




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

Stock Code: 2388

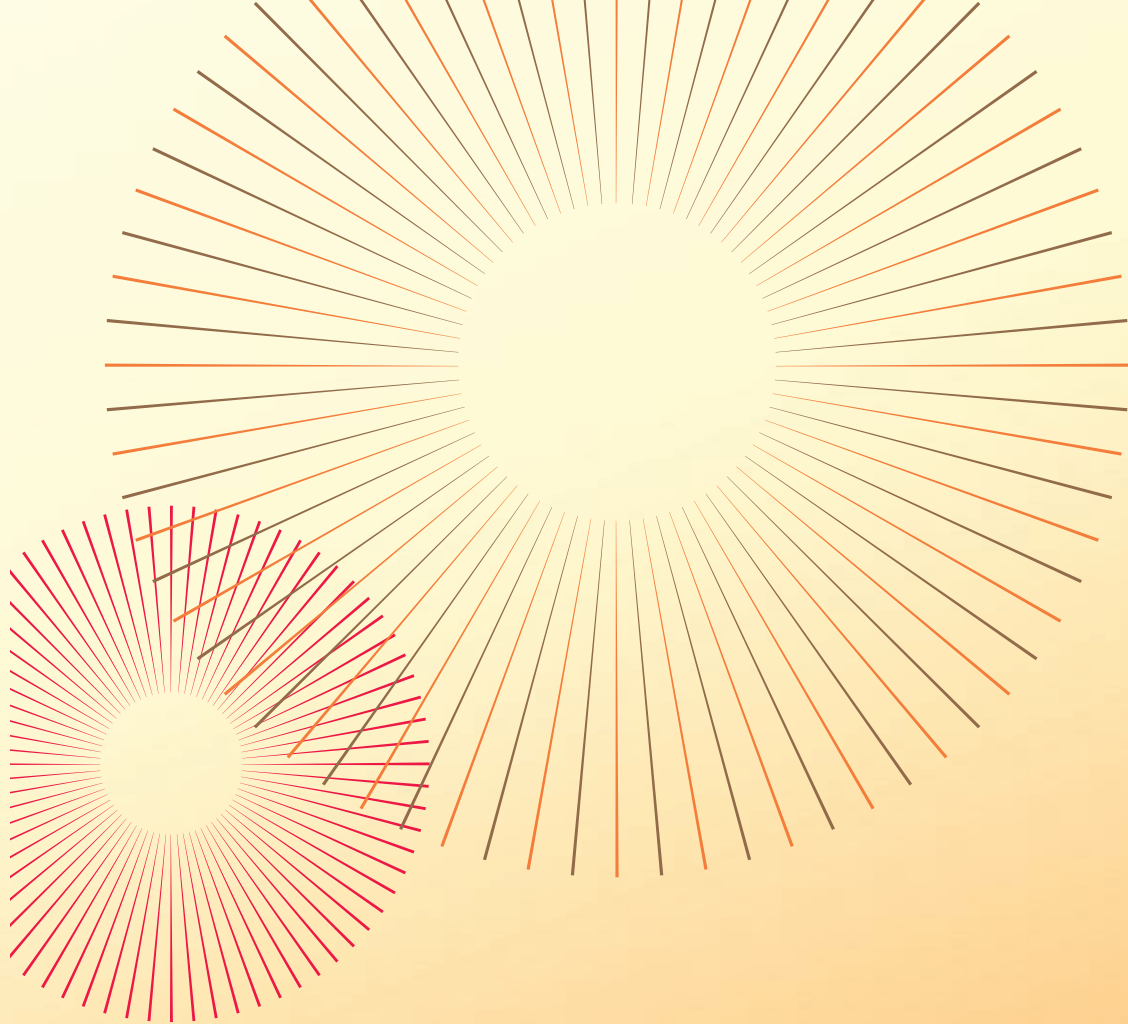


Sustainable
GROWTH
on Solid
FOUNDATIONS



This Summary Financial Report only gives a summary of the information and particulars contained in the "2011 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.hkexnews.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 April 2012.

Summary
Financial Report
2011



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

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 over 260 branches, more than 570 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 29 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”.

Theme

Year 2012 marks the 100th anniversary of the Bank of China (“BOC”), the parent bank of the Group. We take great pride in seeing that BOC has been growing into the most internationalised commercial bank in China and has earned high recognition in the world. The cover design of this summary financial report is made up of the BOC Tower and fireworks, symbolising the number “100” and expressing the joyful atmosphere in celebrating the centenary of BOC.

As an integral part of the BOC Group, we will capitalise on BOC Group’s strong franchise and extensive network to grow our business and deliver sustainable value for our stakeholders.

On the back of close collaboration with our parent, we strive to provide quality services to meet the diverse demands of our customers, especially in cross-border financial services and RMB business. These are reflected in the dividers of the report.

Contents

Financial Highlights	2
Five-Year Financial Summary	3
Chairman’s Statement	6
Chief Executive’s Report	8
Management’s Discussion and Analysis	16
Corporate Information	44
Board of Directors and Senior Management	45
Report of the Directors	47
Corporate Governance	55
Corporate Social Responsibility	68
Awards and Recognition	80
Financial Section	84
Shareholder Information	115
Definitions	117
Branch Network & Corporate Banking Centres	121

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 April 2012.

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.hkexnews.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

	2011	2010	Change
For the year	HK\$'m	HK\$'m	+/(-)%
Net operating income before impairment allowances	30,846	27,508	12.13
Operating profit	22,478	18,239	23.24
Profit before taxation	24,680	19,742	25.01
Profit for the year	20,813	16,690	24.70
Profit attributable to the equity holders of the Company	20,430	16,196	26.14
Per share	HK\$	HK\$	+/(-)%
Basic earnings per share	1.9323	1.5319	26.14
Dividend per share	1.1880	0.9720	22.22
At year-end	HK\$'m	HK\$'m	+/(-)%
Capital and reserves attributable to the equity holders of the Company	129,765	115,181	12.66
Issued and fully paid share capital	52,864	52,864	–
Total assets	1,738,510	1,661,040	4.66
Financial ratios	%	%	
Return on average total assets ¹	1.14	1.21	
Return on average shareholders' equity ²	16.68	14.77	
Cost to income ratio ³	25.49	34.84	
Loan to deposit ratio ⁴	61.00	59.69	
Average liquidity ratio ⁵	36.17	38.77	
Capital adequacy ratio ⁶	16.90	16.14	

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

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

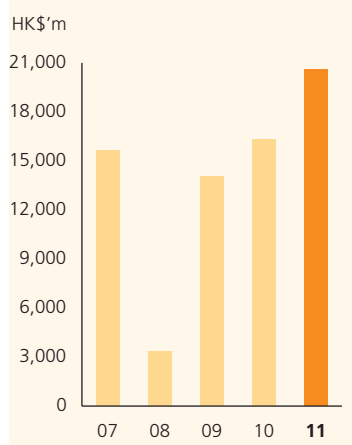
3. In calculating cost to income ratio, cost includes the impact of Lehman Brothers minibonds.

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

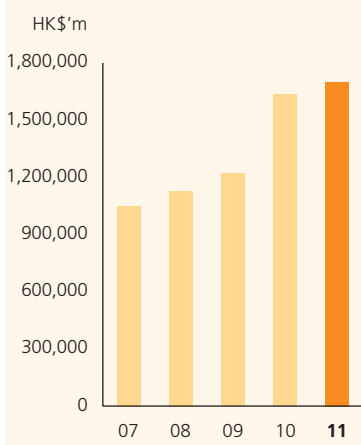
5. Average liquidity ratio is calculated as the simple average of each calendar month's average liquidity ratio of BOCHK for the year.

6. 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. The bases of regulatory capital calculation for credit risk, market risk and operational risk are described in Note 4.5 to the Financial Statements in the Annual Report. As a result of the change in the bases used, the capital ratios shown above are not directly comparable.

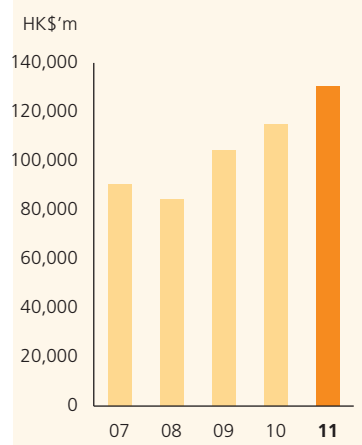
Profit attributable to the equity holders of the Company



Total assets



Capital and reserves attributable to the equity holders of the Company

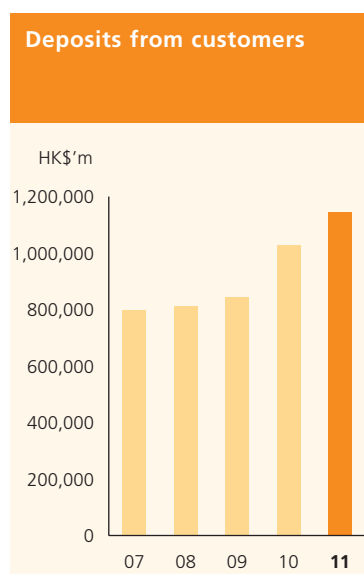
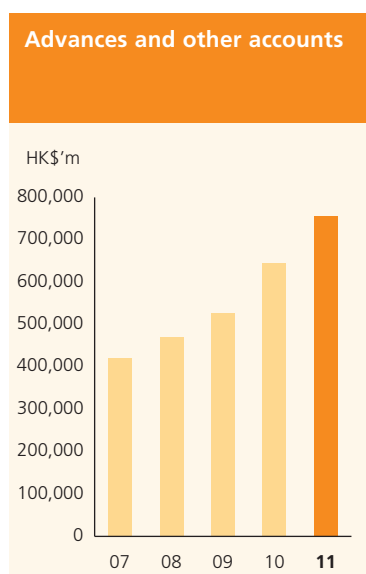


FIVE-YEAR FINANCIAL SUMMARY

The financial information of the Group for the last five years commencing from 1 January 2007 is summarised below:

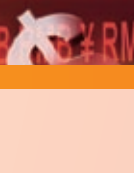
	2011	2010	2009 ²	2008 ²	2007 ²
For the year	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m
Net operating income before impairment allowances	30,846	27,508	26,055	25,526	27,254
Operating profit	22,478	18,239	15,104	4,182	18,033
Profit before taxation	24,680	19,742	16,724	4,078	19,126
Profit for the year	20,813	16,690	14,251	2,977	15,883
Profit attributable to the equity holders of the Company	20,430	16,196	13,930	3,313	15,512
Per share	HK\$	HK\$	HK\$	HK\$	HK\$
Basic earnings per share	1.9323	1.5319	1.3175	0.3134	1.4672
At year-end	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m
Advances and other accounts	755,229	645,424	527,135	469,493	420,234
Total assets	1,738,510	1,661,040	1,212,794	1,147,245	1,067,637
Daily average balance of total assets	1,823,989	1,382,121	1,177,294	1,099,198	1,032,577
Deposits from customers ¹	1,146,590	1,027,267	844,453	811,516	799,565
Total liabilities	1,605,327	1,542,751	1,105,879	1,061,695	971,540
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	129,765	115,181	104,179	83,734	93,879
Financial ratios	%	%	%	%	%
Return on average total assets	1.14	1.21	1.21	0.27	1.54
Cost to income ratio	25.49	34.84	46.60	34.36	28.52
Loan to deposit ratio	61.00	59.69	60.98	56.74	51.66

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".





Deposits • Exchange • Remittances •
Bank Cards • Trade Settlement &
Finance • Payroll • Corporate Loans •
Cash Management • Funds •
Bonds • Insurance •
Dual Currency Cards • Cheques •
Cross-border Autopay Bill Payment





INNOVATIVE 100
RMB Service



CHAIRMAN'S STATEMENT



It gives me great pleasure to report that the Group delivered another year of record results in 2011, reflecting the solid performance under our balanced growth strategy. Both net operating income before impairment allowances and profit attributable to the equity holders achieved new highs. Good progress was made during the year in growing our core businesses and developing new business initiatives. We remained focused on managing our capital, liquidity and risks, as reflected in our strong financial position.

The Group's net operating income before impairment allowances increased by 12.1% year-on-year to HK\$30,846 million. Operating profit before impairment allowances increased by 28.2% to HK\$22,984 million. The Group's profit attributable to the equity holders increased by 26.1% year-on-year to HK\$20,430 million or HK\$1.9323 per share, thanks to the growth of our core businesses and the Lehman-minibonds related recovery. Excluding such recovery, our profit attributable to the equity holders was also a new high since our listing. The Board has recommended a final dividend of HK\$0.558 per share. Together with the interim dividend of HK\$0.63 per share, this will mean a total dividend of HK\$1.188 per

share, representing an increase of 22.2% year-on-year. The Group's total dividend payout as a percentage of profit attributable to the equity holders will be 61.5%. Our consistent dividend policy reflects our strong capital position and commitment to delivering sustainable return to our shareholders. We remained well-capitalised with capital adequacy ratio of 16.90% as at the end of 2011. Our loan book grew 14.1% and deposits increased by 11.6%. The Group's total assets grew 4.7% to HK\$1.74 trillion. Asset quality further improved with classified or impaired loan ratio of 0.10%, among the lowest in the market.

This result was achieved despite more challenging market conditions in 2011, including intensified deposit competition, rising inflation and increased volatility in global markets amid the Eurozone debt crisis. Against this backdrop, we strictly adhered to our prudent and proactive growth strategy to balance growth, risk and return. Various measures were taken to enhance our asset and liability management, with an aim to improve overall profitability and to contain risks. In a low interest rate and highly competitive environment, we have taken conscious efforts to mitigate margin pressure. While growing our loans, we strived to improve loan structure and pricing. To support our business growth, a flexible deposit strategy was adopted to consciously manage our funding cost. Operating expenses were carefully managed to mitigate inflationary pressure while continuing to invest in our business. With a view to proactively managing our capital and liquidity, a Medium Term Note ("MTN") Programme was set up to enhance the Group's flexibility, diversity and efficiency in funding from a medium-to-long-term perspective. We also successfully issued US\$750 million senior notes to global investors under the MTN Programme to diversify our source of funding. Amid market uncertainties, we remained highly vigilant on risk management. Our loan quality stayed solid on the back of our strong credit discipline and prudent customer selection. To contain the potential risks arising from the Eurozone debt crisis, we have actively reduced our risk exposure in Europe. All these measures not only contributed to a set of satisfactory results in 2011 but have also solidified our position to capture market opportunities in 2012.

Over the past two years, we witnessed major breakthroughs in the development of the offshore RMB business in Hong Kong. Capitalising on our strong RMB franchise, we have made good progress in capturing new business opportunities and delivered encouraging results in 2011.

CHAIRMAN'S STATEMENT

We maintained our leading positions in the offshore RMB business including deposits, trade settlements, credit cards and insurance, etc. Increased asset deployment channels of our RMB funds also enabled us to improve returns. The momentum for offshore RMB lending has picked up, especially in the second half of the year. As the sole Clearing Bank of the RMB banking business in Hong Kong, we are fully committed to the healthy and orderly development of the offshore RMB market. During the period, we have further enhanced our clearing services and network. The introduction of RMB Repo facilities and RMB Fiduciary Account Scheme served to better meet the needs of the participating banks in developing the RMB business.

The offshore RMB business is an important strategic focus of the Group's mid to long term development. Riding on these opportunities, we have successfully enhanced our customer relationships and extended our global presence, laying a good foundation for our future development. With the increasing significance of RMB in the global economy, the demand for RMB products and services will continue to grow. We will continue to deepen and broaden our platform for RMB products and services. Together with our close cooperation with our parent bank, BOC, we are well positioned to provide high quality RMB services to meet the global needs of BOC Group's customers.

Looking ahead, there are good reasons for caution, especially with regard to the uneasy Eurozone situation which may continue to threaten the stability and recovery pace of global markets. We need to stay alert for any unpredictable shocks to the market from this uncertain environment. Despite the possible headwinds ahead, the Group will continue to pursue opportunities leveraging its core competencies and solid fundamentals. While cost management is a key priority, the Group will continue to make investments tied to its longer term development plans. In view of the fast changing market conditions and more stringent regulatory requirements, we will strive to enhance the efficiency of our internal control mechanisms and to safeguard our financial position. We will also firmly adhere to our strong discipline embedded in our business model to deliver quality growth.

With effect from 15 December 2011, Madam Zhang Yanling retired from her positions as a Non-executive Director of the Company and its principal operating subsidiary, Bank of China (Hong Kong) Limited ("BOCHK"). On behalf of the Board, I would like to thank Madam Zhang for her

valuable contributions to the Group during her tenure of office. At the same time, I would also like to welcome Mr. Chen Siqing who has joined the Board as a Non-executive Director of the Company and BOCHK.

This year is the 10th anniversary of the Company's listing in Hong Kong. I am pleased with the healthy development and consistently solid performance of the Group over the past ten years. This achievement was attributable to the outstanding efforts of our people, continuous support from our customers and wise counsel from our Board. I would also like to take this opportunity to thank our shareholders for their trust and support shown to us all these years.

At the Group, sustainability is the core belief of how we manage our business and plan for our development. We will remain committed to building a solid and sustainable platform for our customers, shareholders, employees and the communities where we serve. As a leading banking group, we attach great importance to Corporate Social Responsibility ("CSR") and will continue to implement our CSR programmes in different facets of our business. We deeply value the long-term relationships we have developed with our customers. On the back of its strong financial position, the Group was able to sustain its support to customers throughout the years, even in difficult market conditions. In 2011, the Lehman Brothers Mini-bonds issue was resolved with the implementation of the final resolution, demonstrating our commitment to the interests of our customers. Going forward, we will remain customer-centric through product and service innovation to meet the needs and expectations of our customers. My colleagues and I will continue to work tirelessly to strive for continual improvement and greater value for our shareholders.



XIAO Gang
Chairman

Hong Kong, 29 March 2012

CHIEF EXECUTIVE'S REPORT



In the year 2011 the Group recorded, once again, solid growth in its net operating income before impairment allowances, operating profit before impairment allowances and profit attributable to the equity holders, all of which reached record high levels. Notwithstanding the widespread volatility that plagued the global economy in the year, profit attributable to the equity holders surpassed the HK\$20 billion mark for the first time in our history. By capitalising on our core competencies and implementing a balanced and sustainable growth strategy, we succeeded in expanding our core businesses, maintaining our leading market positions, capturing new business opportunities and achieving major breakthroughs, particularly in offshore RMB banking business.

Last year was a turbulent period in which the operating environment was affected by natural catastrophes, financial troubles and economic slowdown on a massive scale. The eruption and spreading of the sovereign debt crisis in the Eurozone seriously undermined the stability of the world economy which was still recuperating from the 2008 global financial crisis. The ramifications of the European debt crisis and the lingering weakness of the US economy hit Hong Kong as the demand for exports faltered and investment sentiment in stock and property markets deteriorated, especially in the second half of the year. Inflationary pressure was mounting, with upward pressure on costs on all fronts, while the persistently low interest rates continued

to bring about pressure on margin, particularly in the first half of the year. In spite of this, with its solid economic fundamentals and strong support from the Mainland, Hong Kong was able to stay afloat and sustain a positive, albeit lower, GDP growth. For the banking and financial services sector as a whole, the steady and relatively fast development of the Mainland economy and the further relaxation of offshore RMB banking business have brought about inspiring new business opportunities.

Our robust performance in business development and financial results last year speaks for the effectiveness of the proactive strategies we have adopted over the past years, especially in the aftermath of the global financial crisis, in managing adversity in the external environment and maintaining our momentum for growth. We leveraged the increase in local business investment, private consumption, exports and re-exports as well as property transactions (mostly in the first half of 2011) to grow our loans and other services to customers by a healthy margin. Being the market leader in the fast-growing offshore RMB banking business, we have been playing a prominent role in developing RMB services and products, which have become increasingly important contributors to the Group's income and profit. On the other hand, in view of growing uncertainties in the financial markets, we took timely and effective measures in safeguarding the strength of our capital base and liquidity, enhancing the quality of our assets, and refining our lending and investment portfolios respectively. We continued to exercise high prudence in containing costs, including the costs of funding and operation. As a result, we kept our financial position strong. Our earnings and capital strength have enabled us to maintain a stable dividend policy.

Key Initiatives and Achievements

Our constant efforts in striking a right balance among growth, return and risks by pro-actively managing our assets and liabilities have been paying off well. We attained broad-based growth in income and profit. We succeeded in improving all of our major income streams, including net interest income, net fee and commission income as well as net trading gain from foreign exchange.

- Against the backdrop of a better market situation in the first half of the year, we effectively deployed our assets and adjusted these when the market evolved, thus optimising our yields and returns. We achieved a balanced growth in loans and deposits. Through a proactive yet prudent credit policy with emphasis on quality growth, we registered double-digit increases in loans and advances to both individual and corporate customers. Our customer base improved and the pricing

CHIEF EXECUTIVE'S REPORT

of new loans was raised to increase yields. At the same time, in spite of severe competition for funds in the market, we adopted flexible deposit-taking strategies to attract deposits and optimise our deposit mix. The Group maintained its loan-to-deposit ratio at a healthy level, thus ensuring better utilisation of funds while keeping adequate liquidity.

- We made significant advancement in our RMB business. Conspicuous growth and development was recorded in 2011 in RMB deposit-taking, lending, trade settlement, credit card business, life insurance, treasury products and funds distribution. By enhancing our clearing bank function and network, including the introduction of the RMB Fiduciary Account Scheme and Intra-day Repo facilities, we have facilitated the Participating Banks in developing RMB business and hence the growth of the RMB market as a whole. We were re-appointed as the Clearing Bank of RMB business in Hong Kong.
- By collaborating more closely with our parent, BOC, and connecting the Group's service platforms with those of BOC, we succeeded in enhancing our servicing capability for cross-border customers and expanding our clientele, including corporate clients and wealth management customers. Among many other businesses in joint efforts with BOC, we have made very encouraging progress in extending RMB services to a wide spectrum of customers in Hong Kong, the Mainland and overseas.
- Faced with the strong headwinds in the global financial scene due to the sovereign debt crisis in Europe, we stayed highly alert all the time in monitoring and managing the Group's investment portfolio to minimise our exposure to various investment risks. By adjusting our portfolio mix to focus on high-quality and low-risk investments and acting promptly to dispose of investments in the Eurozone, we have ensured the good quality and positive yield of our investment portfolio as a whole.
- To get well-prepared for the uncertainties in the external environment, we believe that it is essential to keep a close watch on the Group's key financial ratios. Our capital adequacy ratio, cost-to-income ratio and classified or impaired loan ratio were among the best in the local industry, while our loan-to-deposit ratio and liquidity ratio remained solid. The Group's credit ratings were upgraded. Notwithstanding deterioration in the external operating environment and downgrades for most of the global and US banks, BOCHK's long-term credit rating was raised by Standard & Poor's by two

notches (from "A-" to "A+") and short-term credit rating by one notch (from "A-2" to "A-1"), which clearly demonstrates the international recognition of the Group's strong fundamentals and core strengths in sustaining growth while fending off potential risks.

Financial Highlights

In 2011, the Group's profit attributable to the equity holders increased by 26.1% to HK\$20,430 million, as a result of a broadly based growth in business and profitability, effective cost management as well as a net recovery from the underlying collateral of the Lehman Brothers Minibonds. The Group's net operating income before impairment allowances was HK\$30,846 million, up 12.1% year-on-year. Operating profit before impairment allowances was HK\$22,984 million, up 28.2% year-on-year. If the net recovery and the Lehman Brothers-related expenses were to be excluded, the Group's profit attributable to the equity holders would still have increased by 11.5%.

Return on average total assets (ROA) and return on average shareholders' equity (ROE) were 1.14% and 16.68%, versus 1.21% and 14.77% respectively for 2010.

Net interest income (NII) increased by 17.3% to HK\$21,979 million with a surge of 32.4% in average interest-earning assets, which reached HK\$1,662,201 million by 31 December 2011. The net interest margin (NIM) narrowed by 17 basis points to 1.32% for the full year, but improved by 23 basis points in the second half as compared with the first half of the year. This improvement was made as, firstly, we enhanced the pricing of new loans, especially in corporate lending, when market opportunities arose. Secondly, we accomplished better deployment of RMB funds in lending and investment. Thirdly, by introducing the RMB Fiduciary Account Scheme for RMB Participating Banks, we were able to mitigate the diluting effect of RMB funds on our NIM.

Net fee and commission income was up by 11.2% to HK\$7,833 million, thanks mainly to the satisfactory performance of our core businesses. Fee income from the credit card business surged by 29.9% to HK\$2,887 million. Commission income from insurance almost doubled to HK\$1,097 million. Loan commissions and bills commissions increased by 20.7% and 13.7% to HK\$1,160 million and HK\$854 million respectively. Fee income from funds distribution, trust and custody, payment services and currency exchange, also saw good growth. Fee income from securities brokerage, however, declined by 16.7% to HK\$2,782 million in the lethargic stock market.

CHIEF EXECUTIVE'S REPORT

A healthy increase of 24.9% was recorded in net trading gain, which amounted to HK\$1,710 million in 2011, thanks to the significant growth in currency exchange activities and a reduction in foreign exchange loss on foreign exchange swap contracts.

There was a net loss of HK\$340 million on financial instruments designated at fair value through profit or loss versus a net gain in 2010 due mainly to the loss from the investment portfolio of BOC Life amid the weak financial market.

On the expenditure side, we remained prudent in managing costs while continuing to invest in service infrastructure and human resources for future growth. Total operating expenses decreased by 18.0% to HK\$7,862 million, largely due to the net recovery of HK\$2,854 million from the underlying collateral of the Lehman Brothers Minibonds. After excluding this net recovery and related expenses, core operating expenses increased by 12.3% to HK\$10,659 million due to the increases in staff numbers and performance-linked remuneration, rental for branches, IT-related expenses, other operation expenses related to increased business volume and the Group's expansion in the Mainland. Our cost-to-income ratio was low at 25.49% and the core ratio (excluding the Lehman effect) was 34.56%, ranking us the best in the market.

As at 31 December 2011, the Group's total assets stood at HK\$1,738,510 million, representing an increase of 4.7% year-on-year. The quality of our assets remained excellent, with the classified or impaired loan ratio further improved to 0.10%, down 4 basis points versus 2010 and outperforming our peers.

Our lending policy last year, consistent with what we have been implementing over the past few years, aimed at growing our loans in a balanced and steady manner, with emphasis on credit quality and higher yield. Total loans and advances to customers grew by 14.1% to HK\$699,379 million, of which corporate loans increased by 13.5% and personal loans, by 15.4%.

Amid keen competition for deposits in the market last year, we enlarged our deposit base to support loan growth through a flexible deposit policy with due regard for the cost involved. Deposits from customers increased by 11.6% to HK\$1,146,590 million. There was significant growth in RMB deposits. The Group's loan-to-deposit ratio was 61.00% at the end of 2011, around the level of the two preceding years.

The Group was well capitalised, which was important to support our long-term development, to ensure a stable dividend policy and to provide a buffer for us to meet the changing regulatory requirements. To optimise our asset and liability management, we established a Medium Term Note Programme in September 2011 and made the first drawdown of US\$750 million in November of the year. As at the end of 2011, the Group's consolidated capital adequacy ratio (CAR) was 16.90% while the core capital ratio was 12.51%. The average liquidity ratio stayed solid at 36.17%.

Business Review

Corporate Banking

In 2011 the Group's Corporate Banking business experienced strong performance by focusing on quality loan growth, customer base expansion, customer relationship management and service enhancement. We also made good progress in the development of cash management and custody business.

Robust financial results were recorded last year. Net operating income before impairment allowances rose by an impressive 27.6% to HK\$11,943 million, of which net interest income, net fee and commission income and net trading gain increased by 30.5%, 17.4% and 82.8% respectively. Profit before taxation grew by 24.1% to HK\$8,636 million.

The Group's corporate lending business maintained its strong growth momentum last year. Corporate loans increased by 13.5% while the pricing of new loans was improved to attain higher return. Our position as a leading corporate lender was further reinforced through better segmentation of both the local and cross-border clientele. We also maintained our position as the top mandated arranger in the Hong Kong-Macau syndicated loan market.

