



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

Stock Code: 2388

2013
Summary
Financial Report

Exploring
New Frontiers
for **Greater**
Opportunities



This Summary Financial Report only gives a summary of the information and particulars contained in the "2013 Annual Report" (the "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 2014.



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

Contents



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 600 ATMs and other delivery channels in Hong Kong, BOCHK and its subsidiaries offer a comprehensive range of financial products and services to personal 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 41 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

During the year, the Group’s performance reached a new high. We continued to enhance our competitiveness and maintain leading market positions in various business areas. Through stronger collaboration with our parent bank, BOC, we were able to capture the business opportunities on the Mainland and overseas.

Symbolising our aspirations for growth is the Bank of China Tower, our headquarters and a landmark in Hong Kong. Looking forward, we are deeply committed to our vision to be our stakeholders’ premier bank. We will continue to maximise the shareholder value by exploring new frontiers for greater opportunities.

Rooted in Hong Kong, we care for the community that we serve. This year, we invited Mr Jack Li of the Arts with the Disabled Association Hong Kong to take photo of the Bank of China Tower for our report cover. In spite of his hearing impairment, Jack displays fully his artistic talent.

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	46
Board of Directors and Senior Management	47
Report of the Directors	49
Corporate Governance	53
Corporate Social Responsibility	76
Awards and Recognition	84
Financial Section	88
Shareholder Information	123
Definitions	126
Branch Network & Corporate Banking Centres	129

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 2014.

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

	2013	2012 ⁶	Change
For the year	HK\$'m	HK\$'m	+/(-)%
Net operating income before impairment allowances	40,313	35,617	13.18
Operating profit	27,493	23,499	17.00
Profit before taxation	27,793	25,521	8.90
Profit for the year	23,075	21,547	7.09
Profit attributable to the equity holders of the Company	22,252	20,930	6.32
Per share	HK\$	HK\$	+/(-)%
Basic earnings per share	2.1046	1.9796	6.32
Dividend per share	1.0100	1.2380	(18.42)
At year-end	HK\$'m	HK\$'m	+/(-)%
Capital and reserves attributable to the equity holders of the Company	158,813	150,969	5.20
Issued and fully paid share capital	52,864	52,864	–
Total assets	2,046,936	1,830,763	11.81
Financial ratios	%	%	
Return on average total assets ¹	1.22	1.24	
Return on average shareholders' equity ²	14.37	14.91	
Cost to income ratio	29.97	31.61	
Loan to deposit ratio ³	64.63	63.32	
Average liquidity ratio ⁴	37.93	41.20	
Total capital ratio/capital adequacy ratio ⁵	15.80	16.80	

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

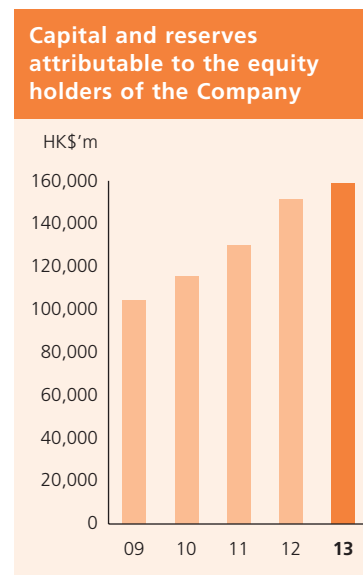
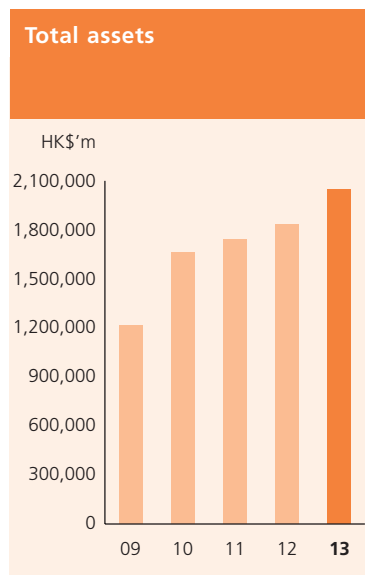
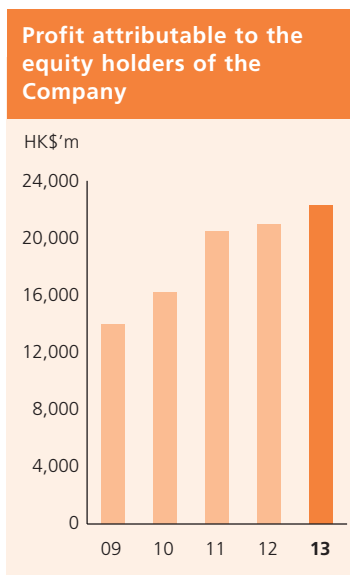
= $\frac{\text{Profit attributable to the equity holders of the Company}}{\text{Average of the beginning and ending balance of capital and reserves attributable to the equity holders of the Company}}$

3. 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".

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

5. Total capital ratio/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 adoption of Banking (Capital) (Amendment) Rules 2012 and Banking (Capital) (Amendment) Rules 2013 since 1 January 2013 and 30 June 2013 respectively, the ratio for 2013 is not directly comparable to that of 2012.

6. Certain comparative amounts have been reclassified to conform with the current year's presentation.



FIVE-YEAR FINANCIAL SUMMARY

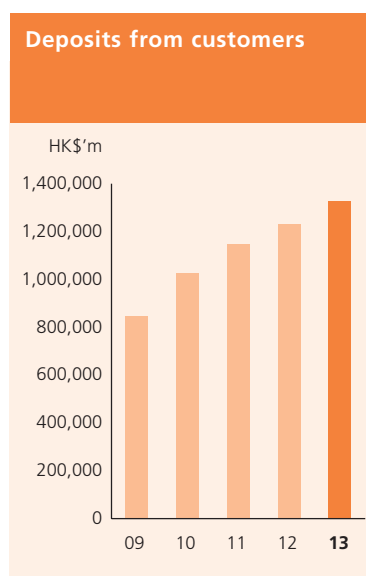
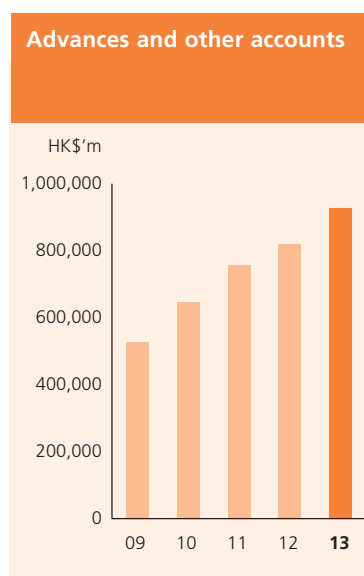
The financial information of the Group for the last five years commencing from 1 January 2009 is summarised below:

	2013	2012 ³	2011	2010	2009 ²
For the year	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m
Net operating income before impairment allowances	40,313	35,617	30,846	27,508	26,055
Operating profit	27,493	23,499	22,478	18,239	15,104
Profit before taxation	27,793	25,521	24,680	19,742	16,724
Profit for the year	23,075	21,547	20,813	16,690	14,251
Profit attributable to the equity holders of the Company	22,252	20,930	20,430	16,196	13,930
Per share	HK\$	HK\$	HK\$	HK\$	HK\$
Basic earnings per share	2.1046	1.9796	1.9323	1.5319	1.3175
At year-end	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m
Advances and other accounts	924,943	819,739	755,229	645,424	527,135
Total assets	2,046,936	1,830,763	1,738,510	1,661,040	1,212,794
Daily average balance of total assets	1,890,403	1,734,388	1,823,989	1,382,121	1,177,294
Deposits from customers ¹	1,327,980	1,229,131	1,146,590	1,027,267	844,453
Total liabilities	1,883,928	1,675,689	1,605,327	1,542,751	1,105,879
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	158,813	150,969	129,765	115,181	104,179
Financial ratios	%	%	%	%	%
Return on average total assets	1.22	1.24	1.14	1.21	1.21
Cost to income ratio	29.97	31.61	25.49	34.84	46.60
Loan to deposit ratio	64.63	63.32	61.00	59.69	60.98

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 adoption of HKAS 12 (Amendment) "Income Taxes".

3. Certain comparative amounts have been reclassified to conform with the current year's presentation.



EFFICIENT E-BANKING SERVICE





CHAIRMAN'S STATEMENT



2013 has proven to be a year of moderate recovery in the global economy. Despite weak external trade, steady economic development in the Mainland of China and a resilient local labour market created conditions for robust expansion of private consumption to be the driver of GDP growth in Hong Kong. Locally, the operating environment for the banking sector remained challenging. Banks faced headwinds from volatile financial markets, sluggish property transactions and intense competition. In the period, the Group acted on business opportunities in a timely manner and optimised its assets and liabilities proactively. Conscious efforts were put into maintaining loan quality and enhancing competitiveness, which enabled us to secure a leading position in various business areas and achieve satisfactory results.

It gives me great pleasure to report that the Group's profitability reached another record high in 2013, thanks to double-digit increases in core revenues. Commendable performance was witnessed in all business segments with earnings quality improvement. Net operating income before impairment allowances increased by 13.2% year-on-year to HK\$40,313 million. Operating profit before impairment allowances increased by 15.9% year-on-year to HK\$28,230 million. Our profit attributable to the equity holders increased by 6.3% year-on-year to HK\$22,252 million. Earnings per share were HK\$2.1046. The Board has recommended a final dividend of HK\$0.465 per share. Together with the interim dividend of HK\$0.545 per share, this will bring the full-year dividend to HK\$1.010 per share, translating into a dividend payout ratio of 48.0%.

As of 31 December 2013, the Group's total assets reached HK\$2,046.9 billion, representing an increase of 11.8% year-on-year. During the period, we employed stringent risk management controls while taking an active approach to managing liquidity. Advances to customers grew by 10.3%, with a healthy increase in loan to deposit ratio. For the ninth consecutive year, we held the top ranking in the Hong Kong-Macau syndicated loan market. Our trade finance business increased at a favourable pace despite our prudent

policy of conducting background checks on customers' transactions. Amidst low property market turnover levels, we developed products with special features to suit our customers' needs. This strategy helped us to maintain our lead in the underwriting of new mortgage loans in Hong Kong. On the back of our flexible deposit taking approach to cope with market changes, our deposits from customers increased by 8.0%. Furthermore, capitalising on market interest rate trends, we proactively optimised asset-liability structure and enhanced control on funding cost as well as loan pricing. Our net interest margin widened by 8 basis points to 1.68% as a result.

Banks in Hong Kong are required to follow Basel III standards in phases with higher capital requirements since 1st January 2013. The Group's solid capital base provided firm footing for us to capture business growth. At the end of December 2013, our total capital ratio under Basel III rules was 15.80%. Average liquidity ratio was 37.93%. During the year, we strengthened risk management in industries that required closer monitoring. Asset quality remained benign with a classified or impaired loan ratio of 0.28%.

Adhering to its customer centric principle, the Group continuously looks for new ways to serve its customers better as it grows with them. In 2013, we refined customer segmentation and launched a new wealth management service to facilitate the optimisation of customer mix. In addition, we made further improvements in customer experience through enhanced online banking functions and by providing more convenient payment methods via the "BOCHK e-Wallet Mobile Payment Services". We also promoted the sales and service capabilities of business platforms. While our credit card and securities brokerage businesses recorded steady growth in commission income, our funds distribution and insurance businesses delivered even stronger growth. Moreover, our cash management business expanded its customer base through continuous enhancement of products and services. To support the relevant measures under the "SME Financing Guarantee Scheme", the Group launched a

CHAIRMAN'S STATEMENT

privileged guarantee fee subsidy for SME customers to meet their financing needs and foster their business development. BOCHK is the recipient of the "Best SME's Partner Award" for six consecutive years.

Globally, the usage of Renminbi in trade, investment and transaction increased markedly in 2013, reflecting its rising importance in the world economy. The establishment of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, China (Shanghai) Pilot Free Trade Zone and the emergence of other offshore RMB hubs further fuelled offshore RMB business momentum. This will bring banks in Hong Kong both opportunities and challenges. During the year, the RMB liquidity requirement was optimised by the HKMA, injecting new life into local offshore RMB centre. As the sole RMB Clearing Bank in Hong Kong, BOCHK has been constantly upgrading its infrastructure. For example, we extended the service hours for cross-border RMB clearing service and introduced measures to offer participating banks more options to manage their RMB funds, enabling the RMB business to thrive locally.

The Group reinforced its leading position in the offshore RMB business. We continued to bolster integrated capabilities for RMB business and remained a key player in the offshore RMB market by developing new products and enhancing professional service platforms. During the period, we witnessed steady growth in both RMB loans and deposits, while sustaining our leadership in the local RMB insurance market. Our newly launched high-yield RMB bond fund products were well received by the market. The Group's new Offshore RMB Bond Index Series offers a unique benchmark to meet increasing demand for RMB fixed rate products. Benefiting from the opportunity offered by RQFII policy relaxation, we were well placed to grow custody business as the market leader in this segment.

In 2013, we capitalised on the business potential arising from Mainland enterprises going abroad and foreign companies investing on the Mainland, through stronger collaboration with our parent bank, BOC, and its overseas branches. With our synergies and product advantages, we jointly completed significant acquisition-related syndication and debt issuances, fulfilling the financing needs of customers with tailor-made solutions. In the meantime, a wide array of promotional events was held to market our private banking service to Mainland customers. We also provided more convenience to our customers by making our BOC Remittance Plus service available in all domestic branches of BOC. By fully leveraging the competitive edge of the BOC group, we successfully enlarged our customer base worldwide.

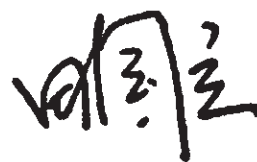
BOCHK was named "the Bank of the Year in Hong Kong 2013" by "The Banker" magazine, in recognition of the Group's success in enhancing its business capabilities and for solid development. On the other hand, we took the initiative to assimilate the values of corporate social responsibility into our growth strategy, effectively establishing a positive reputation. During the year, we launched the first voice navigation ATM in Hong Kong, expanding further our obstacle-free facilities. We also

cancelled the service charges on dormant accounts, fulfilling our pledge to support the "Treat Customers Fairly Charter". These actions demonstrate the Group's commitment to serve the community of Hong Kong where we have established deep roots.

Heading into 2014, prospects for the banking sector appear to be more favourable as the global economic recovery is expected to remain on track. We will embrace new business opportunities arising from the Renminbi's increasing role as an international currency, reforms in China gradually taking shape and steady developments in regional financial reform pilots. However, we must stay highly vigilant of the liquidity movements in the banking system given uncertain capital outflows weighing on emerging markets as the United States tapers its quantitative easing measures.

Mr XIAO Gang resigned from his position as Chairman of the Company on 17 March 2013 due to the need of the state financial work. With his leadership, the Group achieved outstanding results through a decade of extraordinary development. This has built a strong foundation for the Group's long-term prosperity. I was honoured to be appointed as the Chairman of the Company on 4 June 2013. On behalf of the Board, I would like to take this opportunity to thank Mr XIAO again for his remarkable contribution to the Group. I also extend sincere thanks to Mr TUNG Chee Chen, who retired last May as an Independent Non-executive Director, for his valuable advice to the Group over the years. Finally, I would like to express my heart-felt appreciation to our shareholders for their support and trust in our Group, to each of our Board members for their wisdom and counsel, as well as to all our staff for their diligence in the past year. Their collective efforts were essential to keeping the Group on a path of solid progress.

In the face of a changing market environment and heightening capital requirements, we will continue to manage asset-liability, capital and liquidity of the Group proactively with stringent control over risks. Leveraging our robust financial strength, the Group always puts innovation and customer experience at the heart of its business philosophy. We will stay abreast of the latest trends in information technology and provide banking products and services that suit the needs of our customers. We strive to achieve long-term goals by strengthening and deepening full-scale collaboration with our parent bank, BOC, with a view to writing a new page for BOCHK and bringing higher value to our shareholders.



TIAN Guoli
Chairman

Hong Kong, 26 March 2014

CHIEF EXECUTIVE'S REPORT



The Group achieved a set of respectable results in 2013, driven by solid growth of our core businesses. Our profit attributable to the equity holders reached a new high. This is a particularly remarkable achievement after taking into account the substantial drop in the property revaluation gain during the period. The satisfactory growth was fuelled by higher net interest income and fee income as well as effective cost control. The Group's financial position remained strong with healthy growth in loans and deposits. We continued to deliver on our strategic objectives and build our customer franchise.

Our performance was well recognised by various industry awards across our major businesses. We were also named as the Bank of the Year in Hong Kong 2013 by The Banker in recognition of our consistently sound performance and the continuous success in building our franchise, particularly in the development of offshore RMB business.

Operating Environment

In 2013, banks in Hong Kong faced a mixed operating environment as characterised by modest economic growth in Hong Kong, a sluggish property market and volatile financial markets. At the same time, banks needed to comply with more stringent regulatory requirements in running their businesses.

In terms of opportunities, the offshore RMB business in Hong Kong grew steadily with a number of new initiatives introduced to promote the use of RMB in trade and

investment activities. The development of RMB business was further supported by HKMA's new measures to enhance the operation of the RMB liquidity facility. While competition remained keen, there continued to be good opportunities for lending business driven by strong demand from the Mainland.

Our Strategy and Achievements

Strive to enhance customer experience

The Group is committed to becoming customers' premier bank with comprehensive solutions and professional services. One of our key competitive advantages is a robust customer base. Our sophisticated customer segmentation strategy enables us to better cater for the diverse needs of our customers and to attract new customers.

During the year, we strengthened our wealth management platform with a three-tier structure, for more targeted sales and services. The Group re-packaged its i-Free Banking Service to meet the basic banking and financial planning needs of general customers, especially the younger segment. As part of our customer segmentation strategy, Enrich Banking Service was launched in late 2013 to the busy mid-segment working population, offering all-round financial management solutions. We continued to enhance our Wealth Management Service, targeting high-end customers with personalised services and professional financial solutions. Launched in late 2012, our Private Banking service provides affluent customers with a one-stop integrated service model encompassing investment management, liquidity management and estate planning. During the period, it worked closely with business units of the Group, BOC and our Mainland operation on a series

CHIEF EXECUTIVE'S REPORT

of client acquisition and referral activities. Overall, our customer segmentation strategy made good progress for the period by growing the customer base and assets under management. It also enabled us to conduct more effective marketing and cross-selling activities.

For our corporate customers, we continued to deepen our industry expertise to better serve targeted customers of different industries. A Corporate Services Centre was set up to further improve service efficiency and quality. We also worked to enhance our service for SME customers. The corporate internet banking platform, CBS Online, was upgraded with a modern and user-friendly interface. In terms of products, we continued to broaden our offerings in areas such as trade finance, custody service and cash management service.

Extend our reach to drive growth

The Group is a leading banking group in Hong Kong with strong market positions in all major businesses. Over the past few years, we saw considerable opportunities arise from the development of the offshore RMB business and increasing demand for cross-border banking services, especially on the back of the international expansion of our major customers. Capitalising on these opportunities, we have successfully expanded our presence outside Hong Kong. This is also attributable to our close collaboration with BOC, our parent bank, which enhances our global service capabilities.

During the period, we continued to work in conjunction with BOC across a wide range of areas to explore business opportunities. We established a business referral channel with BOC's branches on the Mainland and overseas for both onshore and offshore businesses. BOCHK is not only the top mandated arranger in the Hong Kong-Macau syndicated loan market, but also acts as the Asia-Pacific Syndicated Loan Centre of BOC Group. In 2013, we successfully helped arrange a syndicated loan led by the BOC Group to finance a renowned acquisition. This enhanced the Group's reputation internationally as an arranger bank in both M&A finance and the syndicated loan market. Collaborating with BOC, we have also further strengthened our cross-border banking services for both personal and corporate customers.

As the Clearing Bank of the offshore RMB business in Hong Kong, we continued to enhance our clearing service platform to cater for the needs of both local and global participating banks. During the period, we extended the operating hours for cross-border RMB payments involving Mainland counterparts, introduced time deposit products, launched a tiered interest rate offering for participating banks' settlement accounts and adjusted RMB intra-day repo limits.

The offshore RMB business, as our key strategic focus, enables us to capture more business opportunities and enhance customer relationships. The Group maintains its leadership in this business, riding on its strong RMB franchise and experience. We have successfully secured new customer groups, including international companies, public organisations and global financial institutions. In 2013, BOCHK was also designated as a market maker for USD/CNH (offshore RMB) futures by the Chicago Mercantile Exchange Group, being the sole bank among the first group of market makers. BOCHK partnered with FTSE Group to develop the new FTSE-BOCHK Offshore RMB Bond Index Series. This landmark partnership combines BOCHK's unique position in the offshore RMB business with FTSE's leading index expertise. We launched concerted marketing campaigns globally with BOC to promote the RMB services of BOC Group. During the year, BOCHK was appointed by Clearstream Banking S.A. as its cash correspondent bank for offshore RMB in Hong Kong. This appointment reinforced the Group's leading position in the RMB business. All these developments have helped raise the international profile of the Group significantly and extend our reach outside Hong Kong, enabling us to capture more business opportunities.

Maintain a strong financial position for sustainable development

Our top priority continues to be to maintain a strong financial position, which gives us the flexibility to grow and manage our business amid fluctuating market conditions. During the period, the Group maintained its proactive yet prudent approach in managing its balance sheet and driving business development. All key financial ratios were maintained at healthy levels.

CHIEF EXECUTIVE'S REPORT

Starting from 1 January 2013, the Basel III requirement came into effect. We continued to manage our capital and liquidity proactively. As at the end of 2013, the Group maintained its solid capital and liquidity position.

We continued to adopt stringent risk management and credit control to deliver quality growth. Overall loan quality remained healthy with our classified or impaired loan ratio staying at a low level. Our investment book was prudently managed to optimise risk and return.

Under the persistently low interest rate environment and intense competition, we took proactive measures to allocate our assets, enhance the deployment of offshore RMB funds, improve loan pricing and control deposit costs. In terms of asset allocation, we reduced securities investments in lower yielding government-related securities. New debt securities investments were made in high-quality financial institutions and corporations. Average yields for our interbank balances and placements, debt securities investments and customer loans all improved from last year's levels. As a result of these conscious efforts, the Group's net interest margin improved further both year-on-year and half-on-half.

While we remain focused on investing in our business platform, we believe that maintaining cost discipline is also critical to our long-term success. During the period, we judiciously managed expenditure to ensure cost efficiency while allowing sufficient resources to drive business growth. In addition, we took measures to improve operational efficiency by streamlining and centralising business processes. Our cost to income ratio further improved in 2013 on the back of our cost control measures and stronger income growth.

Financial Performance

For the period under review, the Group's net operating income before impairment allowances was HK\$40,313 million, up by 13.2% as compared to 2012. The growth was mainly driven by the increase in net interest income and net fee and commission income. Operating expenses rose by 7.3% to HK\$12,083 million due to business expansion. Cost to income ratio improved to 29.97% from 31.61%. The net gain from fair value adjustments on investment

properties fell considerably by 86.0% or HK\$1,621 million. Despite the drop in this non-operating income, profit attributable to the equity holders still reached a new high of HK\$22,252 million, up 6.3% year-on-year. Return on average total assets and return on average shareholders' equity were 1.22% and 14.37% respectively compared to 1.24% and 14.91% in 2012.

Net interest income rose by 13.0% year-on-year to HK\$27,916 million. The increase was driven by the growth in average interest-earning assets and the widening of net interest margin. Average interest-earning assets expanded by 7.4%, mainly supported by the increase in customer deposits, partly offset by the decrease in RMB funds from the clearing bank business. Net interest margin was 1.68%, up 8 basis points compared to 2012. The increase was mainly attributable to the widening of loan and deposit spread.

Net fee and commission income grew by 15.5% year-on-year to HK\$8,965 million. The increase was broad-based, reflecting the Group's continuous efforts in expanding its service capabilities. Fee and commission income from funds distribution, insurance and securities brokerage increased substantially by 52.0%, 33.2% and 15.0% respectively.

Net trading gain decreased 5.5% year-on-year to HK\$2,957 million. The decrease was mainly due to the mark-to-market changes of certain debt securities.

As at 31 December 2013, total assets increased by 11.8% to HK\$2,046.9 billion compared with end-2012. The Group maintained a flexible deposit strategy to support business growth with cautious control of funding costs in response to market changes. Deposits from customers expanded by 8.0% to HK\$1,328.0 billion. Advances to customers grew by 10.3% to a total of HK\$858.3 billion. Loan to deposit ratio increased to 64.63%, up 1.31 percentage points from the end of 2012. Overall loan quality remained sound with the classified or impaired loan ratio at a low level of 0.28%.

Effective 1 January 2013, the calculation of the capital ratios was in compliance with the Basel III Accord. The total capital ratio as at 31 December 2013 was 15.80%. The average liquidity ratio for 2013 was 37.93%.

CHIEF EXECUTIVE'S REPORT

Business Review

Personal Banking business performed strongly in 2013 with broad-based income growth. Net operating income before impairment allowances and profit before taxation increased by 18.3% to HK\$13,699 million and 25.6% to HK\$6,926 million respectively.

Investment and insurance businesses saw an encouraging performance with strong growth of commission income from securities brokerage, funds distribution and insurance. Credit card business also made good progress with growth in related fee income. It maintained its leadership in the UnionPay International merchant acquiring business and card issuing business in Hong Kong. We also launched an innovative and convenient mobile payment service, BOCHK e-Wallet. Customers can make contactless credit card transactions with mobile phones equipped with BOC SD card and the BOCHK e-Wallet application.

The residential mortgage business was affected by the cooling down of the local residential property market. The market remained fairly upbeat at the beginning of the year but faced a slowdown following the introduction of further prudential measures by the government in February. Transaction volumes declined significantly from 2012. Competition was intense. The Group's residential mortgage loans grew by 1.8% while it maintained its market leadership in the underwriting of new mortgage loans during the year.

Corporate Banking business continued its growth momentum in 2013. Net operating income before impairment allowances increased by 16.7% to HK\$15,842 million while profit before taxation increased by 21.8% to HK\$11,844 million.

The strong performance was mainly led by higher net interest income. Corporate loan book grew 11.9% with sound loan quality. While growing our loan business, we continued to strengthen our know-your-customer process and close monitoring measures were put in place to ensure that timely precautionary measures can be taken to contain risks.

By stepping up business initiatives and cooperation with BOC, we captured more business opportunities and reinforced our competitive edge. In collaboration with BOC, the Group has increased its stature in the international syndicated loan market, while it has made good progress in the cross-border direct loan business. In the custody business, the Group continued to expand its client base in different geographical locations and successfully secured mandates to provide custody services for RQFII-ETFs and various types of RQFII and QDII products. The service capabilities of our cash management business were enhanced to reinforce its competitive position as the cross-border fund centre for customers in Hong Kong.

Treasury segment's performance was down slightly compared to 2012 although its second half performance showed a pick-up from the first half. Net operating income before impairment allowances decreased by 1.3% year-on-year to HK\$9,497 million while profit before taxation decreased by 0.4% to HK\$8,347 million.

The Group prudently managed its banking book investments. We shortened the average portfolio duration and selectively increased investments in high-quality financial institutions, corporate bonds and RMB-denominated bonds.

On the product development front, with timely response to market conditions, we promoted products suited to customer needs. We also made encouraging progress in underwriting bonds in different denominated currencies. The Group continued to pioneer the launch of RMB treasury products. We completed the first CNH/USD cross-currency swap transaction using CNH HIBOR as the pricing benchmark. The Group also successfully acted as the arranger for the issuance of the first certificate of deposit using CNH HIBOR as the benchmark rate, offering the market more choice of floating rate debt instruments.

Our **Mainland** business delivered a remarkable performance in a tough banking environment. Net operating income increased by 28.5% driven by higher net interest income and fee income. Deposits and loans recorded satisfactory growth of 16.0% and 12.8% respectively.

CHIEF EXECUTIVE'S REPORT

Product offerings and distribution channels in our Mainland operation were further enhanced. A new series of wealth management products was introduced. During the period, NCB (China) commenced its credit card issuing business on the Mainland. The Group's SME business platform was reinforced by the development of tailor-made products to support targeted SME customers. With our branch network expanding to 41 and more features added to our personal and corporate e-Banking platform, the Group's distribution capabilities on the Mainland were strengthened.

Insurance business achieved a robust performance in 2013. Net operating income before impairment allowances grew by 66.5% year-on-year to HK\$1,404 million. Profit before taxation jumped by 87.8% to HK\$1,144 million.

The Group continued to broaden its product offerings to meet customers' diverse needs. It continued to do well, in particular, in RMB products and maintained its leading position in the Hong Kong RMB insurance market. The Group also actively developed new distribution channels and established partnerships with brokerage houses to promote insurance products. This enabled the Group to reach a wider range of customers.

Outlook

For 2014, we expect to see modest growth in major economies. While the US economy continues its gradual recovery, the Mainland economy is expected to slow down but in a managed manner. Hong Kong's economy is likely to be relatively stable and may expand moderately in 2014. However, uncertainties still exist in the macro environment that could lead to unexpected market volatility and need to be monitored closely. The US economic recovery and the tapering of the quantitative easing programme will have important implications for the global markets in relation to the normalisation of the interest rate trend.

On the positive side, acceleration in economic reform and the structural balancing process on the Mainland will provide Hong Kong with many opportunities. Exploring new patterns in cross-border cooperation and the continuous expansion of the offshore RMB markets will continue to provide banks with emerging business opportunities going forward. Nevertheless, banks in Hong Kong are also

facing a tougher environment with regard to the tighter regulatory environment in terms of capital, liquidity and risk management. The Basel III regulatory regime has come into effect with more stringent capital and liquidity requirements. In addition, the supervisory requirements on the maintenance of liquidity cushions against a range of liquidity stress scenarios will become effective at the end of March 2014. Amid concerns over rising household leverage, HKMA has also set out requirements on the risk management of personal lending business. Banks, therefore, need to review prudently their business strategies and be prepared for a changing industry landscape.

