for-sale securities	208	612
Net reversal of impairment allowances on securities investments	254	1,302

Following the Group's continuing effort to reduce the overall credit risk of its investment portfolio by disposing of higher-risk securities since 2009, it recorded a net reversal of impairment allowances on securities investments of HK\$254 million in 2010.

The table below illustrates the breakdown of the Group's net reversal or charge of impairment allowances against its securities investments in 2010 and 2009.

HK\$'m	2010	2009
US non-agency residential mortgage-backed securities		
Subprime	17	30
Alt-A	26	16
Prime	238	1,140
	281	1,186
Other debt securities	(27)	116
Net reversal of impairment allowances on securities investments	254	1,302

For details about the composition of the Group's investment securities portfolio, and the impairment and provisioning policies on investments, please refer to Note 27, Note 2 and Note 3 to the Financial Statements of the Annual Report.

Second Half Performance

In the second half of 2010, the Group recorded a net reversal of impairment allowances on securities investments of HK\$182 million. This was primarily attributable to the Group's further disposal of US non-agency residential mortgage-backed securities ("RMBS") in the second half of the year. The reversal was partially offset by a charge of impairment allowance on European bonds of HK\$56 million. For further details on the Group's exposure to European countries, please refer to the Business Review of the Treasury Segment below.

MANAGEMENT'S DISCUSSION & ANALYSIS

Property Revaluation

HK\$'m	2010	(Restated) 2009
Net gain on fair value adjustments on investment properties	1,511	1,554
Net gain on revaluation of premises	4	15
Deferred tax charge	(1)	(2)
Net gain on revaluation of premises, after tax	3	13

The net impact of fair value adjustments on properties on the Group's profit attributable to equity holders in 2010 was a gain of HK\$1,514 million, which comprised a gain of HK\$1,511 million from the revaluation of investment properties and a net gain of HK\$3 million from the revaluation of premises. The net gain on property revaluation was in line with the increase in property prices in 2010.

Second Half Performance

A net gain of HK\$910 million from the revaluation of investment properties was recorded, up HK\$309 million from the first half of 2010.

Financial Position

HK\$'m, except percentage amounts	At 31 December 2010	(Restated) At 31 December 2009
Cash and balances with banks and other financial institutions	415,812	160,788
Placements with banks and other financial institutions maturing between one and twelve months	39,499	60,282
Hong Kong SAR Government certificates of indebtedness	46,990	38,310
Securities investments ¹	430,060	358,349
Advances and other accounts	645,424	527,135
Fixed assets and investment properties	41,391	35,650
Other assets ²	41,864	32,280
Total assets	1,661,040	1,212,794
Hong Kong SAR currency notes in circulation	46,990	38,310
Deposits and balances of banks and other financial institutions	313,784	99,647
Deposits from customers	1,027,033	842,321
Insurance contract liabilities	39,807	33,408
Other accounts and provisions ³	88,260	65,417
Subordinated liabilities ⁴	26,877	26,776
Total liabilities	1,542,751	1,105,879
Non-controlling interests	3,108	2,736
Capital and reserves attributable to the equity holders of the Company	115,181	104,179
Total liabilities and equity	1,661,040	1,212,794
Loan-to-deposit ratio ⁵	59.69%	60.98%

1 Securities investments comprise investment in securities and financial assets at fair value through profit or loss.

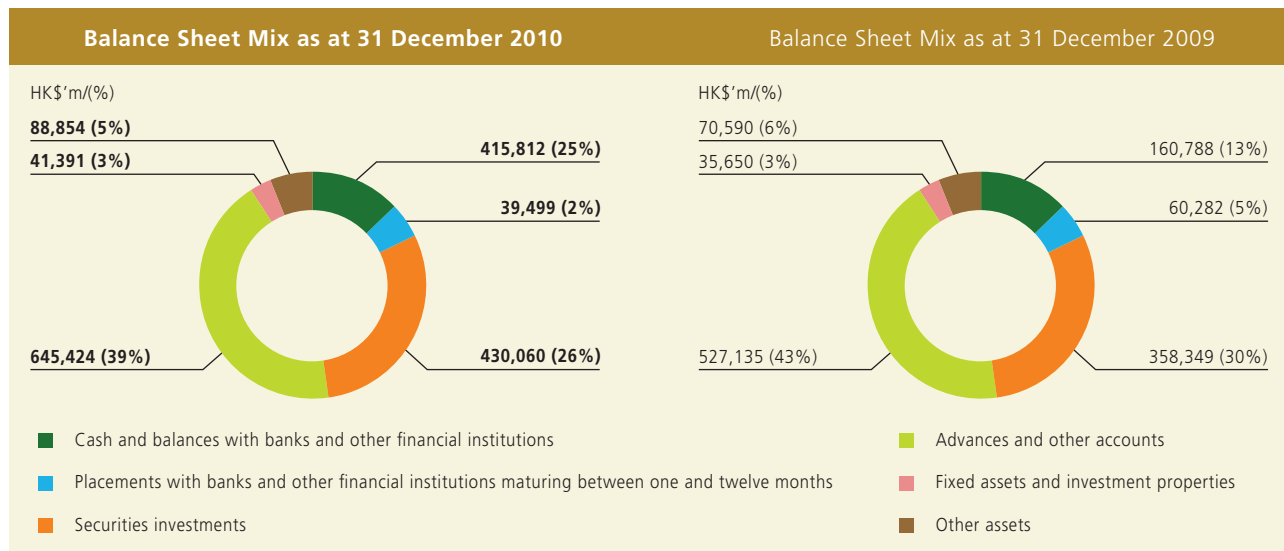
2 Interests in associates, deferred tax assets and derivative financial instruments are included in other assets.

3 Financial liabilities at fair value through profit or loss, derivative financial liabilities, current tax liabilities and deferred tax liabilities are included in other accounts and provisions.

4 Subordinated liabilities as at 31 December 2009 represented USD and EUR subordinated loans granted by BOC (the "Loans"). During the year, the Group issued USD subordinated notes (the "Notes"), the proceeds of which were applied to repay the USD Loan. Accordingly, subordinated liabilities as at 31 December 2010 comprised the Notes and the EUR Loans.

5 The deposit base also includes structured deposits reported as "Financial liabilities at fair value through profit or loss".

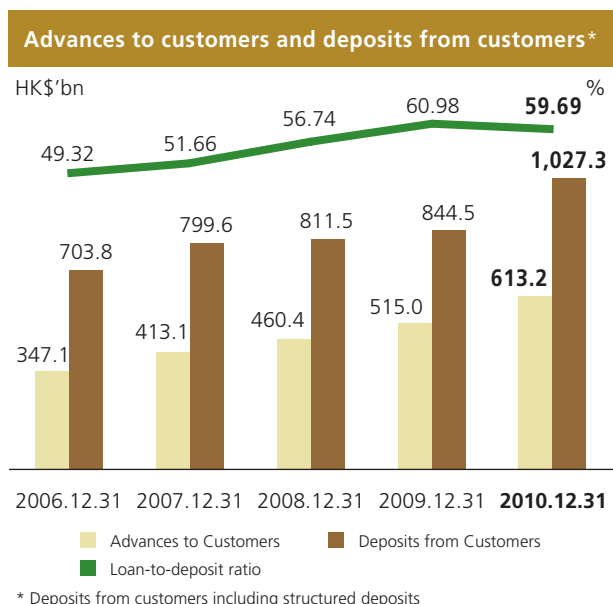
MANAGEMENT'S DISCUSSION & ANALYSIS



As at 31 December 2010, the Group's total assets amounted to HK\$1,661,040 million, up HK\$448,246 million or 37.0% from the end of 2009. The overall asset growth was primarily driven by the development of the Group's core banking businesses and the expansion of its RMB business in Hong Kong. Key changes include:

- Cash and balances with banks and other financial institutions rose by HK\$255,024 million or 158.6% mainly due to the strong growth in RMB deposits placed with the PBOC by BOCHK's clearing business.
- Placements with banks and other financial institutions maturing between one and twelve months decreased by HK\$20,783 million, or 34.5%, as the Group redeployed its funds for advances to customers and debt securities investments.
- Securities investments increased by HK\$71,711 million or 20.0%. The Group expanded its investments in government-related and high-quality financial institution bonds and corporate bonds.
- Advances and other accounts rose by HK\$118,289 million or 22.4%, which was mainly attributable to the growth in advances to customers by HK\$98,247 million or 19.1% and trade bills by HK\$22,505 million or 247.3%.
- Deposits and balances of banks and other financial institutions increased by HK\$214,137 million or 214.9%, led by the growth in RMB deposits arising from the clearing bank business.

MANAGEMENT'S DISCUSSION & ANALYSIS



In February and April 2010, the Group successfully completed the issue of Subordinated Notes (the "Notes") of US\$1,600 million and US\$900 million respectively to global debt investors. The proceeds of the Notes were used to repay the USD subordinated credit facility provided by BOC in December 2008. Pursuant to the regulatory requirements of the HKMA, the Notes qualify as Tier 2 Capital. The issue of the Notes broadened the Group's investor base and established a market benchmark for the Group to tap the debt market as an alternative source of future funding for its growth and development. The bond issue received The Asset magazine's Triple A 2010 Best Bank Capital Bond Award.

Advances to Customers

HK\$'m, except percentage amounts	At 31 December 2010		(Restated) At 31 December 2009	
		%		%
Loans for use in Hong Kong	387,087	63.1	352,210	68.4
Industrial, commercial and financial	206,947	33.7	195,520	38.0
Individuals	180,140	29.4	156,690	30.4
Trade finance	53,396	8.7	29,321	5.7
Loans for use outside Hong Kong	172,736	28.2	133,441	25.9
Total advances to customers	613,219	100.0	514,972	100.0

In view of strong market demand for loans in 2010, the Group implemented proactive business strategies to grow its loan book. It strengthened collaboration with BOC to capture new business opportunities in corporate banking and at the same time focused on enhancing the loan pricing. Advances to customers rose strongly by HK\$98,247 million or 19.1% to HK\$613,219 million. Growth was seen in all major sectors. Average loan pricing on corporate loans also improved year-on-year.

MANAGEMENT'S DISCUSSION & ANALYSIS

Loans for use in Hong Kong grew by 9.9%.

- Lending to the industrial, commercial and financial sectors increased by HK\$11,427 million, or 5.8%, to HK\$206,947 million, covering a wide range of industries. Loans to wholesale and retail trade, property development, financial concerns and manufacturing recorded impressive growth.
- Residential mortgage loans (excluding those under the Government-sponsored Home Ownership Scheme) were up HK\$20,211 million or 15.9%, to HK\$147,424 million, as a result of the Group's effective marketing effort as well as an active property market in 2010. The proportion of new drawdown in HIBOR-based residential mortgage loans showed significant increase as customers were more inclined to take advantage of low interbank rates.
- Card advances rose by HK\$882 million or 12.0% to HK\$8,230 million.

Trade finance recorded a strong growth of HK\$24,075 million or 82.1%, thanks to the enhanced relationship between the Group and its large corporate customers as well as the increased demand for trade financing spurred by the robust growth of global trade.

Loans for use outside Hong Kong increased by HK\$39,295 million or 29.4%, driven mainly by the growth in the loan business of the Group's Mainland operation, and other loans used outside Hong Kong.

Second Half Performance

The Group maintained the growth momentum of its lending business in the second half of the year and expanded its total advances to customers by HK\$41,733 million or 7.3%, with notable growth in loans used outside Hong Kong, residential mortgage and trade finance.

Deposits from Customers*

HK\$m, except percentage amounts	At 31 December 2010	%	At 31 December 2009	%
Demand deposits and current accounts	70,453	6.9	65,440	7.7
Savings deposits	528,035	51.4	495,512	58.7
Time, call and notice deposits	428,545	41.7	281,369	33.3
	1,027,033	100.0	842,321	99.7
Structured deposits	234	0.0	2,132	0.3
Deposits from customers	1,027,267	100.0	844,453	100.0

* Includes structured deposits.

Deposits from customers increased by HK\$182,814 million, or 21.6%, to HK\$1,027,267 million, as the Group proactively grew its deposit base to support its lending business and other business growth. Demand deposits and current accounts increased by HK\$5,013 million, or 7.7%. Savings deposits rose by HK\$32,523 million, or 6.6%. Time, call and notice deposits went up significantly by HK\$147,176 million, or 52.3%. Meanwhile, structured deposits dropped by HK\$1,898 million, or 89.0%. The Group's loan-to-deposit ratio was down 1.29 percentage points to 59.69% at the end of 2010 as growth in deposits outpaced that in loans.

Second Half Performance

Deposits from customers increased by HK\$134,530 million or 15.1% in the second half of 2010. The changes in the deposit mix were similar to the full-year changes with increments in demand deposits and current accounts by HK\$3,331 million, or 5.0% and savings deposits by HK\$54,543 million, or 11.5%. Time, call and notice deposits rose by HK\$76,948 million or 21.9% while structured deposits declined by HK\$292 million or 55.5%.

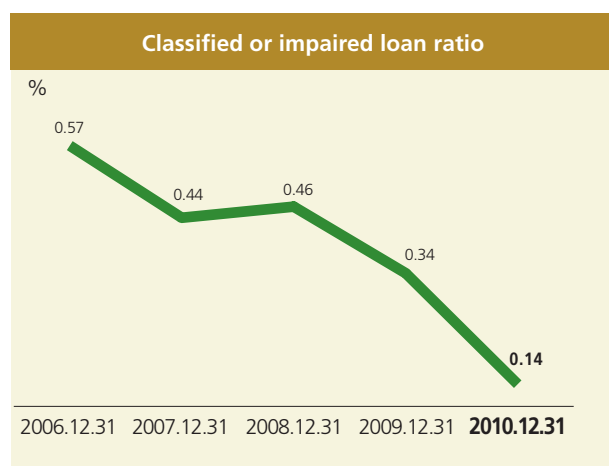
MANAGEMENT'S DISCUSSION & ANALYSIS

Loan Quality

HK\$m, except percentage amounts	At 31 December 2010	At 31 December 2009
Advances to customers	613,219	514,972
Classified or impaired loan ratio ¹	0.14%	0.34%
Impairment allowances	2,311	2,269
Regulatory reserve for general banking risks	5,076	4,040
Total allowances and regulatory reserve	7,387	6,309
Total allowances as a percentage of advances to customers	0.38%	0.44%
Total allowances and regulatory reserve as a percentage of advances to customers	1.20%	1.23%
Impairment allowances ² on classified or impaired loan ratio	40.02%	39.57%
Residential mortgage loans ³ – delinquency and rescheduled loan ratio ⁴	0.02%	0.04%
Card advances – delinquency ratio ^{4,5}	0.15%	0.23%

	2010	2009
Card advances – charge-off ratio ^{5,6}	1.36%	2.69%

- 1 Classified or impaired loans represent advances which have been classified as “substandard”, “doubtful” or “loss” under the Group’s classification of loan quality, or individually assessed to be impaired.
- 2 Referring to impairment allowances on loans classified as “substandard”, “doubtful” or “loss” under the Group’s classification of loan quality, or individually assessed to be impaired.
- 3 Residential mortgage loans exclude those under the Home Ownership Scheme and other government-sponsored home purchasing schemes.
- 4 Delinquency ratio is measured by a ratio of total amount of overdue loans (more than three months) to total outstanding loans.
- 5 Excluding Great Wall cards and computed according to the HKMA’s definition.
- 6 Charge-off ratio is measured by a ratio of total write-offs made during the year to total card receivables as at the end of the year.



The Group’s loan quality further improved with its classified or impaired loan ratio falling by 0.20 percentage point to 0.14%. Classified or impaired loans decreased by HK\$902 million, or 51.0%, to HK\$867 million mainly due to collections and fewer new classified loans. New classified loans in 2010 represented approximately 0.1% of total loans outstanding. Regulatory reserve for general banking risks increased by HK\$1,036 million or 25.6% mainly due to loan growth.

Total impairment allowances, including both individual assessment and collective assessment, amounted to HK\$2,311 million. Total impairment allowances in respect of the classified or impaired loans as a percentage of total classified or impaired loans was 40.02%.

The quality of the Group’s residential mortgage loans continued to improve with the combined delinquency and rescheduled loan ratio falling by 0.02 percentage point to 0.02% at the end of 2010. The charge-off ratio of card advances dropped by 1.33 percentage point to 1.36% in 2010 mainly due to cardholders’ improved debt servicing capability as economic conditions improved.

MANAGEMENT'S DISCUSSION & ANALYSIS

Capital and Liquidity Ratios

HK\$m, except percentage amounts	At 31 December 2010	At 31 December 2009
Core capital	78,275	72,465
Deductions	(332)	(334)
Core capital after deductions	77,943	72,131
Supplementary capital	33,876	32,638
Deductions	(332)	(334)
Supplementary capital after deductions	33,544	32,304
Total capital base after deductions	111,487	104,435
Risk-weighted assets		
Credit risk	648,236	578,374
Market risk	18,328	12,023
Operational risk	47,895	47,352
Deductions	(23,862)	(17,954)
Total risk-weighted assets	690,597	619,795
Capital adequacy ratios (consolidated basis)		
Core capital ratio	11.29%	11.64%
Capital adequacy ratio	16.14%	16.85%
	2010	2009
Average liquidity ratio	38.77%	40.18%

The Group adopted the Standardised Approach in calculating its capital adequacy ratio.

Consolidated capital adequacy ratio of the banking group at 31 December 2010 was 16.14%, 0.71 percentage point lower than that at the end of 2009. The Group's total capital base expanded by 6.8% to HK\$111,487 million mainly due to the increase in retained earnings. Meanwhile, risk-weighted assets for credit risk increased by 12.1% to HK\$648,236 million, as a result of the growth in advances to customers.

The average liquidity ratio of the Group in 2010 remained strong at 38.77%, down slightly from the end of 2009 due to the increase in deposits maturing within 1 month.

MANAGEMENT'S DISCUSSION & ANALYSIS

BUSINESS REVIEW

2010 Business Highlights

Business Focuses	2010 Highlights
<p>Personal Banking</p> <ul style="list-style-type: none"> To leverage the Group's competitive advantages and reinforce its leading position in core businesses To enlarge customer base with high potential for long-term growth To take advantage of closer collaboration with BOC in developing cross-border service To optimise distribution channels and enhance customers' banking experiences 	<ul style="list-style-type: none"> Maintained leading positions in deposits and residential mortgage. Achieved satisfactory growth in credit card business Broadened the customer base for wealth management and Mainland business Provided attestation, cross-border financial services, "Dual Relationship Manager" and other differentiated services by working closely with BOC Launched mobile banking services and improved the e-banking platform
<p>Corporate Banking</p> <ul style="list-style-type: none"> To capitalise on the Group's competitive advantage in corporate banking businesses in Hong Kong To provide comprehensive cross-border financial services for the Mainland's large corporate entities seeking global expansion To grow loan book with focus on good credit quality To strengthen collaboration with BOC in providing cross-border financial services 	<ul style="list-style-type: none"> Registered a growth of 20.6% in corporate loans and maintained sound loan quality Trade finance increased by 82.1% Improved the average pricing of its corporate loans Maintained the Group's leading position as the mandated arranger in the Hong Kong-Macau syndicated loan market Reinforced the implementation of "Global Relationship Manager" and "Global Unified Facilities Agreement" with BOC
<p>Treasury</p> <ul style="list-style-type: none"> To maintain proactive management of the Group's banking book and optimise the investment portfolio to guard against risks while maximising return To adopt a dynamic yet prudent approach in asset and liability management 	<ul style="list-style-type: none"> Increased investment in fixed-rate government-related securities, financial institution bonds and corporate bonds with robust fundamentals Balanced the growth of loans and deposits and optimised the asset-liability structure
<p>Insurance</p> <ul style="list-style-type: none"> To deepen the Bancassurance platform and increase market share To improve sales of regular-premium products to secure stable return and enlarge revenue stream To reinforce BOC Life's corporate image and uplift the marketing forces 	<ul style="list-style-type: none"> In terms of new business standard premium, BOC Life uplifted its market ranking from No. 4 in 2009 to No. 2 in 2010 Gross regular premium income rose by 184.1% over 2009 Expanded the financial planning team in the distribution network
<p>Mainland Business</p> <ul style="list-style-type: none"> To maintain well-balanced growth in loans and deposits for sustainable development To enhance the business platform by further extending branch network and enriching product and service spectrum 	<ul style="list-style-type: none"> Registered growth in loans and deposits of 26.2% and 133.1% respectively with improved loan-to-deposit ratio Expanded the network to 25 branches and sub-branches at end-2010 Rolled out a series of wealth management services and received positive feedback from the market. Debit card business also saw substantial growth

MANAGEMENT'S DISCUSSION & ANALYSIS

Business Focuses	2010 Highlights
<p>RMB Business in Hong Kong</p> <ul style="list-style-type: none"> To consolidate the Group's market leadership in offshore RMB business To expand the range of RMB products and services and capture emerging opportunities in Hong Kong To work closely with BOC to enhance the Group's overall RMB service capability globally 	<ul style="list-style-type: none"> Appointed by the PBOC as the RMB clearing bank of RMB banknotes business for Taiwan Maintained leading position in RMB banking business in Hong Kong including deposits, remittance, trade settlement, credit cards, bond underwriting and insurance Offered comprehensive products in various areas of individual RMB banking businesses such as deposits, credit cards, bonds and funds Rolled out a series of new RMB insurance products including the first RMB insurance products with settlement being made in RMB Introduced RMB deliverable forwards and conducted the first RMB Overseas Direct Investment (ODI) remittance into Hong Kong and the first Foreign Direct Investment (FDI) remittance into the Mainland Underwrote and distributed the majority of RMB bonds issued in Hong Kong, and pioneered the distribution of RMB funds in Hong Kong Published the "BOCHK Offshore RMB Bond Index", the first offshore RMB bond index of its kind in Hong Kong

2011 Business Focuses

The strengthening of traditional banking businesses and the RMB business will continue to be the Group's main business focus in the coming year.

With regard to Personal Banking, the Group will proactively target high net-worth customers and Mainland customers, in particular those with cross-border financial needs. It will strengthen its collaboration with BOC and implement the "Dual Relationship Manager" initiative to enhance customer relationship and business referrals. A wider range of products will be designed to better serve the needs of residential mortgage and stock trading customers. The Group will further consolidate its leading position in individual RMB business with innovative products and enlarge its customer base. The Group will continue to optimise the service channels, including phone, internet and mobile banking, with a view to further improving efficiency and customer experience.

For Corporate Banking, the Group will continue to speed up the development of offshore RMB trade finance products and services. It will also focus on the business opportunities arising from the various financing needs of Mainland corporate entities seeking global expansion. The Group will strengthen its cooperation with BOC and continue to implement the "Global Relationship Manager" and "Global Unified Facilities Agreement" to enhance cross-border services. It will strive to enrich its range of cash management products and expand its customer base for custody services.

In managing its banking book investments, the Group will remain proactive and vigilant in order to safeguard its asset quality while maximising return. The Group will develop new treasury products, especially RMB-denominated products, to cater for customers' needs. Through the newly-formed BOCHK Asset Management Limited ("AML"), the Group will launch RMB investment products and introduce discretionary portfolio management services to high net-worth customers.

In respect of its insurance business, the Group aims to achieve sustainable growth by implementing the "Needs-based Selling" approach and optimising its product mix. It will launch a wider range of RMB insurance products to secure its leadership in the market.

In the Mainland, the Group will focus on growing its deposit base to support lending growth and to improve the loan-to-deposit ratio of NCB (China). It will also enhance its e-banking platform to improve service quality and customer experience.

MANAGEMENT'S DISCUSSION & ANALYSIS

PERSONAL BANKING

HK\$'m	2010	2009
Net interest income	5,985	5,795
Other operating income	5,156	4,853
Operating income	11,141	10,648
Operating expenses	(6,369)	(5,983)
Operating profit before impairment allowances	4,772	4,665
Net charge of loan impairment allowances	(99)	(150)
Others	(17)	(11)
Profit before taxation	4,656	4,504

	At 31 December 2010	At 31 December 2009
Segment assets	210,978	178,026
Segment liabilities	657,605	570,566

Note: For additional segmental information, see Note 10 to the Summary Financial Statements.

Financial Results

Personal Banking recorded satisfactory results in 2010. Operating income grew by 4.6% to HK\$11,141 million, driven by the increase in both net interest income and other operating income. Operating profit before impairment allowances increased by 2.3% to HK\$4,772 million. Profit before taxation reached HK\$4,656 million in 2010, up 3.4% year-on-year.

Net interest income increased by 3.3% mainly due to the growth in average loans and deposits. The increase was partly offset by narrower loan and deposit spread amid keen market competition.

Other operating income rose by 6.2%, driven by the growth of fee and commission income from funds distribution and life insurance. Other core businesses including loans, payment services and credit card business also posted satisfactory growth. Fee income from stock broking, however, dropped.

Operating expenses were up 6.5% mainly due to increases in business expenses and staff costs. Rental expenses for branches and computer-related expenses also increased.

Net charge of loan impairment allowances decreased year-on-year, which was mainly attributable to cardholders' better debt servicing capability as the Hong Kong economy further improved in 2010.

Advances and other accounts, including mortgage loans and card advances, increased by 21.0% to HK\$196,484 million. Customer deposits rose by 15.8% to HK\$628,238 million.

Business operation

The Group made good progress in developing its Personal Banking business in 2010. It effectively expanded its high-potential customer base and broadened its product and service spectrum to better serve customers' needs. By collaborating with BOC, the Group further expanded its cross-border wealth management services and provided tailor-made services to customers in the Mainland and Hong Kong. It also enhanced its e-platform and optimised its distribution channels. Meanwhile, it continued to grow its residential mortgage and credit card businesses despite intensified market competition. Stock broking business also recorded a strong rebound in the second half of 2010. In view of the surging demand for RMB banking services, the Group rolled out various new RMB-related products and services, thus solidifying its leadership in individual RMB businesses in Hong Kong.

MANAGEMENT'S DISCUSSION & ANALYSIS

Expanding customer base with high potential

The Group focused on acquiring, growing and retaining its high-potential customers, namely, wealth management and Mainland customers. It took a series of initiatives, such as the "Grow Your Wealth with Every Opportunity" campaign and "Wealth Management Customer Referral Programme", to expand its target customer base. It also launched the "Health & Spiritualised Well-being" campaign to strengthen its relationship with prestigious customers. Meanwhile, the Group launched the Capital Investment Entrant Scheme ("CIES") Services promotion campaign to provide a wide range of banking services to CIES customers. In view of the surging demand for cross-border investment services, the Group continued to provide quality cross-border wealth management services. A mobile service team was established during the year to enhance the collaboration with BOC branches and strengthen the business development of NCB (China). In addition, it worked with BOC's Shenzhen branch to introduce the "BOC Wealth Express Card" to acquire high net-worth customers in Hong Kong and the Mainland. The "Dual Relationship Manager" service was launched as an initiative to expand its cross-border services for customers who were served by the relationship managers of both BOC and the Group. At the end of 2010, the total number of wealth management customers and their assets maintained with the Group grew by 15.9% and 14.3% respectively from the end of 2009.

Robust growth in residential mortgages

With the revival of the local property market, the Group further grew its mortgage lending business. In response to the launch of the "Sandwich Class Housing Scheme" by the Hong Kong Housing Society and "Sale of Surplus HOS Flats Phase 6" by the Hong Kong Housing Authority, the Group offered tailor-made mortgage plans to meet customers' needs. It also strengthened its strategic partnership with major property developers and participated in joint promotions in most of the prime property development projects. These initiatives reinforced the Group's prominent position in the residential mortgage market. By the end of 2010, the Group's outstanding residential mortgage loans grew by 15.9% from the end of 2009. In recognition of its outstanding performance in the mortgage business, the Group received the "Sing Tao Excellent Services Brand Award 2010 – Mortgage Services" from Sing Tao Daily. Meanwhile, under rigorous risk assessment and control, the quality of mortgage loans remained sound.

Robust growth in credit card business

The Group's card business experienced strong growth in 2010. The total number of cards issued increased by 17.5% while cardholder spending and merchant acquiring volume rose by 22.7% and 41.0% respectively. The Group maintained its leadership in the China UnionPay ("CUP") merchant acquiring business and CUP card issuing business, with merchant acquiring and cardholder spending volume surging by 57.3% and 115.5% respectively. Meanwhile, the Shenzhen-Hong Kong Cross-Border Autopay Services were introduced to provide a reliable and convenient cross-border payment service to the holders of the CUP Dual Currency credit card. Credit card advances rose by 12.0% compared to end-2009 and the credit quality remained sound with the charge-off ratio for 2010 standing at 1.36%.

The Group's success in growing its credit card business gained extensive market recognition, as evidenced by a total of 28 awards received from VISA International, MasterCard and CUP respectively.

Maintaining the growth of investment and insurance business

In 2010, sentiments in the local stock market were adversely affected by the external environment, including the European debt crisis and the Mainland's tightening policy. This had a negative impact on the Group's stock brokerage business. Nonetheless, the Group continued to grow its customer base by enhancing its products and services and acquiring new customers. During the year, the Group launched a series of promotion and marketing campaigns, including preferential brokerage fee for selected customers, promotion on warrants and Callable Bull/Bear Contracts businesses and investment seminars. An investment product specialist team was established to provide investment information and support to the frontline staff on the sales of investment products. In addition, the launch of mobile banking service provided a convenient way for customers to manage their investment anytime, anywhere. Meanwhile, the Group embarked on a number of acquisition campaigns to attract new customers, such as the "Corporate Securities Services Promotion" targeting corporate customers. To capture business opportunities arising from the increase in the number of Mainland customers, new initiatives, including brokerage fee waiver for online securities trading, were taken during the year with positive response. The Group's stock broking business recorded a strong rebound in the second half of 2010. Encouraging growth in funds distribution business was recorded during 2010, with related commission income surging by 64.9%. The Group also distributed the first RMB-denominated fund in Hong Kong.

MANAGEMENT'S DISCUSSION & ANALYSIS

Regarding its Bancassurance business, the Group achieved strong sales growth by expanding its product spectrum, launching extensive marketing campaigns and implementing multi-channel distribution. The Group was the first in Hong Kong to launch RMB insurance products with settlement being made in either Hong Kong Dollars or RMB, including the "Target 8 Years Insurance Plan Series", "Target 5 Years Insurance Plan Series", "Hundred Life Insurance Plan" and "Multi-Plus Savings Insurance Plan". Meanwhile, a life insurance savings plan, the "Glorious Life Savings Insurance Plan", was launched. The Group also expanded its financial planning team and rolled out large-scale marketing campaigns. These initiatives enabled the Group to further expand its foothold in the market.

Reinforcing market leadership in RMB banking business in Hong Kong

The Group maintained its leading position in the RMB banking business in Hong Kong by offering comprehensive RMB products covering deposits, credit card, bonds, funds and insurance. In 2010, it focused on RMB integrated services, "RMB Remittance Express" and "RMB Exchange Express". At the same time, it introduced "RMB Triple Jump Time Deposit", "RMB Club Deposit" and "RMB Flexi Time Deposit" with promotional offers and successfully grew its RMB deposits. Meanwhile, the Group remained its market lead in the RMB credit card business with the number of CUP Dual Currency Credit Card issued by the Group growing by 73.2%. In addition, the Group introduced RMB life insurance product in Hong Kong with settlement being made in RMB, which was well-received by customers. RMB bond brokerage and funds distribution businesses also flourished. The Group underwrote and distributed the majority of RMB bonds issued in Hong Kong during the year, and pioneered the distribution of RMB funds in Hong Kong, thus consolidating its leading position in the RMB market. It also made significant progress in the RMB corporate banking business. For details, please refer to Corporate Banking section below.

Optimising distribution channels and strengthening e-platform and services

The Group continued to optimise its distribution channels. At the end of 2010, the Group's service network in Hong Kong comprised 268 branches. Customers can obtain specialised investment advice as well as comprehensive traditional banking services at designated branches.

The Group strengthened its e-platform by launching "Mobile Banking", which allows customers to gain access to the latest market information and manage their finance and investment using their mobile phones. The quality of services delivered by the e-banking platform was further enhanced. New features include the 24-hour scheduled electronic transfer, 24-hour automated securities trading channel and enhanced capacity of automated stock trading services. The number of Internet Banking customers increased by 12.3%, while stock trading transactions through e-channels accounted for 76.8% of total transactions. The Group also enhanced the quality of telephone banking services by consolidating its services into four specialised hotline numbers with the aim of providing one-stop and more user-friendly phone banking services to customers. It also opened a call centre in Shenzhen to provide cross-border service support for Hong Kong as well as Mainland customers. As an initiative to optimise its automated banking facilities, the Group added new ATMs and extended the coverage of the dual currency cash withdrawal services in its ATM network for providing convenient RMB cash withdrawal services.

In recognition of its excellence in customer service, the Group won the gold prize in the "Award for Excellence in Training and Development 2010" organised by Hong Kong Management Association, and was awarded the "Best Internet Wealth Management Award 2010" by Capital Weekly, a local finance magazine. Moreover, the Group was granted a total of 13 awards by the Hong Kong Call Centre Association in 2010, including the "Inbound Contact Centre of the Year (Under 50 Seats) – Gold Award".

MANAGEMENT'S DISCUSSION & ANALYSIS

CORPORATE BANKING

HK\$m	2010	2009
Net interest income	6,634	5,502
Other operating income	2,726	2,685
Operating income	9,360	8,187
Operating expenses	(2,568)	(2,321)
Operating profit before impairment allowances	6,792	5,866
Net reversal of loan impairment allowances	169	47
Others	–	2
Profit before taxation	6,961	5,915

	At 31 December 2010	At 31 December 2009
Segment assets	458,928	372,443
Segment liabilities	407,328	304,882

Note: For additional segmental information, see Note 10 to the Summary Financial Statements.

Financial Results

Corporate Banking registered strong growth in 2010. Profit before taxation grew by 17.7% to HK\$6,961 million. The increase was mainly attributable to higher net interest income and the increase in net reversal of loan impairment allowances.

Net interest income increased by 20.6% as a result of the growth in loans and advances. The loan and deposit spread continued to narrow in the low interest rate environment. However, the Group focused on yield enhancement and managed to increase the pricing of new corporate loan facilities.

Other operating income increased by 1.5%, primarily due to the growth in bills commission income and fee income from trust services.

Operating expenses increased by 10.6%, mainly because of higher staff costs and rental expenses.

Net reversal of loan impairment allowances for 2010 was higher, mainly as a result of the higher net reversal of individual allowance as the economic environment improved. This was partly offset by the increase in net charge of collective allowance due to the expansion of the loan portfolio and the re-estimation of parameter values in the assessment model during the year.

Advances and other accounts increased by 23.2% to HK\$456,511 million. Customer deposits grew by 33.2% to HK\$401,384 million.

Business operation

In 2010, the Group provided comprehensive cross-border financial services to large corporate entities in the Mainland seeking overseas expansion. With the gradual recovery of the global economy, the Group's corporate loan business recorded strong growth. The growth of trade finance outpaced the market as a whole while the syndicated loan business maintained its leadership in the Hong Kong-Macau market. The Group continued to actively support the local SMEs and was honoured the "SME's Best Partner Award" for the third consecutive year. In 2010, the Group achieved various milestones in the RMB banking business and consolidated its leadership in Hong Kong.