As cross-border trade settlement in RMB has been expanded to cover the entire nation since last August, we further advanced our trade finance business by exploiting our strong service capability. A number of new cross-border trade finance products were rolled out to serve the increased needs of corporate customers in both Hong Kong and the Mainland. The balance of the Group's trade finance increased by 11.4% year-on-year.

We enhanced our services for SMEs by offering total solutions and participating actively in the HKSAR Government's SME Financing Guarantee Scheme and the subsequently launched Bank Special Loan Guarantee Scheme. Last year we set up a new and comprehensive commercial centre specifically for serving the banking needs of corporate customers.

CHIEF EXECUTIVE'S REPORT

Our cash management service saw steady growth. We upgraded our service platform for both large corporate clients and SMEs. We also enriched our portfolio by launching a wide range of RMB payment and receivable products. In a breakthrough development, BOCHK acted as the RMB agent bank of the Stock Exchange of Hong Kong to facilitate the first RMB share listing in Hong Kong.

We successfully expanded the client base for our custody service. In addition to QDII and different types of fund clients, we were extending our service to RQFIs. We are especially encouraged by the increase in the custody volume of RMB investment instruments.

Personal Banking

Our Personal Banking business focused on maintaining our lead in core segments, enhancing our business model to drive sales, upgrading our wealth management capability to expand our high-net worth customer base, fostering closer collaboration with BOC to facilitate the development of cross-border services, and enhancing our distribution channels for long-term growth. Profit before taxation reached HK\$4,896 million.

In terms of business development, we continued to grow and maintain our market lead in customer deposits and residential mortgage business. By capturing the market's new demand arising from a bullish residential property market in the first half of 2011, our residential property mortgage loans grew by 15.2% year-on-year. To enhance the yield of mortgage lending, we adjusted upward the pricing of new mortgage loans. Different mortgage plans were offered to customers to meet their diverse needs. While driving business growth, we remained prudent to ensure high credit quality through stringent risk control. The combined delinquency and rescheduled loan ratio for mortgage stood at a low level of 0.01% at the end of 2011.

We recorded robust growth in both the funds distribution and life insurance businesses. Two BOCHK RMB bond funds were launched during the year for targeted investors. The Group's Investment Product Specialist Team has been providing professional advice to customers on investment products, including investment funds. As a result, commission income from funds distribution shot up by a staggering 110.6%. At the same time, commission income from insurance, including life insurance, general insurance and reinsurance, rose by 95.5%. By offering professional sales service and expanding our product spectrum, we have reinforced our position as a prominent life insurance provider and maintained our market lead in the RMB life insurance market.

Riding on the surge in consumer spending by both local residents and incoming tourists, we recorded solid growth in our credit card business in 2011. Through various incentives to attract new cardholders and encourage cardholder spending, the number of cards issued, cardholder spending and merchant acquiring volume increased by 12.4%, 20.6% and 34.1% respectively. Our RMB card business continued to flourish and outperform the market, especially in the RMB-HKD dual currency card business. We maintained our market lead in the China UnionPay merchant acquiring business and card issuance. Credit card advances rose strongly by 17.3%. The credit quality of card advances remained sound with the annualised charge-off ratio standing at 1.07%.

The personal stock brokerage segment experienced a setback amid subdued stock market volume. Fee income from securities brokerage declined by 16.7% to HK\$2,782 million. Despite that, we continued to upgrade our service platform for stock trading, including the mobile trading channel, to reinforce our market position for long-term development. To equip ourselves for the future, we have enhanced our trading system during the year by launching a host of RMB-denominated securities trading services.

We made significant progress in expanding our wealth management segment in 2011. Through service enhancement, the enrichment of product offerings and closer cooperation with BOC branches and NCB (China), we boosted our wealth management customer base by 17.4%, which covers both Hong Kong and Mainland customers.

To cater to the needs of local and cross-border customers, we further upgraded and expanded our distribution channels, including the electronic banking platform, for which more than a dozen awards were bestowed on us last year. The functions of our e-banking platform have been expanded while the scope of our mobile banking services has also been enriched. These initiatives were obviously conducive to the increase in e-banking customers and usage.

Treasury

Our Treasury segment operated with a high degree of prudence last year amid rising fluctuations in global financial markets. We focused on proactively diversifying our investment portfolio, minimising the exposure to risks arising from the Eurozone, and optimising our asset allocation and portfolio deployment. Net operating income before impairment allowances surged by a robust 24.2%, of which net interest income was up 27.7% while net fee and commission income, up 345.7%. Profit before taxation increased by 19.3% versus 2010.

CHIEF EXECUTIVE'S REPORT

Highly alert to the adverse impact of the sovereign debt crisis in the Eurozone last year, we took a number of decisive and timely measures in risk management so as to safeguard our investment assets. We adjusted the duration of our portfolio when the market evolved to ensure better liquidity. We focused on government-related securities as well as bonds issued by high-quality financial institutions and corporations. We also refined our portfolio mix to reduce exposure to the European market and low-yielding securities. As a result, at the end of 2011, the Group had zero exposure to debt securities issued by GIIPS (Greece, Italy, Ireland, Portugal and Spain) governments, financial institutions or other private entities. The Group's exposure to the Europe region as a whole was also reduced as we attached importance to maintain a defensive portfolio position.

Our RMB-related business saw substantial progress last year. We acted as the major market maker in Hong Kong's CNH market. BOCHK became the first offshore institution with the "Delivery versus Payment" settlement arrangement in the onshore market. We were also a major player in the RMB bond underwriting business. By cooperating with BOC's overseas branches, we have been developing a global RMB banknote network. This has again underscored Hong Kong's importance as an offshore RMB business centre.

We were re-appointed as the Clearing Bank for RMB business in Hong Kong and as the only bank for providing RMB banknotes clearing services to Taiwanese banks. Last year, we launched the RMB Fiduciary Account Scheme Service to reduce the counterparty risk of Participating Banks to the Clearing Bank. We also initiated the intra-day Repo service to facilitate Participating Banks' intra-day liquidity management.

Mainland Business

In the Mainland, we focused on enlarging our deposit base to ensure that our loan-to-deposit ratio was in compliance with regulatory requirements. To better equip ourselves for future development, NCB (China) continued to build up its service capability and expand its branch network.

Total operating income increased by a solid 42.2% with the growth in net interest income as well as net fee and commission income. Our deposit base in the Mainland grew substantially by 52.7%. At the end of 2011, NCB (China)'s loan-to-deposit ratio stood at 70.2%.

In response to the rise in the reserve requirement ratio, we took prompt measures to improve our asset mix and loan pricing, thereby mitigating the pressure on net interest margin. Asset quality remained sound, with the classified loan ratio standing at 0.27%.

Meanwhile, we enhanced the linkage of our service platform with that of BOC to enable customers to enjoy better and more comprehensive services. Our branch network continued to expand with the number of branches/sub-branches increasing to 27 as at end of 2011.

Insurance

Last year our Insurance segment focused on enhancing its product offerings, upgrading its service capability and reinforcing its market position.

By enlarging our product range and taking a more aggressive approach in sales and marketing, we made significant progress in growing our gross regular premium income, which shot up strongly by 56.4% during the year. Meanwhile we launched more new RMB products to create demand and solidified our leading position in the RMB insurance market. Our improvement in service quality was duly recognised by the market, as evidenced by the industry awards we received last year.

Net interest income grew by 13.8%. Yet net operating income before impairment allowances and profit before taxation decreased by 47.0% and 93.5% respectively, due mainly to a higher provision for insurance liabilities as a result of declining market interest rates, and the investment loss incurred in the turbulent investment market.

Outlook

The outlook for the coming year is expected to be more challenging as the European sovereign debt crisis and the deep-rooted problems facing the US economy may still drag on. Trade prospects are turning bleak as demand continues to weaken. These conditions may imply that the operating environment for the banking sector is becoming even tougher than before and interest rates are staying at the current low level for a much longer period than originally envisaged. On top of that, business risks are to increase and competition may intensify. Yet we believe that positive prospects still exist in Asia. In particular, the further relaxation of offshore RMB business and the opening of the Mainland's financial market to external participants should create new business opportunities for banks with the right expertise and capabilities.

In view of the foreseeable uncertainties in the market, we shall adhere to our proactive management philosophy that has proven to be effective in delivering a sustainable and balanced growth of the Group. Our tremendous efforts over the past few years in asset and liability management has resulted in the Group's greater earning power and stronger foundations for long-term development, which will help tide us over the difficult and thorny time ahead.

CHIEF EXECUTIVE'S REPORT

For 2012, we will strive to maintain our consistent growth strategy, and put more emphasis on quality growth and profitability. We will exploit our core competencies to grow our traditional segments and maintain our leadership in the market with good prospects. By means of service upgrade, product/service innovation, expansion of customer base, strengthening of customer relationship, and the enlargement and optimisation of service channels and platforms, we will grow our core businesses, including corporate lending, loan syndication, residential mortgage, deposit taking, wealth management, credit card and insurance. To broaden our income and profit base, we will further enhance our service platforms for newly developed business arenas.

The development of the offshore RMB banking business has opened a new chapter for the banking industry in Hong Kong and beyond. It will definitely be a major focus for us in the coming years. Given our abundant expertise and strong track record as the local market leader, we will continue to play a leading role in driving the development of RMB-related services in Hong Kong. As China relaxes her offshore RMB banking policies, we will explore and develop more diverse RMB services and products to create and cater to new market demands. The recent relaxation by the HKMA of certain regulatory requirements of the RMB business provides banks in Hong Kong with greater flexibility in RMB asset management, thus giving us more leeway in the deployment of RMB funds. To meet the rapidly increasing interest in RMB worldwide and to strengthen Hong Kong's status as a global hub for offshore RMB business, we will seek to extend our RMB clearing and banking-related services to more overseas markets.

As we are taking an increasingly global perspective with regard to the development of the offshore RMB banking business, we will capitalise on our close connections with BOC and its overseas branches to extend our reach across continents. We will enhance the collaboration with BOC and strengthen the inter-linkage of our service platforms for further promoting cross-border services for customers from both banks. In particular, our experience and expertise in providing service support for the Mainland's corporate clients seeking to expand overseas will give us an edge in that regard.

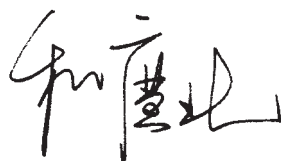
While growing our core businesses and penetrating into new segments and markets, we will be highly vigilant over the management of our assets and liabilities to ensure that our financial position and key financial ratios remain strong. As global financial markets are still beleaguered with volatility, we will step up our risk management and internal control to safeguard our capital base, liquidity and asset quality. Despite persistent margin pressure resulting

from low interest rates and keen market competition, we will make every endeavour to contain the cost of funding and increase the yields of lending and investment, with an aim to further improve our NIM. In the face of rising costs, we will exercise stringent cost control to attain higher cost-effectiveness while continuing to invest for the future.

This year we are celebrating the 100th anniversary of BOC. We take great pride in seeing that our parent is the only domestic bank that has been operating continuously for 100 years in the Mainland. Through a century of development, BOC has always been committed to the pursuit of excellence and has been growing into the most internationalised and most diversified commercial bank in China and earned high recognition in the world.

This year we are also entering the tenth year of BOCHK's public listing in Hong Kong. Through these years we have witnessed the Company's comprehensive transformation and advancement in such major areas as corporate governance, corporate development, income and profit performance, business diversification, asset quality, financial strength, human resources development, customer service capability, risk management and internal control, corporate social responsibility, credit ratings and so on.

While concluding the last year on a high note despite all the challenges, I must thank the Board of Directors, shareholders and customers for their wise counsel, trust and support. I must also thank my colleagues who have consistently contributed their best to enable the Group to perform well and attain new breakthroughs. Looking forward, we, as an integral part of the BOC Group, will further capitalise on BOC Group's strong franchise and extensive network to grow our business and deliver higher value for our shareholders, customers, staff and the community at large.

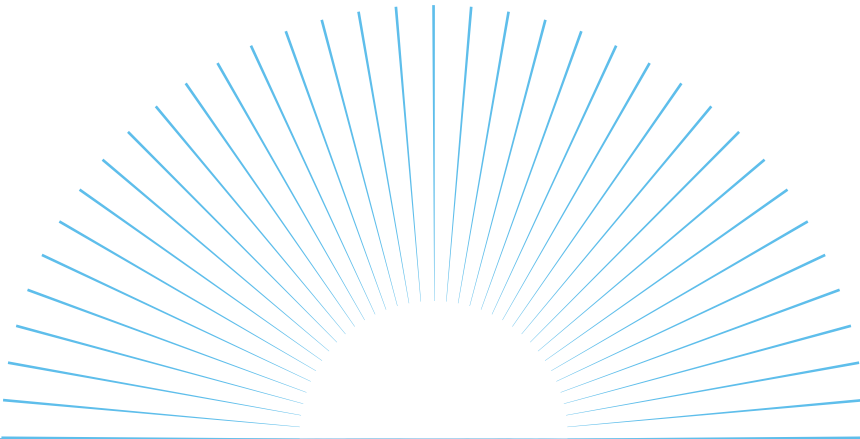


HE Guangbei
Vice Chairman & Chief Executive

Hong Kong, 29 March 2012



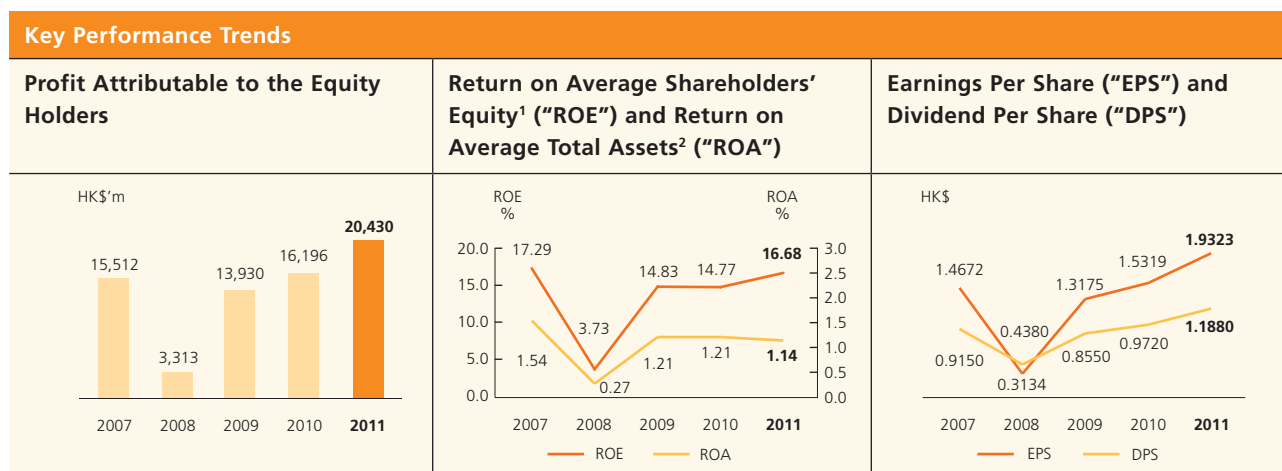
CROSS-BORDER 
Corporate Banking Service



MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE AND CONDITION IN BRIEF

Capitalising on its core competencies, the Group achieved encouraging financial results in 2011. Profit attributable to the equity holders reached a record high. Financial ratios and risk indicators remained solid.



Profit attributable to the equity holders reaching new high

- Profit attributable to the equity holders increased by 26.1% to HK\$20,430 million, part of the growth was attributable to the positive impact of Lehman Brothers-related products³. Should this impact be excluded, it would have increased by 11.5% year-on-year to HK\$18,148 million, a record high since listing.

Solid return with sustainable growth

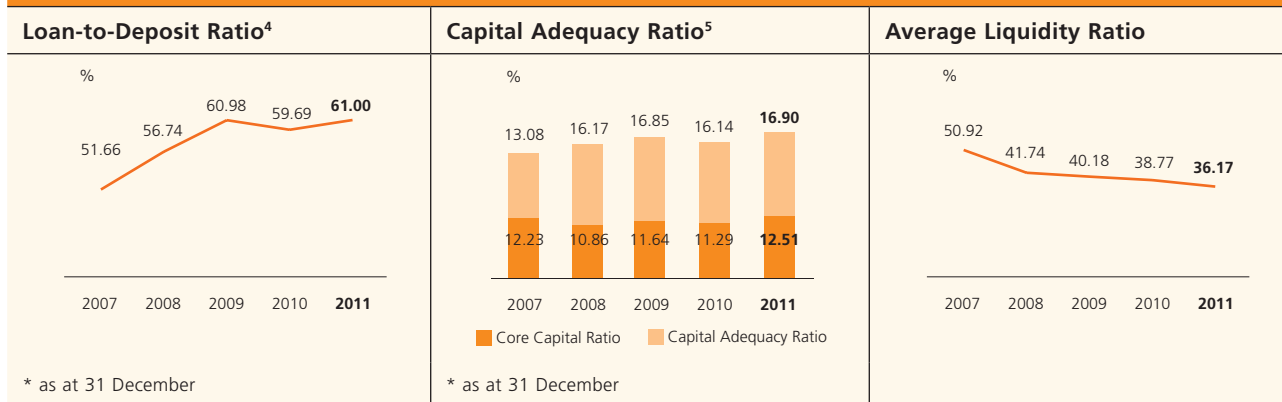
- ROE was 16.68%. Excluding the impact of Lehman Brothers-related products, ROE would have been 14.55%, up 0.15 percentage point year-on-year.
- ROA was 1.14%. Excluding the impact of Lehman Brothers-related products, ROA would have been 1.01%, down 0.20 percentage point year-on-year. The decrease was due to the diluting effect of RMB clearing business in Hong Kong and the lower average return on the Group's other assets.

Continuous growth of return to shareholders

- EPS rose to a record high of HK\$1.9323. DPS was HK\$1.188, increasing by 22.2% year-on-year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Position



Well-balanced deposit and loan growth

- Advances to customers increased healthily by 14.1% while deposits from customers rose by 11.6%. Loan-to-deposit ratio was at 61.00%.

Solid capital base to support business growth

- CAR was strong at 16.90%, while core capital ratio stood at 12.51%.

Sound liquidity position

- Average liquidity ratio remained sound at 36.17%.

Key Operating Ratios



NIM rebounded in the second half of the year

- NIM for the year was 1.32%, down 17 basis points year-on-year due to persistently low market interest rates, the diluting effect of RMB business in Hong Kong and rising funding costs. Meanwhile, NIM for the second half of the year was 1.44%, up 23 basis points from the first half.

Effective cost control

- Cost-to-income ratio was 25.49%. Should the impact of Lehman Brothers-related products be excluded, it would have been 34.56%, one of the lowest in the industry.

Low classified or impaired loan ratio under stringent risk management

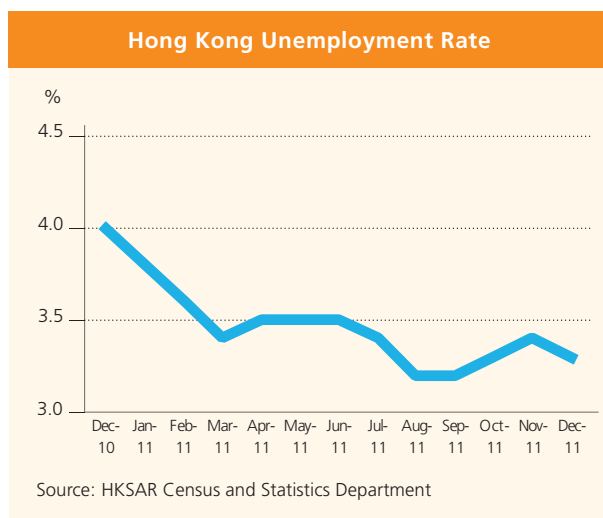
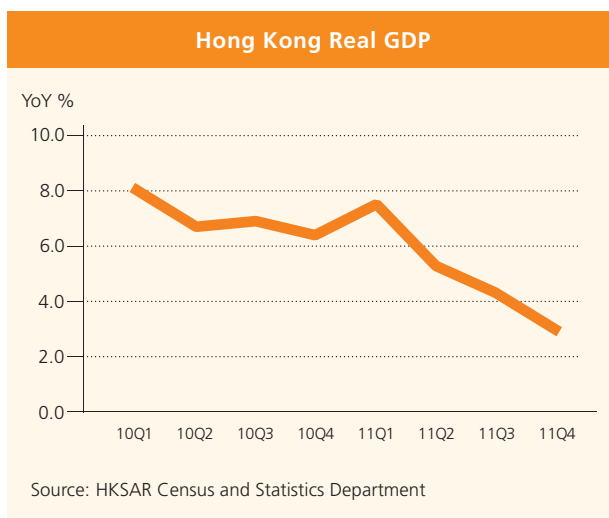
- Classified or impaired loan ratio was 0.10%. Formation of new classified loans remained at a low level.

- Return on Average Shareholders' Equity as defined in "Financial Highlights".
- Return on Average Total Assets as defined in "Financial Highlights".
- The final resolution of certain series of Lehman Brothers Minibonds was announced on 15 June 2011. The net amount of HK\$2,854 million recovered by the Group from the underlying collateral of the Lehman Brothers Minibonds, after deducting the ex gratia payments and provision for trustee expenses, was credited to operating expenses in 2011. The net recovery together with the expenses of Lehman Brothers-related products is referred to as "impact of Lehman Brothers-related products" in the Management's Discussion and Analysis.
- The deposit base also includes structured deposits reported as "Financial liabilities at fair value through profit or loss".
- 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. The bases of regulatory capital calculation for credit risk, market risk and operational risk are described in Note 4.5 to the Financial Statements in the Annual Report. As a result of the change in the bases used, the capital ratios shown above are not directly comparable.
- Classified or impaired loans follow the definitions set out in the Banking (Disclosure) Rules under the Banking Ordinance and represent advances which are either classified as "substandard", "doubtful" or "loss" under the Group's classification of loan quality, or individually assessed to be impaired.

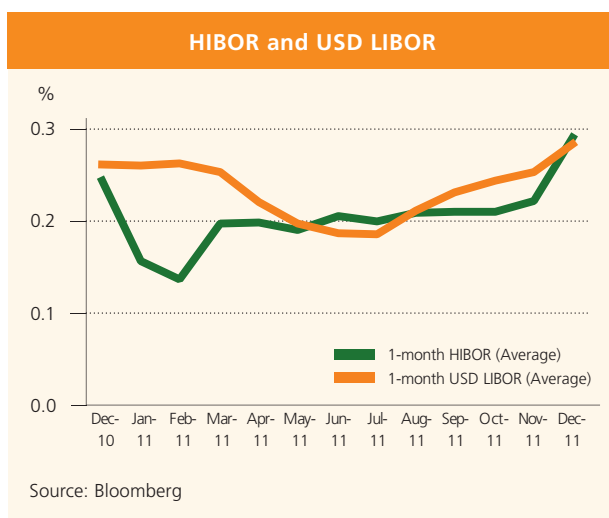
MANAGEMENT'S DISCUSSION AND ANALYSIS

ECONOMIC BACKGROUND AND OPERATING ENVIRONMENT

The global economic environment was highly volatile during 2011, posing major challenges to the banking industry as a whole. There was an increased degree of uncertainty in the market as a result of various incidents and crises, including the earthquake and nuclear crisis in Japan, the downgrade of the US sovereign credit rating and the aggravation of the European debt crisis. The US continued with unconventional monetary easing measures to stimulate the economy while EU countries struggled to contain the spreading of the sovereign debt crisis from peripheral to core countries. Back in Asia, the Mainland of China remained the main engine of economic growth with its GDP growing by 9.2%. However, the Mainland's inflationary pressure also intensified during the year, which necessitated the implementation of contractionary monetary policies such as the raising of both the reserve requirement ratio and benchmark interest rates.



The Hong Kong economy continued to grow in 2011 though with a slower pace since the second quarter of the year. Supported by private consumption and fixed investment, Hong Kong's GDP for the year 2011 increased by 5.0% year-on-year. The unemployment rate stayed at a low level. Inflationary pressure was mounting, with the Composite CPI rising by 5.7% year-on-year in December 2011.



Interbank interest rates stayed low after the second round of quantitative easing in the US. Average 1-month HIBOR and USD LIBOR increased only slightly from 0.24% and 0.26% in December 2010 to 0.29% and 0.28% respectively in December 2011.

The Hong Kong stock market was volatile during the year. Market sentiments turned weak because of the uncertain global economic outlook, the worsening of the European debt crisis as well as the tightening of the Mainland's monetary policy. The Hang Seng Index reached the lowest point of the year at 16,250 in October, closing at 18,434 at the end of 2011, down 20.0% on a yearly basis.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The local residential property market was buoyant in the first half but had cooled down since the second half of the year, reflecting the combined impact of the weaker global growth outlook, rising mortgage interest rates, and various stabilising measures imposed by the Hong Kong government. The transaction volume of residential units plunged and prices fell modestly in the second half of the year.

The offshore RMB market in Hong Kong expanded further with several major breakthroughs. The demand for RMB trade settlement grew rapidly. Both RMB loans and deposits in Hong Kong saw remarkable growth. Foreign investors were permitted to invest directly in the Mainland with offshore RMB funds. Offshore monetary authorities and eligible banks began to participate in the Mainland's interbank bond market. With regard to the RMB clearing bank business in Hong Kong, a major development was the introduction of the RMB Fiduciary Account Service to help participating banks better manage their credit exposure to the clearing bank.

In summary, the operating environment for the banking industry was very challenging in 2011. Persistently low interest rates continued to put pressure on banks' net interest income. Funding costs were higher as competition for deposits remained intense. The inflation of operating costs also adversely affected banks' profitability. Nevertheless, the banking sector in general was able to benefit from business opportunities arising from the strong demand for corporate loans and the further expansion of the offshore RMB market in Hong Kong.

Outlook for 2012

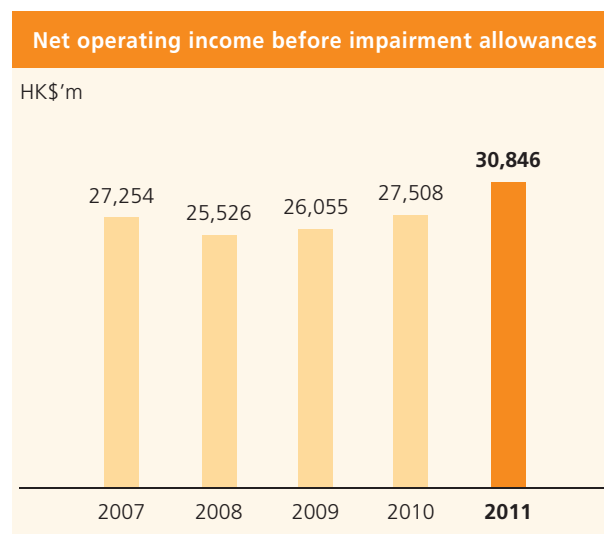
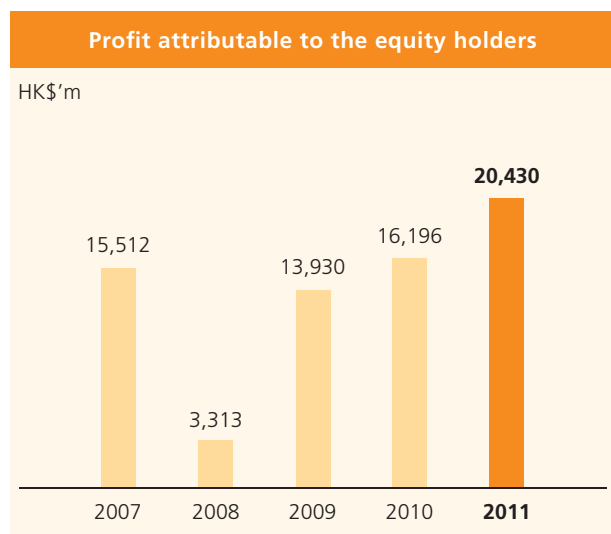
The external economic environment is likely to stay unstable in the coming year. The European debt crisis would continue to have a negative impact on the global financial market and lead to rising systemic risk. Given the weak economic outlook, the monetary policies of advanced economies would remain accommodative. The possibility of an economic slowdown would be a major risk facing the Mainland in the coming year. Some banks might face de-leveraging pressure in view of new capital adequacy requirements.