The proactive strategies that we have implemented have put us in a strong position to continue our growth trajectory. We see considerable growth opportunities ahead for the Group, especially from the increasing use of RMB globally. This year is the tenth anniversary of BOCHK operating as the RMB Clearing Bank in Hong Kong. Over the past years, we witnessed the robust development of the offshore RMB markets with RMB transactions becoming more prevalent around the world. The Group has also made great strides in its business development and firmly established its market leadership in the offshore RMB business. Capitalising on our strong RMB franchise, we will continue to expand and deepen our customer base. We will also continue to drive product and service innovation to strengthen our market position.

In 2013, RMB cross-border trade settlement cleared via Hong Kong's clearing platform continued to see remarkable growth. As the Clearing Bank of the offshore RMB business in Hong Kong, we are committed to promoting the development of Hong Kong as a major offshore RMB hub. We endeavour to enhance our service capabilities and efficiency to cope with the growing clearing volume.

Our increasing collaboration with BOC has enabled us to strengthen our service capabilities, expand our customer base and extend our geographical reach. Over the past few years, the Group has substantially enhanced its product and service capabilities. This will enable us to better fulfil our role as the product manufacturing and service support centre for BOC Group. Major collaboration and business referral mechanisms have also been established. We are

CHIEF EXECUTIVE'S REPORT

working closely together in a number of business areas, including RMB business, cash management, custody service, private banking and cross-border services to enhance BOC Group's total solution capabilities to cater for the international needs of our customers. This strategy has proved to be successful in capturing new business and securing quality customers. Our Chairman, Mr TIAN Guoli, who joined the Company in June 2013, is very supportive of this strategy. He has shared with the Management much insight on how to further enhance the synergies within BOC Group going forward. We see many areas where we could further deepen and expand our collaboration for mutual benefits.

Cross-border business and offshore RMB business are the two key strategic focuses of BOC Group and also where our strengths lie. Last year, a number of favourable market initiatives were introduced, covering the RQFII scheme, cross-border RMB business, the introduction of the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone and the China (Shanghai) Pilot Free Trade Zone. Leveraging BOC Group's overall service capabilities and strong franchise, we are strongly positioned to capture these opportunities.

To cater for the global needs of our leading corporate customers, we will continue to upgrade our global service platform in areas such as cross-regional cash management, custody, treasury products, and trade products and services. We also see great demand for cross-border wealth management solutions from our personal customers, not only in Hong Kong, but also from the Mainland and overseas. We will increase our collaboration in product innovation and distribution. The Group's asset management arm, though it was only set up in 2010, has already established a very strong market position and is well recognised by a number of industry awards. It will endeavour to offer personal and institutional investors with comprehensive investment solutions.

Maintaining a strong financial position will continue to be a key priority of the Group, especially in view of the considerable opportunities we have going forward. We will

proactively manage our capital and liquidity. To support the Group's mid-to-long-term growth, we need to be more forward looking and take proactive measures to enhance our capital base and ensure the efficient use of our capital when implementing our business strategies. This also includes our strategy to invest in areas that boost the development of less capital-driven businesses. Riding on our customer segmentation strategy, we will continue to explore business opportunities with target customer groups. We will strive to develop primary banking relationships with our customers through product and service differentiation.

We will continue to focus our investments on areas that will enhance our total solution capabilities and drive future growth. We will also make use of fast-developing technology to drive efficiency and innovation, introducing new business capabilities to meet the evolving needs of our customers and enhancing the overall customer experience.

We are pleased with our progress to date. This achievement is attributable to the continuous support of customers and shareholders, the dedication of our staff, as well as the wisdom and counsel of the Board. Mr TUNG Chee Chen, who had been the Company's Independent Non-executive Director since 2002, retired last May. On behalf of the Group, I would like to take this opportunity to thank him for his valuable contributions to the Group during his tenure. Looking forward, I truly believe that the Group will continue to be well positioned to capture quality growth opportunities ahead. My colleagues and I are deeply committed to our vision to be our stakeholders' premier bank and to strive for continual improvement.



HE Guangbei
Vice Chairman & Chief Executive

Hong Kong, 26 March 2014

INNOVATIVE
RMB
SERVICE

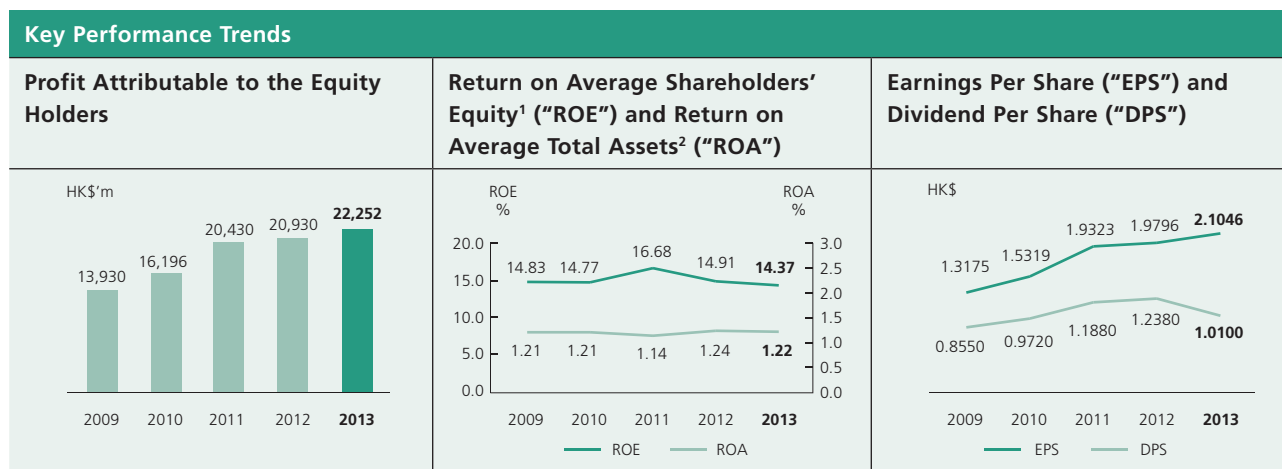




MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE AND CONDITION AT A GLANCE

The Group delivered once again a set of satisfactory financial results in 2013. Both net operating income before impairment allowances and profit attributable to the equity holders achieved a record high since listing while the Group's financial position remained solid.



Profit attributable to the equity holders

- Profit attributable to the equity holders increased by 6.3% year-on-year to HK\$22,252 million, a record high since listing. The increase was driven by the 17.0% growth of operating profit after impairment allowances, partly offset by a drop in net gain from fair value adjustments on investment properties.

Solid return with sustainable growth in core income

- ROE was 14.37%, down 0.54 percentage point year-on-year, as the increase in average equity outpaced that of the profit. Higher average equity was mainly caused by additions of retained earnings and the higher average premises revaluation reserve.
- ROA was 1.22%.

Return to shareholders

- EPS was HK\$2.1046. DPS was HK\$1.01.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Position		
Loan to Deposit Ratio ³	Capital Ratio ⁴	Average Liquidity Ratio ⁵
<p>as at 31 December</p>	<p>as at 31 December</p>	<p>as at 31 December</p>

Loan and deposit growth at a steady pace

- Advances to customers increased by 10.3% while deposits from customers rose by 8.0%. Loan to deposit ratio was 64.63%.

Solid capital position to support business growth

- Total capital ratio was 15.80% while Tier 1 capital ratio was 10.67%. Starting from 1 January 2013, the calculation of the capital ratios was in compliance with the Basel III Accord.

Sound liquidity position

- Average liquidity ratio stood at a sound level of 37.93%.

Key Operating Ratios		
Net Interest Margin ("NIM")	Cost to Income Ratio ⁶	Classified or Impaired Loan Ratio ⁷
<p>as at 31 December</p>	<p>as at 31 December</p>	<p>as at 31 December</p>

Solid improvement in NIM

- NIM was 1.68%, up 8 basis points year-on-year, mainly attributable to the improvement in loan and deposit spread.

Cautious cost control

- Cost to income ratio was 29.97%, down 1.64 percentage points year-on-year, among the lowest in the industry.

Classified or impaired loan ratio at a low level

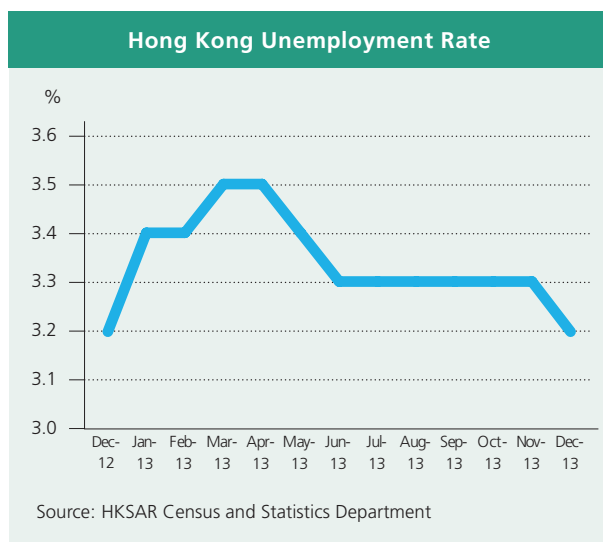
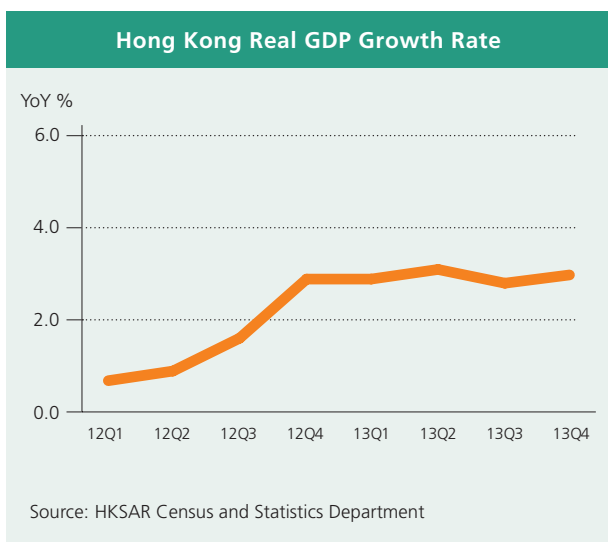
- Classified or impaired loan ratio stood at a sound level of 0.28%, below the market average.

- Return on Average Shareholders' Equity as defined in "Financial Highlights".
- Return on Average Total Assets as defined in "Financial Highlights".
- The deposit base also includes structured deposits reported as "Financial liabilities at fair value through profit or loss".
- 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. The Banking (Capital) (Amendment) Rules 2012 and the Banking (Capital) (Amendment) Rules 2013 came into operation on 1 January 2013 and 30 June 2013 respectively. 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.
- The average liquidity ratio is calculated as the simple average of each calendar month's average liquidity ratio of BOCHK for the year.
- Certain comparative amounts in 2012 have been reclassified to conform with the current year's presentation.
- Classified or impaired loans 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.

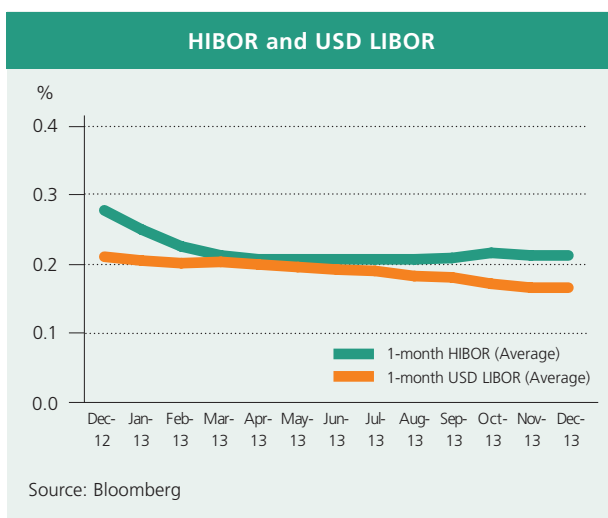
MANAGEMENT'S DISCUSSION AND ANALYSIS

ECONOMIC BACKGROUND AND OPERATING ENVIRONMENT

In 2013, the global economic recovery continued on a modest growth trajectory. In the US, with the unemployment rate trending downward and property prices climbing steadily, the prospects for economic growth look brighter relative to other developed economies although momentum remains mild. The economy in the Eurozone emerged from an 18-month recession with modest GDP growth rates. However, elevated unemployment rates and fiscal tightening continued to hinder economic recovery. In the Mainland, economic growth slowed owing to sluggish external demand but the introduction of a series of micro stimulus measures by the Central Government helped the economy regain momentum in the second half of the year. Meanwhile, financial markets were susceptible to volatility since May as there were uncertainties regarding the timing and the pace of tapering of the bond purchase programme by the Federal Reserve ("the Fed").



Notwithstanding sluggish external demand, the Hong Kong economy continued to grow at a moderate pace as private consumption remained buoyant. Domestic demand continued to be the major driver of Hong Kong's economic growth. GDP rose by 2.9% in 2013. The unemployment rate stayed at a low level. Inflationary pressure softened with the Composite CPI rising by 4.3% year-on-year in 2013.



The low interest rate environment continued to prevail in Hong Kong. Average 1-month HIBOR and USD LIBOR fell from 0.28% and 0.21% in December 2012 to 0.21% and 0.17% respectively in December 2013. Meanwhile, long-term interest rates rose. The average 10-year HKD Swap rate and USD Swap rate rose from 1.38% and 1.76% in December 2012 to 2.79% and 2.96% respectively in December 2013, with concerns of the Fed's tapering.

The Hong Kong stock market saw increased volatility during the year. In the first half, market sentiment weakened with uncertainty about the Fed's exit strategy for monetary stimulus and the slowdown of economic growth in the Mainland, resulting in the sharp sell-off in June. Nevertheless, stock prices rebounded in the second half with improvement in the Mainland economy and the Fed's decision to start tapering, which was greeted by markets as a sign of improvement in the US economy. The Hang Seng Index reached the lowest point of the year at 19,814 in June and closed at 23,306 at the end of 2013, up 2.9% on a yearly basis.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The local residential property market remained fairly upbeat in early 2013 but cooled following the introduction of further prudential measures by the government in February. As a result, transaction volumes in 2013 plunged compared to 2012. Meanwhile, there was a year-on-year increase in the prices of private domestic properties.

In 2013, the offshore RMB business in Hong Kong grew steadily in terms of market depth and breadth. The total balance of RMB deposits in Hong Kong reached a record high at the end of 2013, representing an increase of 42.7% from 2012. A number of initiatives were introduced to promote the global use of RMB in trade and investment activities. These included the further relaxation of investment restrictions relating to the RQFII scheme, the simplification of operating procedures for cross-border RMB business, and the introduction of the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone and the China (Shanghai) Pilot Free Trade Zone. Furthermore, the HKMA announced two enhancements to the operation of the RMB liquidity facility to provide additional short-term liquidity to support the offshore RMB market. It also removed the RMB net open position limits and the requirement on the RMB liquidity ratio. All these initiatives helped boost the further development of offshore and cross-border RMB business and gave banks more flexibility to conduct RMB business.

With respect to the regulatory environment, the HKMA issued a guidance paper in December 2013 on sound practices for transaction screening, transaction monitoring and suspicious transaction reporting. Banks are expected to give due consideration to the adoption of the recommended practices set out in the paper, where appropriate, or otherwise adopt control measures that are equally effective. The HKMA also set out requirements in January 2014 on the risk management of personal lending business by banks in Hong Kong amid concerns over rising household leverage. With regard to liquidity management, the supervisory requirements on the maintenance of liquidity cushions against a range of liquidity stress scenarios will become effective by the end of March 2014.

Overall, the operating environment for the banking industry remained challenging in 2013. While the offshore RMB market continued to provide the banking sector with more business opportunities, the low interest rate environment, weak external demand and keen market competition hindered banks' profitability.

Outlook for 2014

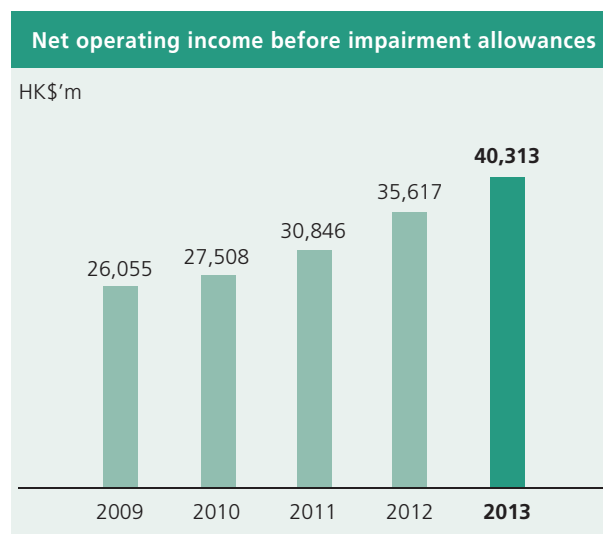
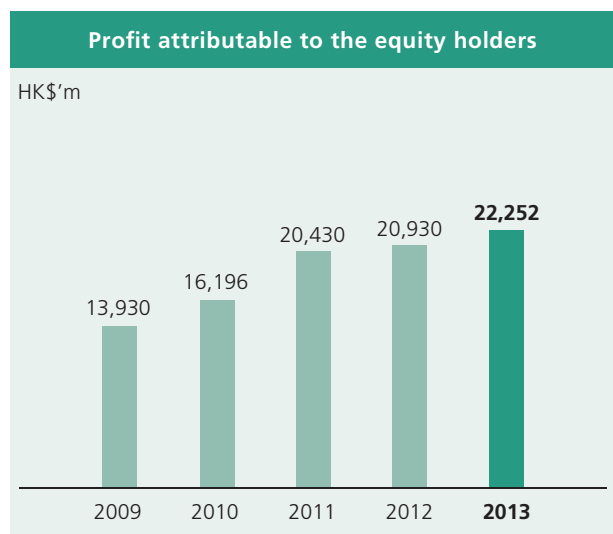
Going into 2014, the overall operating environment for banks in Hong Kong looks mixed as both opportunities and challenges coexist. Global economic recovery is expected to gain strength and provide a stable environment and stronger demand for financial services from the banking sector. With the gradual internationalisation of RMB and wider acceptance of RMB as the transaction currency, banks will have more opportunities to develop RMB-related products and services. The implementation of economic and financial reform measures in the Mainland will provide banks in Hong Kong, in particular, with more business opportunities.

However, the Fed's tapering of stimulus measures, which started in early 2014, and tightened liquidity in the Mainland may lead to increasing volatility in financial markets and risk of capital outflows in emerging markets. With the loan to deposit ratio of the Hong Kong banking sector reaching a relatively high level, banks may face greater challenges in deposit taking and liquidity management. While the asset quality of local banks remained benign in 2013, the upward trend in the volume of non-performing loans in the Mainland may put pressure on Mainland-related exposures of Hong Kong banks.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONSOLIDATED FINANCIAL REVIEW

Financial Highlights



HK\$m, except percentages	2013	2012	Change (%)
Net operating income before impairment allowances	40,313	35,617	13.2
Operating expenses	(12,083)	(11,259)	7.3
Operating profit before impairment allowances	28,230	24,358	15.9
Operating profit after impairment allowances	27,493	23,499	17.0
Profit before taxation	27,793	25,521	8.9
Profit attributable to the equity holders of the Company	22,252	20,930	6.3

Note: Certain comparative amounts in 2012 have been reclassified to conform with the current year's presentation.

Against the backdrop of a challenging operating environment, the Group closely monitored market changes and proactively managed its assets and liabilities. It continued to adopt stringent risk management principles and policies to safeguard its asset quality. In 2013, the Group achieved encouraging financial results with solid growth in core businesses. Key financial ratios stayed at healthy levels.

The Group's net operating income before impairment allowances increased by HK\$4,696 million or 13.2% to HK\$40,313 million. This was underpinned by the growth in net interest income and net fee and commission income. The Group's insurance business saw improved income growth. The increase was partially offset by the lower net gain on other financial assets. Operating expenses rose by 7.3%, as a result of the business expansion. Net charge of loan impairment allowances decreased. Operating profit after impairment allowances grew by HK\$3,994 million or 17.0%. Meanwhile, the net gain from fair value adjustments on investment properties fell considerably by HK\$1,621 million year-on-year. As a result, profit attributable to the equity holders rose by HK\$1,322 million or 6.3% compared to 2012.

As compared to the first half of 2013, the Group's net operating income before impairment allowances increased by HK\$731 million or 3.7% in the second half. The increase in net interest income was partly offset by the decrease in net fee and commission income. The Group recorded a lower net gain from fair value adjustments on investment properties in the second half of the year. As a result, profit attributable to the equity holders decreased by HK\$252 million or 2.2% on a half-on-half basis.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Factors Affecting the Group's Performance in 2013

The key positive factors that contributed to the Group's 2013 financial performance are outlined below:

- The Group's proactive asset and liability management achieved a **healthy growth in both loans and deposits** with **effective control of deposit costs and improved loan pricing**.
- The Group's ongoing efforts to enhance its service platform and broaden its product offerings have resulted in an encouraging growth of fee and commission income. Fee income from **funds distribution, insurance** and **securities brokerage** performed strongly with double-digit growth.
- The Group further expanded its **offshore RMB business** and enhanced the income contribution from its RMB business as a **participating bank**. The better deployment of RMB funds is one of the key factors contributing to the rise in profit.
- The Group further improved its **operational efficiency** with the **cost to income ratio among the lowest in the industry**.
- Contribution from the **Mainland business** increased strongly with optimisation of its asset and liability structure.

The Group's financial performance in 2013 was also subject to the following key negative factors:

- The low market interest rates and intense market competition constrained enhancement of the Group's **asset yield**.
- In contrast to the strong uptrend in 2012, commercial property prices in Hong Kong only rose mildly in 2013. This has resulted in a lower **net gain from fair value adjustments on investment properties** in 2013.
- The sluggish **residential property market** constrained the growth of the Group's mortgage business.

INCOME STATEMENT ANALYSIS

Net Interest Income and Margin

HK\$m, except percentages	2013	2012	Change (%)
Interest income	39,379	35,413	11.2
Interest expense	(11,463)	(10,705)	7.1
Net interest income	27,916	24,708	13.0
Average interest-earning assets	1,657,215	1,542,565	7.4
Net interest spread	1.58%	1.49%	
Net interest margin*	1.68%	1.60%	

* Net interest margin is calculated by dividing net interest income by average interest-earning assets.

The Group's net interest income increased by HK\$3,208 million or 13.0% year-on-year, driven by both the growth in average interest-earning assets and the widening of net interest margin. Average interest-earning assets expanded by HK\$114,650 million or 7.4%, mainly supported by the increase in deposits from customers, partly offset by the decrease in RMB funds from the clearing bank business. Net interest margin was 1.68%, up 8 basis points compared to 2012, mainly attributed to the widening of loan and deposit spread. The average yield of corporate loans improved, while deposit costs were stable through cautious pricing control. Average asset yield was also enhanced with the increase in higher-yielding assets such as loans to customers, RMB bonds as well as balances and placements with banks.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

ASSETS	Year ended 31 December 2013		Year ended 31 December 2012	
	Average balance HK\$'m	Average yield %	Average balance HK\$'m	Average yield %
Balances and placements with banks and other financial institutions	330,475	2.60	335,842	2.43
Debt securities investments	498,493	2.15	471,662	2.07
Loans and advances to customers	813,964	2.44	720,488	2.38
Other interest-earning assets	14,283	1.48	14,573	1.71
Total interest-earning assets	1,657,215	2.38	1,542,565	2.29
Non interest-earning assets	233,188	–	191,823	–
Total assets	1,890,403	2.08	1,734,388	2.04

LIABILITIES	Average balance HK\$'m		Average rate %	
	Average balance HK\$'m	Average rate %	Average balance HK\$'m	Average rate %
Deposits and balances from banks and other financial institutions	155,896	0.67	143,219	0.68
Current, savings and time deposits	1,206,583	0.82	1,112,820	0.81
Subordinated liabilities	24,150	0.49	28,678	1.09
Other interest-bearing liabilities	52,375	0.89	44,012	0.92
Total interest-bearing liabilities	1,439,004	0.80	1,328,729	0.80
Non interest-bearing deposits	86,504	–	83,588	–
Shareholders' funds* and non interest-bearing liabilities	364,895	–	322,071	–
Total liabilities	1,890,403	0.61	1,734,388	0.62

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

Second Half Performance

Compared to the first half of the year, net interest income increased by HK\$1,254 million, or 9.4%, to HK\$14,585 million. The increase was mainly driven by the 6.2% growth in average interest-earning assets, supported by the increase in deposits from customers and RMB funds from the clearing bank business.

Net interest margin was 1.70%, widening by 3 basis points half-on-half. Net interest spread and contribution from net free fund rose by 1 basis point and 2 basis points respectively. Average yield of balances and placements with banks rose with the rising RMB market interest rates. Increase in higher-yielding assets such as RMB bonds as well as balances and placements with banks also contributed to the widening of net interest margin. Meanwhile, the positive impact was partly offset by the narrowing of loan and deposit spread as the average yield of corporate loans lowered while deposit costs rose, both of which were affected by keen market competition.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Net Fee and Commission Income

HK\$m, except percentages	2013	2012	Change (%)
Credit card business	3,516	3,161	11.2
Securities brokerage	2,432	2,114	15.0
Loan commissions	1,900	1,774	7.1
Insurance	1,285	965	33.2
Funds distribution	821	540	52.0
Bills commissions	819	736	11.3
Payment services	665	667	(0.3)
Trust and custody services	387	360	7.5
Safe deposit box	244	228	7.0
Currency exchange	197	156	26.3
Others	450	409	10.0
Fee and commission income	12,716	11,110	14.5
Fee and commission expenses	(3,751)	(3,347)	12.1
Net fee and commission income	8,965	7,763	15.5

Note: Certain comparative amounts of fee and commission income, fee and commission expense and operating expenses have been reclassified to conform with the current year's presentation.

Net fee and commission income grew by HK\$1,202 million, or 15.5%, to HK\$8,965 million in 2013. The increase was broad-based, reflecting the results of the Group's continuous effort in building up its service capabilities. Strong growth of fee and commission income was recorded from funds distribution, insurance and securities brokerage. Income from funds distribution rose substantially by 52.0% as the Group rolled out a range of products and effective segmentation to meet targeted customers' needs. Income from insurance grew by 33.2%, with the rise in business volume. Securities brokerage income increased by 15.0%, supported by the Group's effort in enhancing its business platform and the increased volume of transactions in the stock market. Fee income from the credit card business also grew by 11.2%, driven by the growth in cardholder spending and merchant acquiring volume. Commission income from bills and currency exchange recorded solid growth. The increase in fee and commission expenses was mainly caused by higher credit card and insurance related expenses.

Second half performance

Compared to the first half of 2013, net fee and commission income decreased by HK\$397 million or 8.5% in the second half. Fee and commission income from currency exchange, trust and custody services as well as bills saw continued growth momentum from the first half. Income from payment services registered a satisfactory growth. However, commission income from loans and insurance dropped from the high level in the first half.

Net Trading Gain

HK\$m, except percentages	2013	2012	Change (%)
Foreign exchange and foreign exchange products	1,952	1,988	(1.8)
Interest rate instruments and items under fair value hedge	573	900	(36.3)
Equity instruments	341	120	184.2
Commodities	91	121	(24.8)
Net trading gain	2,957	3,129	(5.5)

Net trading gain was HK\$2,957 million, down HK\$172 million or 5.5% year-on-year, mainly due to the mark-to-market changes of certain debt securities. During the year, income from currency exchange transactions increased, but was offset by net trading loss from foreign exchange swap contracts*. The growth in net trading gain from equity instruments was mainly attributable to the higher mark-to-market gain on certain equity securities and the increased gain from equity-linked products, which were well received by customers. The decrease in net trading gain from commodities was due to the decline in bullion transactions.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Second Half Performance

Compared to the first half of 2013, net trading gain was up HK\$75 million or 5.2%. This was mainly due to the mark-to-market gain of certain debt securities caused by market interest rate movements, compared to a mark-to-market loss in the first half.

* 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 with minimal 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, except percentages	2013	2012	Change (%)
Net (loss)/gain on financial instruments designated at fair value through profit or loss	(159)	747	N/A

In 2013, the Group recorded a net loss of HK\$159 million on financial instruments designated at FVTPL. The net loss was mainly due to the mark-to-market changes of debt securities investments of BOCG Life, caused by market interest rate movements. The changes in market value of its securities portfolio were offset by the corresponding changes in policy reserves, as reflected in the changes in net insurance benefits and claims which were attributable to the movement of market interest rates.

Second Half Performance

A net gain of HK\$361 million was recorded in the second half of the year, compared to a net loss in the first half. The net gain was mainly attributable to the mark-to-market changes of BOCG Life's debt securities investments.

Net Charge of Loan Impairment Allowances

HK\$m, except percentages	2013	2012	Change (%)
Net charge of allowances before recoveries			
– individual assessment	(313)	(512)	(38.9)
– collective assessment	(705)	(606)	16.3
Recoveries	288	264	9.1
Net charge of loan impairment allowances	(730)	(854)	(14.5)

The net charge of loan impairment allowances decreased by HK\$124 million, or 14.5% from the previous year, owing to the decrease in the net charge of individually assessed impairment allowances.

Net charge of individually assessed impairment allowances amounted to HK\$313 million, down HK\$199 million or 38.9%, mainly due to the decrease in the amount of new classified or impaired loans in 2013.