MANAGEMENT'S DISCUSSION & ANALYSIS

Solid growth in corporate loans

Against the backdrop of an improving economic environment and the credit tightening policy in the Mainland, there was a strong demand for cross-border financial services and lending in Hong Kong. The Group offered customised services and "Total Solution" to its core corporate clients. The "Global Relationship Manager Programme" and "Global Unified Facilities Agreement" were expanded to better serve the Group's major Hong Kong and Mainland corporate customers. Through closer collaboration with BOC, the Group strengthened its long-term relationship with corporate customers in the Mainland. It continued to offer "Consolidated Group Credit Facilities", which allows its clients to manage credit facilities with greater flexibility. As a result, the Group's corporate loans grew strongly by 20.6% while asset quality remained sound. As regards the syndicated loan business, the Group maintained its position as the top mandated arranger in the Hong Kong-Macau syndicated loan market. During the year, the Group also expanded its IPO financing business, providing financing to corporate and retail customers in connection with the IPO of 32 companies in Hong Kong.

Strong growth in trade finance

The Group's trade finance business registered solid growth in 2010, benefiting from the rapid recovery in global trade. The Group's enhanced relationship with large corporate customers and closer business cooperation with BOC were also instrumental to the growth. Various innovative cross-border products were introduced during the year, such as the "Outward Documentary Bill and Non-Deliverable Forward", "Overseas Loan under Domestic Guarantee" and "Overseas Loan Guaranteed by Non-Resident Account Deposit". The outstanding balance of trade finance surged by 82.1%. During the year, BOCHK received "The Asian Banker Achievement Award for Trade Finance in Hong Kong" from *The Asian Banker* magazine in recognition of its outstanding performance and contribution in trade finance.

Breakthroughs in offshore RMB business

Leveraging its unique position and competitive advantages, the Group achieved a number of milestones in its RMB business. Following the announcement of the "Elucidation of Supervisory Principles and Operational Arrangements Regarding Renminbi Business in Hong Kong" by the Hong Kong Monetary Authority on 11 February, the Group pioneered a number of transactions in RMB business in Hong Kong, such as the granting of the first RMB export invoice finance, the first RMB import invoice finance, the first RMB working capital loan and the first RMB remittance service for dividend payout. It also underwrote the first RMB corporate bond in Hong Kong as the sole bookrunner and lead manager. In addition, the Group secured a mandate to provide custody, trustee and fund administration services to the first offshore RMB-denominated public bond fund raised in Hong Kong from retail investors.

In respect of its clearing business, the PBOC and BOCHK signed the revised "Settlement Agreement on the Clearing of Renminbi Businesses" in July, which expanded the scope of offshore RMB business and enhanced the banking flexibility in conducting offshore RMB business. In September, the Group was appointed as the RMB Agent Bank of the Hong Kong Securities Clearing Company Limited for the purposes of conducting RMB money settlement operations relating to the Central Clearing and Settlement System. Under the "Agreement on Provision of Clearing Service for RMB Banknotes Business for Taiwan" signed by the PBOC and BOCHK, the Group has provided RMB Banknotes Clearing Service to two Taiwanese banks since October 2010.

Steady development of SME business

The Group's SME business developed steadily in 2010, which was to some extent facilitated by enhanced cooperation with major industry associations to explore new targeted customers. Further support was given to local enterprises under the "SME Loan Guarantee Scheme" and "Special Loan Guarantee Scheme" launched by the Hong Kong Government. The Group launched the "Cross-boundary Usage of Credit Limit" during the year, allowing SME customers to use the same credit facilities in both the Mainland and Hong Kong. The Group signed "The Mutual Cooperation Memorandum of SME" with the SME Bureau of Guangdong Province in order to promote the development of SMEs in both the Mainland and Hong Kong. In recognition of its quality services and contribution to the SME business, the Group was honoured with the "2010 SME's Best Partner Award" for the third consecutive year by the Hong Kong Chamber of Small and Medium Business Limited.

MANAGEMENT'S DISCUSSION & ANALYSIS

Cash management making solid progress

The Group made solid progress in its cash management business in 2010. It enriched its products by launching a remittance service via credit card, which enables customers to send remittance overseas with their BOCHK Credit Cards and was the first of its kind in the market. A new Premium Savings Account product was also launched during the year which, by providing competitive product features to corporate customers, helped attract new savings deposits. In view of soaring demand for cross-border transactions, the Group launched the Shenzhen-Hong Kong cross-border autopay service, thus allowing customers to pay Mainland suppliers with their HKD accounts in Hong Kong. During the year, it also conducted the first RMB Overseas Direct Investment (ODI) remittance into Hong Kong and the first Foreign Direct Investment (FDI) remittance into the Mainland. Meanwhile, the Group continued to strengthen the linkage of its cash management service platform with those of BOC and its overseas branches. It expanded the remittance points of BOC Remittance Plus to about 4,000 in the Mainland and Macau. With effective marketing, the number of remittance transactions increased by 13.9% year-on-year, while the number of CBS Online customers increased by 24.4% in 2010.

Expanding foothold in custody services

Riding on its growth momentum in 2009, the Group's custody business continued to flourish in 2010. The Group successfully expanded its institutional client base and secured mandates to provide global custody services to various Qualified Domestic Institutional Investors, including major banks, fund houses and securities companies in the Mainland. The Group also promoted escrow services to personal and corporate customers. As one of the key custodians of Exchange Traded Fund ("ETF") in Hong Kong, it provided custody services for several ETFs managed by fund houses of Mainland origin. With continuous communication and sales effort, coupled with an outstanding service track record, the Group's strengths and capabilities in the global custody area became increasingly well-known among Mainland institutions seeking overseas expansion. The Group also continued to work closely with BOC to expand its customer base. At the end of 2010, total assets under the Group's custody increased by 17.5% to HK\$460.1 billion versus end-2009.

Proactive measures in risk management

The Group remained highly vigilant in risk management and regarded the safeguarding of asset quality as its top priority. It closely monitored the business performance of corporate customers which were adversely affected by rising production costs in the Mainland, RMB appreciation, recent upsurge in commodity prices, emerging sovereign risks in the Euro area, etc. The forward-looking credit control system enabled the Group to exercise stringent credit control in those segments with higher risks.

MAINLAND BUSINESS

Satisfactory growth of loan and deposit businesses

The Group's Mainland business recorded satisfactory growth in 2010. Total operating income rose by 10.1% while operating expenses increased by 18.0% upon further investment in the Mainland. Total customer deposits leaped by 133.1% during 2010 while advances to customers grew by 26.2%, resulting in further improvement in the loan-to-deposit ratio. Asset quality in the Mainland remained sound, with the classified loan ratio dropping to 0.23%. During the year, a steering committee led by a Deputy Chief Executive of the Group was established to monitor the implementation of the Group's strategies for its Mainland business.

Enhancement of product spectrum and service platform in the Mainland

The Group continued to enrich its investment and wealth management product offerings in the Mainland. It partnered with a number of insurance companies to provide a comprehensive range of insurance products to personal and corporate customers. It also launched various wealth management products such as the "Floating Yield Product with Flexible Maturity", "Yi An Investment-Supported Products" and "Structured Deposits Linked with Exchange Rate", which received positive feedback. The card business also saw satisfactory development, with solid growth in the number of debit card issued since the launch of the debit card service at the end of 2009. NCB (China) further strengthened its collaboration with BOC and the Group. It proactively followed up with BOC's customers and business referrals and developed linkage with BOC's and the Group's service platforms. It also promoted different cross-border financial services, such as cross-border RMB trade settlement and financing guarantee for overseas investments, to acquire new customers with cross-border banking needs.

MANAGEMENT'S DISCUSSION & ANALYSIS

Further expansion of Mainland branch network

The Group further expanded its branch network in the Mainland. During the year, the Wuxi branch and Shanghai Hongqiao sub-branch of NCB (China) commenced business, bringing the Group's total number of branches and sub-branches in the Mainland to 25. Besides, with the approval of the China Banking Regulatory Commission ("CBRC"), the Group is actively preparing for the opening of the Beijing Zhongguancun sub-branch.

TREASURY

HK\$'m	2010	2009
Net interest income	4,707	5,422
Other operating income	1,234	982
Operating income	5,941	6,404
Operating expenses	(785)	(742)
Operating profit before impairment allowances	5,156	5,662
Net reversal of impairment allowances on securities investments	307	1,302
Profit before taxation	5,463	6,964

	At 31 December 2010	At 31 December 2009
Segment assets	910,772	593,807
Segment liabilities	437,174	195,956

Note: For additional segmental information, see Note 10 to the Summary Financial Statements.

Financial Results

Treasury segment recorded a profit before taxation of HK\$5,463 million, down 21.6% year-on-year. Operating profit before impairment allowances decreased by 8.9% mainly due to the 13.2% decline in net interest income despite the increase of 25.7% in other operating income.

Net interest income fell by 13.2%, which was mainly caused by the decline in net yield of debt securities following their repricing at lower interest rates. The decrease in the segment's average balance of residual funds also led to drop in interest income as funds were redeployed to advances to customers under the Group's other segments.

Other operating income increased by 25.7%, primarily driven by the increase in net trading gain from foreign exchange activities arising from customer-related activities as well as the net gain on disposals of investment in securities. This was partially offset by the foreign exchange loss on foreign exchange swap contracts and the decline in the mark-to-market gain on certain debt securities investments.

Operating expenses went up by 5.8% as a result of higher rental costs and promotional expenses related to investment products.

Net reversal of impairment allowances on securities investment decreased by 76.4% to HK\$307 million. This was because in 2009, the Group focused on reducing the overall credit risk of its investment portfolio by disposing of higher-risk securities, which led to a substantially higher reversal of impairment allowances than in 2010. Besides, improved market sentiments in 2010 also led to fewer newly-impaired securities and lower charge of impairment allowances.

MANAGEMENT'S DISCUSSION & ANALYSIS

Business Operation

Pursuing proactive investment strategy

The Group continued with a proactive approach in managing its banking book investments and adopted a dynamic yet prudent approach in asset and liability management. During the year, global market environment remained challenging. Market sentiments weakened and credit spread widened as a result of the European sovereignty debt crisis. In this environment, the Group's investment strategy remained focused on maintaining safety while maximising return. Taking into account the trend of market interest rates and credit spreads, investments were made in high-quality fixed-rate government-related bonds, financial institution and corporate bonds with robust fundamentals. It also controlled the overall duration of its investment portfolio to manage interest rate risks and liquidity.

As at the end of 2010, the carrying value of the Group's exposure to US non-agency RMBS was HK\$1.2 billion (2009: HK\$3.8 billion). In respect of the exposure to the European countries which were affected by the debt crisis, namely Portugal, Ireland, Italy, Greece and Spain, the Group only had exposure to debt securities issued by financial institutions of Ireland and Italy amounting to a total of HK\$1,238 million as at the end of 2010 (2009: HK\$3,217 million), and made impairment allowances of HK\$56 million on those debt securities in 2010.

Focusing on traditional businesses and grasping new RMB-related business opportunities

In response to changes in the operating environment, the Group adopted a proactive approach in growing its traditional businesses related to foreign exchange and precious metals respectively and achieved satisfactory results in both areas. Meanwhile, the Group provided offshore customers with hedging products linked to foreign exchange and interest rate to meet their hedging needs. The trading volumes of RMB foreign exchange derivatives and interest rate swaps registered promising growth. To further capture RMB opportunities, the Group introduced the first offshore RMB deliverable forwards in Hong Kong.

Establishment of an asset management company

In October 2010, the Group formed BOCHK Asset Management Limited ("AML"), a wholly owned subsidiary of BOC Hong Kong (Holdings) Limited, with the aim to provide tailor-made investment solutions to customers and enhance the Group's retail sales capability. On 31 December 2010, the Group published the "BOCHK Offshore RMB Bond Index" set up by AML. This is the first offshore RMB bond index of its kind in Hong Kong that provides a reference for the performance of the offshore RMB bond market.

MANAGEMENT'S DISCUSSION & ANALYSIS

INSURANCE

HK\$'m	2010	2009
Net interest income	1,491	1,271
Other operating income	7,268	6,486
Operating income	8,759	7,757
Net insurance benefits and claims	(7,988)	(7,286)
Net operating income	771	471
Operating expenses	(213)	(176)
Operating profit before impairment allowances	558	295
Net charge of impairment allowances on securities investment	(53)	–
Profit before taxation	505	295

	At 31 December 2010	At 31 December 2009
Segment assets	48,195	37,963
Segment liabilities	45,149	35,355

Note: For additional segmental information, see Note 10 to the Summary Financial Statements.

Financial Results

The Group's Insurance segment recorded strong financial results in 2010. Profit before taxation grew by 71.2% to HK\$505 million. Operating profit before impairment allowances increased by 89.2% to HK\$558 million, which was mainly attributable to improved underwriting results, continued optimisation of product mix and better investment performance.

Net interest income rose by 17.3%, the bulk of which was contributed by the growth of securities investments made for the new premiums received. Other operating income grew by 12.1%, which was mainly attributable to the gain from the investment portfolio. Meanwhile, the Group's insurance product mix continued to improve with gross regular premium income increasing by 184.1% year-on-year.

Net insurance benefits and claims increased by 9.6%. The increase was mainly due to the decline in market interest rates, which also led to a corresponding increase of the mark-to-market gain of debt securities as reflected in other operating income.

A net charge of impairment allowances on securities investment of HK\$53 million was made for BOC Life's debt securities investments in Ireland.

Operating expenses grew by 21.0% mainly because of the increase in staff costs, IT cost and promotional expenses.

Assets in the insurance segment grew by 27.0% with the increase in securities investments. Liabilities rose by 27.7% with the increase in insurance contractual liabilities.

MANAGEMENT'S DISCUSSION & ANALYSIS

Business Operation

Maintaining growth in market share and stepping up marketing effort

In 2010, the Group succeeded in maintaining the growth momentum of its insurance business and achieving good results in business development. Following the introduction of the "Need-based Selling" approach in 2009, the Group further expanded its financial planning team and enhanced its multi-channel distribution strategy. It continued with product innovation and product mix optimisation, leading to the substantial increase in gross regular premium income. In order to reinforce its corporate image, the Group launched extensive marketing initiatives, including large-scale marketing campaigns, to promote its customer-oriented services, the response to which was encouraging. The satisfactory performance of the Group's insurance business was reflected in the growth of market share and ranking. In terms of new business standard premium, BOC Life uplifted its market ranking from No. 4 in 2009 to No. 2 in 2010.

Introducing new RMB insurance products

The Group continued to offer a comprehensive range of insurance products to meet customers' diverse needs. In view of the soaring demand for RMB insurance products, the Group introduced RMB life insurance products with settlement being made in RMB, such as the "Target 8 Years Insurance Plan Series" and "Target 5 Years Insurance Plan Series". The response to these products was encouraging. Besides, a new endowment product with high flexibility, the "Multi-Plus Savings Insurance Plan", was introduced to help customers better meet their financial goals. In addition, the "Hundred Life Insurance Plan" was launched to provide comprehensive life protection coverage.

In recognition of its outstanding standard of service quality management, BOC Life was given the Silver Award under the Hong Kong Management Association's Quality Award scheme during the year.

REGULATORY DEVELOPMENT

Basel II Capital Accord

In 2007, the Group adopted the Basel II Standardised Approach to calculate statutory minimum capital requirement under Pillar One. Following the official approval by HKMA at the end of 2010, the Group has adopted the Foundation Internal Ratings-Based ("FIRB") approach to calculate its credit risk exposures from 2011 onwards. The Group's FIRB approach consists of the FIRB approach to calculate corporate and financial institutions ("FI") credit exposures as well as the Retail Internal Ratings-Based ("RIRB") approach to calculate retail credit exposures which include the Retail Small and Medium-sized ("SME") business. Both are more risk-sensitive approaches for calculating the regulatory capital requirements. During the past three years, the Group completed the implementation of the internal rating systems for all its significant credit exposures, and successfully integrated them into the Group's credit business process and credit risk management practices. The estimates of risk components generated by the two-dimensional internal rating system, i.e., the Probability of Default ("PD") and the Loss Given Default ("LGD") and hence the Expected Loss ("EL"), are playing a major role in credit approval, credit monitoring and credit reporting to the Group's management. The Group plans to develop the AIRB approach for its corporate and FI credit exposures in 2011 and gradually upgrade its current FIRB approach to the AIRB approach in its risk management system in 2012 and the subsequent years. Going forward, these internal rating-based systems will serve as key inputs to the calculation of regulatory capital for credit risk and form the key foundation for decision-making, monitoring and reporting on credit, thereby further advancing the Group's risk management practices.

Under Pillar Two of the Basel II Capital Accord, the Group has implemented and reviewed its internal capital adequacy assessment process ("ICAAP") to better align the Group's business strategies with regulatory requirements. While the scope of risk measurement was widened and calculation methodologies were refined, forward looking factors were also incorporated to provide a more comprehensive and precise assessment of risk profile to reflect the Group's risk appetite and capital needs in the future.

To comply with Pillar Three on the disclosure requirements prescribed by the Banking (Disclosure) Rules ("Disclosure Rules"), the Group has formulated its Financial Disclosure Policy, and the relevant disclosures made in 2010 were in compliance with the requirements set out in the Disclosure Rules.

With the issuance of Basel III rules by the Basel Committee on Banking Supervision, the Group has established a task force for complying with the new Basel III requirements.

MANAGEMENT'S DISCUSSION & ANALYSIS

HUMAN RESOURCES, TECHNOLOGY AND OPERATIONS

Human Resources

The Group values human resources as its most important assets. It consistently enforces a well-structured human resources system in order to achieve long-term business growth and realise its strategic goals. During the year, the Group focused on the all-round talent management strategy, namely, "Selection, Deployment, Development and Retention". It put forward various measures to enhance the Group's overall staff quality. The Group also continued to refine its staff performance measurement system to enhance its performance-driven corporate culture. At the same time, the Group put forward its mid-term human resources strategies for 2010-2014 which will form the blueprint for human resources development to improve manpower structure, staff quality, efficiency and productivity.

In 2010, the Group performed an in-depth review on its remuneration and incentive mechanism, which covers variable remuneration mechanism, performance management mechanism and incentive schemes. A steering committee led by the Chief Executive of the Group was established to monitor the revamp of the remuneration and incentive mechanism. This review helped reinforce the Group's risk management by integrating risk factors into the remuneration and incentive mechanism. The Group continued to provide comprehensive training programmes for all levels of staff. Executive development programmes conducted jointly with reputable universities were organised for the senior management and selected staff to enhance their leadership skills and strategic mindset. Major training activities included a series of workshops and seminars covering risk management, legal and compliance topics, corporate governance, corporate culture, sales and services, skills development and leadership development. At the same time, the Group continued to optimise the training and development framework for the frontline staff to upgrade their sales techniques and capability to comply with new selling regulatory requirements. An e-learning platform is available as a supplementary channel for staff training.

Technology and operations

In 2010, the Group continued to strengthen its information technology infrastructure to support business growth and enhance risk management. Several major projects were completed during the year. With the launch of "Mobile Banking", a new electronic service platform is made available to facilitate fund transfer, bill payment and investment transactions. The Sales Management Platform was launched to automate the sales process for investment products, enable the mitigation of operational risk via reduced human errors, and provide stringent control over the sales process for meeting compliance requirements. The Cash Management platform was further strengthened with enhanced corporate deposit products, liquidity management and RMB services. With the implementation of the Basel II Capital Accord, the analytical capability and the application level for the performance rating model was enhanced, and the functionalities of the Capital Adequacy Ratio calculation engine were also optimised. The brand new automated underwriting system also helped BOC Life improve risk assessment and uplift operation efficiency. The Group also participated in various projects to enhance synergies within the BOC Group, such as the "BOC Wealth Express Card".

CREDIT RATINGS

As at 31 December 2010	Long-term	Short-term
Fitch	A	F1
Moody's	Aa3	P-1
Standard & Poor's	A-	A-2

As at 31 December 2010, BOCHK's long-term and short-term foreign currency issuer default ratings assigned by Fitch Ratings were A and F1 respectively while the support rating was upgraded to '1' from '2' on May 5, 2010.

In respect of the ratings assigned by Moody's Investors Service, BOCHK's long-term and short-term local and foreign currency bank deposit ratings remained Aa3 and P-1 respectively. The Bank Financial Strength Rating was C+.

BOCHK's long-term and short-term counterparty credit ratings assigned by Standard & Poor's were A- and A-2 respectively. The Bank Fundamental Strength Rating was B.

MANAGEMENT'S DISCUSSION & ANALYSIS

RISK MANAGEMENT

Banking Group

Overview

The Group believes that sound risk management is crucial to the success of any organisation. In its daily operation, the Group attaches a high degree of importance to risk management and emphasises that a balance must be struck between risk control and business growth and development. The principal types of risks inherent in the Group's businesses are credit risk, interest rate risk, market risk, liquidity risk, operational risk, reputation risk, legal and compliance risk, and strategic risk. The Group's risk management objective is to enhance shareholder value by maintaining risk exposures within acceptable limits.

Risk Management Governance Structure

The Group's risk management governance structure is designed to cover all business processes and ensure various risks are properly managed and controlled in the course of conducting business. The Group has a robust risk management organisational structure with a comprehensive set of policies and procedures to identify, measure, monitor and control various risks that may arise. These risk management policies and procedures are regularly reviewed and modified to reflect changes in markets and business strategies. Various groups of risk takers assume their respective responsibilities for risk management.

The Board of Directors, representing the interests of shareholders, is the highest decision making authority of the Group and has the ultimate responsibility for risk management. The Board, with the assistance of its committees, has the primary responsibility for the formulation of risk management strategies and for ensuring that the Group has an effective risk management system to implement these strategies. The Risk Committee ("RC"), a standing committee established by the Board of Directors, is responsible for overseeing the Group's various types of risks, reviewing and approving high-level risk-related policies and overseeing their implementation, reviewing significant or high risk exposures or transactions and exercising its power of veto if it considers that any transaction should not proceed. The Audit Committee assists the Board in fulfilling its role in overseeing the internal control system.

The Chief Executive ("CE") is responsible for managing the Group's various types of risks, approving detailed risk management policies, and approving material risk exposures or transactions within his authority delegated by the Board of Directors. The Chief Risk Officer ("CRO") assists the CE in fulfilling his responsibilities for the day-to-day management of risks. The CRO is responsible for initiating new risk management strategies, projects and measures that will enable the Group to better monitor and manage new risk issues or areas that may arise from time to time from new businesses, products and changes in the operating environment. He may also take appropriate initiatives in response to regulatory changes. The CRO is also responsible for reviewing material risk exposures or transactions within his delegated authority and exercising his power of veto if he believes that any transaction should not proceed.

Various units of the Group have their respective risk management responsibilities. Business units act as the first line of defence while risk management units, which are independent from the business units, are responsible for the day-to-day management of different kinds of risks. Risk management units have the primary responsibilities for drafting, reviewing and updating various risk management policies and procedures.

The Group's principal banking subsidiaries, Nanyang, NCB (China) and Chiyu, are subject to risk policies that are consistent with those of the Group. These subsidiaries execute their risk management strategies independently and report to the Group's management on a regular basis.

Credit Risk Management

Credit risk is the risk that a customer or counterparty will be unable to or unwilling to meet their obligations under a contract. It arises principally from lending, trade finance and treasury businesses, and covers inter-bank transactions, foreign exchange and derivative transactions as well as investments in bonds and securities. For details of the Group's Credit Risk Management, please refer to Note 4.1 to the Financial Statements in the Annual Report.

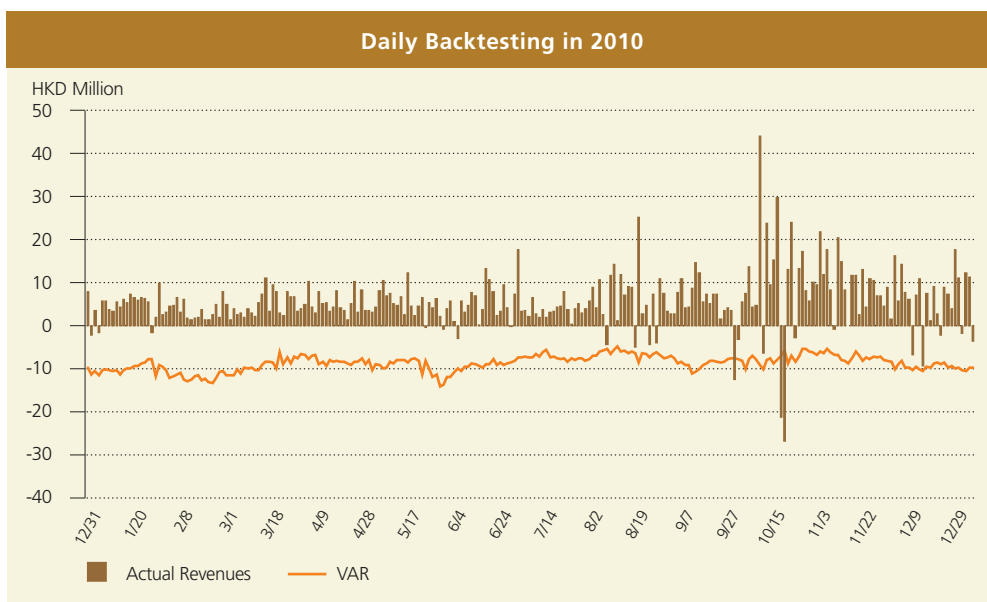
MANAGEMENT'S DISCUSSION & ANALYSIS

Market Risk Management

Market risk refers to the risk of losses arising from adverse movements in the value of foreign exchange and commodity positions and the trading book interest rate and equity positions held by the Group due to the volatility of financial market price (debt security price/interest rate, foreign exchange rate, equity price, commodity price). The Group adopts robust market risk appetite to achieve balance between risk and return.

The Group uses the VAR technique to measure potential losses and market risks of its trading book for reporting to the RC and senior management on a periodic basis. The Group adopts a uniform VAR calculation model, using historical simulation approach and 2-year historical data, to calculate VAR of the Group and subsidiaries over 1-day holding period with 99% confidence level, and set up VAR limit of the Group and subsidiaries.

The predictive power of the VAR measure is monitored by back-testing, which compares the calculated VAR figure of those trading positions of each business day with the actual revenues arising on those positions on the next business day. Generally speaking, the number of back-testing exceptions in a rolling 12-month period will not exceed four times, given a 99% confidence level. BOCHK conducts back-testing on a monthly basis and the graph below shows the back-testing result of the trading VAR of BOCHK.



There are 3 actual losses exceeding the VAR estimate for BOCHK in 2010. The exceptions of the back-testing mainly resulted from intra-day trading loss of RMB spot position.

For details of the Group's Market Risk Management, please refer to Note 4.2 to the Financial Statements in the Annual Report.

Interest Rate Risk Management

Interest rate risk is the risk to a bank's earnings and economic value arising from adverse movements in interest rate and term structures of the bank's asset and liability positions. The Group's interest rate risk exposures are mainly structural. The major types of interest rate risk from structural positions are re-pricing risk, basis risk, yield curve risk and option risk. For details of the Group's Interest Rate Risk Management, please refer to Note 4.2 to the Financial Statements in the Annual Report.

MANAGEMENT'S DISCUSSION & ANALYSIS

Liquidity Risk Management

Liquidity risk is the risk that banks fail to provide sufficient funds to grow assets or pay the due obligations, and need to bear an unacceptable loss. The Group follows the sound liquidity risk appetite to provide stable, reliable and adequate sources of cash to meet liquidity needs under both normal circumstances and stressed scenarios; and survive with net positive cumulative cash flow in extreme scenarios, without requesting HKMA to act as the lender of last resort. For details about Liquidity Risk Management, please refer to the Note 4.3 to the Financial Statements in the Annual Report.

Operational Risk Management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. The risk is inherent in every aspect of business operations and confronted by the Bank in its day to day operational activities.

The Group has put in place an effective internal control process which requires the establishment of policies and control procedures for all the key activities. Proper segregation of duties and authorisation is the fundamental principle followed by the Group. Corporate-level policy and procedure on operational risk management are formulated by Operational Risk & Compliance Department ("OR&CD") and approved by RC.

The Group has adopted the "Three Lines of Defence" model for its operational risk management governance structure: all departments as the first line of defence are the owner of operational risk and are responsible for carrying out the duties and functions of self risk control in the process of business operation through self assessment, self checking and self correction. OR&CD together with certain specialist functional units in relation to operational risk management within the Group are the second line of defence, which is responsible for assessing and monitoring the operational risk condition of the first line of defence, and providing them with guidance. In addition to formulating the operational risk management policy and procedure, OR&CD, being independent from business units, is the central management unit of the Group's operational risk management and also responsible for designing the operational risk assessment methodologies, tools and the reporting mechanism (including the capturing of data on operational risk events loss), monitoring the implementation status of policies and operational procedures in the departments of the first line of defence through operational risk management tools, and assessing and reporting the overall operational risk position to Management and RC. Certain specialist functional units, including the Human Resources Department, Information Technology Department, Corporate Services Department, OR&CD, Financial Management Department and General Accounting & Accounting Policy Department, are required to carry out their managerial duties of the second line of defence with respect to some specific aspects of operational risk. Besides taking charge of operational risk management in their own units, these units are also required to provide other units with professional advice/training in respect of certain operational risk categories and to lead the corporate-level operational risk management. Audit Department is the third line of defence which provides independent assessment with respect to the operational risk management framework and is required to conduct periodic audit of the operational risk management activities of various departments/business units within the Group regarding their compliance and effectiveness and to put forward recommendations for corrective actions.

The Group adopts the tools or methodologies such as key risk indicators, self-assessment, operational risk events reporting and review to identify, assess, monitor and control the risks inherent in business activities and products, as well as takes out insurance to mitigate unforeseeable operational risks. Business continuity plans are in place to support business operations in the event of an emergency or disaster. Adequate backup facilities are maintained and periodic drills are conducted.

Reputation Risk Management

Reputation risk is the risk that negative publicity regarding the Group's business practices, whether genuine or not, will cause a potential decline in the customer base or lead to costly litigation or revenue erosion. Reputation risk is inherent in every aspect of business operation and covers a wide spectrum of issues.

In order to mitigate reputation risk, the Group has formulated and duly followed its Reputation Risk Management Policy. The policy aims to prevent and manage reputation risk proactively at an early stage when an incident occurs. The system entails continuous monitoring of external reputation risk incidents and published failures of risk incidents in the financial industry.

MANAGEMENT'S DISCUSSION & ANALYSIS

Legal and Compliance Risk Management

Legal risk is the risk that unenforceable contracts, lawsuits or adverse judgments may disrupt or otherwise negatively affect the operation or financial condition of the Group. Compliance risk is the risk of legal or regulatory sanctions, financial loss, or loss to reputation a bank may suffer as a result of its failure to comply with all applicable laws and regulations. Legal and compliance risks are managed by OR&CD headed by a General Manager who reports to CRO.

Strategic Risk Management

Strategic risk generally refers to the risks that may induce immediate or future negative impact on the financial and market positions of the Group because of poor strategic decisions, improper implementation of strategies and lack of response to the market. The Board of Directors reviews and approves the policy for the management of strategic risks. Key strategic issues have to be fully evaluated and properly endorsed by the senior management and the Board.

The Group will regularly review its business strategies to cope with the latest market situation and developments.

Capital Management

The major objective of the Group's capital management is to maximise total shareholders' return while maintaining a capital adequacy position in relation to the Group's overall risk profile. The Group periodically reviews its capital structure and adjusts the capital mix where appropriate. ALCO monitors the Group's capital adequacy. The Group has complied with all the statutory capital standards for the reported periods.

To comply with HKMA's requirements as stated in the Supervisory Policy Manual "Supervisory Review Process", the Group has established the Internal Capital Adequacy Assessment Process (ICAAP) and reviews it annually. Using the statutory minimum CAR, 8%, as a starting point, extra capital (capital add-on) needed to cover the risks not captured under Pillar I is assessed. A Scorecard approach based on HKMA's compliance guidance on Pillar II has been used to evaluate the Group's risk profile in order to assess the add-on capital in Pillar II to the minimum regulatory capital calculated under Pillar I to determine the minimum CAR. An Operating CAR Range has also been established which incorporates the need for future business growth and efficiency of capital utilisation. In view of the envisaged adoption of Foundation Internal Ratings-Based approach ("FIRB"), the minimum CAR and the Operating CAR Range for 2010 are determined based on both Standardised approach and FIRB approach with the consideration of the possible impact of Basel III.

Taking advantage of market conditions, the Group had successfully issued subordinated notes in 2010 to repay the US Dollar Subordinated Credit Facility granted by Bank of China.

Stress Testing

The Group supplements the analysis of various types of risks with stress testing. Stress testing is a risk management tool for estimating the Group's risk exposures under stressed conditions arising from extreme but plausible market or macroeconomic movements. These tests are conducted on a regular basis by various risk management units and the ALCO monitors the results against limits approved by RC. The Financial Management Department reports the combined stress test results to the Board and RC regularly.

BOC Life Insurance

BOC Life's principal business activity is the underwriting of long-term insurance business in life and annuity, unit-linked long-term business and retirement scheme management in Hong Kong. Major types of risk arising from the BOC Life's insurance business are insurance risk, interest rate risk, liquidity risk and credit risk. BOC Life closely monitors these risks and reports to its RC on a regular basis. The key risks of its insurance business and related risk control process are as follows:

Insurance Risk Management

BOC Life is in the business of insuring against the risk of mortality, morbidity, disability, critical illness, accidents and related risks. BOC Life manages these risks through the application of its underwriting policies and reinsurance arrangement.

MANAGEMENT'S DISCUSSION & ANALYSIS

The underwriting strategy is intended to set premium pricing at an appropriate level that corresponds to the underlying exposure of the risks underwritten. Screening processes, such as the review of health condition and family medical history, are also included in BOC Life's underwriting procedures.

Within the insurance process, concentrations of risk may arise where a particular event or series of events could impact heavily upon BOC Life's liabilities. Such concentrations may arise from a single insurance contract or through a small number of related contracts, and relate to circumstances where significant liabilities could arise.

For in-force insurance contracts, most of the underlying insurance liabilities are related to endowment and unit-linked insurance products. For most of the insurance policies issued, BOC Life has a retention limit on any single life insured. BOC Life cedes the excess of the insured benefit over the limit for standard risks (from a medical point of view) to reinsurer under an excess of loss reinsurance arrangement.

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and persistency. In order to assess the uncertainty due to the mortality assumption and lapse assumption, BOC Life conducts mortality study and lapse study in order to determine the appropriate assumptions. In these studies, consistent results are reflected in both assumptions with appropriate margins.

Interest Rate Risk Management

An increase in interest rates may result in the depreciation of the value of the bond portfolio. It may also result in customers accelerating surrenders. A decrease in interest rates may result in an inability to adequately match guarantees or lower returns leading to customer dissatisfaction. BOC Life manages the asset liability matching of its portfolios within an asset liability management (ALM) framework that has been developed to achieve investment returns that match its obligations under insurance contracts.

Liquidity Risk Management

Liquidity risk is the risk of not being able to fund increases in assets or meet obligations as they fall due without incurring unacceptable loss. BOC Life's asset liability matching framework includes cash flow management to preserve liquidity to match policy payout from time to time. In the normal course of BOC Life's business, new business premiums generate constant cash inflows and as a result, the portfolios also grow gradually to meet future liquidity requirement.