The demand for RMB loans in Hong Kong has picked up speed in the second half of 2011. The offshore RMB bond market would probably develop with greater momentum. RMB Foreign Direct Investment and RMB Qualified Foreign Institutional Investors would provide new channels for the deployment of RMB funds. Offshore RMB-related services are therefore expected to be the focus of the banking sector in 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONSOLIDATED FINANCIAL REVIEW

Financial Highlights



HK\$'m	2011	2010
Net operating income before impairment allowances	30,846	27,508
Operating expenses	(7,862)	(9,584)
Operating profit before impairment allowances	22,984	17,924
Operating profit after impairment allowances	22,478	18,239
Profit before taxation	24,680	19,742
Profit attributable to the equity holders of the Company	20,430	16,196

The Group's net operating income before impairment allowances increased by HK\$3,338 million or 12.1% year-on-year to HK\$30,846 million, a record high. This achievement was made possible by the solid growth of its traditional businesses and the better deployment of RMB funds. The increase in income was broad-based, covering net interest income, net fee and commission income as well as net trading gain from foreign exchange. There was, however, an investment loss on certain financial instruments due to higher volatility in the market. Operating expenses decreased sharply, primarily due to the net recovery from the underlying collateral of the Lehman Brothers Minibonds. The Group recorded a moderate amount of net charge of impairment allowances. The net gain on property revaluation also rose year-on-year. Profit attributable to the equity holders of the Company rose by 26.1% compared to 2010.

As compared to the first half of 2011, the Group's net operating income before impairment allowances rose by 3.9% in the second half. Higher net interest income was the main driver. Profit attributable to the equity holders decreased by HK\$3,556 million or 29.7% as the net recovery from the underlying collateral of the Lehman Brothers Minibonds was recorded in the first half. The decrease was also attributable to higher impairment allowances and lower net gain on property revaluation in the second half of the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Factors Affecting the Group's Performance in 2011

Below are the key positive factors that contributed to the Group's 2011 financial performance:

- The Group maintained **healthy growth in both loans and deposits** with improved loan pricing. This helped support the growth of net interest income and the development of other banking businesses.
- Net fee and commission income on **traditional banking businesses** recorded double-digit growth.
- The Group made good progress in developing its **RMB business in Hong Kong**. There was an increase in the channels of RMB deployment, which contributed to the rise in profit.
- The Group further improved its service capabilities and focused on **operational efficiency**.
- There was a **net recovery of HK\$2,854 million from the underlying collateral** of the Lehman Brothers Minibonds in the first half of 2011.

The Group's financial performance in 2011 was also subject to the following key negative factors:

- The exceptionally low market interest rates continued to impose pressure on the Group's **asset yield**. Intense market competition for deposits in both Hong Kong and the Mainland also led to higher **funding costs**.
- **Investment loss on certain financial instruments** was recorded in the second half of the year due to increased volatilities in the market.

INCOME STATEMENT ANALYSIS

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

Net Interest Income and Margin

HK\$m, except percentage amounts	2011	2010
Interest income	31,931	23,449
Interest expense	(9,952)	(4,715)
Net interest income	21,979	18,734
Average interest-earning assets	1,662,201	1,255,879
Net interest spread	1.24%	1.43%
Net interest margin [#]	1.32%	1.49%
Adjusted net interest margin* (adjusted for clearing bank function)	1.49%	1.59%

[#] Net interest margin is calculated by dividing net interest income by average interest-earning assets.

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

Net interest income was up HK\$3,245 million or 17.3% year-on-year. The growth was driven by the increase in average interest-earning assets. Average interest-earning assets grew by HK\$406,322 million or 32.4%, supported by the Group's customer deposits and the increase in RMB funds from the clearing bank business. Net interest margin was 1.32%, down 17 basis points compared to 2010. Net interest spread declined by 19 basis points while contribution from net free fund rose by 2 basis points.

The decrease in net interest margin was mainly due to the growth of local RMB business which had a lower spread than that of non-RMB business. Should the estimated impact of BOCHK's RMB clearing function in Hong Kong be excluded, the adjusted net interest margin would have been 1.49%, down 10 basis points year-on-year. Rising deposit costs amid keen market competition also put pressure on the interest spread. On the asset side, the increased proportion of loans and advances with pricing based on interbank market rates dragged the level of asset yield as the market rates remained low.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	Year ended 31 December 2011		Year ended 31 December 2010	
	Average balance HK\$'m	Average yield %	Average balance HK\$'m	Average yield %
ASSETS				
Balances and placements with banks and other financial institutions	571,705	1.48%	276,827	1.07%
Debt securities investments	420,154	2.35%	393,865	2.24%
Loans and advances to customers	654,802	2.04%	570,697	2.01%
Other interest-earning assets	15,540	1.50%	14,490	1.37%
Total interest-earning assets	1,662,201	1.92%	1,255,879	1.87%
Non interest-earning assets	161,788	–	126,242	–
Total assets	1,823,989	1.75%	1,382,121	1.70%

	Year ended 31 December 2011		Year ended 31 December 2010	
	Average balance HK\$'m	Average rate %	Average balance HK\$'m	Average rate %
LIABILITIES				
Deposits and balances from banks and other financial institutions	378,841	0.77%	142,969	0.76%
Current, savings and fixed deposits	1,023,278	0.61%	859,366	0.34%
Subordinated liabilities	27,800	2.02%	27,113	1.88%
Other interest-bearing liabilities	39,403	0.50%	53,949	0.33%
Total interest-bearing liabilities	1,469,322	0.68%	1,083,397	0.44%
Non interest-bearing deposits	69,877	–	67,037	–
Shareholders' funds [#] and non interest-bearing liabilities	284,790	–	231,687	–
Total liabilities	1,823,989	0.55%	1,382,121	0.34%

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

Second Half Performance

Compared to the first half of 2011, net interest income rose by HK\$1,569 million or 15.4% to HK\$11,774 million. The increase was mainly attributable to higher net interest margin.

Average interest-earning assets dropped by 4.3% compared to the first half of the year. The drop was mainly caused by the decrease in participating banks' deposit balance with the clearing bank. Following the launch of the RMB fiduciary account scheme in April, participating banks might choose to place their RMB funds in the fiduciary account which will not be included in the Group's balance sheet. Participating banks might also reduce their deposits with the clearing bank as the use of offshore RMB funds further expanded in the latter half of the year.

Net interest margin was 1.44%, up 23 basis points half-on-half. Should the estimated impact of BOCHK's RMB clearing function in Hong Kong be excluded, the adjusted net interest margin would have been 1.51%, up 3 basis points. The diluting effect of the Group's RMB clearing bank business on net interest margin eased as the balance declined. The Group increased the deployment of its RMB funds to higher-yielding assets such as RMB loans and advances, interbank placements as well as bonds. Meanwhile, the pricing of its corporate and residential mortgage loans further improved, but rising deposit costs continued to compress net interest spread.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Net Fee and Commission Income

HK\$'m	2011	2010
Credit cards business	2,887	2,222
Securities brokerage	2,782	3,338
Loan commissions	1,160	961
Insurance	1,097	561
Bills commissions	854	751
Payment services	637	568
Trust and custody services	379	249
Funds distribution	337	160
Safe deposit box	211	200
Currency exchange	156	113
Others	358	356
Fee and commission income	10,858	9,479
Fee and commission expenses	(3,025)	(2,435)
Net fee and commission income	7,833	7,044

Net fee and commission income increased by HK\$789 million, or 11.2%, to HK\$7,833 million. The growth was broad-based. Fee income from credit cards grew by 29.9%, driven by the increase of 20.6% and 34.1% respectively in cardholder spending and merchant acquiring volume. Commission income from insurance, comprising life insurance, general insurance and reinsurance, grew by 95.5%, with the rise in business volume. Loan commissions and bills commissions grew by 20.7% and 13.7% respectively. The Group leveraged its marketing efforts and enhanced its services through the investment product specialist team. As a result, commission from funds distribution rose substantially by 110.6%. Fee and commission income from trust and custody services, payment services and currency exchange also registered satisfactory growth. Meanwhile, income from securities brokerage was down 16.7% under a weak market environment. Fee and commission expenses increased by HK\$590 million or 24.2%, mainly due to higher expenses of the credit card and insurance businesses.

Second Half Performance

Compared to the first half of 2011, net fee and commission income dropped by HK\$139 million or 3.5% in the second half. There was growth in the fee income from traditional businesses such as credit cards, trust and custody services, payment services and bills commissions. However, fee income from securities brokerage and insurance commission income declined as market sentiments weakened.

Net Trading Gain/(Loss)

HK\$'m	2011	2010
Foreign exchange and foreign exchange products	1,430	999
Interest rate instruments and items under fair value hedge	12	262
Equity instruments	82	(8)
Commodities	186	116
Net trading gain	1,710	1,369

Net trading gain was HK\$1,710 million, up HK\$341 million or 24.9% year-on-year. Benefiting from the fast-growing currency exchange activities and a reduction in foreign exchange loss on foreign exchange swap contracts*, the Group grew its net trading gain from foreign exchange and related products by HK\$431 million or 43.1%. Net trading gain from interest rate instruments and items under fair value hedge dropped by HK\$250 million or 95.4%, mainly reflecting mark-to-market losses on certain interest rate instruments versus gains in the previous year. The increase in trading gain from commodities was driven by the growth in bullion transactions.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Second Half Performance

Compared to the first half of 2011, net trading gain increased by HK\$188 million or 24.7%. This was mainly due to a lower foreign exchange loss on foreign exchange swap contracts and increased contribution from bullion transactions.

* 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.

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

HK\$'m	2011	2010
Banking business of the Group*	(1)	44
BOC Life	(339)	698
Net (loss)/gain on financial instruments designated at fair value through profit or loss	(340)	742

* The amount in 2011 was after group consolidation elimination.

The Group recorded a net loss of HK\$340 million on financial instruments designated at FVTPL in 2011, compared to a net gain recorded in the previous year. The net loss in 2011 was mainly due to the loss from the investment portfolio of BOC Life amid the weak financial market.

Second Half Performance

Net loss on financial instruments designated at FVTPL in the second half of the year was HK\$738 million, versus a gain of HK\$398 million recorded in the first half of 2011. The loss recorded in the second half of the year was mainly attributable to the BOC Life's investment portfolio.

Operating Expenses

HK\$'m	2011	2010
Staff costs	6,038	5,357
Premises and equipment expenses (excluding depreciation)	1,390	1,201
Depreciation on owned fixed assets	1,277	1,131
Other operating expenses	1,954	1,806
Core operating expenses	10,659	9,495
Impact of Lehman Brothers-related products*	(2,797)	89
Total operating expenses	7,862	9,584

	At 31 December 2011	At 31 December 2010
Staff headcount measured in full-time equivalents	14,475	13,806

* The final resolution of certain series of Lehman Brothers Minibonds was announced on 15 June 2011. The net amount of HK\$2,854 million recovered by the Group from the underlying collateral of the Lehman Brothers Minibonds, after deducting the ex gratia payments and provision for trustee expenses, was credited to operating expenses in 2011.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Total operating expenses decreased by HK\$1,722 million, or 18.0%, to HK\$7,862 million, mainly resulting from the net recovery of HK\$2,854 million from the underlying collateral of the Lehman Brothers Minibonds in 2011. Core operating expenses rose by HK\$1,164 million, or 12.3%, reflecting the Group's continued investments to support long-term business growth while maintaining disciplined cost control. Additional expenses were incurred for business expansion in strategic focus areas such as the Mainland operation.

Staff costs increased by 12.7%, mainly due to higher salaries as a result of annual salary increment, increase in headcount and performance-related remuneration.

Premises and equipment expenses rose by 15.7% with higher rental for the branches in Hong Kong and the Mainland as well as higher IT costs. Depreciation on owned fixed assets rose by 12.9% due to larger depreciation charge on premises following the upward property revaluation in Hong Kong.

Other operating expenses were up by 8.2% mainly due to higher expenses connected with the increased business volume.

Compared to the end of 2010, headcount measured in full-time equivalents rose by 669, mostly from the front-line staff. Headcount for the Mainland business also increased as a result of the expansion of NCB (China).

Second Half Performance

Compared to the first half of 2011, operating expenses rose by HK\$3,876 million. Excluding the impact of Lehman Brothers-related products, core operating expenses increased by HK\$1,003 million or 20.8%. The increase was due to higher staff cost, promotion, IT and rental expenses in the second half of the year.

Net (Charge)/Reversal of Loan Impairment Allowances

HK\$'m	2011	2010
Net (charge)/reversal of allowances before recoveries		
– individual assessment	(12)	149
– collective assessment	(720)	(528)
Recoveries	353	449
Net (charge)/reversal of loan impairment allowance	(379)	70

A net charge of loan impairment allowances of HK\$379 million was recorded in 2011 versus a net reversal of HK\$70 million in 2010. There was a modest amount of HK\$12 million in the net charge of individually assessed impairment allowances in 2011 compared to a reversal of HK\$149 million in 2010. The higher net charge of collectively assessed impairment allowances was primarily due to loan growth and the periodic review of the parameter values in the assessment model.

Second Half Performance

A net charge of loan impairment allowances amounting to HK\$342 million was recorded in the second half of 2011, up HK\$305 million from the first half. The increase was mainly caused by a higher net charge of collectively assessed impairment allowances, as a result of the periodic review of the parameter values in the assessment model and lower recoveries in the second half of the year.

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

HK\$'m	2011	2010
Held-to-maturity securities	(124)	46
Available-for-sale securities	7	208
Net (charge)/reversal of impairment allowances on securities investments	(117)	254

MANAGEMENT'S DISCUSSION AND ANALYSIS

A net charge of impairment allowances on securities investments of HK\$117 million was recorded in 2011 compared to a net reversal of HK\$254 million in 2010. The net charge of impairment allowances in 2011 included a net charge of HK\$161 million (2010: HK\$56 million) made against debt securities issued by financial institutions of Ireland and Italy, which were subsequently disposed of during the second half.

Second Half Performance

A net charge of impairment allowances on securities investments amounting to HK\$129 million was registered in the second half of 2011, versus a net reversal of HK\$12 million in the first half. The net charge in the second half was mainly made against debt securities issued by financial institutions of Italy.

BALANCE SHEET ANALYSIS

Asset Deployment

HK\$m, except percentage amounts	At 31 December 2011		At 31 December 2010	
	Amount	% of total	Amount	% of total
Cash and balances with banks and other financial institutions	278,795	16.0%	415,812	25.0%
Placements with banks and other financial institutions maturing between one and twelve months	107,910	6.2%	39,499	2.4%
Hong Kong SAR Government certificates of indebtedness	65,890	3.8%	46,990	2.8%
Securities investments ¹	425,600	24.5%	430,060	25.9%
Advances and other accounts	755,229	43.5%	645,424	38.9%
Fixed assets and investment properties	52,091	3.0%	41,391	2.5%
Other assets ²	52,995	3.0%	41,864	2.5%
Total assets	1,738,510	100.0%	1,661,040	100.0%

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

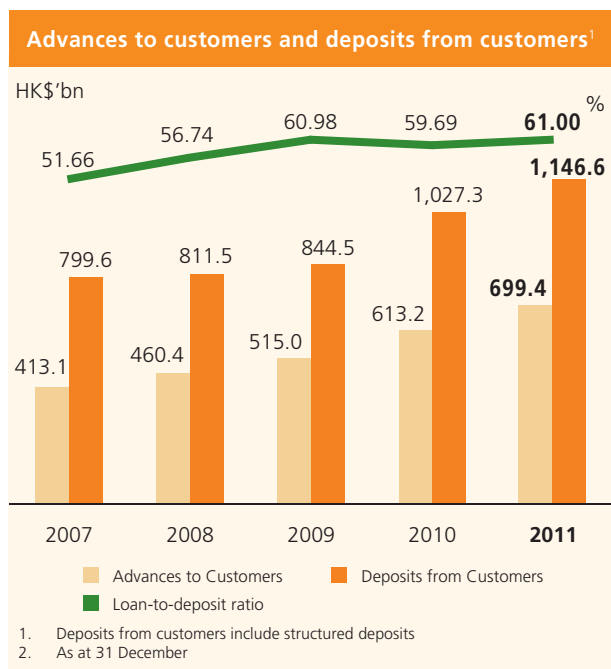
2. Interests in associates, deferred tax assets and derivative financial instruments are included in other assets.

In 2011, the Group managed its assets and liabilities proactively and focused on optimising asset allocation. It maintained a balanced growth in both deposits from customers and advances to customers. Particular emphasis was made in securing time deposits and quality lending. Funds were redeployed to higher yielding assets such as advances to customers, RMB interbank placements and RMB bonds. As at 31 December 2011, the Group's total assets amounted to HK\$1,738,510 million, increasing by HK\$77,470 million or 4.7% from the end of 2010.

Key changes in the Group's total assets include:

- Cash and balances with banks and other financial institutions decreased by 33.0%, mainly due to the decline in RMB funds placed with the People's Bank of China ("PBOC") by BOCHK's clearing business as RMB funds from participating banks to the clearing bank decreased.
- Placements with banks and other financial institutions maturing between one and twelve months increased by 173.2%, mainly due to growth in placements relating to the RMB business in Hong Kong.
- Securities investments decreased by 1.0% as the Group proactively reduced its exposure to European countries and lower-yielding securities to improve its portfolio mix. Meanwhile, the Group increased its holdings in higher-yielding RMB-denominated securities.
- Advances and other accounts rose by 17.0%, which was mainly attributable to the growth in advances to customers by 14.1% and trade bills by 78.8%.
- Other assets grew by 26.6%, which was mainly led by the increase in derivative financial instruments and reinsurance assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS



Advances to Customers

HK\$m, except percentage amounts	At 31 December 2011		At 31 December 2010	
	Amount	% of total	Amount	% of total
Loans for use in Hong Kong	444,540	63.6%	387,087	63.1%
Industrial, commercial and financial	237,557	34.0%	206,947	33.7%
Individuals	206,983	29.6%	180,140	29.4%
Trade finance	59,508	8.5%	53,396	8.7%
Loans for use outside Hong Kong	195,331	27.9%	172,736	28.2%
Total advances to customers	699,379	100.0%	613,219	100.0%

The Group continued to optimise its loan portfolio structure and focus on quality and profitability. There was a healthy loan growth of HK\$86,160 million or 14.1% to HK\$699,379 million in 2011 with improved pricing on new corporate loans and residential mortgages.

Loans for use in Hong Kong grew by HK\$57,453 million or 14.8%.

- Lending to the industrial, commercial and financial sectors increased by HK\$30,610 million, or 14.8%, to HK\$237,557 million, covering a wide range of industries. Loans to the wholesale and retail trade sector grew strongly by 34.8%, benefiting from vibrant retail sales as a result of strong local consumption demand. Lending to the manufacturing, property investment and transport and transport equipment sectors also grew by 14.7%, 8.4% and 13.3% respectively.
- Lending to individuals increased by HK\$26,843 million, or 14.9%. Owing to the buoyant property market, particularly in the first half of the year, residential mortgage loans (excluding those under the Government-sponsored Home Ownership Scheme) grew by 15.2%. Credit card advances increased by 17.3%, supported by the 12.4% rise in the number of cards issued and the 20.6% increase in cardholder spending volume. Other loans to individuals rose strongly by 35.8%.

Trade finance rose by HK\$6,112 million, or 11.4%. Meanwhile, loans for use outside Hong Kong grew by HK\$22,595 million or 13.1%, mainly driven by strong Mainland-related credit demand. The Group remained highly vigilant in risk management and selective in credit approval.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Second Half Performance

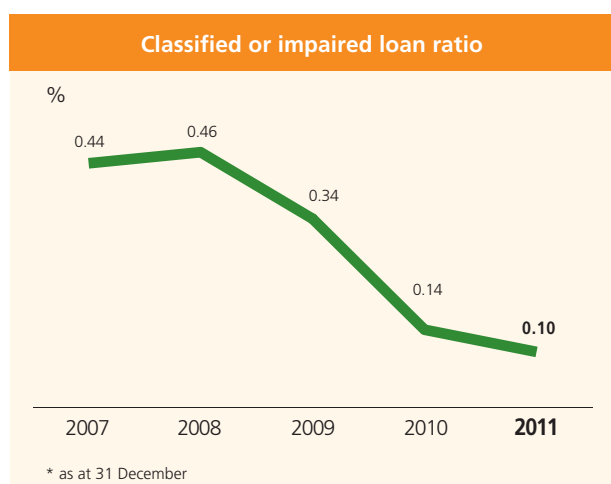
Loan growth slowed down in the second half of the year as the Group maintained stringent risk control in view of the worsening outlook and the slowing down of the local economy. Total advances to customers increased by HK\$26,521 million or 3.9%, mainly driven by the growth in loans for use outside Hong Kong and lending to the industrial, commercial and financial sectors.

Loan Quality

HK\$m, except percentage amounts	At 31 December 2011	At 31 December 2010
Advances to customers	699,379	613,219
Classified or impaired loan ratio ¹	0.10%	0.14%
Impairment allowances	2,830	2,311
Regulatory reserve for general banking risks	6,967	5,076
Total allowances and regulatory reserve	9,797	7,387
Total allowances as a percentage of advances to customers	0.40%	0.38%
Impairment allowances ² on classified or impaired loan ratio	39.86%	40.02%
Residential mortgage loans ³ – delinquency and rescheduled loan ratio ⁴	0.01%	0.02%
Card advances – delinquency ratio ^{4,5}	0.16%	0.15%

	2011	2010
Card advances – charge-off ratio ^{5,6}	1.07%	1.36%

1. Classified or impaired loans follow the definitions set out in the Banking (Disclosure) Rules under the Banking Ordinance and represent advances which are either 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 average card receivables during the year.



The Group's loan quality remained sound. The classified or impaired loan ratio dropped by 0.04 percentage point to 0.10% – one of the lowest in the industry. Classified or impaired loans decreased by HK\$157 million, or 18.1%, to HK\$710 million mainly due to collections. Formation of new classified loans in 2011 remained at a low level and represented approximately 0.07% of total loans outstanding.

Total impairment allowances, including both individual assessment and collective assessment, amounted to HK\$2,830 million. Total impairment allowances on classified or impaired loans as a percentage of total classified or impaired loans was at 39.86%.

The quality of the Group's residential mortgage loans remained sound with the combined delinquency and rescheduled loan ratio standing at a low level of 0.01% at the end of 2011. As compared to 2010, the charge-off ratio of card advances dropped by 0.29 percentage point to 1.07%, mainly due to cardholders' improved debt servicing capability.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Deposits from Customers*

HK\$m, except percentage amounts	At 31 December 2011		At 31 December 2010	
	Amount	% of total	Amount	% of total
Demand deposits and current accounts	77,440	6.7%	70,453	6.9%
Savings deposits	504,868	44.0%	528,035	51.4%
Time, call and notice deposits	563,643	49.2%	428,545	41.7%
	1,145,951	99.9%	1,027,033	100.0%
Structured deposits	639	0.1%	234	0.0%
Deposits from customers	1,146,590	100.0%	1,027,267	100.0%

* Including structured deposits.

The Group adopted a flexible deposit strategy to support business growth. In spite of fierce competition, the Group enlarged its deposit base by HK\$119,323 million, or 11.6% to HK\$1,146,590 million. A series of measures were taken to optimise the deposit mix to maintain a stable deposit growth. These included innovative promotion campaigns and the offering of various deposit products. Demand deposits and current accounts increased by 9.9% while time, call and notice deposits rose by 31.5%. Savings deposits recorded a drop of 4.4%. The Group's loan-to-deposit ratio was 61.00% at the end of 2011, up 1.31 percentage points.

Second Half Performance

Total deposits from customers increased by HK\$42,586 million or 3.9% in the second half of 2011. Demand deposits and current accounts increased by 9.7%. Time, call and notice deposits rose by 10.6%. Savings deposits decreased by 3.5%.

Senior Notes

As part of the Group's proactive measures in asset and liability management, BOCHK issued US\$750 million worth of senior notes to professional and institutional investors under the Medium Term Note Programme in November 2011. The outstanding of senior notes was shown as *Debt securities in issue at amortised cost* on the balance sheet.

Subordinated Liabilities

The outstanding subordinated liabilities comprised floating-rate subordinated loans obtained from BOC in 2008 and fixed-rate subordinated notes issued by BOCHK in 2010. Both subordinated liabilities were qualified as Tier 2 capital of BOCHK, which helped the Group better manage its capital structure.

Capital and Reserves Attributable to the Equity Holders of the Company

HK\$m	At 31 December 2011	At 31 December 2010
Share capital	52,864	52,864
Premises revaluation reserve	23,150	15,750
Reserve for fair value changes of available-for-sale securities	1,787	2,629
Regulatory reserve	6,967	5,076
Translation reserve	674	453
Retained earnings	44,323	38,409
Reserves	76,901	62,317
Capital and reserves attributable to the Equity Holders of the Company	129,765	115,181

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital and reserves attributable to the equity holders grew by HK\$14,584 million, or 12.7% to HK\$129,765 million at 31 December 2011. Retained earnings increased by 15.4%, reflecting the 2011 profit after the appropriation of dividends. Premises revaluation reserve increased by 47.0%, which was attributable to the increase in property prices in 2011. Increases in the carrying amount arising on revaluation of premises are credited to the premises revaluation reserve while any increase in the fair value of investment properties is reported directly in the income statement. Regulatory reserve rose by 37.3% due to loan growth and the higher reserve ratio requirement. Reserve for fair value changes of available-for-sale securities was down 32.0%, reflecting the drop in fair value of available-for-sale debt securities, mainly due to the widening of credit spread.

Capital and Liquidity Ratio

HK\$m, except percentage amounts	At 31 December 2011	At 31 December 2010
Core capital after deductions	84,600	77,943
Supplementary capital after deductions	29,654	33,544
Total capital base after deductions	114,254	111,487
Total risk-weighted assets	676,024	690,597
Capital adequacy ratios (consolidated basis)		
Core capital ratio	12.51%	11.29%
Capital adequacy ratio	16.90%	16.14%
	2011	2010
Average liquidity ratio	36.17%	38.77%

In prior years, the Group adopted the standardised (credit risk) ("STC") approach and the standardised (market risk) ("STM") approach to calculate credit risk capital charge and market risk capital charge respectively.

With the HKMA approval from 1 January 2011, the Group has migrated to the foundation internal ratings-based ("FIRB") approach to calculate the credit risk capital charge for the majority of its non-securitisation exposures and internal ratings-based (securitisation) approach to calculate the credit risk capital charge for its securitisation exposures. A small residual credit exposures was approved by HKMA to be exempted from FIRB approach and remained under STC approach.

BOCHK has adopted the internal models approach to calculate general market risk capital charge for foreign exchange and interest rate exposures as at 31 December 2011, while the remaining of the Group continued to adopt the STM approach to calculate the market risk capital charge.

The Group continues to adopt the standardised (operational risk) ("STO") approach to calculate the minimum capital charge for operational risk in year 2011.

Consolidated capital adequacy ratio at 31 December 2011 was 16.90%. As a result of the change in the bases of regulatory capital calculation, the amounts shown above are not directly comparable.

The average liquidity ratio in 2011 remained strong at 36.17%.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS REVIEW

2011 Business Highlights

Personal Banking

- Maintained its leading position in residential mortgages
- Boosted the sales of funds by 122.7% through the enhancement of the sales model and professionalism
- The credit card business achieved robust growth with credit card advances rising strongly by 17.3%
- Customer base for wealth management rose by 17.4%
- Received the "Best Internet Banking" and "Best Mobile Telephone Banking" awards under the Capital Weekly Service Awards 2011

Corporate Banking

- Registered a healthy growth of 13.5% in corporate loans with improved pricing on new loans
- Remained the top mandated arranger in the Hong Kong-Macau syndicated loan market
- Launched innovative cash management products, enlarged the customer base, and increased the number of CBS Online customers by 26.8%
- Expanded the client base for custody service
- Received the "SME's Best Partner Award" for the fourth consecutive year

Treasury

- Proactively improved the portfolio mix by reducing the exposure to European countries and lower-yielding securities in view of rising market volatilities
- Adjusted asset allocation and portfolio duration to enhance liquidity

Insurance

- Maintained its leading market position in the life insurance business
- Further improved the product mix and grew gross regular premium income by 56.4%
- The financial planning team was highly effective in boosting the sales of insurance products

Mainland Business

- Strengthened the deposit base and ensured that the loan-to-deposit ratio was in compliance with the regulatory requirement
- Improved the asset mix and loan pricing to counteract the negative impact from rising funding costs
- The branch network expanded to a total of 27 at end-2011 with the addition of two new sub-branches
- Enhanced the linkage of the Group's service platform with that of BOC to enable debit card holders to access services through BOC's network

RMB Business in Hong Kong

- Maintained the leading position in RMB banking business, including deposits taking, trade settlement, credit card and insurance
- Reappointed by the PBOC as the clearing bank for RMB business in Hong Kong
- Introduced securities trading & payment services, trade finance, and cash management products; two own-branded RMB bond funds were launched
- Developed a global RMB banknote network with BOC's overseas branches
- Introduced the RMB Fiduciary Account Scheme and RMB Repo facilities

MANAGEMENT'S DISCUSSION AND ANALYSIS

2012 Business Focuses

The external economic environment, in particular the global financial market, will continue to be uncertain. In view of that, while capitalising on its core competencies to implement growth strategies, the Group will also be highly alert in safeguarding its assets and investments by means of stringent risk management and control.