Net charge of collectively assessed impairment allowances amounted to HK\$705 million, up HK\$99 million or 16.3%, primarily due to the loan growth and the periodic update of the parameter values in the assessment model.

Recoveries amounted to HK\$288 million, up HK\$24 million or 9.1% from 2012.

Second Half Performance

Net charge of loan impairment allowances decreased mildly by HK\$6 million or 1.6% from the first half. The higher net charge of individually assessed impairment allowances was offset by the lower net charge of collectively assessed impairment allowances. Recoveries also reduced.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Total loan impairment allowances as a percentage of gross advances to customers

	At 31 December 2013	At 31 December 2012
Loan impairment allowances		
– individual assessment	0.10%	0.10%
– collective assessment	0.39%	0.38%
Total loan impairment allowances	0.49%	0.48%

Operating Expenses

HK\$m, except percentages	2013	2012	Change (%)
Staff costs	6,819	6,406	6.4
Premises and equipment expenses (excluding depreciation)	1,576	1,456	8.2
Depreciation on owned fixed assets	1,663	1,493	11.4
Other operating expenses	2,025	1,904	6.4
Total operating expenses	12,083	11,259	7.3

	At 31 December 2013	At 31 December 2012	Change (%)
Staff headcount measured in full-time equivalents	14,647	14,638	0.1

Note: Certain comparative amounts of operating expenses have been reclassified to fee and commission expense to conform with the current year's presentation.

Total operating expenses increased by HK\$824 million, or 7.3%, to HK\$12,083 million, as a result of the Group's business expansion. The Group continued to invest in new business platforms and the Mainland business to support long-term business growth. At the same time, it adhered to conscious cost control to enhance operational efficiency.

Staff costs increased by 6.4%, reflecting higher salaries following the annual salary increment and the increase in headcount in the Mainland business. Performance-related remuneration also increased.

Premises and equipment expenses rose by 8.2% with higher rental for branches in Hong Kong and new branches in the Mainland.

Depreciation on owned fixed assets rose by 11.4% due to larger depreciation charge on premises following the upward property revaluation in Hong Kong.

Other operating expenses were up 6.4%, mainly due to higher business expenses incurred by NCB (China) and the Group's credit card business.

At the end of 2013, the total headcount measured in full-time equivalents rose slightly to 14,647.

Second Half Performance

Compared to the first half of 2013, operating expenses rose by HK\$699 million. The increase was due to higher staff costs, depreciation, IT, maintenance and rental expenses in the second half of the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BALANCE SHEET ANALYSIS

Asset Deployment

HK\$m, except percentages	At 31 December 2013		At 31 December 2012	
	Amount	% of total	Amount	% of total
Cash and balances with banks and other financial institutions	353,741	17.3	198,748	10.9
Placements with banks and other financial institutions maturing between one and twelve months	46,694	2.3	66,025	3.6
Hong Kong SAR Government certificates of indebtedness	99,190	4.8	82,930	4.5
Securities investments ¹	484,213	23.6	531,696	29.0
Advances and other accounts	924,943	45.2	819,739	44.8
Fixed assets and investment properties	66,955	3.3	63,107	3.4
Other assets ²	71,200	3.5	68,518	3.8
Total assets	2,046,936	100.0	1,830,763	100.0

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

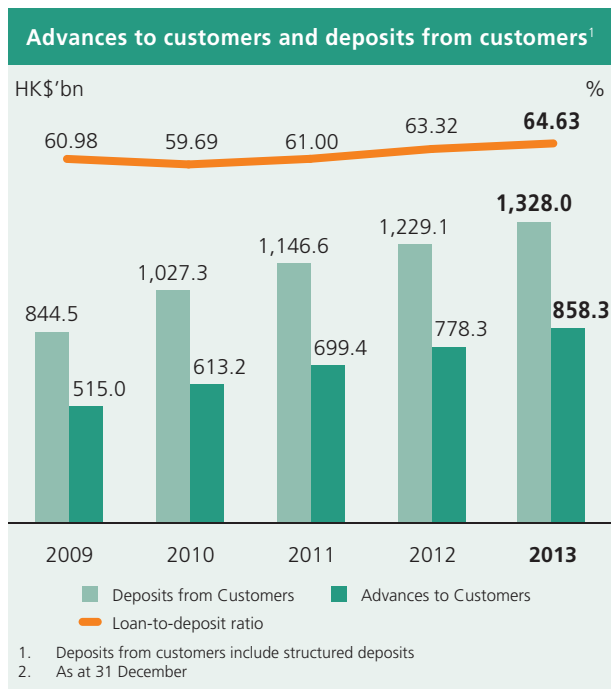
2. Interests in associates and a joint venture, deferred tax assets and derivative financial instruments are included in other assets.

As at 31 December 2013, the Group's total assets amounted to HK\$2,046,936 million, increasing by HK\$216,173 million or 11.8% from the end of 2012. The Group maintained its proactive asset and liability management for sustainable growth and enhanced profitability. It focused on optimising asset allocation, enhancing loan pricing and funding cost management.

Key changes in the Group's total assets include:

- Cash and balances with banks and other financial institutions increased by 78.0%, mainly due to the increase in RMB funds placed with the People's Bank of China by BOCHK's clearing business as participating banks increased their RMB deposits with the clearing bank. Balances and placements with banks relating to the RMB business in Hong Kong also increased.
- Placements with banks and other financial institutions maturing between one and twelve months decreased by 29.3% as the Group redeployed its funds in higher-yielding assets such as advances to customers.
- Securities investments decreased by 8.9% with the reduction mainly in lower yielding government-related securities. Meanwhile, new investments were made in high-quality financial institutions and corporate bonds.
- Advances and other accounts rose by 12.8%, mainly attributable to the growth in advances to customers by 10.3% and trade bills by 56.8%.
- Other assets grew by 3.9%, which was led by the increase in reinsurance assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS



Advances to Customers

HK\$'m, except percentages	At 31 December 2013		At 31 December 2012	
	Amount	% of total	Amount	% of total
Loans for use in Hong Kong	507,971	59.2	480,753	61.8
Industrial, commercial and financial	267,632	31.2	252,877	32.5
Individuals	240,339	28.0	227,876	29.3
Trade finance	85,413	9.9	67,137	8.6
Loans for use outside Hong Kong	264,948	30.9	230,374	29.6
Total advances to customers	858,332	100.0	778,264	100.0

The Group continued to focus on customer selection to achieve quality and sustainable growth. Advances to customers grew by HK\$80,068 million or 10.3% to HK\$858,332 million in 2013.

Loans for use in Hong Kong grew by HK\$27,218 million or 5.7%.

- Lending to the industrial, commercial and financial sectors increased by HK\$14,755 million, or 5.8%. Lending to the property development, transport and transport equipment sectors as well as stockbrokers grew by 29.3%, 26.0% and 267.8% respectively.
- Lending to individuals increased by HK\$12,463 million, or 5.5%. Residential mortgage loans (excluding those under the Government-sponsored home purchasing schemes) grew by 1.8%. Credit card advances rose by 6.0%.

Trade finance rose significantly by HK\$18,276 million, or 27.2%. Meanwhile, loans for use outside Hong Kong grew by HK\$34,574 million or 15.0%.

Second Half Performance

The Group's advances to customers increased by HK\$27,589 million or 3.3%, mainly driven by growth in loans for use outside Hong Kong and trade finance.

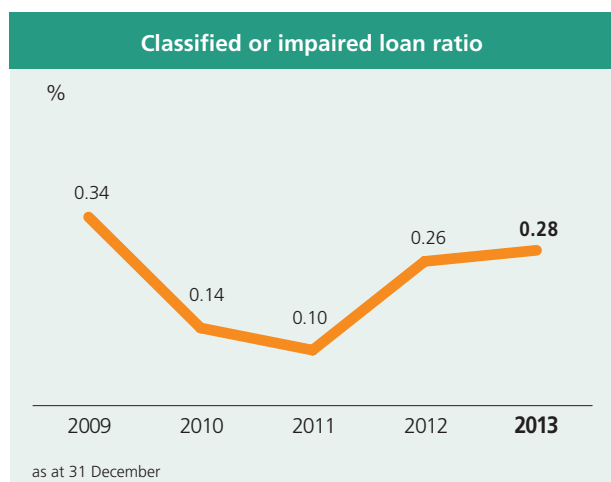
MANAGEMENT'S DISCUSSION AND ANALYSIS

Loan Quality

HK\$m, except percentages	At 31 December 2013	At 31 December 2012
Advances to customers	858,332	778,264
Classified or impaired loan ratio	0.28%	0.26%
Impairment allowances	4,235	3,705
Regulatory reserve for general banking risks	8,994	7,754
Total allowances and regulatory reserve	13,229	11,459
Total allowances as a percentage of advances to customers	0.49%	0.48%
Impairment allowances ¹ on classified or impaired loan ratio	36.09%	37.44%
Residential mortgage loans ² – delinquency and rescheduled loan ratio ³	0.02%	0.02%
Card advances – delinquency ratio ³	0.18%	0.17%

	2013	2012
Card advances – charge-off ratio ⁴	1.43%	1.24%

1. 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.
2. Residential mortgage loans exclude those under the Home Ownership Scheme and other government-sponsored home purchasing schemes.
3. Delinquency ratio is measured by a ratio of total amount of overdue loans (more than three months) to total outstanding loans.
4. 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 credit quality remained solid. The classified or impaired loan ratio was at 0.28%. Classified or impaired loans rose by HK\$379 million, or 18.5% to HK\$2,433 million, due to the downgrade of a few corporate loans. Formation of new classified or impaired loans in 2013 represented approximately 0.15% of total loans outstanding.

Total impairment allowances, including both individual assessment and collective assessment, amounted to HK\$4,235 million. Total impairment allowances on classified or impaired loans as a percentage of total classified or impaired loans was at 36.09%.

The credit quality of the Group's residential mortgage loans and credit cards remained sound. The combined delinquency and rescheduled loan ratio of residential mortgage loans stood at 0.02% at the end of 2013. The charge-off ratio of card advances remained low at 1.43%, amid an upward trend in the market.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Deposits from Customers*

HK\$'m, except percentages	At 31 December 2013		At 31 December 2012	
	Amount	% of total	Amount	% of total
Demand deposits and current accounts	104,784	7.9	97,295	7.9
Savings deposits	636,137	47.9	603,565	49.1
Time, call and notice deposits	583,227	43.9	525,430	42.8
	1,324,148	99.7	1,226,290	99.8
Structured deposits	3,832	0.3	2,841	0.2
Deposits from customers	1,327,980	100.0	1,229,131	100.0

* Including structured deposits

The Group maintained a flexible deposit strategy to support its business growth with cautious control of funding costs in response to market changes. Its deposit base was up HK\$98,849 million, or 8.0%, to HK\$1,327,980 million in 2013. Demand deposits and current accounts grew by 7.7% while savings deposits increased by 5.4%. Time, call and notice deposits also increased by 11.0%. The Group's loan to deposit ratio was 64.63% at the end of 2013, up 1.31 percentage points from the end of last year.

Second Half Performance

Total deposits from customers increased by HK\$63,690 million or 5.0% in the second half of 2013. Demand deposits and current accounts increased by 5.1% while savings deposits went up by 12.7%. Time, call and notice deposits declined by 2.1%.

Capital and Reserves Attributable to the Equity Holders of the Company

HK\$'m	At 31 December 2013	At 31 December 2012
Share capital	52,864	52,864
Premises revaluation reserve	34,682	31,259
Reserve for fair value changes of available-for-sale securities	488	5,510
Regulatory reserve	8,994	7,754
Translation reserve	1,051	771
Retained earnings	60,734	52,811
Reserves	105,949	98,105
Capital and reserves attributable to the Equity Holders of the Company	158,813	150,969

Capital and reserves attributable to the equity holders increased by HK\$7,844 million, or 5.2% to HK\$158,813 million at 31 December 2013. Retained earnings rose by 15.0%, reflecting the 2013 profit after the appropriation of dividends. Premises revaluation reserve increased by 11.0%, which was attributable to the increase in property prices in 2013. Regulatory reserve rose by 16.0%, mainly due to loan growth. Reserve for fair value changes of available-for-sale securities decreased to HK\$488 million, due to rising market interest rates.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital and Liquidity Ratio

HK\$m, except percentages	At 31 December 2013
Capital ratios under Basel III	
Consolidated capital after deductions	
Common Equity Tier 1 capital	92,112
Additional Tier 1 capital	894
Tier 1 capital	93,006
Tier 2 capital	44,683
Total capital	137,689
Total risk-weighted assets	871,618
Common Equity Tier 1 capital ratio	10.57%
Tier 1 capital ratio	10.67%
Total capital ratio	15.80%

	At 31 December 2012
Capital ratios under Basel II	
Consolidated capital base after deductions	
Core capital	89,096
Supplementary capital	32,452
Total capital base	121,548
Total risk-weighted assets	723,699
Core capital ratio	12.31%
Capital adequacy ratio	16.80%

	2013	2012
Average liquidity ratio	37.93%	41.20%

The Banking (Capital) (Amendment) Rules 2012 and the Banking (Capital) (Amendment) Rules 2013 ("the rules") came into operation on 1 January 2013 and 30 June 2013 respectively. The rules mainly addressed the revision to both the minimum capital ratio requirement and the definition of regulatory capital. The rules also included enhancements to the counterparty credit risk framework and amendments on the capital treatment for certain trade financing activities and securities financing transactions. For information on the components of total capital and type of capital instruments used, please refer to Note 4.5 and Note 41 to the Financial Statements in the Annual Report. As a result of the adoption of the rules, the capital ratios shown above are not directly comparable.

Total capital ratio at 31 December 2013 was 15.80%.

Risk-weighted assets increased by 20.4%, mainly from changes in risk-weighted assets for credit risk as a result of loan growth and increase in interbank exposures. The increase in risk-weighted assets was also attributable to changes introduced by Basel III.

The average liquidity ratio in 2013 remained solid at 37.93%.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS REVIEW

2013 Business Highlights

Personal Banking

- Maintained leading position in residential mortgages and the UnionPay card business
- Strengthened the wealth management platform with introduction of the brand new Enrich Banking Service
- Launched Virtual Securities Investment Platform and various marketing campaigns to appeal to younger clientele
- Good progress seen in Private Banking service with increased number of customers and assets under management
- Received the "Outstanding Retail Banking Business – Internet Banking Business" award of the "RMB Business Outstanding Awards 2013"

Corporate Banking

- Remained the top mandated arranger in the Hong Kong-Macau syndicated loan market
- Set up the Corporate Services Centre to further improve service efficiencies
- Notable performance in cross-border direct loan business and introduced offshore import finance service
- Received "Best SME's Partner Award" for the sixth consecutive year
- Further expanded client base for custody services and awarded "Best QFII Custodian" by The Asset Magazine
- Cash management services was presented with the "Achievement Award for Best Cash Management Bank in Hong Kong" in the "Asian Banker Transaction Banking Awards 2013"

Treasury

- Proactively adjusted portfolio mix to enhance return and shortened portfolio duration while staying attuned to risk
- Increased investments in high-quality financial institutions and corporate bonds as well as RMB-denominated bonds
- Timely response to market conditions and successful launch of treasury products

Insurance

- Maintained leading position in Hong Kong RMB insurance market
- Enriched product offerings to meet customers' needs and enhanced distribution channels to recruit new customers
- Recognised as "Best Life Insurance Company, Hong Kong" in the "Insurance Award 2013" by World Finance, a UK finance magazine

Mainland Business

- Achieved encouraging profit growth with satisfactory increases in loans and deposits
- Expanded product and service offerings with launch of credit card issuing business
- Further expanded branch network to 41 branches and sub-branches

RMB Business in Hong Kong

- Completed the Group's first RMB cross-border loan in Qianhai
- Collaborated with BOC to promote RMB business and establish closer relationship with overseas customers
- BOCHK appointed by Clearstream Banking S.A. as its cash correspondent bank for offshore RMB in Hong Kong
- Completed the first CNH/USD cross-currency swap transaction using the CNH HIBOR as the pricing benchmark
- Acted as the arranger for the issuance of the first RMB certificate of deposit with the CNH HIBOR as the benchmark rate
- Designated as the market maker of the USD/CNH futures for the Chicago Mercantile Exchange Group and Hong Kong Futures Exchange
- Introduced RMB time deposit service and tiered interest rates scheme and adjusted RMB intra-day Repo limits for participating banks to better manage their RMB funds
- Extended operating hours of RMB cross-border payments to better serve participating banks in different time zones
- Jointly launched the FTSE-BOCHK Offshore RMB Bond Index Series with FTSE Group

Others – BOCHK Asset Management Limited

- Launched two retail funds, both of which received overwhelming response from customers
- Granted an RQFII status and received an investment quota to invest in onshore equity securities
- Named the "Best Offshore RMB Manager" by Asia Asset Management for its "Best of the Best Awards" in two consecutive years since 2012
- Launched in 2012, the BOCHK-World Bank Emerging Markets Bond Fund was awarded the "Best-in-Class for Technology and Innovation" in the BENCHMARK Fund of the Year Award 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business Segment Performance

Profit before Taxation by Business Segments

HK\$m, except percentages	2013		2012	
	Amount	% of total	Amount	% of total
Personal Banking	6,926	24.9	5,513	21.6
Corporate Banking	11,844	42.6	9,725	38.1
Treasury	8,347	30.0	8,382	32.8
Insurance	1,144	4.1	609	2.4
Others	(468)	(1.6)	1,292	5.1
Total profit before taxation	27,793	100.0	25,521	100.0

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

PERSONAL BANKING

Financial Results

Personal Banking achieved a strong increase of HK\$1,413 million, or 25.6%, in profit before taxation in 2013 compared with the previous year. The growth was mainly attributable to the increase in net interest income and net fee and commission income.

Net interest income increased by 14.1%. This was mainly driven by the growth in average balance of loans and deposits coupled with the improvement in loan spread. Personal loans and deposits grew by 6.6% and 3.2% respectively compared with the end of 2012.

Net fee and commission income rose by 23.4%. The notable growth was attributable to the higher income from securities brokerage, funds distribution, insurance and credit cards.

Net trading gain increased by 31.3%, due to higher gains from equity instruments and foreign exchange related products.

Business operation

The Group's personal lending business continued its steady growth in 2013. It remained the market leader in new mortgage loans and the UnionPay card business. The Group's investment and insurance businesses registered broad-based growth with strong performance in fee and commission income from funds distribution, insurance and securities brokerage. The wealth management platform was further strengthened by the launch of the Enrich Banking Service while the Private Banking service showed encouraging results. Distribution channels were further optimised to enhance customer experience.

Residential mortgages – reinforcing market leadership

The Group continued to innovate to provide customers with the widest range of mortgage products and services across all channels. New products and services such as the Fixed-Rate Mortgage Scheme, Portable Fixed-Rate Mortgage Scheme, Instant Mortgage Assessment Service and Premium Mortgage Service were launched. The Group also partnered with the Hong Kong Mortgage Corporation Limited to actively promote reverse mortgages. During the year, it worked in close partnership with major property developers and participated in joint promotions of prime property development projects. The extensive range of products and services enabled the Group to remain as the market leader of new mortgage loans underwritten during the year.

Investment and insurance businesses – registering broad-based growth

Investment and insurance businesses registered encouraging performance with strong growth of commission income from securities brokerage, funds distribution and insurance. IPO shares placement services, traditionally offered to Private Banking customers only, were introduced to selected personal banking customers. The new educational Virtual Securities Investment Platform and the revamped Warrants/Callable Bull/Bear Contracts Information Webpage were rolled out to serve the needs

MANAGEMENT'S DISCUSSION AND ANALYSIS

of young investors as well as sophisticated traders respectively. Meanwhile, the innovative Family Securities Accounts service provides a brand new platform for parents to manage their various securities portfolios. The new Securities Club provides preferential services suited to customers of various membership tiers.

In the funds distribution business, the Group continued to broaden its product offerings. Two retail funds, the BOCHK All Weather RMB High Yield Bond Fund and the BOCHK All Weather HK & China Equity Fund, were launched and well received by customers. The Group continued to deepen relationships with existing customers and actively pursued new customers. Themed marketing campaigns and investment seminars were conducted to help customers further diversify their investment portfolios. The online fund webpage was enhanced with integrated information such as the latest market trends and fund information. As a result, commission income from funds distribution surged by 52.0% over last year. For bonds distribution, the Group continued to leverage its competitive edge and became one of the largest placing banks of the third iBond issuance and the RMB Sovereign Bonds issuance during the year.

With regards to the Bancassurance business, the Group maintained its leading position in the Hong Kong RMB insurance market. During the year, the direct sales team was centralised to enhance overall sales capabilities.

Credit card business – recognised leader in UnionPay card business

The Group's credit card business achieved success on a number of fronts in 2013. It maintained its leadership in the UnionPay International ("UPI") merchant acquiring business and card issuing business in Hong Kong. During the year, the Group partnered with UPI to pioneer the RMB settlement service of UnionPay card for merchants in Hong Kong. The launch of BOCHK e-Wallet – Mobile Payment Services brought an innovative and convenient mobile payment experience to customers. Through mobile phones equipped with BOC SD card and BOCHK e-Wallet application, customers can make credit card contactless transactions.

Wealth management service – one-stop wealth management solutions

Following the consolidation of its Wealth Management Service platform in 2012, the Group continued to provide personalised services and professional financial solutions to meet the banking and investment needs of high-end customers locally and across the border. A series of marketing programmes were launched to enhance brand image and to increase penetration with targeted customers. The Group also introduced its brand new Enrich Banking Service, to fulfil the lifestyle needs of the busy mid-segment working population with all-round financial management solutions, including the first-ever 24-hour Online Chat service in banking industry and a suite of electronic alerts.

The Group's Private Banking business made good progress after its launch in late 2012. In collaboration with business units of the Group as well as BOC, it expanded its customer base through a series of client acquisition and referral activities. Based on the one-stop, holistic service model, a wide range of tailor-made products and services in the area of investment management, liquidity management and estate planning were offered to meet the needs of Private Banking clients. Consequently, the business recorded encouraging results in terms of both the number of Private Banking customers and the assets under management.

Mass retail customers – appealing to younger clientele

The Group continued to implement its customer segmentation strategy to provide customers with the appropriate sales and service models. The Group re-packaged its i-Free Banking Service to cater for the basic banking and financial planning needs of general customers. In addition, a selection of savings plans together with lower-risk savings and investment products were launched to appeal to mass clientele. To target the youth segment, the Group used social media as the main channel to promote BOCHK's new investment learning platform.

Cross-border business – full coverage of attestation service in the Mainland

As the leading cross-border service provider in the market, the Group provides comprehensive and seamless solutions to customers in both Hong Kong and in the Mainland with banking needs across the border. The Group extended attestation account opening services at BOC's branches in all major cities and all branches of NCB (China). Referral services were enhanced with the support of a new dedicated team.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Distribution channels – strengthening automated banking channels

The Group continued to optimise its distribution channels to meet the needs of customers. At the end of 2013, the Group's service network in Hong Kong comprised 266 branches, including 133 wealth management centres. The continuous introduction of new concept branches was intended to enhance the customer experience and the Group's brand image. Automated banking channels were upgraded to provide customers with a comprehensive range of self-service banking services. Voice navigation ATM machines were also introduced to aid visually impaired customers with automated banking services. Furthermore, the Group launched the first HKD/RMB Cash Deposit Machine in Hong Kong, giving customers added convenience with the cash deposit functions in both currencies.

In recognition of its well-received electronic platform and outstanding services, the Group received the "Outstanding Retail Banking Business – Internet Banking" award of the "RMB Business Outstanding Awards 2013" organised by Metro Finance, Metro Finance Digital and Hong Kong Wen Wei Po. The Group was also recognised for "Best Personal Internet Banking" and the "Best Mobile Banking" under the e-brand Awards 2013 organised by the e-Zone Magazine. Financial planners of the Group won the Gold Award and the Best Performance Award in the "7th HKIB Outstanding Financial Management Planner Awards" presented by The Hong Kong Institute of Bankers.

CORPORATE BANKING

Financial Results

Corporate Banking recorded an encouraging growth of HK\$2,119 million, or 21.8%, in profit before taxation in 2013.

Net interest income rose by 20.6%, mainly driven by the increase in average balance of loans and deposits coupled with the increase in loan spread. The growth was partly offset by the decrease in deposit spread. Corporate loans and deposits grew by 11.9% and 13.5% respectively compared with the end of 2012.

Net fee and commission income increased by 7.1%, largely led by the growth of loans and bills commissions. The increase was, however, partly offset by the decline in commissions from payment services.

Business operation

The Group's Corporate Banking business made important headway with business development in 2013. It continued to provide comprehensive banking services to better serve customers' needs and strengthen customer relationships. It stepped up initiatives and collaboration with BOC in various business areas to enhance its competitive advantages and the overall synergy of the BOC Group. In collaboration with BOC, the Group's status in the international syndicated loan market has been elevated, while it registered a notable performance in the cross-border direct loan business. In the custody business, the Group further expanded its client base from different geographical locations. Service capabilities of the cash management business were enhanced to reinforce its competitive edge as the cross-border fund centre for customers.

Corporate lending business – Top mandated arranger in the Hong Kong-Macau syndicated loan market

The Group continued to work closely with BOC to provide a distinctive service offering. A two-way information exchange and business referral channel was established with BOC's branches in the Mainland and overseas for both onshore and offshore business. In cooperation with BOC, the Group successfully conducted conference presentations in various overseas countries, promoting its RMB business and establishing relationships with overseas customers. The Group strives to enhance service quality through continuous improvement of expertise in different industries. The Corporate Services Centre was set up to further improve service efficiencies. In 2013, the Group successfully completed its first RMB cross-border loan to an enterprise in Qianhai. It also made significant progress in the cross-border direct loan business and remained the top mandated arranger in the Hong Kong-Macau syndicated loan market. Acting as the Asia-Pacific Syndicated Loan Centre of BOC Group, the Group successfully helped arrange a syndicated loan led by the BOC Group to finance a renowned acquisition, enhancing the Group's reputation as an arranger bank in both M&A finance and syndicated loan market in the international arena. The Group also worked closely with BOC to explore new business opportunities from the China (Shanghai) Pilot Free Trade Zone.

MANAGEMENT'S DISCUSSION AND ANALYSIS

SME business – “Best SME’s Partner Award” for the sixth consecutive year

The Group strives to enhance customer experience for SME customers. Further to the launch of the Integrated Branches for Commercial Business and Business Integrated Account in 2012, the Group optimised the corporate internet banking platform CBS Online, featuring a modern and user-friendly interface which encourages transaction flow to consolidate customer relationships and attract new customers. The Group also launched a privileged guarantee fee subsidy to support the Special Concessionary Measures of the SME Financing Guarantee Scheme of the Hong Kong Mortgage Corporation Limited. Furthermore, the BOC Small Business Loan was launched to offer the vast majority of small businesses in the market a prompt and flexible financing solution to facilitate their business growth. In recognition of its long-standing support of SMEs in Hong Kong, the Group received for the sixth consecutive year the “Best SME’s Partner Award” from the Hong Kong General Chamber of Small and Medium Business.

Trade finance – enhanced product features

The Group continued to enhance product features to meet customer needs in a changing business environment. During the year, the Group launched the offshore import finance service. Meanwhile, there was considerable growth in the offshore export finance business. The Group focused on doing business that have a genuine trade background, arranging services in forfeiting, risk participation and offshore import finance. At the end of 2013, the Group’s balance of trade finance had grown by 27.2% from the end of 2012.

Custody service – further expansion of customer base

The Group continued to expand its custody services in 2013. In addition to those institutions with Mainland background, the Group established business relationships with a number of new RQFII applicants from Hong Kong, Taiwan and other overseas countries or regions. It continued to expand its client base and successfully secured mandates to provide custody services for RQFII-ETFs and various types of RQFII and QDII products. Continuous and closer cooperation have been fostered with BOC branches to enhance the overall service capacity. In recognition of its outstanding QFII-related performance, BOCHK was awarded the “Best QFII Custodian” under Regional Specialist in the Asset Servicing Awards 2013 by The Asset Magazine. At the end of 2013, excluding the RMB fiduciary account for participating banks, total assets under the Group’s custody were valued at HK\$690 billion.

Cash management service – further strengthening of service capabilities

The Group continued to strengthen its cross-border cash management service capabilities. The remittance points of BOC Remittance Plus have been extended to cover all BOC’s branches in the Mainland and its Taipei Branch, providing customers with greater convenience. In addition, the Group successfully completed the linkage of domestic liquidity management functions with the cross-border liquidity management services of BOC to strengthen its competitive edge as a cross-border fund centre for customers in Hong Kong. The new Electronic Bill Presentment and Payment service was launched to provide one-stop bill collection and payment services to customers. During the year, BOCHK was appointed by Clearstream Banking S.A. as its cash correspondent bank for offshore RMB in Hong Kong. This appointment reinforced the Group’s leading position in the offshore RMB business. In recognition of its outstanding cash management services, BOCHK was presented the “Achievement Award for Best Cash Management Bank in Hong Kong” in the “Asian Banker Transaction Banking Awards 2013”.

Risk management – proactive measures to contain risks

The Group remained focused on managing its asset quality through strict adherence to prudent credit policy. It continued to strengthen its know-your-customer process and closely monitored customers and industries that could be adversely affected by the volatile economic environment, including the possible slowdown of economic growth in the Mainland and the withdrawal of stimulus in the US. Mainland customers in certain vulnerable industries with over-capacities have been closely monitored. Rigorous pre- and post-lending monitoring measures were put in place to track early negative signs, with ad hoc credit review and precautionary measures taken in a timely manner. In view of the rapid growth in the offshore RMB business, the Group also enhanced risk measurements and control standards of RMB exposure to support the healthy growth of RMB businesses.