Credit Risk Management

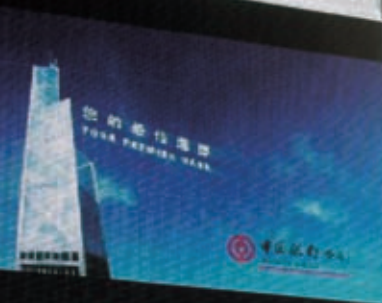
BOC Life has exposure to credit risk, which is the risk that a customer or counterparty will be unable to or unwilling to meet a commitment that they have entered into. Key areas to which BOC Life's insurance business is exposed include:

- Default risk of bond issuers or the counterparties of structured products
- Credit spread widening as a result of credit migration (downgrade)
- Re-insurers' share of insurance unpaid liabilities
- Amounts due from re-insurers in respect of claims already paid
- Amount due from insurance contract holders
- Amount due from insurance intermediaries

BOC Life manages credit risk by placing limits on its exposure to each investment counterparty or group of counterparties. Such limits are subject to annual or more frequent review by the Management.

In order to enhance the credit risk management, BOC Life has strengthened its communication with the Investment Management of the Group and closely monitors and updates the established Disposal and Watch Lists to ensure consistency with the Group's credit risk management and investment strategy.

加元 CAD 定期存款年利率
Time deposit interest rate
高達 up to **1.08%**
兌換優惠高達
Currency exchange offer up to **70**



各類貨幣兌港元現鈔牌價 B/N Exchange Rate

貨幣 Currency	買入 Buy	賣出 Sell
AUD 澳元	784.00	791.00
CAD 加元	795.00	802.00
CHF 瑞士法郎	833.00	839.00
RMB 港元兌人民幣	84.39	83.45
DKK 丹麥克朗	141.00	147.00
EUR 歐羅	1,081.00	1,090.00
GBP 英鎊	1,260.00	1,273.00
USD-BN 美元(大鈔)	776.10	780.60
USD-SN 美元(細鈔)	775.60	780.10
IDR 印尼盾	6.90	9.90
JPY-BN 日元(大鈔)	944.00	950.00
JPY-SN 日元(細鈔)	943.50	949.50
KRW 韓元	63.00	71.00
MOP 澳門幣	94.00	98.00

匯價 人民幣 83.75 日元 947.85 澳元 791.10 新西蘭元 576.75 加元 802.45 歐羅 1,089.75 英鎊 1,271.30



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PROFESSIONAL SERVICES
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CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman

XIAO Gang[#]

Vice Chairmen

LI Lihui[#]

HE Guangbei

Directors

LI Zaohang[#]

ZHOU Zaiqun[#]

ZHANG Yanling[#]

GAO Yingxin

FUNG Victor Kwok King^{*}

KOH Beng Seng^{*}

SHAN Weijian^{*}

TUNG Chee Chen^{*}

TUNG Savio Wai-Hok^{*}

YANG Linda Tsao^{*} (retired from 21 May 2010)

[#] Non-executive Directors

^{*} Independent Non-executive Directors

COMPANY SECRETARY

YEUNG Jason Chi Wai

(cease to act with effect from 1 April 2011)

CHAN Chun Ying

(appointment effective from 1 April 2011)

REGISTERED OFFICE

52nd Floor
Bank of China Tower
1 Garden Road
Hong Kong

AUDITOR

PricewaterhouseCoopers

SENIOR MANAGEMENT

Chief Executive

HE Guangbei

Deputy Chief Executive

LAM Yim Nam (retirement effective from 1 April 2011)

YEUNG Jason Chi Wai (appointment effective from 1 April 2011)

Deputy Chief Executive

GAO Yingxin

Chief Financial Officer

ZHUO Chengwen

Deputy Chief Executive

WONG David See Hong

Chief Risk Officer

LI Jiuzhong (appointment effective from 1 March 2010)

CHEUNG Yau Shing (term of office ceased from 1 March 2010)

Chief Operating Officer

LEE Alex Wing Kwai

Assistant Chief Executive

ZHU Yan Lai

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
17M Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

ADS DEPOSITARY BANK

Citibank, N.A.
388 Greenwich Street
14th Floor
New York, NY 10013
United States of America

WEBSITE

www.bochk.com

BOARD OF DIRECTORS AND SENIOR MANAGEMENT



Mr. XIAO Gang



Mr. LI Lihui



Mr. HE Guangbei



Mr. LI Zaohang



Mr. ZHOU Zaiqun



Mdm. ZHANG Yanling



Mr. GAO Yingxin



Dr. FUNG Victor Kwok King



Mr. KOH Beng Seng

Directors

Mr. XIAO Gang

Chairman

Aged 52. Chairman of the Board of Directors of the Company and BOCHK. Chairman of BOC. Director of BOC (BVI) and BOCHKG.

Mr. LI Lihui

Vice Chairman

Aged 58. Vice Chairman of the Board of Directors and Chairman of the Nomination and Remuneration Committee of the Company and BOCHK. Vice Chairman and President of BOC. Director of BOC (BVI) and BOCHKG.

Mr. HE Guangbei

Vice Chairman and Chief Executive

Aged 56. Vice Chairman, Chief Executive and member of the Strategy and Budget Committee of the Company and BOCHK. Chairman of NCB (China), Chiyu and BOC Life, Vice Chairman of Hong Kong General Chamber of Commerce and Director of Hong Kong Interbank Clearing Limited, HKICL Services Limited and Hong Kong Note Printing Limited. Designated representative of BOCHK to the Hong Kong Association of Banks and presiding Chairman in 2011. Member of the HKMA Exchange Fund Advisory Committee, Banking Advisory Committee, Hong Kong Government Commission on Strategic Development and Hong Kong/Japan Business Co-operation Committee.

Mr. LI Zaohang

Non-executive Director

Aged 55. Non-executive Director and member of the Risk Committee and the Nomination and Remuneration Committee of the Company and BOCHK. Executive Director and Executive Vice President of BOC.

Mr. ZHOU Zaiqun

Non-executive Director

Aged 58. Non-executive Director, Chairman of the Strategy and Budget Committee and member of the Audit Committee of the Company and BOCHK. Executive Director and Executive Vice President of BOC, Chairman of Nanyang and Vice Chairman of NCB (China).

Mdm. ZHANG Yanling

Non-executive Director

Aged 59. Non-executive Director and member of the Risk Committee and the Strategy and Budget Committee of the Company and BOCHK. Chairman of BOC Aviation Pte. Ltd.

Mr. GAO Yingxin

Executive Director and Deputy Chief Executive

Aged 48. Executive Director of the Company and BOCHK as well as Deputy Chief Executive in charge of Corporate Banking and Financial Institutions. Vice Chairman of NCB (China) and Director of Nanyang and BOC Insurance.

Dr. FUNG Victor Kwok King

Independent Non-executive Director

Aged 65. Independent Non-executive Director and member of the Audit Committee and the Nomination and Remuneration Committee of the Company and BOCHK. Chairman of the Li & Fung group of companies.

Mr. KOH Beng Seng

Independent Non-executive Director

Aged 60. Independent Non-executive Director and Chairman of the Risk Committee and member of the Audit Committee of the Company and BOCHK. Chief Executive Officer of Octagon Advisors Pte Ltd.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT



Mr. SHAN Weijian



Mr. TUNG Chee Chen



Mr. TUNG Savio Wai-Hok



Mr. LAM Yim Nam



Mr. ZHUO Chengwen



Mr. WONG David See Hong



Mr. YEUNG Jason Chi Wai



Mr. LI Jiuzhong



Mr. LEE Alex Wing Kwai



Mdm. ZHU Yanlai

Directors

Mr. SHAN Weijian

Independent Non-executive Director

Aged 57. Independent Non-executive Director and Chairman of the Audit Committee and member of the Nomination and Remuneration Committee of the Company and BOCHK. Chairman and Chief Executive Officer of PAG.

Mr. TUNG Chee Chen

Independent Non-executive Director

Aged 68. Independent Non-executive Director and member of the Audit Committee and the Nomination and Remuneration Committee of the Company and BOCHK. Chairman and Chief Executive Officer of Orient Overseas (International) Limited.

Mr. TUNG Savio Wai-Hok

Independent Non-executive Director

Aged 59. Independent Non-executive Director and member of the Audit Committee, the Risk Committee and the Strategy and Budget Committee of the Company and BOCHK.

Senior Management

Mr. LAM Yim Nam

Deputy Chief Executive (retirement effective from 1 April 2011)

Aged 58. Deputy Chief Executive in charge of Personal Banking and Product Management, Channel Management and BOC-CC. Director of BOC-CC and BOC Life. Deputy General Manager of the Kwangtung Provincial Bank, Hong Kong Branch from 1989 to 1998.

Mr. ZHUO Chengwen

Chief Financial Officer

Aged 40. Chief Financial Officer of the Group. Director of Nanyang and NCB (China).

Mr. WONG David See Hong

Deputy Chief Executive

Aged 57. Deputy Chief Executive of the Group in charge of the financial market businesses. Director of BOC Life. Board member of Civil Service College in Singapore and Customer Advisory Board Member of Thomson Reuters in Hong Kong.

Mr. YEUNG Jason Chi Wai

*Deputy Chief Executive (appointment effective from 1 April 2011)
Company Secretary (cease to act with effect from 1 April 2011)*

Aged 56. Board Secretary and Company Secretary of the Company and BOCHK since 2001. Deputy Chief Executive of the Group effective from 1 April 2011.

Mr. LI Jiuzhong

Chief Risk Officer

Aged 48. Chief Risk Officer of the Group. Director of Nanyang, NCB (China), BOC-CC and BOC Life.

Mr. LEE Alex Wing Kwai

Chief Operating Officer

Aged 52. Chief Operating Officer of the Group. Director of BOC-CC.

Mdm. ZHU Yanlai

Assistant Chief Executive

Aged 56. Assistant Chief Executive of the Group. Director of Nanyang and NCB (China).

REPORT OF THE DIRECTORS

The Directors are pleased to present their report together with the Summary Financial Statements of the Company and its subsidiaries for the year ended 31 December 2010.

Principal Activities

The principal activities of the Group are the provision of banking and related financial services. An analysis of the Group's performance for the year by business segments is set out in Note 10 to the Summary Financial Statements.

Results and Appropriations

The results of the Group for the year are set out in the consolidated income statement on page 93.

The Board has recommended a final dividend of HK\$0.572 per share, amounting to approximately HK\$6,048 million, subject to the approval of shareholders at the forthcoming annual general meeting to be held on Wednesday, 25 May 2011. If approved, the final dividend will be paid on Wednesday, 1 June 2011 to shareholders whose names appear on the Register of Members of the Company on Wednesday, 25 May 2011. Together with the interim dividend of HK\$0.40 per share declared in August 2010, the total dividend payout for 2010 would be HK\$0.972 per share.

Closure of Register of Members

The Register of Members of the Company will be closed, for the purpose of determining shareholders'

entitlement to the final dividend, from Friday, 20 May 2011 to Wednesday, 25 May 2011 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the final dividend, shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Thursday, 19 May 2011. Shares of the Company will be traded ex-dividend as from Wednesday, 18 May 2011.

Reserves

Details of movements in the reserves of the Group are set out in Note 9 to the Summary Financial Statements.

Donations

Charitable and other donations made by the Group during the year amounted to approximately HK\$8 million.

Note: These donations do not include the donations and sponsorships made by BOCHK Charitable Foundation ("the Foundation"). For details, please refer to the "Corporate Social Responsibility" section of this Summary Financial Report). The Foundation is a charitable organisation established in Hong Kong and is operated independently of BOCHK.

Properties, Plant and Equipment

Details of movements in properties, plant and equipment of the Group are set out in Note 6 to the Summary Financial Statements.

Share Capital

Details of the share capital of the Company are set out in Note 8 to the Summary Financial Statements.

As at the latest practicable date prior to the issue of this Summary Financial Report and based on publicly available information, the public float of the Company was approximately 34%. The Directors consider that there is sufficient public float in the shares of the Company.

Distributable Reserves

Distributable reserves of the Company as at 31 December 2010, calculated under section 79B of the Hong Kong Companies Ordinance, amounted to approximately HK\$9,355 million.

Five-year Financial Summary

A summary of the results, assets and liabilities of the Group for the last five years is set out on page 3.

Directors

The present Directors of the Company are set out on page 56. The biographical details of the Directors and senior management are set out on pages 57 to 58 of this Summary Financial Report. The term of office for each Non-executive Director is approximately three years.

Madam YANG Linda Tsao has retired from the office of the Independent Non-executive Director of the Company since 21 May 2010.

REPORT OF THE DIRECTORS

In accordance with Article 98 of the Company's Articles of Association, at each annual general meeting, one-third of the Directors or the number nearest to but not less than one-third of the Directors shall retire from office by rotation and be eligible for re-election. Accordingly, Mr. HE Guangbei, Mr. LI Zaohang, Dr. FUNG Victor Kwok King and Mr. SHAN Weijian will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The term of office of the retiring Independent Non-executive Directors, namely, Dr. FUNG Victor Kwok King and Mr. SHAN Weijian who were both appointed in 2002, will be more than 9 years if they are re-elected at the forthcoming annual general meeting. Based on the information available to the Board, and by reference to the Listing Rules and the "Policy on Independence of Directors" adopted by the Board which sets out certain criteria on independence of the Independent Non-executive Directors, the Board considers that Dr. FUNG and Mr. SHAN are independent. Further, in view of their extensive knowledge and experience, the Board believes that their re-election is in the best interests of the Company and the shareholders as a whole.

Directors' Service Contracts

No Director offering for re-election at the forthcoming annual general meeting has a service contract with

the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation other than the normal statutory compensation.

Directors' Interests in Contracts of Significance

No contracts of significance, in relation to the Group's business to which the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interests in Competing Business

Messrs. XIAO Gang, LI Lihui, LI Zaohang and ZHOU Zaiqun are Executive Directors of BOC. Mdm. ZHANG Yanling is a member of the senior management of BOC.

BOC is a joint stock limited liability commercial bank in the Mainland of China providing a full range of commercial banking and other financial services through its associates throughout the world. Certain of the Group's operations overlap with and/or are complementary to those of BOC and its associates. To the extent that BOC or its associates compete with the Group, the Directors believe that the Group's interests are adequately protected by

good corporate governance practices and the involvement of the Independent Non-executive Directors.

Further, the Board's mandate also expressly provides that unless permissible under applicable laws or regulations, if a substantial shareholder or a Director has a conflict of interest in the matter to be considered by the Board, the matter shall not be dealt with by way of written resolutions, but a Board meeting attended by Independent Non-executive Directors who have no material interest in the matter shall be held to deliberate on the same.

Save as disclosed above, none of the Directors is interested in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

Directors' Rights to Acquire Shares

On 5 July 2002, the following Directors were granted options by BOC (BVI), the immediate holding company of the Company, pursuant to a Pre-Listing Share Option Scheme to purchase from BOC (BVI) existing issued shares of the Company at a price of HK\$8.50 per share. These options have a vesting period of four years from 25 July 2002 with a valid exercise period of ten years.

REPORT OF THE DIRECTORS

Particulars of the outstanding options granted to the Directors under the Pre-Listing Share Option Scheme as at 31 December 2010 are set out below:

Name of Director	Date of grant	Exercise price (HK\$)	Exercisable period	Granted on 5 July 2002	Number of share options				Balances as at 31 December 2010
					Balances as at 1 January 2010	Exercised during the year	Surrendered during the year	Lapsed during the year	
LI Zaohang	5 July 2002	8.50	25 July 2003 to 4 July 2012	1,446,000	1,446,000	–	–	–	1,446,000
ZHOU Zaiqun	5 July 2002	8.50	25 July 2003 to 4 July 2012	1,446,000	1,084,500	–	–	–	1,084,500
ZHANG Yanling	5 July 2002	8.50	25 July 2003 to 4 July 2012	1,446,000	1,446,000	–	–	–	1,446,000
Total				4,338,000	3,976,500	–	–	–	3,976,500

Save as disclosed above, at no time during the year was the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' and Chief Executive's Interests in Shares, Underlying Shares and Debentures

As at 31 December 2010, the Directors, the Chief Executive and their respective associates had the following interests in the shares and underlying shares of the Company, as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers:

Name of Director	Number of shares/underlying shares held					Total	% of the issued share capital
	Personal interests	Family interests	Corporate interests	Other interests			
HE Guangbei	100,000	–	–	–	–	100,000	0.001%
LI Zaohang	1,446,000 ^{Note}	–	–	–	–	1,446,000	0.014%
ZHOU Zaiqun	1,084,500 ^{Note}	–	–	–	–	1,084,500	0.010%
ZHANG Yanling	1,446,000 ^{Note}	–	–	–	–	1,446,000	0.014%
Total	4,076,500	–	–	–	–	4,076,500	0.039%

Note: Such interests represented the respective Directors' interests in underlying shares in respect of the share options granted to him/her pursuant to the Pre-Listing Share Option Scheme, details of which are set out in the section titled "Directors' Rights to Acquire Shares" above.

Save as disclosed above, as at 31 December 2010, none of the Directors or the Chief Executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

REPORT OF THE DIRECTORS

Substantial Interests in Share Capital

The register maintained by the Company pursuant to section 336 of the SFO recorded that, as at 31 December 2010, the following parties had the following interests (as defined in the SFO) in the Company set opposite their respective names:

Name of Corporation	No. of shares of HK\$5.00 each in the Company (% of total issued shares)	
Central Huijin	6,984,274,213	(66.06%)
BOC	6,984,274,213	(66.06%)
BOCHKG	6,984,175,056	(66.06%)
BOC (BVI)	6,984,175,056	(66.06%)

Notes:

1. Following the reorganisation of BOC in August 2004, Central Huijin holds the controlling equity capital of BOC on behalf of the State. Accordingly, for the purpose of the SFO, Central Huijin is deemed to have the same interests in the Company as BOC.
2. BOC holds the entire issued share capital of BOCHKG, which in turn holds the entire issued share capital of BOC (BVI). Accordingly, BOC and BOCHKG are deemed to have the same interests in the Company as BOC (BVI) for the purpose of the SFO. BOC (BVI) beneficially held 6,984,175,056 shares of the Company.
3. BOC holds the entire issued share capital of BOCI, which in turn holds the entire issued share capital of BOCI Asia Limited and BOCI Financial Products Limited. Accordingly, BOC is deemed to have the same interests in the Company as BOCI Asia Limited and BOCI Financial Products Limited for the purpose of the SFO. BOCI Asia Limited had an interest in 24,479 shares of the Company and an interest in 72,000 shares held under physically settled equity derivatives while BOCI Financial Products Limited had an interest in 2,678 shares of the Company.

All the interests stated above represented long positions. Save as disclosed above, as at 31 December 2010, BOCI Financial Products Limited had an interest in 143,522 shares which represented short positions. BOC and Central Huijin are deemed to be interested in such amount of shares for the purpose of the SFO. Save as disclosed, no other interests or short positions were recorded in the register maintained by the Company under section 336 of the SFO as at 31 December 2010.

Management Contracts

No contracts concerning the management or administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

REPORT OF THE DIRECTORS

Share Options

Pursuant to written resolutions of all the Company's shareholders passed on 10 July 2002, the Company has approved and adopted two share option schemes, namely, the Share Option Scheme and the Sharesave Plan. No options have been granted by the Company pursuant to the Share Option Scheme or the Sharesave Plan during the year.

The following is a summary of the Share Option Scheme and the Sharesave Plan disclosed in accordance with the Listing Rules:

	Share Option Scheme	Sharesave Plan
Purpose	To provide the participants with the opportunity to acquire proprietary interests in the Company, to attract and retain the best available personnel, to encourage and motivate the participants to work towards enhancing the value of the Company and its shares, to allow the participants to participate in the growth of the Company and to align the interests of the Company's shareholders with those of the participants.	To encourage broad-based employee ownership of the Company's shares, to increase employee awareness and participation in the Company's share price performance, to provide employees with an additional vehicle for asset accumulation and to align the interests of all employees with those of the Company's shareholders.
Participants	Subject to compliance with applicable laws, any full-time or part-time employee, executive or officer of the Group, executive or non-executive director of the Group, or full-time or part-time employee, executive, officer or director of BOC or any of its subsidiaries serving as a member of any committee of the Group.	Any employee, executive, officer or director of the Group, having such qualifying period of service (if any) as the Board may determine from time to time and not having been granted any options under the Share Option Scheme.
Total number of shares available for issue and percentage of issued share capital as at 31 December 2010	The maximum number of shares in respect of which options may be granted under the Share Option Scheme, the Sharesave Plan and any other share option schemes and savings-based share option plans of any company in the Group (the "Other Schemes and Plans") shall not in aggregate exceed 10% of the shares in issue on 10 July 2002, that is, 1,057,278,026 shares.	Same as Share Option Scheme.

REPORT OF THE DIRECTORS

	Share Option Scheme	Sharesave Plan
Maximum entitlement of each participant	The total number of shares issued and to be issued upon the exercise of the options granted and to be granted to any one participant under the Share Option Scheme and the Other Schemes and Plans (including exercised, cancelled and outstanding options) in any twelve-month period up to and including the date of grant shall not exceed 1% of the shares in issue from time to time.	The maximum number of shares (rounded down to the next whole number) which can be paid for at the exercise price with monies equal to the aggregate of the savings contributions the participant has undertaken to make by the Maturity Date (defined as below) and interest which may be accrued thereon. Provided that the total number of shares issued and to be issued upon the exercise of the options granted and to be granted to any one participant under the Sharesave Plan and the Other Schemes and Plans (including exercised, cancelled and outstanding options) in any twelve-month period up to and including the date of grant shall not exceed 1% of the shares in issue from time to time. The amount of the monthly contribution to be made by a participant shall not be less than 1% and not more than 10% of the participant's monthly salary or such other maximum or minimum amounts as permitted by the Board.
Period within which the shares must be taken up under an option	Such period as shall be prescribed by the directors and specified in the letter of offer.	The thirty-day period (excluding the anniversary days) immediately after the first and second anniversary days from the date of grant or such other date as determined by the Board, or the thirty-day period immediately after the third anniversary of the date of grant or such other date as determined by the Board (the "Maturity Date"), or such other period(s) as may be determined by the Board.
Minimum period for which an option must be held before it can be exercised	Such minimum period as shall be prescribed by the directors and specified in the letter of offer.	One year.
(a) Amount payable on acceptance of the option	(a) HK\$1.00	(a) HK\$1.00
(b) Period within which payments or calls must or may be made	(b) Payment or an undertaking to make payment on demand of the Company must be received by the Company within the period open for acceptance as set out in the letter of offer which shall not be less than 7 days after the offer date.	(b) Payment or an undertaking to make payment on demand of the Company must be received by the Company not later than the date specified in the letter of invitation as the directors may determine.

REPORT OF THE DIRECTORS

	Share Option Scheme	Sharesave Plan
(c) The period within which loans for such purposes must be repaid	(c) Not applicable.	(c) Not applicable.
Basis of determining the exercise price	<p>The exercise price is determined on the date of grant by the directors and shall not be less than the highest of:</p> <p>(a) the nominal value of the Company's shares;</p> <p>(b) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and</p> <p>(c) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.</p>	Same as Share Option Scheme.
Remaining life	The Share Option Scheme shall remain in force for a period of ten years commencing on the first day of dealings in the Company's shares on the Stock Exchange which was 25 July 2002.	The Sharesave Plan shall remain in force for a period of ten years after the date of approval and adoption of the Sharesave Plan by the Company's shareholders which was 10 July 2002.

Please refer to the section "Directors' Rights to Acquire Shares" for details of the options granted by BOC (BVI) over shares of the Company pursuant to the Pre-Listing Share Option Scheme.

Purchase, Sale or Redemption of the Company's Shares

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

REPORT OF THE DIRECTORS

Compliance with “Code on Corporate Governance Practices”

The Company is committed to embrace and enhance good corporate governance principles and practices. The Company has been in full compliance with all the code provisions of the “Code on Corporate Governance Practices” contained in Appendix 14 of the Listing Rules (the “CG Code”) save as disclosed in the paragraph headed “Directors’ Securities Transactions” in the section titled “Corporate Governance” contained in this Summary Financial Report, and it has also complied with nearly all the recommended best practices set out in the CG Code throughout the year. For further details, please refer to the section titled “Corporate Governance” contained in this Summary Financial Report.

Major Customers

During the year, the five largest customers of the group accounted for less than 30% of the total of interest income and other operating income of the Group.

Connected Transactions

The Independent Non-executive Directors have reviewed the transactions which the Company disclosed in a public announcement on 2 January 2008 and confirmed that these transactions were:

- (i) entered into in the ordinary and usual course of business of the Group;
- (ii) conducted either on normal commercial terms or, if there were not sufficient comparable transactions to judge whether they were on normal commercial terms, were on terms that were fair and reasonable so far as the Company’s shareholders are concerned;

(iii) entered into either in accordance with the terms of the agreements governing such transactions or (where there were no such agreements) on terms no less favourable than those available to or from independent third parties, as applicable; and

(iv) in each case where an annual cap had been set, that such cap was not exceeded.

In accordance with paragraph 14A.38 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Board of Directors engaged the auditor of the Company to report on the Group’s continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the above continuing connected transactions. A copy of the auditor’s letter has been provided by the Company to The Stock Exchange of Hong Kong Limited.

Budgetary Discipline and Reporting

The annual budget of the Group is reviewed and approved by the Board of Directors prior to its implementation by the Management. Financial and business targets are allocated to business units and subsidiaries. There are defined procedures for the appraisal, review and approval of major capital and recurring expenditures. Proposed significant expenditures outside the approved budget will be referred to the

Board or the relevant Board committee for decision. Financial performance against targets is reported to the Board regularly. Should significant changes in relation to the operations arise, a revised financial forecast will be submitted to the Board for review and approval in a timely manner.

Compliance with the Banking (Disclosure) Rules and the Listing Rules

The financial statements for the year ended 31 December 2010 comply with the requirements set out in the Banking (Disclosure) Rules under the Banking Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Auditor

The financial statements for the year 2010 have been audited by PricewaterhouseCoopers. A resolution for their re-appointment as auditor for the ensuing year will be proposed at the forthcoming annual general meeting.

On behalf of the Board



XIAO Gang
Chairman

Hong Kong, 24 March 2011

CORPORATE GOVERNANCE

The Company is **committed to maintaining and upholding good corporate governance** in order to protect the interests of shareholders, customers and staff. The Company abides strictly by the laws and regulations of the jurisdiction where it operates, and observes the guidelines and rules issued by regulatory authorities such as the Hong Kong Monetary Authority, the Hong Kong Securities and Futures Commission and The Stock Exchange of Hong Kong. The Company also keeps its corporate governance system under constant review to ensure that it is in line with international and local best practices.

The Company is **in full compliance with all the provisions of the Code on Corporate Governance Practices** (the “Code”) as appended to the Listing Rules of Hong Kong. It also **complies with nearly all the recommended best practices** set out in the Code. In particular, the Company **publishes quarterly financial and business reviews** so that shareholders can be better updated of the performance, financial position and prospects of the Company. BOCHK, the Company’s wholly-owned and principal operating subsidiary, is in full compliance with the guideline in the Supervisory Policy Manual module CG-1 issued by the Hong Kong Monetary Authority and entitled “Corporate Governance of Locally Incorporated Authorised Institutions”.

This Summary Corporate Governance Report only gives a summary of the information contained in the full Corporate Governance Report which is set out in the 2010 Annual Report of the Company. The Annual Report, incorporating the full Corporate Governance Report, is available (in English and Chinese) on the Company’s website at www.bochk.com and the Stock Exchange’s website at www.hkexnews.hk.

Corporate Governance Framework

The **Board is at the core of the Company’s corporate governance framework**, and there is **clear division of responsibilities between the Board and the Management**. The Board is responsible for providing high-level guidance and effective oversight of the Management. Generally, the Board is responsible for:

- formulating the Group’s mid and long-term strategy and monitoring the implementation thereof;
- reviewing and approving the annual business plan and financial budget;
- approving the annual, interim and quarterly reports;
- reviewing and monitoring risk management and internal control;

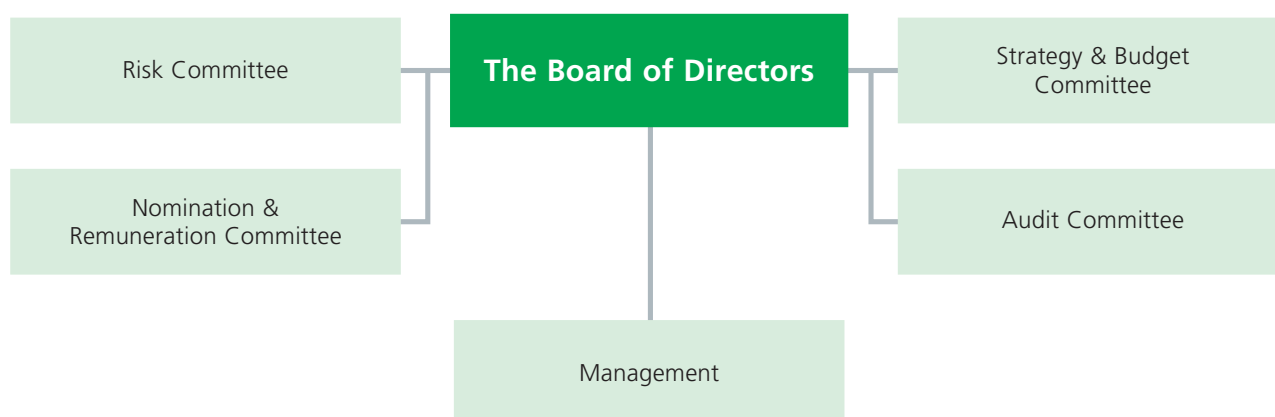
- ensuring good corporate governance and effective compliance; and
- monitoring the performance of the Management.

The Board authorises the Management to execute strategies that have been approved. The Management reports to the Board and is responsible for the day-to-day operation of the Group.

To avoid the concentration of power in any single individual, the **positions of the Chairman and the Chief Executive are held by two different individuals. Their roles are distinct and are clearly established and stipulated in the Board’s Mandate.**

Taking into consideration market practices and international best practices in corporate governance, **the Board has established four standing Board Committees** to assist it in carrying out its responsibilities. They are the Audit Committee, Nomination and Remuneration Committee, Risk Committee, and Strategy and Budget Committee. Should the need arise, the Board will authorise an independent board committee comprising all the independent non-executive Directors to review, approve and monitor connected transactions (including the continuing connected transactions) that should be approved by the Board.

The following chart sets out the Company’s corporate governance framework.



CORPORATE GOVERNANCE

The Company's corporate website (www.bochk.com) contains detailed information on the Company's corporate governance principles and framework, the compositions of the Board and Board Committees and a summary of their respective terms of reference, shareholders' rights and the Company's Fair Disclosure Policy.

Board of Directors

Non-executive Directors and independent non-executive Directors form the majority of the Board. This structure ensures the independence and objectivity of the Board's decision-making process as well as the thoroughness and impartiality of the Board's oversight of the Management. The Board acts honestly and in good faith in order to maximise long-term shareholder value and fulfill its corporate responsibility to other stakeholders of the Group. Its decisions are made objectively and in the best interests of the Group.

The Board currently has 12 members, comprising five independent non-executive Directors, five Non-executive Directors and two Executive Directors. Mdm. Yang Linda Tsao retired as an independent non-executive Director of the Company with effect from 21 May 2010. Save as disclosed above, there was no other change to the composition of the Board in 2010 and up to the date of this report.

All Directors possess extensive experience in banking and management, and over one third of them are independent non-

executive Directors, of whom several are experts in financial and/or risk management. The Board has adopted the "Policy on Independence of Directors" (the "Independence Policy") which stipulates the criteria on independence of the independent non-executive Directors. The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence by reference to the Independence Policy. In particular, two of the independent non-executive Directors, namely, Dr. Fung Victor Kwok King and Mr. Shan Weijian, who were appointed in 2002, will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election pursuant to the Articles of Association. Their term of office will be more than 9 years if they are re-elected at the forthcoming annual general meeting for a further term of approximately 3 years. On the basis of the information available to it, the Company considers all of the independent non-executive Directors to be independent. Biographical details of the Directors are set out in the "Board of Directors and Senior Management" section of this Summary Financial Report and the Company's website at www.bochk.com.

All the existing **Non-executive Directors and independent non-executive Directors** of the Company have been **appointed for a fixed term, with formal letters of appointment** setting out the key terms and conditions of their appointment. The Nomination and Remuneration Committee has also

established a **written and formal process for the appointment of independent non-executive Directors to ensure that the appointment procedures are standardised, thorough and transparent.**

There is **no relationship (including financial, business, family or other material/relevant relationship(s)) among the Board members.** It is expressly provided in the Board's Mandate that, unless permissible under applicable laws or regulations, if a substantial shareholder or Director has a conflict of interest in the matter to be considered by the Board, a Board meeting attended by independent non-executive Directors who have no material interest in the matter shall be held to deliberate on the same.

The Company has arranged for **appropriate Directors' Liability Insurance Policy to indemnify the Directors for liabilities arising out of corporate activities.** The coverage and the sum insured under the policy are reviewed annually.

To ensure that newly appointed Directors have adequate understanding of the Company's business and operation, and to enable current Directors to constantly update their skills and knowledge so that they can continue to offer informed advice and contribute to the Board, the Board enforces a **formal system for the initial induction and ongoing professional development of the Directors.**

CORPORATE GOVERNANCE

Seven Board meetings were held during the year with an average attendance rate of 95%.

Apart from formal Board meetings and general meetings, there are opportunities for the Board and the Management to interact and communicate on relatively less formal occasions. Further, **off-site events have been held to enhance communication among Board members, and between the Board and the Management.**

Audit Committee

The Audit Committee currently has six members (with Mdm. Yang Linda Tsao retired in May 2010), comprising one Non-executive Director and all the five independent non-executive Directors. Independent non-executive Directors make up 83% of the Committee members. The Committee is chaired by Mr. Shan Weijian, an independent non-executive Director.

The Committee assists the Board in fulfilling its oversight role over the Company and its subsidiaries in, among others, the following areas:

- integrity of financial statements and financial reporting process;
- internal control systems;
- effectiveness of internal audit function and performance appraisal of the Head of Internal Audit;
- appointment of external auditor and assessment of their qualifications, independence and performance and, with authorisation of the Board, determination of their remuneration;

- periodic review and annual audit of the Company's and the Group's financial statements, and financial and business review;
- compliance with applicable accounting standards as well as legal and regulatory requirements on financial disclosures; and
- corporate governance framework of the Group and implementation thereof.

The work performed by the Audit Committee in 2010 included the review and, where applicable, approval of:

- the Company's Directors' Report and financial statements for the year ended 31 December 2009 and the annual results announcement that were recommended to the Board for approval;
- the Company's interim financial statements for the six months ended 30 June 2010 and the interim results announcement that were recommended to the Board for approval;
- the Company's announcement on quarterly financial and business review for the period ended 31 March 2010 and 30 September 2010 that were recommended to the Board for approval;
- the audit reports and report on internal control recommendations submitted by the external auditor, and the on-site examination reports issued by regulators;
- the re-appointment of external

auditor, the fees payable to external auditor for the annual audit, interim review and other non-audit services;

- the Group's internal audit plan for 2010 and key issues identified;
- the deployment of human resources and pay level of the Internal Audit, and the department's budget for 2010; and
- the 2010 key performance indicators for and 2009 performance appraisal of the Head of Internal Audit and the Internal Audit Department.

