



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 CBBC 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 for up to 10% financing or utilize local resources via CBBC Online.
- BOCHK Business Comprehensive Insurance Plan provides you with Multi-dimensional 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 rates up to 5.00% p.a.
- 0.1% Brokerage fee No minimum charge
- RMB deposit interest rate up to 1.3% p.a.
- Wealth Management Enquiry hotline (852) 3669 3911



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