With offshore RMB business being one of the key strategic focuses, the Group will step up its effort in growing the business and enhancing its RMB banking service capabilities. It will also work closely with BOC to explore cross-border financial needs and pursue business opportunities from Mainland enterprises seeking global expansion.

The Group will continue with its focus on customer segmentation and market penetration. The service model for high-net-worth customers will be further enhanced to upgrade its service quality and boost wealth management-related businesses.

In the Mainland, the Group will optimise its distribution channels and focus on the development of an integrated cross-border financial service platform by cooperating closely with BOC.

Business Segment Performance

HK\$m, except percentage amounts	Personal Banking	Corporate Banking	Treasury	Insurance	Others ¹	Consolidated
2011						
Profit before taxation	4,896	8,636	6,515	33	4,600	24,680
% of total	19.8%	35.0%	26.4%	0.1%	18.7%	100.0%
2010						
Profit before taxation	4,656	6,961	5,463	505	2,157	19,742
% of total	23.6%	35.3%	27.7%	2.5%	10.9%	100.0%

1. Profit before taxation of Others in 2011 included the net recovery from the underlying collateral of the Lehman Brothers Minibonds.

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

PERSONAL BANKING

Financial Results

Personal Banking recorded a profit before taxation of HK\$4,896 million.

Net interest income decreased by 3.7%. There was growth in average loans and advances but the loan and deposit spread became narrower with more intense competition. Personal loans and customer deposits increased by 15.4% and 1.3% respectively from last year end.

Net fee and commission income decreased by 3.0%. This was mainly due to the lower commission income from securities brokerage. There was satisfactory growth in fee income from insurance and funds distribution, thanks to the contribution of the Group's professional sale teams. Net trading gain rose by 17.8%, which was mainly led by the mark-to-market gain from equity instruments.

Business operation

The Group made good progress in growing its Personal Banking business in 2011. Customer deposits and the residential mortgage business experienced solid growth and maintained their respective leading positions in the market. The fund distribution and life insurance businesses also performed strongly. The credit card business continued to grow and captured a larger market share. The range of RMB products was further widened with the launch of new RMB credit cards as well as investment and insurance products.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Residential mortgages –15.2% growth

Thanks to the buoyant residential property market, particularly in the first half of 2011, the Group grew its residential mortgage loans by 15.2% from the end of 2010. The pricing on new residential mortgage loans was adjusted upward according to the market condition, while both HIBOR and Prime-based mortgages were provided in response to customers' demand. The Group also successfully offered the Reverse Mortgage Programme launched by The Hong Kong Mortgage Corporation Limited and achieved a leading market share. The Group worked in close partnership with major property developers and participated in the joint promotions of most of the prime property development projects.

Investment and insurance businesses – robust growth in the sales of funds and insurance products

The Group expanded its stock brokerage service spectrum, including its mobile trading platform, to reinforce its strong position in personal securities business. The trading system was enhanced with the launch of RMB-denominated securities trading services. These helped pave the way for the development of RMB-denominated securities business in Hong Kong. In the fund distribution business, the Group rolled out new products and tailor-made services to high-end customers. Two own-branded private funds, namely BOCHK RMB Bond Fund and BOCHK RMB High Yield Bond Fund were introduced to targeted customers. The Investment Product Specialist Team provided customers with professional service on investment products. As a result, commission income from fund distribution surged by 110.6%.

Regarding its Bancassurance business, the Group strengthened its position as a prominent life insurance provider and maintained its lead in the RMB insurance market. In view of the increasing demand for RMB products, a new flagship product – the “RMB Universal Life Insurance Plan” – was launched and met with keen response from customers. The Group further enhanced its financial planning model and cross-selling capabilities with encouraging results.

Credit card business – growth of merchant acquiring and cardholder spending outpacing the market

The Group's credit card business saw robust growth in 2011 with a gain in market share. It maintained its leadership in the China UnionPay (“CUP”) merchant acquiring business and card issuing business. The “BOC CUP Dual Currency Commercial Card” was launched with enthusiastic response from corporate customers. A number of co-branded cards were also issued to attract new quality cardholders. Customer incentive programmes were offered to segmented cardholders for promoting loyalty and boosting cardholder spending. As a result, the total number of cards issued increased by 12.4% while the merchant acquiring and cardholder spending volumes surged by 34.1% and 20.6% respectively. Credit card advances rose by 17.3%.

Wealth management customers – increasing by 17.4% from end of 2010

The Group continued to offer differentiated services and customised wealth management solutions to foster long-term relationship with wealth management customers. Through the Capital Investment Entrant Scheme and in collaboration with BOC branches and NCB (China), the Group was able to attract a larger number of high-net-worth customers in Hong Kong and the Mainland. The total number of wealth management customers grew by 17.4% year-on-year. The Group also further optimised its Investment Product Specialist Team for servicing the high net-worth customer group.

Distribution channels – enhancing e-channels to offer seamless customer service

The Group continued to optimise its distribution channels to meet the needs of both local and cross-border customers. At the end of 2011, the Group's service network in Hong Kong comprised 266 branches, including 133 wealth management centres and 21 dedicated Mainland customer service centres. In 2011, the service scope of the call centre was enhanced. A new hotline was set up specifically for providing enquiry services to Mainland customers.

The Group further invested in the automated banking channels. It upgraded the cheque deposit machines to accept RMB and USD cheques in addition to HKD cheques. This is the first of its kind in Hong Kong. It enhanced the functions of its e-Banking platform, including the extension of FX and Bullion Margin trading hours and functions. In response to customers' increasing usage of mobile smart phones, the mobile banking service was further enriched and expanded.

The Group introduced the Quality Management System for the operations of the Trade Services Centre, which successfully obtained ISO 9001:2008 certification in 2011. In recognition of its well-received electronic platform and outstanding services, the Group was honoured with the “Best Internet Banking” and “Best Mobile Telephone Banking” awards under the Capital Weekly Service Awards 2011. The Group was also awarded by the Hong Kong Call Centre Association (“HKCCA”) in 2011 with “HKCCA Grand Award of the Year” and “Asia Pacific Contact Centre Association Leaders (“APCCAL”) Recognition Award in Hong Kong Region” and 16 other awards.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CORPORATE BANKING

Financial Results

Corporate Banking recorded a growth of HK\$1,675 million, or 24.1%, in profit before taxation. This was attributable to the increase in net interest income as well as net fee and commission income.

Net interest income rose by 30.5%, driven by an expansion in loans and deposits with improvement in the average pricing of lending and deposit spread. Corporate loans and customer deposits grew by 13.5% and 25.0% respectively year-on-year.

Net fee and commission income increased by 17.4%, led by the growth in loan and bills commissions as well as fee income from currency exchange and payment services. Net trading gain rose by 82.8% mainly as a result of the higher income from foreign exchange services.

Business operation

The Group's Corporate Banking business maintained its growth momentum in 2011. Corporate loans grew satisfactorily with improvement in the pricing of new loans. The customer base was further enlarged. A full spectrum of financial services, including cross-border services, was offered to core corporate clients. The Group continued to provide efficient services to the SME segment. The development of the Group's custody and cash management services also made steady progress during the year.

Corporate lending business – 13.5% growth of corporate loans

Owing to the tightening of credit in the Mainland, the demand for corporate loans remained strong during the year. The Group's corporate loans grew by 13.5% with further improvement in the pricing of new loans. By implementing the "Total Solution" and capitalising on its strong cross-border relationship and servicing programmes, namely, the "Global Relationship Manager Programme" and the "Global Unified Facilities Agreement", the Group strengthened its service capabilities and improved its credit and risk management. During the year, the Group refined its management of clientele in different industries, thus furthering its expertise in industry management and bolstering customer and marketing segmentation. In 2011, the Group remained the top mandated arranger in the Hong Kong-Macau syndicated loan market.

SME business – won "SME's Best Partner Award" for the fourth consecutive year

The Group enhanced its services for SME customers by offering total solutions and participating actively in the government's "SME Financing Guarantee Scheme" as well as introducing the new "Bank Special Loan Guarantee Scheme". Closer collaboration with BOC and NCB (China) enabled the Group to acquire new targeted customers. The Group also set up a flagship commercial centre to further meet the banking needs of corporate and SME customers. In May 2011, BOCHK received for the fourth consecutive year the "SME's Best Partner Award" presented by the Hong Kong Chamber of Small and Medium Business Limited.

Trade finance – launch of innovative products

The Group capitalised its strong cross-border capabilities and the further relaxation of the offshore RMB business to capture more business opportunities. In collaboration with BOC, the Group offered cross-border trade finance products, such as RMB short-term overseas financing, to corporate customers in both Hong Kong and the Mainland. Various innovative trade finance products were launched during the year. In 2011, the Group's balance of trade finance rose by 11.4%.

Custody service – further expansion of client base

The Group successfully expanded the client base of its custody service in 2011. In addition to the services provided to Qualified Domestic Institutional Investors and various types of fund clients, the Group also took initiatives to secure business opportunities from RMB Qualified Foreign Institutional Investors. The custody volume of RMB investment instruments was on the increase. The Group continued to provide escrow services to large corporate entities and strengthen its cooperation with professional intermediaries. At the end of 2011, excluding the RMB fiduciary account for participating banks, total assets under the Group's custody were valued at about HK\$400 billion.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Cash management service – launch of RMB-related products and services

The Group continued to strengthen its cash management platform. It not only provided Business Integrated Account to SME customers, but also enhanced its liquidity management services. Its Corporate Internet Banking Platform was reinforced to facilitate corporate customers in conducting their local and cross-border business activities. Meanwhile, new products and services were introduced, including a wide range of RMB payment and receivable products. The Group played an important role as the RMB agent bank of the Hong Kong Stock Exchange to facilitate the first RMB share listed in Hong Kong. The remittance points of BOC Remittance Plus increased to about 5,000. During the year, the number of Corporate Banking Services Online (“CBS Online”) customers recorded a satisfactory increase.

Risk management – proactive measures in place

To safeguard asset quality, the Group continued to carry out rigorous risk management and credit control. Corporate customers who could be adversely affected by the volatile global economic environment were closely monitored. Market and industry trends were frequently and thoroughly analysed to formulate timely and effective precautionary courses of action. Measures were taken to check customers’ fund flow and enhance credit review. The Group was also alert to any new development of the Mainland economy and the potential impact of the Central Government’s austerity measures, in particular the latest situation of local government debts. Precautionary measures and prudent credit standards have been put in place for lending to customers and counterparties in vulnerable segments.

MAINLAND BUSINESS

Distribution channels – two new sub-branches and enhanced linkage of service platform with BOC

The Group further strengthened its customer service capability and expanded its network in the Mainland. The linkage of the Group’s service platform with those of BOC has been augmented to enable debit card holders of NCB (China) to access services through BOC’s network. The Group also upgraded the platform and functionality of its e-banking to enhance customer experience. Close collaboration was fostered with BOC by developing different liaison models to deepen cooperation and explore business referral opportunities. New business platforms have been set up to cater for the expansion of the SME and credit card businesses. During the year, two sub-branches in Zhongguancun, Beijing and the Qingdao Economic & Technical Development Zone respectively commenced operation. NCB (China) also obtained approval to establish its Foshan Sub-branch, Dongguan Sub-branch, Shanghai Huangpu Sub-branch and Chengdu Chuangye Road Sub-branch. By the end of 2011, the Group’s total number of branches and sub-branches in the Mainland increased to 27.

Financial performance – customer deposits growing by 52.7%

The Group’s Mainland business experienced healthy growth in 2011. It succeeded in further strengthening its deposit base by growing its customer deposits by 52.7%. Advances to customers fell by 8.9% but the overall loan quality remained sound. Operating as a locally incorporated bank, NCB (China)’s loan-to-deposit ratio at the end of 2011 was 70.2%, which was in line with the regulatory requirement. To alleviate the impact of the continued rise in the reserve requirement ratio on the net interest margin, the Group managed to improve its asset mix and loan pricing. Total operating income increased by 42.2% with notable growth in both net interest income and net fee and commission income.

TREASURY

Financial Results

Treasury recorded a strong increase of 19.3% in profit before taxation over the previous year.

Net interest income was up 27.7% with the improvement in the interest spread of RMB funds and the improved yield on debt securities.

Net trading gain improved as net trading gain from foreign exchange activities and bullion transactions increased. However, there was a mark-to-market loss on certain interest rate instruments versus a gain recorded last year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business Operation

Proactive investment strategy – reduced exposure to European countries and lower-yielding securities

The Group continued with a proactive approach in managing its banking book investments. The portfolio was well diversified in terms of geographic and counterparty exposure. During the year, the Group extended the portfolio duration and focused more on government-related securities as well as high-quality financial institutions and corporate bonds. In view of rising market volatilities, the Group swiftly adjusted its strategy by improving its portfolio mix to reduce its exposure to European countries and lower-yielding securities. At the end of 2011, the Group had no exposure to debt securities issued by the GIIPS (Greece, Italy, Ireland, Portugal and Spain) financial institutions, governments or other private entities.

RMB-related businesses – major market maker in RMB FX and derivative products in Hong Kong

During the year, the Group acted as the major market maker in the CNH market of Hong Kong and was the first offshore institution with the "Delivery Versus Payment" settlement arrangement in the onshore market. The Group was an active participant in the RMB bond underwriting business. It cooperated with BOC's overseas branches in developing a global RMB banknote network, providing product support and pricing-quoting services to these branches and extending business relationships with central banks and financial institutions in their host countries.

RMB-clearing bank business – providing better clearing bank services for Hong Kong and offshore markets

BOCHK was reappointed as the clearing bank for the offshore RMB business in Hong Kong and as the sole bank to provide RMB banknotes clearing service to Taiwanese banks. The Group further enhanced its clearing services to expand the global RMB business network. It launched the RMB Fiduciary Account Scheme Service to reduce the counterparty risk of the participating banks to the clearing bank. The Group further improved its RMB clearing function and infrastructure. RMB Repo facilities were offered to the participating banks to facilitate intraday liquidity management. The Group also demonstrated its commitment to the promotion of the CNH interbank market and the setting of CNY HIBOR.

INSURANCE

Financial Results

The Group's Insurance segment registered a decline of 93.5% in its profit before taxation to HK\$33 million in 2011. The decline was mainly attributable to a higher provision for insurance liabilities as a result of declining market interest rates. The decrease was also caused by the investment loss of its securities portfolio under a highly volatile investment environment.

Net interest income grew by 13.8%, which was mainly driven by the expansion of securities assets acquired with the new premiums received. Gross insurance premiums increased by 49.5% with the sharp rise in regular premiums. During the year, a net charge of impairment allowances on securities investment of HK\$167 million was made for BOC Life's debt securities investments mainly in Italy and Ireland which had been disposed of by the end of 2011.

Business Operation

Improved product mix – significant growth of regular premium income

The Group continued to build up its insurance business by implementing a "Needs-based Selling" approach and expanding the product mix. Regular-premium products remained the Group's focus. Total gross regular premium income rose by 56.4% year-on-year. New products, such as the "Tactics Investment Insurance Plan" and "RMB Universal Life Insurance Plan", were launched during the year. In 2011, BOC Life maintained its leading market position in the life insurance business in Hong Kong.

During the year, BOC Life was entered as one of the three finalists for the title of "Life insurance Company of the Year" under the Asia Insurance Industry Awards. In recognition of its outstanding service quality, it was given three awards under the Hong Kong Management Association's Quality Award scheme, namely, the Award for Excellence in Training and Development – Gold Prize, Most Innovative Award and Best Presentation Award.

MANAGEMENT'S DISCUSSION AND ANALYSIS

RMB insurance products – a prominent provider

The Group's leading role in the RMB insurance market was solidified through the development and innovation of RMB insurance products. Popular RMB insurance products such as the "Target 5 Years Insurance Plan Series" and "Multi-Plus Savings Insurance Plan" continued to attract substantial new business. During the year, the new "RMB Universal Life Insurance Plan" was launched to provide customers with lifelong protection and flexibility in target saving.

REGULATORY DEVELOPMENT

Implementation of Basel III

In December 2010, Basel Committee on Banking Supervision ("BCBS") issued *A Global Regulatory Framework for More Resilient Banks and Banking Systems and International Framework for Liquidity Risk Measurement, Standards and Monitoring*. It sets out a better-quality capital framework, the introduction of leverage ratio as a backstop to the risk-based capital requirement, measures to strengthen the resilience of the banking sector against cyclical economic shocks, and the introduction of global liquidity standards. The Group set up a task force led by the senior management to coordinate various units within the Group to comply with the new requirements and monitor the implementation of the Basel III Accord, taking into consideration the Group's development strategy. The Group has conducted a detailed impact analysis on the new capital rules and been in constant dialogue with the regulatory authority. The objective of Basel III is to improve the banking sector's ability to absorb shocks arising from financial and economic stress in the future. The Group will follow HKMA's timetable in the implementation of Basel III.

CREDIT RATINGS

As at 31 December 2011	Long-term	Short-term
Standard & Poor's	A+	A-1
Moody's	Aa3	P-1
Fitch	A	F1

On 29 November 2011, Standard & Poor's raised BOCHK's long-term counterparty credit rating from 'A-' to 'A+' and the short-term counterparty credit rating from 'A-2' to 'A-1'. This rating upgrade demonstrates the effectiveness of the Group's balanced and sustainable development strategy in the past years.

As at 31 December 2011, BOCHK's long-term and short-term local and foreign currency bank deposit ratings assigned by Moody's were 'Aa3' and 'P-1' respectively. The Bank Financial Strength Rating was 'C+'.

In respect of the ratings assigned by Fitch Ratings, BOCHK's long-term and short-term foreign currency issuer default ratings were 'A' and 'F1' respectively while the support rating was '1'.

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. The Group has a defined risk appetite statement approved by the Board of Directors ("the Board"), which is an expression of the types and level of risk that the Group is willing to take in order to achieve its business goals and to meet the expectations of its stakeholders under a controllable risk level. For details of the Group's risk management governance structure, please refer to Note 4 to the Financial Statements in the Annual Report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Credit Risk Management

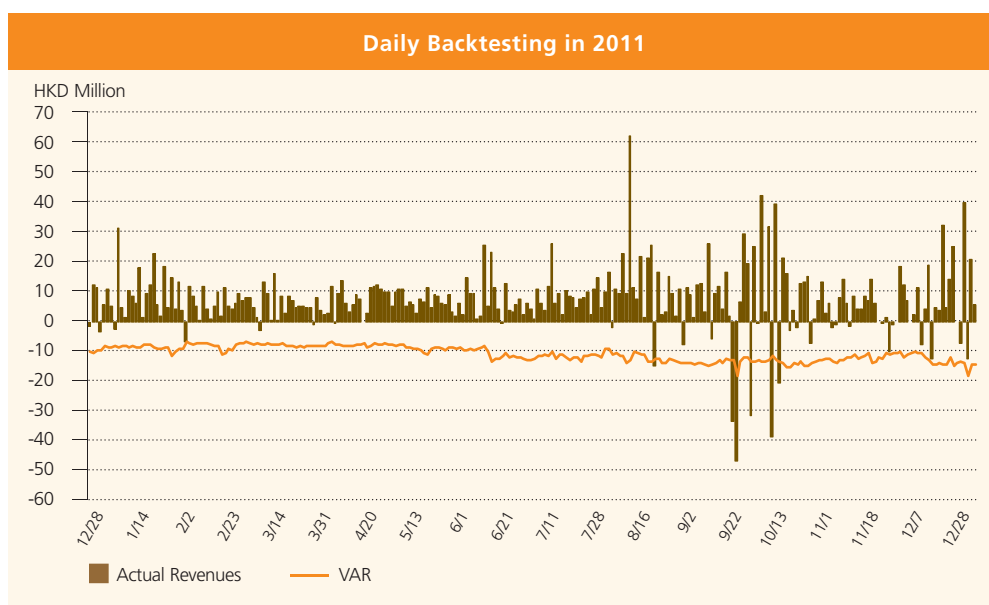
Credit risk is the risk of loss that a customer or counterparty will be unable to or unwilling to meet its contractual obligations. Credit risk exists in the trading book and banking book, on- and off-balance sheet exposures of a bank. It arises principally from the lending, trade finance and treasury 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.

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. For details of the Group's market risk management, please refer to Note 4.2 to the Financial Statements in the Annual Report.

The Group uses the VAR technique to measure potential losses and market risks of its trading book for reporting to the Risk Committee ("RC") and senior management on a periodic basis. The Group adopts a uniformed 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 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 book VAR of BOCHK.



There were 7 actual losses exceeding the VAR estimates for BOCHK in 2011. The exceptions of the back-testing mainly resulted from unanticipated market movement. In response to this circumstance, measures have been taken by the Group to improve the model.

Interest Rate Risk Management

Interest rate risk means the risks 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 options 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 AND ANALYSIS

Liquidity Risk Management

Liquidity risk is the risk that banks fail to provide sufficient funds to grow assets or pay due obligations, and need to bear an unacceptable loss. The Group adopts a 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 the lender of last resort. For details about Liquidity Risk Management, please refer to Note 4.3 to the Financial Statements in the Annual Report.

Operational Risk Management

Operational risk is the risk of loss resulting from an inadequate or failed internal process, any of the staff, the information technology system or an external event. 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 and Compliance Department ("OR&CD") and approved by the 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 it 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 the 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. The Group Audit 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 about 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 other types of risk and every aspect of business operation and covers a wide spectrum of issues.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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. Since reputation risk is often caused by various types of operational and strategic issues that negatively impact the trust and perception of the Group, all operational and key risks identified are assessed through the established Key Control Self-Assessment framework, including risk assessment tools, to evaluate the severity of their impact on the Group, including the damage to reputation. In addition, the Group has put in place a framework, including system support, to achieve continuous monitoring of external reputation risk incidents and published failures of risk incidents in the financial industry.

Legal and Compliance Risk Management

Legal risk is the risk that unenforceable contracts, lawsuits or adverse judgments may disrupt or otherwise negatively affect the operations or financial conditions of the Group. Compliance risk is the risk of legal or regulatory sanctions, financial losses or losses in 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, which reports directly to the Chief Risk Officer ("CRO"). All legal matters are handled by the Legal Services Centre ("LSC"), which reports to the Chief Operating Officer. OR&CD is responsible for legal risk management of the Group with support rendered by the LSC. As part of the Group's corporate governance framework, the policy for the management of legal and compliance risk is approved by RC.

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 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 to achieve the required rate of return on capital.

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 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 response to the core capital requirements under the Basel III Accord, the minimum common equity CAR and minimum core CAR are further introduced in 2011's ICAAP.

Stress Testing

The Group supplements the analysis of various types of risks with stress testing. Stress testing is a risk management tool for estimating risk exposures under stressed conditions arising from extreme but plausible market or macroeconomic movements. These tests are conducted on a regular basis by the Group's various risk management units and ALCO monitors the results against key risk limit approved by the 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:

MANAGEMENT'S DISCUSSION AND ANALYSIS

Insurance Risk Management

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

The underwriting strategy is intended to set premium pricing at an appropriate level that corresponds with 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.

The reinsurance arrangement does not, however, discharge BOC Life's liability as the primary insurer. If a reinsurer fails to pay a claim for any reasons, BOC Life remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered by reviewing the reinsurers' financial strength prior to finalisation of any contract. BOC life directs its reinsurance placement policy and assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information. BOC Life also monitors the recoverability of its reinsurance assets on an ongoing basis. It maintains records of the payment history for significant contract holders with whom it conducts regular business.

For details of the Group's Insurance Risk Management, please refer to Note 4.4 to the Financial Statements in the Annual Report.

Interest Rate Risk Management

An increase in interest rates may result in the depreciation of the value of BOC Life's bond portfolio. It may also result in customers accelerating surrenders. A decrease in interest rates may result in an increase in insurance liability and 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.

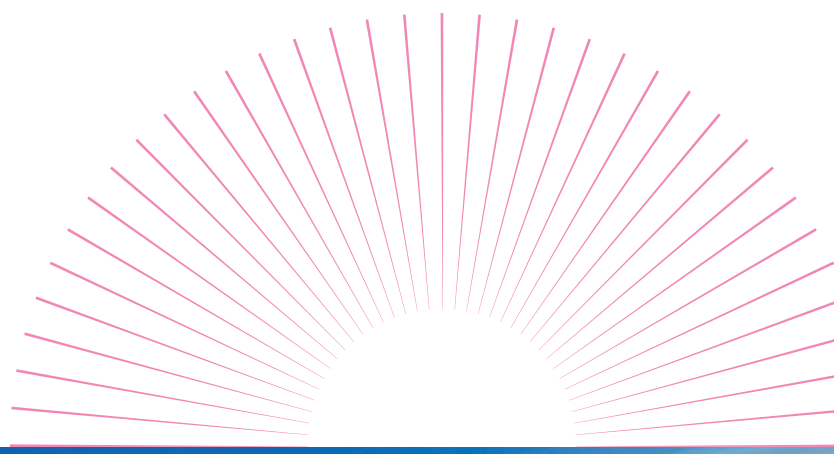
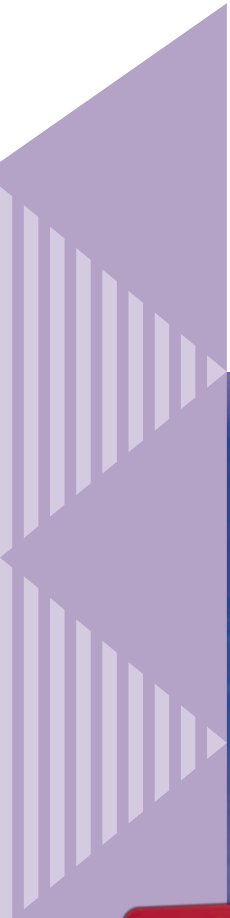
Credit Risk Management

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 its credit risk management, BOC Life has strengthened its communication with the Investment Management of the Group while closely monitoring and updating the established Bonds Issuers Disposal and Watch Lists to ensure consistency with the Group's credit risk management and investment strategy.





PROFESSIONAL

100

BOC Wealth Management Service

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman

XIAO Gang[#]

Vice Chairmen

LI Lihui[#]

HE Guangbei

Directors

LI Zaohang[#]

ZHOU Zaiqun[#]

ZHANG Yanling[#] (resignation effective from
15 December 2011)

CHEN Siqing[#] (appointment effective from
15 December 2011)

GAO Yingxin

FUNG Victor Kwok King*

KOH Beng Seng*

SHAN Weijian*

TUNG Chee Chen*

TUNG Savio Wai-Hok*

[#] Non-executive Directors

^{*} Independent Non-executive Directors

COMPANY SECRETARY

YEUNG Jason Chi Wai

(ceasation of appointment effective 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

GAO Yingxin

Chief Financial Officer

ZHUO Chengwen

Deputy Chief Executive

WONG David See Hong

Deputy Chief Executive

LAM Yim Nam (retirement effective from 1 April 2011)

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

Chief Risk Officer

LI Jiuzhong

Chief Operating Officer

LEE Alex Wing Kwai

Assistant Chief Executive

ZHU Yanlai

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



Mr. CHEN Siqing



Mr. GAO Yingxin



Dr. FUNG Victor Kwok King



Mr. KOH Beng Seng

Directors

Mr. XIAO Gang

Chairman

Aged 53. 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

Born in 1952. Vice Chairman of the Board of Directors and a member 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 57. Vice Chairman, Chief Executive and a member of the Strategy and Budget Committee of the Company and BOCHK. Chairman of NCB (China), Chiyu, BOC Life and BOCHK Charitable Foundation. He is currently the 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 56. Non-executive Director and a 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 59. Non-executive Director, Chairman of the Strategy and Budget Committee and a member of the Audit Committee of the Company and BOCHK. Chairman of Nanyang and Vice Chairman of NCB (China).