The "Policy on Staff Reporting of Irregularities" adopted by the Board has proved to be effective. Last year, reports on a number of cases were received and handled satisfactorily through the channels and procedures set out in the said Policy.

Pursuant to paragraph C.2 of the Code, the Audit Committee conducted an annual review of the effectiveness of the internal control systems of the Group in 2010. This review covered all material controls, including financial, operational and compliance controls as well as risk management. The review also considers the adequacy of resources, staff qualifications and experience and training of the Group's accounting and financial reporting functions. For detailed information on this topic, please refer to the "Internal Control" section below.

Six Audit Committee meetings were held during the year with an average attendance rate of 90%.

CORPORATE GOVERNANCE

Nomination and Remuneration Committee

The Nomination and Remuneration Committee currently has five members (with Mdm. Yang Linda Tsao retired in May 2010) comprising two Non-executive Directors and three independent non-executive Directors. The independent Non-executive Directors represent 60% of the Committee members. The Committee is chaired by Mr. Li Lihui, Vice-chairman of the Board.

The Committee assists the Board in fulfilling its oversight role over the Company and its subsidiaries in, among others, the following areas:

- overall human resources, remuneration strategy and incentive framework of the Group;
- selection and nomination of Directors, Board Committee members and certain senior executives as designated by the Board from time to time;
- structure, size and composition (including skills, experience and knowledge) of Directors and Board Committee members;
- remuneration of Directors, Board Committee members, designated senior management and key personnel, and
- effectiveness of the Board and Board Committees.

The work performed by the Committee in 2010 included the review and where applicable, approval of:

- performance appraisal of the Executive Director and designated senior executives for year 2009;
- proposal on staff bonus for year 2009 and salary adjustment for year 2010 for the Group, including the designated senior executives;
- key performance indicators of the Group and the designated senior executives for year 2010;
- proposal on human resources budget of the Group for year 2011;
- reform proposals related to the implementation of HKMA's "Guideline on a Sound Remuneration System";
- implementation progress of the Group's medium-term human resources strategies and other major human resources policies;
- reports on self-evaluation of the Board and Board Committees, which were analysed by the Committee. The Committee also made recommendations to the Board regarding the results of the self-evaluation, with a view to further enhancing the role and effectiveness of the Board and Board Committees;

- formulation, review and amendment on major HR and compensation policies; and
- matters relating to the appointment of directors to the boards of certain major subsidiaries of the Group.

Pursuant to the "**Policy on Directors' Remuneration**" adopted by the Company, in recommending the remuneration of Directors, the Committee makes reference to companies of comparable business type or scale, and the nature and quantity of work at both Board and Board Committee levels (including frequency of meetings and nature of agenda items) in order to compensate Directors reasonably for their time and efforts spent. **No individual Director is allowed to participate in the procedures for deciding his/her individual remuneration package.**

The **Nomination and Remuneration Committee** also has the delegated responsibility to **determine the specific remuneration packages of the Executive Directors and designated senior executives and review the remuneration and incentive mechanism of the Group.** Please refer to the section headed "Remuneration and Incentive Mechanism" in this Corporate Governance Report for further details.

Six Nomination and Remuneration Committee meetings were held during the year with an average attendance rate of 86%.

CORPORATE GOVERNANCE

Risk Committee

The Risk Committee has four members in 2010. Two of them are independent non-executive Directors and two are Non-executive Directors. The Committee is chaired by Mr. Koh Beng Seng, an independent non-executive Director.

The Committee assists the Board in fulfilling its oversight role over the Company and its subsidiaries in, among others, the following areas:

- formulation of the risk appetite and risk management strategy of the Group, and determination of the Group's risk profile;
- identification, assessment and management of material risks faced by the various business units of the Group;
- review and assessment of the adequacy of the Group's risk management policies, system and internal control;
- review and monitoring of the Group's capital management;
- review of the Group's target balance sheet;
- review and monitoring of the Group's compliance with the risk management policies, system and internal control, including the Group's compliance with prudential, legal and regulatory requirements governing the business of the Group;

- review and approval of high-level risk-related policies of the Group;
- review of significant or high risk exposures and transactions; and
- review of key reports, including risk exposure reports, model development and validation reports, and credit risk model performance reports.

The work performed by the Committee in 2010 included the following:

- review/approval of policies, including the "Group's Operating Principles", the "Risk Management Policy Statement", the "Requirements Relating to the Approval, Formulation, Review and Revision of Risk Management Policies and Procedures", the "Capital Management Policy of BOCHK", the "Staff Code of Conduct", the "Policy for Validating Internal Rating Systems", the "Connected Transactions Management Policy", and a range of risk management policies covering strategic risk, credit risk, market risk, interest rate risk, operational risk, legal, compliance and reputation risk and stress testing;
- review/approval of the risk adjustment method for group bonus funding mechanics;
- review of the Group's operating plan, including the Group's target

balance sheet, the Bank's banking book investment plan and portfolio key risk indicators, as well as risk management limits;

- review and monitoring of Basel II implementation, including approval of FIRB models, review of model validation reports, receiving the implementation progress reports of FIRB, IMA and ICAAP, as well as the status reports of the allocation of risk-weighted assets;
- review of various periodic risk management reports; and
- review of significant high risk exposures and transactions.

Seven Risk Committee meetings were held during the year with an average attendance rate of 96%.

Strategy and Budget Committee

The Strategy and Budget Committee currently comprised four members: one independent non-executive Director, two Non-executive Directors, and the Chief Executive, who is an Executive Director. The Committee was chaired by Mdm. Yang Linda Tsao, an independent non-executive Director who retired with effect from 21 May 2010. Thereafter the number of members of the Strategy and Budget Committee was reduced from five to four and the Committee is then chaired by Mr. Zhou Zaiqun, a Non-executive Director.

CORPORATE GOVERNANCE

The Committee assists the Board in fulfilling its oversight role over the Company and its subsidiaries in, among others, the following areas:

- draft, review, motion, and monitor the Group's medium to long-term strategy;
- draft and review the process for formulating the Group's medium to long-term strategy to ensure that they are sufficiently robust to take into account a range of alternatives;
- monitor implementation of the Group's medium to long-term strategy through pre-determined metrics and provide guidance to Management;
- review and monitor the Group's regular/periodic (including annual) business plan and financial budget; and
- make recommendations to the Board on major capital expenditures, merger & acquisition and strategic commitments of the Group and monitor implementation of the same.

During the year, the Strategy and Budget Committee guided and monitored the Management's implementation of the Group's annual business strategy. The Committee also played a prominent role in driving the formulation and implementation of the Group's key business strategies, including those for the development of China business, RMB business, etc. In particular, the Committee guided the Management to consummate the medium to long-term rolling strategic plan of the Group as it faced new opportunities and threats arising

from the new operating environment. Furthermore, the Committee monitored the implementation of the Group's budget and business plan for 2010. In planning for 2011, the Committee reviewed and endorsed the Group's financial budget and business plan, and recommended to the Board for approval.

Seven Strategy and Budget Committee meetings were held during the year with an average attendance rate of 100%.

Directors' Securities Transactions

The Company has adopted the "Code for Securities Transactions by Directors" to govern securities transactions by Directors. The terms of the said Code are more stringent than the mandatory standards set out in the "Model Code for Securities Transactions by Directors of Listed Issuers" contained in Appendix 10 of the Listing Rules. Apart from the securities of the Company, the Code applies equally to the Director's dealings in the securities of BOC which was listed on The Stock Exchange of Hong Kong in June 2006. In this connection, the Company had made specific enquiry of all Directors, who confirmed that they had complied with the standards set out in both the Company's Code and the said Model Code throughout year 2010, with the following exception. On 25 June 2010, without the knowledge of Mr. Zhou Zaiqun who was on a business trip, or any prior consultation with him, his wife caused 500 shares in the Company held by him in an account jointly controlled by him and her to be sold. The number of shares sold represented only 0.05% of his interests in shares/underlying shares of the Company and only 0.000005% of the issued share capital of the Company. The sale did not take

place during the "black out" period for Directors' dealing in securities in the Company. At the time Mr. Zhou did not have any material non-public price-sensitive information relating to securities in the Company. As Mr. Zhou was unaware of the sale of the 500 shares, he could not, and did not, seek any approval for the sale and did not disclose it pursuant to the requirements set out in the Company's Code (and the Model Code). Mr. Zhou only learnt for the first time about the sale of the shares on 26 July 2010, whereupon he immediately brought the matter to the attention of the Management of the Company.

Remuneration and Incentive Mechanism

The Remuneration and Incentive Mechanism of the Group is based on the principles of "effective motivation" and "sound remuneration management". It links remuneration, performance and risk management tightly, and encourages staff to enhance their performance and at the same time strengthen their mindset of risk management so as to achieve sound remuneration management.

• The Determination of the Remuneration Policy

To fulfill the above-mentioned principles and to facilitate effective risk management within the framework of the Remuneration Policy of the Group, the Remuneration Policy of the Group is initiated by Human Resources Department with consultation of the risk control units including Risk Management, Financial Management and Compliance in order to balance the needs for staff motivations, sound remuneration and prudent risk management. After the proposed Remuneration Policy

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is cleared with the Management Committee, it will be submitted to the Nomination and Remuneration Committee for review and thereafter to the Board of Directors for approval. Nomination and Remuneration Committee and the Board of Directors will seek opinions of other Board committees (e.g. Risk Committee, Audit Committee, etc.) where they consider necessary under the circumstances.

- **The Key Features of the Remuneration and Incentive Mechanism**

1. *Performance Management Mechanism*

To reflect the corporate culture of “Achieving Performance and Effectiveness”, the Group has put in place a performance management mechanism to formalise the performance management at the levels of the Group, units and individuals. The annual targets of the Group will be cascaded down under the framework of balanced scorecard whereby the performance of the senior management and different units (including business units, risk control units and other units) would be assessed from the perspectives of financial, customer, building block/key tasks, human capital, risk management and compliance. As to the performance management of individual staff at different levels, the annual targets of the Group will be tied to the job requirements of different posts at different levels through the model of level-based performance management. Performance of individuals will be appraised with reference to their accomplishment of work targets, contribution towards overall performance of their corresponding units and

compliance of risk management and internal control policies. Under this mechanism, not only the target accomplishment has been taken into account, the risk exposure involved during the course of work of a staff member could also be evaluated and managed so as to provide safeguards to the Group against the risk and ensure normal operations. The mechanism is also coupled with the assessment on system of values, thereby facilitating the attainment of the core values of the Group.

2. *Risk Modification of Remuneration*

To implement the principle of aligning the performance and remuneration with the risk, the Group has introduced “The Risk Adjustment Method” under which the key risk modifiers of the bank have been incorporated into the performance management mechanism of the Group and the size of the Variable Remuneration Pool of the Group, which is the total amount to be paid to the staff as variable compensation, would be determined on the basis of the risk-adjusted performance results. This method enables the Group to fix the Group’s Variable Remuneration Pool after considering risk exposures and changes and to maintain effective risk management through the remuneration mechanism.

3. *Performance-based Remuneration Management*

The remuneration of staff is composed of “fixed remuneration” and “variable remuneration”, the proportion of one to the other for individual staff members depends on job grades, roles, responsibilities and functions of the staff with the prerequisite that balance has to

be struck between the fixed and variable portion. Generally speaking, the higher the job grades and/or the greater the responsibilities, the higher will be the proportion of variable remuneration so as to encourage the staff to follow the philosophy of prudent risk management and sound long-term financial stability.

Every year, the Group will conduct periodic review on the fixed remuneration of the staff with reference to various factors like remuneration strategy, market pay trend and staff salary level; and to determine the remuneration based on the affordability of the Group as well as the performance of the Group, units and individuals. As mentioned above, performance assessment criteria include quantitative and qualitative factors, as well as financial and non-financial indicators.

The size of the Variable Remuneration Pool of the Group is determined by the Board on the basis of the financial performance of the Group and the achievement of non-financial strategic business targets under the long-term development of the Group. Thorough consideration is also made to the risk factors in the determination process. The size of the Pool is reached based on formulaic calculations but the Board can make discretionary adjustment to it if deemed appropriate under prevailing circumstances. As far as individual units and individual staff are concerned, allocation of the variable remuneration is closely linked to the performance of the units, and that of each individual staff as well as the unit he/she

CORPORATE GOVERNANCE

is attaching to, the assessment of which should include risk modifiers. Within the acceptable risk level of the Group, the better the performance of the unit and the individual staff, the higher will be the variable remuneration for the individual staff.

4. *Linking the payout of the variable remuneration with the time horizon of the risk to reflect the long-term value creation of the Group*

To work out the principle of aligning remuneration with the risk and to ensure that sufficient time is allowed to ascertain the associated risk and its impact before the actual payout, payout of the variable remuneration of staff is required to be deferred if such amount reaches certain prescribed threshold. The Group adopts a progressive approach towards deferral. The longer the time horizon of risk in the activities conducted by the staff, the higher the job grade or the higher amount of the variable remuneration, the higher will be the proportion of deferral. Deferral lasts for 3 years.

The vesting of the deferred variable remuneration is linked with the long term value creation of the Group. The vesting conditions are linked to the yearly performance (financial and non-financial) of the Group in the next 3 years to the effect that the variable remuneration could only be vested to such extent as set for the relevant year in that 3-year period subject to the condition that the Group's performance has

met the threshold requirement in the corresponding year. In case of material revision of the original estimates of the performance of the Group or individual units, or if a staff is found to commit fraud, or found to be of malfeasance or in violation of internal control policies, the unvested portion of the deferred variable remuneration of the relevant staff will be clawed back.

External Auditor

Pursuant to the "Policy on External Auditors" adopted by the Board, the **Audit Committee** reviewed and monitored and **was satisfied with the independence and objectivity of PricewaterhouseCoopers**, the Group's external auditor, **and the effectiveness of their audit procedures.**

The Audit Committee was satisfied that the non-audit services did not affect the independence of PricewaterhouseCoopers. The amount paid to PricewaterhouseCoopers for non-audit services in 2010 comprised mainly the tax-related services fee of HK\$2 million, the fee incurred incidental to the issue of subordinated notes by the Bank of HK\$4 million and miscellaneous non-audit services fee of HK\$2 million.

Internal Control

The Board has the responsibility to ensure that the Group maintains sound and effective internal controls to safeguard the Group's assets. According to the Board's delegation, the Management is responsible for

the day-to-day operations and risk management.

The Group conducts an annual review of the effectiveness of its internal control systems covering all material controls, including financial, operational and compliance controls as well as risk management. The review is conducted by making reference to the guidelines and definitions given by the regulatory and professional bodies for the purpose of assessing five different internal control elements, namely, the control environment, risk assessment, control activities, information and communication, and monitoring. The assessment covers all the major internal controls and measures, including financial, operational and compliance controls as well as risk management functions. The review also considers the adequacy of resources, staff qualifications and experience and training of the Group's accounting and financial reporting functions.

The Group is committed to maintaining and upholding good corporate governance practices and internal control system of all subsidiaries are reviewed regularly. During the year of 2010, continuous improvement on the organisation structure and segregation of duty, the risk management policy and procedure, and the enhancement of disclosure transparency have been undertaken. In response to the volatility in global financial markets and unstable momentum of economic recovery, the Group has implemented a series of measures and undertaken an on-going review on the effectiveness of the

CORPORATE GOVERNANCE

internal control mechanism. In 2010, areas for improvement have been identified and appropriate measures have been implemented.

Communication with Shareholders and Shareholders' Rights

The Board attaches a high degree of importance to continuous communication with shareholders, especially direct dialogue with them at the Company's annual general meetings. Shareholders are therefore encouraged to actively participate at such meetings.

The Chairman of the Board, the Chairmen and members of Board Committees, and representatives of PricewaterhouseCoopers were present at the Company's 2010 annual general meeting held on 20 May 2010 at the Grand Ballroom, Lower Lobby, Conrad Hong Kong, Pacific Place to respond to questions and comments raised by shareholders.

As disclosed in the Annual Report for 2009 of the Company, in view of the investors' concern regarding the potential dilution of the shareholders' value arising from the exercise of power pursuant to the grant of a general mandate to issue shares to the Board, the Board has voluntarily reduced the general mandate to issue shares of up to 5% of the issued share capital as compared to the 20% limit permitted under the Listing Rules in the event that the issue of shares is for cash and not related to any acquisition of assets for approval by the shareholders at

the 2010 annual general meeting. The Board would also recommend the said 5% threshold at the forthcoming 2011 annual general meeting for approval by shareholders. Further, given its commitment to high standards of corporate governance, the Board also adopted certain **internal policies for the exercise of the powers granted to the Board under the general mandates to issue shares solely for cash and repurchase shares** to safeguard shareholders' rights.

In order that shareholders can have a better understanding of the agenda items to be discussed at the 2011 annual general meeting and to encourage their active participation so that exchange of views and communication can be further enhanced, **the Company has provided detailed information on the 2011 annual general meeting in a circular** which is despatched together with this Summary Financial Report to the shareholders.

Further shareholder information is set out in the "Shareholder Information" section of this Summary Financial Report. Shareholders who wish to raise any queries with the Board may write to the Company Secretary at 52nd Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong.

Directors' Responsibility Statement in relation to Financial Statements

The following statement should be read in conjunction with the auditor's statement of their responsibilities as set out in the auditor's report contained

in this Summary Financial Report. The statement is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the auditor in relation to the financial statements.

The Directors are required by the Hong Kong Companies Ordinance to prepare financial statements, which give a true and fair view of the state of affairs of the Company. The financial statements should be prepared on a going concern basis unless it is not appropriate to do so. The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the requirements of the Hong Kong Companies Ordinance. The Directors also have general responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors consider that in preparing the financial statements contained in this Summary Financial Report, the Company has adopted appropriate accounting policies which have been consistently applied and supported by reasonable judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.



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ATM

CORPORATE SOCIAL RESPONSIBILITY



The signing of the Revised "Settlement Agreement on the Clearing of RMB Business" by The People's Bank of China and Bank of China (Hong Kong) in July 2010 further fostered the development of RMB business



After the launch of China UnionPay (CUP) cross-border (Shenzhen and Hong Kong) payment service, BOC CUP Dual Currency credit cardholders can enjoy a secure and convenient bill autopay service

As a leading listed banking group in Hong Kong, the Group attaches great importance to Corporate Social Responsibility ("CSR"). We are committed to undertaking CSR by strengthening our relationship with shareholders, employees, customers, business partners, the government and the community, with a view to contributing to the sustainable development of society.

In January 2010, we formulated a CSR policy approved by the Board of Directors. This policy guides the Group

in fulfilling our commitment to CSR and in contributing to the sustainable development of the economy, society and environment. The Group has set up the CSR Committee chaired by the Chief Executive which comprises senior management as members. The Committee is responsible for making decisions on the Group's CSR strategies and policies and overseeing their execution. To ensure effective implementation of eco-friendly principles in our business operations, the Group formulated the "Environmental Policy for Sustainable

Development", "Procurement Policy for Sustainable Development" and "Code of Conduct for Suppliers".

Our outstanding performance with regard to corporate sustainability issues has earned us wide recognition. BOC Hong Kong (Holdings) Limited became a constituent of the Hang Seng Corporate Sustainability Index and Hang Seng (Mainland and HK) Corporate Sustainability Index respectively in July 2010. In addition, we have been named a *Caring Company* by the Hong Kong Council of Social Service ("HKCSS") for eight consecutive years.

RMB Retail Bonds
A distinguished sign for an
investment opportunity between
Hong Kong and the Mainland

CORPORATE SOCIAL RESPONSIBILITY



BOCHK was appointed the sole Bookrunner and Lead Manager in the issuance of the first corporate bonds in Hong Kong

issuers, including the first RMB bonds issued by a corporate, a supranational and a mainland corporate, as well as the second issuance of RMB sovereign bonds in Hong Kong. The issuances represented different milestones in the development of the RMB bonds market in Hong Kong.

The new RMB strategic exchange service helps corporate customers in settling both trade and non-trade foreign exchange transactions. The first-ever trade and non-trade RMB deliverable forward transactions launched in the Hong Kong market can fully meet customer demand in hedging risks related to RMB exchange. As for the deposit business, we rolled out the RMB principal-protected structured deposit to corporate customers and Target Rate Deposit to personal customers.

To help corporate customers maximise efficiency in collecting payments, we introduced an array of new RMB products, including the pioneering remittance via credit card account, payment collection via ATM, sub-account collection, express electronic transfer and outsourcing of cashier orders. Our innovative and diversified RMB products provide added convenience for customers who frequently travel between Hong Kong and the Mainland of China, as well as around the world.

In view of the growing demand for RMB investment products, BOC Life became the first in Hong Kong to launch RMB-denominated insurance policies settled in HKD in the first half of 2010. Following the signing of the Revised "Settlement Agreement on the Clearing of RMB Businesses", BOC Life further broadened its product range by taking the lead in introducing RMB-denominated policies, namely "Target 8 Years Insurance Plan Series", "Target 5 Years Insurance Plan Series", "Hundred Life Insurance Plan" and "MultiPlus Savings Insurance Plan", that could be settled in RMB.

BOC-CC and CUP jointly issued the "BOC CUP Dual Currency Credit Card" in 2008. The new "CUP Cross-Border Autopay Service" was introduced in the year to facilitate automatic and regular bill payments such as management fees and utilities bills for those cardholders who travel frequently across the border. In addition, the brand new "CUP Dual Currency Debit Card" offers cardholders comprehensive HKD and RMB cash withdrawal and direct debit payment services. Its unique dual currency settlement also allows cardholders to enjoy savings on currency conversion costs.

Customer-centric through Innovation and Service

To better serve our customers and embrace customer service values, we endeavour to offer innovative products and services, enhance our service platforms and strengthen customer relationship management.

Innovative Product and Service Offerings

The Group capitalises on the opportunities in the development of RMB market in Hong Kong by launching different brand new products and services which have helped expanding the scope of its businesses in cross-border trade settlement, remittance, bonds issuance and deposit. In this way, we are able to maintain our market leadership in the related areas.

In 2010, we led the market by underwriting twelve RMB bonds for nine

CORPORATE SOCIAL RESPONSIBILITY



The launch ceremony of the second issuance of RMB Sovereign Bonds by the Central Government in Hong Kong was held at 70/F of the Bank of China Tower

During the year, BOCHK partnered with another asset management company to launch the first RMB public fund in Hong Kong. We provide full-fledged supporting services for fund distribution, from custody to fund administration.

As a pioneer in RMB business in Hong Kong, BOCHK launched the "CNY HIBOR" pricing system in order to provide an established reference rate for RMB trade settlement and commercial loans in Hong Kong. Furthermore, BOCHK introduced the "Bank of China (Hong Kong) Offshore RMB Bond Index", the first of its kind offshore RMB bond index in Hong Kong. The index aims to provide a reference of the performance of the offshore RMB bonds market, so that investors can better gauge market performance.

BOCHK has successfully become the RMB agent bank of the Stock Exchange of Hong Kong for CCASS settlement, in preparation for the trading of RMB-denominated securities in the future.

As the Clearing Bank of RMB business in Hong Kong, BOCHK is dedicated to providing RMB trade settlement services for local and overseas peers. As of December 2010, a total of 156 banks opened clearing accounts with BOCHK. On 13 July, BOCHK was authorised as the Clearing Bank of RMB banknotes business for Taiwan. The provision

of RMB banknotes clearing service to the designated RMB banknotes business banks in Taiwan region further facilitates the development of RMB offshore market and business in Hong Kong.

At the same time, we assist our parent in offering RMB business in its overseas branches. By leveraging on BOC's extensive network and strong support services, the Group works closely with BOC and its overseas branches in providing corporate customers in the Mainland and overseas with quality and innovative RMB financial services.

Capitalising on our strong cross-border servicing capability and the close collaboration with our parent and NCB (China), we launched a number of cross-border trade finance products, and "Credit facilities secured by standby letter of credit issued by banks in the PRC" and "Short-term trade finance for bank business". The process of industrial upgrading in the Mainland is the impetus for our offering the "Cross-boundary usage of credit limit" service on a pilot basis for small and medium-sized enterprises ("SMEs"). The programme achieved fruitful results and enhanced our capabilities in serving cross-border SMEs.

In addition, NCB (China) formed a strategic alliance with several insurance companies in order to expand insurance agency business in the Mainland. An

array of general insurance and life insurance products, as well as wealth management products were launched, contributing to a remarkable growth in its business.

Supporting Local Enterprises

The stable development of SMEs is an important pillar of the Hong Kong economy. The Group has lent tremendous support to SME clients which have prudent operations. We continued to fully support the "SME Loan Guarantee Scheme" and "Special Loan Guarantee Scheme" of the HKSAR Government. As at the end of 2010, the Group approved over 6,600 loan applications amounting to HK\$20.3 billion under the two schemes.

To demonstrate our continual support of the development of quality SMEs in Hong Kong, BOCHK joined the "SME Financing Guarantee Scheme" launched by the Hong Kong Mortgage Corporation with the formal signing of the related agreement in December. BOCHK also actively participates in the "Plan to support local SMEs in entering the Mainland Domestic Market" initiated by the Hong Kong Productivity Council ("HKPC"), helping them to enter the thriving domestic market in the Mainland.

According to the "Commercial Banking and Finance Monitor" survey conducted by Nielsen in April 2010, BOCHK continued to dominate the SME market

CORPORATE SOCIAL RESPONSIBILITY



We organise a diverse range of customer activities to meet their different needs



in terms of overall bank usage and is the main banker for local SMEs. This demonstrates that our SME service is widely recognised in the community.

Enhancing Service Platforms

With the most extensive branch network in Hong Kong, the Group has 268 branches across Hong Kong, Kowloon and the New Territories. In line with our CSR policy, we promote the use of electronic transaction and banking channels. Our around-the-clock self-service banking centres are located in major transport interchanges, shopping malls and housing estates in Hong Kong. We invested significant resources in upgrading our automated banking facilities. As at the end of 2010, more than 920 automated banking machines for cash withdrawals and deposits, and cheque deposits were installed. Educational workshops were organised to teach the elderly how to use ATMs. In June, all of the Group's ATMs displayed protruding symbols which improved the accessibility of ATM services for the visually impaired.

We continually enhance our e-Banking capability. The new online corporate

action services allow customers to submit corporate action instructions, such as rights subscription, open offer, share offer, preferential subscription, and scrip dividend and offer, more efficiently. Online subscription of RMB bonds and browsing of customers' life and general insurance policies are also available. The enhancement of Corporate Banking Services Online ("CBS Online") bundled with preferential pricing for online transactions provided impetus for corporate customers to switch to the internet platform.

The mobile banking services launched this year offer customers a total banking solution, including securities trading, fund transfer, currency exchange, bill payment, precious metal trading and forex trading. Furthermore, the new one-stop phone banking hotline enables customers to manage their various banking, credit card and investment accounts by calling a dedicated hotline.

The Group is establishing a systematic financial platform for objectively analysing the protection and financial

needs of customers. We provide various products and attractive offers tailor made for different customer needs.

With the vision of "We Care", the Group has been employing different methods to gather information on customer satisfaction and strives to improve our service. We conducted customer satisfaction surveys, organised seminars and visited our corporate customers to gain a better understanding of our customer needs. In recognition of their excellence in customer service and provision of a reliable service platform, the Group's call centre and BOC-CC were granted 15 awards by the Hong Kong Call Centre Association in 2010, including the *Gold Award* in the corporate categories of *Inbound Contact Centre of the Year (Under 50 Seats)* for the call centre and the *Gold Mystery Caller Assessment Award* for both the call centre and BOC-CC. BOC-CC has received the ISO 10002 certification through Hong Kong Quality Assurance Agency since 2008, signifying our compliance to the international standard of customer complaint management.

CORPORATE SOCIAL RESPONSIBILITY



Hong Kong Geopark Photo Competition was well-received with nearly 1,900 entries from the public

We sponsored the first Hong Kong Corporate Citizenship Programme organised by the Hong Kong Productivity Council to promote sustainability of society



Conservation of Resources for Environmental Protection

BOCHK encourages our staff, customers and business partners to be environmentally friendly, and helps promote the awareness of environmental protection to various sectors of society, contributing to the development of a low carbon city.

Building a Green Bank

In accordance with the "Environmental Policy for Sustainable Development", the Group put into practice a number of environmental protection and energy-saving measures. During the year, we completed an energy-cum-carbon audit in respect of Bank of China Tower ("BOC Tower"), Bank of China Building ("BOC Building"), Bank of China Centre ("BOC Centre") and the Group's IT Centre in Fo Tan, Shatin. The scope of the audit covered waste control, providing a foundation to further strengthen our monitoring of greenhouse gas emissions, wastage and energy conservation.

We have also modified lighting systems at the Group's properties. Traditional T8 fluorescent tubes were replaced with more energy-efficient T5 fluorescent tubes, and LED tubes were installed for advertising and exit light boards at branches. By replacing VAV A/C boxes on certain floors of BOC Tower with computerised ones and adjusting chilled water supply, we optimise the air temperature and air flow to achieve

a higher level of energy efficiency. Through the implementation of various measures in 2010, BOCHK's electricity consumption was reduced by about 1.4 million kWh, resulting in the reduction of carbon dioxide emissions by 780 tons and a saving of HK\$1.6 million in energy costs.

Through installation of water conserving devices such as water tap sensors, auto-flushing sensors, dual-flush water saving toilets, as well as an alarm system to detect water pipe bursts on our premises, we achieved an annual saving of water of 18,800 cubic metres. We continue our efforts to reduce consumption of natural resources and encourage the use of recycled or environmentally friendly materials whenever and wherever possible. We have an in-house recycling system for waste paper, aluminium, plastic, used batteries, bulbs, fluorescent tubes and toner cartridges. More than 75,000 kg of recycled paper was collected during the year. In partnership with Hong Kong Caritas, a social welfare organisation, we carried out a Computer Recycling Project on our premises and donated refurbished computers to those in need. Source separation has been implemented to ensure proper disposal of waste which cannot be recycled. For fire safety equipment, we have gradually replaced BTM extinguishing agent with more environmentally friendly "FM-200" to avoid creating harmful effects on the earth's atmosphere.

Our sound environmental practices to reduce energy and water consumption in 2010 have earned us recognition and environmental accreditations from a number of professional organisations for many years. BOC Tower and BOC Centre continued to attain the *ISO 14001 certifications* granted by Det Norske Veritas and the *Certificate of the Quality Water Recognition Scheme for Building* from the Water Supplies Department of the HKSAR Government; and obtained the *Indoor Air Quality Certificates (Excellent Class)* from the Environmental Protection Department. On top of the above *ISO* and quality water certificates, BOC Building received the *Carbon Reduction Label* awarded by the Hong Kong Quality Assurance Agency in 2010.

As part of our commitment to building a sustainable environment, we incorporated green elements in renovating our premises. In 2010, green engineering was employed to transform the platform on the 4th Floor of our Cheung Sha Wan Building into a green space. We also installed an air-conditioning system with grade 1 energy label at our staff quarters to achieve further savings on electricity.

To align our business practices with nature conservation, we have taken steps to reduce our impact on the environment by developing an environmentally friendly business model and streamlining procedures in our business operations.

CORPORATE SOCIAL RESPONSIBILITY

In line with our "Procurement Policy for Sustainable Development" and "Code of Conduct for Suppliers", when selecting suppliers and contractors, we consider whether the content and packaging of their products can be recycled and whether environmental certification has been obtained. Our brochures, promotional leaflets and Lunar New Year cards and posters have been printed on paper with environmental certification by the Forest Stewardship Council. We have also put into place clear procurement policies requesting suppliers to provide environmentally friendlier materials and services which are in compliance with the best practices. The environmentally friendlier materials include eco-friendly toners as well as energy-saving or energy-efficient equipment for use in the office. Instead of procuring single-purpose office appliances, we purchase multi-purpose ones such as photocopiers with two-sided copying, printing, scanning as well as fax functions. Photocopy paper we use is made with 100% use of biofuel from human cultivated trees. Company vehicles are also economy models.

With the use of advanced technology, we encourage our customers to manage their finances via Internet Banking and switch to e-Statement services. Working towards a paperless office, we promote the use of electronic documents or correspondence, while training materials are available on the electronic learning platform. As a listed company with a large shareholder base, the Group encourages our shareholders to view annual reports online or choose to receive summary financial reports to reduce paper use. The number of 2010 annual report printed is thus reduced tremendously by 77%. In addition, our annual reports are printed on environmentally friendlier paper using eco-friendly printing techniques.

Since 2009, we have participated in the global environmental initiative "Earth Hour" organised by WWF to raise public awareness of the global climate change through the act of switching off lights. We also signed the first "Dim It" Charter, making an open commitment to

conserving energy and reducing carbon dioxide emissions, light pollution and light nuisance. At corporate banquets, shark's fin, endangered reef species and black mosses are no longer served in order to comply with the guidelines set out by WWF Hong Kong.

In addition, BOCHK supports the Green Day of the Hong Kong Community Chest ("the Chest") to encourage staff to take greener forms of transportation to work and reduce their carbon footprint in the workplace and at home.

Promoting Green Credit Services

In 2010, we reviewed our "Credit Risk Policy" with a view to further promoting our *Green Credit* services in various ways including risk management. We offer a *Green Equipment Financing Scheme* through collaboration with the HKPC. The scheme encourages corporate customers to purchase environmentally friendlier equipment to increase their productivity and operating efficiency while reducing environmental pollution. BOCHK donates HK\$1 for every HK\$2,000 loan amount to designated green groups via the HKPC to support environmental protection initiatives. We also jointly launched the *Energy Efficiency Loan Scheme* with the two electricity companies in Hong Kong to provide loans to commercial and industrial customers for the implementation of energy-saving initiatives and encourage them to switch to energy-efficient electrical appliances and equipment.

In Support of Bio-environmentalism

Environmental education is another key focus of our corporate responsibility work. Following the establishment of Hong Kong National Geopark in eight geo-sites by the Ministry of Land and Resources, China, in 2009 BOCHK spearheaded the *Hong Kong Geopark Charity Green Walk*, which brought together the important elements of environmental protection and charity. In 2010, 48 eco-tours were organised for more than 4,000 customers, citizens, staff members and their companions to learn more about Hong Kong's geological and geomorphologic features. With BOCHK sponsoring the relevant costs, the enrolment fees paid by the participants have been donated to Polar Museum Foundation for educational and conservation purposes. We also organised the *Hong Kong Geopark Photo Competition* to reinforce the theme of environmental conservation and received an overwhelming response with nearly 1,900 entries from the public.

The Group also sponsored *Power Plant*, a large-scale international outdoor sound and light exhibition presented for 21 days by the 39th Hong Kong Arts Festival in the Kowloon Walled City Park. Renowned British installation artists transformed the park, a picturesque Chinese garden with unique historical background, into a wonderland of glittering sounds and glowing lights. To complement the natural setting of the park, a wide

Hong Kong National Geopark – Prehistoric Story Room will be established at the Bank of China Tower in August 2011. This will help the gorgeous geopark reach out to the city centre

「香港國家地質公園 - 史前故事館」簽署儀

Signing Ceremony of Hong Kong National Geopark – Prehistoric Story R



CORPORATE SOCIAL RESPONSIBILITY



The first-ever collaboration between two prominent brands of BOCHK and Salvatore Ferragamo brought together art, creativity, excellence and charity under one roof, promoting cross-industry cooperation in fulfilling corporate social responsibility

range of environmentally friendly materials were used in art installations, inspiring the public to explore the inter-dependent relationships between humanity and nature and promoting the significance of environmental protection. The exhibition is well-received by the public and media.