MANAGEMENT'S DISCUSSION AND ANALYSIS

MAINLAND BUSINESS

Financial performance – encouraging growth

The Group's Mainland business recorded encouraging growth with optimisation of assets and liabilities to improve return. Net operating income increased by 28.5% while operating expenses rose by 28.4% with further investment in the Mainland. Deposits from customers and loans registered satisfactory growth of 16.0% and 12.8% respectively from the end of last year. Loan quality remained sound.

Product and service offerings – continuous enhancement in capabilities

The Group continued to enrich its product and service offerings. During the year, the Group launched a series of structured wealth management products, including the equity-linked Preferred Equity and the crude oil-linked Global Energy. Another series of wealth management products, Yixiang II, was also launched and well received by customers, making significant contribution to commission income. During the year, NCB (China) commenced its credit card issuing business in the Mainland. The SME business platform was further enhanced with the launch of the Small Micro-Enterprises Loan Programme as well as financing programmes that were tailor-made to support SMEs in certain industries. In close collaboration with BOC's branches in the Mainland and overseas, NCB (China) reinforced its competitiveness in the trade finance business.

Distribution channels – further expansion of branch network and enhanced e-Banking function

The Group further expanded its branch network in the Mainland with the opening of one main branch and four sub-branches of NCB (China) in the year. The Group's total number of branches and sub-branches in the Mainland increased to 41 by the end of 2013. Meanwhile, the Group continued to enhance both its personal and corporate e-Banking platforms with the introduction of new services, extension of service hours and sharing of the payment platform of BOC. The Group also conducted several projects to streamline business processes, in order to shorten turnaround time and enhance customer experience.

TREASURY

Financial Results

Treasury recorded a mild decrease of 0.4% in profit before taxation from the previous year.

Net interest income increased by 0.8%. This was mainly due to the increase in the average balance of debt securities investments coupled with the improved yield on interbank placements. The increase was, however, partly offset by the decrease in the average balance of interbank placements and the lower spread on debt securities investments.

Net trading gain was up 17.5%. The increase was mainly attributable to the income from currency exchange transactions and the mark-to-market gain of certain interest rate instruments.

Net gain on other financial assets was down 71.3%. This was mainly due to the higher gain recorded in 2012 as the Group captured market opportunities to realise gain on certain debt securities investments.

Business Operation

Proactive investment strategy – staying attuned to risk

The Group continued to take a proactive yet prudent approach in managing its banking book investments. It closely monitored market changes and adjusted its investment portfolio to enhance return while staying vigilant of risks. In 2013, the Group shortened portfolio duration and selectively increased its investments in high-quality financial institutions and corporate bonds. The Group also increased its holdings in RMB-denominated bonds issued by policy banks and high-quality Mainland corporates.

Product sales – responding to market demand

In line with its customer-centric approach, the Group continued to focus on its strengths in deal origination, client marketing and product management. During the year, the Group was an active participant in the market, providing timely response to customer demand. It focused on promoting products and services, including structured deposit, equity-linked investment and foreign exchange margin trading, which were well-received by customers. In the bond underwriting business, the Group achieved success in business diversification with underwriting of bond issuance in different denominated currencies.

MANAGEMENT'S DISCUSSION AND ANALYSIS

RMB-related business – the leading CNH (offshore RMB) market player

As the leading market player in the offshore RMB treasury business in Hong Kong, the Group completed the first CNH/USD cross-currency swap transaction using the CNH HIBOR as the pricing benchmark. This transaction served as a tool to hedge against interest rate risks and marked a new milestone in the development of the offshore RMB business. The Group also successfully acted as the arranger for the issuance of the first RMB certificate of deposit with the CNH HIBOR as the benchmark rate, offering the market a wider choice of floating rate debt instruments. BOCHK has been designated as the market maker of the USD/CNH futures for the Chicago Mercantile Exchange Group and Hong Kong Futures Exchange, becoming the only bank to play such a role in both exchanges.

RMB clearing service – continuous service enhancement

The Group continued to develop better infrastructure to ensure the stable operation and continuous improvement of RMB clearing services in Hong Kong. A number of measures, including the introduction of RMB time deposit service, tiered interest rates scheme and the adjustment of RMB intra-day Repo limits, have been introduced for participating banks to better manage their RMB funds. The extension of operating hours for RMB cross-border payments allows participating banks in different time zones to enjoy the convenience of the Group's settlement service.

INSURANCE

Financial Results

The Group's Insurance segment registered a strong growth of 87.8% in its profit before taxation to HK\$1,144 million in 2013.

Net insurance premium income grew robustly by 42.1%, as a result of the Group's continuous efforts in product enhancement as well as marketing and promotional campaigns. Policy reserves were lower, as reflected in the changes in net insurance benefits and claims on the back of higher long-term interest rates. This outweighed the mark-to-market changes of debt securities, which were affected by market interest rate movements.

Business Operation

Driving growth through product enhancement and diversified distribution channels

The Group continued to broaden its product offerings to meet the diverse needs of customers. The UltiChoice Universal Life Insurance Plan was launched to help customers with financial planning and provide whole life protection. The Group also actively developed new distribution channels and established partnerships with brokerage houses to promote insurance products. The optimisation of distribution channels enabled the Group to reach a wider range of customers.

In recognition of its distinctive achievements in the year, BOCG Life was awarded the "Best Life Insurance Company, Hong Kong" in the "Insurance Award 2013" by World Finance, a UK finance magazine, and the "Outstanding Brand Award 2013 – Life Insurance Category" by Economic Digest.

RMB insurance products – a prominent provider

The Group continued to maintain its leading position in the Hong Kong RMB insurance market. Products such as IncomeGrowth Annuity Insurance Plan, Target 5 Years Insurance Plan Series, and RMB Universal Life Insurance Plan were well received by customers. Two new products Wealth Conquer Universal Life Insurance Plan and Forever Glorious Universal Life Insurance Plan were launched and tailored for distribution through brokerage houses.

In recognition of its outstanding performance in RMB services, BOCG Life was granted for two consecutive years the award of "RMB Business Outstanding Awards – Outstanding Insurance Business" organised by Metro Finance, Metro Finance Digital and Hong Kong Wen Wei Po.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OTHERS

Asset management service – making solid progress

BOCHK Asset Management Limited (“BOCHK AM”) saw solid progression in its business in 2013. With strong impetus to focus on developing RMB products and being a competent equity fund house, it launched two retail funds BOCHK All Weather RMB High Yield Bond Fund and BOCHK All Weather HK & China Equity Fund. Both of these funds received an overwhelming response from customers. BOCHK AM was granted an RQFII status by the China Securities Regulatory Commission in July and received an RQFII equity quota from the State Administration of Foreign Exchange in August. It plans to launch an RQFII fund investing in onshore equity securities in 2014.

With respect to its investment advisory services, BOCHK AM continued to expand its geographical foothold by offering its advisory services to overseas financial institutions. This includes acting as the investment advisor for two RMB bond funds launched in Taiwan by a local asset management company. BOCHK AM also acts as the advisor for the new FTSE-BOCHK Offshore RMB Bond Index Series (the “Index Series”) launched in partnership with BOCHK and FTSE Group in October. The Index Series combines BOCHK’s unique positioning in offshore RMB business and FTSE’s global innovative expertise in index benchmarks, allowing investors to benchmark offshore RMB bond market performance and supports market demand for related fixed income investment products.

In recognition of its outstanding offshore RMB bond performance, BOCHK AM has been named the Best Offshore RMB Manager by Asia Asset Management for its Best of the Best Awards in two consecutive years since 2012. In addition, the BOCHK-World Bank Emerging Markets Bond Fund was awarded for “Best-in-Class for Technology and Innovation” in the BENCHMARK Fund of the Year Award 2013. These awards demonstrate BOCHK AM’s strengths and capabilities in RMB related investment product innovation and leadership.

2014 Business Focuses

In 2014, there will be opportunities and challenges in the operating environment for banks in Hong Kong. The Group will continue to ensure the efficient use of its capital to support growth and drive sustainable return, while adhering to rigorous risk management to safeguard its financial strength and asset quality.

The Group will further explore potential business opportunities with existing customers and expand its market penetration as customers’ main bank. It will capitalise on its personal customer segmentation strategy and produce differentiated product propositions to strengthen customer relationships and increase loyalty among different customer segments. The advisory service capability of frontline staff will be further enhanced to encourage cross-selling.

With regards to infrastructure, the Group will further optimise its service platforms to appeal to key targeted customers. It will emphasise product innovation and channel establishment as well as integrate innovative technology with customer experience to pave the way for the Group’s future developments.

Leveraging on opportunities from continuing economic reform of the Mainland economy and its strength in the offshore RMB business, the Group will focus on expanding its customer base and enhancing its product development capabilities to optimise its customer and business mix. At the same time, it will continue to improve products and services of the RMB clearing bank with the aim to expand the clearing network globally and consolidate the clearing bank’s strong market position in both offshore and cross-border RMB clearing services.

The Group will pursue a strategy of seamless service delivery within the BOC Group. Through closer collaboration with BOC, it will capitalise on its RMB clearing network and competitive advantages to expand beyond Hong Kong. At the same time, it will increase cooperation with BOC to enhance the service coverage and overall synergy of the BOC Group.

MANAGEMENT'S DISCUSSION AND ANALYSIS

TECHNOLOGY AND OPERATIONS

In 2013, the Group continued to strengthen its information technology and business operation infrastructure to support business growth and operational efficiency. The revamp and expansion of the Group's data centre have been carried out to cater for the business expansion of the Group. Some of the major operations of the Group's subsidiary companies were centralised to enhance both operational synergies and risk management. Meanwhile, a series of services was introduced to enhance customer relationships and support the growth of Personal Banking business. The BOCHK e-Wallet – Mobile Payment Services was launched to provide customers with a new way of conducting payments. The first-ever 24-hour Online Chat Platform was established to provide customers of Enrich Banking service with immediate feedback and assistance. HKD/RMB Cash Deposit machines, the first of their kind in Hong Kong, were made available to provide customers with added convenience in performing cash deposit functions in both currencies. In addition, the paperless branch teller model and electronic account opening platform have been implemented in over 80 local branches.

CREDIT RATINGS

As at 31 December 2013	Long-term	Short-term
Standard & Poor's	A+	A-1
Moody's	Aa3	P-1
Fitch	A	F1

On 28 October 2013, Standard & Poor's affirmed the 'A+' long-term and 'A-1' short-term issuer credit ratings for BOCHK. The outlook is stable.

On 7 May 2013, Moody's Investors Service affirmed 'Aa3' long-term and 'P-1' short-term local and foreign currency bank deposit ratings; and 'C+' bank financial strength rating for BOCHK. The outlook is stable.

On 30 October 2013, Fitch Ratings affirmed 'A' long-term and 'F1' short-term foreign currency issuer default ratings for BOCHK. The outlook is stable.

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 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, which is an expression of the types and level of risk that the Group is willing to take in a controllable way in order to achieve its business goals and to meet the expectations of its stakeholders. For details of the Group's risk management governance structure, please refer to Note 4 to the Financial Statements in the Annual Report.

Credit Risk Management

Credit risk is the risk of loss arising from a customer or counterparty that 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.

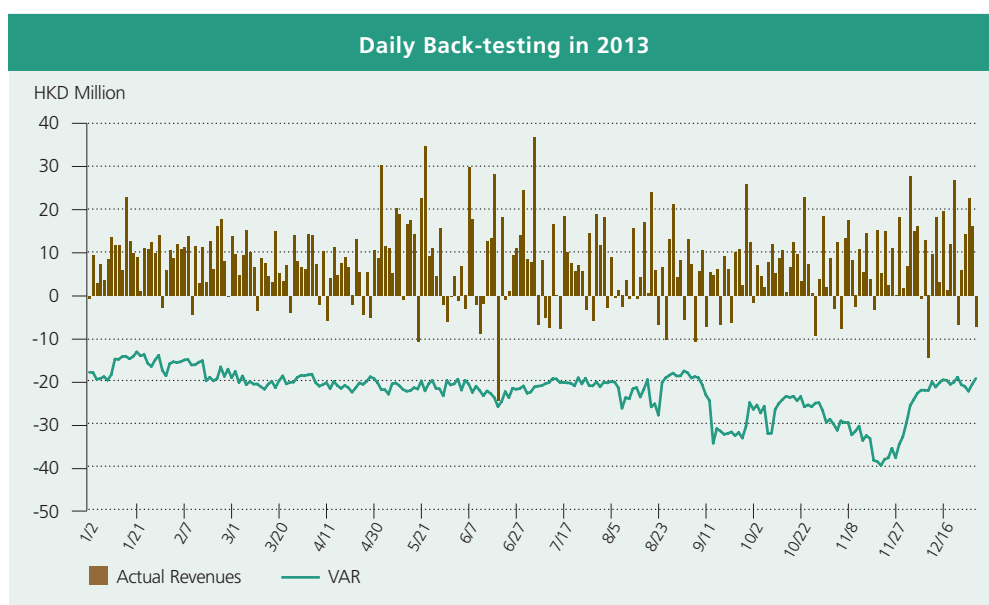
MANAGEMENT'S DISCUSSION AND ANALYSIS

Market Risk Management

Market risk refers to the risk of loss arising from movements in the value of foreign exchange, commodity, interest rate and equity positions held by the Group due to the volatility of financial market price (interest rate, foreign exchange rate, equity price, commodity price). The Group adopts a moderate market risk appetite to achieve a 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 to measure and report general market risks 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 market data, to calculate VAR of the Group and subsidiaries over a 1-day holding period with 99% confidence level, and sets up the VAR limit of the Group and subsidiaries.

The Group adopts back-testing to measure the accuracy of VAR model results. The back-testing compares the calculated VAR figure of market risk positions of each business day with the actual and hypothetical revenues arising from 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. The graph below shows the back-testing result of the VAR against actual revenues of the Group.



There were no actual losses exceeding the VAR for the Group in 2013 as shown in the back-testing results.

Interest Rate Risk Management

Interest rate risk means the risks to a bank's earnings and economic value arising from 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 repricing risk, basis risk, yield curve risk and option risk. For details of the Group's Interest Rate Risk Management, please refer to Note 4.2 to the Financial Statements in the Annual Report.

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 maintains sound liquidity risk appetite to provide stable, reliable and adequate sources of cash to meet liquidity needs under normal circumstances or stressed scenarios; and to survive with net positive cumulative cash flow in extreme scenarios without requesting HKMA to act as the lender of last resort. For details of the Group's Liquidity Risk Management, please refer to Note 4.3 to the Financial Statements in the Annual Report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operational Risk Management

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

The Group has implemented the "Three Lines of Defence" for its operational risk management. All departments or functional units as the first line of defence are the first parties responsible for operational risk management, and carry out the duties and functions of self risk control in the process of business operation through self assessment and self enhancement. The Operational Risk and Compliance Department ("OR&CD"), together with certain specialist functional units in relation to operational risk management within the Group, including the Human Resources Department, Information Technology Department, Corporate Services Department, Financial Management Department and General Accounting & Accounting Policy Department (collectively known as "specialist functional units"), are the second line of defence. They are responsible for assessing and monitoring the operational risk conditions in the first line of defence, and providing them with guidance. The OR&CD, being independent from the business units, is responsible for assisting the Management in managing the Group's operational risk, including the establishment and review of the operational risk management policy and framework, designing the operational risk management tools and reporting mechanism, and assessing and reporting the overall operational risk position to the Management and RC. Specialist functional units are required to carry out their managerial duties of the second line of defence with respect to some specific aspects of operational risk and its related issues. 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 group-wide operational risk management. Group Audit is the third line of defence which provides independent assessment to the effectiveness and adequacy of the operational risk management framework and is required to conduct periodic audit of the operational risk management activities of various departments or functional units within the Group regarding their compliance and effectiveness and to put forward recommendations for remedial actions.

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. The Group adheres to the fundamental principle of proper segregation of duties and authorisation. The Group adopts various operational risk management 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 purchase of insurance to mitigate unforeseeable operational risks. Business continuity plans are established 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 decrease. Reputation risk is inherent in other types of risk and every aspect of business operation and covers a wide spectrum of issues.

In order to mitigate reputation risk, the Group has formulated and duly followed its Reputation Risk Management Policy. The policy aims to identify and prevent 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 comprehensive framework to continuously monitor reputation risk incidents in the financial industry. This continuous monitoring enables the Group to effectively manage, control and mitigate any potential adverse impact from an incident. The Group also adopts robust disclosure practices to keep our stakeholders informed at all times, which helps build confidence in the Group and establish a strong public image.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Legal and Compliance Risk Management

Legal risk is the risk that unenforceable contracts, lawsuits or adverse judgments may disrupt or otherwise negatively affect the operations or financial conditions of the Group. Compliance risk is the risk of legal or regulatory sanctions, financial losses or losses in reputation the Group may suffer as a result of its failure to comply with all applicable laws and regulations. Legal and compliance risks are managed by the OR&CD, which reports directly to the CRO. All legal matters are handled by the Legal Services Centre ("LSC"), which reports to the Chief Operating Officer. The 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 the RC as delegated by the Board.

Strategic Risk Management

Strategic risk generally refers to the risks that may cause current or future negative impacts on the earnings, or capital or reputation or market position of the Group because of poor business decisions, improper implementation of strategies and inadequacies in the response to the changing market condition. The Board reviews and approves the strategic risk management policy. Key strategic issues have to be fully evaluated and properly endorsed by the senior management and the Board.

The Group regularly reviews 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 Asset and Liability Management Committee ("ALCO") periodically reviews the Group's capital structure and adjusts the capital mix where appropriate to maintain an optimal balance among risk, return and capital adequacy.

The Banking (Capital) (Amendment) Rules 2012 and the Banking (Capital) (Amendment) Rules 2013 came into operation on 1 January 2013 and 30 June 2013 respectively. The rules mainly addressed the revision to both the minimum capital ratio requirement (in terms of expanding the existing capital adequacy ratio into three ratios, namely, a Common Equity Tier 1 capital ratio, a Tier 1 capital ratio and a Total capital ratio) and the definition of regulatory capital. In addition, the rules included the enhancements to the counterparty credit risk framework and amendments on the capital treatment for certain trade financing activities and securities financing transactions. The Group's capital position remains strong after the implementation of the rules.

To comply with the HKMA's requirements as stated in the Supervisory Policy Manual "Supervisory Review Process", the Group adopts the internal capital adequacy assessment process ("ICAAP") and reviews it annually. Based on the HKMA's guidelines on Pillar II, ICAAP has been initiated to assess the extra capital needed to cover the material risks not captured or not adequately captured under Pillar I, and therefore minimum Common Equity Tier 1 capital ratio, minimum Tier 1 capital ratio and minimum Total capital ratio are determined. Meanwhile, operating ranges for the aforementioned ratios has also been established which enables the flexibility for future business growth and efficiency of capital utilisation.

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 in accordance with the principles stated in the Supervisory Policy Manual "Stress-testing" published by the HKMA. The ALCO monitors the results against the key risk limit approved by the RC. The Financial Management Department reports the combined stress test results of the Group to the Board and RC regularly.

BOCG Life

BOCG Life's principal business is the underwriting of long-term insurance business in life and annuity (Class A), linked long term business (Class C) and retirement scheme management category III (Class I) in Hong Kong. Major types of risk arising from BOCG Life's insurance business are insurance risk, interest rate risk, liquidity risk and credit risk. BOCG 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

BOCG 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 arrangements.

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 BOCG Life's underwriting procedures.

The reinsurance arrangement helps transfer the insurance risk associated with the insurance contracts to the third party. It does not, however, discharge BOCG Life's liability as the primary insurer. If a reinsurer fails to pay a claim for any reasons, BOCG 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 reinsurance contract. BOCG 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. BOCG 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 BOCG 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. BOCG Life manages the matching of assets and liabilities 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. BOCG Life's asset and liability management framework includes cash flow management to preserve liquidity to match policy payout from time to time. In the normal course of BOCG Life's business, new business and in-force policies premiums generate constant cash inflows and, as a result, the portfolios also grow gradually to meet future liquidity requirements.

Credit Risk Management

BOCG Life has exposure to credit 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 BOCG 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)
- Reinsurers' share of insurance unpaid liabilities
- Amounts due from reinsurers in respect of claims already paid
- Amount due from insurance contract holders
- Amount due from insurance intermediaries

BOCG 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, BOCG 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.

NEW
**CUSTOMER
EXPERIENCE**





CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman

TIAN Guoli# (appointment effective from 4 June 2013)

XIAO Gang# (resignation effective from 17 March 2013)

Vice Chairmen

LI Lihui# resignation effective from 25 March 2014)

CHEN Siqing# (appointment as Vice Chairman effective from 25 March 2014)

HE Guangbei

Directors

LI Zaohang#

ZHOU Zaiqun# (retirement effective from 25 March 2014)

GAO Yingxin

FUNG Victor Kwok King*

KOH Beng Seng*

NING Gaoning*

SHAN Weijian*

TUNG Savio Wai-Hok*

TUNG Chee Chen* (retirement effective from 28 May 2013)

Non-executive Directors

* Independent Non-executive Directors

SENIOR MANAGEMENT

Chief Executive

HE Guangbei

Deputy Chief Executive

GAO Yingxin

Chief Financial Officer

ZHUO Chengwen

Deputy Chief Executive

YEUNG Jason Chi Wai

Chief Risk Officer

LI Jiuzhong

Chief Operating Officer

LEE Alex Wing Kwai

Deputy Chief Executives

ZHU Yanlai (appointment effective from 15 April 2013)

HUANG Hong (appointment effective from 1 July 2013)

COMPANY SECRETARY

CHAN Chun Ying

REGISTERED OFFICE

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

AUDITOR

Ernst & Young

SHARE REGISTRAR

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

ADR 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 TIAN Guoli



Mr LI Lihui



Mr CHEN Siqing



Mr HE Guangbei



Mr LI Zaohang



Mr ZHOU Zaiqun



Mr GAO Yingxin



Dr FUNG Victor Kwok King



Mr KOH Beng Seng



Mr NING Gaoning

Directors

Mr TIAN Guoli

Chairman

Aged 53, Chairman of the Board of Directors of the Company and BOCHK. Chairman and Executive Director of BOC. Director of BOC (BVI) and BOCHKG.

Mr LI Lihui

Vice Chairman (resignation effective from 25 March 2014)

Born in 1952. Vice Chairman of the Board of Directors and a member of the Nomination and Remuneration Committee of the Company and BOCHK during the year. Director of BOC (BVI) and BOCHKG during the year.

On 25 March 2014, Mr LI resigned as Vice Chairman, Non-executive Director and a member of the Nomination and Remuneration Committee of the Company and BOCHK.

Mr CHEN Siqing

Non-executive Director (appointment as Vice Chairman effective from 25 March 2014)

Aged 53. Non-executive Director and a member of the Risk Committee and the Strategy and Budget Committee of the Company and BOCHK during the year. President of BOC.

On 25 March 2014, Mr CHEN was appointed as Vice Chairman and a member of the Nomination and Remuneration Committee of the Company and BOCHK, and has ceased to be a member of each of the Risk Committee and the Strategy and Budget Committee of the Company and BOCHK.

Mr HE Guangbei

Vice Chairman and Chief Executive

Aged 59. Vice Chairman, Chief Executive and a member of the Strategy and Budget Committee of the Company and BOCHK. Chairman of NCB (China), Chiyu, BOCG Life and BOCHK

Charitable Foundation. He is Director of each of Hong Kong Interbank Clearing Limited and HKICL Services Limited, a Director of Hong Kong Note Printing Limited. Designated representative of BOCHK to the Hong Kong Association of Banks and presiding Chairman in 2014. Member of 12th National Committee of the Chinese People's Political Consultative Conference. Non-official member of Economic Development Commission, member of the HKMA Exchange Fund Advisory Committee, Banking Advisory Committee, General Committee of Hong Kong General Chamber of Commerce, Hong Kong-United States Business Council, Advisory Committee of Qianhai Shenzhen-Hong Kong Modern Service Industry Corporation Zone. He is also a deputy officer of the Finance Committee of Guangdong's Association for promotion of cooperation between Guangdong, Hong Kong & Macau and Honorary President of the Hong Kong Chinese Enterprises Association.

Mr LI Zaohang

Non-executive Director

Aged 58. Non-executive Director and a member of the Risk Committee and the Nomination and Remuneration Committee of the Company and BOCHK during the year. Executive Director and Executive Vice President of BOC.

On 25 March 2014, Mr LI was appointed as Chairman of the Strategy and Budget Committee and ceased to be a member of the Risk Committee of the Company and BOCHK. He remains as a member of the Nomination and Remuneration Committee of the Company and BOCHK.

Mr ZHOU Zaiqun

Non-executive Director (retirement effective from 25 March 2014)

Aged 61. Non-executive Director, Chairman of the Strategy and Budget Committee and a member of the Audit Committee of the Company and BOCHK during the year. Chairman of NCB and Vice Chairman of NCB (China).

On 25 March 2014, Mr ZHOU retired as Non-executive Director and ceased to be Chairman of the Strategy and Budget Committee and a member of the Audit Committee of the Company and BOCHK.

Mr GAO Yingxin

Executive Director and Deputy Chief Executive

Aged 51. 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 NCB and BOCG Insurance.

Dr FUNG Victor Kwok King

Independent Non-executive Director

Aged 68. Independent Non-executive Director and a member of the Audit Committee and the Strategy and Budget Committee of the Company and BOCHK. Group Non-executive Chairman of the Fung group of companies.

Mr KOH Beng Seng

Independent Non-executive Director

Aged 63. Independent Non-executive Director, Chairman of the Risk Committee and a member of the Audit Committee and the Nomination and Remuneration Committee of the Company and BOCHK. Chief Executive Officer of Octagon Advisors Pte Ltd.

Mr NING Gaoning

Independent Non-executive Director

Aged 55. Independent Non-executive Director and a member of the Strategy and Budget Committee of the Company and BOCHK. Chairman of COFCO Corporation and COFCO (Hong Kong) Limited.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT



Mr SHAN Weijian



Mr TUNG Savio Wai-Hok



Mr ZHUO Chengwen



Mr YEUNG Jason Chi Wai



Mr LI Jiuzhong



Mr LEE Alex Wing Kwai



Mdm ZHU Yanlai



Mr HUANG Hong

Directors

Mr SHAN Weijian

Independent Non-executive Director

Aged 60. Independent Non-executive Director, 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 Savio Wai-Hok

Independent Non-executive Director

Aged 62. Independent Non-executive Director, Chairman of the Nomination and Remuneration Committee, a member of the Audit 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 43. Chief Financial Officer of the Group. Chairman of BOCHK Asset Management Limited.

Mr YEUNG Jason Chi Wai

Deputy Chief Executive

Aged 59. Deputy Chief Executive of the Group in charge of the Personal Banking business. Vice Chairman of BOCCC and Director of BOCG Life.

Mr LI Jiuzhong

Chief Risk Officer

Aged 51. Chief Risk Officer of the Group. Director of NCB, NCB (China), BOCCC and BOCG Life.

Mr LEE Alex Wing Kwai

Chief Operating Officer

Aged 55. Chief Operating Officer of the Group. Director of BOCCC.

Mdm ZHU Yanlai

Deputy Chief Executive

Aged 59. Deputy Chief Executive of the Group in charge of overall leadership for the planning, implementation of the Group's strategy and Renminbi business. Director of NCB.

Mr HUANG Hong

Deputy Chief Executive

Aged 54. Deputy Chief Executive of the Group in charge of the financial market businesses. Director of BOCG Life, Director and Chairman of BOCI-Prudential Trustee Limited and BOC Group Trustee Company Limited.

REPORT OF THE DIRECTORS

The Directors are pleased to present their report together with the Summary Financial Statements of the Group for the year ended 31 December 2013.

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 89.

The Board has recommended a final dividend of HK\$0.465 per share, amounting to approximately HK\$4,917 million, subject to the approval of shareholders at the forthcoming annual general meeting to be held on Wednesday, 11 June 2014. If approved, the final dividend will be paid on Friday, 27 June 2014 to shareholders whose names appear on the Register of Members of the Company on Friday, 20 June 2014. Together with the interim dividend of HK\$0.545 per share declared in August 2013, the total dividend payout for 2013 would be HK\$1.010 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 Friday, 6 June 2014 to Wednesday, 11 June 2014 (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 Thursday, 5 June 2014. The Annual General Meeting of the Company will be held at 2:00 p.m. on Wednesday, 11 June 2014.

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 Tuesday, 17 June 2014 to Friday, 20 June 2014 (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 Monday, 16 June 2014. Shares of the Company will be traded ex-dividend as from Friday, 13 June 2014.

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\$11 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.

REPORT OF THE DIRECTORS

Distributable Reserves

Distributable reserves of the Company as at 31 December 2013, calculated under section 79B of the Hong Kong Companies Ordinance (Chapter 32), amounted to approximately HK\$11,058 million.

Five-year Financial Summary

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

Directors

The list of Directors of the Company is set out on page 46. The biographical details of the Directors and senior management are set out on pages 47 to 48 of this Summary Financial Report. The term of office for each Non-executive Director is approximately three years.

Mr XIAO Gang resigned as Chairman and Non-executive Director with effect from 17 March 2013. Mr TUNG Chee Chen retired as an Independent Non-executive Director after the conclusion of the 2013 annual general meeting held on 28 May 2013. Mr TIAN Guoli was appointed as Chairman and Non-executive Director with effect from 4 June 2013. As at the date of this report, Mr LI Lihui resigned as Vice Chairman and Non-executive Director, Mr ZHOU Zaiqun retired as Non-executive Director and Mr CHEN Siqing was appointed as Vice Chairman, all changes effective from 25 March 2014. The Board would like to express its sincere gratitude and the highest respect to Mr XIAO, Mr LI, Mr ZHOU and Mr TUNG for their valuable contributions in all aspects during their tenure of office.

