FINANCIAL HIGHLIGHTS

For the period/year	30 June 2011 HK$'m	30 June 2010[7] HK$'m	31 December 2010 HK$'m
Net operating income before impairment allowances	**15,126**	12,541	27,508
Operating profit	**13,103**	8,168	18,239
Profit before taxation	**14,587**	8,767	19,742
Profit for the period/year	**12,354**	7,355	16,690
Profit attributable to the equity holders of the Company	**11,993**	7,192	16,196
Per share	**HK$**	HK$	HK$
Basic earnings per share	**1.1343**	0.6802	1.5319
Dividend per share	**0.6300**	0.4000	0.9720
At period/year end	**HK$'m**	HK$'m	HK$'m
Capital and reserves attributable to the equity holders of the Company	**126,163**	107,991	115,181
Issued and fully paid share capital	**52,864**	52,864	52,864
Total assets	**1,830,379**	1,302,179	1,661,040
Financial ratios	**%**	%	%
Return on average total assets[1]	**1.33**	1.17	1.21
Return on average shareholders' equity[2]	**19.88**	13.56	14.77
Cost to income ratio[3]	**13.18**	36.15	34.84
Loan to deposit ratio[4]	**60.95**	64.02	59.69
Average liquidity ratio[5]	**36.38**	37.81	38.77
Capital adequacy ratio[6]	**17.62**	16.17	16.14

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

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 for the first half of 2011, cost includes the amount recovered from Lehman Brothers minibonds.

4. Loan to deposit ratio is calculated as at 30 June 2011, 30 June 2010 and 31 December 2010. Loan represents gross advances to customers. Deposit includes 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 period/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 Group adopted the foundation internal ratings-based ("FIRB") approach to calculate credit risk and BOCHK adopted the internal models approach to calculate general market risk for interest rate and exchange rate exposures as at 30 June 2011, as opposed to the STC approach and STM approach that were used as at 31 December 2010. As a result of the change in the basis used, the capital ratios shown above are not directly comparable.

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