Embracing LOHAS (“Lifestyles for Health and Sustainability”) can help reduce the carbon footprint in our daily life and improve the well-being of communities across the globe. In 2010, we sponsored *LOHAS@BOCHK* organised by Tai Po Environmental Association and fully supported by Kadoorie Farm & Botanic Garden. Under this programme, the LOHAS Atelier has been set up and serves as an educational base to showcase a green and sustainable way of living from diet and home to transportation and clothing, through inspiring exhibitions and demonstration sessions.

Caring for Community We Serve

Rooted in Hong Kong, BOCHK has been serving Hong Kong with a dedication to developing harmonious relationships with different sectors of the city. Working closely with the BOCHK Charitable Foundation (“The Foundation”), an independently operating charity organisation registered in Hong Kong, we actively participate in a diverse range of charitable activities, covering education and culture, sports

and health, environmental protection and social welfare and assistance to the needy in Hong Kong and the Mainland of China, to share our success with the communities we serve.

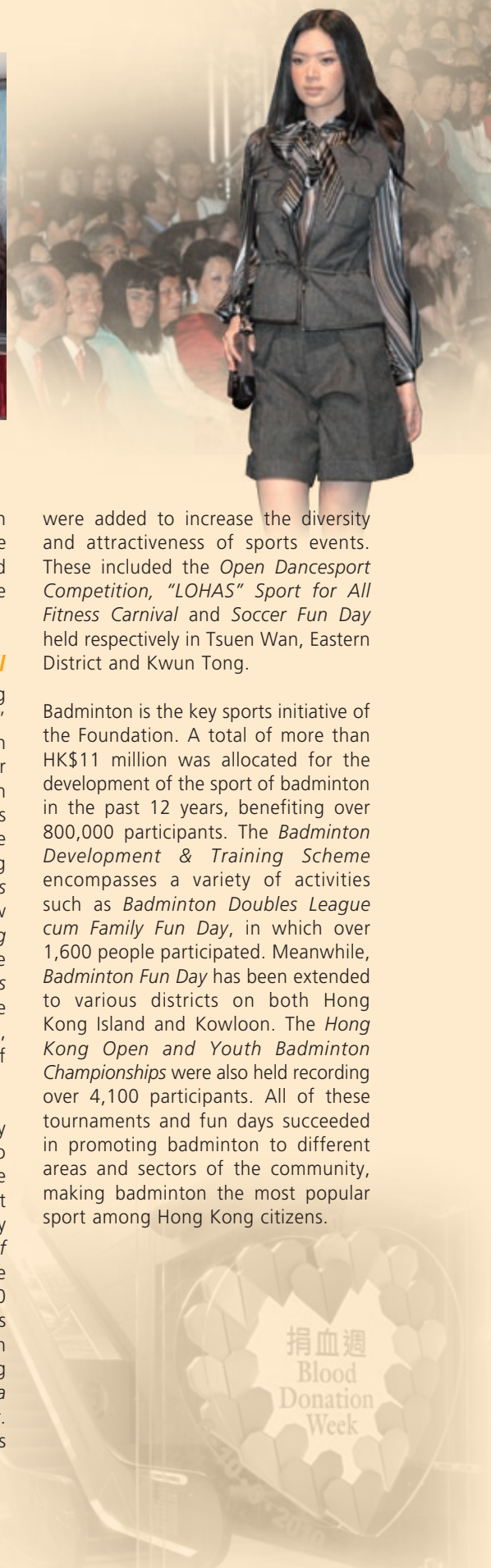
Fostering a Culture of Sport for All

The excellent performance of Hong Kong athletes and their “can-do” spirit demonstrated in the 16th Asian Games has ignited enthusiasm for and raised public interest in sports. In recognition of the Hong Kong athletes for their achievements at large-scale sport games, we have been supporting the *Bank of China Hong Kong Sports Stars Awards* for five years in a row and set up the *Best of the Best Hong Kong Sports Stars Award*. In the online public voting of the *Hong Kong Sports Stars Awards 2009* held in 2010, we recorded a total of over 90,000 votes, representing a year-on-year increase of 63%, from nearly 33,000 voters.

Participation in sports not only promotes good health, but also helps one develop a positive attitude towards life. We advocate the “Sport for All” message in the community through sponsorship of the *Festival of Sport* from 2007 for five consecutive years. In 2010, more than 400,000 people participated in over 80 sports competitions, demonstrations and fun days throughout 18 districts in Hong Kong organised by the *Bank of China (Hong Kong) 53th Festival of Sport*. In this year’s festival, new elements

were added to increase the diversity and attractiveness of sports events. These included the *Open Dancesport Competition*, “LOHAS” *Sport for All Fitness Carnival* and *Soccer Fun Day* held respectively in Tsuen Wan, Eastern District and Kwun Tong.

Badminton is the key sports initiative of the Foundation. A total of more than HK\$11 million was allocated for the development of the sport of badminton in the past 12 years, benefiting over 800,000 participants. The *Badminton Development & Training Scheme* encompasses a variety of activities such as *Badminton Doubles League cum Family Fun Day*, in which over 1,600 people participated. Meanwhile, *Badminton Fun Day* has been extended to various districts on both Hong Kong Island and Kowloon. The *Hong Kong Open and Youth Badminton Championships* were also held recording over 4,100 participants. All of these tournaments and fun days succeeded in promoting badminton to different areas and sectors of the community, making badminton the most popular sport among Hong Kong citizens.



CORPORATE SOCIAL RESPONSIBILITY



The Community Chest's West Meets East: Food Carnival for Charity held at the Bank of China Tower attracted 600 donors to join

For nine consecutive years, the Foundation has sponsored the *Hong Kong Island & Kowloon Regional Inter-school Sports Competition* – the largest school sports competition of its kind in Hong Kong with also the longest history. The competition's top-honour is the *BOCHK Bauhinia Bowls Award*. In 2010, the *BOCHK Rising Star Award*, a new award was set up to further foster the talents of young athletes. We recorded a total of 78,000 athlete enrolments from 272 schools, which participated in more than 8,400 matches of this competition.

Building a Harmonious Community

In 2009/2010, BOCHK donated HK\$25 million of the net proceeds generated by the sale of the Beijing 2008 Olympic Games HKD Commemorative Banknote to the Chest. Together with the HK\$25 million generated from the sale and donated to the Chest in the

previous year, the Group made a total donation of HK\$50 million which was channelled to assist the social welfare agencies supported by the Chest. In 2010, BOCHK was presented the Chest's *Magnificent Award* for two consecutive years and *Top Donor of the Year Award* in recognition of our generosity. BOCHK also encouraged staff participation in the CARE Scheme by matching staff donations. In June 2010, nearly 600 donors who have given generous support to the Chest were invited to participate in the *West Meets East: Food Carnival for Charity* sponsored by the Foundation and held in the BOC Tower. A total of HK\$800,000 was raised and donated to the Chest.

In 2009 we designated HK\$90 million of the net proceeds from the sale of the Olympic Commemorative Banknote to set up the BOCHK's *Caring Hong Kong – A Heart Warming Campaign* ("The Campaign"), with the objectives to mitigate the impact of the economic

turmoil on those affected, to support Hong Kong's economy and to build a harmonious community. Over 300 member social welfare agencies of the Chest and HKCSS were eligible to apply for funding from the two-phased Campaign. As at December 2010, an aggregate of HK\$45 million was allocated to subvent 41 projects.

In celebration of the 20th anniversary of the BOC Tower, BOCHK together with Salvatore Ferragamo, the most prestigious fashion brand in the world, held a four-week *Living Art* Exhibition, a glamorous Autumn Winter 2010 ladies' and men's fashion show followed by a *Charity Gala Dinner* in the iconic Tower between May and June 2010. *Living Art* exhibited the replicas of the historical shoes and Ferragamo bags in the Salvatore Ferragamo museum in Florence. This first-ever collaboration between these two prominent brands brought together their art, creativity and excellence, as well as promoting cross-industry cooperation in fulfilling corporate social responsibility. The proceeds from the *Charity Gala Dinner* of HK\$1 million were donated to the Chest to support those in need.

With social responsibility being recognised as a key element for sustainable development of Hong Kong, BOCHK sponsored the *Hong Kong Corporate Citizenship Programme* launched by the HKPC in 2010. Through a series of competitions, seminars and presentation of the *Hong Kong Outstanding Corporate*

CORPORATE SOCIAL RESPONSIBILITY



Various large scale staff sports activities are organised regularly, showing our dynamism and team spirit



Citizen Award, the programme aims to assist enterprises in adopting social responsibility principles in their business strategies and promoting the concept to their employees, family members, customers, students and the public.

Spreading the Message of Caring

The Group established a Staff Volunteer Team in 2006. The team proactively spreads the message of caring by participating in various community and volunteer activities, including helping to clean elderly homes, organising a food event for underprivileged families and teaching their children to do art work. Our staff also represented the Bank as volunteers at the East Asian Games, LOHAS Atelier, *Junior Achievement (JA) Primary Programme 2010*, *Hong Kong Geopark Charity Green Walk* and the *Power Plant* presented by Hong Kong Arts Festival. All of these volunteer activities were well-received by the Group's staff and their families with over 1,500 participants.

BOCHK was presented the *Gold Award for Volunteer Service* by the Social Welfare Department of the HKSAR Government in recognition of our staff's enthusiasm in performing community

service in 2010. In addition, two of our staff members were presented the *Gold Award* and *Silver Award* respectively for their dedicated service in the East Asian Games. With the shared values of caring and serving others, our staff form a closely knit team to spread the message of caring in the community.

In order to provide support to patients suffering from cognitive impairment, about 400 BOCHK's staff members and 100 customers participated in the *Walk with Professor Kao CUHK Walkathon* in March 2010 to raise funds for an online training programme for family caregivers of the patients and the Charles K. Kao Scholarship Endowment Fund. We also launched a *Kids and Kiss – Pay Love Forward* jointly with the Boys' & Girls' Clubs Association of Hong Kong to show that we care children from low-income or foster care families through a series of interactive games and activities.

Caring has no boundaries. Ours has been spread far and wide to the Mainland of China. Following our staff participation in the *512 Charity Walk for Education* and *Charity Expedition for Education* organised by Sowers Action in 2009, BOCHK supported a team

of 9 staff and their family members, known as Team One, to take part in the *Charity Walk 2010* and complete a 60-km route in the Gansu Province in 4 days. In addition to raising over HK\$110,000 at the event, our staff showed their love and care to local children by giving them encouragement at a creative handwork class at a local school.

Through our extensive branch network, we help collect donations to support rescue work and reconstruction of the areas afflicted by natural disasters. A massive earthquake jolted Haiti on 12 January 2010. We immediately set up a designated account to collect donations, and a total of HK\$450,000 was raised from staff, customers and the general public and given to the afflicted areas through the Hong Kong Red Cross. On 14 April the Qinghai Province in the Mainland of China was also hit by an earthquake. The Foundation became the first institution to make a donation of RMB1 million (equivalent to HK\$1.1 million) to Qinghai earthquake victims through the Red Cross Society of China. The aggregate sum of donations collected from customers and the public stood at HK\$2.06 million to assist the local reconstruction work.

CORPORATE SOCIAL RESPONSIBILITY

We have been supporting the Bank of China Hong Kong Sports Stars Award for five consecutive years, in recognition of the excellent performance of local athletes



Capitalising on the large customer base of the Group, the Foundation helped 10 charitable organisations to send out 3.38 million appeal inserts with bank statements in 2010.

As the wholly-owned subsidiary of BOCHK Group in the Mainland of China, NCB (China) has been committed to undertaking social responsibility in the Mainland communities it serves. In 2010, the Bank supported a local school called Yangpeng School with donations and launched the *Caring*

Deposits Programme jointly with the Red Cross Society of China. Through the programme, the Bank donated a book collection for the children stricken by disaster or living in poverty-stricken areas. In recognition of the Bank's efforts, it was presented the *Most Socially Responsible Company Award – 2010* by the renowned *CFO* magazine in the Mainland.

Nurturing Future Talent

We spare no effort in nurturing our younger generation to build a better society. Since 1990, the Foundation has awarded HK\$13.38 million scholarships and bursaries to nine universities in Hong Kong, benefiting a total of 1,415 students. We organised the sixth *Internship Programme for Financial Professionals in the Mainland of China*, together with the *Summer Internship Programme for Tertiary Institution Students* in recent years. University and tertiary institution students are able to deepen their understanding of economic and financial developments in our motherland by undertaking an internship at the branches of BOC in the Mainland. BOCHK also joined the *Internship Programme for University Graduates* launched by the HKSAR Government by offering six-month internship opportunities either in Hong Kong or the Mainland for university graduates.

The Group is also actively promoting community learning ranging from financial literacy to environmental protection. In 2010, the Group sponsored the Department of Child Education and Community Services of Hong Kong Institute of Vocational Education to set up the "*Kiddie Sky*" *Green Kids Banking Programme* and *Kids Garden* on their new premises in Shatin. Through a series of innovative games and role-play activities, children can gain a general understanding of the basic operation of banks in a relaxed atmosphere. The Group also sponsored the *Junior Achievement (JA) Primary Programme 2010* to give 1,000 primary school children the basic knowledge about our society through innovative classes, and to foster a positive working attitude.

Promoting Art and Culture

Art and culture enrich our life and enhance creativity. In celebration of the 200th anniversary of the birth of world-renowned composer and virtuoso pianist Chopin, we sponsored the *Yundi Li & the HKPO* concert. Besides, about 100 of BOCHK's customers, staff members and their companions attended *Yundi's Piano Masterclass*. During the year, we also supported the *Great Performers: BOCHK Charitable Foundation proudly sponsors – The Pride of China* presented by Hong Kong Philharmonic Orchestra and the Chinese star pianist Lang Lang. A total of 2,000 audience enjoyed the marvellous performance of Lang Lang.

Serving Our Shareholders with a Solid Foundation

The Group is committed to maximising shareholder value and safeguarding shareholders' interests by enhancing corporate governance and ensuring a higher degree of transparency. We implemented the Basel II Accord with revised capital requirements, while reinforcing our internal control system. For details, please refer to "Corporate Governance", "Investor Relations" and "Management's Discussion and Analysis".

郎朗 LANG LANG
鋼琴 piano

13 | 10 | 2010

WED 8PM

香港文化中心音樂廳

HK CULTURAL CENTRE
CONCERT HALL

\$1,280 \$880 \$480 \$280

CORPORATE SOCIAL RESPONSIBILITY Caring Reinforcing



We advocate good work-life balance for staff and organise different recreational activities for our people and their family members

With prudent operations and solid foundation, the Group continues to enhance our core competences amid an ever-changing economic environment. We also keep abreast of the times and seize every opportunity to grow our business and maximise our shareholder value.

People-oriented with Team Spirit

People are our most important asset. We are dedicated to creating development opportunities for our staff in a congenial working environment and fostering promising careers so that they can grow along with the Group.

Professional Staff Training and Development

The Group boasts a team of talented professionals from different backgrounds with versatile experience and expertise. As at the end of 2010, the number of staff reached over 13,000. The Group has been creating job opportunities for all echelons of society, under the auspices of CSR. We recruited well-qualified management and business professionals in Hong Kong, as well as university graduates to develop a new way of thinking and inject fresh ideas.

We advocate equal opportunity and adopt the principle of justice and

fairness in our human resources management and recruitment practices. The anti-discrimination ordinance, in relation to gender, disability, marital status and ethnicity, is clearly outlined in our staff handbook.

Nurturing talented professionals is one of our top priorities. We invest heavily in staff training and development every year. As at December 2010, the Group organised 5,000 courses for 235,000 participants, in conjunction with our strategic objectives for business expansion in Hong Kong and the Mainland in the medium term and our human resources development plan. The programmes include a series of courses and workshops related to risk management, legal and compliance, corporate governance, corporate culture, sales and service, and management skills and leadership development.

To enhance the professionalism of the Group's staff, we rolled out special training for branch managers, operation managers, tellers, customer services representatives and relationship

managers. Sales staff learn about new product features and sales compliance requirements through e-learning courses. The new *Continuous Professional Development Programmes* increase compliance and business knowledge of intermediaries and Executive Officers. We also arrange e-learning for all staff in relation to prevention of money laundering, risk management and compliance.

We work with reputable institutions such as Columbia University, Oxford University and Richard Ivey School of Business, to provide world-class training for our senior management. Such training aims to enhance their leadership and strategic thinking capabilities. In addition, we offer intensive training and exposure to university graduates through the *Management Trainee Programme*, *Officer Trainee Programme* and *Summer Internship Programme* with the objective of grooming those who demonstrate high potential. Our comprehensive training and development programme has earned us recognition. BOCHK received the *Gold Prize of the Award for Excellence*

for Staff Compliance

CORPORATE SOCIAL RESPONSIBILITY



Our Staff Volunteer Team participates in various community and charitable activities, proactively spreading the message of caring for society

In Training and Development organised by the Hong Kong Management Association and *Manpower Developer 1st* held by the Employees Retraining Board.

Competitive Incentive Schemes

BOCHK is committed to providing our staff with competitive remuneration packages. We continue to review and refine our remuneration and benefits policy in line with market practices. Our staff are rewarded according to a performance-linked annual bonus scheme in relation to the performance of the Group, its respective business units as well as individual staff. We also have sales incentive schemes linked to business performance.

Appreciation and recognition are important to motivate staff. We therefore identify outstanding performance and distinguished staff while special newsletters are published to honour their extraordinary achievements.

Culture of Corporate Excellence

Our corporate culture is built on our core values of Social Responsibility, Performance, Innovation, Respect, Integrity and Teamwork, which form an acronym of "SPIRIT".

To strengthen compliance awareness and fulfil our obligations to our staff, we launched a series of educational activities, for instance the *Caring for Staff, Reinforcing Compliance* seminars, implementing a bank-wide charter on the establishment of a compliance culture, as well as disseminating compliance guidelines and updates.

We support a culture of fair and reasonable treatment for staff. A number of communication channels, including a dedicated staff hotline, are provided to gather staff feedback and opinions. We will set up a cross-departmental task force to handle staff opinions objectively and fairly.

We protect the health and safety of our staff by providing a safe and congenial workplace. In addition, a wide range of employee engagement activities, such as multi-level sharing sessions, psychological consultations, visits, seminars and team-building activities are organised to facilitate two-way communication and strengthen staff relationships. Maintaining a good work-life balance helps employees reduce stress. In the year, we recorded a total of 2,211 staff and their family members taking part in recreational

activities of different organisations. Different communication channels are employed, including display boards and e-notice boards to facilitate better information exchange. Our web content, in relation to staff training and development, remuneration and benefits, and recreational activities, is kept up-to-date.

Provision of free body check-ups to staff exemplifies our caring attitude. Our staff benefit from a subsidised canteen which offers breakfast, lunch and dinner in both Chinese and western styles at BOC Tower. We also promote a reading culture by organising various book fairs in BOC Tower and BOC Centre. Over the years, we worked with Hong Kong Red Cross to organise blood donation events, with an overwhelming response from hundreds of staff members.

Corporate social responsibility has a positive impact on staff morale and creates long-term value for the Group. It is a priority for the Group in the year ahead. We will therefore continue to uphold our corporate social responsibility in order to build a harmonious society and contribute to the sustainable development of society.

AWARDS AND RECOGNITION



Customer-centric

- Best Domestic Bank Award – Hong Kong (Asiamoney)
- The Asian Banker Achievement Award for Trade Finance in Hong Kong (The Asian Banker)
- Global Chinese Business 1000 – Hong Kong Top 20 (Yazhou Zhoukan)
- SME's Best Partner Award (The Hong Kong Chamber of Small and Medium Business Limited)
- Lipper Fund Awards – Best Mixed Assets Fund Group (Hong Kong Economic Journal)
- Sing Tao Excellent Services Brand Award – Mortgage Services (Sing Tao Daily)
- Hong Kong Call Centre Association Awards:
 - Gold Award: Inbound Contact Centre of the Year (Under 50 Seats)
 - Gold Award: Mystery Caller Assessment Award
 - Gold Award: Outbound Contact Centre Team Leader of the Year
- "Make-a-Difference" Service of Customer Service Ambassadors: Gold Prize of the Award for Excellence in Training and Development 2010 (Hong Kong Management Association)
- Manpower Developer 1st in the ERB Manpower Developer Award Scheme (Employees Retraining Board)
- Capital Weekly Service Awards – Internet Banking (Capital Weekly)
- BOCHK Mobile Banking Service: "Your Choice @ Focus – Hong Kong White Collars' Most Favourite Brand Awards 2010" (Focus Media Hong Kong)

Awards presented to BOC-CC by various organisations:

- **China UnionPay:**
 - Largest Card Number (Credit Card) – Gold Award – Hong Kong
 - Highest Card Volume (Credit Card) – Gold Award – Hong Kong
 - Highest Acquiring Volume – Gold Award – Hong Kong
 - Innovative Award – Cross-Border (Shenzhen & Hong Kong) Bill Payment Service – Hong Kong and Macau
 - Bank of the Year Award – Hong Kong and Macau
- **Visa International:**
 - Largest Merchant Sales Volume Growth – Silver Prize – Hong Kong
 - Highest Merchant Sales Volume – Bronze Prize – Hong Kong
 - Largest Card Issuer – Macau
 - Highest Retail Sales Volume – Macau
- **MasterCard Worldwide:**
 - The Highest Market Share: Number of Open Cards in Macau – Champion
 - The Highest Market Share: Cardholder Spending in Macau – Champion
 - The Highest Market Share: Number of Open Cards In Hong Kong – 1st Runner Up
 - The Highest Market Share: Merchant Purchase Volume in Hong Kong – 2nd Runner Up
- The World's First BOC CUP Dual Currency Credit Card "Two Currencies, One Card": Certificate of Merit of HKMA/TVB Awards for Marketing Excellence
- Complaints Handling System Certificate of ISO 10002 (Hong Kong Quality Assurance Agency)

AWARDS AND RECOGNITION

Environmental Protection

BOC Tower & BOC Centre

- Management System Certificate of ISO 14001 (Det Norske Veritas)
- Indoor Air Quality Certificate – Excellent Class (Environmental Protection Department of HKSAR Government)
- The Quality Water Recognition Scheme for Buildings Certificate (Water Supplies Department of HKSAR Government)
- Hygiene Control Management Systems Certificate (SGS Hong Kong)

BOC Building

- Management System Certificate of ISO 14001 (Det Norske Veritas)
- HKQAA Carbon Reduction Label (Hong Kong Quality Assurance Agency)
- The Quality Water Recognition Scheme for Buildings Certificate (Water Supplies Department of HKSAR Government)

Awards presented to BOC Life by various organisations:

- One of Top Three of the 14th Asia Insurance Industry Award – Life Insurance Company of the Year (Asia Insurance Review, Singapore and The Review Worldwide Reinsurance Magazine, UK)
- Silver Award: The HKMA Quality Award (Hong Kong Management Association)
- “Endless Love” – Rebranding BOC Life: “Excellence Award” and “Citation for Outstanding TV Campaign” of HKMA/TVB Awards for Marketing Excellence
- “Endless Love” TV Commercial: The Annual Most Popular TV Commercial Awards (Asia Television)
- Best Practice Awards – Best Practices in Customer Engagement (Best Practice Management Group)

Awards presented to NCB (China) by various organisations:

- The Most Socially Responsible Company Award in the China CFO Most Trusted Bank Contest (CFO)
- Debit Card with the Fastest Growth Rate Award in the Most Respected Bank and Best Retail Bank Contest in China (Financial Weekly)
- World Expo Ambassador Programme: Bronze Award of The Most Innovative Marketing Award – the 17th China International Advertising Festival
- Most Popular Foreign-invested Bank for Business Elites (Companion)

Social Responsibility

- Included as a constituent of the Hang Seng Corporate Sustainability Index and Hang Seng (Mainland and HK) Corporate Sustainability Index respectively
- Magnificent Award and The Community Chest Top Donor of the Year Award (The Community Chest)
- Caring Company for eight consecutive years (The Hong Kong Council of Social Service)
- Gold Award for Volunteer Service (Social Welfare Department of HKSAR Government)
- Gold Award and Silver Award for Volunteer Service in the East Asian Games (Social Welfare Department of HKSAR Government)
- Jade Award for Web Care Award 2010 (Internet Professional Association)

Innovation and Creativity

- International ARC Awards
Annual Report 2009 of BOC Hong Kong (Holdings) Limited: Gold Award for “Interior Design: Bank Holding Company”, Silver Award for “Financial Data: Bank Holding Company”
- Astrid Awards
BOCHK Cross-border RMB Trade Settlement Service: Gold Award for “Campaigns – Multi-Media”, Bronze Award for “Campaigns: New Product Launch”
SIBOS 2009: Gold Award for “Special Projects: Integrated Campaign”, Honors for “Graphic Design”
Desk Top Calendar 2010: Gold Award for “Calendars: Corporate”
Launch of RMB Sovereign Bonds in Hong Kong: Silver Award for “Advertisements – Print: Campaign”
- The Ninth China Golden Awards for Excellence in Public Relations
Launch of RMB Sovereign Bonds in Hong Kong: Gold Award for “Public Relations in Finance and Economics”
- Mercury Awards
Launch of RMB Sovereign Bonds in Hong Kong: Gold Award for “Publicity: Client Product Launch”
BOCHK Cross-border RMB Trade Settlement Service: Honors for “Publicity: New Product Development”
- iNOVA Awards
2009 Christmas and 2010 Lunar New Year E-Cards: Silver Award for “Brand Management: E-Cards”
- Questar Awards
“Because of love, plan for other’s future” – BOC Life Corporate Advertisement: Gold Award for “Advertisement/Commercials: Banks/Credit Cards”
- Best Annual Reports Awards 2010 by Hong Kong Management Association
Annual Report 2009 of BOC Hong Kong (Holdings) Limited: Bronze Award for the “General” category

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CONSOLIDATED INCOME STATEMENT

For the year ended 31 December	Notes	2010 HK\$'m	(Restated) 2009 HK\$'m
Interest income		23,449	21,684
Interest expense		(4,715)	(3,752)
Net interest income		18,734	17,932
Fee and commission income		9,479	8,536
Fee and commission expense		(2,435)	(2,028)
Net fee and commission income		7,044	6,508
Gross earned premiums		8,650	7,762
Gross earned premiums ceded to reinsurers		(2,166)	(18)
Net insurance premium income		6,484	7,744
Net trading gain		1,369	1,485
Net gain/(loss) on financial instruments designated at fair value through profit or loss		742	(678)
Net gain/(loss) on investment in securities		656	(132)
Other operating income		467	482
Total operating income		35,496	33,341
Gross insurance benefits and claims		(10,053)	(7,294)
Reinsurers' share of benefits and claims		2,065	8
Net insurance benefits and claims		(7,988)	(7,286)
Net operating income before impairment allowances		27,508	26,055
Net reversal of impairment allowances		315	1,190
Net operating income		27,823	27,245
Operating expenses		(9,584)	(12,141)
Operating profit		18,239	15,104
Net gain from disposal of/fair value adjustments on investment properties		1,511	1,563
Net (loss)/gain from disposal/revaluation of properties, plant and equipment		(6)	50
Share of profits less losses after tax of associates		(2)	7
Profit before taxation		19,742	16,724
Taxation		(3,052)	(2,473)
Profit for the year		16,690	14,251
Profit attributable to:			
Equity holders of the Company		16,196	13,930
Non-controlling interests		494	321
		16,690	14,251
Dividends		10,277	9,040
		HK\$	HK\$
Earnings per share for profit attributable to the equity holders of the Company	3	1.5319	1.3175

The notes on pages 96 to 119 are an integral part of these Summary Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	Notes	2010 HK\$'m	(Restated) 2009 HK\$'m
Profit for the year		16,690	14,251
Change in fair value of available-for-sale securities		1,774	7,600
Revaluation of premises		4,942	4,232
Currency translation difference		223	(1)
Change in fair value of hedging instruments under net investment hedges		(30)	–
Net deferred tax effect	7	(917)	(1,515)
Reclassification adjustments			
Release upon disposal of available-for-sale securities		(675)	(51)
Net reversal of impairment allowances on available-for-sale securities transferred to income statement		(208)	(612)
Amortisation with respect to available-for-sale securities transferred to held-to-maturity securities		(41)	(64)
Other comprehensive income for the year, net of tax		5,068	9,589
Total comprehensive income for the year		21,758	23,840
Total comprehensive income attributable to:			
Equity holders of the Company		21,258	23,458
Non-controlling interests		500	382
		21,758	23,840

The notes on pages 96 to 119 are an integral part of these Summary Financial Statements.

CONSOLIDATED BALANCE SHEET

	Notes	At 31 December 2010 HK\$'m	(Restated) At 31 December 2009 HK\$'m	(Restated) At 1 January 2009 HK\$'m
ASSETS				
Cash and balances with banks and other financial institutions		415,812	160,788	153,269
Placements with banks and other financial institutions maturing between one and twelve months		39,499	60,282	89,718
Financial assets at fair value through profit or loss		69,876	44,594	43,812
Derivative financial instruments		23,854	17,584	19,628
Hong Kong SAR Government certificates of indebtedness		46,990	38,310	34,200
Advances and other accounts		645,424	527,135	469,493
Investment in securities		360,184	313,755	291,681
Interests in associates		212	217	88
Investment properties	5	10,342	9,364	7,727
Properties, plant and equipment	6	31,049	26,286	22,795
Deferred tax assets	7	157	152	155
Other assets		17,641	14,327	14,679
Total assets		1,661,040	1,212,794	1,147,245
LIABILITIES				
Hong Kong SAR currency notes in circulation		46,990	38,310	34,200
Deposits and balances of banks and other financial institutions		313,784	99,647	88,779
Financial liabilities at fair value through profit or loss		25,493	16,288	21,938
Derivative financial instruments		21,355	13,967	20,450
Deposits from customers		1,027,033	842,321	802,577
Debt securities in issue at amortised cost		–	–	1,042
Other accounts and provisions		35,480	29,930	34,873
Current tax liabilities		1,726	1,918	441
Deferred tax liabilities	7	4,206	3,314	1,782
Insurance contract liabilities		39,807	33,408	28,274
Subordinated liabilities		26,877	26,776	27,339
Total liabilities		1,542,751	1,105,879	1,061,695
EQUITY				
Share capital	8	52,864	52,864	52,864
Reserves	9	62,317	51,315	30,870
Capital and reserves attributable to the equity holders of the Company		115,181	104,179	83,734
Non-controlling interests		3,108	2,736	1,816
Total equity		118,289	106,915	85,550
Total liabilities and equity		1,661,040	1,212,794	1,147,245

The notes on pages 96 to 119 are an integral part of these Summary Financial Statements.

Approved by the Board of Directors on 24 March 2011 and signed on behalf of the Board by:



XIAO Gang
Director



HE Guangbei
Director

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

These Summary Financial Statements have been prepared from the Annual Financial Statements of the BOC Hong Kong (Holdings) Limited ("Annual Financial Statements") for the year ended 31 December 2010.

The Annual Financial Statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRSs is a collective term which includes all applicable individual Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA and the requirements of the Hong Kong Companies Ordinance.

The Annual Financial Statements of the Group have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale securities, financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss, investment properties which are carried at fair value and premises which are carried at fair value or revalued amount less accumulated depreciation and accumulated impairment losses.

Early adoption of the amendment to HKAS 12

The amended standard will be effective for reporting period beginning on or after 1 January 2012. Earlier application is permitted. The Group considers that the required treatment under the revised standard better reflects the tax position of the investment properties of the Group, and have early adopted the amended standard retrospectively.

Upon early adoption, deferred tax liabilities for the revaluation of investment properties would be calculated subject to a nil tax rate retrospectively. The effect of the adoption of this amended standard is set out below:

	At 31 December 2010 HK\$'m	At 31 December 2009 HK\$'m	At 1 January 2009 HK\$'m
Items in Consolidated Balance Sheet:			
Increase in deferred tax assets	3	3	1
Net increase in assets	3	3	1
Decrease in deferred tax liabilities	(1,446)	(1,277)	(1,017)
Net decrease in liabilities	(1,446)	(1,277)	(1,017)
Increase in premises revaluation reserve	116	101	44
Increase in retained earnings	1,329	1,176	971
Increase in non-controlling interests	4	3	3
Net increase in equity	1,449	1,280	1,018

	2010 HK\$'m	2009 HK\$'m
Items in Consolidated Income Statement:		
Decrease in taxation	(153)	(205)
Increase in earnings per share (in HK\$)	0.0144	0.0194

NOTES TO THE FINANCIAL STATEMENTS

2. Financial risk management

The Group is exposed to financial risks as a result of engaging in a variety of business activities. The principal financial risks are credit risk, market risk (including currency risk and interest rate risk) and liquidity risk. This note summarises the Group's exposures to these risks, as well as its objectives, policies and processes for managing and the methods used to measure these risks.

2.1 Credit Risk

Credit risk is the risk that a customer or counterparty will be unable to or unwilling to meet its obligations under a contract. It arises principally from lending, trade finance and treasury businesses, and covers inter-bank transactions, foreign exchange and derivative transactions as well as investments in bonds and securities.

Credit exposures

Maximum exposures to credit risk before collateral held or other credit enhancements are summarised as follows:

	2010 HK\$'m	2009 HK\$'m
Credit risk exposures relating to on-balance sheet assets are as follows:		
Balances with banks and other financial institutions	411,241	157,379
Placements with banks and other financial institutions maturing between one and twelve months	39,499	60,282
Financial assets at fair value through profit or loss		
– debt securities	64,791	40,328
Derivative financial instruments	23,854	17,584
Hong Kong SAR Government certificates of indebtedness	46,990	38,310
Advances and other accounts	645,424	527,135
Investment in securities		
– debt securities		
– available-for-sale	282,917	225,356
– held-to-maturity	58,384	72,439
– loans and receivables	15,356	12,703
Other assets	13,896	11,895
Credit risk exposures relating to off-balance sheet items are as follows:		
Letters of guarantee issued	10,329	10,990
Loan commitment and other credit related liabilities	326,381	265,434
	1,939,062	1,439,835

2.2 Market Risk

Market risk refers to the risk of losses arising from adverse movements in the value of foreign exchange and commodity positions and the trading book interest rate and equity positions held by the Group due to the volatility of financial market price (debt security price/interest rate, foreign exchange rate, equity price, commodity price). The Group adopts robust market risk appetite to achieve balance between risk and return. The Group's objective in managing market risk is to secure healthy growth of treasury business, by effective management of potential market risk in the Group's business, according to the Group's overall risk appetite and strategy of treasury business and based on well established risk management regime and measures.

NOTES TO THE FINANCIAL STATEMENTS

2. Financial risk management (continued)

2.2 Market Risk (continued)

(A) Currency risk

The tables below summarise the Group's exposure to foreign currency exchange rate risk as at 31 December. Included in the tables are the assets and liabilities at carrying amounts in HK\$ equivalent, categorised by the original currency.