Mr. CHEN Siqing

Non-executive Director

Aged 51. Non-executive Director and a member of the Risk Committee and the Strategy and Budget Committee of the Company and BOCHK. Executive Vice President of BOC.

Mr. GAO Yingxin

Executive Director and Deputy Chief Executive

Aged 49. 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 66. Independent Non-executive Director and a member of the Audit Committee and the Strategy and Budget Committee of the Company and BOCHK. Chairman of the Li & Fung group of companies.

Mr. KOH Beng Seng

Independent Non-executive Director

Aged 61. Independent Non-executive Director and the Chairman of the Risk Committee and a 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. 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 58. Independent Non-executive Director and Chairman of the Audit Committee and a 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 69. Independent Non-executive Director and the Chairman of the Nomination and Remuneration Committee and a member of the Audit 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 60. Independent Non-executive Director and a member of the Audit Committee, the Nomination and Remuneration Committee, the Risk Committee and the Strategy and Budget Committee of the Company and BOCHK. Chief Executive, North America, of Investcorp.

Senior Management

Mr. ZHUO Chengwen

Chief Financial Officer

Aged 41. Chief Financial Officer of the Group. Director of Nanyang, NCB (China) and BOCHK Asset Management Limited.

Mr. WONG David See Hong

Deputy Chief Executive

Aged 58. 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 (ceasation of appointment effective from 1 April 2011)

Aged 57. Deputy Chief Executive of the Group in charge of the Personal Banking business.

Mr. LI Jiuzhong

Chief Risk Officer

Aged 49. 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 53. Chief Operating Officer of the Group. Director of BOC-CC.

Mdm. ZHU Yanlai

Assistant Chief Executive

Aged 57. 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 2011.

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 85.

The Board has recommended a final dividend of HK\$0.558 per share, amounting to approximately HK\$5,899 million, subject to the approval of shareholders at the forthcoming annual general meeting to be held on Tuesday, 29 May 2012. If approved, the final dividend will be paid on Friday, 15 June 2012 to shareholders whose names appear on the Register of Members of the Company on Thursday, 7 June 2012. Together with the interim dividend of HK\$0.63 per share declared in August 2011, the total dividend payout for 2011 would be HK\$1.188 per share.

Closure of Register of Members for Entitlement to Attend and Vote at Annual General Meeting

The Register of Members of the Company will be closed, for the purpose of determining shareholders' entitlement to attend and vote at the Annual General Meeting of the

Company, from Thursday, 24 May 2012 to Tuesday, 29 May 2012 (both days inclusive), during which period no transfer of shares will be registered. In order to attend and vote at the Annual General Meeting of the Company, 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 Wednesday, 23 May 2012. The Annual General Meeting of the Company will be held at 2:00 p.m. on Tuesday, 29 May 2012.

Closure of Register of Members for Entitlement to Final Dividend

The Register of Members of the Company will be closed, for the purpose of determining shareholders' entitlement to the proposed final dividend, from Monday, 4 June 2012 to Thursday, 7 June 2012 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the proposed 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 Friday, 1 June 2012. Shares of the Company will be traded ex-dividend as from Thursday, 31 May 2012.

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 separate legal entity established in Hong Kong and is a charitable institution exempt from tax under the Inland Revenue Ordinance.

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 2011, calculated under section 79B of the Hong Kong Companies Ordinance, amounted to approximately HK\$9,469 million.

REPORT OF THE DIRECTORS

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 44. The biographical details of the Directors and senior management are set out on pages 45 to 46 of this Summary Financial Report. The term of office for each Non-executive Director is approximately three years.

Mdm. ZHANG Yanling resigned and Mr. CHEN Siqing was appointed as Non-executive Director with effect from 15 December 2011. The Board expresses its sincere gratitude to Mdm. ZHANG for her valuable contributions to the Company during her tenure of office and welcomes Mr. CHEN to join the Board.

In accordance with Article 103 of the Company's Articles of Association, any Director appointed by the Board shall hold office only until the next annual general meeting of the Company, but shall be eligible for re-election at such meeting. Accordingly, Mr. CHEN Siqing being a Director so appointed, shall retire at the forthcoming annual general meeting and, being eligible, offer himself for election.

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. XIAO Gang, Mr. ZHOU Zaiqun, Mr. KOH Beng Seng and Mr. TUNG Savio Wai-Hok will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

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 and LI Zaohang are Executive Directors of BOC. Mr. CHEN Siqing 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 2011 are set out below:

Name of Director	Date of grant	Exercise price per share (HK\$)	Exercisable period	Number of share options					
				Granted on 5 July 2002	Balances as at 1 January 2011	Exercised during the year	Surrendered during the year	Lapsed during the year	Balances as at 31 December 2011
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
Total				2,892,000	2,530,500	-	-	-	2,530,500

Note: Mdm. ZHANG Yanling resigned as a Non-executive Director with effect from 15 December 2011. As at the date thereof, Mdm. ZHANG had 1,446,000 outstanding options of the Company. According to the rules of the Pre-Listing Share Option Scheme, all of the outstanding options held by Mdm. ZHANG are exercisable in whole or in part within 3 months from the date of her resignation. Such options were lapsed on 15 March 2012.

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 2011, 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%
Total	2,630,500	-	-	-	-	2,630,500	0.025%

Note: Such interests represented the respective Directors' interests in underlying shares in respect of the share options granted to him 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 2011, 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 2011, 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 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 2011, 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 2011.

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 2011	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 Board 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 Board and specified in the letter of offer.	One year.

REPORT OF THE DIRECTORS

	Share Option Scheme	Sharesave Plan
(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.
(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 Board 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 30 December 2010 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,

on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties;

- (iii) entered into in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; 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 2011 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 2011 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, 29 March 2012

CORPORATE GOVERNANCE

The Company is committed to maintaining and upholding high standards of corporate governance in order to safeguard the interests of shareholders, customers and employees. The Company abides strictly by the laws and regulations in Hong Kong, and observes the rules and guidelines issued by regulatory authorities including Hong Kong Monetary Authority, Hong Kong Securities and Futures Commission and the Stock Exchange of Hong Kong. The Company from time to time reviews the corporate governance practices as adopted and strives to comply with the relevant requirements of international and local corporate governance best practices.

The Company **is in full compliance with all the code provisions set out in the Code on Corporate Governance Practices** (the “Code”) contained in Appendix 14 of the Listing Rules. It also **complies with nearly all the recommended best practices** as 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 positions and prospects of the Company on a timely basis. BOCHK, the Company’s wholly-owned and principal operating subsidiary, is in full compliance with the guidelines as set out in the Supervisory Policy Manual module CG-1 entitled “Corporate Governance of Locally Incorporated Authorized Institutions” issued by Hong Kong Monetary Authority.

This Summary Corporate Governance Report only provides a summary of the information contained in the full Corporate Governance Report which is set out in the 2011 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 Policy

The Company recognises the importance of high standards of corporate governance and maintains an effective corporate governance framework which delivers long-term success of the Group. The Company is also strongly committed to embracing and enhancing sound corporate governance principles and practices. The established and well-structured corporate governance framework directs and regulates the business ethical conduct of the Company, thereby protects and upholds the value of shareholders and stakeholders as a whole in a sustainable manner.

The Board and the senior management of the Company are responsible for adhering to the corporate governance principles and executing this policy. The Company seeks to manage its business in accordance with the well-defined corporate governance principles which therefore provide a solid governance framework for excellent performance and sustainable growth.

Corporate Governance Framework

The Board is at the core of the Company’s corporate governance framework and there is a 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 plans and financial budgets;
- approving the annual, interim and quarterly results;
- reviewing and monitoring the Group’s risk management and internal control;
- ensuring good corporate governance and effective compliance; and
- monitoring the performance of the Management.

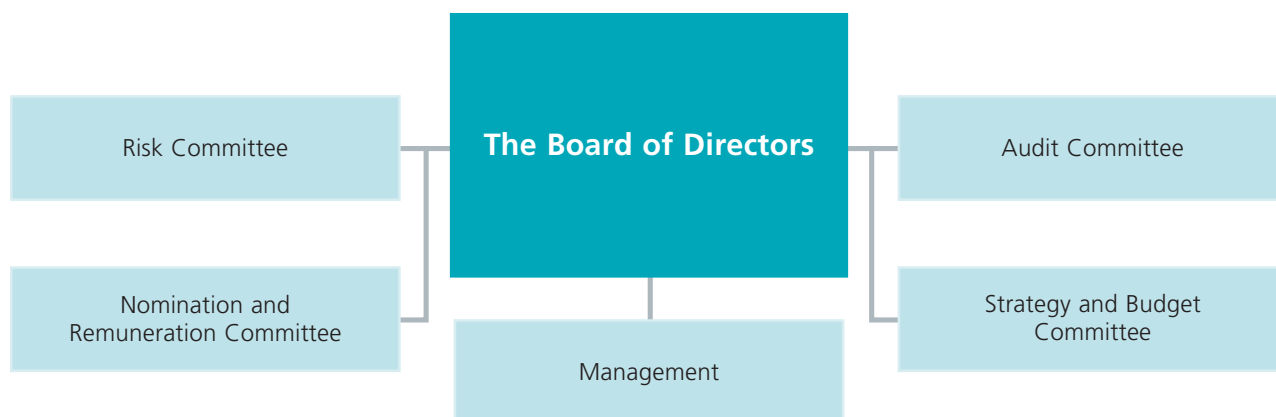
The Board authorises the Management to implement the strategies as approved by the Board. The Management is responsible for the day-to-day operations of the Group and reports to the Board.

To avoid 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, 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 in performing its responsibilities. They are the Audit Committee, the Nomination and Remuneration Committee, the Risk Committee, and the Strategy and Budget Committee. In addition, the Board will authorise an independent board committee comprising all Independent Non-executive Directors as and when required to review, approve and monitor connected transactions (including the continuing connected transactions) in accordance with the relevant rules and regulations that should be approved by the Board.

CORPORATE GOVERNANCE

The following chart sets out the Company's corporate governance framework:



Details including the Company's corporate governance principles and framework adopted by the Board, the composition of the Board and each of the Board Committees and their respective Mandates, Shareholder Communication Policy, Corporate Governance Policy and Fair Disclosure Policy are available under the sub-section "Corporate Governance" of the section headed "About Us" on the Company's website at www.bochk.com.

Board of Directors

The Board of the Company is composed of majority of Non-executive Directors and Independent Non-executive Directors that ensures the independence and objectivity of the decisions of the Board, as well as comprehensive and impartial control of the Management. The Board acts honestly and in good faith so that decisions are made objectively with a view to delivering long-term and maximum shareholders' value and fulfilling its corporate responsibility to other stakeholders of the Group.

The Board currently has twelve members, comprising five Independent Non-executive Directors, five Non-executive

Directors and two Executive Directors. Mdm. Zhang Yanling resigned as a Non-executive Director of the Company with effect from 15 December 2011 and Mr. Chen Siqing was appointed as a Non-executive Director of the Company in place of Mdm. Zhang Yanling on 15 December 2011. Save as disclosed above, there were no other changes to the composition of the Board in 2011 and up to the date of this report.

Under the current board membership, all Directors possess extensive experience in banking and management. In addition, over one-third of them are Independent Non-executive Directors, of whom some of them 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 Independent Non-executive Directors. The Company has received from each of the Independent Non-executive Directors an annual confirmation of his independence by reference to the Independence Policy. Based on the information available to the Company, it considers that all of the Independent Non-executive Directors are independent. Biographical details

of the Directors are set out in the section headed "Board of Directors and Senior Management" of this Summary Financial Report and are available under the sub-section "Organisation" of the section headed "About Us" on 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.**

Mr. Xiao Gang, Mr. Li Lihui and Mr. Li Zaohang are Executive Directors of BOC. Mr. Zhou Zaiqun ceased to be an Executive Director and Executive Vice President of BOC with effect from 28 May 2011. Mr. Chen Siqing is an Executive Vice President of BOC. Mdm. Zhang Yanling is a former

CORPORATE GOVERNANCE

Executive Vice President of BOC (she ceased to be an Executive Vice President of BOC with effect from 23 July 2010). **Save as disclosed above, there are no other relationships between the Board members, including financial, business, family or other material/ relevant relationships.**

In addition, it is expressly provided in the Board's Mandate that, unless the applicable laws or regulations allow otherwise, if a substantial shareholder or Director has a conflict of interest in the matter to be considered by the Board, a Board meeting must be convened and attended by Independent Non-executive Directors who have no material interest, and give professional advice to the subject matter for further consideration and approval.

During the year, the Company has arranged for **appropriate cover on Directors' Liability Insurance Policy to indemnify the Directors for liabilities arising from the corporate activities.** The coverage and the amount insured under such policy are reviewed annually by the Company.

To ensure the newly appointed Directors to have adequate understanding of the Company's business operations and to enable all Directors to update their knowledge regularly so as to provide informed recommendation and advice and make contribution to the Company, **the Board establishes a set of written policy specifying guidelines on Directors' induction and training upon appointment.**

Nine Board meetings were held during 2011 with an average attendance rate of 88%.

Apart from formal Board meetings and annual general meetings, the Company arranges, on a regular basis, other relatively relaxed events for the Board members and the

senior management to facilitate their communication and interactions. For example, **certain Board members have been invited to deliver a talk to the Company's middle to senior management on various specialised topics with regard to their respective background and expertise. Further, off-site events have been held from time to time to enhance communication among Board members, and between the Board and the senior management.**

Audit Committee

The Audit Committee currently comprises six members, including five Independent Non-executive Directors, namely Mr. Shan Weijian, Dr. Fung Victor Kwok King, Mr. Koh Beng Seng, Mr. Tung Chee Chen and Mr. Tung Savio Wai-Hok, and one Non-executive Director, Mr. Zhou Zaiqun. Independent Non-executive Directors make up 83% of the Committee members. The Audit Committee is chaired by Mr. Shan Weijian, an Independent Non-executive Director.

The Audit Committee assists the Board in performing the duties in respect of 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 Group Audit;
- appointment of external auditor and assessment of its qualification, independence and performance and, with authorisation of the Board, determination of its 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 during 2011 included the review and, where applicable, approval of:

- the Company's Directors' Report and financial statements for the year ended 31 December 2010 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 2011 and the interim results announcement that were recommended to the Board for approval;
- the Company's announcements on quarterly financial and business review for the period ended 31 March 2011 and 30 September 2011 that were recommended to the Board for approval;
- the audit reports and report on internal control recommendations submitted by 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 Company's audit plan for 2011 and key issues identified;
- the deployment of human resources and pay level of the Internal Audit and its budget for 2011; and

CORPORATE GOVERNANCE

- the 2011 key performance indicators for and 2010 performance appraisal of the Head of Group Audit and the Group Audit.

The “Policy on Staff Reporting of Irregularities” adopted by the Board is proved to be effective. During the 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 2011. The review covers all the material 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. Details of the relevant review will be elaborated in the section headed “Internal Control” of this Summary Financial Report.

Five Audit Committee meetings were held during 2011 with an average attendance rate of 97%.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises five members, including two Non-executive Directors, namely Mr. Li Lihui and Mr. Li Zaohang, and three Independent Non-executive Directors, namely Dr. Fung Victor Kwok King, Mr. Shan Weijian and Mr. Tung Chee Chen. It was chaired by Mr. Li Lihui, a Non-executive Director of the Board. With effect from 9 January

2012, Mr. Li Lihui has resigned as the Chairman of Nomination and Remuneration Committee, but remained as a member; Mr. Tung Chee Chen was appointed as the Chairman; Dr. Fung Victor Kwok King resigned as a member and Mr. Tung Savio Wai-Hok was appointed as a member in place of Dr. Fung Victor Kwok King. Prior and subsequent to such change, the Independent Non-executive Directors represent 60% of the Committee members.

The Nomination and Remuneration Committee assists the Board in performing the duties in respect of 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 the Board and Board Committees;
- 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 Nomination and Remuneration Committee during 2011 included the review and, where applicable, approval of:

- formulation, review and amendment on major human resources and remuneration policies, including the review and revision of the threshold conditions for variable pay deferral after taking into account the market conditions; review of the identification criteria of “Senior Management”, “Key Personnel”, “Key Employee Group” and “Risk Control Personnel” as delineated in the “Guideline on a Sound Remuneration System” published by Hong Kong Monetary Authority, as well as the review of specified jobs for “Senior Management” and “Key Personnel” in accordance with the changes in organisational structure and risk management requirements;
- performance appraisal of the Executive Directors and designated senior executives for year 2010;
- proposal on staff bonus for year 2010 and salary adjustment for year 2011 for the Group, including the designated senior executives;
- key performance indicators of the Group and the designated senior executives for year 2011;
- proposal on human resources budget of the Group for year 2011;
- appointment/resignation of designated senior executives;
- monitoring the implementation progress of the Group’s medium-term human resources strategies and other major human resources policies;

CORPORATE GOVERNANCE

- report of self-evaluation results of the Board and Board Committees, which were analysed by the Nomination and Remuneration Committee. It 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; and
- consideration of the matters relating to the adjustment and appointment of directors in 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. **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.**

Five Nomination and Remuneration Committee meetings were held during 2011 with an average attendance rate of 84%.

Risk Committee

The Risk Committee comprises four members, including two Non-executive Directors, namely Mr. Li Zaohang and Mdm. Zhang Yanling, and two Independent Non-executive Directors, namely Mr. Koh Beng Seng and Mr. Tung Savio Wai-Hok. With effect from 15 December 2011, Mdm. Zhang Yanling resigned as a member of the Risk Committee and Mr. Chen Siqing was appointed as a member in place of Mdm. Zhang Yanling. The Committee is chaired by Mr. Koh Beng Seng, an Independent Non-executive Director.

The Risk Committee assists the Board in performing the duties in respect of 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 various business units of the Group;
- review and assessment of the adequacy and effectiveness 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 businesses 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 Risk Committee during 2011 included the following:

- review/approval of policies, including the “BOCHK Group Operating Principles”, the “Risk Management Policy Statement”, the “Requirements Relating to the Approval, Formulation, Review and Revision of Risk Management Policies and Procedures of BOCHK Group”, the “Capital Management Policy”, 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, liquidity 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 plans, including the Group’s

CORPORATE GOVERNANCE

target balance sheets, BOCHK's banking book investment plans and portfolio key risk indicators, results of Internal Capital Adequacy Assessment Process (ICAAP), as well as risk management limits;

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

Eight Risk Committee meetings were held during 2011 with an average attendance rate of 94%.

Strategy and Budget Committee

The Strategy and Budget Committee comprises five members, including two Non-executive Directors, namely Mr. Zhou Zaiqun and Mdm. Zhang Yanling, and two Independent Non-executive Directors, namely Dr. Fung Victor Kwok King and Mr. Tung Savio Wai-Hok, and Mr. He Guangbei, the Chief Executive as well as the Executive Director of the Company. Dr. Fung Victor Kwok King was appointed as a member of the Strategy and Budget Committee with effect from 21 October 2011. Mdm. Zhang Yanling resigned as a member of the Strategy and Budget Committee and Mr. Chen Siqing was appointed as a member in place of Mdm. Zhang Yanling with effect from 15 December 2011. The Strategy

and Budget Committee is chaired by Mr. Zhou Zaiqun, a Non-Executive Director.

The Strategy and Budget Committee assists the Board in performing the duties in respect of the Company and its subsidiaries in, among others, the following areas:

- drafting, review of, making motion, and monitoring the Group's medium to long-term strategies;
- drafting and review of the process of formulating the Group's medium to long-term strategies to ensure that they are sufficiently robust to take into account a range of alternatives;
- monitoring the implementation of the Group's medium to long-term strategies through pre-determined metrics and providing guidance to the Management;
- review of and monitoring the Group's regular/periodic (including annual) business plans and financial budgets; and
- making recommendations to the Board on major capital expenditures, merger & acquisition and strategic commitments of the Group and monitoring the implementation thereof.

During the year, the Strategy and Budget Committee played a prominent role in providing guidance and monitoring the implementation of the Group's short-term business strategies and driving the formulation and implementation of the Group's key business strategies, such as the development of China business, RMB business, etc. In particular, the

Strategy and Budget Committee guided the Management to review the medium to long-term rolling strategic plans of the Group for further improvements in response to the new opportunities and threats arising from the new operating environment. In addition, it also reviewed and monitored the implementation of the Group's financial budgets and business plans for 2011. The Strategy and Budget Committee also reviewed and endorsed the Group's financial budgets and business plans for the year 2012 and recommended the same to the Board for approval.

Six Strategy and Budget Committee meetings were held during 2011 with an average attendance rate of 97%.

Directors' Securities Transactions

The Company has established and implemented the "Code for Securities Transactions by Directors" (the "Company's Code") to govern securities transactions by Directors. Terms of the Company's Code are more stringent than the mandatory standards set out in the "Model Code for Securities Transactions by Directors of Listed Issuers" as contained in Appendix 10 of the Listing Rules. Apart from the securities of the Company, the Company's Code also applies to the Director's dealings in the securities of BOC which has been listed on the Stock Exchange of Hong Kong since June 2006. Upon inquiry by the Company, all Directors confirmed that they had strictly complied with the provisions as set out in both the Company's Code and the said Model Code throughout the year 2011.

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 awareness of risk management so as to achieve sound remuneration management.

The Remuneration and Incentive Policy of the Group is applicable for the Company and all its subsidiaries (including the branches and institutions both in and out of Hong Kong).

- **“Senior Management” and “Key Personnel”**

The following groups of employees have been identified as the “Senior Management” and “Key Personnel” as defined in the HKMA’s Guideline on a Sound Remuneration System:

- “Senior Management”: The senior executives designated by the Board who are responsible for oversight of the firm-wide strategy or material business lines, including Chief Executive, Deputy Chief Executives, Chief Financial Officer, Chief Risk Officer, Chief Operating Officer, Assistant Chief Executive, Board Secretary and Head of Group Audit.
- “Key Personnel”: The employees whose individual business activities involve the assumption of material risk which may have significant impact on risk exposure, or whose individual

responsibilities are directly and materially linked to the risk management, or those who have direct influence to the profit, including Head of material business line, Head of major subsidiary, Head of Trading and Chief Dealer, as well as Head of risk control functions.

- **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 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. The Nomination and Remuneration Committee and the Board of Directors will seek opinions from other Board Committees (e.g. Risk Committee, Audit Committee, etc.) where they consider necessary under the circumstances.

- **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 associated with the assessment on system of values, thereby facilitating the attainment of the core values.

2. *Risk Modification of Remuneration*

To implement the principle of aligning the performance and

CORPORATE GOVERNANCE

remuneration with the risk, based on “The Risk Adjustment Method for Group Bonus Funding Mechanics”, the key risk modifiers of the bank have been incorporated into the performance management mechanism of the Group. The size of the Variable Remuneration Pool of the Group is calculated according to the risk adjusted performance results approved by the Board and is subject to the Board’s discretion. This method ensures 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.

“The Risk Adjustment Method for Group Bonus Funding Mechanics” consists of “Risk Modifier” and “Post Result Score Adjustment”:

- “Risk Modifier” measures the risk factors that are quantifiable and directly linked to group’s financial performance, including credit risk, market risk, interest rate risk, as well as liquidity risk. With most of the indicators being quantitative, “Risk Modifier” utilises both absolute and relative measures, and assesses the risk level from both ex-ante and ex-post perspectives.
- “Post Result Score Adjustment” measures the risk factors that are not quantifiable, aiming at the overall adjustment to the group’s performance results upon the occurrence of major risk events. These risk factors include operational risk, legal

and compliance risk, as well as reputation risk. “Post Result Score Adjustment” utilises qualitative measures, assesses the impact of non quantifiable risk factors to the group’s performance results from ex-post perspective.

3. *Performance-based and Risk-adjusted 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.

According to the Group Bonus Funding Mechanics, 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 pre-defined formulaic calculations but the Board can make discretionary adjustment to it if deemed appropriate under prevailing circumstances. When the group’s performance is relatively weak (e.g. failed to meet the threshold performance level), no variable remuneration will be paid out that year in principle, however, the Board reserves the rights to exercise its discretion.

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 is attaching to, the assessment of which should include risk modifiers. The performance and remuneration arrangement of risk control personnel are determined by the achievements of their core job responsibilities, independent from the business they oversee; for front-line risk controllers, a matrix reporting and performance management system is applied to ensure the suitability of performance-based remuneration. Within the acceptable risk level of the Group, the better the

CORPORATE GOVERNANCE

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 time horizon of 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 in cash 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 period 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 Remuneration Consultant**

To ensure the suitability and competitiveness of the remuneration and incentive mechanism, the Group appointed Towers Watson Pennsylvania Inc. for independent consultation in areas of base pay management approach, pay management mechanism of Senior Management, short-term incentive schemes as well as market remuneration data.

External Auditor

Pursuant to the "Policy on External Auditor Management" 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 its audit procedures**, based on the principles and standards set out in the said Policy that were in line with international best practices.

The Audit Committee was satisfied that the non-audit services in 2011 did not affect the independence of PricewaterhouseCoopers. The amount paid to PricewaterhouseCoopers for non-audit services in 2011 comprised mainly the tax-related services fee of approximately HK\$2 million and other non-audit services fee of approximately HK\$4 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 scope of 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 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 upholding good corporate governance practices and the internal control system of all subsidiaries are reviewed regularly. During the year of 2011, continuous improvements 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 uncertain

CORPORATE GOVERNANCE

economic outlook, the Group has implemented a series of measures and undertaken an on-going review on the effectiveness of the internal control mechanism. In 2011, areas for improvement have been identified and appropriate measures have been implemented.

Communication with Shareholders

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

The Chairman of the Board, the Chairman of the Nomination and Remuneration Committee, the Chairman of the Risk Committee, the Chairman of the Strategy and Budget Committee, members of the Audit Committee and representatives of PricewaterhouseCoopers were present at the Company's 2011 annual general meeting and extraordinary general meeting held on 25 May 2011 at the Grand Ballroom, Lower Lobby, Conrad Hong Kong, Pacific Place to respond to enquiries raised by shareholders. As the Chairman of Audit Committee was unable to attend the annual general meeting due to other business engagements, members of Audit Committee were present on behalf of the Chairman of Audit Committee.

As disclosed in the 2010 Annual Report 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 2011 annual general meeting. The Board would also recommend the said 5% threshold at the forthcoming 2012 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.

Besides, in order that shareholders can have a better understanding of the agenda items to be discussed at the 2012 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 2012 annual general meeting in a circular to shareholders.**

Shareholders' Rights

Shareholders are entitled to convene an extraordinary general meeting, make any proposals at shareholders' meetings and propose a person for election as a director. Please see the detailed procedures as follows:

- **the way in which shareholders can convene an extraordinary general meeting:**

Any shareholder(s) holding not less than 5% of the issued capital of the Company may request the Board of Directors to convene an extraordinary general meeting. The requisition, duly signed by the shareholder(s) concerned, must clearly state the objects of the meeting and must be deposited at the registered office of the Company, 52nd Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong. The Company would take appropriate actions and make necessary arrangements in accordance with the requirements under Section 113 of the Companies Ordinance once a valid requisition is received.

- **the procedures for making proposals at shareholders' meetings:**

The following shareholders are entitled to put forward a proposal (which may properly be put to the meeting) for consideration at a general meeting of the Company:

- (a) any number of members representing not less than 2.5% of the total voting rights of the Company on the date of the requisition; or

CORPORATE GOVERNANCE

(b) not less than 50 members holding shares in the Company on which there has been paid up an average sum, per member, of not less than HK\$2,000.