In accordance with Article 98 of the Articles of Association and pursuant to Code A.4.2 of the Corporate Governance Code, the terms of office of Mr HE Guangbei, Mr LI Zaohang and Dr FUNG Victor Kwok King will expire at the forthcoming annual general meeting. Dr FUNG Victor Kwok King has notified the Company that he has decided not to stand for re-election at the forthcoming annual general meeting. The other two Directors being eligible, will offer themselves for re-election. Further, pursuant to the Articles of Association, any Director appointed by the Board during the year shall hold office only until the next following annual general meeting of the Company, and shall then be eligible for re-election at such meeting. Accordingly, the term of office of Mr TIAN Guoli, who had been appointed on 4 June 2013, will expire at the forthcoming annual general meeting and, being eligible, will offer himself 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

Mr TIAN Guoli and Mr LI Zaohang are Executive Directors of BOC. Mr CHEN Siqing is a President of BOC. During the year, Mr LI Lihui was an Executive Director of BOC.

BOC is a joint stock commercial bank with limited liability, established under the laws of the PRC, 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.

REPORT OF THE DIRECTORS

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

As at 31 December 2013, 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	Approximate % of the total issued shares
	Personal interests	Family interests	Corporate interests	Other interests		
HE Guangbei	100,000	–	–	–	100,000	0.0009%
NING Gaoning	–	25,000 ^{Note}	–	–	25,000	0.0002%
Total	100,000	25,000	–	–	125,000	0.0011%

Note: Such shares are held by the spouse of Mr NING Gaoning.

Save as disclosed above, as at 31 December 2013, 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 as set out in Appendix 10 of the Listing Rules.

Substantial Interests in Share Capital

The register maintained by the Company pursuant to section 336 of the SFO recorded that, as at 31 December 2013, 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	Approximate % of the 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:

- 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.
- 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.
- 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. Apart from the disclosure above, according to the register maintained by the Company pursuant to section 336 of the SFO, 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 2013.

REPORT OF THE DIRECTORS

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.

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.

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 Listing Rules, 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.

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 capitalised and operating expenditures. Proposed significant expenditures outside the approved budget will be referred to the Board or the relevant Board committee for decision. Financial and business performance against targets is reported to the Board regularly. Should there be any significant changes in relation to the operations, 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

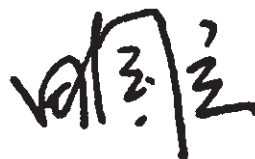
The financial statements for the year ended 31 December 2013 comply with the applicable requirements set out in the Banking (Disclosure) Rules under the Banking Ordinance and the applicable disclosure provisions of the Listing Rules.

Auditor

At the close of 2013 annual general meeting held on 28 May 2013, PricewaterhouseCoopers retired as auditor of the Company upon expiration of its term of office and Ernst & Young ("EY") was appointed as new auditor of the Company to hold office until the conclusion of the 2014 annual general meeting.

The financial statements for the year 2013 have been audited by EY who will retire and offer themselves for re-appointment at the 2014 annual general meeting.

On behalf of the Board



TIAN Guoli
Chairman

Hong Kong, 26 March 2014

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 HKMA, 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 has been in full compliance with all code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules. **It also complies with nearly all the recommended best practices set out in the Corporate Governance Code.** In particular, **the Company publishes quarterly financial and business reviews** so that shareholders and investors 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" ("SPM CG-1") issued by HKMA. During the year, the Company has made reference to guidelines and requirements issued by regulatory authorities, coupled with the experience drawn from daily best practice to formulate "Succession Policy for Directors", "Board Diversity Policy", "Policy on Managing Conflicts of Interest of Directors" and relevant measurements in order to ensure the system is in line with the regulatory requirements and further enhance corporate governance standard.

In 2013, the Company was awarded "Asia's Outstanding Company" which was organised by Corporate Governance Asia Magazine with an aim to recognise those companies with excellent and outstanding achievement in upholding aspects of shareholders' rights, information disclosure and board function. This was the second consecutive year for the Company to be granted with such recognised awards. Besides, the Company was also awarded Platinum Winner of Excellence in Management and Corporate Governance Awards 2013 by The Asset. The Company will continue to maintain sound corporate governance standards and procedures to ensure the completeness, transparency and quality of our information disclosure.

Corporate Governance Policy

Policy Statement

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.

Essential Principles

(1) Eminent Board

Authority

The Board is responsible for supervising the management of the business and affairs of the Group with due regard to maximising shareholder value and enhancing corporate governance standard of the Group. The Board is obliged to act honestly and in good faith and to make decisions objectively in the best interests of the Group and its shareholders as a whole.

Structure

The Company is led by a high caliber Board with strong representation of Independent Non-executive Directors. The Board has a well-balanced composition of Executive Directors, Non-executive Directors and Independent Non-executive Directors. Both the number and percentage of the Independent Non-executive Directors are well above the requirements set by relevant rules and regulations. All Directors are eminent individuals from diverse disciplines with extensive professional experience and are able to make objective judgement.

Roles of Chairman and Chief Executive

In order to promote balance of power, the roles of Chairman and Chief Executive are segregated. The Company may benefit from the segregation as the Chairman can focus on leading the Board and monitoring corporate governance and shareholder issues, while the Chief Executive leading the Management to perform the day-to-day operations and affairs of the Company.

CORPORATE GOVERNANCE

Board Committees

The Board has established four standing Board Committees which are delegated with different responsibilities to assist the Board in performing its duties. They are Audit Committee, Nomination and Remuneration Committee, Risk Committee, and Strategy and Budget Committee. Most of them are composed of a majority of Independent Non-executive Directors. Each of the Board Committees has a well-defined mandate with the roles and responsibilities delineated therein. The performance and effectiveness of these standing Board Committees are evaluated periodically with a view to making further enhancement. Other Board Committees like Independent Board Committee and Search Committee will be formed as and when required under the appropriate circumstances.

(2) Prudent Risk Management

The Board recognises the need for risk control and management being a vital component of the business of the Group. The Board formulates and oversees the risk management strategies, and the related framework and policies with the assistance of the Risk Committee and other relevant Board Committee(s). The Management performs the daily risk management responsibilities of the Group under the guidance of the Risk Committee.

(3) Fair Remuneration System

The Company ensures that Directors' remuneration should be appropriate and reflect their duty and responsibility to fulfil the expectations of the shareholders and meet regulatory requirements. Directors' fees are subject to the approval of the shareholders. The Board, based on the recommendations of the Nomination and Remuneration Committee which is mainly responsible for ensuring the fairness and reasonableness of the overall human resources and remuneration strategies, approves the remuneration policies of the Group. No Director shall be involved in deciding his or her own remuneration.

(4) Effective Disclosure Mechanism

The Board reviews and monitors from time to time the effectiveness of the Group's disclosure process for reports, announcements, price sensitive and inside information. It encourages and takes necessary steps to disclose information in a timely manner and to ensure the information concerning the Group is expressed and communicated in a clear and objective manner that

enables the shareholders and the public to appraise the position of the Group to make informed investment decisions.

(5) Upholding Shareholders' Rights

The Board respects the rights of shareholders as mandated by the articles of association of the Company (the "Articles of Association") and relevant applicable laws and regulatory requirements. The Board places utmost importance on maintaining effective communications with shareholders and also makes its best efforts to keep the shareholders informed of the business and affairs of the Company by maintaining various channels of communications and having direct dialogue with shareholders. In addition, the shareholders also have the rights to obtain all available information of the Company, make proposals at general meetings, nominate a person for election as a director, and make enquiries about the Company.

(6) Safeguarded Stakeholders' Interests

The Board has a fiduciary duty to protect and serve, with due care and consideration of, the interest of all stakeholders of the Company including but not limited to employees, customers, business partners, suppliers, regulators and the community. All the interests of stakeholders of the Company are further safeguarded by strictly complying with applicable laws and regulations as well as governance policies.

(7) Sustainable Corporate Social Responsibility

The Company attaches great importance to corporate social responsibility. The Board is committed to undertaking corporate social responsibility by strengthening relationship with its stakeholders with a view to contributing to the sustainable development of the economy, society and environment. The Company consistently supports and participates in activities that are beneficial to the community.

(8) Pursuit of "Good to Great"

The Board encourages the pursuit of "Good to Great". With the assistance of the Nomination and Remuneration Committee, the Board ensures that each Board Committee shall conduct regular self-assessment of its effectiveness, and based on the evaluation results, the Board gives such feedback, directions and guidance as may be necessary to enhance its efficiency and effectiveness.

Policy Goal

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. **For this purpose, the Board has formulated clear written guidelines which stipulate the circumstances whereas the Management should report to and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Group.** The Board will conduct regular review on these authorisation and guidelines.

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**

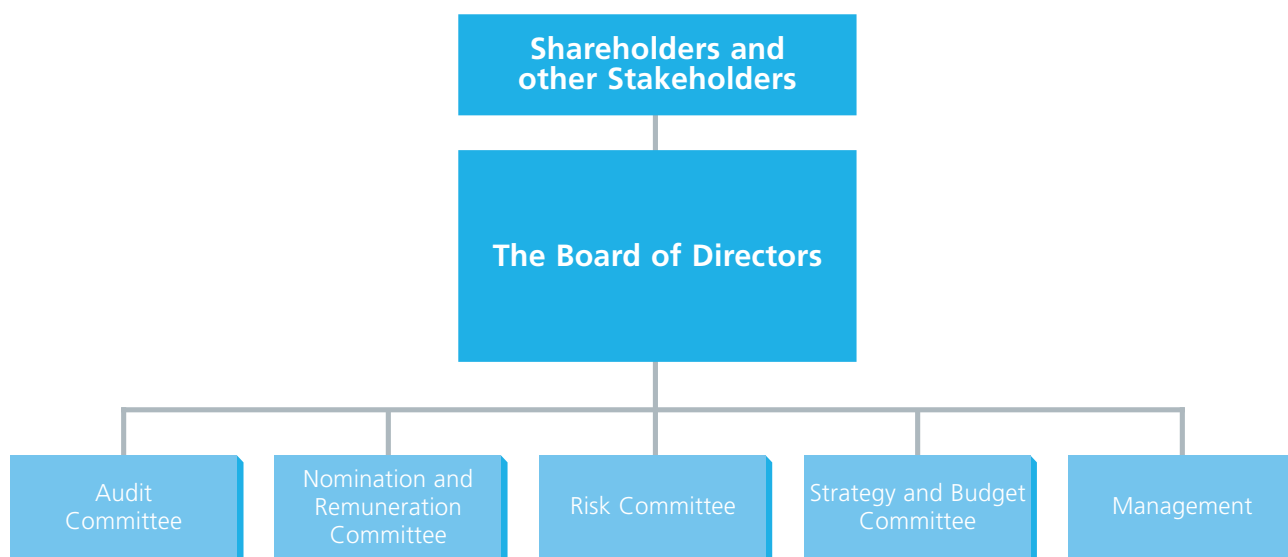
Board's Mandate. In short, the Chairman is responsible for ensuring that the Board properly discharges its responsibilities and conforms to good corporate governance practices and procedures. In addition, as the Chairman of the Board, he is also responsible for ensuring that all Directors are properly briefed on all issues currently on hand, and that all Directors receive adequate, accurate and reliable information in a timely manner. The Chief Executive is responsible for providing leadership for the whole Management and implementing important policies and development strategies as adopted by the Board. Led by the Chief Executive, the Management Committee fulfils responsibilities including management of the Group's routine operation, implementation of business development strategies and realisation of the Group's long-term targets and strategies.

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.

Each of the Board Committees has a well-defined Mandate and makes recommendations to the Board on relevant matters within its scope of responsibilities or makes decisions under appropriate circumstances in accordance with the power delegated by the Board. **All Board Committees are assigned a professional secretarial department which ensures that the Board Committees have adequate resources to perform their duties effectively and properly.** The Board and Board Committees will participate in the annual performance appraisal of those professional secretarial departments to ensure and enhance the services provided and ensure that adequate and efficient supports are provided to the Board and Board Committees. In addition, according to their respective Mandates, **the Board and each of the Board Committees will evaluate and review their work process and effectiveness annually, with a view to identifying areas for further improvements.**

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, Corporate Governance Policy, Shareholder Communication Policy and Information 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 shareholder value and fulfilling its corporate responsibility to other stakeholders of the Group.

The Board has twelve members during the year, comprising five Independent Non-executive Directors, five Non-executive Directors and two Executive Directors. Mr XIAO Gang resigned as Chairman and Non-executive Director of the Company with effect from 17 March 2013; Mr TUNG Chee Chen retired as an Independent Non-executive Director of the Company after the conclusion of the annual general meeting held on 28 May 2013; and Mr TIAN Guoli

was appointed as Chairman and Non-executive Director of the Company with effect from 4 June 2013. As at the date of this report, Mr LI Lihui resigned as Vice Chairman and Non-executive Director of the Company; Mr ZHOU Zaiqun retired as Non-executive Director of the Company; and Mr CHEN Siqing was appointed as Vice Chairman of the Company, all changes effective from 25 March 2014. Save as disclosed above, there were no other changes to the composition of the Board in 2013 and up to the date of this Summary Financial Report.

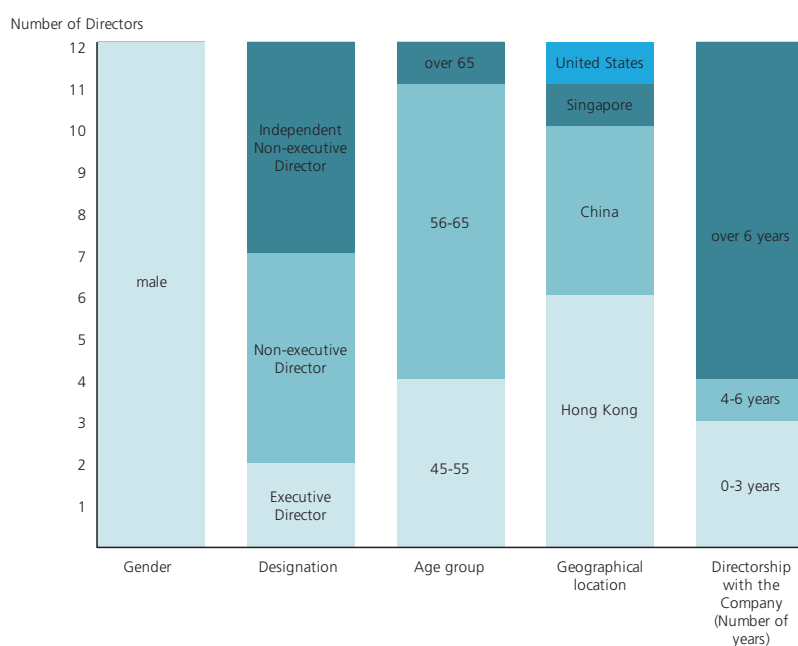
The Company recognises the importance and benefits of board diversity and formulated a Board Diversity Policy in August 2013 with a view to promoting the Board efficiency and standards of corporate governance of the Company and to be in line with the new Corporate Governance Code on board diversity came into effect in September 2013. In identifying suitable and qualified candidates to be a Board member, Board diversity will be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, geographical location, professional experience, skills and knowledge, etc., in order to have an appropriate proportion in the Board composition from various aspects as aforementioned. At the same time, all Board appointments are made on merit, in the context of the skills and experience the Board as a whole required and the various perspectives of Board diversity elements as mentioned above shall also be adequately considered.

CORPORATE GOVERNANCE

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 strategic development, financial and/or risk management. The Board has formulated 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 professional experience, skills and knowledge of the Directors during the year 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.

An analysis of the Board Composition during the year is set out below:



All the existing **Non-executive Directors and Independent Non-executive Directors** of the Company have been **appointed for a fixed term of approximately 3 years, with formal letters of appointment** setting out the key terms and conditions of their appointment. In accordance with Article 98 of the Articles of Association and pursuant to Code A.4.2 of the Corporate Governance Code, the terms of office of Mr HE Guangbei, Mr LI Zaohang and Dr FUNG Victor Kwok King will expire at the forthcoming annual general meeting. Dr FUNG Victor Kwok King, has notified the Company that he has decided not to stand for re-election at the forthcoming annual general meeting. The other two Directors, being eligible, will offer themselves for re-election. Further, pursuant to the Articles

of Association, any Director appointed by the Board during the year shall hold office only until the next following annual general meeting of the Company, and shall then be eligible for re-election at such meeting. Accordingly, the term of office of Mr TIAN Guoli, who had been appointed on 4 June 2013, will expire at the forthcoming annual general meeting and, being eligible, offer himself for re-election. Further details regarding the proposed re-election of Directors are set out in the section headed “Report of the Directors” of this Summary Financial Report. In addition, 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.**

CORPORATE GOVERNANCE

Mr TIAN Guoli and Mr LI Zaohang are Executive Directors of BOC. Mr CHEN Siqing is President of BOC, and was proposed to be appointed as Executive Director of BOC subject to the shareholders' approval at an extraordinary general meeting of BOC scheduled on 25 March 2014 and the subsequent approval by the China Banking Regulatory Commission. Mr LI Lihui was a former Vice Chairman, Executive Director and President of BOC (he resigned such positions with effect from 28 January 2014). Mr ZHOU Zaiqun was a former Executive Director and Executive Vice President of BOC (he resigned such positions with effect from 28 May 2011). **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.**

The Company also provides regular updates to Board members on material changes to regulatory requirements applicable to the Directors and the Company on a timely basis; and arranges regular meetings with the Management to facilitate the understanding of the latest business development of the Company. In addition, Board members are encouraged to participate actively in continuous training programmes. The Company also arranges relevant professional training programmes for Board members at the Company's expense.

During the year, all Directors have participated in continuous professional development to develop and refresh their knowledge and skills in accordance with Code A.6.5 of the Corporate Governance Code contained in Appendix 14 to the Listing Rules. In 2013, the Company invited experts to deliver a seminar to the Directors and senior management with regard to the director's ongoing disclosure obligations of inside information, and the relationship between the information technology and future development of banks. Each of the Directors received a series of training locally or overseas as he thought fit, hosted or attended briefings, meetings, seminars and conferences organised by the Company, professional bodies or regulatory institutions. Relevant training included, among others:

- development of national and global economy;
- national policy outlook;
- corporate governance;
- regulatory updates; and
- banking industry development trend, etc.

CORPORATE GOVERNANCE

The Directors' records of annual training information have been entered in the register of directors' training records maintained and updated by the Company from time to time. The following summarises continuous professional development participated by all Directors of the Company during the year:

Directors (Note 1)	Corporate Governance	Regulatory updates	Banking industry development trend and global/national economy and policy outlook
<i>Non-executive Directors</i>			
Mr TIAN Guoli (Chairman) (Note 2)	✓	✓	✓
Mr LI Lihui (Vice Chairman) (Note 3)	✓	✓	✓
Mr LI Zaohang	✓	✓	✓
Mr CHEN Siqing (Note 4)	✓	✓	✓
Mr ZHOU Zaiqun (Note 5)	✓	✓	✓
<i>Independent Non-executive Directors</i>			
Dr FUNG Victor Kwok King	✓	✓	✓
Mr KOH Beng Seng	✓	✓	✓
Mr NING Gaoning	✓	✓	✓
Mr SHAN Weijian	✓	✓	✓
Mr TUNG Savio Wai-Hok	✓	✓	✓
<i>Executive Directors</i>			
Mr HE Guangbei (Vice Chairman and Chief Executive)	✓	✓	✓
Mr GAO Yingxin	✓	✓	✓

Note 1: Mr XIAO Gang resigned as Chairman and Non-executive Director of the Company on 17 March 2013; Mr TUNG Chee Chen retired as Independent Non-executive Director of the Company after the conclusion of the annual general meeting held on 28 May 2013 and their training records have not been included therein.

Note 2: Mr TIAN Guoli was appointed as Chairman and Non-executive Director of the Company with effect from 4 June 2013.

Note 3: Mr LI Lihui resigned as Vice Chairman and Non-executive Director of the Company with effect from 25 March 2014.

Note 4: Mr CHEN Siqing was appointed as Vice Chairman of the Company with effect from 25 March 2014.

Note 5: Mr ZHOU Zaiqun retired as Non-executive Director of the Company with effect from 25 March 2014.

Six Board meetings were held during 2013 with an average attendance rate of 90%. The meeting schedule for the year was prepared and approved by the Board in the preceding year. In general, Board agenda and meeting materials are despatched to all Board members for review at least seven days prior to the scheduled meetings. Board agenda is approved by the Chairman following consultation with other Board members and the senior management.

In addition, in order to facilitate open discussion with all Non-executive Directors, the Chairman meets with all Non-executive Directors (including Independent Non-executive Directors), in the absence of Executive Directors and the senior management, during the discussion session before each Board meeting. Relevant practice has been incorporated in the Working Rules of the Board.

CORPORATE GOVERNANCE

Details of respective Directors' attendance at the Board meetings in 2013 are set out as follows:

Directors	Number of Board meetings attended	Attendance rate
<i>Non-executive Directors</i>		
Mr TIAN Guoli (<i>Chairman</i>) (<i>Note 1</i>)	3 out of 3	100%
Mr LI Lihui (<i>Vice Chairman</i>) (<i>Note 2</i>)	6 out of 6	100%
Mr LI Zaohang	6 out of 6	100%
Mr ZHOU Zaiqun (<i>Note 3</i>)	6 out of 6	100%
Mr CHEN Siqing (<i>Note 4</i>)	5 out of 6	83%
<i>Independent Non-executive Directors</i>		
Dr FUNG Victor Kwok King	3 out of 6	50%
Mr KOH Beng Seng	6 out of 6	100%
Mr NING Gaoning	3 out of 6	50%
Mr SHAN Weijian	6 out of 6	100%
Mr TUNG Chee Chen (<i>Note 5</i>)	3 out of 3	100%
Mr TUNG Savio Wai-Hok	6 out of 6	100%
<i>Executive Directors</i>		
Mr HE Guangbei (<i>Vice Chairman and Chief Executive</i>)	6 out of 6	100%
Mr GAO Yingxin	6 out of 6	100%

Note 1: Mr TIAN Guoli was appointed as Chairman and Non-executive Director of the Company with effect from 4 June 2013.

Note 2: Mr LI Lihui resigned as Vice Chairman and Non-executive Director of the Company with effect from 25 March 2014.

Note 3: Mr ZHOU Zaiqun retired as Non-executive Director of the Company with effect from 25 March 2014.

Note 4: Mr CHEN Siqing was appointed as Vice Chairman of the Company with effect from 25 March 2014.

Note 5: Mr TUNG Chee Chen retired as an Independent Non-executive Director of the Company with effect from 28 May 2013.

Apart from formal Board meetings and annual general meetings, the Company arranges, on a regular basis, other casual events for the Board members and the senior management to facilitate their communication and interactions. For example, **the Company organises working meals from time to time, Board members and senior management have been invited to join and share insights on the Company's business and strategic issues. Further, a board retreat has also been held during the year to enhance communication between the Board and the senior management.**

Audit Committee

The Audit Committee comprised five members during the year, including four Independent Non-executive Directors, namely Mr SHAN Weijian, Dr FUNG Victor Kwok King, Mr KOH Beng Seng, and Mr TUNG Savio Wai-Hok, and one Non-executive Director, Mr ZHOU Zaiqun. Independent Non-executive Directors make up 80% of the Committee members. The Audit Committee is chaired by Mr SHAN Weijian, an Independent Non-executive Director. With

effect from 28 May 2013, Mr TUNG Chee Chen retired as a member of the Audit Committee. The Independent Non-executive Directors nevertheless make up the majority of the Committee members. Mr ZHOU Zaiqun ceased to be its member with effect from 25 March 2014.

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;

CORPORATE GOVERNANCE

- 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 appointment of external auditor, the fees payable to external auditor for the annual audit, interim review and other non-audit services;
- the Group's audit plan for next year and key issues identified;
- the deployment of human resources and pay level of the Internal Audit and its budget for next year; and

The work performed by the Audit Committee during 2013 included the review and, where applicable, approval of:

- the Company's Directors' Report and financial statements for the year ended 31 December 2012 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 2013 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 2013 and 30 September 2013 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 2012 performance appraisal and key performance indicators for the Head of Group Audit and the Group Audit for next year.

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 Corporate Governance Code, the Audit Committee conducted an annual review of the effectiveness of the internal control systems of the Group in 2013. 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 sub-section headed "Internal Control".

Five Audit Committee meetings were held during 2013 with an average attendance rate of 85%. Individual attendance records of the relevant Directors are set out as follows:

Directors	Number of committee meetings attended	Attendance rate
Mr SHAN Weijian (<i>Chairman</i>)	5 out of 5	100%
Mr ZHOU Zaiqun (<i>Note</i>)	5 out of 5	100%
Dr FUNG Victor Kwok King	3 out of 5	60%
Mr KOH Beng Seng	5 out of 5	100%
Mr TUNG Chee Chen (<i>Note</i>)	1 out of 2	50%
Mr TUNG Savio Wai-Hok	4 out of 5	80%

Note: With effect from 28 May 2013, Mr TUNG Chee Chen retired as a member of Audit Committee; and with effect from 25 March 2014, Mr ZHOU Zaiqun ceased to be its member.

CORPORATE GOVERNANCE

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprised five members during the year, including two Non-executive Directors, namely Mr LI Lihui and Mr LI Zaohang, and three Independent Non-executive Directors, namely Mr TUNG Savio Wai-Hok, Mr SHAN Weijian and Mr KOH Beng Seng. It is chaired by Mr TUNG Savio Wai-Hok, an Independent Non-executive Director. With effect from 28 May 2013, Mr TUNG Chee Chen, an Independent Non-executive Director, retired as the Chairman of the Nomination and Remuneration Committee; Mr TUNG Savio Wai-Hok was appointed as the Chairman and Mr KOH Beng Seng was appointed as a member. With effect from 25 March 2014, Mr LI Lihui ceased to be a member of the Nomination and Remuneration Committee and Mr CHEN Siqing was appointed as its member. Prior and subsequent to such changes, 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:

- 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 (defined as “Senior Management”);
 - structure, size and composition (including but not limited to gender, age, cultural and educational background, ethnicity, geographical location, professional experience, skills and knowledge, etc) of the Board and Board Committees. The Board has a well-balanced composition of Executive Directors, Non-executive Directors and Independent Non-executive Directors. Both the number and percentage of the Independent Non-executive Directors are well in line with the requirements set by relevant rules and regulations;
 - remuneration of Directors, Board Committee members, Senior Management and Key Personnel;
 - effectiveness of the Board and Board Committees;
 - training and continuous professional development of Directors and Senior Management; and
 - code of conduct applicable to employees.
- Key tasks performed by the Nomination and Remuneration Committee during 2013 included the approval, review and proposal to the Board on the following according to the responsibilities and authorities:
- formulation, review and amendment on the major human resources and remuneration policies, including formulation of the succession policy for Senior Management, review of the performance appraisal and remuneration management mechanism of the Senior Management as well as the bonus funding mechanics of NCB (China);
 - performance appraisal result of the Executive Directors and Senior Management for year 2012;
 - proposal on staff bonus for year 2012 and salary adjustment for year 2013 for the Group, including the Senior Management;
 - key performance indicators of the Group and the Senior Management for year 2014;
 - proposal on human resources budget of the Group for year 2014;
 - formulation of the Board Diversity Policy, and corresponding amendment on the Mandate of the Nomination and Remuneration Committee, as well as the Nomination and Appointment Procedure, to take into account the Board Diversity Policy;
 - formulation of the succession policy for Directors;
 - monitoring the implementation progress of the Group's medium-term human resources strategies and other major human resources policies;
 - analysis and report of self-evaluation results of the Board and Board Committees, put forward recommendations to the Board to further enhance the functions and effectiveness of the Board and Board Committees;
 - consideration of the matters relating to the adjustment and appointment of Senior Management; and
 - consideration of the matters relating to the adjustment and appointment of directors in the Company and major subsidiaries of the Group.

CORPORATE GOVERNANCE

Pursuant to the “**Policy on Directors’ Remuneration**” adopted by the Company, when recommending the remuneration of Directors, the Committee should benchmark against companies of comparable business type or scale, and job nature and workload at both the Board and Board Committee levels (including frequency of meetings and nature of agenda items) in order to compensate Directors fairly. **No individual Director is allowed to participate in the procedures for deciding his/her individual remuneration package.** Information relating to the remuneration of each Director for 2013 is set out in Note 4 to the Financial Statements of this Summary Financial Report. The present

scale of Director’s fees, including additional fees for membership of Board Committees, is given below:

Board of Directors:	
All Directors	HK\$200,000 p.a.
Board Committees:	
Chairman	HK\$100,000 p.a.
Other Committee members	HK\$50,000 p.a.

Note: For the year ended 31 December 2013, all Non-executive Directors waived their Directors’ fee as mentioned above.

The Nomination and Remuneration Committee also has the delegated responsibility from the Board to **determine the remuneration packages of the Executive Directors and Senior Management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment, early payout of deferred remuneration), as well as the performance-based remuneration. Moreover, it will recommend to the Board on their remuneration package upon joining, sign-on bonus and contract guaranteed bonus, etc.**

Six Nomination and Remuneration Committee meetings were held during 2013 with an average attendance rate of 83%. Attendance records of relevant Directors are set out as follows:

Directors	Number of committee meetings attended	Attendance rate
Mr TUNG Savio Wai-Hok (<i>Chairman</i>) (<i>Note 1</i>)	5 out of 6	83%
Mr TUNG Chee Chen (<i>Note 1</i>)	3 out of 3	100%
Mr LI Lihui (<i>Note 2</i>)	5 out of 6	83%
Mr LI Zaohang	6 out of 6	100%
Mr SHAN Weijian	4 out of 6	67%
Mr KOH Beng Seng (<i>Note 1</i>)	2 out of 3	67%

Note 1: With effect from 28 May 2013, Mr TUNG Chee Chen retired as the Chairman of the Nomination and Remuneration Committee; Mr TUNG Savio Wai-Hok was appointed as its Chairman and Mr KOH Beng Seng was appointed as its member.