	2010							
	Renminbi HK\$'m	US Dollars HK\$'m	HK Dollars HK\$'m	Euro HK\$'m	Japanese Yen HK\$'m	Pound Sterling HK\$'m	Others HK\$'m	Total HK\$'m
Assets								
Cash and balances with banks and other financial institutions	369,368	18,084	22,058	2,762	657	1,884	999	415,812
Placements with banks and other financial institutions maturing between one and twelve months	8,886	22,840	6,279	42	-	144	1,308	39,499
Financial assets at fair value through profit or loss	1,560	16,413	51,716	112	-	-	75	69,876
Derivative financial instruments	122	2,540	21,144	18	-	-	30	23,854
Hong Kong SAR Government certificates of indebtedness	-	-	46,990	-	-	-	-	46,990
Advances and other accounts	25,299	190,935	413,767	5,447	1,260	53	8,663	645,424
Investment in securities								
- Available-for-sale securities	15,279	155,583	46,438	22,876	4,421	1,767	40,080	286,444
- Held-to-maturity securities	6,577	28,811	11,567	1,743	2,028	15	7,643	58,384
- Loans and receivables	-	5,791	9,565	-	-	-	-	15,356
Interests in associates	-	-	212	-	-	-	-	212
Investment properties	96	-	10,246	-	-	-	-	10,342
Properties, plant and equipment	420	-	30,629	-	-	-	-	31,049
Other assets (including deferred tax assets)	2,200	404	14,916	77	89	40	72	17,798
Total assets	429,807	441,401	685,527	33,077	8,455	3,903	58,870	1,661,040
Liabilities								
Hong Kong SAR currency notes in circulation	-	-	46,990	-	-	-	-	46,990
Deposits and balances of banks and other financial institutions	241,539	42,496	13,393	99	252	15	15,990	313,784
Financial liabilities at fair value through profit or loss	-	76	25,280	-	-	-	137	25,493
Derivative financial instruments	130	3,599	16,863	681	2	-	80	21,355
Deposits from customers	156,391	184,993	612,360	15,764	1,921	16,745	38,859	1,027,033
Other accounts and provisions (including current and deferred tax liabilities)	4,430	10,799	24,267	535	48	642	691	41,412
Insurance contract liabilities	2,761	6,963	30,083	-	-	-	-	39,807
Subordinated liabilities	-	20,029	-	6,848	-	-	-	26,877
Total liabilities	405,251	268,955	769,236	23,927	2,223	17,402	55,757	1,542,751
Net on-balance sheet position	24,556	172,446	(83,709)	9,150	6,232	(13,499)	3,113	118,289
Off-balance sheet net notional position*	(17,769)	(165,279)	192,604	(9,078)	(6,290)	13,368	(3,256)	4,300
Contingent liabilities and commitments	11,813	85,973	227,256	5,720	1,559	1,076	3,313	336,710

NOTES TO THE FINANCIAL STATEMENTS

2. Financial risk management (continued)

2.2 Market Risk (continued)

(A) Currency risk (continued)

	2009							
	Renminbi HK\$'m	US Dollars HK\$'m	HK Dollars HK\$'m	Euro HK\$'m	Japanese Yen HK\$'m	Pound Sterling HK\$'m	Others HK\$'m	Total HK\$'m
Assets								
Cash and balances with banks and other financial institutions	59,001	45,058	51,024	2,066	317	623	2,699	160,788
Placements with banks and other financial institutions maturing between one and twelve months	1,782	34,514	19,365	3,083	43	125	1,370	60,282
Financial assets at fair value through profit or loss	700	10,884	32,948	-	-	-	62	44,594
Derivative financial instruments	5	1,201	16,238	48	-	-	92	17,584
Hong Kong SAR Government certificates of indebtedness	-	-	38,310	-	-	-	-	38,310
Advances and other accounts	15,810	112,386	386,259	3,352	1,170	46	8,112	527,135
Investment in securities								
- Available-for-sale securities	2,414	115,645	36,176	24,365	13,261	1,882	34,870	228,613
- Held-to-maturity securities	1,761	26,623	25,291	6,749	2,725	362	8,928	72,439
- Loans and receivables	-	5,873	6,661	-	-	-	169	12,703
Interests in associates	-	-	217	-	-	-	-	217
Investment properties	59	-	9,305	-	-	-	-	9,364
Properties, plant and equipment	350	-	25,936	-	-	-	-	26,286
Other assets (including deferred tax assets)	128	614	13,497	11	110	54	65	14,479
Total assets	82,010	352,798	661,227	39,674	17,626	3,092	56,367	1,212,794
Liabilities								
Hong Kong SAR currency notes in circulation	-	-	38,310	-	-	-	-	38,310
Deposits and balances of banks and other financial institutions	38,104	24,930	35,539	18	28	13	1,015	99,647
Financial liabilities at fair value through profit or loss	-	599	15,229	-	-	-	460	16,288
Derivative financial instruments	7	2,056	10,921	869	3	-	111	13,967
Deposits from customers	38,714	158,094	564,319	15,517	2,199	14,645	48,833	842,321
Other accounts and provisions (including current and deferred tax liabilities)	1,194	8,304	22,952	617	56	528	1,511	35,162
Insurance contract liabilities	1	6,202	27,205	-	-	-	-	33,408
Subordinated liabilities	-	19,399	-	7,377	-	-	-	26,776
Total liabilities	78,020	219,584	714,475	24,398	2,286	15,186	51,930	1,105,879
Net on-balance sheet position	3,990	133,214	(53,248)	15,276	15,340	(12,094)	4,437	106,915
Off-balance sheet net notional position*	462	(120,753)	149,934	(15,284)	(15,284)	11,849	(4,728)	6,196
Contingent liabilities and commitments	5,940	61,833	197,945	4,341	569	835	4,961	276,424

* Off-balance sheet net notional position represents the net notional amounts of foreign currency derivative financial instruments, which are principally used to reduce the Group's exposure to currency movements.

NOTES TO THE FINANCIAL STATEMENTS

2. Financial risk management (continued)

2.2 Market Risk (continued)

(B) Interest rate risk

The tables below summarise the Group's exposure to interest rate risk as at 31 December. Included in the tables are the assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	2010						Total HK\$m
	Up to 1 month HK\$m	1-3 months HK\$m	3-12 months HK\$m	1-5 years HK\$m	Over 5 years HK\$m	Non-interest bearing HK\$m	
Assets							
Cash and balances with banks and other financial institutions	409,210	-	-	-	-	6,602	415,812
Placements with banks and other financial institutions maturing between one and twelve months	-	19,346	20,153	-	-	-	39,499
Financial assets at fair value through profit or loss	3,439	30,225	3,638	14,214	13,275	5,085	69,876
Derivative financial instruments	-	-	-	-	-	23,854	23,854
Hong Kong SAR Government certificates of indebtedness	-	-	-	-	-	46,990	46,990
Advances and other accounts	513,018	92,528	27,356	7,659	119	4,744	645,424
Investment in securities							
– Available-for-sale securities	34,227	41,732	49,471	125,084	32,403	3,527	286,444
– Held-to-maturity securities	7,142	16,570	9,808	16,132	8,732	-	58,384
– Loans and receivables	5,791	3,402	6,163	-	-	-	15,356
Interests in associates	-	-	-	-	-	212	212
Investment properties	-	-	-	-	-	10,342	10,342
Properties, plant and equipment	-	-	-	-	-	31,049	31,049
Other assets (including deferred tax assets)	-	-	-	-	-	17,798	17,798
Total assets	972,827	203,803	116,589	163,089	54,529	150,203	1,661,040
Liabilities							
Hong Kong SAR currency notes in circulation	-	-	-	-	-	46,990	46,990
Deposits and balances of banks and other financial institutions	298,078	8,729	969	-	-	6,008	313,784
Financial liabilities at fair value through profit or loss	4,996	16,993	3,316	168	20	-	25,493
Derivative financial instruments	-	-	-	-	-	21,355	21,355
Deposits from customers	787,316	107,409	73,421	5,010	-	53,877	1,027,033
Other accounts and provisions (including current and deferred tax liabilities)	11,005	1,070	2,163	394	-	26,780	41,412
Insurance contract liabilities	-	-	-	-	-	39,807	39,807
Subordinated liabilities	-	-	6,848	-	20,029	-	26,877
Total liabilities	1,101,395	134,201	86,717	5,572	20,049	194,817	1,542,751
Interest sensitivity gap	(128,568)	69,602	29,872	157,517	34,480	(44,614)	118,289

NOTES TO THE FINANCIAL STATEMENTS

2. Financial risk management (continued)

2.2 Market Risk (continued)

(B) Interest rate risk (continued)

	2009						Total HK\$m
	Up to 1 month HK\$m	1-3 months HK\$m	3-12 months HK\$m	1-5 years HK\$m	Over 5 years HK\$m	Non-interest bearing HK\$m	
Assets							
Cash and balances with banks and other financial institutions	132,002	-	-	-	-	28,786	160,788
Placements with banks and other financial institutions maturing between one and twelve months	-	26,170	34,112	-	-	-	60,282
Financial assets at fair value through profit or loss	10,862	2,567	2,223	11,269	13,407	4,266	44,594
Derivative financial instruments	-	-	-	-	-	17,584	17,584
Hong Kong SAR Government certificates of indebtedness	-	-	-	-	-	38,310	38,310
Advances and other accounts	437,386	66,229	17,878	1,491	164	3,987	527,135
Investment in securities							
– Available-for-sale securities	24,086	42,303	15,488	119,124	24,355	3,257	228,613
– Held-to-maturity securities	16,968	28,856	11,241	10,920	4,454	-	72,439
– Loans and receivables	169	1,774	10,760	-	-	-	12,703
Interests in associates	-	-	-	-	-	217	217
Investment properties	-	-	-	-	-	9,364	9,364
Properties, plant and equipment	-	-	-	-	-	26,286	26,286
Other assets (including deferred tax assets)	-	-	-	-	-	14,479	14,479
Total assets	621,473	167,899	91,702	142,804	42,380	146,536	1,212,794
Liabilities							
Hong Kong SAR currency notes in circulation	-	-	-	-	-	38,310	38,310
Deposits and balances of banks and other financial institutions	78,388	1,751	3,475	-	-	16,033	99,647
Financial liabilities at fair value through profit or loss	13,375	1,974	846	93	-	-	16,288
Derivative financial instruments	-	-	-	-	-	13,967	13,967
Deposits from customers	681,049	76,187	36,107	1,073	-	47,905	842,321
Other accounts and provisions (including current and deferred tax liabilities)	9,685	265	274	305	-	24,633	35,162
Insurance contract liabilities	-	-	-	-	-	33,408	33,408
Subordinated liabilities	-	-	26,776	-	-	-	26,776
Total liabilities	782,497	80,177	67,478	1,471	-	174,256	1,105,879
Interest sensitivity gap	(161,024)	87,722	24,224	141,333	42,380	(27,720)	106,915

NOTES TO THE FINANCIAL STATEMENTS

2. Financial risk management (continued)

2.3 Liquidity Risk

Liquidity risk is the risk that banks fail to provide sufficient funds to grow assets or pay the due obligations, and need to bear an unacceptable loss. The Group follows the sound liquidity risk appetite, to provide stable, reliable and adequate sources of cash to meet liquidity needs under normal circumstances or stressed scenarios; and survive with net positive cumulative cash flow in extreme scenarios, without requesting HKMA to act as a lender of last resort.

Maturity analysis

Tables below analyse assets and liabilities of the Group as at 31 December into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date.

	2010							Total HK\$'m
	On demand HK\$'m	Up to 1 month HK\$'m	1-3 months HK\$'m	3-12 months HK\$'m	1-5 years HK\$'m	Over 5 years HK\$'m	Indefinite HK\$'m	
Assets								
Cash and balances with banks and other financial institutions	374,818	40,994	-	-	-	-	-	415,812
Placements with banks and other financial institutions maturing between one and twelve months	-	-	19,346	20,153	-	-	-	39,499
Financial assets at fair value through profit or loss								
- debt securities held for trading								
- certificates of deposit held	-	-	568	1,678	2	-	-	2,248
- others	-	3,209	27,603	2,628	3,179	5,054	-	41,673
- debt securities designated at fair value through profit or loss								
- certificates of deposit held	-	-	118	422	1,316	474	-	2,330
- others	-	63	180	722	9,964	7,611	-	18,540
- fund and equity securities	-	-	-	-	-	-	5,085	5,085
Derivative financial instruments	19,539	507	509	1,080	1,167	1,052	-	23,854
Hong Kong SAR Government certificates of indebtedness	46,990	-	-	-	-	-	-	46,990
Advances and other accounts								
- advances to customers	43,572	17,031	43,051	107,513	232,575	166,473	693	610,908
- trade bills	53	10,109	16,190	5,253	-	-	-	31,605
- advances to banks and other financial institutions	-	1	147	1,209	1,554	-	-	2,911
Investment in securities								
- debt securities held for available-for-sale								
- certificates of deposit held	-	303	501	11,577	11,248	-	-	23,629
- others	-	18,164	12,873	48,637	142,051	37,144	419	259,288
- debt securities held for held-to-maturity								
- certificates of deposit held	-	3	41	1,280	2,910	366	-	4,600
- others	-	1,054	3,743	11,637	26,645	10,311	394	53,784
- debt securities held for loans and receivables	-	5,791	3,402	6,163	-	-	-	15,356
- equity securities	-	-	-	-	-	-	3,527	3,527
Interests in associates	-	-	-	-	-	-	212	212
Investment properties	-	-	-	-	-	-	10,342	10,342
Properties, plant and equipment	-	-	-	-	-	-	31,049	31,049
Other assets (including deferred tax assets)	4,609	10,744	6	211	2,125	-	103	17,798
Total assets	489,581	107,973	128,278	220,163	434,736	228,485	51,824	1,661,040
Liabilities								
Hong Kong SAR currency notes in circulation	46,990	-	-	-	-	-	-	46,990
Deposits and balances of banks and other financial institutions	260,453	43,633	8,729	969	-	-	-	313,784
Financial liabilities at fair value through profit or loss								
- certificates of deposit issued	-	-	-	-	-	-	-	-
- others	-	4,996	16,994	3,316	167	20	-	25,493
Derivative financial instruments	14,706	1,040	495	1,287	3,082	745	-	21,355
Deposits from customers	599,586	239,253	107,982	74,014	6,198	-	-	1,027,033
Other accounts and provisions (including current and deferred tax liabilities)	22,967	8,579	1,829	3,237	4,800	-	-	41,412
Insurance contract liabilities	1,407	1,131	55	3,413	25,351	8,450	-	39,807
Subordinated liabilities	-	-	419	1	-	26,457	-	26,877
Total liabilities	946,109	298,632	136,503	86,237	39,598	35,672	-	1,542,751
Net liquidity gap	(456,528)	(190,659)	(8,225)	133,926	395,138	192,813	51,824	118,289

NOTES TO THE FINANCIAL STATEMENTS

2. Financial risk management (continued)

2.3 Liquidity Risk (continued)

Maturity analysis (continued)

	2009							Total HK\$'m
	On demand HK\$'m	Up to 1 month HK\$'m	1-3 months HK\$'m	3-12 months HK\$'m	1-5 years HK\$'m	Over 5 years HK\$'m	Indefinite HK\$'m	
Assets								
Cash and balances with banks and other financial institutions	91,290	69,498	-	-	-	-	-	160,788
Placements with banks and other financial institutions maturing between one and twelve months	-	-	26,170	34,112	-	-	-	60,282
Financial assets at fair value through profit or loss								
- debt securities held for trading	-	-	-	-	-	-	-	-
- certificates of deposit held	-	-	-	-	-	-	-	-
- others	-	10,793	2,051	2,018	1,266	2,467	-	18,595
- debt securities designated at fair value through profit or loss								
- certificates of deposit held	-	-	-	53	1,845	687	-	2,585
- others	-	69	80	228	8,493	10,278	-	19,148
- fund and equity securities	-	-	-	-	-	-	4,266	4,266
Derivative financial instruments	13,825	606	1,082	845	995	231	-	17,584
Hong Kong SAR Government certificates of indebtedness	38,310	-	-	-	-	-	-	38,310
Advances and other accounts								
- advances to customers	28,490	10,667	31,118	76,503	216,468	148,265	1,192	512,703
- trade bills	-	3,820	5,130	150	-	-	-	9,100
- advances to banks and other financial institutions	10	-	-	3,044	2,278	-	-	5,332
Investment in securities								
- debt securities held for available-for-sale								
- certificates of deposit held	-	3,250	1,247	4,588	10,023	-	-	19,108
- others	-	7,625	15,721	16,775	134,620	30,152	1,355	206,248
- debt securities held for held-to-maturity								
- certificates of deposit held	-	1,679	922	2,695	3,924	613	-	9,833
- others	-	2,433	2,942	23,351	26,331	6,864	685	62,606
- debt securities held for loans and receivables	-	169	1,774	10,760	-	-	-	12,703
- equity securities	-	-	-	-	-	-	3,257	3,257
Interests in associates	-	-	-	-	-	-	-	217
Investment properties	-	-	-	-	-	-	9,364	9,364
Properties, plant and equipment	-	-	-	-	-	-	26,286	26,286
Other assets (including deferred tax assets)	2,917	11,187	4	75	165	-	131	14,479
Total assets	174,842	121,796	88,241	175,197	406,408	199,557	46,753	1,212,794
Liabilities								
Hong Kong SAR currency notes in circulation	38,310	-	-	-	-	-	-	38,310
Deposits and balances of banks and other financial institutions	76,858	17,563	1,751	3,475	-	-	-	99,647
Financial liabilities at fair value through profit or loss								
- certificates of deposit issued	-	-	-	-	-	-	-	-
- others	-	13,166	864	2,159	99	-	-	16,288
Derivative financial instruments	9,389	570	152	536	2,514	806	-	13,967
Deposits from customers	564,595	164,327	74,942	37,384	1,073	-	-	842,321
Other accounts and provisions (including current and deferred tax liabilities)	15,657	12,653	901	2,353	3,598	-	-	35,162
Insurance contract liabilities	1,704	663	13	1,321	23,012	6,695	-	33,408
Subordinated liabilities	-	-	-	13	-	26,763	-	26,776
Total liabilities	706,513	208,942	78,623	47,241	30,296	34,264	-	1,105,879
Net liquidity gap	(531,671)	(87,146)	9,618	127,956	376,112	165,293	46,753	106,915

NOTES TO THE FINANCIAL STATEMENTS

2. Financial risk management (continued)

2.3 Liquidity Risk (continued)

Maturity analysis (continued)

The above maturity classifications have been prepared in accordance with relevant provisions under the Banking (Disclosure) Rules. The Group has reported assets such as advances and debt securities which have been overdue for not more than one month as "Repayable on demand". In the case of an asset that is repayable by different payments or instalments, only that portion of the asset that is actually overdue is reported as overdue. Any part of the asset that is not due is reported according to the residual maturity unless the repayment of the asset is in doubt in which case the amount is reported as "Indefinite". The above assets are stated after deduction of provisions, if any.

The analysis of debt securities by remaining period to maturity is disclosed in order to comply with relevant provisions under the Banking (Disclosure) Rules. The disclosure does not imply that the securities will be held to maturity.

The above analysis in respect of insurance contract liabilities represents the estimated timing of net cash outflows resulting from recognised insurance contract liabilities on the balance sheet as at 31 December.

2.4 Insurance Risk

The Group is in the business of insuring against the risk of mortality, morbidity, disability, critical illness, accidents and related risks. The Group manages these risks through the application of its underwriting policies and reinsurance arrangement.

2.5 Capital Management

The major objective of the Group's capital management is to maximise total shareholders' return while maintaining a capital adequacy position in relation to the Group's overall risk profile. The Group periodically reviews its capital structure and adjusts the capital mix where appropriate to achieve the required rate of return on capital.

(A) Capital adequacy ratio

	2010	2009
Capital adequacy ratio	16.14%	16.85%
Core capital ratio	11.29%	11.64%

The capital ratios are 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 Banking (Capital) Rules.

NOTES TO THE FINANCIAL STATEMENTS

2. Financial risk management (continued)

2.5 Capital Management (continued)

(B) Components of capital base after deductions

The consolidated capital base after deductions used in the calculation of the above capital adequacy ratio as at 31 December and reported to the HKMA is analysed as follows:

	2010 HK\$'m	2009 HK\$'m
Core capital:		
Paid up ordinary share capital	43,043	43,043
Reserves	28,475	26,154
Profit and loss account	5,332	2,039
Minority interests	1,425	1,229
	78,275	72,465
Deductions from core capital	(332)	(334)
Core capital	77,943	72,131
Supplementary capital:		
Fair value gains arising from holdings of available-for-sale securities	588	237
Fair value gains arising from holdings of securities designated at fair value through profit or loss	29	–
Collective loan impairment allowances	1,985	1,598
Regulatory reserve	5,076	4,040
Term subordinated debt	26,198	26,763
	33,876	32,638
Deductions from supplementary capital	(332)	(334)
Supplementary capital	33,544	32,304
Total capital base after deductions	111,487	104,435

Term subordinated debt represents subordinated liabilities qualified as Tier 2 Capital of BOCHK pursuant to the regulatory requirements of the HKMA.

NOTES TO THE FINANCIAL STATEMENTS

2. Financial risk management (continued)

2.6 Fair values of financial assets and liabilities

Fair value estimates are made at a specific point in time based on relevant market information and information about various financial instruments. The following methods and assumptions have been used to estimate the fair value of each class of financial instrument as far as practicable.

Balances with banks and other financial institutions and Trade bills

The maturities of these financial assets and liabilities are within one year and the carrying value approximates fair value.

Advances to customers, banks and other financial institutions

Substantially all the advances to customers, banks and other financial institutions are on floating rate terms, bear interest at prevailing market interest rates and their carrying value approximates fair value.

Held-to-maturity securities

Fair value for held-to-maturity securities is based on market prices or broker/dealer price quotations. Where this information is not available, fair value has been estimated using quoted market prices for securities with similar credit, maturity and yield characteristics. The carrying value and fair value as at 31 December 2010 amounted to HK\$58,384 million (2009: HK\$72,439 million) and HK\$58,463 million (2009: HK\$72,249 million) respectively.

Loans and receivables

A discounted cash flow model is used based on a current yield curve appropriate for the remaining term to maturity and their carrying value approximates fair value.

Deposits from customers

Substantially all the deposits from customers mature within one year from the balance sheet date and their carrying value approximates fair value.

Subordinated liabilities

The subordinated loans are on floating rate terms, bear interest at prevailing market interest rates and their carrying value approximates fair value. Fair value for subordinated notes is based on market prices or broker/dealer price quotations. The carrying value and fair value of subordinated notes as at 31 December 2010 amounted to HK\$20,029 million (2009: Nil) and HK\$20,834 million (2009: Nil) respectively.

3. Earnings per share for profit attributable to the equity holders of the Company

The calculation of basic earnings per share is based on the consolidated profit attributable to the equity holders of the Company for the year ended 31 December 2010 of approximately HK\$16,196 million (2009: HK\$13,930 million) and on the ordinary shares in issue of 10,572,780,266 shares (2009: 10,572,780,266 ordinary shares).

There was no dilution of earnings per share as no potential ordinary shares were in issue for the year ended 31 December 2010 (2009: Nil).

NOTES TO THE FINANCIAL STATEMENTS

4. Directors' and senior management's emoluments

(a) Directors' emoluments

Details of the emoluments paid to or receivable by the directors of the Company in respect of their services rendered for the Company and managing the subsidiaries within the Group during the year are as follows:

For the year 2010	Directors' fee HK\$'000	Basic salaries, allowances and benefits in kind HK\$'000	Contributions to pension schemes HK\$'000	Bonus HK\$'000	Total HK\$'000
Executive Directors					
He Guangbei	100	6,614	–	3,419	10,133
Gao Yingxin	100	4,742	–	2,465	7,307
	200	11,356	–	5,884	17,440
Non-executive Directors					
Xiao Gang	–	–	–	–	–
Li Lihui	–	–	–	–	–
Li Zaohang	–	–	–	–	–
Zhou Zaiqun	–	–	–	–	–
Zhang Yanling	–	–	–	–	–
Fung Victor Kwok King*	300	–	–	–	300
Koh Beng Seng*	350	–	–	–	350
Shan Weijian*	350	–	–	–	350
Tung Chee Chen*	300	–	–	–	300
Tung Savio Wai-Hok*	350	–	–	–	350
Yang Linda Tsao*	155	–	–	–	155
	1,805	–	–	–	1,805
	2,005	11,356	–	5,884	19,245

Madam Yang Linda Tsao has retired from the office of the Independent Non-executive Director of the Company since 21 May 2010.

NOTES TO THE FINANCIAL STATEMENTS

4. Directors' and senior management's emoluments (continued)

(a) Directors' emoluments (continued)

For the year 2009	Directors' fee HK\$'000	Basic salaries, allowances and benefits in kind HK\$'000	Contributions to pension schemes HK\$'000	Bonus HK\$'000	Total HK\$'000
Executive Directors					
He Guangbei	100	6,210	–	2,777	9,087
Lee Raymond Wing Hung	137	2,617	93	–	2,847
Gao Yingxin	100	4,485	–	1,677	6,262
	337	13,312	93	4,454	18,196
Non-executive Directors					
Xiao Gang	–	–	–	–	–
Li Lihui	154	–	–	–	154
Sun Changji	146	–	–	–	146
Li Zaohang	253	–	–	–	253
Zhou Zaiqun	420	–	–	–	420
Zhang Yanling	253	–	–	–	253
Fung Victor Kwok King*	300	–	–	–	300
Koh Beng Seng*	350	–	–	–	350
Shan Weijian*	350	–	–	–	350
Tung Chee Chen*	300	–	–	–	300
Tung Savio Wai-Hok*	350	–	–	–	350
Yang Linda Tsao*	400	–	–	–	400
	3,276	–	–	–	3,276
	3,613	13,312	93	4,454	21,472

Note:

* Independent Non-executive Directors

In July 2002, options were granted to several directors of the Company by the immediate holding company, BOC (BVI), under the Pre-Listing Share Option Scheme. During the year, certain options were exercised, but no benefits arising from the granting of these share options were included in the directors' emoluments disclosed above or recognised in the income statement.

For the year ended 31 December 2010, five (2009: one) of the directors waived emoluments of HK\$1,728,000 (2009: HK\$200,000).

NOTES TO THE FINANCIAL STATEMENTS

4. Directors' and senior management's emoluments (continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2009: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2009: three) individuals during the year are as follows:

	2010 HK\$m	2009 HK\$m
Basic salaries and allowances	16	18
Bonus	5	3
Contributions to pension schemes	1	1
Directors' fee from subsidiaries	–	1
Amount paid as an inducement to join the Group	2	–
	24	23

Emoluments of individuals were within the following bands:

	Number of individuals	
	2010	2009
HK\$5,500,001 – HK\$6,000,000	–	1
HK\$6,000,001 – HK\$6,500,000	2	1
HK\$10,500,001 – HK\$11,000,000	–	1
HK\$11,000,001 – HK\$11,500,000	1	–

NOTES TO THE FINANCIAL STATEMENTS

4. Directors' and senior management's emoluments (continued)

(c) Remuneration for the senior management and key personnel

Pursuant to CG-5 Guideline on a Sound Remuneration System issued by the HKMA, details of the remuneration for the senior management and key personnel of the Group during the year are as follows:

	2010	2009
Number of beneficiaries	29	27
	2010 HK\$'m	2009 HK\$'m
Fixed remuneration	87	78
Variable remuneration		
Cash	36	26
Deferred remuneration		
Vested	–	–
Unvested	4	–
	4	–
At 1 January	–	–
Awarded	4	–
Paid out	–	–
Reduced through performance adjustments	–	–
At 31 December	4	–

For detailed information on the decision-making process used to determine the remuneration policy and the key design characteristics of the remuneration system, please refer to the section "Corporate Governance" in this Summary Financial Report.

NOTES TO THE FINANCIAL STATEMENTS

5. Investment properties

	2010 HK\$'m	2009 HK\$'m
At 1 January	9,364	7,727
Additions	2	–
Disposals	(171)	(77)
Fair value gains	1,511	1,554
Reclassification (to)/from properties, plant and equipment (Note 6)	(365)	160
Exchange difference	1	–
At 31 December	10,342	9,364

As at 31 December 2010, investment properties are included in the consolidated balance sheet at valuation carried out at 31 December 2010 on the basis of their fair value by an independent firm of chartered surveyors, Savills Valuation and Professional Services Limited. The fair value represents the estimated amount at which the asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The carrying value of investment properties is analysed based on the remaining terms of the leases as follows:

	2010 HK\$'m	2009 HK\$'m
Held in Hong Kong		
On long-term lease (over 50 years)	1,738	1,474
On medium-term lease (10 – 50 years)	8,398	7,683
On short-term lease (less than 10 years)	–	23
Held outside Hong Kong		
On long-term lease (over 50 years)	6	1
On medium-term lease (10 – 50 years)	200	183
	10,342	9,364

NOTES TO THE FINANCIAL STATEMENTS

6. Properties, plant and equipment

	Premises HK\$'m	Equipment, fixtures and fittings HK\$'m	Total HK\$'m
Net book value at 1 January 2010	23,701	2,585	26,286
Additions	92	596	688
Disposals	(106)	(11)	(117)
Revaluation	4,946	–	4,946
Depreciation for the year	(484)	(647)	(1,131)
Reclassification from/(to) investment properties (Note 5)	378	(13)	365
Transfer	47	(47)	–
Exchange difference	7	5	12
Net book value at 31 December 2010	28,581	2,468	31,049
At 31 December 2010			
Cost or valuation	28,581	6,859	35,440
Accumulated depreciation and impairment	–	(4,391)	(4,391)
Net book value at 31 December 2010	28,581	2,468	31,049
Net book value at 1 January 2009	20,105	2,690	22,795
Additions	1	573	574
Disposals	(140)	(12)	(152)
Revaluation	4,247	–	4,247
Depreciation for the year	(386)	(632)	(1,018)
Reclassification to investment properties (Note 5)	(157)	(3)	(160)
Transfer	31	(31)	–
Net book value at 31 December 2009	23,701	2,585	26,286
At 31 December 2009			
Cost or valuation	23,701	6,531	30,232
Accumulated depreciation and impairment	–	(3,946)	(3,946)
Net book value at 31 December 2009	23,701	2,585	26,286
The analysis of cost or valuation of the above assets is as follows:			
At 31 December 2010			
At cost	–	6,859	6,859
At valuation	28,581	–	28,581
	28,581	6,859	35,440
At 31 December 2009			
At cost	–	6,531	6,531
At valuation	23,701	–	23,701
	23,701	6,531	30,232

NOTES TO THE FINANCIAL STATEMENTS

6. Properties, plant and equipment (continued)

The carrying value of premises is analysed based on the remaining terms of the leases as follows:

	2010 HK\$'m	2009 HK\$'m
Held in Hong Kong		
On long-term lease (over 50 years)	9,869	8,618
On medium-term lease (10 – 50 years)	18,288	14,691
Held outside Hong Kong		
On long-term lease (over 50 years)	94	69
On medium-term lease (10 – 50 years)	299	276
On short-term lease (less than 10 years)	31	47
	28,581	23,701

As at 31 December 2010, premises are included in the consolidated balance sheet at valuation carried out at 31 December 2010 on the basis of their fair value by an independent firm of chartered surveyors, Savills Valuation and Professional Services Limited. The fair value represents the estimated amount at which the asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

As a result of the above-mentioned revaluations, changes in value of the Group's premises were recognised in the Group's premises revaluation reserve, the income statement and non-controlling interests respectively as follows:

	2010 HK\$'m	2009 HK\$'m
Increase in valuation credited to premises revaluation reserve	4,905	4,208
Increase in valuation credited to income statement	4	15
Increase in valuation credited to non-controlling interests	37	24
	4,946	4,247

As at 31 December 2010, the net book value of premises that would have been included in the Group's consolidated balance sheet had the assets been carried at cost less accumulated depreciation and impairment losses was HK\$6,663 million (2009: HK\$6,257 million).

NOTES TO THE FINANCIAL STATEMENTS

7. Deferred taxation

Deferred tax is recognised in respect of the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements in accordance with HKAS 12 “Income Taxes”.

The major components of deferred tax (assets)/liabilities recorded in the consolidated balance sheet, and the movements during the year showing the impact of the early adoption of HKAS 12 (Amendment) “Income Taxes”, are as follows:

	2010					
	Accelerated tax depreciation HK\$'m	Property revaluation HK\$'m	Losses HK\$'m	Impairment allowance HK\$'m	Other temporary differences HK\$'m	Total HK\$'m
At 1 January 2010, as previously reported	540	4,359	(139)	(274)	(44)	4,442
Effect of early adoption of HKAS 12 (Amendment)	(11)	(1,269)	-	-	-	(1,280)
At 1 January 2010, as restated	529	3,090	(139)	(274)	(44)	3,162
Charged/(credited) to income statement	6	1	15	(57)	5	(30)
Charged to other comprehensive income	-	788	-	-	129	917
Exchange difference	-	2	-	(2)	-	-
At 31 December 2010	535	3,881	(124)	(333)	90	4,049

	2009					
	Accelerated tax depreciation HK\$'m	Property revaluation HK\$'m	Losses HK\$'m	Impairment allowance HK\$'m	Other temporary differences HK\$'m	Total HK\$'m
At 1 January 2009, as previously reported	545	3,464	(126)	(254)	(984)	2,645
Effect of early adoption of HKAS 12 (Amendment)	(13)	(1,005)	-	-	-	(1,018)
At 1 January 2009, as restated	532	2,459	(126)	(254)	(984)	1,627
(Credited)/charged to income statement	(3)	7	(13)	(20)	49	20
Charged to other comprehensive income	-	624	-	-	891	1,515
At 31 December 2009	529	3,090	(139)	(274)	(44)	3,162

NOTES TO THE FINANCIAL STATEMENTS

7. Deferred taxation (continued)

Deferred tax assets and liabilities are offset on an individual entity basis when there is a legal right to set off current tax assets against current tax liabilities and when the deferred taxation relates to the same authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	At 31 December 2010 HK\$'m	(Restated) At 31 December 2009 HK\$'m	(Restated) At 1 January 2009 HK\$'m
Deferred tax assets	(157)	(152)	(155)
Deferred tax liabilities	4,206	3,314	1,782
	4,049	3,162	1,627

	At 31 December 2010 HK\$'m	(Restated) At 31 December 2009 HK\$'m	(Restated) At 1 January 2009 HK\$'m
Deferred tax assets to be recovered after more than twelve months	(106)	(140)	(155)
Deferred tax liabilities to be settled after more than twelve months	4,085	3,356	2,745
	3,979	3,216	2,590

The deferred tax charged/(credited) for each component of other comprehensive income during the year is as follows:

	2010 HK\$'m	(Restated) 2009 HK\$'m
Fair value changes of available-for-sale securities	136	884
Revaluation of premises	783	621
Non-controlling interests	(2)	10
	917	1,515

8. Share capital

	2010 HK\$'m	2009 HK\$'m
Authorised: 20,000,000,000 ordinary shares of HK\$5 each	100,000	100,000
Issued and fully paid: 10,572,780,266 ordinary shares of HK\$5 each	52,864	52,864

NOTES TO THE FINANCIAL STATEMENTS

9. Reserves

	Attributable to the equity holders of the Company								
	Share capital HK\$m	Premises revaluation reserve HK\$m	Reserve for fair value changes of available-for- sale securities HK\$m	Regulatory reserve* HK\$m	Translation reserve HK\$m	Retained earnings HK\$m	Total HK\$m	Non- controlling interests HK\$m	Total equity HK\$m
At 1 January 2009, as previously reported	52,864	8,214	(4,125)	4,503	226	21,037	82,719	1,813	84,532
Effect of early adoption of HKAS 12 (Amendment)	-	44	-	-	-	971	1,015	3	1,018
At 1 January 2009, as restated	52,864	8,258	(4,125)	4,503	226	22,008	83,734	1,816	85,550
Comprehensive income	-	3,587	6,005	-	(1)	13,867	23,458	382	23,840
Release upon disposal of premises	-	(185)	-	-	-	185	-	-	-
Transfer to retained earnings	-	-	-	(463)	-	463	-	-	-
Dividend paid	-	-	-	-	-	(3,013)	(3,013)	(197)	(3,210)
Increase in non-controlling interests arising from capital issuance of a subsidiary	-	-	-	-	-	-	-	735	735
At 31 December 2009	52,864	11,660	1,880	4,040	225	33,510	104,179	2,736	106,915
Company and subsidiaries	52,864	11,660	1,880	4,040	225	33,455	104,124		
Associates	-	-	-	-	-	55	55		
	52,864	11,660	1,880	4,040	225	33,510	104,179		
At 1 January 2010, as previously reported	52,864	11,559	1,880	4,040	225	32,334	102,902	2,733	105,635
Effect of early adoption of HKAS 12 (Amendment)	-	101	-	-	-	1,176	1,277	3	1,280
At 1 January 2010, as restated	52,864	11,660	1,880	4,040	225	33,510	104,179	2,736	106,915
Comprehensive income	-	4,125	749	-	228	16,156	21,258	500	21,758
Release upon disposal of premises	-	(35)	-	-	-	35	-	-	-
Transfer from retained earnings	-	-	-	1,036	-	(1,036)	-	-	-
Dividend paid	-	-	-	-	-	(10,256)	(10,256)	(128)	(10,384)
At 31 December 2010	52,864	15,750	2,629	5,076	453	38,409	115,181	3,108	118,289
Company and subsidiaries	52,864	15,750	2,629	5,076	453	38,359	115,131		
Associates	-	-	-	-	-	50	50		
	52,864	15,750	2,629	5,076	453	38,409	115,181		
Representing:									
2010 final dividend proposed						6,048			
Others						32,361			
Retained earnings as at 31 December 2010						38,409			

* In accordance with the requirements of the HKMA, the amounts are set aside for general banking risks, including future losses or other unforeseeable risks, in addition to the loan impairment allowances recognised under HKAS 39.