The requisition specifying the proposal, duly signed by the shareholders concerned, together with a statement of not more than 1,000 words with respect to the matter referred to in the proposal must be deposited at the registered office of the Company, (52nd Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong), not less than six weeks before the general meeting. The Company would take appropriate actions and make necessary arrangements, and the shareholders concerned would be responsible for the expenses incurred in giving effect thereto in accordance with the requirements under Section 115A of the Companies Ordinance once valid documents are received.

- **the procedure for Director's nomination and election by shareholders:**

If a shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, the shareholder should lodge at the registered office of the Company or the head office of the Company for the time being (52nd Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong), (a) a notice signed by such shareholder (other than the proposed person) duly qualified to attend and vote at the meeting

of his/her intention to propose such person for election; and (b) a notice signed by the proposed person indicating his/her willingness to be elected.

The period during which the aforesaid notices may be given will be at least seven days. Such period will commence on the day after the despatch of the notice of the general meeting for which such notices are given and end no later than seven days prior to the date of such general meeting. The Company would take appropriate actions and make necessary arrangements, and the shareholder concerned would be responsible for the expenses incurred in giving effect thereto in accordance with the requirements under Article 99 of the Articles of Association of the Company once valid notices are received.

Further shareholder information is set out in the section headed "Investor Relations" of this Summary Financial Report. Shareholders are welcome to send in any written enquiries to the Board for the attention of the Company Secretary either by post to the registered office of the Company at 52nd Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong or by way of email to investor_relations@bochk.com. The Company Secretary would direct the enquiries received to appropriate Board Member(s) or the Chairman of the Board Committee(s) who is in charge of the areas of concern referred therein for further handling. The Board, assisted by the Company Secretary, would make its best efforts to ensure that all such enquiries are addressed in a timely manner.

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 aims to distinguish the responsibilities of the Directors and 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 considers inappropriate. The Directors are responsible for ensuring that the accounting records kept by the Company at any time reasonably and accurately reflect the financial position of the Company, and also ensure that the financial statements comply with the requirements of the Hong Kong Companies Ordinance. The Directors also have duties to take reasonable and practicable steps 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.



EFFICIENT 
e-Banking Service



CORPORATE SOCIAL RESPONSIBILITY



BOCHK was appointed one of the Joint Coordinators, Lead Managers and Bookrunners in the third issue of RMB sovereign bonds in Hong Kong



We launched the new "BOC UnionPay Dual Currency Commercial Card", helping customers reduce currency conversion costs

BOCHK is committed to providing customers with premium financial services and fulfilling corporate social responsibility ("CSR"). Meanwhile, we endeavour to strengthen our relationships with shareholders, employees, customers, business partners, the government and the community, with a view to contributing to the sustainable development of the economy, society and environment.

In 2011, the Group published its first independent CSR Report to enhance the disclosure and transparency of the Group's accomplishments in CSR.

The Group is devising a mid-to-long-term stakeholder engagement strategy that employs different

approaches to engaging stakeholders on a regular basis in the next few years. By listening to stakeholders' opinions and suggestions on our current and future development, and helping them understand our overall development, the Group will have opportunities to involve stakeholders in the formulation of the long-term direction and strategy.

The Group's outstanding performance with regard to corporate sustainability has earned us wide recognition. For two years in a row, BOC Hong Kong (Holdings) Limited has been included as a constituent of the *Hang Seng Corporate Sustainability Index Series*, which evaluates the environmental, social and corporate governance performances of listed companies

in Hong Kong and the Mainland of China. This ranking moved up 14 places to the 18th in 2011. In addition, we have been named a *Caring Company* by the Hong Kong Council of Social Service ("HKCSS") for nine consecutive years.

Customer-centric through Innovation and Service

In the ever-changing market environment, we strive to embrace customer service values by offering innovative and tailor-made products and services, and enhancing our service platform. We continue to maintain our market lead in RMB business in particular. BOCHK is the sole Clearing Bank of RMB business in Hong Kong.

CORPORATE SOCIAL RESPONSIBILITY



With the signing of the new "Settlement Agreement on the Clearing of Renminbi (RMB) Businesses" between the People's Bank of China and Bank of China (Hong Kong) in November 2011, we have been re-appointed the Clearing Bank for RMB Business in Hong Kong



Global Coordinator of ICBC Asia's Basel III compliant RMB subordinated bond, that won the acclaims of *Best Offshore Renminbi Offering 2011* and *Investment-grade Bond of the Year 2011* by *FinanceAsia* and *International Financing Review Asia* respectively.

To enrich our investment product offerings in RMB, the Group launched "BOCHK RMB Bond Fund" and "BOCHK Wealth Achieve Fund Series SPC – BOCHK RMB High Yield Bond Fund (SP)" in 2011. Both funds have outperformed their peers since their inception.

Innovative RMB Products and Services

Leveraging our competitive edge in the RMB business, we pioneered a number of cross-border RMB products for trade settlement, bonds, investment and insurance during the year. It enhances our RMB product suite and product integration and helps provide total solutions to our corporate and individual customers.

In August 2011, BOCHK was appointed one of the Joint

Coordinators, Lead Managers and Bookrunners in the third issue of RMB sovereign bonds in Hong Kong, which included the tender of RMB15 billion sovereign bonds for institutional investors and the issue of RMB5 billion sovereign bonds for retail investors. This facilitated the development of the RMB offshore market in Hong Kong. The Group was thus awarded the *China Bond House of the Year 2011* by *International Financing Review Asia*. In addition, BOCHK was a Joint

To coincide with the implementation of the "Interbank RMB Autopay System" in Hong Kong, BOCHK took the lead in offering products for RMB payments and receivables in 2011, including RMB payroll, autopay, and outsourcing of cashier order for corporate customers, as well as RMB cashier order and gift cheque services for personal customers. RMB bill payment can now be made via cheque deposit machines. Customers can also make cross-border bill payment using "BOC CUP Dual Currency Credit Card". Online payment for Mainland bills

CORPORATE SOCIAL RESPONSIBILITY



Our Mobile Banking offers a one-stop solution of banking services which are well-received by customers



BOCHK is a major bank providing the *Reverse Mortgage Programme*

has been available on our Internet Banking since the end of 2011.

In addition, the new RMB negotiated payment, RMB factoring services and the completion of the first overseas short-term financing in RMB have set the stage for RMB business cooperation among banking peers.

In respect of corporate finance in RMB, the Bank successfully assisted Hui Yan Real Estate Investment Trust ("REIT") to float in Hong Kong. It was Hong Kong's first RMB-denominated initial public offering ("IPO"). RMB IPO loan and RMB dividend payment services were launched to complement the IPO.

The Group has already taken initiatives to forge strategic partnership with qualified fund houses in 2010 and now offers customers a wide range of choices by distributing Renminbi Qualified Foreign Institutional Investor ("RQFII") products for over 10 RQFII fund houses. When more RQFII products are being introduced in the market, BOCHK will become the leading and largest service provider in RMB public funds.

Following the launch of strategic exchange service and CNY HIBOR pricing system in the previous year, BOCHK has extended such systems to the market platform during the year, marking a major step forward in the development of offshore RMB market. BOCHK provides its RMB lending rate to the Treasury Markets Association for dissemination of a reference rate for the pricing of RMB commercial loans in Hong Kong in early 2012. We also contribute to the Association for its compilation of the daily spot CNH Fixing which serves as a benchmark for the market exchange rates for RMB in June 2011.

In addition, we introduced three new offshore RMB bond sub-indices in early 2012, including the "BOCHK Offshore RMB Chinese Sovereign Bond Index", the "BOCHK Offshore RMB Investment Grade Bond Index" and the "BOCHK Offshore RMB 1 to 3 Years Central Government Bond Index", with an aim to provide a performance benchmark for the respective sectors of the offshore RMB bond market.

To satisfy growing demand for RMB investment products, BOC Life launched Hong Kong's first-ever "RMB Universal Life Insurance Plan" that offers a flexible financial solution combining both savings and whole life protection in 2011. The "Specialty Outpatient Plan", the first of its kind in Hong Kong, provides customers with wider protection.

The new "BOC UnionPay Dual Currency Commercial Card" helps customers reduce currency conversion costs by using RMB and HKD as settlement currencies.

NCB (China) introduced a number of competitive wealth management products, such as the "Gold Yield" structured deposit linking to gold investments, to further expand its cross-border RMB business. In September 2011, NCB (China) successfully shared the extensive service network of BOC and allowed its debit card holders to conduct transactions at counters and ATMs of BOC in the Mainland of China. The "credit facilities secured by deposits in the Mainland" jointly launched by NCB (China) and BOCHK enable domestic customers to apply for secured loans from BOCHK backing

CORPORATE SOCIAL RESPONSIBILITY



The Kowloon East Flagship Commercial Centre at Millennium City covers an area of 25,000 square feet to further meet the banking needs of corporate customers

by their deposits at NCB (China). The service serves as a channel for foreign investment.

Our ongoing efforts in offering quality and innovative RMB services have won us the *Excellent Brand of RMB Banking Service of the Hong Kong Leaders' Choice Brand Awards 2012* by Metro Finance.

Access to Banking Services

BOCHK strives to provide elderly customers with a flexible financial solution and becomes a major bank offering the "Reverse Mortgage Programme" in Hong Kong. Under the Programme, the elderly can pledge their self-occupied residential property in Hong Kong as security for a mortgage loan to enjoy greater financial flexibility after retirement. The Group implemented a number of measures to assist eligible Hong Kong citizens in registering for "Scheme \$6,000" of the HKSAR Government via our branches or Internet Banking, and receiving the payment through bank transfer.

To cater for the banking needs of the public at large, the Group offers monthly fee waivers of our deposit accounts to senior citizens aged 65 or above, account holders aged below 18, recipients of Government Disability Allowances/Comprehensive Social Security Assistance. Senior citizens aged 65 or above can also enjoy an annual fee waiver of BOC Fast Cash Card. A handling fee waiver for purchasing gift cheque at counters is applicable to holders of Senior Citizen Card.

Supporting Local Enterprises

The SME sector is an important pillar for the growth of Hong Kong economy. We have been lending tremendous support to the "SME Loan Guarantee Scheme" of the Hong Kong Mortgage Corporation to meet the financing and liquidity needs of SMEs.

As part of our efforts to reinforce support to commercial customers with small-sized enterprises in particular, we are transforming a

total of 33 branches into "integrated branches for commercial business". The first nine pilot branches were opened in 2012, while the rest of these integrated branches are expected to be in operation in the third quarter of 2012. The transformed branches offer our SME customers and their respective owners, shareholders and directors quality commercial banking services and all-rounded personal financial management solutions. In November 2011, the Kowloon East Flagship Commercial Centre was moved to Millennium City in Kwun Tong, covering an area of 25,000 square feet, to further meet the banking needs of corporate customers.

The Group received the *Best SME's Partner Award* for four successive years, in recognition of our full support to SMEs. Our service excellence received the seal of approval as the survey report by Synovate on Hong Kong Corporate Banking Services in April 2011 revealed that about 94% of corporate customers were satisfied with our service quality.

CORPORATE SOCIAL RESPONSIBILITY



The relocation celebration of NCB (China) marks its further development to provide more comprehensive and quality integrated service to customers

The Group organises a diverse range of customer activities, like investment and wealth management seminars, workshops and exchange meetings, to let customers keep abreast of market developments



Enhancing Service Platforms

The Group continually enhances our service capability to provide greater convenience to local and cross-border customers. At the end of 2011, the Group had an extensive network of 266 branches across Hong Kong, Kowloon and the New Territories. Customers can enjoy 24-hour banking service through our 1,000 automated banking machines. The Group promotes wider use of electronic channels by organising educational workshops to teach the elderly how to use ATMs.

To encourage customers to switch to electronic banking services, the Group further upgraded its electronic banking and Mobile Banking platforms. Registration of e-Statement is available online.

The Group's Trade Service Centre took initiatives to implement ISO quality management system to continuously enhance its service and customer experience in 2011. The Centre was awarded the *ISO 9001:2008 Quality Management System Certification* in November 2011.

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 our excellence in customer service and provision of a reliable service platform, the Group's Call Centre and BOC-CC received 20 awards by the Hong Kong Call Centre Association ("HKCCA"), including the *HKCCA Awards – Grand Award of the Year* in 2011 for the Call Centre. BOC-CC has received the *ISO 10002 Certification* from Hong Kong Quality Assurance Agency since 2008, signifying our compliance with the international standard of customer complaint management.

Conservation of Resources for Environmental Protection

We endeavour to minimise our environmental impact by reducing our carbon footprint, using resources more efficiently and effectively and promoting environmentally responsible business practices which contribute to the sustainable development of the environment.

Building a Green Bank

During the year, the Group 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 to have a comprehensive review of the current level of carbon emissions and energy consumption. This provides a foundation to set up indicators for further reduction of carbon emissions and conservation of energy.

Through implementation of energy-efficiency measures continuously at BOC Tower, BOC Building and BOC Centre in 2011, BOCHK's electricity consumption was reduced by about 1 million kWh, resulting in the reduction of carbon dioxide emissions by 690 tons and a saving of HK\$1.25 million in energy costs. In addition, the Group achieved an annual saving of water of 18,800 cubic metres and collected more than 76,000 kg of recycled paper, aluminium cans and plastic bottles. We continue to carry out recycling projects with regard to

CORPORATE SOCIAL RESPONSIBILITY



We participated in the *Eco Expo Asia 2011* to exchange information with environmental experts and companies on air quality control and energy management

batteries, compact fluorescent lamps, fluorescent tubes, toner cartridges and used computers on our premises. To demonstrate our efforts to promote low-carbon living, BOCHK participated in the *Eco Expo Asia 2011* to exchange information with environmental experts and companies on air quality control and energy management.

Our sound environmental practices to reduce energy and water consumption have earned us recognition and environmental accreditations from a number of professional organisations for many years. In 2011, BOC Tower, BOC Building, BOC Centre and Bank of China Wanchai Commercial Centre attained the *ISO 14001 Certification* granted by UKAS and the *Certificate of the Quality Water Recognition Scheme for Building* by the Water Supplies Department of the HKSAR Government. Furthermore, BOC Tower and BOC Centre obtained the *Indoor Air Quality Certificate (Excellent Class)* from the Environmental Protection Department and the *Hygiene Control Management Systems Certificate* from SGS Hong Kong, while BOC Building received the *Carbon Reduction Label* awarded

by the Hong Kong Quality Assurance Agency. On top of the above awards, BOC Centre was awarded the *Carbon Less 4% Certificate* under the Hong Kong Awards for the Environmental Excellence and the *ISO 50001:2011 Energy Management System Certification* from the SGS Hong Kong. BOC Group Life Assurance Tower also received the *Indoor Air Quality Certificate (Good Class)* and *Certificate of the Quality Water Recognition Scheme for Building*.

The Group established a risk evaluation system which is designed to rate our suppliers annually according to their risk exposure. In addition, our "Centralised Procurement and Tender Policy" has been revised to further refine the criteria in the selection of suppliers. We also requested our major suppliers to complete and submit to us a "Supply Chain Code of Conduct Self-Assessment" to ensure

that the content and packaging of their products can be recycled and environmental certification has been obtained. Our brochures, promotional leaflets, Lunar New Year cards and posters have been printed on paper with environmental certification by the Forest Stewardship Council. Moreover, our company vehicles are economy models.

To reduce paper use, we encourage our customers to manage their finances via Internet Banking and Mobile Banking and switch to e-Statement and e-Card services. By the end of 2011, customers using our Internet Banking Service increased by 13% compared with a year earlier and those choosing to receive consolidated statements and investment statements in electronic forms were up 78% and 54% respectively. Working towards a paperless office, we reduced paper use by 4% in 2011, as compared to 2010. In addition, we have been awarded *Green Employer* by the Inland Revenue Department of the HKSAR Government for submission of our annual Employer's Tax Returns in the form of CD-ROMs.

Since 2009, we have participated in the global environmental initiative *Earth Hour* organised by WWF to raise public awareness of the global climate change. Shark's fin, endangered reef species and black mosses have no longer been served



CORPORATE SOCIAL RESPONSIBILITY



Our Dynamic Volunteer Team has more than 1,000 volunteers participating in various community and charitable activities, like *Hong Kong Geopark Charity Green Walk*, proactively spreading the message of caring for society



at corporate banquets since 2009. To pledge our support to conservation of sharks, the Group signed the "No Shark's Fin Pledge" initiated by WWF Hong Kong in 2011, stopping to supply or serve shark's fin or provide any promotions relating to shark's fin.

BOCHK also supports the *Green Day* of the Hong Kong Community Chest ("the Chest") to encourage staff to take greener forms of transportation to work. With our efforts, we received the *Second Highest Donation Award of the Green Day*.

Promoting Green Credit Services

We have offered the "Green Equipment Financing Scheme" through collaboration with the Hong Kong Productivity Council ("HKPC") for four consecutive years. The scheme encourages corporate customers to purchase environmentally friendly equipment. We also continue to offer the "Energy Efficiency Loan Scheme" launched jointly with the two electricity companies in Hong Kong to provide loans to commercial and industrial customers for the implementation of energy-saving initiatives.

In Support of Bio-environmentalism

Environmental education is another key focus of our corporate responsibility initiative. BOCHK joined hands with the Association for Geoconservation, Hong Kong ("AGHK"), in establishing the first-ever *Hong Kong Global Geopark of China – Prehistoric Story Room*, featuring life on earth at the BOC Tower in October 2011. Various valuable fossils and models are displayed in an interactive way. More than 42,000 visitors and over 200 visiting organisations were recorded as at February 2012.

BOCHK also sponsors the *Global Geopark E-Classroom* jointly organised by the Agriculture, Fisheries and Conservation Department and the AGHK. The first-ever E-Classroom provides local and overseas students with an online platform to learn more about geo-conservation from world-class experts. This project has been well received by the education community, with eight participating schools in the first phase, and will

be gradually extended to all schools in Hong Kong.

In 2009 BOCHK spearheaded the *Hong Kong Geopark Charity Green Walk*, which brought together the important elements of environmental protection and charity. As at February 2012, 84 eco-tours were organised for more than 7,600 customers, citizens, staff members and their companions to better understand Hong Kong's geo-conservation. In addition, more than 260 new immigrants, members from single-parent or low income families, youths and senior citizens were invited to take part in the *Hong Kong Global Geopark of China In-depth Tour* and explore the geological wonders.

To further promote the significance of environmental protection, the Group sponsored the *Power Plant*, a large-scale international outdoor sound and light exhibition presented by the 39th Hong Kong Arts Festival. A wide range of environmentally friendly materials were used in art installations, and over 23,000 visitors were recorded during the 21 days of exhibition.

CORPORATE SOCIAL RESPONSIBILITY



Hong Kong Global Geopark of China – Prehistoric Story Room has attracted more than 42,000 visitors and over 200 visiting organisations since October 2011

Embracing LOHAS (“Lifestyles for Health and Sustainability”) can help reduce the carbon footprint in our daily life. In 2011, BOCHK sponsored the *ECOLITY Global Youth Summit on Sustainability* held by the AIESEC, with the aim of encouraging over 120 global youth representatives to formulate creative green initiatives through *Business Plan Competition*. Meanwhile, the *LOHAS Atelier* set up in Chai Wan under the *LOHAS@BOCHK* integrated environmental education programme recorded nearly 9,000 visitors during the period from November 2010 to May 2011. More than 2,300 and 1,000 participants took part respectively in the 150 *LOHAS Workshops* and the *LOHAS Carnival* complemented by a waste recycling competition designed for the local secondary and primary school students.

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. Over the years, by donating to and working closely with the

BOCHK Charitable Foundation (“The Foundation”), a charity organisation registered as an independent legal entity in Hong Kong, we actively participate in a diverse range of charitable activities, covering education and culture, sports and arts, environmental protection, social welfare and assistance to the needy in Hong Kong and the Mainland of China, to share our success with the communities we serve.

Building a Harmonious Community

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*, with the objectives to assist the disadvantaged groups and to build a harmonious community. Under the campaign, an aggregate of HK\$85 million was approved to subvent 78 large-scale projects of the member social welfare agencies of the Chest and HKCSS. Over 900,000 service attendants are expected. In recognition of our contribution to the sustainable development of the Hong Kong society, in 2011 we were presented the *Partner in Giving and*

Sharing Award, which was set up and presented for the first time by the Chest.

BOCHK fully supports various activities organised by the Chest. The funds raised have all been channelled to enhance the social welfare services provided by its member agencies. BOCHK was presented the Chest’s *Silver Award of the Corporate and Employee Contribution Programme* and the *President’s Award* in 2011.

With social responsibility being recognised as a key element for sustainable development of Hong Kong, BOCHK has sponsored the *Hong Kong Corporate Citizenship Programme* organised by the HKPC since 2010 for two consecutive years. Through a series of competitions, seminars and presentation of the *Hong Kong Outstanding Corporate Citizen Award*, the programme aims to encourage enterprises to adopt social responsibility principles in their business strategies and management measures. This year, a number of activities were designed to enhance the youths’ awareness of the responsibility of a company as a corporate citizen.

CORPORATE SOCIAL RESPONSIBILITY

We support the *Festival of Sport* to promote the "Sport for All" message in the community



In addition, the Group sponsored the *CSR CUMBA Conference 2011* organised by the Faculty of Business Administration of the Chinese University of Hong Kong ("CUMBA") under the theme of "Global Partnership for a Sustainable Future". More than 250 delegates from over 50 organisations of various business domains participated in the conference to share their experience and aspirations of CSR fulfillment.

Spreading the Message of Caring

We organised a *Kids and Kiss – Pay Love Forward* jointly with the Boys' & Girls' Clubs Association of Hong Kong for two consecutive years to show our care to children from low income and "foster care" families. In addition, BOCHK and BOC Life continued to sponsor the "*Kiddie Sky*" *Green Kids Banking Programme* and *Kids Garden* set up by the Department of Child Education and Community Services of Hong Kong Institute of Vocational Education, teaching children the basic operation of banks. We also sponsored the Institute to conduct a survey research on the topic of "Influence of parents' spending behaviours on children's money concepts and attitudes", aiming to

raise the public awareness of the importance of financial management education for children.

Caring has no boundaries. Ours is spread far and wide to the Mainland of China. BOCHK has supported the *Sowers Action* for three consecutive years from 2009. In 2011, a team of 10 staff took part in the *Charity Expedition in Qinghai for Education* organised by the *Sowers Action* in 2011. Over HK\$250,000 was raised and donated to the children in the Mainland mountain regions.

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 2011, the Bank assisted an orphan school in the Liaoning Province and continued to support a local school called Yangpeng School with donations. NCB (China) also continued to take part in the *Caring Deposits Programme* jointly launched with the Red Cross Society of China. Through the programme, the Bank collected books for donation to the children stricken by disaster or living in poverty-stricken areas.

Nurturing Future Talents

We spare no effort in nurturing our younger generation to build a better society. Since 1990, the Foundation has awarded HK\$14.43 million scholarships and bursaries to nine universities in Hong Kong, benefitting a total of 1,540 students. We organised the seventh *Internship Programme for Financial Professionals in the Mainland of China*, together with the *Summer Internship Programme for Tertiary Institution Students*, offering university and tertiary institution students the internship opportunities at the branches of BOC in the Mainland.

Meanwhile, BOC Life fully supports youth development by sponsoring the *Meet Challenge in Wudang*, a martial art training programme organised for the first time by the Hong Kong Federation of Youth Groups. 30 youths from 14 local tertiary institutions built up physical and mental strength during their 17-day stay at the Wudang Monastery in the Hubei Province, China. In addition, BOC Life and the Junior Achievement jointly organised the *JA Primary*

CORPORATE SOCIAL RESPONSIBILITY

鋼琴巨星
雲迪
浪漫
奏會

12.2011
中心大會堂G
HK\$1380/HK\$
及通利琴行
YUNDI 雲迪



In celebration of the centenary of Bank of China, we specially presented the *Yundi Red Romance Recital*

BOCHK proactively supported the *Hong Kong Corporate Citizenship Programme* to encourage enterprises to adopt social responsibility principles in their business strategies and management measures



Programme 2011 to give over 1,200 primary school children the basic knowledge about our society.

Fostering a Culture of Sport for All

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, with more than 500,000 participants over the past six years.

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 six 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 2011* held in 2012, we recorded a total of over 63,000 votes.

Badminton is the key sports initiative of the Foundation. A total of more than HK\$12 million was allocated for the development of the badminton in the past 13 years, benefitting over 920,000 participants. We continue our support with a donation of over HK\$4 million to the *Badminton Development & Training Scheme 2011-2014*. The Scheme includes competitions, fun days, training courses, reward programmes and demonstration sessions, in which over 80,000 people participated in 2011.

For 10 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. The competition's top honours, *BOCHK Bauhinia Bowls Award* and *BOCHK Rising Star Award*, have been set up to foster the young talented athletes.



BOCHK Charitable Foundation sponsored the *Hong Kong International Conducting Competition for Chinese Music* to help promote the development of Chinese orchestral music

In 2011, we recorded over 79,000 athlete enrolments from 274 schools, which participated in more than 8,400 matches of this competition.

Promoting Art and Culture

Dunhuang is home to the world-renowned grottoes. In 2011, BOCHK fully supported the *Dunhuang Culture and Preservation Study Series* organised by the University of Hong Kong. Led by scholars and experts, university students visited Dunhuang on a study tour to have a deeper understanding of the Chinese cultural heritage. Two public seminars, students' reporting sessions and exhibitions were organised with over 2,600 participants from the public.

Art and culture enrich our life and enhance creativity. In 2011, BOCHK sponsored the *Hong Kong International Conducting Competition for Chinese Music* to help identify conducting talents and promote the development of Chinese orchestral music. In addition, nearly 1,500 people participated in the *Conductor Demystified Workshops*, the *Art of Management with a Baton Sharing Sessions* and *Final Competition*. At the end of 2011, BOCHK specially presented *Yundi Red Romance Recital*. At the concert, Yundi played unique traditional Chinese music on top of Chopin's classical pieces.

CORPORATE SOCIAL RESPONSIBILITY



We organise a diverse range of staff recreational activities locally and in the Mainland to advocate work-life balance while enhancing staff communications and relations



Serving Our Shareholders with a Solid Foundation

The Group is committed to maximising shareholders' value and safeguarding shareholders' interests by enhancing corporate governance and ensuring a higher degree of transparency. For details, please refer to "Corporate Governance", "Investor Relations" and "Management's Discussion and Analysis".

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

People-oriented with Team Spirit

We understand that people are the foundation to our success. We are dedicated to nurturing talents and fostering promising careers so that our staff can grow along with the Group.

Staff Training and Development

The Group has a staff team of over 14,000, including talented professionals from different backgrounds with versatile experience and expertise. We recruited well-qualified management and business professionals, as well as university graduates through the *Management Trainee Programme*, *Officer Trainee Programme* and *Summer Internship Programme* for new ideas and inspiration.

The Group has been devising customised schemes that cover career development, performance appraisal, remuneration, training and career advancement plans for different managerial, professional and operational positions. Job rotation, cross-posting programmes, secondment and mentor programmes are available to promote continuous professional development of staff and prepare them for career advancement.

Talent development is one of our priorities. We invest heavily in staff training and development every year through diverse and multi-faceted training programmes. In 2011, the Group organised about 3,200 courses for approximately 188,000 participants. The programmes include a series of courses and workshops related to risk management, legal and compliance, business knowledge, sales and service, leadership development and corporate culture. Evaluation and monitoring systems are in place to ensure effectiveness of the training programmes.

We also work with internationally renowned universities, such as Peking University, Tsinghua University, Columbia University, Oxford University and Richard Ivey School of Business, to enhance the leadership and strategic thinking capabilities of our management staff.

Competitive Incentive Schemes

We are committed to providing our staff with competitive remuneration

CORPORATE SOCIAL RESPONSIBILITY



A different variety of staff training, be they active or static, held locally or abroad, are suitable for all levels of staff to join

package. We continue to review and refine our remuneration and benefits policy in line with market practices. Our staff is 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.

The Group attaches great importance to recognition of outstanding staff performance. We pay tribute to distinguished individuals and teams in our annual award presentation.

Caring Our Staff

"Respect our staff" is a core value of the Group. We put great emphasis on having two-way communication between the Group and our staff. A dedicated staff hotline is in place to gather staff feedback and opinions. To ensure a fair and reasonable treatment for staff, the Group's Human Resources Policy states clearly the mechanism of addressing our staff concerns. In 2011, we conducted an online staff engagement survey to understand opinions and suggestions of our staff in an effort to enhance our policies and measures.