Note 2: With effect from 25 March 2014, Mr LI Lihui resigned as a member of the Nomination and Remuneration Committee and Mr CHEN Siqing was appointed as its member.

CORPORATE GOVERNANCE

Risk Committee

The Risk Committee comprised four members during the year, including two Non-executive Directors, namely Mr LI Zaohang and Mr CHEN Siqing, and two Independent Non-executive Directors, namely Mr KOH Beng Seng and Mr TUNG Savio Wai-Hok. The Risk Committee is chaired by Mr KOH Beng Seng. With effect from 25 March 2014, Mr LI Zaohang and Mr CHEN Siqing ceased to be its members.

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 and approval 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 and approval of significant or high risk exposures or 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 2013 included the following:
- review/approval of policies, including the "BOCHK Group Operating Principles", the "Risk Management Policy Statement of BOCHK Group", the "Capital Management Policy", the "BOCHK Group Financial Instruments Valuation Policy", the "Staff Code of Conduct", the "BOCHK Information Security Policy", the "Policy for Validating Internal Rating Systems", the "Connected Transactions Management Policy", the "Stress Test Policy of BOCHK" and stress test scenarios, 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, etc;
 - review of the risk adjustment method for group bonus funding mechanics and the approval of the results of risk adjustment of BOCHK Group for 2012;
 - review/approval of the Group's operating plans, including the Group's target balance sheets, the BOCHK's banking book investment plans and portfolio key risk indicators, as well as risk management limits;
 - review and monitoring of Basel Accord implementation, including review of model validation reports, and receiving the implementation progress reports of IRB and of Basel III Accord, as well as the status reports of the allocation of risk-weighted assets;
 - review of various risk management reports; and
 - review/approval of significant high risk exposures or transactions.

CORPORATE GOVERNANCE

Six Risk Committee meetings were held during 2013 with an average attendance rate of 88%. Attendance records of relevant Directors are set out as follows:

Directors	Number of committee meetings attended	Attendance rate
Mr KOH Beng Seng (<i>Chairman</i>)	6 out of 6	100%
Mr LI Zaohang (<i>Note</i>)	5 out of 6	83%
Mr CHEN Siqing (<i>Note</i>)	5 out of 6	83%
Mr TUNG Savio Wai-Hok	5 out of 6	83%

Note: Mr LI Zaohang and Mr CHEN Siqing ceased to be members of Risk Committee with effect from 25 March 2014.

Strategy and Budget Committee

The Strategy and Budget Committee comprised six members during the year, including two Non-executive Directors, namely Mr ZHOU Zaiqun and Mr CHEN Siqing, and three Independent Non-executive Directors, namely Dr FUNG Victor Kwok King, Mr NING Gaoning, Mr TUNG Savio Wai-Hok and Mr HE Guangbei, the Chief Executive as well as the Executive Director of the Company. The Strategy and Budget Committee was chaired by Mr ZHOU Zaiqun, a Non-executive Director. With effect from 25 March 2014, Mr ZHOU Zaiqun ceased to be the Chairman of the Strategy and Budget Committee, Mr CHEN Siqing ceased to be its member and Mr LI Zaohang was appointed as its Chairman.

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:

- prepare, with input from the Management, Group's medium to long-term strategic plans for Board approval;
- review, motion and monitor the Group's medium to long-term strategy;
- review the process for formulating the Group's medium to long-term strategy to ensure that they are sufficiently robust to take into account a range of alternatives;
- monitor implementation of the Group's medium to long-term strategy through pre-determined metrics and provide guidance to the Management;

- make recommendations to the Board on major investments, capital expenditure, and strategic commitments of the Group and monitor implementation of the same;
- review budget for Board approval and monitor performance against budgeted targets; and
- review and monitor the Group's regular/periodic (including annual) business plan and financial budget.

During the year, the Strategy and Budget Committee played a prominent role in providing guidance and monitoring the implementation of the Group's overall business strategies and driving the formulation and implementation of the Group's key business strategies, such as RMB business, IT Five Years' Strategic Plan, strategic directions of subsidiaries etc. In response to the new operating environment which posed new opportunities and challenges to the implementation of bank strategies, the Strategy and Budget Committee discussed the opportunities and development strategies of Qianhai and Shanghai free trade zone, strategies on mobile payment, E-commerce and implementation of social media. In addition, it reviewed and monitored the implementation of the Group's financial budgets and business plans for 2013, and also reviewed and endorsed the financial budgets and business plans submitted by the Management for the year 2014 and recommended the same to the Board for approval.

CORPORATE GOVERNANCE

Five Strategy and Budget Committee meetings were held during 2013 with an average attendance rate of 80%. Attendance records of relevant Directors are set out as follows:

Directors	Number of committee meetings attended	Attendance rate
Mr ZHOU Zaiqun (<i>Chairman</i>) (<i>Note</i>)	5 out of 5	100%
Mr HE Guangbei	5 out of 5	100%
Mr CHEN Siqing (<i>Note</i>)	4 out of 5	80%
Dr FUNG Victor Kwok King	4 out of 5	80%
Mr NING Gaoning	1 out of 5	20%
Mr TUNG Savio Wai-Hok	5 out of 5	100%

Note: With effect from 25 March 2014, Mr ZHOU Zaiqun ceased to be its Chairman, Mr CHEN Siqing ceased to be its member and Mr LI Zaohang was appointed as its Chairman.

Ad Hoc Committee

The Board established an ad hoc Search Committee and an ad hoc Independent Board Committee during the year with details as follows:

Search Committee

The Search Committee was established in the end of 2012 to conduct an open recruitment to search for a suitably qualified candidate as a Deputy Chief Executive (financial market) of the Company. The Committee was chaired by Dr FUNG Victor Kwok King, an Independent Non-executive Director. Its members included Mr HE Guangbei, an Executive Director, Mr LI Lihui and Mr LI Zaohang, Non-executive Directors and Mr KOH Beng Seng, Mr NING Gaoning, Mr SHAN Weijian, Mr TUNG Chee Chen and Mr TUNG Savio Wai-Hok, all five Independent Non-executive Directors at that time. After several rounds of selection and with the recommendation of the Nomination and Remuneration Committee, the Board resolved to appoint Mr HUANG Hong as a Deputy Chief Executive (financial market) of the Company with effect from 1 July 2013.

Independent Board Committee

An Independent Board Committee was set up in May 2013 to review and approve the continuing connected transactions and the new caps between the Group on the one hand and BOC and its associates on the other hand, for the three years ending 31 December 2016.

The Committee comprised all the Independent Non-executive Directors and was chaired by Mr TUNG Savio Wai-Hok. The Committee has engaged Investec Capital Asia Limited as the independent financial adviser. On the basis of Investec Capital Asia Limited's advice and recommendations, the Committee has been satisfied that the continuing connected transactions have been conducted in the ordinary and usual course of business of the Group, on normal commercial terms, and the continuing connected transactions and the annual caps imposed on such transactions for the three years ending 31 December 2016 are in the interests of the Company and its shareholders as a whole and are fair and reasonable so far as the independent shareholders are concerned. As the annual caps for certain categories of continuing connected transactions represent more than 5% of the applicable percentage ratios as defined in the Listing Rules, such transactions are subject to the approval of the independent shareholders of the Company. For such purpose, an extraordinary general meeting is scheduled to be held immediately after the annual general meeting of the Company on 11 June 2014. Shareholders please refer to the circular issued by the Company dated 31 December 2013 and notice of the extraordinary general meeting to be issued by the Company in April 2014 for details on the continuing connected transactions and the extraordinary general meeting respectively. Shareholders can also view and download the aforesaid documents from the Company's website at www.bochk.com.

Directors' Securities Transactions

The Company has established and implemented the "Code for Securities Transactions by Directors" (the "Company's Code") to govern the Directors' dealings in securities transactions of the Company. 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 specific enquiry 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 2013.

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 with performance and risk factors closely. It serves to encourage staff to enhance their performance, and at the same time, to strengthen their awareness of risk so as to achieve sound remuneration management.

The Remuneration and Incentive Policy of the Group is generally in line with the broad principles set out in the HKMA's "Guideline on a Sound Remuneration System" and applicable to the Company and all of its subsidiaries (including the branches and institutions 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, 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 heads of material business lines, heads of major subsidiaries, Head of Trading and Chief Dealer, as well as heads of risk control functions.

- **Determination of the Remuneration Policy**

To fulfil 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 by the Management Committee, it will be submitted to the Nomination and Remuneration Committee for review and thereafter to the Board for approval. The Nomination and Remuneration Committee and the Board 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 "performance-driven" corporate culture, 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

CORPORATE GOVERNANCE

units and other units) would be assessed from the perspectives of financial, customer, building blocks/key tasks, human capital, risk management and compliance. For individual staff at different levels, annual targets of the Group will be tied to their job requirements through the performance management mechanism. Performance of individuals will be appraised on their achievement against targets, their contribution towards performance of their units and fulfilment of risk management duties and compliance. Not only is target accomplishment taken into account, but the risk exposure involved during the course of work could also be evaluated and managed, ensuring security and normal operation of the Group. Core values are also assessed to facilitate the attainment of them.

2. *Risk Adjustment of Remuneration*

To put the principle of aligning performance and remuneration with risk into practice, 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. Credit risk, market risk, interest rate risk, liquidity risk, operational risk, legal risk, compliance risk and reputation risk form the framework of “The Risk Adjustment Method for Group Bonus Funding Mechanics”. 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.

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 will 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, and the assessment of which should include risk modifiers. The performance and remuneration arrangement of risk control personnel are determined by the achievement 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 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. and McLagan Partners Asia, Inc. for independent consultation in areas of pay management mechanism and market remuneration data of Senior Management and key positions.

- **Disclosure on Remuneration**

The Group has fully complied with the guideline in Part 3 of the "Guideline on a Sound Remuneration System" issued by the HKMA to disclose information in relation to our remuneration and incentive mechanism.

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 Ernst & Young, 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. Upon the recommendation of the Audit Committee, the Board will propose that Ernst & Young be re-appointed as auditor of the Group at the Company's 2014 annual general meeting. Subject to shareholders' authorisation, the Board will authorise the Audit Committee to determine the remuneration of Ernst & Young. For 2013, the fee charged by Ernst & Young was HK\$34 million, of which HK\$26 million was for audit services and HK\$8 million related to other services (mainly including the tax-related and advisory services). For 2012, the fee paid by the Group to preceding external auditor, PricewaterhouseCoopers, was HK\$37 million, of which HK\$33 million was for audit services and HK\$4 million related to other services.

The Audit Committee was satisfied that the non-audit services in 2013 did not affect the independence of Ernst & Young. The amount paid to Ernst & Young for non-audit services in 2013 comprised mainly the tax-related services fee of approximately HK\$2 million, advisory services fee on an ad hoc project of approximately HK\$3 million, and other non-audit services fee of approximately HK\$3 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 internal control system is designed to provide appropriate assurance against material misstatement or loss; to manage the risk of system failure; and to assist in the achievement of the Group's objectives. In addition to safeguarding the Group's assets, it also ensures the maintenance of proper accounting records and compliance with relevant laws and regulations.

CORPORATE GOVERNANCE

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 review is coordinated by the Group's internal audit which, after the Management and various business departments have performed their self-assessment, then carries out an independent examination and other post-assessment work on the review process and results. The results of the 2013 review have been reported to the Audit Committee and the Board.

In addition, the key procedures that the Group has essentially established and implemented to provide internal controls are summarised as follows:

- a rational organisational structure with appropriate personnel is developed and whose responsibility, authority, and accountability are clearly delineated. The Group has formulated policies and procedures to ensure reasonable checks and balances for all the operating units, reasonable safeguard for the Group's assets, the implementation of internal controls and adherence to relevant laws and regulations and risk management in its operations;
- the Management draws up and continuously monitors the implementation of the Group's strategies, business plans and financial budgets. The accounting and management systems that are in place provide the basis for evaluating financial and operational performance;
- the Group has various risk management and human resources policies. There are specific units and personnel that are responsible for identifying, assessing and managing all the major risks. These include reputation, strategic, legal, compliance, credit, market, operational, liquidity and interest rate risks (The Group's risk management is given on page 39 to page 43 in this Summary Financial Report);
- the Group has established an information technology governance structure that produces a range of reports on information systems and management, including information on the monitoring of various business units, financial information and operating performance. Such information facilitates the Management, business units and the regulatory bodies in assessing and monitoring the Group's operation and performance. Proper communication channels and reporting mechanisms are in place at various business units and levels to facilitate exchange of information;
- pursuant to a risk-based approach and in accordance with the internal audit plan approved by the Audit Committee, the Group's internal audit conducts independent reviews on such aspects as financial activities, various business areas, various kinds of risks, operations and activities. Reports are submitted directly to the Audit Committee. The Group's internal audit closely follows up on the items that require attention in a systematic way and reports to the Management and the Audit Committee in a timely manner; and
- the Audit Committee reviews the reports submitted by external auditor to the Group's Management in connection with the annual audit as well as the recommendations made by regulatory bodies on internal control. The Group's internal audit follows up on the same to ensure timely implementation of the recommendations, and also periodically reports the status of the implementation to the Management and the Audit Committee.

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 2013, 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 by the Group. In response to internal and external changes in global economic condition, operating environment, regulatory requirement and business development, the Group has implemented a series of measures and undertaken an on-going review on the effectiveness of the internal control mechanism. In 2013, 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.

Mr LI Lihui (the Chairman of annual general meeting), Mr TUNG Chee Chen, the former Chairman of the Nomination and Remuneration Committee, Mr KOH Beng Seng, the Chairman of the Risk Committee, Mr ZHOU Zaiqun, the Chairman of the Strategy and Budget Committee, Mr SHAN Weijian, the Chairman of the Audit Committee, and PricewaterhouseCoopers, the preceding auditor were present at the Company's 2013 annual general meeting held on 28 May 2013 at Four Seasons Grand Ballroom, Level 2, Four Seasons Hotel Hong Kong, 8 Finance Street, Central, Hong Kong to respond to enquiries raised by shareholders. Mr NING Gaoning and Mr TUNG Savio Wai-Hok were unable to attend the meeting due to other business engagements. Save as disclosed above, all other Directors including Mr HE Guangbei, Mr LI Zaohang, Mr CHEN Siqing, Mr GAO Yingxin and Dr FUNG Victor Kwok King were also present at the meeting. Resolutions passed at the Company's 2013 annual general meeting included:

adoption of the Company's 2012 financial statements, declaration of 2012 final dividend, re-election of Directors, appointment of auditor and the grant of general mandates to the Board to issue and buy back shares of the Company, relevant voting results are available under the sub-section "Stock Exchange Announcements" of the section headed "Investor Relations" on the Company's website at www.bochk.com.

As disclosed in the 2012 Annual Report of the Company, in view of the investors' concern regarding the potential dilution of the shareholder 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 2013 annual general meeting. The Board would also recommend the threshold of up to 5% of the number of shares in issue (subject to adjustment in case of any subdivision and consolidation of shares after the passing of the relevant resolution) at the 2014 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 buy back shares.** The relevant policies are summarised as follows:

- the Board will not exercise the mandate at a discount that will result in significant dilution of shareholder value. In the exercise of such power to issue shares for cash, the Board will have regard to factors such as the Group's total capital ratio, and in particular, its Tier 1 capital, cost and benefit of raising Tier 2 capital, need for cash for the Group's business development, the principle that shareholders should be treated equally and the alternative of conducting a rights issue; and

CORPORATE GOVERNANCE

- the Board has set the triggering events for the exercise of the power to repurchase shares, which include: market price of the Company's shares is lower than the fair value of the shares; the Group has surplus funds which is in excess of its short to mid term development requirements; and the Board considers it proper and appropriate to exercise the general mandate for enhancing the return on equity or net assets or earnings per share of the Company. In general, such purchases will be made on the Stock Exchange. However, if it is expected that the size of the purchases may lead to a disorderly market for the Company's shares, then the Board will consider making the purchases through a general offer, i.e. offer to all existing shareholders in proportion to their respective shareholdings. The price at which shares are repurchased will not be higher than the fair value of the shares of the Company.

All the resolutions proposed at the Company's 2014 annual general meeting will be voted on by poll.

Accordingly, the Company will engage Computershare Hong Kong Investor Services Limited, the Company's Share Registrar, to act as the scrutineer for such purpose. The results of the poll voting will be posted on the Stock Exchange's website and the Company's website as soon as practicable following conclusion of the vote-counting for shareholders' information.

Besides, in order that shareholders can have a better understanding of the agenda items to be discussed at the 2014 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 2014 annual general meeting in a circular to shareholders** which includes introduction to the proposed resolutions to be approved at the annual general meeting, information on the retiring Directors who are eligible for re-election, proposed adoption of new Articles of Association, and information on voting and other issues relating to the 2014 annual general meeting in the form of "Frequently Asked Questions".

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 total voting rights of all the shareholders who have a relevant right to vote may request the Board 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, Hong Kong. The Company would take appropriate actions and make necessary arrangements in accordance with the requirements under Section 566 to 568 of the new Companies Ordinance (Chapter 622, which took effect on 3 March 2014) 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:

- shareholders representing at least 2.5% of the total voting rights of all the shareholders who have a relevant right to vote; or
- at least 50 shareholders who have a relevant right to vote.

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, 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 581 to 583 of the new Companies Ordinance (Chapter 622) 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 (52nd Floor, Bank of China Tower, 1 Garden Road, Hong Kong), (a) a notice in writing 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.

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, 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.

COMPREHENSIVE
CROSS-BORDER
FINANCIAL SERVICE







CORPORATE SOCIAL RESPONSIBILITY

As a leading banking group in Hong Kong, we realise the important role we play in supporting the sustainable development of the economy, society and environment. Corporate Social Responsibility (“CSR”) is an integral part of our business operations and is incorporated into our strategy, helping us to achieve our vision of becoming the premier choice for customers, employees, shareholders and investors.

To ensure that CSR is woven into the fabric of our corporate culture, formal policies and procedures are in place to manage our CSR programmes. These include our Five-Year Stakeholder Engagement Strategy to encourage effective communications with our stakeholders and garner feedback on our performance. All these enable us to make improvements to meet the expectations of our stakeholders.

Introducing the first-ever Voice Navigation ATM in Hong Kong for the visually impaired, BOCHK has been included in HKCSS’s inaugural List of Barrier-free Companies/Organisations



As a leading bank offering the Reverse Mortgage Programme, BOCHK strives to offer customers flexible retirement financial solutions

In 2013, the Group continued to make significant progress in our CSR initiatives. Our 2012 CSR Report was the second standalone report following the Global Reporting Initiative G3.1 Guidelines. This report was prepared with reference to the Environmental, Social and Governance (“ESG”) Reporting Guide issued by the Hong Kong Exchanges and Clearing Limited and highlights the importance we place on disclosure and transparency in CSR.

The Group’s outstanding performance with regard to sustainability has earned us wide recognition. For four years in a row, BOC Hong Kong (Holdings) Limited has been included as a constituent of the Hang Seng Corporate Sustainability Index Series. The Company ranked 12th in 2013 and our rating was upgraded from “AA-” to “AA”. BOCHK has also been named as a Caring Company by the Hong Kong Council of Social Service (“HKCSS”) for 11 consecutive years and included in its List of Barrier-free Companies/Organisations newly launched this year.

Embracing Customer-centric Values

Providing access to banking and finance is both our core business and our responsibility to the community.

Caring Banking Services

As part of our ongoing efforts to make our banking services more accessible to people from all walks of life, the Group has designed ATMs with special functions and features. We introduced the first-ever Voice Navigation ATM in Hong Kong while the protruding symbols on all our ATMs allow the visually impaired to use self-service banking



more conveniently. In addition, around 93% of our ATMs have soft keypads on both sides of the screens for account/service selection. All our newly installed or replaced ATMs are located at a height where the keypads and screens are suitable for wheelchair access. Our newly renovated branches have sloping platforms giving disabled customers easy access to our branches.

We recognise the importance of providing basic account services for customers who might otherwise be underserved. Since 2003, we have included a HKD savings account service with no minimum balance requirements and a free ATM Card. Account holders aged 65 and above, or below 18, as well as recipients of Government Disability Allowances/Comprehensive Social Security Assistance can enjoy a service fee waiver for counter transactions. Those who have temporary special needs in terms of finances can also apply for such a fee waiver. In support of the Treat Customers Fairly Charter of the HKMA, the Group has cancelled its service fee on dormant accounts.

BOCHK strives to provide customers with flexible retirement financial solutions. As a leading bank offering the Reverse Mortgage Programme, we organised a roving exhibition and seminar series during the year to encourage and educate the soon-to-be retired to plan ahead for greater financial security.

To support the Portable Comprehensive Social Security Assistance Scheme and the new Guangdong Scheme for Old Age Allowance offered by the Social Welfare Department of the Hong Kong Special Administrative Region ("HKSAR") Government, we offer elderly customers preferential rates on remittances to the Mainland. Under both schemes, the elderly maintaining accounts with BOCHK can continue to receive cash assistance in Guangdong or Fujian.

Capitalising on our convenient banking platform, we offer NGOs a complete banking solution including counter and payroll services, with a view to reducing their banking expenses.

Access to Finance

SMEs are an important pillar of our economic growth. To facilitate their business development, BOCHK launched the BOC Small Business Loan, which features a one-hour preliminary approval service for unsecured loan applications. The Group continued to support the SME Financing

Guarantee Scheme of the Hong Kong Mortgage Corporation Limited ("HKMC") by offering a privileged guarantee fee subsidy. SMEs can utilise our financing services to fulfil their liquidity needs.

In addition, the Group provides HKMC's Microfinance Scheme, which helps small businesses ranging from start-ups to self-employed.

Apart from offering financing support, we endeavour to foster the growth of SMEs by continuing to sponsor the Young Industrialist Awards of Hong Kong and the Hong Kong Awards for Industries. These honours are set up to recognise the outstanding achievements of the local industrialists and manufacturers.



We have sponsored the Hong Kong Awards for Industries for a number of years in recognition of the outstanding achievements of the local industrialists

Conserving Resources for Environmental Protection

Through implementation of our Environmental Policy, we endeavour to minimise our environmental impact by reducing our carbon footprint, using resources more efficiently and effectively as well as promoting environmentally responsible business practices.

Building a Green Bank

The wider use of electronic services can help reduce paper use. In view of this, the Group provides sophisticated internet banking and other electronic service channels to customers.



With ongoing efforts to promote low-carbon living, BOCHK has sponsored the 1,000 Environment-Friendly Youth Ambassadors Action for two years in a row to help raise public awareness of energy saving on the Mainland and in Hong Kong



As the lead sponsor of the Green Monday School Programme, which organises a series of green activities for over 500 schools and 400,000 students, we help reduce carbon consumption by advocating a vegetarian diet



The University of Hong Kong's Rooftop Farming Project, sponsored by the Foundation, allows students to learn about and share the joy of organic farming



As at the end of 2013, the number of BOCHK mobile banking customers increased by 19.4% as compared with the previous year. In addition, those choosing to receive consolidated statements and investment statements in electronic form rose 35.8% and 14.1% respectively.

To ensure sustainable growth for both the Group and the community, we have incorporated ESG factors into our lending and credit policies. In 2013, we extended loans to a number of companies developing new energy sources and water conservation projects on the Mainland.

In renovating our branches, we incorporated environmental elements in designs, including the use of eco-friendly lighting and promotion of paperless transactions. While minimising environmental impact, this also helps enhance customer experience.

The Group has put into practice its Sustainable Procurement Policy and Supply Chain Code of Conduct since 2011. During the year, we requested 78 companies supplying goods and services to the Group to complete a Self-Assessment Questionnaire and conducted bi-yearly on-site visits of 21 selected suppliers. These initiatives help ensure that the content and packaging of their products can be recycled and environmental certification has been obtained. The furniture items we purchase are subject to the green specifications of the Environmental Protection Department of the HKSAR Government, while electronic appliances must bear the "grade 1" energy label.

We continue our efforts to increase energy efficiency and implement water saving measures in the Group's buildings in accordance with recognised certifications and standards. In addition to installing water-cooled chillers in our air conditioning systems, we replaced the lighting fixtures with T5 fluorescent tubes or LED lighting for higher energy efficiency.

Bank of China Tower ("BOC Tower"), Bank of China Building ("BOC Building"), Bank of China Centre ("BOC Centre") and Bank of China Wanchai Commercial Centre have all been certified with UKAS's ISO 9001:2008 and ISO 14001:2004, the international frameworks for environmental performance.

The Group conducts in-house recycling programmes for batteries, compact fluorescent lamps, fluorescent tubes and toner cartridges on a continuous basis. A total of 6,300 computer equipment items and more than 241,460 kg of recycled paper were collected during the year. Since 2012, a food waste processing company has been appointed to process the food waste collected in our staff canteen at BOC Tower. A total of 960 litres of leftover food and oil generated in 2013 was processed, recycled and turned into animal feed and biodiesel fuel.

Promoting Carbon Reduction in the Community

The BOCHK Charitable Foundation ("the Foundation") continued to sponsor various green campaigns with a view to encouraging carbon reduction in the community.

As the title sponsor of the Green Monday School Programme, we advocate a vegetarian diet to help reduce carbon consumption. A series of green seminars, roving exhibitions, carnivals and writing competitions have been organised for over 500 schools and 400,000 students. We encouraged active staff participation by serving green recipes in our staff canteen at BOC Tower on 22 April and organising a Green Recipe Competition.

With ongoing efforts to promote low-carbon living, we participated in the Eco Expo Asia for the third consecutive year and the 1,000 Environment-Friendly Youth Ambassadors Action for two years in a row. Over 3,300 participants have been appointed as Youth Ambassadors to raise public awareness of energy saving on the Mainland and in Hong Kong.

Under the Caritas BOCHK Computer Donation Scheme, we donated 2,000 refurbished computers to the Caritas Computer Workshop, with our volunteers providing computer set-up service and training to the beneficiaries



Following the Hong Kong Geopark Green Walk spearheaded by BOCHK in 2009, we launched Lohas Community – Eco Charity Walk & Photo Tour during the year. This initiative offers the public an opportunity to explore the natural wonders of the Hong Kong Global Geopark of China, encouraging environmental conservation through carbon reduction in daily lives. Over 110 eco-tours have been organised for 11,500 customers, citizens, staff members and their companions.

A green lifestyle helps minimise the carbon footprint. The Foundation sponsored the Rooftop Farming Project of The University of Hong Kong to introduce organic farming on the rooftop of the buildings in the campus. BOCHK volunteers have joined hands with students to be Green Farmers of the farm and provide the farm products to B7jas, a vegetarian restaurant in the campus, for offering green menus. During the year, we also sponsored the Carbon Pioneer Campaign organised by the Zonta Club which showcases a green and sustainable way of living to secondary students.

Contributing to the Community We Serve

With our roots in Hong Kong, the Group attaches great importance to the community we serve. The Foundation contributed around HK\$193 million to the community over the past 19 years through participation in a diverse range of charitable activities.

Caring for the Communities

We facilitate the disadvantaged to access electronic devices through the launch of the Caritas BOCHK Computer Donation Scheme, in which 2,000 refurbished computers were donated to the Caritas Computer Workshop for use by underprivileged families. The Foundation also donated HK\$1 million to the Workshop for the upgrade of both software and hardware. BOCHK volunteers have been invited to provide computer training to the beneficiaries.

The Hong Kong Geopark Green Walk, spearheaded by the Foundation in 2009, has organised over 110 eco-tours for 11,500 customers, citizens, staff members and their companions to explore the local natural wonders



BOCHK Private Banking sponsored the inaugural Hong Kong Art Gallery Week to help promote art appreciation

Through the Hong Kong Red Cross, the Foundation donated HK\$1.6 million to the afflicted victims of the earthquake in the Yaan city in Sichuan province



BOCHK has been the lead sponsor of the Hong Kong Corporate Citizenship Programme for four consecutive years, successfully promoting CSR to over 370 enterprises and 9,800 participants through seminars and competitions



To promote cross-sector cooperation in fulfilling CSR, the Foundation sponsored the Ocean Park Halloween Fest BOCHK Charity Day for the Community Chest of Hong Kong ("The Chest") for the second consecutive year. This initiative brought together charity and entertainment, helping to raise HK\$1.3 million for the Chest. We also offered 1,200 free tickets to underprivileged families, new immigrants and the physically disabled for them to enjoy a special day.

We were the lead sponsor of the Hong Kong Corporate Citizenship Programme organised by the Hong Kong Productivity Council for four consecutive years. This initiative has successfully promoted CSR to over 370 enterprises and 9,800 participants through a number of seminars and competitions.

In time of natural disasters, we provide timely financial assistance to communities in need. On 20 April 2013, a massive earthquake jolted Yaan city in Sichuan province of China. The Foundation promptly donated HK\$1.6 million to

the Hong Kong Red Cross to support the relief work. In addition to helping to collect donations through our extensive branch network, the Group made a donation of HK\$2 million through the Hong Kong Chinese Enterprises Charitable Foundation to the victims in the afflicted areas.

In 2013, the Foundation made a total donation of over HK\$10 million for charity cause. In recognition of our contributions to the community, we received the President Award from the Chest and ranked fifth among its donors. Through our credit card company, BOCCC, we continuously assist various social welfare organisations in collecting donations. Charitable organisations can enjoy waivers of the transaction processing fees for donations made through BOC credit cards.