NOTES TO THE FINANCIAL STATEMENTS

10. Segmental reporting

The Group engages in many businesses in several regions. For segmental reporting purposes, information is solely provided in respect of business segments. Geographical segment information is not presented because over 90% of the Group's revenues, profits before tax and assets are derived from Hong Kong.

Information about four business segments is provided in segmental reporting. They are Personal Banking, Corporate Banking, Treasury and Insurance. The classification of the Group's operating segments is based on customer segment and product type, which is aligned with the RPC (relationship, product and channel) management model of the Group.

As the Group's major revenue is derived from interest and the senior management relies primarily on net interest revenue to assess the performance of the segment, the total interest income and expense for all reportable segments will be presented on a net basis.

In this year, customer segment of small business and social organisations was reclassified from Corporate Banking to Personal Banking to align with the corresponding change in the management of customer segment. No change has been made to the comparative figures.

Both Personal Banking and Corporate Banking segments provide general banking services. Personal Banking mainly serves individual customers while Corporate Banking mainly deals with non individual customers. The Treasury segment is responsible for managing the capital, liquidity, and the interest rate and foreign exchange positions of the Group in addition to proprietary trades. The Insurance segment shows business relates to the long-term life insurance products, including traditional and linked individual life insurance and group life insurance products, and the senior management relies primarily on net insurance premium income and benefits and claims to assess the performance of the segment. "Others" refers to those items related to the Group as a whole rather than directly attributable to the other four business segments, including the Group's holdings of premises, investment properties, equity investments and interests in associates.

Revenues, expenses, assets and liabilities of any business segment mainly include items directly attributable to the segment. In relation to occupation of the Group's premises, rentals are internally charged on market rates according to the areas occupied. For management overheads, allocations are made on reasonable bases. Inter-segment funding is charged according to the internal funds transfer pricing mechanism of the Group.

NOTES TO THE FINANCIAL STATEMENTS

10. Segmental reporting (continued)

	2010							
	Personal HK\$'m	Corporate HK\$'m	Treasury HK\$'m	Insurance HK\$'m	Others HK\$'m	Subtotal HK\$'m	Eliminations HK\$'m	Consolidated HK\$'m
Net interest income/(expense)								
– external	2,377	6,738	8,130	1,491	(2)	18,734	–	18,734
– inter-segment	3,608	(104)	(3,423)	–	(81)	–	–	–
	5,985	6,634	4,707	1,491	(83)	18,734	–	18,734
Net fee and commission income/(expense)	4,626	2,568	46	(227)	143	7,156	(112)	7,044
Net insurance premium income	–	–	–	6,490	–	6,490	(6)	6,484
Net trading gain/(loss)	495	163	611	171	(70)	1,370	(1)	1,369
Net gain on financial instruments designated at fair value through profit or loss	–	–	44	698	–	742	–	742
Net gain on investment in securities	–	–	533	123	–	656	–	656
Other operating income/(expenses)	35	(5)	–	13	1,956	1,999	(1,532)	467
Total operating income	11,141	9,360	5,941	8,759	1,946	37,147	(1,651)	35,496
Net insurance benefits and claims	–	–	–	(7,988)	–	(7,988)	–	(7,988)
Net operating income before impairment allowances	11,141	9,360	5,941	771	1,946	29,159	(1,651)	27,508
Net (charge)/reversal of impairment allowances	(108)	169	307	(53)	–	315	–	315
Net operating income	11,033	9,529	6,248	718	1,946	29,474	(1,651)	27,823
Operating expenses	(6,369)	(2,568)	(785)	(213)	(1,300)	(11,235)	1,651	(9,584)
Operating profit	4,664	6,961	5,463	505	646	18,239	–	18,239
Net gain from disposal of/fair value adjustments on investment properties	–	–	–	–	1,511	1,511	–	1,511
Net (loss)/gain from disposal/revaluation of properties, plant and equipment	(8)	–	–	–	2	(6)	–	(6)
Share of profits less losses after tax of associates	–	–	–	–	(2)	(2)	–	(2)
Profit before taxation	4,656	6,961	5,463	505	2,157	19,742	–	19,742
Assets								
Segment assets	210,978	458,928	910,772	48,195	50,650	1,679,523	(18,695)	1,660,828
Interests in associates	–	–	–	–	212	212	–	212
	210,978	458,928	910,772	48,195	50,862	1,679,735	(18,695)	1,661,040
Liabilities								
Segment liabilities	657,605	407,328	437,174	45,149	14,190	1,561,446	(18,695)	1,542,751
Other information								
Capital expenditure	11	4	–	7	668	690	–	690
Depreciation	298	149	85	4	595	1,131	–	1,131
Amortisation of securities	–	–	106	74	–	180	–	180

NOTES TO THE FINANCIAL STATEMENTS

10. Segmental reporting (continued)

	2009							
	Personal HK\$m	Corporate HK\$m	Treasury HK\$m	Insurance HK\$m	Others HK\$m	Subtotal HK\$m	Eliminations HK\$m	Consolidated HK\$m
Net interest income/(expense)								
– external	2,452	6,120	8,091	1,271	(2)	17,932	–	17,932
– inter-segment	3,343	(618)	(2,669)	–	(56)	–	–	–
	5,795	5,502	5,422	1,271	(58)	17,932	–	17,932
Net fee and commission income/(expense)	4,329	2,487	24	(342)	66	6,564	(56)	6,508
Net insurance premium income	–	–	–	7,757	–	7,757	(13)	7,744
Net trading gain/(loss)	497	164	827	(1)	(3)	1,484	1	1,485
Net gain/(loss) on financial instruments designated at fair value through profit or loss	–	–	261	(939)	–	(678)	–	(678)
Net loss on investment in securities	–	–	(132)	–	–	(132)	–	(132)
Other operating income	27	34	2	11	1,803	1,877	(1,395)	482
Total operating income	10,648	8,187	6,404	7,757	1,808	34,804	(1,463)	33,341
Net insurance benefits and claims	–	–	–	(7,286)	–	(7,286)	–	(7,286)
Net operating income before impairment allowances	10,648	8,187	6,404	471	1,808	27,518	(1,463)	26,055
Net (charge)/reversal of impairment allowances	(161)	49	1,302	–	–	1,190	–	1,190
Net operating income	10,487	8,236	7,706	471	1,808	28,708	(1,463)	27,245
Operating expenses	(5,983)	(2,321)	(742)	(176)	(4,382)	(13,604)	1,463	(12,141)
Operating profit/(loss)	4,504	5,915	6,964	295	(2,574)	15,104	–	15,104
Net gain from disposal of/fair value adjustments on investment properties	–	–	–	–	1,563	1,563	–	1,563
Net gain from disposal/revaluation of properties, plant and equipment	–	–	–	–	50	50	–	50
Share of profits less losses after tax of associates	–	–	–	–	7	7	–	7
Profit/(loss) before taxation	4,504	5,915	6,964	295	(954)	16,724	–	16,724
Assets								
Segment assets*	178,026	372,443	593,807	37,963	45,010	1,227,249	(14,672)	1,212,577
Interests in associates	–	–	–	–	217	217	–	217
	178,026	372,443	593,807	37,963	45,227	1,227,466	(14,672)	1,212,794
Liabilities								
Segment liabilities*	570,566	304,882	195,956	35,355	13,792	1,120,551	(14,672)	1,105,879
Other information								
Capital expenditure	23	2	–	10	539	574	–	574
Depreciation	293	143	88	2	492	1,018	–	1,018
Amortisation of securities	–	–	136	139	–	275	–	275

* Segment assets and liabilities of small business and social organisations amounted to HK\$9,624 million and HK\$39,677 million respectively as at 31 December 2009.

11. Loans to directors and officers

Particulars of advances made to directors and officers of the Company pursuant to section 161B of the Hong Kong Companies Ordinance are as follows:

	2010 HK\$m	2009 HK\$m
Aggregate amount of relevant loans outstanding at year end	3,492	3,476
Maximum aggregate amount of relevant loans outstanding during the year	3,878	3,576

12. Approval of summary financial statements

These Summary Financial Statements were approved and authorised for issue by the Board of Directors on 24 March 2011.

CONNECTED TRANSACTIONS

In 2010, BOCHK, a wholly owned subsidiary of the Company, and its subsidiaries engaged on a regular basis in the usual course of their business in numerous transactions with BOC and its Associates. As BOC is the Company's controlling shareholder and therefore a connected person of the Company, all such transactions constituted connected transactions for the purposes of the Listing Rules. The Group is subject to the control of the State Council of the PRC Government through China Investment Corporation ("CIC"), its wholly-owned subsidiary Central Huijin Investment Ltd. ("Central Huijin"), and BOC in which Central Huijin has controlling equity interests. Central Huijin is the ultimate controlling shareholder of the Company. Central Huijin has accepted PRC Government's authorisation in carrying out equity investment in core financial enterprises. For the purposes of this report, therefore, Central Huijin and its associates has not been treated as connected persons to the Company.

The transactions fell into the following two categories:

1. exempted transactions entered into in the usual course of business and under normal commercial terms. Such transactions were exempted from disclosure and independent shareholder approval by virtue of Rules 14A.31, 14A.33 and 14A.65 of the Listing Rules;
2. certain regular banking transactions entered into on a continual basis which are subject to the announcement requirement throughout the year. On 2 January 2008 the Company made an announcement (the "Announcement") in accordance with Rule 14A.47 of the Listing Rules, and has got the approval from the independent shareholders on 20 May 2008. The Announcement listed those continuing connected transactions that exceeded the de minimus threshold and set out caps in respect of such transactions for the three years 2008-2010. These transactions were conducted in the ordinary course of its business and on normal commercial terms. Details of these continuing connected transactions are set out below and are described in the announcements which may be viewed at the Company's website.

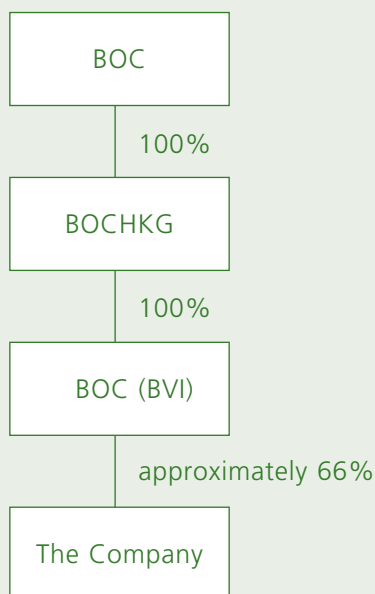
Type of Transaction	2010 Cap (HK\$'m)	2010 Actual Amount (HK\$'m)
Information Technology Services	1,100	48
Property Transactions	1,100	104
Bank-note Delivery	1,100	89
Provision of Insurance Cover	1,100	102
Credit Card Services	1,100	47
Securities Transactions	6,000	386
Fund Distribution Transactions	6,000	47
Insurance Agency	6,000	512
Foreign Exchange Transactions	6,000	26
Trading of Financial Assets	110,000	19,331
Inter-bank Capital Markets	110,000	2,686

RECONCILIATION BETWEEN HKFRSs VS IFRS/CAS

The Company understands that BOC, an intermediate holding company as well as controlling shareholder of the Company, will prepare and disclose consolidated financial information in accordance with IFRS and CAS for which the Company and its subsidiaries will form part of the consolidated financial statements. CAS is the new set of PRC accounting standards that has been effective for annual periods beginning on or after 1 January 2007 for companies publicly listed in PRC. The requirements of CAS have substantially converged with IFRS and HKFRSs.

The consolidated financial information of “BOC Hong Kong Group” for the periods disclosed by BOC in its consolidated financial statements is not the same as the consolidated financial information of the Group for the periods published by the Company pursuant to applicable laws and regulations in Hong Kong. There are two reasons for this.

First, the definitions of “BOC Hong Kong Group” (as adopted by BOC for the purpose of its own financial disclosure) and “Group” (as adopted by the Company in preparing and presenting its consolidated financial information) are different: “BOC Hong Kong Group” refers to BOCHKG and its subsidiaries, whereas “Group” refers to the Company and its subsidiaries (see the below organisation chart). Though there is difference in definitions between “BOC Hong Kong Group” and “Group”, their financial results for the periods presented are substantially the same. This is because BOCHKG and BOC (BVI) are holding companies only and have no substantive operations of their own.



Second, the Group has prepared its consolidated financial statements in accordance with HK GAAP prior to 1 January 2005 and as from 1 January 2005 onwards in accordance with HKFRSs; whereas the consolidated financial information reported to BOC is prepared in accordance with IFRS and CAS respectively. Despite the fact that HKFRSs have converged with IFRS, there is a timing difference in the initial adoption of HKFRSs and IFRS by the Group and by BOC respectively.

The Board considers that the best way to ensure that shareholders and the investing public understand the material differences between the consolidated financial information of the Group published by the Company on the one hand, and the consolidated financial information of BOC Hong Kong Group disclosed by BOC in its financial statements on the other hand, is to present reconciliations of the profit after tax/net assets of the Group prepared under HKFRSs to the profit after tax/net assets of the Group prepared under IFRS and CAS respectively for the periods presented.

RECONCILIATION BETWEEN HKFRSs VS IFRS/CAS

The major differences between HKFRSs and IFRS/CAS, which arise from the difference in measurement basis in IFRS or CAS and the timing difference in the initial adoption of HKFRSs and IFRS relate to the following:

- re-measurement of carrying value of treasury products;
- restatement of carrying value of bank premises;
- deferred taxation impact arising from the above different measurement basis; and
- early adoption of the amendment to HKAS 12.

(a) *Re-measurement of carrying value of treasury products*

Due to the difference in the timing of first adoption of HKFRSs and IFRS, classification and measurement of certain investment securities under HKFRSs and IFRS were different. Therefore, investment securities were reclassified and re-measured to align with the accounting policies of BOC for the relevant periods. Classification and measurement under IFRS and CAS is basically the same.

(b) *Restatement of carrying value of bank premises*

The Company has elected for a revaluation basis rather than cost basis to account for bank premises and investment properties under HKFRSs. On the contrary, BOC has elected for the cost convention for bank premises and revaluation basis for investment properties under IFRS and CAS. Therefore, adjustments have been made to the carrying value of bank premises as well as to re-calculate the depreciation charge and disposal gain/loss under IFRS and CAS.

(c) *Deferred tax adjustments*

These represent the deferred tax effect of the aforesaid adjustments.

(d) *Early adoption of the amendment to HKAS 12*

The Company has early adopted the amendment to HKAS 12 while BOC has not elected to early adopt the amendment under IFRS and CAS. Therefore, adjustments have been made to remove the effects from the early adoption of the amendment to HKAS 12.

Profit after tax/net assets reconciliation

HKFRSs vs IFRS/CAS

	Profit after tax		Net assets	
	2010 HK\$'m	2009 HK\$'m	2010 HK\$'m	2009 HK\$'m
Profit after tax/net assets of BOC Hong Kong (Holdings) Limited prepared under HKFRSs	16,690	14,251	118,289	106,915
Add: IFRS/CAS adjustments				
Re-measurement of carrying value of treasury products	(35)	(108)	(3)	(10)
Restatement of carrying value of bank premises	323	246	(17,726)	(13,218)
Deferred tax adjustments	(44)	7	2,931	2,186
Effect of early adoption of HKAS 12 (Amendment)	(153)	(205)	(1,449)	(1,280)
Profit after tax/net assets of BOC Hong Kong (Holdings) Limited prepared under IFRS/CAS	16,781	14,191	102,042	94,593

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL REPORT

To the shareholders of BOC Hong Kong (Holdings) Limited

(incorporated in Hong Kong with limited liability)

The summary financial report of BOC Hong Kong (Holdings) Limited ("the Company") set out from the front cover to page 119 includes a financial section in respect of the Company for the year ended 31 December 2010. The financial section of the Company set out on pages 93 to 119 which comprises the consolidated balance sheet as at 31 December 2010, the consolidated income statement and consolidated statement of comprehensive income for the year then ended, and related notes, is derived from the audited financial statements of the Company for the year ended 31 December 2010. We expressed an unmodified audit opinion on those financial statements in our report dated 24 March 2011.

The financial section does not contain all the disclosures required by Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. Reading the financial section, therefore, is not a substitute for reading the audited financial statements of the Company.

Directors' Responsibility for the Summary Financial Report

Under the Hong Kong Companies Ordinance, the directors are responsible for the preparation of a summary financial report in accordance with section 141CF(1) of the Hong Kong Companies Ordinance. In preparing the summary financial report, section 141CF(1) of the Hong Kong Companies Ordinance requires that the summary financial report be derived from the annual financial statements and the auditor's report thereon and the directors' report for the year ended 31 December 2010, be in such form and contain such information and particulars as specified in section 5 of the Hong Kong Companies (Summary Financial Reports of Listed Companies) Regulation, and be approved by the board of directors.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial report based on our procedures and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our engagements in accordance with Hong Kong Standard on Auditing 810, "Engagements to Report on Summary Financial Statements" issued by the Hong Kong Institute of Certified Public Accountants. We are also required to state whether the auditor's report on the annual financial statements for the year ended 31 December 2010 is qualified or otherwise modified.

Opinion

In our opinion, the summary financial report:

- (a) is consistent with the annual financial statements and the auditor's report thereon and the directors' report of the Company for the year ended 31 December 2010 from which it is derived; and
- (b) complies with the requirements of section 5 of the Hong Kong Companies (Summary Financial Reports of Listed Companies) Regulation.



PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 24 March 2011

SHAREHOLDER INFORMATION

Financial Calendar 2011

Major Events	Dates
Announcement of 2010 annual results	24 March (Thursday)
Last day in Hong Kong of dealings in the Company's shares with entitlement to final dividend	17 May (Tuesday)
Ex-dividend date	18 May (Wednesday)
Latest time in Hong Kong for lodging transfers for entitlement to final dividend	19 May (Thursday) 4:30 p.m.
Book closure period (both days inclusive)	20 May (Friday) to 25 May (Wednesday)
Latest time for lodging proxy forms for 2011 Annual General Meeting	23 May (Monday) 2:00 p.m.
Record date for final dividend	25 May (Wednesday)
2011 Annual General Meeting	25 May (Wednesday) 2:00 p.m.
Final dividend payment date	1 June (Wednesday)
Announcement of 2011 interim results	Mid to late August

Annual General Meeting

The 2011 Annual General Meeting will be held at 2:00 p.m. on Wednesday, 25 May 2011 at Grand Ballroom, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong.

Share Information

Listing and Stock Codes

Ordinary Shares	Level 1 ADR Programme
The Company's ordinary shares are listed and traded on The Stock Exchange of Hong Kong Limited (HKEX).	The Company maintains a Level 1 ADR facility for its ADSs. Each ADS represents 20 ordinary shares of the Company.
<i>Stock codes</i> HKEX 2388 Reuters 2388.HK Bloomberg 2388 HK	<i>Stock codes</i> CUSIP No.: 096813209 OTC Symbol: BHKLY

Market Capitalisation and Index Recognition

As at 31 December 2010, the Company's market capitalisation was HK\$280 billion, among the top 20 leading stocks on the Main Board of Hong Kong Stock Exchange in terms of market capitalisation. Given the Company's sizable market capitalisation and high liquidity, its shares are a constituent of the Hang Seng Index, MSCI Index and FTSE Index series.

During the year, in recognition of its performance with regard to corporate sustainability issues, the Company has been included as a constituent of the Hang Seng Corporate Sustainability Index and Hang Seng (Mainland and HK) Corporate Sustainability Index respectively. These indices were launched on 26 July 2010.

Debt Securities

Subordinated Notes

Issuer	: Bank of China (Hong Kong) Limited, a wholly owned and principal subsidiary of the Company
Nominal value	: US\$2,500 million
Description	: Bank of China (Hong Kong) Limited 5.55% Subordinated Notes 2020
Listing	: The Notes are listed and traded on The Stock Exchange of Hong Kong Limited (HKEX)
Stock codes	: HKEX 4316
	ISIN USY1391CAJ00
	Bloomberg E11388897

SHAREHOLDER INFORMATION

Share Price and Trading Information

Share price (HK\$)	2010	2009	2008
Closing price at year end	26.45	17.60	8.78
Highest trading price during the year	29.40	19.88	24.10
Lowest trading price during the year	15.92	6.30	7.33
Average trading volume/trading day (m shares)	17.20	27.51	23.47
Number of ordinary shares issued (shares)	10,572,780,266		
Public float	Approximately 34%		
Nominal value per share	HK\$5.00		

The Company's shares closed at HK\$26.45 as at 31 December 2010, representing an increase of 50.3%, outperforming both Hang Seng Index and Hang Seng Finance Index which increased by 5.3% and decreased by 1.1% respectively.

Dividends

The Directors has recommended a final dividend of HK\$0.572 per share, which is subject to the approval of shareholders at the 2011 Annual General Meeting. With the interim dividend per share of HK\$0.400 paid during 2010, the total dividend per share will be amounted to HK\$0.972 for the whole year.

Credit Ratings (long-term)

Standard & Poor's	:	A-
Moody's Investors Service	:	Aa3
Fitch Ratings	:	A

Shareholder Enquiries

Any matters relating to your shareholding, e.g. transfer of shares, change of name or address, lost share certificates and dividend warrants, should be sent in writing to:

Hong Kong Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East, Wan Chai, Hong Kong
Telephone: (852) 2862 8555
Facsimile: (852) 2865 0990
E-mail: hkinfo@computershare.com.hk

USA Citibank Shareholder Services
250 Royall Street
Canton, MA 02021, USA
Telephone: 1-877-248-4237 (toll free)
 1-781-575-4555 (outside USA)
E-mail: Citibank@shareholders-online.com

Investor Relations Contact

Enquiries can be directed to:

Investor Relations Division
BOC Hong Kong (Holdings) Limited
52nd Floor
Bank of China Tower
1 Garden Road
Hong Kong
Telephone: (852) 2903 6602 / 2826 6314
Facsimile: (852) 2810 5830
E-mail: investor_relations@bochk.com

DEFINITIONS

In this Summary Financial Report, unless the context otherwise requires, the following terms shall have the meanings set out below:

Terms	Meanings
"ADR"	American Depositary Receipt
"ADS(s)"	American Depositary Share(s)
"ALCO"	the Asset and Liability Management Committee
"ATM"	Automated Teller Machine
"Associates"	has the meaning ascribed to "associates" in the Listing Rules
"Board" or "Board of Directors"	the Board of Directors of the Company
"BOC"	Bank of China Limited, a joint stock commercial bank with limited liability established under the laws of the PRC, the H shares and A shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange respectively
"BOC (BVI)"	BOC Hong Kong (BVI) Limited, a company incorporated under the laws of the British Virgin Islands and a wholly owned subsidiary of BOCHKG
"BOC Insurance"	Bank of China Group Insurance Company Limited, a company incorporated under the laws of Hong Kong and a wholly owned subsidiary of BOC
"BOC Life"	BOC Group Life Assurance Company Limited, a company incorporated under the laws of Hong Kong, in which the Group and BOC Insurance hold equity interests of 51% and 49% respectively
"BOC-CC"	BOC Credit Card (International) Limited, a company incorporated under the laws of Hong Kong and a wholly owned subsidiary of BOCHK
"BOCHK" or "the Bank"	Bank of China (Hong Kong) Limited, a company incorporated under the laws of Hong Kong and a wholly owned subsidiary of the Company
"BOCHK Charitable Foundation"	Bank of China (Hong Kong) Limited Charitable Foundation (formerly known as the "Bank of China Group Charitable Foundation"), a charitable foundation being established in July 1994
"BOCHKG"	BOC Hong Kong (Group) Limited, a company incorporated under the laws of Hong Kong and a wholly owned subsidiary of BOC
"BOCI"	BOC International Holdings Limited, a company incorporated under the laws of Hong Kong and a wholly owned subsidiary of BOC
"CAR"	Capital Adequacy Ratio, 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 Banking (Capital) Rules

DEFINITIONS

Terms	Meanings
"CAS"	China Accounting Standards
"CBRC"	China Banking Regulatory Commission
"CBS"	Corporate Banking Services
"CE"	Chief Executive
"CIC"	China Investment Corporation
"CRO"	Chief Risk Officer
"Central Huijin"	Central Huijin Investment Ltd. (formerly known as "Central SAFE Investments Limited")
"Chiyu"	Chiyu Banking Corporation Limited, a company incorporated under the laws of Hong Kong, in which BOCHK holds an equity interest of 70.49%
"the Company"	BOC Hong Kong (Holdings) Limited, a company incorporated under the laws of Hong Kong
"FIRB"	Foundation Internal Ratings-Based
"Fitch"	Fitch Ratings
"GDP"	Gross Domestic Product
"the Group"	the Company and its subsidiaries collectively referred as the Group
"HIBOR"	Hong Kong Interbank Offered Rate
"HK GAAP"	Generally Accepted Accounting Principles in Hong Kong
"HKAS(s)"	Hong Kong Accounting Standard(s)
"HKFRS(s)"	Hong Kong Financial Reporting Standard(s)
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"HKMA"	Hong Kong Monetary Authority
"Hong Kong" or "Hong Kong SAR"	Hong Kong Special Administrative Region
"IFRS"	International Financial Reporting Standards
"IPO"	Initial Public Offering
"IT"	Information Technology
"LIBOR"	London Interbank Offered Rate
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Mainland" or "Mainland China"	the mainland of the PRC

DEFINITIONS

Terms	Meanings
"MSCI Index"	Morgan Stanley Capital International Index
"Moody's"	Moody's Investors Service
"Nanyang"	Nanyang Commercial Bank, Limited, a company incorporated under the laws of Hong Kong and a wholly owned subsidiary of BOCHK
"NCB (China)"	Nanyang Commercial Bank (China), Limited, a company incorporated under the laws of the PRC and a wholly owned subsidiary of Nanyang
"OR&CD"	the Operational Risk & Compliance Department
"PRC"	the People's Republic of China
"QDIIs"	Qualified Domestic Institutional Investors
"RC"	the Risk Committee
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"RMBS"	Residential mortgage-backed securities
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"SME(s)"	Small and medium-sized enterprise(s)
"Share Option Scheme"	the Share Option Scheme conditionally approved and adopted by the shareholders of the Company on 10 July 2002
"Sharesave Plan"	the Sharesave Plan conditionally approved and adopted by the shareholders of the Company on 10 July 2002
"Standard & Poor's"	Standard & Poor's Ratings Services
"Stock Exchange" or "Hong Kong Stock Exchange" or "Stock Exchange of Hong Kong"	The Stock Exchange of Hong Kong Limited
"UK"	United Kingdom
"US" or "USA"	the United States of America
"VAR"	Value at Risk

BRANCH NETWORK & CORPORATE BANKING CENTRES

Bank of China (Hong Kong) – Branch Network Hong Kong Island

Branch	Address	Telephone
Central & Western District		
Bank of China Tower Branch	1 Garden Road, Hong Kong	2826 6888
Sheung Wan Branch	252 Des Voeux Road Central, Hong Kong	2541 1601
Queen's Road West (Sheung Wan) Branch	2-12 Queen's Road West, Sheung Wan, Hong Kong	2815 6888
Connaught Road Central Branch	13-14 Connaught Road Central, Hong Kong	2841 0410
Central District Branch	2A Des Voeux Road Central, Hong Kong	2160 8888
Central District (Wing On House) Branch	71 Des Voeux Road Central, Hong Kong	2843 6111
Shek Tong Tsui Branch	534 Queen's Road West, Shek Tong Tsui, Hong Kong	2819 7277
Western District Branch	386-388 Des Voeux Road West, Hong Kong	2549 9828
Shun Tak Centre Branch	Shop 225, 2/F, Shun Tak Centre, 200 Connaught Road Central, Hong Kong	2291 6081
Queen's Road Central Branch	81-83 Queen's Road Central, Hong Kong	2588 1288
Bonham Road Branch	63 Bonham Road, Hong Kong	2517 7066
Kennedy Town Branch	Harbour View Garden, 2-2F Catchick Street, Kennedy Town, Hong Kong	2818 6162
Caine Road Branch	57 Caine Road, Hong Kong	2521 3318
First Street Branch	55A First Street, Sai Ying Pun, Hong Kong	2517 3399
United Centre Branch	Shop 1021, United Centre, 95 Queensway, Hong Kong	2861 1889
Wyndham Street Branch	1-3 Wyndham Street, Central, Hong Kong	2843 2888
Des Voeux Road West Branch	111-119 Des Voeux Road West, Hong Kong	2546 1134
Gilman Street Branch	136 Des Voeux Road Central, Hong Kong	2135 1123
Wan Chai District		
409 Hennessy Road Branch	409-415 Hennessy Road, Wan Chai, Hong Kong	2835 6118
Johnston Road Branch	152-158 Johnston Road, Wan Chai, Hong Kong	2574 8257
Harbour Road Branch	Shop 4, G/F, Causeway Centre, 28 Harbour Road, Wan Chai, Hong Kong	2827 8407
Jardine's Bazaar Branch	G/F, Siki Centre, No.23 Jardine's Bazaar, Causeway Bay, Hong Kong	2882 1383
Happy Valley Branch	11 King Kwong Street, Happy Valley, Hong Kong	2838 6668
Causeway Bay Branch	18 Percival Street, Causeway Bay, Hong Kong	2572 4273
Wan Chai (China Overseas Building) Branch	139 Hennessy Road, Wan Chai, Hong Kong	2529 0866
Wan Chai (Wu Chung House) Branch	213 Queen's Road East, Wan Chai, Hong Kong	2892 0909
Hennessy Road (Wan Chai) Branch	310-312 Hennessy Road, Wan Chai, Hong Kong	2923 5628
Eastern District		
Siu Sai Wan Branch	Shop 19, Cheerful Garden, Siu Sai Wan, Hong Kong	2505 2399
Taikoo Shing Branch	Shop P1025-1026, Chi Sing Mansion, Taikoo Shing, Hong Kong	2967 9128
Taikoo Shing Branch Safe Box Service Centre	Shop G1006, Hoi Shing Mansion, Taikoo Shing, Hong Kong	2885 4582
North Point Branch	Roca Centre, 464 King's Road, North Point, Hong Kong	2811 8880
North Point (King's Centre) Branch	193-209 King's Road, North Point, Hong Kong	2286 2000
North Point (Hang Ying Building) Branch	Shop B1, 318-328 King's Road, North Point, Hong Kong	2887 1199
North Point (Kiu Fai Mansion) Branch	413-415 King's Road, North Point, Hong Kong	2562 6108
Sai Wan Ho Branch	142-146 Shau Kei Wan Road, Sai Wan Ho, Hong Kong	2886 3344
Lee Chung Street Branch	29-31 Lee Chung Street, Chai Wan, Hong Kong	2557 3283
Heng Fa Chuen Branch	Shop 205-208, East Wing Shopping Centre, Heng Fa Chuen, Chai Wan, Hong Kong	2897 1131
Kam Wa Street Branch	3 Kam Wa Street, Shau Kei Wan, Hong Kong	2885 9311
City Garden Branch	233 Electric Road, North Point, Hong Kong	2571 2878
King's Road Branch	131-133 King's Road, North Point, Hong Kong	2887 0282
Chai Wan Branch	Block B, Walton Estate, 341-343 Chai Wan Road, Chai Wan, Hong Kong	2558 6433
Chai Wan Branch Safe Box Service Centre	27 Gold Mine Building, 345 Chai Wan Road, Chai Wan, Hong Kong	2557 0248
Healthy Village Branch	Shop 182, Healthy Village Phase II, 668 King's Road, North Point, Hong Kong	2563 2278
Sheung On Street Branch	77 Sheung On Street, Chai Wan, Hong Kong	2897 0923
Aldrich Garden Branch	Shop 58, Aldrich Garden, Shau Kei Wan, Hong Kong	3196 4956
Shau Kei Wan (Po Man Building) Branch	260-262 Shau Kei Wan Road, Shau Kei Wan, Hong Kong	2568 5211
Quarry Bay Branch	Parkvale, 1060 King's Road, Quarry Bay, Hong Kong	2564 0333

Branch	Address	Telephone
Southern District		
Tin Wan Branch	2-12 Ka Wo Street, Tin Wan, Hong Kong	2553 0135
Stanley Branch	Shop 401, Shopping Centre, Stanley Plaza, Hong Kong	2813 2290
Aberdeen Branch	25 Wu Pak Street, Aberdeen, Hong Kong	2553 4165
South Horizons Branch	G38, West Centre Marina Square, South Horizons, Ap Lei Chau, Hong Kong	2580 0345
South Horizons Branch Safe Box Service Centre	Shop 118, Marina Square East Centre, Ap Lei Chau, Hong Kong	2555 7477
Wah Kwai Estate Branch	Shop 17, Shopping Centre, Wah Kwai Estate, Hong Kong	2550 2298
Chi Fu Landmark Branch	Shop 510, Chi Fu Landmark, Pok Fu Lam, Hong Kong	2551 2282
Ap Lei Chau Branch	13-15 Wai Fung Street, Ap Lei Chau, Hong Kong	2554 6487