Provision of a safe and congenial workplace is crucial to achieving good performance. The Group has been providing free body check-ups, medical insurance and counselling services to our staff.

We established the Dynamic Volunteer Team in 2006, with more than 1,000 registered volunteers now. The team proactively spreads the message of caring by participating in various community and volunteer activities organised by the Group jointly with a number of charitable organisations. In 2011, these included visiting the elderly and the mildly mentally handicapped persons, as well as outings with children and the elderly. Our staff also volunteered to

offer assistance to the *LOHAS Atelier*, *Hong Kong Geopark Charity Green Walk*, the *Power Plant* presented by Hong Kong Arts Festival, a counselling programme for those who have suffered a bereavement, and a special movie day for the visually impaired and their families to enjoy a movie with audio description.

To promote a harmonious relationship and enhance cohesion among staff, we organised a fun day for staff at Hong Kong Disneyland at the end of 2011, in which about 99% of our staff had enrolled. It eventually attracted nearly 30,000 staff members and their companions to participate. Educational workshops by financial professionals were organised to teach our employees' children the important financial concepts. We raised our staff's health awareness by arranging a series of health seminars. During Chinese New Year and Mid-autumn Festival, we also share the joy with our staff by giving them special festive gifts.

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

- One of the World's 10 Strongest Banks and the Top among Banks in Hong Kong (Bloomberg Markets)
- "One of the Top 10 Banks in Hong Kong and Top 20 Banks with the Highest Net Profits" of the Top 300 Banks in Asia in 2011 (Yazhou Zhoukan)
- China Bond House of the Year 2011 (International Financing Review Asia)
- In the capacity of a Joint Global Coordinator of ICBC Asia's Basel III compliant RMB subordinated bond: Best Offshore Renminbi Offering Award 2011 (FinanceAsia)
- Investment-grade Bond of the Year 2011 (International Financing Review Asia)
- Top bank in the Hong Kong-Macau syndicated loan market for seven consecutive years (Basis Point)
- Excellent Brand of RMB Banking Service of the Hong Kong Leaders' Choice Brand Awards 2012 (Metro Finance)
- Best SME's Partner Award for four consecutive years (The Hong Kong General Chamber of Small and Medium Business)
- USD STP Excellence Award (JPMorgan Chase & Deutsche Bank respectively)
- EUR STP Excellence Award (The Commerzbank, A.G, Frankfurt)
- The Person-to-Person Telemarketing Code of Practice Certification and the following awards presented by the Hong Kong Call Centre Association (HKCCA): HKCCA Grand Award of the Year 2011 Asia Pacific Contact Centre Association Leaders Award – Hong Kong Region

AWARDS AND RECOGNITION

- Mystery Caller Assessment Award – Gold
- Inbound Contact Centre of the Year (Over 50 Seats) – Gold
- Outbound Contact Centre of the Year (Over 50 Seats) – Gold
- Best Contact Centre Video – Gold
- Outbound Contact Centre Manager of the Year – Gold
- Inbound Contact Centre Team Leader of the Year – Gold
- Inbound Contact Centre Agent of the Year – Gold
- Customer Service Excellence Award 2011 – Individual Award (Counter Service) (Hong Kong Association for Customer Service Excellence)
- The HKIB Outstanding Financial Management Planner Awards (The Hong Kong Institute of Bankers):
 - Outstanding Financial Planner Gold Award
 - Outstanding Financial Planner Certificate of Merit
 - Best Presentation Award
- ISO 9001: 2008 Quality Management System Certification presented to the Trade Service Centre (SGS Hong Kong)
- Certificate of Merit for Crime Prevention (Tsuen Wan Police Station)
- Best Retail Bank of the Prime Awards for Banking & Finance Corporations 2011 (MetroBOX)
- Capital Weekly Service Awards for Mobile Banking, and Internet Banking for three consecutive years (Capital Weekly)

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 Awards – Inflight Acceptance and UnionPay Online Payment – 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
 - New Visa payWave Programme Launch – 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: Cross-Border Cardholder Spending in Hong Kong – 1st Runner up
- Complaints Handling System Certificate of ISO 10002 (Hong Kong Quality Assurance Agency)
- Hong Kong Call Centre Association Awards:
 - Mystery Caller Assessment Award – Best of the Best
 - Mystery Caller Assessment Award – Gold

Awards presented to BOC Life by various organisations:

- One of the Top 3 of the 15th Asia Insurance Industry Award – 2011 Life Insurance Company of the Year (Asia Insurance Review, Singapore and The Review Worldwide Reinsurance Magazine, UK)
- Best Practice Awards – Best Practices in Customer Engagement (Best Practice Management Group)
- Awards for Excellence in Training and Development (Hong Kong Management Association):
 - Award for Excellence in Training and Development – Gold
 - Best Presentation Award
 - Most Innovative Award
- Love Weight: 2011 The Kam Fan Award – Crafts – Best Chinese Copy Merit Award (The Association of Accredited Advertising Agencies of Hong Kong)
- Person-to-Person Telemarketing Code of Practice Certification (Hong Kong Call Centre Association)

Chiyu Banking Corporation:

- “2011 Honorary Award for One of the Top 20 Banks – Hong Kong Region” of the Top 300 Banks in Asia (Yazhou Zhoukan)

NCB (China):

- 2011 Wealth Management Bank with Distinguished Competitiveness Award (China Business Journal)
- The Most Popular Wealth Management Service Award of the 9th Wealth Management Exhibition (Money Weekly)

AWARDS AND RECOGNITION



Environmental Protection

- Green Employer Award (Inland Revenue Department of the HKSAR Government)

BOC Tower, BOC Building, BOC Centre and Bank of China Wanchai Commercial Centre:

- ISO 14001 Certification (UKAS)
- Certificate of Quality Water Recognition Scheme for Building (Water Supplies Department of the HKSAR Government)

BOC Tower and BOC Centre:

- Indoor Air Quality Certificate – Excellent Class (Environmental Protection Department of the HKSAR Government)
- Hygiene Control Management Systems Certificate (SGS Hong Kong)

BOC Tower:

- One of the top 20 iconic skyscrapers in the world (CNGO of CNN)

BOC Building:

- HKQAA Carbon Reduction Label (Hong Kong Quality Assurance Agency)

BOC Centre:

- Carbon Less 4% Certificate (Hong Kong Awards for the Environmental Excellence)
- ISO 50001:2011 Energy Management System Certification (SGS Hong Kong)

BOC Group Life Assurance Tower:

- Indoor Air Quality Certificate – Good Class (Environmental Protection Department of the HKSAR Government)
- Certificate of Quality Water Recognition Scheme for Building (Water Supplies Department of the HKSAR Government)

BOC-CC:

- Certificate of Merit of the Hong Kong Awards for Environmental Excellence in the sector of Financial, Insurance and Accounting Institutions (Environmental Campaign Committee)

AWARDS AND RECOGNITION

Social Responsibility

- Included as a constituent of Hang Seng Corporate Sustainability Index and Hang Seng (Mainland and HK) Corporate Sustainability Index respectively for two consecutive years, and included as a constituent of the Hang Seng Corporate Sustainability Benchmark Index
- Partner in Giving and Sharing Award, President's Award, Silver Award of the Corporate and Employee Contribution Programme and the Second Highest Donation Award of the Green Day in 2011 (The Community Chest)
- Caring Company for nine consecutive years (The Hong Kong Council of Social Service)
- Gold Award of Enterprises with Integrity and Credibility and Award of Justice in the Financial and Insurance Category (Hang Seng Management College)

BOC-CC and BOC Life:

- Caring Company (The Hong Kong Council of Social Service)

Corporate Governance and Investor Relations

- 2011 Best Investor Relations – Second Place in the banking sector, nominated by the Buy Side (Institutional Investor Magazine)
- Top 3 Best Reporting by a Hong Kong Company Award 2011 (Investor Relations Magazine)
- Hong Kong Corporate Governance Excellence Award 2011 – Main Board Companies: Hang Seng Index Constituent Companies (The Chamber of Hong Kong Listed Companies and the Hong Kong Baptist University)



Innovation and Creativity

- The Best Creative Buy – Metro Creative Awards Ceremony 2011 (MetroHK)
- Corporate Strategy Excellence Award 2011 (Eastweek)
- Outstanding Corporate Image Award 2011 (TVB Weekly)
- International ARC Awards
Annual Report 2010 of BOC Hong Kong (Holdings) Limited: Honours for “Financial Data – Bank Holding Company”
- Astrid Awards
BOCHK's Caring Hong Kong – A Heart Warming Campaign: Silver Award for “Campaigns: Corporate Social Responsibility”
Desk Top Calendar 2011: Bronze Award for “Calendars: Corporate”
- Galaxy Awards
Desk Top Calendar 2011: Gold Award for “Design: Calendar”
RMB Business Advertisements: Bronze Award for “Advertising: Print Campaign (Other Countries)”
BOC UnionPay Dual Currency Commercial Card: Honours for “Promotion: New Product Introduction”
- Mercury Awards
Power Plant: Bronze Award for “Special Events: Exhibition Promoting Environmental Protection”
Hong Kong Global Geopark of China – Prehistoric Story Room: Silver Award for “Special Events: Exhibition (Geology Formation)” and Honours for “Promotion/Marketing: Earth Science”
Desk Top Calendar 2011: Honours for “Design: Calendar”
- iNOVA Awards
2010 Christmas E-Cards: Grand Award for “Brand Management” and Gold Award for “Brand Management: E-Cards”
BOCHK Corporate Website: Silver Award for “Corporate Website: Banking/Financial”
- The Beauty of Geo Rocks: Award of Merit in the “Promotional Material Printing: Others” category of the 23rd Hong Kong Print Awards 2011 (Graphic Arts Association of Hong Kong)



85	Consolidated Income Statement
86	Consolidated Statement of Comprehensive Income
87	Consolidated Balance Sheet
88	Notes to the Financial Statements
111	Connected Transactions
112	Reconciliation between HKFRSs vs IFRS/CAS
114	Report of the Independent Auditor on the Summary Financial Report

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December	Notes	2011 HK\$'m	2010 HK\$'m
Interest income		31,931	23,449
Interest expense		(9,952)	(4,715)
Net interest income		21,979	18,734
Fee and commission income		10,858	9,479
Fee and commission expense		(3,025)	(2,435)
Net fee and commission income		7,833	7,044
Gross earned premiums		12,927	8,650
Gross earned premiums ceded to reinsurers		(7,244)	(2,166)
Net insurance premium income		5,683	6,484
Net trading gain		1,710	1,369
Net (loss)/gain on financial instruments designated at fair value through profit or loss		(340)	742
Net gain on other financial assets		308	656
Other operating income		525	467
Total operating income		37,698	35,496
Gross insurance benefits and claims		(13,844)	(10,053)
Reinsurers' share of benefits and claims		6,992	2,065
Net insurance benefits and claims		(6,852)	(7,988)
Net operating income before impairment allowances		30,846	27,508
Net (charge)/reversal of impairment allowances		(506)	315
Net operating income		30,340	27,823
Operating expenses		(7,862)	(9,584)
Operating profit		22,478	18,239
Net gain from disposal of/fair value adjustments on investment properties		2,213	1,511
Net loss from disposal/revaluation of properties, plant and equipment		(34)	(6)
Share of profits less losses after tax of associates		23	(2)
Profit before taxation		24,680	19,742
Taxation		(3,867)	(3,052)
Profit for the year		20,813	16,690
Profit attributable to:			
Equity holders of the Company		20,430	16,196
Non-controlling interests		383	494
		20,813	16,690
Dividends		12,560	10,277
		HK\$	HK\$
Earnings per share for profit attributable to the equity holders of the Company			
Basic and diluted	3	1.9323	1.5319

The notes on pages 88 to 110 are an integral part of these Summary Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	Notes	2011 HK\$'m	2010 HK\$'m
Profit for the year		20,813	16,690
Premises:			
Revaluation of premises		8,989	4,942
Deferred tax	7	(1,422)	(788)
		7,567	4,154
Available-for-sale securities:			
Change in fair value of available-for-sale securities		(548)	1,774
Release upon disposal of available-for-sale securities		(469)	(675)
Net reversal of impairment allowances on available-for-sale securities transferred to income statement		(7)	(208)
Amortisation with respect to available-for-sale securities transferred to held-to-maturity securities		(29)	(41)
Deferred tax	7	156	(129)
		(897)	721
Change in fair value of hedging instruments under net investment hedges		(117)	(30)
Currency translation difference		345	223
Other comprehensive income for the year, net of tax		6,898	5,068
Total comprehensive income for the year		27,711	21,758
Total comprehensive income attributable to:			
Equity holders of the Company		27,293	21,258
Non-controlling interests		418	500
		27,711	21,758

The notes on pages 88 to 110 are an integral part of these Summary Financial Statements.

CONSOLIDATED BALANCE SHEET

As at 31 December	Notes	2011 HK\$'m	2010 HK\$'m
ASSETS			
Cash and balances with banks and other financial institutions		278,795	415,812
Placements with banks and other financial institutions maturing between one and twelve months		107,910	39,499
Financial assets at fair value through profit or loss		48,602	69,876
Derivative financial instruments		26,787	23,854
Hong Kong SAR Government certificates of indebtedness		65,890	46,990
Advances and other accounts		755,229	645,424
Investment in securities		376,998	360,184
Interests in associates		234	212
Investment properties	5	12,441	10,342
Properties, plant and equipment	6	39,650	31,049
Deferred tax assets	7	210	157
Other assets		25,764	17,641
Total assets		1,738,510	1,661,040
LIABILITIES			
Hong Kong SAR currency notes in circulation		65,890	46,990
Deposits and balances from banks and other financial institutions		236,694	313,784
Financial liabilities at fair value through profit or loss		3,237	25,493
Derivative financial instruments		22,281	21,355
Deposits from customers		1,145,951	1,027,033
Debt securities in issue at amortised cost		5,985	–
Other accounts and provisions		41,811	35,480
Current tax liabilities		2,237	1,726
Deferred tax liabilities	7	5,365	4,206
Insurance contract liabilities		47,220	39,807
Subordinated liabilities		28,656	26,877
Total liabilities		1,605,327	1,542,751
EQUITY			
Share capital	8	52,864	52,864
Reserves	9	76,901	62,317
Capital and reserves attributable to the equity holders of the Company		129,765	115,181
Non-controlling interests		3,418	3,108
Total equity		133,183	118,289
Total liabilities and equity		1,738,510	1,661,040

The notes on pages 88 to 110 are an integral part of these Summary Financial Statements.

Approved by the Board of Directors on 29 March 2012 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 2011.

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 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.

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 of loss that a customer or counterparty will be unable to or unwilling to meet its contractual obligations. Credit risk exists in the trading book and banking book, on- and off-balance sheet exposures of a bank. It arises principally from the 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

The maximum exposure is a worst case scenario of credit risk exposure to the Group without taking account of any collateral held or other credit enhancements. For on-balance sheet assets, the maximum exposure to credit risk equals their carrying amount. For letters of guarantee issued, the maximum exposure to credit risk is the maximum amount that the Group could be required to pay if the guarantees are called upon. For loan commitment and other credit related liabilities, the maximum exposure to credit risk is the full amount of the committed facilities.

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 dollars equivalent, categorised by the original currency.

	2011							
	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	222,388	30,932	17,138	1,991	2,390	543	3,413	278,795
Placements with banks and other financial institutions maturing between one and twelve months	93,278	10,689	3,443	-	25	-	475	107,910
Financial assets at fair value through profit or loss	4,547	11,833	32,146	-	-	-	76	48,602
Derivative financial instruments	843	4,586	21,330	4	-	-	24	26,787
Hong Kong SAR Government certificates of indebtedness	-	-	65,890	-	-	-	-	65,890
Advances and other accounts	54,189	214,930	472,415	3,105	1,835	84	8,671	755,229
Investment in securities								
– Available-for-sale securities	27,671	149,143	58,883	9,467	44,335	251	26,648	316,398
– Held-to-maturity securities	17,015	20,522	8,262	1,089	2,125	-	4,914	53,927
– Loans and receivables	-	-	-	1,876	-	4,640	157	6,673
Interests in associates	-	-	234	-	-	-	-	234
Investment properties	106	-	12,335	-	-	-	-	12,441
Properties, plant and equipment	554	1	39,095	-	-	-	-	39,650
Other assets (including deferred tax assets)	9,381	412	15,007	423	381	72	298	25,974
Total assets	429,972	443,048	746,178	17,955	51,091	5,590	44,676	1,738,510
Liabilities								
Hong Kong SAR currency notes in circulation	-	-	65,890	-	-	-	-	65,890
Deposits and balances from banks and other financial institutions	155,582	40,110	38,668	40	181	5	2,108	236,694
Financial liabilities at fair value through profit or loss	203	51	2,665	-	-	-	318	3,237
Derivative financial instruments	886	4,025	16,752	393	1	1	223	22,281
Deposits from customers	245,375	231,136	596,308	13,634	1,756	14,434	43,308	1,145,951
Debt securities in issue at amortised cost	-	5,868	117	-	-	-	-	5,985
Other accounts and provisions (including current and deferred tax liabilities)	5,607	14,309	26,225	670	806	778	1,018	49,413
Insurance contract liabilities	10,728	6,501	29,991	-	-	-	-	47,220
Subordinated liabilities	-	22,031	-	6,625	-	-	-	28,656
Total liabilities	418,381	324,031	776,616	21,362	2,744	15,218	46,975	1,605,327
Net on-balance sheet position	11,591	119,017	(30,438)	(3,407)	48,347	(9,628)	(2,299)	133,183
Off-balance sheet net notional position*	604	(110,908)	148,444	3,118	(48,403)	9,634	2,402	4,891
Contingent liabilities and commitments	25,032	102,857	253,398	3,572	1,158	857	3,311	390,185

NOTES TO THE FINANCIAL STATEMENTS

2. Financial risk management (continued)

2.2 Market Risk (continued)

(A) Currency risk (continued)

	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 from 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

* 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.

	2011						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	269,960	-	-	-	-	8,835	278,795
Placements with banks and other financial institutions maturing between one and twelve months	-	48,637	59,273	-	-	-	107,910
Financial assets at fair value through profit or loss	5,732	10,339	5,474	13,080	11,878	2,099	48,602
Derivative financial instruments	-	-	-	-	-	26,787	26,787
Hong Kong SAR Government certificates of indebtedness	-	-	-	-	-	65,890	65,890
Advances and other accounts	554,348	128,984	54,042	12,563	31	5,261	755,229
Investment in securities							
– Available-for-sale securities	60,433	64,432	42,885	97,200	46,949	4,499	316,398
– Held-to-maturity securities	5,336	14,862	8,299	17,992	7,438	-	53,927
– Loans and receivables	2,033	-	4,640	-	-	-	6,673
Interests in associates	-	-	-	-	-	234	234
Investment properties	-	-	-	-	-	12,441	12,441
Properties, plant and equipment	-	-	-	-	-	39,650	39,650
Other assets (including deferred tax assets)	-	-	-	-	-	25,974	25,974
Total assets	897,842	267,254	174,613	140,835	66,296	191,670	1,738,510
Liabilities							
Hong Kong SAR currency notes in circulation	-	-	-	-	-	65,890	65,890
Deposits and balances from banks and other financial institutions	211,777	1,807	1,429	-	-	21,681	236,694
Financial liabilities at fair value through profit or loss	1,116	802	824	473	22	-	3,237
Derivative financial instruments	-	-	-	-	-	22,281	22,281
Deposits from customers	867,556	138,977	74,731	9,134	162	55,391	1,145,951
Debt securities in issue at amortised cost	96	20	13	5,856	-	-	5,985
Other accounts and provisions (including current and deferred tax liabilities)	13,137	1,001	2,849	-	-	32,426	49,413
Insurance contract liabilities	-	-	-	-	-	47,220	47,220
Subordinated liabilities	-	-	6,625	-	22,031	-	28,656
Total liabilities	1,093,682	142,607	86,471	15,463	22,215	244,889	1,605,327
Interest sensitivity gap	(195,840)	124,647	88,142	125,372	44,081	(53,219)	133,183

NOTES TO THE FINANCIAL STATEMENTS

2. Financial risk management (continued)

2.2 Market Risk (continued)

(B) Interest rate risk (continued)

	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 from 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

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.

NOTES TO THE FINANCIAL STATEMENTS

2. Financial risk management (continued)

2.3 Liquidity Risk (continued)

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.

	2011							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	213,787	65,008	-	-	-	-	-	278,795
Placements with banks and other financial institutions maturing between one and twelve months	-	-	48,637	59,273	-	-	-	107,910
Financial assets at fair value through profit or loss								
- debt securities held for trading								
- certificates of deposit held	-	-	-	15	62	-	-	77
- others	-	5,052	9,587	2,740	2,944	4,633	-	24,956
- debt securities designated at fair value through profit or loss								
- certificates of deposit held	-	-	8	7	927	496	-	1,438
- others	-	282	301	2,672	9,661	7,116	-	20,032
- fund and equity securities	-	-	-	-	-	-	2,099	2,099
Derivative financial instruments	18,640	541	732	1,341	1,934	3,599	-	26,787
Hong Kong SAR Government certificates of indebtedness	65,890	-	-	-	-	-	-	65,890
Advances and other accounts								
- advances to customers	55,319	21,353	52,703	140,462	232,840	193,258	614	696,549
- trade bills	31	10,577	21,847	24,046	-	-	5	56,506
- advances to banks and other financial institutions	-	-	155	2,019	-	-	-	2,174
Investment in securities								
- debt securities held for available-for-sale								
- certificates of deposit held	-	3,170	2,316	12,561	9,495	-	-	27,542
- others	-	43,824	44,025	40,829	105,225	50,412	42	284,357
- debt securities held for held-to-maturity								
- certificates of deposit held	-	226	192	2,293	333	-	-	3,044
- others	-	1,510	5,251	10,853	24,187	8,831	251	50,883
- debt securities held for loans and receivables	-	2,033	-	4,640	-	-	-	6,673
- equity securities	-	-	-	-	-	-	4,499	4,499
Interests in associates	-	-	-	-	-	-	234	234
Investment properties	-	-	-	-	-	-	12,441	12,441
Properties, plant and equipment	-	-	-	-	-	-	39,650	39,650
Other assets (including deferred tax assets)	8,749	8,548	21	152	7,350	1,126	28	25,974
Total assets	362,416	162,124	185,775	303,903	394,958	269,471	59,863	1,738,510
Liabilities								
Hong Kong SAR currency notes in circulation	65,890	-	-	-	-	-	-	65,890
Deposits and balances from banks and other financial institutions	216,490	16,968	1,801	1,435	-	-	-	236,694
Financial liabilities at fair value through profit or loss								
- certificates of deposit issued	-	-	-	-	-	-	-	-
- others	-	1,116	802	825	472	22	-	3,237
Derivative financial instruments	13,661	700	771	1,491	3,945	1,713	-	22,281
Deposits from customers	583,005	337,186	137,991	76,830	10,777	162	-	1,145,951
Debt securities in issue at amortised cost	-	96	20	45	5,824	-	-	5,985
Other accounts and provisions (including current and deferred tax liabilities)	30,772	6,137	2,191	4,423	5,890	-	-	49,413
Insurance contract liabilities	1,530	729	866	4,379	26,458	13,258	-	47,220
Subordinated liabilities	-	-	419	1	-	28,236	-	28,656
Total liabilities	911,348	362,932	144,861	89,429	53,366	43,391	-	1,605,327
Net liquidity gap	(548,932)	(200,808)	40,914	214,474	341,592	226,080	59,863	133,183

NOTES TO THE FINANCIAL STATEMENTS

2. Financial risk management (continued)

2.3 Liquidity Risk (continued)

Maturity analysis (continued)

	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 from 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)

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.

The bases of regulatory capital calculation for credit risk, market risk and operational risk are described in Note 4.5 to the Financial Statements in the Annual Report. As a result of the change in the bases of regulatory capital calculation, the amounts shown below are not directly comparable.

(A) Capital adequacy ratio

	2011	2010
Capital adequacy ratio	16.90%	16.14%
Core capital ratio	12.51%	11.29%

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:

	2011 HK\$'m	2010 HK\$'m
Core capital:		
Paid up ordinary share capital	43,043	43,043
Reserves	31,947	28,475
Profit and loss account	8,318	5,332
Non-controlling interests	1,605	1,425
	84,913	78,275
Deductions from core capital	(313)	(332)
Core capital	84,600	77,943
Supplementary capital:		
Fair value gains arising from holdings of available-for-sale securities	290	588
Fair value gains arising from holdings of securities designated at fair value through profit or loss	18	29
Collective loan impairment allowances	91	1,985
Regulatory reserve	253	5,076
Surplus provisions	3,354	–
Term subordinated debt	25,961	26,198
	29,967	33,876
Deductions from supplementary capital	(313)	(332)
Supplementary capital	29,654	33,544
Total capital base after deductions	114,254	111,487

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. Their carrying value approximates fair value.

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.

Debt securities in issue at amortised cost

Fair value for senior notes and other debt securities in issue is based on market prices or broker/dealer price quotations 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 2011 amounted to HK\$22,031 million (2010: HK\$20,029 million) and HK\$20,704 million (2010: HK\$20,834 million) 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 2011 of approximately HK\$20,430 million (2010: HK\$16,196 million) and on the ordinary shares in issue of 10,572,780,266 shares (2010: 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 2011 (2010: 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:

	2011			
	Directors' fee HK\$'000	Basic salaries, allowances and benefits in kind HK\$'000	Bonus HK\$'000	Total HK\$'000
Executive Directors				
He Guangbei	100	7,265	4,836	12,201
Gao Yingxin	100	5,077	3,042	8,219
	200	12,342	7,878	20,420
Non-executive Directors				
Xiao Gang	-	-	-	-
Li Lihui	-	-	-	-
Li Zaohang	-	-	-	-
Zhou Zaiqun [#]	2,435	-	-	2,435
Zhang Yanling	-	-	-	-
Chen Siqing	-	-	-	-
Fung Victor Kwok King*	310	-	-	310
Koh Beng Seng*	350	-	-	350
Shan Weijian*	350	-	-	350
Tung Chee Chen*	300	-	-	300
Tung Savio Wai-Hok*	350	-	-	350
	4,095	-	-	4,095
	4,295	12,342	7,878	24,515

Madam Zhang Yanling resigned as a Non-executive Director of the Company and Mr. Chen Siqing was appointed as a Non-executive Director of the Company with effect from 15 December 2011.

NOTES TO THE FINANCIAL STATEMENTS

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

(a) Directors' emoluments (continued)

	2010			
	Directors' fee HK\$'000	Basic salaries, allowances and benefits in kind 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

Note:

* Includes fee as Chairman and Non-executive Director of Nanyang Commercial Bank, Limited

* 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, no options were exercised and no benefits arising from the granting of these share options were included in the directors' emoluments disclosed above or recognised in the income statement (2010: Nil).

For the year ended 31 December 2011, certain directors waived emoluments of HK\$2 million (2010: HK\$2 million), which include directors' fee from subsidiaries.

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 (2010: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2010: three) individuals during the year are as follows:

	2011 HK\$m	2010 HK\$m
Basic salaries and allowances	14	16
Bonus	7	5
Contributions to pension schemes	–	1
Directors' fee from subsidiaries	1	–
Amount paid as an inducement to join the Group	–	2
	22	24

Emoluments of individuals were within the following bands:

	Number of individuals	
	2011	2010
HK\$5,000,001 – HK\$5,500,000	1	–
HK\$5,500,001 – HK\$6,000,000	1	–
HK\$6,000,001 – HK\$6,500,000	–	2
HK\$11,000,001 – HK\$11,500,000	1	1

(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:

(i) Remuneration awarded during the year

	2011					
	Senior Management			Key Personnel		
	Non-deferred HK\$m	Deferred HK\$m	Total HK\$m	Non-deferred HK\$m	Deferred HK\$m	Total HK\$m
Fixed remuneration						
Cash	44	–	44	47	–	47
Variable remuneration						
Cash	15	7	22	22	8	30
Total	59	7	66	69	8	77

NOTES TO THE FINANCIAL STATEMENTS

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

(c) Remuneration for the Senior Management and Key Personnel (continued)

(i) Remuneration awarded during the year (continued)

	2010					
	Senior Management			Key Personnel		
	Non-deferred HK\$'m	Deferred HK\$'m	Total HK\$'m	Non-deferred HK\$'m	Deferred HK\$'m	Total HK\$'m
Fixed remuneration						
Cash	45	-	45	42	-	42
Variable remuneration						
Cash	13	3	16	19	1	20
Total	58	3	61	61	1	62

The remuneration above includes 11 (2010: 11) members of Senior Management and 21 (2010: 18) members of Key Personnel.