To proactively spread the message of caring, the Group encourages employees to join the BOCHK Dynamic Volunteer Team, which helps those in need through various community and charitable activities



The Ocean Park Halloween Fest BOCHK Charity Day for the Chest, sponsored by the Foundation for the second consecutive year, saw 1,200 free tickets given to underprivileged families and the physically disabled to enjoy a special day

BOCG Life has also devoted considerable efforts to improving the livelihood of the local community. The three-year Health Engineer Programme and five-year Kids The Future Programme sponsored by our insurance arm have organised diversified health seminars and interests classes to benefit over 7,000 primary students, parents and teachers as well as the underprivileged.

Nurturing Future Talent

We are committed to nurturing our younger generation to build a better society. The Foundation has awarded HK\$16.565 million scholarships and bursaries to nine universities in Hong Kong since 1990, benefitting a total of 1,792 students. The Group also organises the Summer Internship Programme to offer university and tertiary institution students valuable internship opportunities.

Caring has no boundaries. In 2013, we joined the 8-day Walkathon of Sowers Action to the west of Hunan with a record number of over 200 participants. The team

included our 54 existing and retired staff members. Over HK\$1.24 million was raised by us to help improve rural education. The team also visited the Seeds of Hope Schools jointly with staff from BOC's Hunan Branch and donated basic necessities to the students. We have supported the Walkathon for the fifth consecutive year.

In addition, Chiyu donated RMB1 million to assist in the educational development of the Jimei district on the Mainland.



BOCHK Dynamic Volunteer Team contributed more than 12,000 hours of service through participation in 73 community service activities during the year



We joined the 8-day Education Walkathon of Sowers Action, which saw a record number of over 200 participants help to improve rural education

BOCG Life is the sponsor of the three-year Health Engineer Programme, which promotes a healthy lifestyle to primary students through diversified health seminars





The Group organises a wide variety of team building and training activities to encourage innovation among staff



A diverse range of recreational activities are organised to advocate work-life balance and strengthen the bonding among all levels of staff

Promoting Sports Development

The Group has been a patron of sports in the community. To facilitate the development of badminton, our key sports initiative, the Foundation donated a total of more than HK\$15 million over the past 15 years to fund a diverse range of activities which saw more than 1.2 million participants. The activities include the World Class Seminar and Volunteer Service Team introduced in 2013.

To foster the talents of young athletes, the Foundation sponsored the Hong Kong Island & Kowloon Regional Inter-school Sports Competition for 11 consecutive years. It has been well received by students, with over 80,000 athlete enrolments from more than 270 schools, which participated in more than 8,000 matches in 2013. The BOCHK Inter-school Sports Volunteering Project is a new initiative to organise more sports activities among schools while educating students the concept of lending a helping hand.



Badminton is the key sports initiative of the Foundation. We invited Ms Yip Pui Yin (centre), an elite badminton athlete, to share her experience and techniques with students

People-oriented with Team Spirit

People are the Group's most important asset and CSR has a positive impact on staff morale. We have laid a solid foundation for future business development with comprehensive talent management and training programmes.

Staff Training and Development

The Group's staff of over 14,500 includes talented professionals with diverse background and experience. We recruit highly qualified management and business professionals, as well as graduates of tertiary institutions and universities.

To ensure the training and development plan is aligned with the Group's medium- and long-term business strategies, we introduced a Leadership Development Programme. The Programme is designed to enhance the leadership and strategic thinking capabilities of our management staff.

The Group offers multi-faceted training programmes, including in-house training, cross-posting, secondment and mentorship schemes. By making compliance training courses mandatory for every staff, we have strengthened our compliance culture throughout the Group. We also encourage continuous self-learning by staff, who can fulfil their learning objectives through our e-learning platform.



To celebrate the 45th anniversary of the Chest, the Foundation fully supported the Chest BOCHK Cycling Challenge to raise funds for children and youth services



Employee Engagement

The Group conducts an "online staff engagement survey" to garner staff opinion. This contributes to the continuous enhancement of our working environment, management policies and measures. We also place strong emphasis on work-life balance, with a diverse range of programmes organised for staff during the year. Outstanding staff and distinguished teams are recognised at an annual award presentation, which motivates staff to strive for excellence.

Employee Volunteering

To proactively spread the message of caring, we encourage employee participation in various community and charitable activities. As at the end of 2013, over 1,400 employees have registered as members of our Dynamic Volunteer Team, contributing more than 12,000 hours of service through participation in 73 service activities. Some of these activities were organised jointly

Our 300 staff participated in the Chest's Stonecutters Bridge Walk for Millions and the Cycling Challenge, both sponsored by the Foundation. These two events helped raise over HK\$7 million for the Chest

with a number of charitable organisations for children, the elderly, the underprivileged and mentally disabled. In recognition of our staff's enthusiasm for performing community services, BOCHK was presented the Gold Award for Volunteer Service by the Social Welfare Department of the HKSAR Government for four years in a row.

Going forward, we will continue to enhance our CSR practices to create greater value for our stakeholders.



AWARDS AND RECOGNITION

The outstanding performance of our major businesses has earned us various industry awards, reinforcing our leading market positions. We were also named the Bank of the Year in Hong Kong by The Banker in recognition of our consistently sound performance and continuous success in growing our franchise, particularly in the development of offshore RMB business. With the vision of becoming customers' premier bank, we are committed to driving continuous enhancement in our service capabilities, quality

and efficiency. Our efforts not only won us the support from our customers but also numerous honours. These awards covered a wide range of areas including RMB business, asset management, custody, cash management, SME, mortgage, securities, credit card, internet and mobile banking services, etc. The Group's commitment to promote the sustainable development of the society also received a number of recognitions.

Financial Strength and Corporate Governance

- The Bank of the Year in Hong Kong (**The Banker**)
- Asia's Outstanding Company on Corporate Governance for two consecutive years (**Corporate Governance Asia**)
- The Asset Excellence in Corporate Governance and Investor Relations – Platinum Award (**The Asset**)



RMB Business

- Hong Kong Offshore RMB Centre – RMB Business Outstanding Awards (**Metro Finance, Metro Finance Digital and Wen Wei Po**):
Outstanding Retail Banking Business – Traditional Retailing
Outstanding Retail Banking Business – Diversified Businesses
Outstanding Retail Banking Business – Credit Card Business

- Outstanding Retail Banking Business – E-Banking Business
- Outstanding Corporate/Commercial Banking Business – International Trade
- Outstanding Insurance Business – Savings Insurance
- Excellent Brand of RMB Banking Service in the Hong Kong Leaders' Choice Brand Awards (**Metro Finance**)
- The Distinguished RMB Business Service in the Distinguished Banking & Finance Awards (**Wen Wei Po**)
- The Best RMB Service in the 3rd Prime Awards for Banking & Finance Corporations (**MetroBox**)



BOCHK Asset Management:

- The Best Offshore RMB Manager in the Best of the Best Awards for two consecutive years (**Asia Asset Management**)



AWARDS AND RECOGNITION



Service Excellence

- The Best QFI Custodian in the Triple A Assets Servicing Awards **(The Asset)**
- The Best Domestic Cash Management Bank in Hong Kong **(The Asian Banker)**
- Top bank in the Hong Kong-Macau syndicated loan market for nine consecutive years **(Basis Point)**
- The Best SME's Partner Award for six consecutive years **(The Hong Kong General Chamber of Small and Medium Business)**
- Seven honours in the 7th HKIB Outstanding Financial Management Planner Awards, including two Gold Awards and two Best Presentation Awards **(The Hong Kong Institute of Bankers)**
- Three honours in the 11th Customer Service Excellence Awards, including two Gold Awards in the Team Category **(Hong Kong Association for Customer Service Excellence)**

- Six honours in the 14th HKCCA Awards, including the Mystery Caller Assessment Award – Gold for four consecutive years **(Hong Kong Call Centre Association)**
- In-house Team of the Year (Chinese Financial Institution) Award granted to the Legal Services Centre **(China Law & Practice, a subsidiary of Euromoney)**
- The Best of Consumer e-Banking Service Provider and the Best of Mobile Banking Service Provider in the e-Brand Awards **(e-zone)**
- Excellent Brands of Mortgage Service and Securities Service in the Hong Kong Leaders' Choice Brand Awards **(Metro Finance)**
- Sing Tao Service Awards – Mortgage Service **(Sing Tao Daily)**
- The Distinguished Wealth Management Service in the Distinguished Banking & Finance Awards **(Wen Wei Po)**
- The Best Retail Bank (Gold Award) in the 3rd Prime Awards for Banking & Finance Corporations **(MetroBox)**
- Quality Management System of ISO 9001:2008 Certification granted to the Information Processing Division of the Bank-wide Operation Department **(SGS Hong Kong)**
- Popular MTR Shops – Merit Award **(Mass Transit Railway Corporation)**

BOCHK Asset Management:

- The Best-in-Class Technology and Innovation Award in the Fund of the Year Awards **(Benchmark)**



AWARDS AND RECOGNITION

BOCG Life:

- The Best Life Insurance Company in Hong Kong **(World Finance)**
- Outstanding Brand Award **(Economic Digest)**

BOCCC:

- Customer Complaint Management of ISO:10002 Certification for five consecutive years **(Hong Kong Quality Assurance Agency)**
- My Most Favourite Credit Card for Travelling Award in the U Magazine Travel Awards **(U Magazine)**

UnionPay International:

- Merchant RMB Settlement Service in Hong Kong and Macau - Innovative Award
- Largest Card Number (Credit Card) in Hong Kong – Gold Award
- Highest Acquiring Volume in Hong Kong – Gold Award
- Highest POS Number in Macau – Gold Award

Visa International:

- Largest Card Growth in Hong Kong
- Largest eCommerce Acquiring Volume Growth in Hong Kong
- Bank of the Year in Macau
- First Visa payWave Issuer in Macau

MasterCard Worldwide:

- Highest Market Share: e-Commerce Cardholder Spending Volume, Merchant Purchase Volume, Number of Open Cards & Cardholder Spending in Macau
- Highest Market Share: Number of Open Cards in Hong Kong – 1st Runner Up
- Highest Market Share: Premium Cards Spending, Merchant Purchase Volume & e-Commerce Cardholder Spending in Hong Kong – 2nd Runner Up



Social Responsibility

i) Caring for the Community

- Included as a constituent of the **Hang Seng Corporate Sustainability Index** and **Hang Seng (Mainland and HK) Corporate Sustainability Index** respectively for four consecutive years, and a constituent of the **Hang Seng Corporate Sustainability Benchmark Index** for three consecutive years
- Named the Caring Company for 11 consecutive years and included in the List of Barrier-free Companies/Organisations **(The Hong Kong Council of Social Service)**
- President's Award and ranked 5th among the Top Donors **(The Community Chest of Hong Kong)**
- Gold Award for Volunteer Service for four consecutive years **(Social Welfare Department)**

NCB, BOCG Life and BOCCC:

- Named the Caring Company for a number of years **(The Hong Kong Council of Social Service)**

AWARDS AND RECOGNITION



BOCG Life:

- Friend of Social Enterprise in the Friends of Social Enterprise Award Scheme (**Home Affairs Department and Social Enterprise Advisory Committee**)

ii) Environmental Protection

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

- Quality Management System of ISO 9001:2008 Certification and Environmental Management System of ISO 14001:2004 Certification (**UKAS**)
- Certificate of Quality Water Recognition Scheme for Building (**Water Supplies Department**)

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

- Energy Management System of ISO 50001:2011 Certification (**SGS Hong Kong**)

BOC Tower and BOC Centre:

- Indoor Air Quality Certificate – Excellent Class (**Environmental Protection Department**)
- BOCHK's LOHAS Community – Hong Kong Charity Walk for Eco-geo-cultural Discovery: Bronze Award for Green Marketing: Earth Science (**International Astrid Awards**) and Honours for Special Events: Eco-Tour (**International Galaxy Awards**)



Professional Training

- Qualified for operating training programmes at Qualifications Framework Level 3 (**Hong Kong Council for Accreditation of Academic and Vocational Qualifications**)
- Outstanding New Trainer Award in the Awards for Excellence in Training and Development (**Hong Kong Management Association**)

Promotional Campaigns

- Annual Report 2012 of BOC Hong Kong (Holdings) Limited:
 - Silver Award for Interior Design and Silver Award for Financial Data under the category of Banking and Financial Services (Hong Kong/PRC) (**International ARC Awards**)
 - Bronze Award for Annual Reports: Overall Presentation: Banks (Asia/Pacific) (**International Galaxy Awards**)
- **International Astrid Awards**
 - Launch of RMB Sovereign Bonds in Hong Kong by Bank of China (Hong Kong): Gold Award for Promotion: Product Launch
 - Commemorative Banknote in Celebration of the Centenary of Bank of China: Bronze Award for Special Projects: Integrated Campaign
 - International Military Tattoo: Bronze Award for Campaigns: Multi-Media
 - Desk Top Calendar 2013: Honours for Calendars: Corporate

89	Consolidated Income Statement
90	Consolidated Statement of Comprehensive Income
91	Consolidated Balance Sheet
92	Notes to the Financial Statements
119	Connected Transactions
120	Reconciliation between HKFRSs vs IFRS/CAS
122	Report of the Independent Auditor on the Summary Financial Report

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December	Note	2013 HK\$'m	(Restated) 2012 HK\$'m
Interest income		39,379	35,413
Interest expense		(11,463)	(10,705)
Net interest income		27,916	24,708
Fee and commission income		12,716	11,110
Fee and commission expense		(3,751)	(3,347)
Net fee and commission income		8,965	7,763
Gross earned premiums		17,966	11,881
Gross earned premiums ceded to reinsurers		(8,796)	(5,430)
Net insurance premium income		9,170	6,451
Net trading gain		2,957	3,129
Net (loss)/gain on financial instruments designated at fair value through profit or loss		(159)	747
Net gain on other financial assets		83	750
Other operating income		654	589
Total operating income		49,586	44,137
Gross insurance benefits and claims		(18,277)	(14,147)
Reinsurers' share of benefits and claims		9,004	5,627
Net insurance benefits and claims		(9,273)	(8,520)
Net operating income before impairment allowances		40,313	35,617
Net charge of impairment allowances		(737)	(859)
Net operating income		39,576	34,758
Operating expenses		(12,083)	(11,259)
Operating profit		27,493	23,499
Net gain from disposal of/fair value adjustments on investment properties		264	1,889
Net gain from disposal/revaluation of properties, plant and equipment		1	106
Share of profits less losses after tax of associates and a joint venture		35	27
Profit before taxation		27,793	25,521
Taxation		(4,718)	(3,974)
Profit for the year		23,075	21,547
Profit attributable to:			
Equity holders of the Company		22,252	20,930
Non-controlling interests		823	617
		23,075	21,547
Dividends		10,679	13,089
		HK\$	HK\$
Earnings per share for profit attributable to the equity holders of the Company			
Basic and diluted	3	2.1046	1.9796

The notes on pages 92 to 118 are an integral part of these Summary Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	Notes	2013 HK\$'m	2012 HK\$'m
Profit for the year		23,075	21,547
Items that will not be reclassified subsequently to income statement:			
Premises:			
Revaluation of premises	7	4,129	9,796
Deferred tax		(666)	(1,601)
		3,463	8,195
Items that may be reclassified subsequently to income statement:			
Available-for-sale securities:			
Change in fair value of available-for-sale securities		(6,570)	5,398
Release upon disposal of available-for-sale securities reclassified to income statement		(116)	(644)
Net reversal of impairment allowances on available-for-sale securities reclassified to income statement		–	(2)
Amortisation with respect to available-for-sale securities transferred to held-to-maturity securities reclassified to income statement		–	(12)
Deferred tax	7	1,203	(730)
		(5,483)	4,010
Change in fair value of hedging instruments under net investment hedges		(54)	(7)
Currency translation difference		331	115
		(5,206)	4,118
Other comprehensive income for the year, net of tax		(1,743)	12,313
Total comprehensive income for the year		21,332	33,860
Total comprehensive income attributable to:			
Equity holders of the Company		20,933	32,865
Non-controlling interests		399	995
		21,332	33,860

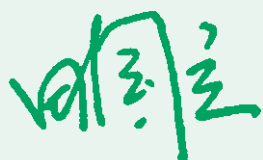
The notes on pages 92 to 118 are an integral part of these Summary Financial Statements.

CONSOLIDATED BALANCE SHEET

As at 31 December	Notes	2013 HK\$'m	2012 HK\$'m
ASSETS			
Cash and balances with banks and other financial institutions		353,741	198,748
Placements with banks and other financial institutions maturing between one and twelve months		46,694	66,025
Financial assets at fair value through profit or loss		43,493	49,332
Derivative financial instruments		25,348	31,339
Hong Kong SAR Government certificates of indebtedness		99,190	82,930
Advances and other accounts		924,943	819,739
Investment in securities		440,720	482,364
Interests in associates and a joint venture		292	259
Investment properties	5	14,597	14,364
Properties, plant and equipment	6	52,358	48,743
Deferred tax assets	7	304	89
Other assets		45,256	36,831
Total assets		2,046,936	1,830,763
LIABILITIES			
Hong Kong SAR currency notes in circulation		99,190	82,930
Deposits and balances from banks and other financial institutions		278,273	179,206
Financial liabilities at fair value through profit or loss		13,580	20,172
Derivative financial instruments		18,912	21,214
Deposits from customers		1,324,148	1,226,290
Debt securities in issue at amortised cost		5,684	5,923
Other accounts and provisions		48,149	47,983
Current tax liabilities		2,562	1,873
Deferred tax liabilities	7	6,944	7,406
Insurance contract liabilities		66,637	53,937
Subordinated liabilities		19,849	28,755
Total liabilities		1,883,928	1,675,689
EQUITY			
Share capital	8	52,864	52,864
Reserves	9	105,949	98,105
Capital and reserves attributable to the equity holders of the Company		158,813	150,969
Non-controlling interests		4,195	4,105
Total equity		163,008	155,074
Total liabilities and equity		2,046,936	1,830,763

The notes on pages 92 to 118 are an integral part of these Summary Financial Statements.

Approved by the Board of Directors on 26 March 2014 and signed on behalf of the Board by:



TIAN Guoli
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 2013.

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, precious metals at fair value, 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, risk management governance structure, policies and processes for managing and the methods used to measure these risks.

2.1 Credit Risk

Credit risk is the risk of loss arising from a customer or counterparty that 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 credit exposure is the worst case scenario of exposure to the Group without taking into account 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 loss arising from movements in the value of foreign exchange, commodity, interest rate and equity positions held by the Group due to the volatility of financial market price (interest rate, foreign exchange rate, equity price, commodity price). The Group adopts a moderate market risk appetite to achieve a balance between risk and return. The Group’s objective in managing market risk is to secure healthy growth of the 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 on the basis of a well established risk management regime and related management 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.

	2013							
	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	296,496	38,476	14,273	1,264	230	259	2,743	353,741
Placements with banks and other financial institutions maturing between one and twelve months	35,264	10,442	476	107	-	-	405	46,694
Financial assets at fair value through profit or loss	7,261	11,508	24,563	-	-	-	161	43,493
Derivative financial instruments	722	4,598	20,006	2	-	-	20	25,348
Hong Kong SAR Government certificates of indebtedness	-	-	99,190	-	-	-	-	99,190
Advances and other accounts	105,008	259,236	549,916	3,792	459	205	6,327	924,943
Investment in securities								
– Available-for-sale securities	84,103	211,684	89,717	6,024	296	515	22,981	415,320
– Held-to-maturity securities	4,334	9,956	1,646	-	-	-	1,519	17,455
– Loans and receivables	833	4,039	3,073	-	-	-	-	7,945
Interests in associates and a joint venture	-	-	292	-	-	-	-	292
Investment properties	135	-	14,462	-	-	-	-	14,597
Properties, plant and equipment	865	3	51,490	-	-	-	-	52,358
Other assets (including deferred tax assets)	24,821	1,287	18,367	487	111	10	477	45,560
Total assets	559,842	551,229	887,471	11,676	1,096	989	34,633	2,046,936
Liabilities								
Hong Kong SAR currency notes in circulation	-	-	99,190	-	-	-	-	99,190
Deposits and balances from banks and other financial institutions	167,166	58,511	50,607	381	89	106	1,413	278,273
Financial liabilities at fair value through profit or loss	1,590	16	10,842	-	-	7	1,125	13,580
Derivative financial instruments	894	2,433	15,323	187	1	-	74	18,912
Deposits from customers	311,506	272,761	674,425	9,965	3,563	11,270	40,658	1,324,148
Debt securities in issue at amortised cost	-	5,684	-	-	-	-	-	5,684
Other accounts and provisions (including current and deferred tax liabilities)	14,382	9,974	30,276	981	148	600	1,294	57,655
Insurance contract liabilities	28,428	6,867	31,342	-	-	-	-	66,637
Subordinated liabilities	-	19,849	-	-	-	-	-	19,849
Total liabilities	523,966	376,095	912,005	11,514	3,801	11,983	44,564	1,883,928
Net on-balance sheet position	35,876	175,134	(24,534)	162	(2,705)	(10,994)	(9,931)	163,008
Off-balance sheet net notional position*	(23,168)	(162,157)	167,162	(17)	2,573	10,966	9,465	4,824
Contingent liabilities and commitments	73,056	146,235	293,677	4,069	501	1,244	4,223	523,005

NOTES TO THE FINANCIAL STATEMENTS

2. Financial risk management (continued)

2.2 Market Risk (continued)

(A) Currency risk (continued)

	2012							
	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	156,693	24,087	12,051	1,796	376	889	2,856	198,748
Placements with banks and other financial institutions maturing between one and twelve months	28,365	31,872	4,525	419	–	201	643	66,025
Financial assets at fair value through profit or loss	5,178	11,273	32,801	–	–	–	80	49,332
Derivative financial instruments	367	5,074	25,871	–	–	–	27	31,339
Hong Kong SAR Government certificates of indebtedness	–	–	82,930	–	–	–	–	82,930
Advances and other accounts	97,641	191,418	517,998	6,125	758	148	5,651	819,739
Investment in securities								
– Available-for-sale securities	61,840	193,050	89,735	8,080	77,766	353	23,908	454,732
– Held-to-maturity securities	948	10,672	2,042	–	1,912	–	2,824	18,398
– Loans and receivables	1,157	5,846	–	–	–	2,231	–	9,234
Interests in associates and a joint venture	–	–	259	–	–	–	–	259
Investment properties	112	–	14,252	–	–	–	–	14,364
Properties, plant and equipment	855	4	47,884	–	–	–	–	48,743
Other assets (including deferred tax assets)	14,982	1,998	18,794	548	226	51	321	36,920
Total assets	368,138	475,294	849,142	16,968	81,038	3,873	36,310	1,830,763
Liabilities								
Hong Kong SAR currency notes in circulation	–	–	82,930	–	–	–	–	82,930
Deposits and balances from banks and other financial institutions	82,762	48,667	45,710	102	50	26	1,889	179,206
Financial liabilities at fair value through profit or loss	776	48	18,525	7	–	6	810	20,172
Derivative financial instruments	382	3,682	16,621	337	–	–	192	21,214
Deposits from customers	234,719	246,065	683,270	11,156	3,393	12,127	35,560	1,226,290
Debt securities in issue at amortised cost	–	5,919	4	–	–	–	–	5,923
Other accounts and provisions (including current and deferred tax liabilities)	9,995	16,162	28,536	645	298	685	941	57,262
Insurance contract liabilities	17,550	6,400	29,987	–	–	–	–	53,937
Subordinated liabilities	–	22,006	–	6,749	–	–	–	28,755
Total liabilities	346,184	348,949	905,583	18,996	3,741	12,844	39,392	1,675,689
Net on-balance sheet position	21,954	126,345	(56,441)	(2,028)	77,297	(8,971)	(3,082)	155,074
Off-balance sheet net notional position*	(12,217)	(105,886)	190,779	1,917	(77,231)	8,714	3,305	9,381
Contingent liabilities and commitments	47,614	90,233	315,496	3,756	538	1,074	5,058	463,769

* 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.

	2013						
	Up to 1 month HK\$'m	1 to 3 months HK\$'m	3 to 12 months HK\$'m	1 to 5 years HK\$'m	Over 5 years HK\$'m	Non- interest bearing HK\$'m	Total HK\$'m
Assets							
Cash and balances with banks and other financial institutions	336,303	-	-	-	-	17,438	353,741
Placements with banks and other financial institutions maturing between one and twelve months	-	33,801	12,893	-	-	-	46,694
Financial assets at fair value through profit or loss	2,691	6,211	10,244	15,198	6,984	2,165	43,493
Derivative financial instruments	-	-	-	-	-	25,348	25,348
Hong Kong SAR Government certificates of indebtedness	-	-	-	-	-	99,190	99,190
Advances and other accounts	699,423	121,716	78,275	18,082	1,004	6,443	924,943
Investment in securities							
– Available-for-sale securities	47,934	58,235	78,309	146,099	80,472	4,271	415,320
– Held-to-maturity securities	1,325	460	4,009	5,250	6,411	-	17,455
– Loans and receivables	1,660	2,931	3,354	-	-	-	7,945
Interests in associates and a joint venture	-	-	-	-	-	292	292
Investment properties	-	-	-	-	-	14,597	14,597
Properties, plant and equipment	-	-	-	-	-	52,358	52,358
Other assets (including deferred tax assets)	608	-	-	-	-	44,952	45,560
Total assets	1,089,944	223,354	187,084	184,629	94,871	267,054	2,046,936
Liabilities							
Hong Kong SAR currency notes in circulation	-	-	-	-	-	99,190	99,190
Deposits and balances from banks and other financial institutions	240,026	3,768	671	-	-	33,808	278,273
Financial liabilities at fair value through profit or loss	5,451	5,406	2,071	382	270	-	13,580
Derivative financial instruments	-	-	-	-	-	18,912	18,912
Deposits from customers	951,236	169,169	124,513	10,589	39	68,602	1,324,148
Debt securities in issue at amortised cost	-	-	-	5,684	-	-	5,684
Other accounts and provisions (including current and deferred tax liabilities)	12,198	2,588	4,106	397	-	38,366	57,655
Insurance contract liabilities	-	-	-	-	-	66,637	66,637
Subordinated liabilities	-	-	-	-	19,849	-	19,849
Total liabilities	1,208,911	180,931	131,361	17,052	20,158	325,515	1,883,928
Interest sensitivity gap	(118,967)	42,423	55,723	167,577	74,713	(58,461)	163,008

NOTES TO THE FINANCIAL STATEMENTS

2. Financial risk management (continued)

2.2 Market Risk (continued)

(B) Interest rate risk (continued)

	2012						
	Up to 1 month HK\$'m	1 to 3 months HK\$'m	3 to 12 months HK\$'m	1 to 5 years HK\$'m	Over 5 years HK\$'m	Non- interest bearing HK\$'m	Total HK\$'m
Assets							
Cash and balances with banks and other financial institutions	188,266	-	-	-	-	10,482	198,748
Placements with banks and other financial institutions maturing between one and twelve months	-	24,152	41,873	-	-	-	66,025
Financial assets at fair value through profit or loss	11,403	4,853	6,732	17,257	7,014	2,073	49,332
Derivative financial instruments	-	-	-	-	-	31,339	31,339
Hong Kong SAR Government certificates of indebtedness	-	-	-	-	-	82,930	82,930
Advances and other accounts	620,505	118,455	64,651	9,495	22	6,611	819,739
Investment in securities							
– Available-for-sale securities	69,387	117,085	66,886	131,589	66,150	3,635	454,732
– Held-to-maturity securities	2,600	5,666	811	7,402	1,919	-	18,398
– Loans and receivables	-	1,558	7,676	-	-	-	9,234
Interests in associates and a joint venture	-	-	-	-	-	259	259
Investment properties	-	-	-	-	-	14,364	14,364
Properties, plant and equipment	-	-	-	-	-	48,743	48,743
Other assets (including deferred tax assets)	-	-	-	-	-	36,920	36,920
Total assets	892,161	271,769	188,629	165,743	75,105	237,356	1,830,763
Liabilities							
Hong Kong SAR currency notes in circulation	-	-	-	-	-	82,930	82,930
Deposits and balances from banks and other financial institutions	159,083	1,483	208	-	-	18,432	179,206
Financial liabilities at fair value through profit or loss	10,017	6,286	3,475	255	139	-	20,172
Derivative financial instruments	-	-	-	-	-	21,214	21,214
Deposits from customers	919,431	129,374	110,938	5,969	38	60,540	1,226,290
Debt securities in issue at amortised cost	4	-	-	5,919	-	-	5,923
Other accounts and provisions (including current and deferred tax liabilities)	13,990	1,710	3,350	25	-	38,187	57,262
Insurance contract liabilities	-	-	-	-	-	53,937	53,937
Subordinated liabilities	-	-	6,749	-	22,006	-	28,755
Total liabilities	1,102,525	138,853	124,720	12,168	22,183	275,240	1,675,689
Interest sensitivity gap	(210,364)	132,916	63,909	153,575	52,922	(37,884)	155,074