Kowloon

Branch	Address	Telephone
Kowloon City District		
Prince Edward Road (Kowloon City) Branch	382-384 Prince Edward Road, Kowloon City, Kowloon	2926 6038
To Kwa Wan Branch	80N To Kwa Wan Road, To Kwa Wan, Kowloon	2364 4344
Pak Tai Street Branch	4-6 Pak Tai Street, To Kwa Wan, Kowloon	2760 7773
Hung Hom Wealth Management Centre	37-39 Ma Tau Wai Road, Hung Hom, Kowloon	2170 0888
Hung Hom (Eldex Industrial Building) Branch	21 Ma Tau Wai Road, Hung Hom, Kowloon	2764 8363
OUHK Branch	The Open University of Hong Kong, 30 Good Shepherd Street, Ho Man Tin, Kowloon	2760 9099
Ma Tau Kok Road Branch	39-45 Ma Tau Kok Road, To Kwa Wan, Kowloon	2714 9118
Ma Tau Wai Road Branch	47-49 Ma Tau Wai Road, Hung Hom, Kowloon	2926 5123
Site 11 Whampoa Garden Branch	Shop G6, Site 11 Whampoa Garden, Hung Hom, Kowloon	2363 3982
Whampoa Garden Branch	Shop G8B, Site 1, Whampoa Garden, Hung Hom, Kowloon	2764 7233
Nga Tsin Wai Road Branch	25 Nga Tsin Wai Road, Kowloon City, Kowloon	2383 2316
Waterloo Road Branch	Shop A2, Man Kee Mansion, 86 Waterloo Road, Kowloon	2363 9231
Wong Tai Sin District		
Tai Yau Street Branch	35 Tai Yau Street, San Po Kong, Kowloon	2328 0087
Chuk Yuen Estate Branch	Shop S1, Chuk Yuen Shopping Centre, Chuk Yuen South Estate, Kowloon	2325 5261
Choi Hung Branch	19 Clear Water Bay Road, Ngau Chi Wan, Kowloon	2327 0271
Choi Hung Road Branch	58-68 Choi Hung Road, San Po Kong, Kowloon	2927 6111
Choi Wan Estate Branch	A3-18 Commercial Complex, Choi Wan Estate, Kowloon	2754 5911
Wong Tai Sin Branch	Shop G13, Wong Tai Sin Plaza, Wong Tai Sin, Kowloon	2327 8147
San Po Kong (Wing Lok Building) Branch	28-34 Tseuk Luk Street, San Po Kong, Kowloon	2328 7915
Yuk Wah Street Branch	46-48 Yuk Wah Street, Tsz Wan Shan, Kowloon	2927 6655
Lok Fu Branch	Shop 2, Lok Fu Plaza II, Lok Fu, Kowloon	2337 0271
Tseuk Luk Street Wealth Management Centre	86 Tseuk Luk Street, San Po Kong, Kowloon	2326 2883
Diamond Hill Branch	G107 Plaza Hollywood, Diamond Hill, Kowloon	2955 5088
Kwun Tong District		
169 Ngau Tau Kok Road Branch	169 Ngau Tau Kok Road, Ngau Tau Kok, Kowloon	2750 7311
177 Ngau Tau Kok Road Branch	177 Ngau Tau Kok Road, Ngau Tau Kok, Kowloon	2927 4321
Wang Kwun Road Branch	Unit G1, Nan Fung Commercial Centre, Wang Kwun Road, Kowloon Bay, Kowloon	2755 0268
Sau Mau Ping Branch	Shop 214, Sau Mau Ping Shopping Centre, Sau Mau Ping, Kowloon	2772 0028
Hip Wo Street Branch	195-197 Hip Wo Street, Kwun Tong, Kowloon	2345 0102
Yau Tong Branch	Shop G1-G27, Ka Fu Arcade, Yau Tong Centre, Kowloon	2349 9191
Hoi Yuen Road Branch	55 Hoi Yuen Road, Kwun Tong, Kowloon	2763 2127
Tsui Ping Estate Branch	Shop 116, 1/F Shopping Circuit, Tsui Ping Estate, Kwun Tong, Kowloon	2345 3238
26 Fu Yan Street Branch	26-32 Fu Yan Street, Kwun Tong, Kowloon	2342 5262

BRANCH NETWORK & CORPORATE BANKING CENTRES

Bank of China (Hong Kong) – Branch Network (continued)

Branch	Address	Telephone
Telford Gardens Wealth Management Centre	Shop P8A, Telford Gardens, Kowloon Bay, Kowloon	2758 3987
Telford Gardens Branch	Shop P2, Telford Gardens, Kowloon Bay, Kowloon	2796 1551
Lam Tin Branch	Shop 12, 49 Kai Tin Road, Lam Tin, Kowloon	2347 1456
Kwun Tong Branch	20-24 Yue Man Square, Kwun Tong, Kowloon	2344 4116
Ngau Tau Kok Road (Kwun Tong) Branch	327 Ngau Tau Kok Road, Kwun Tong, Kowloon	2389 3301
Kwun Tong Plaza Branch	G1 Kwun Tong Plaza, 68 Hoi Yuen Road, Kwun Tong, Kowloon	2342 4295
Kowloon Bay Branch	Shop 2, Telford House, 16 Wang Hoi Road, Kowloon Bay, Kowloon	2759 9339
Yau Tsim Mong District		
Tai Kok Tsui Branch	73-77 Tai Kok Tsui Road, Tai Kok Tsui, Kowloon	2395 3269
Shan Tung Street Branch	42-48 Shan Tung Street, Mong Kok, Kowloon	2332 5461
China Hong Kong City Branch	Shop 28, UG/F, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon	2367 6164
Shanghai Street (Prince Edward) Branch	689-693 Shanghai Street, Mong Kok, Kowloon	2391 0502
Prince Edward Branch	774 Nathan Road, Kowloon	2399 3000
Tsim Sha Tsui Branch	24-28 Carnarvon Road, Tsim Sha Tsui, Kowloon	2721 6242
Tsim Sha Tsui East Branch	Shop G02-03, Inter-Continental Plaza, 94 Granville Road, Tsim Sha Tsui, Kowloon	2739 0308
Jordan Branch	328-330 Nathan Road, Kowloon	2928 6111
Jordan Road Branch	1/F, Sino Cheer Plaza, 23-29 Jordan Road, Kowloon	2730 0883
Shanghai Street (Mong Kok) Branch	611-617 Shanghai Street, Mong Kok, Kowloon	2394 4181
Mong Kok Branch	589 Nathan Road, Mong Kok, Kowloon	2332 0111
Prince Edward Road West (Mong Kok) Branch	116-118 Prince Edward Road West, Mong Kok, Kowloon	2928 4138
Mong Kok Road Branch	50-52 Mong Kok Road, Mong Kok, Kowloon	2395 3263
Mong Kok (Silvercorp Int'l Tower) Branch	Shop B, 707-713 Nathan Road, Mong Kok, Kowloon	2391 6677
Mong Kok (President Commercial Centre) Branch	608 Nathan Road, Mong Kok, Kowloon	2384 7191
Yau Ma Tei Branch	471 Nathan Road, Yau Ma Tei, Kowloon	2780 2307
Kimberley Road Branch	37 Kimberley Road, Tsim Sha Tsui, Kowloon	2739 1886
Cameron Road Wealth Management Centre	30 Cameron Road, Tsim Sha Tsui, Kowloon	2312 0010
Humphrey's Avenue Branch	4-4A Humphrey's Avenue, Tsim Sha Tsui, Kowloon	2311 3822
Olympian City Branch	Shop 133, 1/F, Olympian City 2, 18 Hoi Ting Road, Kowloon	2749 2110
Fuk Tsun Street Branch	32-40 Fuk Tsun Street, Tai Kok Tsui, Kowloon	2391 8468
Canton Road Branch	60 Canton Road, Tsim Sha Tsui, Kowloon	2730 0688
Sham Shui Po District		
Kowloon Plaza Branch	Unit 1, Kowloon Plaza, 485 Castle Peak Road, Kowloon	2370 8928
Festival Walk Branch	Unit LG256, Festival Walk, Kowloon Tong, Kowloon	2265 7288
Yu Chau Street Branch	42-46 Yu Chau Street, Sham Shui Po, Kowloon	2397 1123
Dragon Centre Branch	Shop 206A, Dragon Centre, 37K Yen Chow Street, Sham Shui Po, Kowloon	2788 3238
Lei Cheng Uk Estate Branch	Shop 108, Lei Cheng Uk Commercial Centre, Lei Cheng Uk Estate, Kowloon	2729 8251
Castle Peak Road (Cheung Sha Wan) Branch	365-371 Castle Peak Road, Cheung Sha Wan, Kowloon	2728 3311
108 Cheung Sha Wan Road Branch	108 Cheung Sha Wan Road, Sham Shui Po, Kowloon	2779 0157
194 Cheung Sha Wan Road Branch	194-196 Cheung Sha Wan Road, Sham Shui Po, Kowloon	2728 9389
Cheung Sha Wan Plaza Branch	Shop G08, Cheung Sha Wan Plaza, 833 Cheung Sha Wan Road, Kowloon	2745 7088
223 Nam Cheong Street Branch	223 Nam Cheong Street, Sham Shui Po, Kowloon	2928 2088
Stage 2 Mei Foo Sun Chuen Branch	19 Glee Path, Mei Foo Sun Chuen, Kowloon	2370 8382
Mei Foo VIP Centre	Shop N47-49, Mount Sterling Mall, Mei Foo Sun Chuen, Kowloon	2742 8003
Mei Foo Mount Sterling Mall Branch	17-B Mount Sterling Mall, Mei Foo Sun Chuen, Kowloon	2742 6611
Sham Shui Po Branch	207-211 Nam Cheong Street, Sham Shui Po, Kowloon	2777 0171
Sham Shui Po (On Ning Building) Branch	147-149 Castle Peak Road, Sham Shui Po, Kowloon	2708 3678

New Territories & Outlying Islands

Branch	Address	Telephone
Sha Tin District		
41 Tai Wai Road Branch	41-45 Tai Wai Road, Sha Tin, New Territories	2929 4288
74 Tai Wai Road Branch	74-76 Tai Wai Road, Sha Tin, New Territories	2699 9523
Fo Tan Branch	No 2, 1/F Shatin Galleria, 18-24 Shan Mei Street, Fo Tan, New Territories	2691 7193
Lucky Plaza Branch	Lucky Plaza, Wang Pok Street, Sha Tin, New Territories	2605 6556
Sha Tin VIP Centre	Shop 18, L1, Shatin Plaza, Sha Tin, New Territories	2688 7668
Sha Kok Estate Branch	Shop 39, Sha Kok Shopping Centre, Sha Kok Estate, Sha Tin, New Territories	2648 0302
Heng On Estate Branch	Shop 203, Commercial Centre, Heng On Estate, Ma On Shan, New Territories	2642 0111
Ma On Shan Plaza Branch	Shop 2103, Level 2, Ma On Shan Plaza, Sai Sha Road, Ma On Shan, New Territories	2631 0063
Lung Hang Estate Branch	103 Lung Hang Commercial Centre, Sha Tin, New Territories	2605 8618
New Town Plaza Branch	Shop 608, Level 6 Phase One, New Town Plaza, Sha Tin, New Territories	2606 6163
Lek Yuen Branch	No 1, Fook Hoi House, Lek Yuen Estate, Sha Tin, New Territories	2605 3021
City One Sha Tin Branch	Shop Nos. 24-25, Ngan Shing Commercial Centre, City One, Sha Tin, New Territories	2648 8083
Tai Po District		
Tai Po Branch	68-70 Po Heung Street, Tai Po Market, New Territories	2657 2121
Tai Po Plaza Branch	Unit 4, Level 1 Tai Po Plaza, 1 On Tai Road, Tai Po, New Territories	2665 5890
On Chee Road Branch	Shop 10-11, Jade Plaza, 3 On Chee Road, Tai Po, New Territories	2665 1966
Fu Heng Estate Branch	Shop 1-2, Fu Heng Shopping Centre, Tai Po, New Territories	2661 6278
Fu Shin Estate Branch	Shop G11, Fu Shin Shopping Centre, Tai Po, New Territories	2663 2788
Kwong Fuk Road Branch	40-50 Kwong Fuk Road, Tai Po Market, New Territories	2658 2268
Sai Kung District		
Sai Kung Branch	7-11 Wan King Path, Sai Kung, New Territories	2792 1465
East Point City Branch	Shop 101, East Point City, Tseung Kwan O, New Territories	2628 7238
HKUST Branch	The Hong Kong University of Science & Technology, Clear Water Bay Road, New Territories	2358 2345
Tseung Kwan O Plaza Branch	Shop 112-125, Level 1, Tseung Kwan O Plaza, Tseung Kwan O, New Territories	2702 0282
Metro City Branch	Shop 209, Level 2, Metro City Phase 1, Tseung Kwan O, New Territories	2701 4962
Hau Tak Estate Branch Securities Services Centre	Shop 15, Hau Tak Shopping Centre, Tseung Kwan O, New Territories	2703 5749
Tsuen Wan District		
Clague Garden Branch	Shop 1-3, Commercial Complex, Clague Garden Estate, 24 Hoi Shing Road, Tsuen Wan, New Territories	2412 2202
Citywalk Branch	Shop 65, G/F, Citywalk, 1 Yeung Uk Road, Tsuen Wan, New Territories	2920 3211
Tsuen Wan Branch	297-299 & 313 Sha Tsui Road, Tsuen Wan, New Territories	2411 1321
Castle Peak Road (Tsuen Wan) Wealth Management Centre	167 Castle Peak Road, Tsuen Wan, New Territories	2406 9932
Castle Peak Road (Tsuen Wan) Branch	201-207 Castle Peak Road, Tsuen Wan, New Territories	2416 6577
Sham Tseng Branch	Shop G1 & G2, Rhine Garden, Sham Tseng, New Territories	2491 0038
Texaco Road Branch	Shop A112, East Asia Gardens, 36 Texaco Road, Tsuen Wan, New Territories	2414 4287
Kwai Tsing District		
Ha Kwai Chung Branch	192-194 Hing Fong Road, Kwai Chung, New Territories	2424 9823
Sheung Kwai Chung Branch	7-11 Shek Yi Road, Sheung Kwai Chung, New Territories	2480 6161
Cheung Hong Estate Branch	201-202 Commercial Centre No 2, Cheung Hong Estate, Tsing Yi Island, New Territories	2497 7718

BRANCH NETWORK & CORPORATE BANKING CENTRES

Bank of China (Hong Kong) – Branch Network (continued)

Branch	Address	Telephone
Cheung Fat Estate Branch	Shop 317, Cheung Fat Shopping Centre, Tsing Yi Island, New Territories	2433 1689
Cheung Hong Estate Commercial Centre Branch	2 G/F, Commercial Centre, Cheung Hong Estate, Tsing Yi Island, New Territories	2497 0325
Maritime Square Branch	Shop 115, Maritime Square, Tsing Yi Island, New Territories	2436 9298
Lei Muk Shue Branch	Shop 22, Lei Muk Shue Shopping Centre, Kwai Chung, New Territories	2428 5731
Metroplaza Branch	Shop 260-265, Metroplaza, 223 Hing Fong Road, Kwai Chung, New Territories	2420 2686
Kwai Cheong Road Branch	40 Kwai Cheong Road, Kwai Chung, New Territories	2480 3311
Kwai Chung Road Branch	1009 Kwai Chung Road, Kwai Chung, New Territories	2424 3021
Kwai Chung Plaza Branch	A18-20, G/F Kwai Chung Plaza, 7-11 Kwai Foo Road, Kwai Chung, New Territories	2920 2468
Tuen Mun District		
Tuen Mun Wealth Management Centre	Shop 5, Level 1, North Wing, Trend Plaza, Tuen Mun, New Territories	2404 9777
Tuen Mun Town Plaza Branch	Shop 2, Tuen Mun Town Plaza phase II, Tuen Mun, New Territories	2450 8877
Tuen Mun Fa Yuen Branch	Shop G & H, 6 Tsing Hoi Circuit, Tuen Mun, New Territories	2458 1033
Tuen Mun San Hui Branch	G13-G14 Eldo Court, Heung Sze Wui Road, Tuen Mun, New Territories	2457 3501
Siu Hong Court Branch	226 Commercial Centre, Siu Hong Court, Tuen Mun, New Territories	2466 6703
Leung King Estate Branch	Shop 211, Leung King Shopping Centre, Tuen Mun, New Territories	2463 3855
Kin Wing Street Branch	24-30 Kin Wing Street, Tuen Mun, New Territories	2465 2212
Venice Gardens Branch	Shop13-15, G/F Venice Gardens, Leung Tak Street, Tuen Mun, New Territories	2455 1288
Butterfly Estate Branch	Shop 123-130, Tip Ling House, Butterfly Estate, Tuen Mun, New Territories	2920 5188
Yuen Long District		
Tai Tong Road Branch	Shop A135, 1/F Hop Yick Plaza, 23 Tai Tong Road, Yuen Long, New Territories	2479 2113
Yuen Long Branch	102-108 Castle Peak Road, Yuen Long, New Territories	2474 2211
Castle Peak Road (Yuen Long) Branch	162 Castle Peak Road, Yuen Long, New Territories	2476 2193
Yuen Long (Hang Fat Mansion) Branch	8-18 Castle Peak Road, Yuen Long, New Territories	2475 3777
Tin Shui Estate Branch	Shop 108-109, Tin Shui Shopping Centre, Tin Shui Wai, New Territories	2445 8728
Kau Yuk Road Branch	18-24 Kau Yuk Road, Yuen Long, New Territories	2473 2833
Kingswood Villas Branch	A189 Kingswood Richly Plaza, Tin Shui Wai, New Territories	2448 3313
Kingswood Ginza Branch	Shop G64, Phase 1 Kingswood Ginza, Tin Shui Wai, New Territories	2616 4233
North District		
Sheung Shui Centre Branch	Shop 1007-1009, Level 1, Sheung Shui Centre, Sheung Shui, New Territories	2670 3131
Sheung Shui Branch	61 San Fung Avenue, Sheung Shui, New Territories	2671 0155
Sha Tau Kok Branch	Block 16-18, Sha Tau Kok Chuen, Sha Tau Kok, New Territories	2674 4011
Flora Plaza Branch	Shop 28, Flora Plaza, 88 Pak Wo Road, Fanling, New Territories	2675 6683
Fanling Centre Branch	Shop 2D-E & H, Fanling Centre, Fanling, New Territories	2669 7899
Choi Yuen Estate Branch	Shop 3, 3/F, Choi Yuen Shopping Centre, Choi Yuen Estate, Sheung Shui, New Territories	2671 6783
Luen Wo Market Branch	17-19 Wo Fung Street, Luen Wo Market, Fanling, New Territories	2675 5113
Luen Wo Market Branch Safe Box Service Centre	Shop B, 10-16 Luen Wo Market, Fanling, New Territories	2683 1662
Sheung Shui Branch Securities Services Centre	136 San Fung Avenue, Sheung Shui, New Territories	2672 3738
Outlying Island District		
Cheung Chau Branch	53-55 Tai Sun Street, Cheung Chau, New Territories	2981 0021
Hong Kong International Airport Branch	Unit 7T075, Passenger Terminal Building, Hong Kong International Airport	2326 1883

Corporate Banking Centres & SME Centres

Network & Centres	Address	Telephone
Corporate Finance	10/F, Bank of China Tower, 1 Garden Road, Hong Kong	3419 7078
Corporate Business	10/F, Bank of China Tower, 1 Garden Road, Hong Kong	2826 6889
Commercial Business I	9/F, Bank of China Tower, 1 Garden Road, Hong Kong	3419 3509
Commercial Business II	9/F, Bank of China Tower, 1 Garden Road, Hong Kong	3419 3555
Commercial Business III	Unit 701-706, The Gateway Tower 3 (Prudential Tower), 21 Canton Road, Tsim Sha Tsui, Kowloon	2247 8888
Financial Institutions	33/F, Bank of China Tower, 1 Garden Road, Hong Kong	2903 6666
Hong Kong Central and West Commercial Centre Hong Kong Central and West SME Centre	24/F, Bank of China Tower, 1 Garden Road, Hong Kong	3419 3513
Central District Commercial Centre Central District SME Centre	1/F, Wing On House, 71 Des Voeux Road Central, Hong Kong	2109 5888
Hong Kong East Commercial Centre Hong Kong East SME Centre	13/F, Cambridge House, Taikoo Place, 981 King's Road, Hong Kong	2910 9393
Causeway Bay Commercial Centre Causeway Bay SME Centre	2/F, BOC Wan Chai Commercial Centre, 409-415 Hennessy Road, Wan Chai, Hong Kong	2833 8790
Kowloon East Commercial Centre Kowloon East SME Centre	Room 607-610, 6/F, Telford House, 16 Wang Hoi Road, Kowloon Bay, Kowloon	3406 7300
San Po Kong Commercial Centre San Po Kong SME Centre	Room 601, 6/F, Stelux House, 698 Prince Edward Road East, San Po Kong, Kowloon	2263 4900
Hung Hom Commercial Centre Hung Hom SME Centre	Room 506-507, 5/F, Tower A, Hung Hom Commercial Centre, 37-39 Ma Tau Wai Road, Hung Hom, Kowloon	2197 0188
Kowloon West Commercial Centre Kowloon West SME Centre	9/F, BOC Mongkok Commercial Centre, 589 Nathan Road, Mongkok, Kowloon	3412 1688
Tsim Sha Tsui Commercial Centre Tsim Sha Tsui SME Centre	Shop UG 01, Inter-Continental Plaza, 94 Granville Road, Tsim Sha Tsui, Kowloon	2301 9788
New Territories East Commercial Centre New Territories East SME Centre	3/F, 68-70 Po Heung Street, Tai Po Market, New Territories	2654 3222
Fo Tan Commercial Centre Fo Tan SME Centre	Room 1408, 14/F, Shatin Galleria, 18-24 Shan Mei Street, Fo Tan, Shatin, New Territories	2687 5665
New Territories West Commercial Centre New Territories West SME Centre	Unit 1316-1325, Level 13, Metroplaza Tower 1, 223 Hing Fong Road, Kwai Chung, New Territories	3412 7288
Trade Product	5/F, Bank of China Centre, Olympian City, 11 Hoi Fai Road, West Kowloon	2332 3328
Shun Tak Centre Commercial Services Centre	Shop 225, 2/F, Shun Tak Centre, 200 Connaught Road Central, Sheung Wan, Hong Kong	2108 9662
Cheung Sha Wan Commercial Services Centre	Unit 1, Kowloon Plaza, 485 Castle Peak Road, Kowloon	2370 8928

Nanyang Commercial Bank – Branch Network

Branch	Address	Telephone
Head Office	151 Des Voeux Road, Central, Hong Kong	2852 0888
Hong Kong Island		
Western Branch	1/F & 2/F, 359-361 Queen's Road Central, Hong Kong	2851 1100
Causeway Bay Branch	472 Hennessy Road, Causeway Bay, Hong Kong	2832 9888
Happy Valley Branch	29 Wong Nei Chung Road, Happy Valley, Hong Kong	2893 3383
Kennedy Town Branch	86 Belcher's Street, Kennedy Town, Hong Kong	2817 1946
Quarry Bay Branch	1014 King's Road, Quarry Bay, Hong Kong	2563 2286
Des Voeux Road West Branch	334 Des Voeux Road West, Hong Kong	2540 4532
Aberdeen Branch	Shop A, 171 Aberdeen Main Road, Aberdeen, Hong Kong	2553 4115
North Point Branch	351 King's Road, North Point, Hong Kong	2566 8116
Sai Wan Ho Branch	63 Shaukeiwan Road, Sai Wan Ho, Hong Kong	2567 0315
Wanchai Branch	123 Johnston Road, Wanchai, Hong Kong	2574 8118
Causeway Centre Branch	Shop Nos 9-10, Ground Floor, Causeway Centre, 28 Harbour Road, Wanchai, Hong Kong	2827 6338
Central District Branch	2/F Century Square, 1-13 D'Aguiar Street, Central, Hong Kong	2522 5011
Sunning Road Branch	8 Sunning Road, Causeway Bay, Hong Kong	2882 7668

BRANCH NETWORK & CORPORATE BANKING CENTRES

Nanyang Commercial Bank – Branch Network (continued)

Branch	Address	Telephone
Kowloon		
Mongkok Branch	727 Nathan Road, Mongkok, Kowloon	2394 8206
Yaumati Branch	309 Nathan Road, Yaumati, Kowloon	2782 9888
Ferry Point Branch	Offices B-D, 10/F and Shops D-F, G/F, Best-O-Best Commercial Centre, 32-36 Ferry Street, Yaumati, Kowloon	2332 0738
Homantin Branch	G/F-2/F, 67B Waterloo Road, Homantin, Kowloon	2715 7518
Nathan Road Branch	570 Nathan Road, Mongkok, Kowloon	2780 0166
Laichikok Road Branch	236 Laichikok Road, Shamshuipo, Kowloon	2396 4164
Jordan Road Branch	20 Jordan Road, Yaumati, Kowloon	2735 3301
Tokwawan Branch	62 Tokwawan Road, Kowloon	2764 6666
Kwun Tong Branch	G/F Shop 1, 1/F Shop 2, 410 Kwun Tong Road, Kowloon	2389 6266
Tsimshatsui Branch	Shop A, 1/F, Hong Kong Pacific Centre, 28 Hankow Road, Tsimshatsui, Kowloon	2376 3988
Hunghom Branch	69A Wuhu Street, Hunghom, Kowloon	2362 2301
Shamshuipo Branch	198-200 Tai Po Road, Shamshuipo, Kowloon	2777 0147
Yee On Street Branch	Shops 4-6, G/F, Yee On Centre, 45 Hong Ning Road, Kowloon	2790 6688
Peninsula Centre Branch	Shop G48 Peninsula Centre, 67 Mody Road, Tsimshatsui, Kowloon	2722 0823
San Po Kong Branch	41-45, Yin Hing Street, San Po Kong, Kowloon	2328 5555
Kowloon City Branch	86 Nga Tsin Wai Road, Kowloon City, Kowloon	2716 6033
Laguna City Branch	Shop No. 26, Phase 1 Laguna City, Cha Kwo Ling Road, Kowloon	2772 3336
New Territories		
Kwai Chung Branch	100 Lei Muk Road, Kwai Chung, New Territories	2480 1118
Tai Po Branch	Shop No. 11, G/F, Treasure Garden, 1 On Chee Road, Tai Po, New Territories	2656 5201
Yuen Long Branch	G/F, Tung Yik Building Tai Tong Road, Yuen Long, New Territories	2479 0231
Ha Kwai Chung Branch	180 Hing Fong Road, Kwai Chung, New Territories	2429 4242
Tsuen Wan Branch	78 Chung On Street, Tsuen Wan, New Territories	2492 0243
Sheung Shui Branch	31 Fu Hing Street, Sheung Shui, New Territories	2679 4333
NCB MTR Sheung Shui Station Service Centre	MTR Station Shop SHS 13, Sheung Shui Station, New Territories	2679 3622
Tuen Mun Branch	Forward Mansion, Yan Ching Circuit, Tuen Mun, New Territories	2459 8181
Shatin Branch	Shop 7-8, Lucky Plaza, Shatin, New Territories	2605 9188
Fou Wah Centre Branch	Shop A, 2/F, Fou Wah Centre, 210 Castle Peak Road, Tsuen Wan, New Territories	2498 4411
Sai Kung Branch	Shop 11-12 Sai Kung Garden, Man Nin Street, New Territories	2791 1122
Offshore		
Shanghai Branch	Yong Da International Building, Unit 4, 8/F, 2277, Long Yang Road, Pudong New District, Shanghai, China	(86-21) 3892 9962
San Francisco Branch	31/F, 50 California Street, San Francisco, CA94111, USA	(1-415) 398 8866

Chiyu Banking Corporation – Branch Network

Branch	Address	Telephone
Hong Kong Island		
Central Branch	78, Des Voeux Road Central, Hong Kong	2843 0187
North Point Branch	390-394 King's Road, North Point, Hong Kong	2570 6381
Wanchai Branch	325 Hennessy Road, Wanchai, Hong Kong	2572 2823
Sheung Wan Branch	Shop 3, G/F, Lee Fung Building, 315-319 Queen's Road Central, Hong Kong	2544 1678
Western Branch	443 Queen's Road West, Hong Kong	2548 2298
Quarry Bay Branch	967-967A, King's Road, Quarry Bay, Hong Kong	2811 3131
Aberdeen Branch	G/F, 138-140, Aberdeen Main Road, Aberdeen, Hong Kong	2553 0603
Kowloon		
Hung Hom Branch	23-25 Gillies Avenue, Hung Hom, Kowloon	2362 0051
Kwun Tong Branch	42-44 Mut Wah Street, Kwun Tong, Kowloon	2343 4174
Sham Shui Po Branch	235-237 Laichikok Road, Kowloon	2789 8668
San Po Kong Branch	61-63 Hong Keung Street, San Po Kong, Kowloon	2328 5691
Yau Ma Tei Branch	117-119 Shanghai Street, Yaumatei, Kowloon	2332 2533
Castle Peak Road Branch	226-228 Castle Peak Road, Kowloon	2720 5187
Kowloon Bay Branch	Shop10, G/F, Kai Lok House, Kai Yip Estate, Kowloon Bay, Kowloon	2796 8968
Tokwawan Branch	G/F, Shop11-13, 78 Tokwawan Road, Kowloon	2765 6118

Branch	Address	Telephone
Tsz Wan Shan Branch	Shop 703A, 7/F, Tsz Wan Shan Shopping Centre, 23 Yuk Wah Street, Tsz Wan Shan, Kowloon	2322 3313
New Territories		
Yau Oi Estate Branch	Shop 103-104, G/F, Restaurant Block, Yau Oi Estate, Tuen Mun, New Territories	2452 3666
Kwai Hing Estate Branch	Shop 1, G/F, Hing Yat House, Kwai Hing Estate, Kwai Chung, New Territories	2487 3332
Tai Wo Estate Branch	Shop 112-114, G/F, On Wo House, Tai Wo Estate, Tai Po, New Territories	2656 3386
Belvedere Garden Branch	Shop 5A, G/F, Belvedere Square, Tsuen Wan, New Territories	2411 6789
Tsuen Wan Branch	Shop 1 & 1d, Level 2, Discovery Park Commercial Centre, Tsuen Wan, New Territories	2413 8111
Sui Wo Court Branch	Shop F7, Commercial Centre, Sui Wo Court, Shatin, New Territories	2601 5888
Ma On Shan Branch	Shop 313, Level 3, Ma On Shan Plaza, Bayshore Tower, Ma On Shan, New Territories	2640 0733
Sheung Tak Estate Branch	Shop 238, Sheung Tak Shopping Centre, Sheung Tak Estate, Tsung Kwan O, New Territories	2178 2278
The Mainland of China		
Xiamen Branch	1/F, Unit 111-113, No 861 Xiahe Road, Xiamen, Fujian Province, China	(86-592) 5857 690
Fuzhou Branch	1/F, International Building, 210 Wusi Road, Fuzhou, Fujian Province, China	(86-591) 8781 0078
Xiamen Jimei Sub-branch	No.88 Jiyuan Road, Jimei, Xiamen, China	(86-592) 6193 302

Nanyang Commercial Bank (China) – Branch Network

Branch	Address	Telephone
The Mainland of China		
Head Office	22-23/F, Mirae Asset Tower, 166 Lujiazui Ring Road, Pudong, Shanghai, China	(86-21) 3856 6666
Shenzhen Branch	G/F, Block C, Nanyang Mansion, 2002 Jian She Road, Luohu District, Shenzhen, China	(86-755) 2515 6333
Shenzhen Shekou Sub-Branch	G/F, Finance Centre, No.22, Taizi Road, Shekou, Nanshan District, Shenzhen, China	(86-755) 2682 8788
Shenzhen Luohu Sub-Branch	G/F, The Kwangtung Provincial Bank Building, 1013 Ren Min Nan Road, Luohu District, Shenzhen, China	(86-755) 8233 0230
Shenzhen Baoan Sub-Branch	Unit 108 Xushida Garden, Xin An Si Road, Baoan District 34-2, Shenzhen, China	(86-755) 2785 3302
Shenzhen Futian Sub-Branch	1/F, Shen Ye Garden Club House, Caitian Road, Futian District, Shenzhen, China	(86-755) 8294 2929
Haikou Branch	1/F, Time Square, No.2, Guomao Road, Haikou, Hainan, China	(86-898) 6650 0038
Guangzhou Branch	Room 402 & R03-04, Skygalleria CITIC Plaza, 233 Tianhe North Road, Guangzhou, China	(86-20) 3891 2668
Guangzhou Panyu Sub-branch	C001-C008, No. 2, Fuhua West Road, Shiqiao, Panyu, Guangzhou, China	(86-20) 3451 0228
Dalian Branch	1/F, Anho Building, No.87 Renmin Road, Dalian, China	(86-411) 3984 8888
Beijing Branch	G/F, Business No. 2, Fortune Time Plaza, No.11 Fenghui Garden, Xicheng District, Beijing, China	(86-10) 5839 0888
Beijing Jianguomen Sub-Branch	Level 1A, No. 88, Jianguomen Wai Dajie, Chaoyang District, Beijing, China	(86-10) 6568 4728
Beijing Hongqiao Sub-Branch	Ground Floor, No.105 & 106, 8 Haidian North Second Street, Haidian District, Beijing, China	(86-10) 5971 8565
Shanghai Branch	Room A105-A107, Tomorrow Square, 389 Nanjing West Road, Shanghai, China	(86-21) 6375 5858
Shanghai Xuhui Sub-branch	Huafucheng Mansion, No.2, Lane 498 Tian Yao Qiao Road, Shanghai, China	(86-21) 6468 1999
Shanghai Lujiazui Sub-branch	Unit 103, No. 166, Lujiazui Ring Road, Pudong New Area, Shanghai, China	(86-21) 3856 6566
Hangzhou Branch	1/F, Guo Mao Da Sha, 195-1 Qingchun Road, Hangzhou, Zhejiang, China	(86-571) 8703 8080
Nanning Branch	1/F, Kings Wealth CBD Modern Town, No.63, Jinhu Road, Nanning, Guangxi, China	(86-771) 555 8333
Shantou Branch	G/F, 3 Yingbin Road, Shantou, China	(86-754) 8826 8266
Qingdao Branch	G/F, 2nd Building, 41 West Donghai Road, Qingdao, China	(86-532) 6670 7676
Chengdu Branch	M& 1/F, Dong Du INTL., 70 Section 2, Mid Renmin Road, Chengdu, China	(86-28) 8628 2777
Wuxi Branch	Changjiang Road, Wuxi New District No.28 Vanke homes, Wuxi, China	(86-510) 8119 1666



中銀香港(控股)有限公司
BOC HONG KONG (HOLDINGS) LIMITED

52/F Bank of China Tower, 1 Garden Road, Hong Kong
Website: www.bochk.com