(ii) Deferred remuneration outstanding

	2011		2010	
	Senior Management HK\$'m	Key Personnel HK\$'m	Senior Management HK\$'m	Key Personnel HK\$'m
Deferred remuneration				
Vested	1	1	-	-
Unvested	9	8	3	1
	10	9	3	1
At 1 January	3	1	-	-
Awarded	7	8	3	1
Paid out	(1)	(1)	-	-
Reduced through performance adjustments	-	-	-	-
At 31 December	9	8	3	1

For the purpose of disclosure, Senior Management and Key Personnel mentioned in this section are defined according to the HKMA's Guideline on a Sound Remuneration System.

Senior Management: The senior executives designated by the Board who are responsible for oversight of the firm-wide strategy or material business lines, including Chief Executive, Deputy Chief Executives, Chief Financial Officer, Chief Risk Officer, Chief Operating Officer, Assistant Chief Executive, Board Secretary and Head of Group Audit.

Key Personnel: The employees whose individual business activities involve the assumption of material risk which may have significant impact on risk exposure, or whose individual responsibilities are directly and materially linked to the risk management, or those who have direct influence to the profit, including Head of material business line, Head of major subsidiary, Head of Trading and Chief Dealer, as well as Head of risk control functions.

NOTES TO THE FINANCIAL STATEMENTS

5. Investment properties

	2011 HK\$'m	2010 HK\$'m
At 1 January	10,342	9,364
Additions	14	2
Disposals	(25)	(171)
Fair value gains	2,200	1,511
Reclassification to properties, plant and equipment (Note 6)	(92)	(365)
Exchange difference	2	1
At 31 December	12,441	10,342

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

	2011 HK\$'m	2010 HK\$'m
Held in Hong Kong		
On long-term lease (over 50 years)	2,261	1,738
On medium-term lease (10 – 50 years)	9,944	8,398
Held outside Hong Kong		
On long-term lease (over 50 years)	2	6
On medium-term lease (10 – 50 years)	234	200
	12,441	10,342

As at 31 December 2011, investment properties are included in the consolidated balance sheet at valuation carried out at 31 December 2011 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 be exchanged 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.

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 2011	28,581	2,468	31,049
Additions	83	827	910
Disposals	(95)	(33)	(128)
Revaluation	8,989	–	8,989
Depreciation for the year	(610)	(667)	(1,277)
Reclassification from investment properties (Note 5)	92	–	92
Exchange difference	9	6	15
Net book value at 31 December 2011	37,049	2,601	39,650
At 31 December 2011			
Cost or valuation	37,049	7,414	44,463
Accumulated depreciation and impairment	–	(4,813)	(4,813)
Net book value at 31 December 2011	37,049	2,601	39,650
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

NOTES TO THE FINANCIAL STATEMENTS

6. Properties, plant and equipment (continued)

The analysis of cost or valuation of the above assets is as follows:

	Premises HK\$'m	Equipment, fixtures and fittings HK\$'m	Total HK\$'m
At 31 December 2011			
At cost	–	7,414	7,414
At valuation	37,049	–	37,049
	37,049	7,414	44,463
At 31 December 2010			
At cost	–	6,859	6,859
At valuation	28,581	–	28,581
	28,581	6,859	35,440

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

	2011 HK\$'m	2010 HK\$'m
Held in Hong Kong		
On long-term lease (over 50 years)	12,792	9,869
On medium-term lease (10 – 50 years)	23,819	18,288
Held outside Hong Kong		
On long-term lease (over 50 years)	102	94
On medium-term lease (10 – 50 years)	321	299
On short-term lease (less than 10 years)	15	31
	37,049	28,581

As at 31 December 2011, premises are included in the consolidated balance sheet at valuation carried out at 31 December 2011 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 be exchanged 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.

NOTES TO THE FINANCIAL STATEMENTS

6. Properties, plant and equipment (continued)

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 as follows:

	2011 HK\$'m	2010 HK\$'m
Increase in valuation credited to premises revaluation reserve	8,918	4,905
Increase in valuation credited to income statement	–	4
Increase in valuation credited to non-controlling interests	71	37
	8,989	4,946

As at 31 December 2011, 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\$6,666 million (2010: HK\$6,663 million).

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 are as follows:

	2011					
	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 2011	535	3,881	(124)	(333)	90	4,049
Charged/(credited) to income statement	12	(5)	(7)	(116)	(43)	(159)
Charged/(credited) to other comprehensive income	–	1,422	–	–	(156)	1,266
Exchange difference	–	1	–	(2)	–	(1)
At 31 December 2011	547	5,299	(131)	(451)	(109)	5,155

	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	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

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:

	2011 HK\$'m	2010 HK\$'m
Deferred tax assets	(210)	(157)
Deferred tax liabilities	5,365	4,206
	5,155	4,049
	2011 HK\$'m	2010 HK\$'m
Deferred tax assets to be recovered after more than twelve months	(141)	(106)
Deferred tax liabilities to be settled after more than twelve months	5,421	4,085
	5,280	3,979

As at 31 December 2011, the Group has not recognised deferred tax assets in respect of tax losses amounting to HK\$1,264 million (2010: HK\$1,208 million) which is considered unlikely to be utilised. These tax losses do not expire under the current tax legislation.

8. Share capital

	2011 HK\$'m	2010 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 2010	52,864	11,660	1,880	4,040	225	33,510	104,179	2,736	106,915
Profit for the year	-	-	-	-	-	16,196	16,196	494	16,690
Other comprehensive income:									
Premises	-	4,122	-	-	-	-	4,122	32	4,154
Available-for-sale securities	-	-	795	-	-	(40)	755	(34)	721
Change in fair value of hedging instruments under net investment hedges	-	-	-	-	(28)	-	(28)	(2)	(30)
Currency translation difference	-	3	(46)	-	256	-	213	10	223
Total 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		
At 1 January 2011	52,864	15,750	2,629	5,076	453	38,409	115,181	3,108	118,289
Profit for the year	-	-	-	-	-	20,430	20,430	383	20,813
Other comprehensive income:									
Premises	-	7,508	-	-	-	-	7,508	59	7,567
Available-for-sale securities	-	-	(838)	-	-	(28)	(866)	(31)	(897)
Change in fair value of hedging instruments under net investment hedges	-	-	-	-	(110)	-	(110)	(7)	(117)
Currency translation difference	-	4	(4)	-	331	-	331	14	345
Total comprehensive income	-	7,512	(842)	-	221	20,402	27,293	418	27,711
Release upon disposal of premises	-	(112)	-	-	-	112	-	-	-
Transfer from retained earnings	-	-	-	1,891	-	(1,891)	-	-	-
Dividend paid	-	-	-	-	-	(12,709)	(12,709)	(108)	(12,817)
At 31 December 2011	52,864	23,150	1,787	6,967	674	44,323	129,765	3,418	133,183
Company and subsidiaries	52,864	23,150	1,787	6,967	674	44,251	129,693		
Associates	-	-	-	-	-	72	72		
	52,864	23,150	1,787	6,967	674	44,323	129,765		
Representing:									
2011 final dividend proposed						5,899			
Others						38,424			
Retained earnings as at 31 December 2011						44,323			

* 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 manages the business mainly from a business segment perspective and over 90% of the Group's revenues, profits before tax and assets are derived from Hong Kong. Currently, four business segments are identified which 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.

Both Personal Banking and Corporate Banking provide general banking services including various deposit products, overdrafts, loans, credit cards, trade related products and other credit facilities, investment and insurance products, and foreign currency and derivative products, etc. Personal Banking mainly serves retail customers while Corporate Banking mainly deals with corporate customers. Treasury manages the funding and 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 investment-linked individual life insurance and group life insurance products. "Others" mainly represents Group's holdings of premises, investment properties, equity investments and interests in associates.

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. The senior management also relies primarily on net insurance premium income and benefits and claims to assess the performance of the Insurance segment.

Measurement of segment assets, liabilities, income, expenses, results and capital expenditure is based on the Group's accounting policies. The segment information includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment funding is charged according to the internal funds transfer pricing mechanism of the Group, which is primarily based on market rates with the consideration of specific features of the product.

In 2011, a more comprehensive cost allocation mechanism was adopted. No revision has been made to the comparative figures of last year. However, if the same mechanism is applied last year, it is estimated that the operating expenses of Personal Banking, Corporate Banking, Treasury and Others would be HK\$5,497 million, HK\$2,763 million, HK\$802 million, and HK\$1,273 million respectively.

NOTES TO THE FINANCIAL STATEMENTS

10. Segmental reporting (continued)

	2011							
	Personal Banking HK\$'m	Corporate Banking 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	1,386	6,901	11,991	1,697	4	21,979	–	21,979
– inter-segment	4,378	1,757	(5,978)	–	(157)	–	–	–
	5,764	8,658	6,013	1,697	(153)	21,979	–	21,979
Net fee and commission income	4,485	3,015	205	78	143	7,926	(93)	7,833
Net insurance premium income	–	–	–	5,696	–	5,696	(13)	5,683
Net trading gain/(loss)	583	298	724	136	(31)	1,710	–	1,710
Net loss on financial instruments designated at fair value through profit or loss	–	–	(4)	(339)	–	(343)	3	(340)
Net (loss)/gain on other financial assets	(2)	(29)	437	(22)	(76)	308	–	308
Other operating income	36	1	1	15	1,341	1,394	(869)	525
Total operating income	10,866	11,943	7,376	7,261	1,224	38,670	(972)	37,698
Net insurance benefits and claims	–	–	–	(6,852)	–	(6,852)	–	(6,852)
Net operating income before impairment allowances	10,866	11,943	7,376	409	1,224	31,818	(972)	30,846
Net (charge)/reversal of impairment allowances	(176)	(213)	50	(167)	–	(506)	–	(506)
Net operating income	10,690	11,730	7,426	242	1,224	31,312	(972)	30,340
Operating expenses	(5,787)	(3,085)	(911)	(209)	1,158	(8,834)	972	(7,862)
Operating profit	4,903	8,645	6,515	33	2,382	22,478	–	22,478
Net gain from disposal of/fair value adjustments on investment properties	–	–	–	–	2,213	2,213	–	2,213
Net loss from disposal/revaluation of properties, plant and equipment	(7)	(9)	–	–	(18)	(34)	–	(34)
Share of profits less losses after tax of associates	–	–	–	–	23	23	–	23
Profit before taxation	4,896	8,636	6,515	33	4,600	24,680	–	24,680
Assets								
Segment assets	241,275	536,091	860,848	57,299	61,099	1,756,612	(18,336)	1,738,276
Interests in associates	–	–	–	–	234	234	–	234
	241,275	536,091	860,848	57,299	61,333	1,756,846	(18,336)	1,738,510
Liabilities								
Segment liabilities	676,928	507,852	368,709	54,282	15,892	1,623,663	(18,336)	1,605,327
Other information								
Capital expenditure	26	4	–	20	874	924	–	924
Depreciation	317	153	59	5	743	1,277	–	1,277
Amortisation of securities	–	–	(294)	(1)	–	(295)	–	(295)

NOTES TO THE FINANCIAL STATEMENTS

10. Segmental reporting (continued)

	2010							
	Personal Banking HK\$'m	Corporate Banking 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 other financial assets	–	–	533	123	–	656	–	656
Other operating income	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

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:

	2011 HK\$'m	2010 HK\$'m
Aggregate amount of relevant transactions outstanding at year end	4,015	3,492
Maximum aggregate amount of relevant transactions outstanding during the year	4,572	3,878

12. Approval of summary financial statements

These Summary Financial Statements were approved and authorised for issue by the Board of Directors on 29 March 2012.

CONNECTED TRANSACTIONS

In 2011, 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 have 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 30 December 2010 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 25 May 2011. 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 2011-2013. 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.

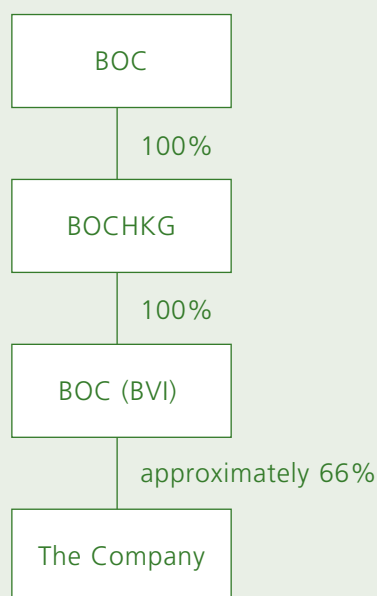
Type of Transaction	2011 Cap (HK\$'m)	2011 Actual Amount (HK\$'m)
Information Technology Services	1,000	47
Property Transactions	1,000	129
Bank-note Delivery	1,000	97
Provision of Insurance Cover	1,000	115
Card Services	1,000	101
Custody Business	1,000	32
Call Center Services	1,000	43
Securities Transactions	3,500	319
Fund Distribution Transactions	3,500	35
Insurance Agency	3,500	646
Foreign Exchange Transactions	3,500	106
Trading of Financial Assets	100,000	5,638
Inter-bank Capital Markets	100,000	2,601

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 HKFRSs and IFRS.

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	
	2011 HK\$'m	2010 HK\$'m	2011 HK\$'m	2010 HK\$'m
Profit after tax/net assets of BOC Hong Kong (Holdings) Limited prepared under HKFRSs	20,813	16,690	133,183	118,289
Add: IFRS/CAS adjustments				
Re-measurement of carrying value of treasury products	(27)	(35)	–	(3)
Restatement of carrying value of bank premises	488	323	(26,124)	(17,726)
Deferred tax adjustments	(33)	(44)	4,305	2,931
Effect of early adoption of HKAS 12 (Amendment)	(323)	(153)	(1,778)	(1,449)
Profit after tax/net assets of BOC Hong Kong (Holdings) Limited prepared under IFRS/CAS	20,918	16,781	109,586	102,042

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 on pages 1 to 124 and the front and back cover pages includes a financial section in respect of the Company for the year ended 31 December 2011. The financial section of the Company set out on pages 85 to 110 which comprises the consolidated balance sheet as at 31 December 2011, 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 2011. We expressed an unmodified audit opinion on those financial statements in our report dated 29 March 2012.

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 2011, 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 2011 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 2011 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, 29 March 2012

SHAREHOLDER INFORMATION

Financial Calendar 2012

Major Events	Dates
Announcement of 2011 annual results	29 March (Thursday)
Latest time for lodging transfers for entitlement to attend and vote at the 2012 Annual General Meeting	23 May (Wednesday) 4:30 p.m.
Book closure period (both days inclusive)	24 May (Thursday) to 29 May (Tuesday)
Latest time for lodging proxy forms for the 2012 Annual General Meeting	27 May (Sunday) 2:00 p.m.
2012 Annual General Meeting	29 May (Tuesday) 2:00 p.m.
Last day in Hong Kong for dealing in the Company's shares with entitlement to final dividend	30 May (Wednesday)
Ex-dividend date	31 May (Thursday)
Latest time for lodging transfers for entitlement to final dividend	1 June (Friday) 4:30 p.m.
Book closure period (both days inclusive)	4 June (Monday) to 7 June (Thursday)
Record date for final dividend	7 June (Thursday)
Final dividend payment date	15 June (Friday)
Announcement of 2012 interim results	Mid to late August

Annual General Meeting

The 2012 Annual General Meeting will be held at 2:00 p.m. on Tuesday, 29 May 2012 at Four Seasons Grand Ballroom, Level 2, Four Seasons Hotel Hong Kong, 8 Finance Street, Central, 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 2011, the Company's market capitalisation was HK\$194.5 billion. Given the Company's market capitalisation and liquidity, its shares are a constituent of the Hang Seng Index, MSCI Index and FTSE Index series. In addition, the Company has been included as a constituent of Hang Seng Corporate Sustainability Index Series in recognition of its performance with regard to corporate sustainability issues.

Debt Securities

Issuer : Bank of China (Hong Kong) Limited, a wholly-owned and principal subsidiary of the Company
 Listing : The Notes are listed and traded on The Stock Exchange of Hong Kong Limited (HKEX)

Subordinated Notes

Description : Bank of China (Hong Kong) Limited 5.55% Subordinated Notes 2020
 Issue size : US\$2,500 million
 Stock codes : HKEX 4316
 ISIN USY1391CAJ00
 Bloomberg E11388897

SHAREHOLDER INFORMATION

Senior Notes

Description	:	Bank of China (Hong Kong) Limited 3.75% Senior Notes due 2016 issued under the Medium Term Note Programme of US\$15 billion
Issue size	:	US\$750 million
Stock codes	:	HKEX 4528
		ISIN USY1391CDU28
		Bloomberg EI8623411

Share Price and Trading Information

Share price (HK\$)	2011	2010	2009
Closing price at year end	18.40	26.45	17.60
Highest trading price during the year	28.35	29.40	19.88
Lowest trading price during the year	14.24	15.92	6.30
Average daily trading volume (m shares)	18.97	17.20	27.51
Number of ordinary shares issued (shares)	10,572,780,266		
Public float	Approximately 34%		
Nominal value per share	HK\$5.00		

Dividends

The Directors has recommended a final dividend of HK\$0.558 per share, which is subject to the approval of shareholders at the 2012 Annual General Meeting. With the interim dividend per share of HK\$0.630 paid during 2011, the total dividend per share will be amounted to HK\$1.188 for the whole year.

Credit Ratings (long-term)

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

Shareholder Enquiries

For any enquiries or requests relating to shareholder's shareholding, e.g. change of personal details, transfer of shares, loss of share certificates and dividend warrants, etc., please send 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) 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
"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-CC"	BOC Credit Card (International) Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of BOCHK
"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
"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
"BOCI"	BOC International Holdings Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of BOC
"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
"Board" or "Board of Directors"	the Board of Directors of the Company

DEFINITIONS

Terms	Meanings
"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
"CAS"	China Accounting Standards
"CBS"	Corporate Banking Services
"CIC"	China Investment Corporation
"CRO"	Chief Risk Officer
"Central Huijin"	Central Huijin Investment Ltd.
"Chiyu"	Chiyu Banking Corporation Limited, a company incorporated under the laws of Hong Kong, in which BOCHK holds an equity interest of 70.49%
"FIRB"	Foundation Internal Ratings-Based
"Fitch"	Fitch Ratings
"GDP"	Gross Domestic Product
"HIBOR"	Hong Kong Interbank Offered Rate
"HKAS(s)"	Hong Kong Accounting Standard(s)
"HKFRS(s)"	Hong Kong Financial Reporting Standard(s)
"HK GAAP"	Generally Accepted Accounting Principles in Hong Kong
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"HKMA"	Hong Kong Monetary Authority
"Hong Kong" or "Hong Kong SAR"	Hong Kong Special Administrative Region
"ICAAP"	Internal Capital Adequacy Assessment Process
"IFRS"	International Financial Reporting Standards
"IPO"	Initial Public Offering
"IRB"	Internal Ratings-Based
"IT"	Information Technology

DEFINITIONS

Terms	Meanings
"LIBOR"	London Interbank Offered Rate
"LSC"	Legal Services Centre
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"MSCI Index"	Morgan Stanley Capital International Index
"Mainland" or "Mainland China"	the mainland of the PRC
"Medium Term Note Programme"	the medium term note programme was established by BOCHK on 2 September 2011
"Moody's"	Moody's Investors Service
"NCB (China)"	Nanyang Commercial Bank (China), Limited, a company incorporated under the laws of the PRC and a wholly-owned subsidiary of Nanyang
"Nanyang"	Nanyang Commercial Bank, Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of BOCHK
"OR&CD"	the Operational Risk & Compliance Department
"PBOC"	People's Bank of China
"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
"RQFII(s)"	Renminbi Qualified Foreign Institutional Investor(s)
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"SME(s)"	Small and medium-sized enterprise(s)
"STC"	Standardised (Credit Risk)
"STM"	Standardised (Market Risk)
"STO"	Standardised (Operational Risk)
"Share Option Scheme"	the Share Option Scheme conditionally approved and adopted by the shareholders of the Company on 10 July 2002

DEFINITIONS

Terms	Meanings
"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
"the Company"	BOC Hong Kong (Holdings) Limited, a company incorporated under the laws of Hong Kong
"the Group"	the Company and its subsidiaries collectively referred as the Group
"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 1&2, 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
Quarry Bay Branch	Parkvale, 1060 King's Road, Quarry Bay, Hong Kong	2564 0333
Shau Kei Wan (Po Man Building) Branch	260-262 Shau Kei Wan Road, Shau Kei Wan, Hong Kong	3550 5000

Branch	Address	Telephone
Southern District		
Tin Wan Branch	2-12 Ka Wo Street, Tin Wan, Hong Kong	2553 0135
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
Stanley Branch	Shop No. 301B, Stanley Plaza, Hong Kong	3982 8188

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
OCHK 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	17-8 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		
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
Sai Kung Branch	Shop No. 56 & 58, Sai Kung Town Centre, 22-40 Fuk Man Road, Sai Kung, New Territories	2792 1465
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) 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
Castle Peak Road (Tsuen Wan) Branch Securities Services Centre	167 Castle Peak Road, Tsuen Wan, New Territories	2406 1746
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
Kin Wing Street Branch	24-30 Kin Wing Street, Tuen Mun, New Territories	2465 2212
Venice Gardens Branch	Shop 13-15, 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
Leung King Estate Branch	Shop No. L221 and L222, Level 2, Leung King Shopping Centre, Leung King Estate, 31 Tin King Road, Tuen Mun, New Territories	2463 3855
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
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
Tin Shui Estate Branch	Shop No. G30, Tin Shui Shopping Centre, Tin Shui Wai, New Territories	2445 8728
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
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
Choi Yuen Plaza Branch	Shop 3, 3/F, Choi Yuen Plaza, Sheung Shui, New Territories	2671 6783
Outlying Island District		
Cheung Chau Branch	53-55 Tai Sun Street, Cheung Chau, New Territories	2981 0021
Hong Kong International Airport Branch	Unit 77075, 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	3982 7078
Corporate Business I	10/F, Bank of China Tower, 1 Garden Road, Hong Kong	2826 6889
Corporate Business II	9/F, Bank of China Tower, 1 Garden Road, Hong Kong	3982 6509
Commercial Business I	Unit 701-706, The Gateway Tower 3 (Prudential Tower), 21 Canton Road, Tsim Sha Tsui, Kowloon	3982 7300
Commercial Business II	9/F, Bank of China Tower, 1 Garden Road, Hong Kong	3982 6555
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	3982 6513
Hong Kong East Commercial Centre	13/F, Cambridge House, Taikoo Place, 981 King's Road, Island East, Hong Kong	3982 7398
Hong Kong East SME Centre		
Kowloon East Commercial Centre	25/F, Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong	3982 7600
Kowloon East SME Centre		
Kowloon West Commercial Centre	9/F, BOC Mongkok Commercial Centre, 589 Nathan Road, Mongkok, Kowloon	3982 7700
Kowloon West SME Centre		
New Territories East Commercial Centre	3/F, 68-70 Po Heung Street, Tai Po Market, New Territories	3982 7888
New Territories East SME Centre		
Fo Tan Commercial Centre Fo Tan SME Centre	Room 1408, 14/F, Shatin Galleria, 18-24 Shan Mei Street, Fo Tan, Shatin, New Territories	3982 7800
New Territories West Commercial Centre	Unit 1316-1325, Level 13, Metroplaza Tower 1, 223 Hing Fong Road, Kwai Chung, New Territories	3982 7900
New Territories West SME Centre		
Financial Institutions	33/F, Bank of China Tower, 1 Garden Road, Hong Kong	2903 6666
Trade Product	5/F, Bank of China Centre, Olympian City, 11 Hoi Fai Road, West Kowloon	3198 3544
Shun Tak Centre Commercial Services Centre	Shop 225, 2/F, Shun Tak Centre, 200 Connaught Road Central, Sheung Wan, Hong Kong	2291 6081
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'Aguilar Street, Central, Hong Kong	2522 5011
Sunning Road Branch	8 Sunning Road, Causeway Bay, Hong Kong	2882 7668
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

BRANCH NETWORK & CORPORATE BANKING CENTRES

Nanyang Commercial Bank – Branch Network (continued)

Branch	Address	Telephone
Tsimshatsui Branch	Shop A, 1/F, Hong Kong Pacific Centre, 28 Hankow Road, Tsimshatsui, Kowloon	2376 3988
Hungghom Branch	69A Wuhu Street, Hungghom, 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
Kowloon Bay Branch	Shop 2, G/F, Shun Fat Industrial Building, 17 Wang Hoi Road, Kowloon Bay, Kowloon	2769 6268
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	Block A, F6, Nanyang Commercial Bank Building, No. 800 Century Avenue, Shanghai, China	(86-21) 6887 9801
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 1861
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, Yau Ma Tei, Kowloon	2332 2533
Castle Peak Road Branch	G/F, 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
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

Branch	Address	Telephone
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, Tseung 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	Nanyang Commercial Bank Building, No.800 Century Avenue, Pudong New Area, Shanghai, China	(86-21) 3856 6666
Shenzhen Branch	G/F, 2/F, Block C, Nanyang Mansion, No.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, No.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, No.233 Tianhe North Road, Guangzhou, China	(86-20) 3891 2668
Guangzhou Panyu Sub-Branch	C001-C008 & C101-C106, No.2 Fuhua West Road, Shiqiao, Panyu, Guangzhou, China	(86-20) 3451 0228
Foshan Sub-Branch	Ground Floor P5-P6 & Room 403-405, Jinhai Plaza, No.21 Jihua Wu Road, Chancheng District, Foshan, China	(86-757) 8290 3368
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 · 2A, No.88 Jianguomen Wai Dajie, Chaoyang District, Beijing, China	(86-10) 6568 4728
Beijing Zhongguancun Sub-Branch	Room 105&106, Ground Floor, No.8 Haidian North Second Street, Haidian District, Beijing	(86-10) 5971 8565
Shanghai Branch	1F, 2F & MF, Nanyang Commercial Bank Building, No.800 Century Avenue, Pudong New Area, Shanghai, China	(86-21) 2033 7500
Shanghai Xuhui Sub-Branch	Huafucheng Mansion, No.2 Lane 498 Tianyaoqiao Road, Xuhui District 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
Shanghai Hongqiao Sub-Branch	Unit 105-106, No.107 Zunyi Road, Changning District, Shanghai, China	(86-21) 6237 5000
Shanghai Huangpu Sub-Branch	Room A103-A107, Tomorrow Square, No.389 Nanjing West Road, Huangpu District, Shanghai, China	(86-21) 6375 5858
Hangzhou Branch	1/F, Guo Mao Da Sha, 195-1 Qingchun Road, Hangzhou, Zhejiang, China	(86-571) 8778 6000
Nanning Branch	1/F, Kings Wealth CBD Modern Town, No.63 Jinhua Road, Nanning, Guangxi, China	(86-771) 555 8333
Shantou Branch	G/F, No.3 Yingbin Road, Shantou, Guangdong, China	(86-754) 8826 8266
Qingdao Branch	South Door, No.66 Nanjing Road, Qingdao, China	(86-532) 6670 7676
Qingdao Economic & Technical Development Zone Sub-Branch	NO.218 Changjiang Middle Road, Economic & Technical Development Zone, Qingdao, Shandong, China	(86-532) 6805 5618
Chengdu Branch	M & 1/F, Dong Du INTL, 70 Section 2, Mid Renmin Road, Chengdu, China	(86-28) 8628 2777
Wuxi Branch	Vanke Homes, No.28 Changjiang North Road, Wuxi New District, Wuxi, China	(86-510) 8119 1666



Be environmentally friendly for our better future

As a good corporate citizen, we do not use lamination as normally adopted by the industry in this report. Instead, we use varnishing, an environmentally friendly technique. The whole report is also printed on recyclable and elemental chlorine free paper. This demonstrates our efforts in working for the betterment of our future generations.



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