NOTES TO THE FINANCIAL STATEMENTS

2. Financial risk management (continued)

2.3 Liquidity Risk

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

Maturity analysis

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

	2013							
	On demand HK\$'m	Up to 1 month HK\$'m	1 to 3 months HK\$'m	3 to 12 months HK\$'m	1 to 5 years HK\$'m	Over 5 years HK\$'m	Indefinite HK\$'m	Total HK\$'m
Assets								
Cash and balances with banks and other financial institutions	246,366	94,800	-	-	-	-	12,575	353,741
Placements with banks and other financial institutions maturing between one and twelve months	-	-	33,801	12,893	-	-	-	46,694
Financial assets at fair value through profit or loss								
– held for trading								
– certificates of deposit	-	18	13	78	30	-	-	139
– debt securities	-	2,118	6,166	6,210	6,754	4,967	-	26,215
– designated at fair value through profit or loss								
– certificates of deposit	-	-	-	103	266	-	-	369
– debt securities	-	146	53	2,673	9,788	1,945	-	14,605
– fund and equity securities	-	-	-	-	-	-	2,165	2,165
Derivative financial instruments	13,672	2,127	1,287	2,789	1,833	3,640	-	25,348
Hong Kong SAR Government certificates of indebtedness	99,190	-	-	-	-	-	-	99,190
Advances and other accounts								
– advances to customers	82,371	29,710	55,130	143,186	317,087	224,648	1,965	854,097
– trade bills	6	16,254	19,003	35,583	-	-	-	70,846
Investment in securities								
– available-for-sale								
– certificates of deposit	-	10,419	13,950	36,657	16,836	215	-	78,077
– debt securities	-	16,424	24,027	50,782	160,000	81,733	6	332,972
– held-to-maturity								
– certificates of deposit	-	-	-	-	77	18	-	95
– debt securities	-	632	196	4,049	5,987	6,451	45	17,360
– loans and receivables								
– debt securities	-	1,660	2,931	3,354	-	-	-	7,945
– equity securities	-	-	-	-	-	-	4,271	4,271
Interests in associates and a joint venture	-	-	-	-	-	-	292	292
Investment properties	-	-	-	-	-	-	14,597	14,597
Properties, plant and equipment	-	-	-	-	-	-	52,358	52,358
Other assets (including deferred tax assets)	13,631	13,884	88	394	10,172	7,303	88	45,560
Total assets	455,236	188,192	156,645	298,751	528,830	330,920	88,362	2,046,936

NOTES TO THE FINANCIAL STATEMENTS

2. Financial risk management (continued)

2.3 Liquidity Risk (continued)

Maturity analysis (continued)

	2013							Total HK\$'m
	On demand HK\$'m	Up to 1 month HK\$'m	1 to 3 months HK\$'m	3 to 12 months HK\$'m	1 to 5 years HK\$'m	Over 5 years HK\$'m	Indefinite HK\$'m	
Liabilities								
Hong Kong SAR currency notes in circulation	99,190	-	-	-	-	-	-	99,190
Deposits and balances from banks and other financial institutions	222,879	50,955	3,768	671	-	-	-	278,273
Financial liabilities at fair value through profit or loss	-	5,451	5,406	2,071	382	270	-	13,580
Derivative financial instruments	9,276	1,652	1,047	3,258	3,009	670	-	18,912
Deposits from customers	744,335	273,423	169,101	124,664	12,586	39	-	1,324,148
Debt securities in issue at amortised cost	-	-	-	32	5,652	-	-	5,684
Other accounts and provisions (including current and deferred tax liabilities)	25,358	14,003	4,038	6,426	7,819	11	-	57,655
Insurance contract liabilities	8,531	460	427	7,678	21,009	28,532	-	66,637
Subordinated liabilities	-	-	418	-	-	19,431	-	19,849
Total liabilities	1,109,569	345,944	184,205	144,800	50,457	48,953	-	1,883,928
Net liquidity gap	(654,333)	(157,752)	(27,560)	153,951	478,373	281,967	88,362	163,008

NOTES TO THE FINANCIAL STATEMENTS

2. Financial risk management (continued)

2.3 Liquidity Risk (continued)

Maturity analysis (continued)

	2012 (Restated)							Total HK\$'m
	On demand HK\$'m	Up to 1 month HK\$'m	1 to 3 months HK\$'m	3 to 12 months HK\$'m	1 to 5 years HK\$'m	Over 5 years HK\$'m	Indefinite HK\$'m	
Assets								
Cash and balances with banks and other financial institutions	145,534	42,938	-	-	-	-	10,276	198,748
Placements with banks and other financial institutions maturing between one and twelve months	-	-	24,152	41,873	-	-	-	66,025
Financial assets at fair value through profit or loss								
– held for trading								
– certificates of deposit	-	67	64	14	-	-	-	145
– debt securities	-	11,075	3,855	3,454	6,585	4,159	-	29,128
– designated at fair value through profit or loss								
– certificates of deposit	-	-	509	310	378	-	-	1,197
– debt securities	-	31	369	2,350	11,207	2,832	-	16,789
– fund and equity securities	-	-	-	-	-	-	2,073	2,073
Derivative financial instruments	17,690	2,535	2,032	3,421	1,600	4,061	-	31,339
Hong Kong SAR Government certificates of indebtedness	82,930	-	-	-	-	-	-	82,930
Advances and other accounts								
– advances to customers	60,076	19,055	53,963	138,157	288,680	213,106	1,522	774,559
– trade bills	76	10,150	15,765	19,189	-	-	-	45,180
Investment in securities								
– available-for-sale								
– certificates of deposit	-	3,001	15,580	45,533	8,708	19	-	72,841
– debt securities	-	49,064	76,254	40,775	143,730	68,424	9	378,256
– held-to-maturity								
– certificates of deposit	-	465	-	332	77	-	-	874
– debt securities	-	430	2,822	3,792	8,276	2,102	102	17,524
– loans and receivables								
– debt securities	-	-	1,558	7,676	-	-	-	9,234
– equity securities	-	-	-	-	-	-	3,635	3,635
Interests in associates and a joint venture	-	-	-	-	-	-	259	259
Investment properties	-	-	-	-	-	-	14,364	14,364
Properties, plant and equipment	-	-	-	-	-	-	48,743	48,743
Other assets (including deferred tax assets)	10,563	13,904	73	47	8,857	3,452	24	36,920
Total assets	316,869	152,715	196,996	306,923	478,098	298,155	81,007	1,830,763

NOTES TO THE FINANCIAL STATEMENTS

2. Financial risk management (continued)

2.3 Liquidity Risk (continued)

Maturity analysis (continued)

	2012 (Restated)							Total HK\$m
	On demand HK\$m	Up to 1 month HK\$m	1 to 3 months HK\$m	3 to 12 months HK\$m	1 to 5 years HK\$m	Over 5 years HK\$m	Indefinite HK\$m	
Liabilities								
Hong Kong SAR currency notes in circulation	82,930	-	-	-	-	-	-	82,930
Deposits and balances from banks and other financial institutions	140,245	37,270	1,483	208	-	-	-	179,206
Financial liabilities at fair value through profit or loss	-	10,017	6,287	3,475	254	139	-	20,172
Derivative financial instruments	13,022	668	865	1,766	3,602	1,291	-	21,214
Deposits from customers	701,678	276,068	129,269	111,327	7,910	38	-	1,226,290
Debt securities in issue at amortised cost	-	4	-	32	5,887	-	-	5,923
Other accounts and provisions (including current and deferred tax liabilities)	28,005	14,148	2,999	4,545	7,559	6	-	57,262
Insurance contract liabilities	3,281	493	3,068	1,070	24,655	21,370	-	53,937
Subordinated liabilities	-	-	418	-	-	28,337	-	28,755
Total liabilities	969,161	338,668	144,389	122,423	49,867	51,181	-	1,675,689
Net liquidity gap	(652,292)	(185,953)	52,607	184,500	428,231	246,974	81,007	155,074

Certain comparative amounts have been reclassified to conform with the current year's presentation.

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 "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.

NOTES TO THE FINANCIAL STATEMENTS

2. Financial risk management (continued)

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 arrangements.

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 ALCO periodically reviews the Group's capital structure and adjusts the capital mix where appropriate to maintain an optimal balance among risk, return and capital adequacy.

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 adoption of Banking (Capital) (Amendment) Rules 2012 and Banking (Capital) (Amendment) Rules 2013 since 1 January 2013 and 30 June 2013 respectively, the capital disclosures for 2013 are not directly comparable to those of 2012.

(A) Basis of regulatory consolidation

The consolidation basis for regulatory purposes comprises the positions of BOCHK and certain subsidiaries specified by the HKMA in accordance with the Banking (Capital) Rules. For accounting purposes, subsidiaries are consolidated in accordance with the accounting standards issued by the HKICPA pursuant to section 18A of the Professional Accountants Ordinance.

(B) Capital ratio

	2013
CET1 capital ratio	10.57%
Tier 1 capital ratio	10.67%
Total capital ratio	15.80%

	2012
Core capital ratio	12.31%
Capital adequacy ratio	16.80%

NOTES TO THE FINANCIAL STATEMENTS

2. Financial risk management (continued)

2.5 Capital Management (continued)

(C) Components of capital base after deductions

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

	2013 HK\$'m
CET1 capital: instruments and reserves	
Directly issued qualifying CET1 capital instruments plus any related share premium	43,043
Retained earnings	59,291
Disclosed reserves	43,025
Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	504
CET1 capital before regulatory deductions	145,863
CET1 capital: regulatory deductions	
Valuation adjustments	(21)
Deferred tax assets net of deferred tax liabilities	(164)
Gains and losses due to changes in own credit risk on fair valued liabilities	(81)
Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	(44,491)
Regulatory reserve for general banking risks	(8,994)
Total regulatory deductions to CET1 capital	(53,751)
CET1 capital	92,112
AT1 capital: instruments	
AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	894
AT1 capital	894
Tier 1 capital	93,006
Tier 2 capital: instruments and provisions	
Capital instruments subject to phase out arrangements from Tier 2 capital	19,294
Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	321
Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	5,047
Tier 2 capital before regulatory deductions	24,662
Tier 2 capital: regulatory deductions	
Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital	20,021
Total regulatory deductions to Tier 2 capital	20,021
Tier 2 capital	44,683
Total capital	137,689

NOTES TO THE FINANCIAL STATEMENTS

2. Financial risk management (continued)

2.5 Capital Management (continued)

(C) Components of capital base after deductions (continued)

	2012 HK\$'m
Core capital:	
Paid-up ordinary share capital	43,043
Reserves	38,987
Profit and loss account	5,820
Non-controlling interests	1,658
Deductible item	(25)
	89,483
Deductions from core capital	(387)
Core capital	89,096
Supplementary capital:	
Fair value gains arising from holdings of available-for-sale securities	2,067
Fair value gains arising from holdings of securities designated at fair value through profit or loss	35
Collective loan impairment allowances	192
Regulatory reserve	539
Surplus provisions	3,963
Term subordinated debt	26,043
	32,839
Deductions from supplementary capital	(387)
Supplementary capital	32,452
Total capital base after deductions	121,548

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 2013 of approximately HK\$22,252 million (2012: HK\$20,930 million) and on the ordinary shares in issue of 10,572,780,266 shares (2012: 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 2013 (2012: Nil).

NOTES TO THE FINANCIAL STATEMENTS

4. Directors', senior management's and key personnel's emoluments

(a) Directors' and senior management's emoluments

(i) 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:

	2013			
	Directors' fee HK\$'000	Basic salaries, allowances and benefits in kind HK\$'000	Bonus HK\$'000	Total HK\$'000
Executive Directors				
HE Guangbei (Chief Executive)	100	8,326	4,286	12,712
GAO Yingxin	100	5,741	2,570	8,411
	200	14,067	6,856	21,123
Non-executive Directors				
TIAN Guoli	-	-	-	-
XIAO Gang	-	-	-	-
LI Lihui	-	-	-	-
CHEN Siqing	-	-	-	-
LI Zaohang	-	-	-	-
ZHOU Zaiqun [#]	4,136	-	-	4,136
FUNG Victor Kwok King*	300	-	-	300
KOH Beng Seng*	380	-	-	380
NING Gaoning*	250	-	-	250
SHAN Weijian*	350	-	-	350
TUNG Savio Wai-Hok*	430	-	-	430
TUNG Chee Chen*	142	-	-	142
	5,988	-	-	5,988
	6,188	14,067	6,856	27,111

Mr XIAO Gang resigned as Chairman and Non-executive Director of the Company with effect from 17 March 2013. Mr TUNG Chee Chen retired as an Independent Non-executive Director of the Company after the conclusion of the annual general meeting held on 28 May 2013. Mr TIAN Guoli was appointed as Chairman and Non-executive Director of the Company with effect from 4 June 2013. Mr LI Lihui resigned as Vice Chairman and Non-executive Director of the Company, Mr ZHOU Zaiqun retired as Non-executive Director of the Company and Mr CHEN Siqing was appointed as Vice Chairman of the Company with effect from 25 March 2014.

NOTES TO THE FINANCIAL STATEMENTS

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

(a) Directors' and senior management's emoluments (continued)

(i) Directors' emoluments (continued)

	2012			
	Directors' fee HK\$'000	Basic salaries, allowances and benefits in kind HK\$'000	Bonus HK\$'000	Total HK\$'000
Executive Directors				
HE Guangbei (Chief Executive)	100	7,812	4,024	11,936
GAO Yingxin	100	5,438	2,441	7,979
	200	13,250	6,465	19,915
Non-executive Directors				
XIAO Gang	–	–	–	–
LI Lihui	–	–	–	–
CHEN Siqing	–	–	–	–
LI Zaohang	–	–	–	–
ZHOU Zaiqun [#]	3,987	–	–	3,987
FUNG Victor Kwok King*	301	–	–	301
KOH Beng Seng*	350	–	–	350
NING Gaoning*	89	–	–	89
SHAN Weijian*	350	–	–	350
TUNG Savio Wai-Hok*	399	–	–	399
TUNG Chee Chen*	349	–	–	349
	5,825	–	–	5,825
	6,025	13,250	6,465	25,740

Notes:

[#] Included fee as Chairman and Non-executive Director of Nanyang Commercial Bank, Limited

* Independent Non-executive Directors

For the year ended 31 December 2013, certain directors waived emoluments of HK\$2 million (2012: HK\$2 million), which include directors' fee from subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

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

(a) Directors' and senior management's emoluments (continued)

(ii) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2012: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2012: three) individuals during the year are as follows:

	2013 HK\$'m	2012 HK\$'m
Basic salaries and allowances	12	15
Bonus	6	7
Directors' fee from subsidiaries	–	1
	18	23

Emoluments paid to or receivable by individuals during the year with reference to their tenure are within the following bands:

	Number of individuals	
	2013	2012
HK\$5,000,001 to HK\$5,500,000	–	–
HK\$5,500,001 to HK\$6,000,000	1	2
HK\$6,000,001 to HK\$6,500,000	2	–
HK\$11,500,001 to HK\$12,000,000	–	1

(iii) Senior management's emoluments

Emoluments paid to or receivable by individuals during the year with reference to their tenure as senior management are within the following bands:

	Number of individuals	
	2013	2012
HK\$2,000,001 to HK\$2,500,000	1	–
HK\$4,500,001 to HK\$5,000,000	–	1
HK\$5,000,001 to HK\$5,500,000	2	2
HK\$5,500,001 to HK\$6,000,000	3	2
HK\$6,000,001 to HK\$6,500,000	1	–
HK\$7,500,001 to HK\$8,000,000	–	1
HK\$8,000,001 to HK\$8,500,000	1	–
HK\$11,500,001 to HK\$12,000,000	–	2
HK\$12,500,001 to HK\$13,000,000	1	–

NOTES TO THE FINANCIAL STATEMENTS

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

(b) Remuneration for Senior Management and Key Personnel under CG-5

Pursuant to CG-5 Guideline on a Sound Remuneration System issued by the HKMA, details of the remuneration for Senior Management and Key Personnel of the Group during the year are as follows:

(i) Remuneration awarded during the year

	2013					
	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	46	–	46	52	–	52
Variable remuneration Cash	14	5	19	24	7	31
Total	60	5	65	76	7	83

	2012					
	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	46	–	46	51	–	51
Variable remuneration Cash	13	6	19	23	6	29
Total	59	6	65	74	6	80

The remuneration above includes 11 (2012: 10) members of Senior Management and 19 (2012: 22) members of Key Personnel.

NOTES TO THE FINANCIAL STATEMENTS

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

(b) Remuneration for Senior Management and Key Personnel under CG-5 (continued)

(ii) Deferred remuneration

	2013		2012	
	Senior Management HK\$m	Key Personnel HK\$m	Senior Management HK\$m	Key Personnel HK\$m
Deferred remuneration				
Vested	6	4	3	3
Unvested	11	14	12	11
	17	18	15	14
At 1 January	12	11	9	8
Awarded	5	7	6	6
Paid out	(6)	(4)	(3)	(3)
Reduced through performance adjustments	-	-	-	-
At 31 December	11	14	12	11

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, 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 heads of material business lines, heads of major subsidiaries, Head of Trading and Chief Dealer, as well as heads of risk control functions.

NOTES TO THE FINANCIAL STATEMENTS

5. Investment properties

	2013 HK\$'m	2012 HK\$'m
At 1 January	14,364	12,441
Additions	2	2
Disposals	–	(62)
Fair value gains	264	1,885
Reclassification (to)/from properties, plant and equipment (Note 6)	(34)	98
Exchange difference	1	–
At 31 December	14,597	14,364

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

	2013 HK\$'m	2012 HK\$'m
Held in Hong Kong		
On long-term lease (over 50 years)	2,893	2,754
On medium-term lease (10 to 50 years)	11,436	11,361
Held outside Hong Kong		
On medium-term lease (10 to 50 years)	248	249
On short-term lease (less than 10 years)	20	–
	14,597	14,364

As at 31 December 2013, investment properties are included in the balance sheet at valuation carried out at 31 December 2013 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 price that would be received to sell each investment property in an orderly transaction with market participants at the measurement date.

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 2013	46,178	2,565	48,743
Additions	376	720	1,096
Disposals	(1)	(16)	(17)
Revaluation	4,143	–	4,143
Depreciation for the year	(953)	(710)	(1,663)
Reclassification from investment properties (Note 5)	34	–	34
Exchange difference	14	8	22
Net book value at 31 December 2013	49,791	2,567	52,358
At 31 December 2013			
Cost or valuation	49,791	8,275	58,066
Accumulated depreciation and impairment	–	(5,708)	(5,708)
Net book value at 31 December 2013	49,791	2,567	52,358
The analysis of cost or valuation of the above assets is as follows:			
At 31 December 2013			
At cost	–	8,275	8,275
At valuation	49,791	–	49,791
	49,791	8,275	58,066
Net book value at 1 January 2012	37,049	2,601	39,650
Additions	358	687	1,045
Disposals	(147)	(9)	(156)
Revaluation	9,792	–	9,792
Depreciation for the year	(778)	(715)	(1,493)
Reclassification to investment properties (Note 5)	(98)	–	(98)
Exchange difference	2	1	3
Net book value at 31 December 2012	46,178	2,565	48,743
At 31 December 2012			
Cost or valuation	46,178	7,793	53,971
Accumulated depreciation and impairment	–	(5,228)	(5,228)
Net book value at 31 December 2012	46,178	2,565	48,743
The analysis of cost or valuation of the above assets is as follows:			
At 31 December 2012			
At cost	–	7,793	7,793
At valuation	46,178	–	46,178
	46,178	7,793	53,971

NOTES TO THE FINANCIAL STATEMENTS

6. Properties, plant and equipment (continued)

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

	2013 HK\$'m	2012 HK\$'m
Held in Hong Kong		
On long-term lease (over 50 years)	18,774	16,913
On medium-term lease (10 to 50 years)	30,250	28,547
Held outside Hong Kong		
On long-term lease (over 50 years)	74	65
On medium-term lease (10 to 50 years)	675	632
On short-term lease (less than 10 years)	18	21
	49,791	46,178

As at 31 December 2013, premises are included in the balance sheet at valuation carried out at 31 December 2013 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 price that would be received to sell each premises in an orderly transaction with market participants at the measurement date.

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:

	2013 HK\$'m	2012 HK\$'m
Increase in valuation credited to premises revaluation reserve	4,078	9,718
Increase/(decrease) in valuation credited/(charged) to income statement	14	(4)
Increase in valuation credited to non-controlling interests	51	78
	4,143	9,792

As at 31 December 2013, the net book value of premises that would have been included in the Group's balance sheet had the premises been carried at cost less accumulated depreciation and impairment losses was HK\$7,221 million (2012: HK\$6,904 million).

NOTES TO THE FINANCIAL STATEMENTS

7. Deferred taxation

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

The major components of deferred tax (assets)/liabilities recorded in the balance sheet, and the movements during the year are as follows:

	2013					
	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 2013	564	6,772	(144)	(492)	617	7,317
Charged/(credited) to income statement	17	(91)	52	(100)	(16)	(138)
Charged/(credited) to other comprehensive income	-	666	-	-	(1,203)	(537)
Exchange difference	-	1	-	(2)	(1)	(2)
At 31 December 2013	581	7,348	(92)	(594)	(603)	6,640

	2012					
	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 2012	547	5,299	(131)	(451)	(109)	5,155
Charged/(credited) to income statement	17	(128)	(13)	(41)	(4)	(169)
Charged to other comprehensive income	-	1,601	-	-	730	2,331
At 31 December 2012	564	6,772	(144)	(492)	617	7,317

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 balance sheet:

	2013 HK\$'m	2012 HK\$'m
Deferred tax assets	(304)	(89)
Deferred tax liabilities	6,944	7,406
	6,640	7,317

	2013 HK\$'m	2012 HK\$'m
Deferred tax assets to be recovered after more than twelve months	(85)	(154)
Deferred tax liabilities to be settled after more than twelve months	7,391	6,847
	7,306	6,693

As at 31 December 2013, the Group has not recognised deferred tax assets in respect of tax losses amounting to HK\$7 million (2012: HK\$718 million). These tax losses do not expire under the current tax legislation.

8. Share capital

	2013 HK\$'m	2012 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 2012	52,864	23,150	1,787	6,967	674	44,323	129,765	3,418	133,183
Profit for the year	-	-	-	-	-	20,930	20,930	617	21,547
Other comprehensive income:									
Premises	-	8,126	-	-	-	-	8,126	69	8,195
Available-for-sale securities	-	-	3,715	-	-	(12)	3,703	307	4,010
Change in fair value of hedging instruments under net investment hedges	-	-	-	-	(6)	-	(6)	(1)	(7)
Currency translation difference	-	1	8	-	103	-	112	3	115
Total comprehensive income	-	8,127	3,723	-	97	20,918	32,865	995	33,860
Release upon disposal of premises	-	(18)	-	-	-	18	-	-	-
Transfer from retained earnings	-	-	-	787	-	(787)	-	-	-
Dividends	-	-	-	-	-	(11,661)	(11,661)	(308)	(11,969)
At 31 December 2012	52,864	31,259	5,510	7,754	771	52,811	150,969	4,105	155,074
At 1 January 2013	52,864	31,259	5,510	7,754	771	52,811	150,969	4,105	155,074
Profit for the year	-	-	-	-	-	22,252	22,252	823	23,075
Other comprehensive income:									
Premises	-	3,420	-	-	-	-	3,420	43	3,463
Available-for-sale securities	-	-	(5,009)	-	-	-	(5,009)	(474)	(5,483)
Change in fair value of hedging instruments under net investment hedges	-	-	-	-	(50)	-	(50)	(4)	(54)
Currency translation difference	-	3	(13)	-	330	-	320	11	331
Total comprehensive income	-	3,423	(5,022)	-	280	22,252	20,933	399	21,332
Transfer from retained earnings	-	-	-	1,240	-	(1,240)	-	-	-
Dividends	-	-	-	-	-	(13,089)	(13,089)	(309)	(13,398)
At 31 December 2013	52,864	34,682	488	8,994	1,051	60,734	158,813	4,195	163,008
Representing:									
2013 final dividend proposed						4,917			
Others						55,817			
Retained earnings as at 31 December 2013						60,734			

* 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 operating 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 represents business mainly relating to life insurance products, including traditional and unit-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 and a joint venture.

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.

As the Group derives a majority of revenue from interest and the senior management relies primarily on net interest income in managing the business, interest income and expense for all reportable segments are presented on a net basis. Under the same consideration, insurance premium income and insurance benefits and claims are also presented on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

10. Segmental reporting (continued)

	2013							
	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	1,836	9,630	14,547	1,900	3	27,916	–	27,916
– inter-segment	5,757	2,274	(7,550)	14	(495)	–	–	–
	7,593	11,904	6,997	1,914	(492)	27,916	–	27,916
Net fee and commission income/(expense)	5,324	3,576	144	(65)	385	9,364	(399)	8,965
Net insurance premium income	–	–	–	9,185	–	9,185	(15)	9,170
Net trading gain/(loss)	734	337	2,201	(169)	(161)	2,942	15	2,957
Net loss on financial instruments designated at fair value through profit or loss	–	–	(27)	(132)	–	(159)	–	(159)
Net gain/(loss) on other financial assets	–	21	179	(63)	(54)	83	–	83
Other operating income	48	4	3	7	1,646	1,708	(1,054)	654
Total operating income	13,699	15,842	9,497	10,677	1,324	51,039	(1,453)	49,586
Net insurance benefits and claims	–	–	–	(9,273)	–	(9,273)	–	(9,273)
Net operating income before impairment allowances	13,699	15,842	9,497	1,404	1,324	41,766	(1,453)	40,313
Net (charge)/reversal of impairment allowances	(289)	(453)	5	–	–	(737)	–	(737)
Net operating income	13,410	15,389	9,502	1,404	1,324	41,029	(1,453)	39,576
Operating expenses	(6,477)	(3,544)	(1,155)	(259)	(2,101)	(13,536)	1,453	(12,083)
Operating profit/(loss)	6,933	11,845	8,347	1,145	(777)	27,493	–	27,493
Net gain from disposal of fair value adjustments on investment properties	–	–	–	–	264	264	–	264
Net (loss)/gain from disposal/revaluation of properties, plant and equipment	(7)	(1)	–	(1)	10	1	–	1
Share of profits less losses after tax of associates and a joint venture	–	–	–	–	35	35	–	35
Profit/(loss) before taxation	6,926	11,844	8,347	1,144	(468)	27,793	–	27,793
Assets								
Segment assets	286,067	662,806	962,077	79,580	70,050	2,060,580	(13,936)	2,046,644
Interests in associates and a joint venture	–	–	–	–	292	292	–	292
	286,067	662,806	962,077	79,580	70,342	2,060,872	(13,936)	2,046,936
Liabilities								
Segment liabilities	738,429	625,842	445,973	75,176	12,444	1,897,864	(13,936)	1,883,928
Other information								
Capital expenditure	28	4	–	6	1,060	1,098	–	1,098
Depreciation	341	188	77	10	1,047	1,663	–	1,663
Amortisation of securities	–	–	(156)	145	–	(11)	–	(11)

NOTES TO THE FINANCIAL STATEMENTS

10. Segmental reporting (continued)

	2012 (Restated)							
	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	932	8,784	13,229	1,757	6	24,708	–	24,708
– inter-segment	5,725	1,085	(6,288)	–	(522)	–	–	–
	6,657	9,869	6,941	1,757	(516)	24,708	–	24,708
Net fee and commission income/(expense)	4,316	3,338	138	(67)	247	7,972	(209)	7,763
Net insurance premium income	–	–	–	6,466	–	6,466	(15)	6,451
Net trading gain/(loss)	559	364	1,873	359	(34)	3,121	8	3,129
Net gain on financial instruments designated at fair value through profit or loss	–	–	42	705	–	747	–	747
Net (loss)/gain on other financial assets	–	(2)	623	129	–	750	–	750
Other operating income	50	3	8	14	1,429	1,504	(915)	589
Total operating income	11,582	13,572	9,625	9,363	1,126	45,268	(1,131)	44,137
Net insurance benefits and claims	–	–	–	(8,520)	–	(8,520)	–	(8,520)
Net operating income before impairment allowances	11,582	13,572	9,625	843	1,126	36,748	(1,131)	35,617
Net (charge)/reversal of impairment allowances	(214)	(650)	16	(11)	–	(859)	–	(859)
Net operating income	11,368	12,922	9,641	832	1,126	35,889	(1,131)	34,758
Operating expenses	(5,852)	(3,196)	(1,259)	(223)	(1,860)	(12,390)	1,131	(11,259)
Operating profit/(loss)	5,516	9,726	8,382	609	(734)	23,499	–	23,499
Net gain from disposal of fair value adjustments on investment properties	–	–	–	–	1,889	1,889	–	1,889
Net (loss)/gain from disposal/ revaluation of properties, plant and equipment	(3)	(1)	–	–	110	106	–	106
Share of profits less losses after tax of associates and a joint venture	–	–	–	–	27	27	–	27
Profit before taxation	5,513	9,725	8,382	609	1,292	25,521	–	25,521
Assets								
Segment assets	266,839	573,803	870,488	66,150	65,760	1,843,040	(12,536)	1,830,504
Interests in associates and a joint venture	–	–	–	–	259	259	–	259
	266,839	573,803	870,488	66,150	66,019	1,843,299	(12,536)	1,830,763
Liabilities								
Segment liabilities	716,696	551,508	346,561	61,904	11,556	1,688,225	(12,536)	1,675,689
Other information								
Capital expenditure	27	8	–	15	997	1,047	–	1,047
Depreciation	324	169	90	6	904	1,493	–	1,493
Amortisation of securities	–	–	190	65	–	255	–	255

Certain comparative amounts of operating expenses have been reclassified to net fee and commission income to conform with the current year's presentation.

NOTES TO THE FINANCIAL STATEMENTS

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:

	2013 HK\$'m	2012 HK\$'m
Aggregate amount of relevant transactions outstanding at year end	3,790	5,865
Maximum aggregate amount of relevant transactions outstanding during the year	7,661	7,316

12. Approval of Summary Financial Statements

These Summary Financial Statements were approved and authorised for issue by the Board of Directors on 26 March 2014.

CONNECTED TRANSACTIONS

In 2013, 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 continuing connected transactions conducted pursuant to the Services and Relationship Agreement entered into among, inter alia, the Company and BOC dated 6 July 2002 (as amended and supplemented from time to time, which has been amended for a period of three years commencing 1 January 2011), whereas BOC has agreed to, and agreed to procure its Associates to, enter into all future arrangements with the Group on an arm's length basis, on normal commercial terms and at rates no less favourable than those offered to independent third parties, in relation to certain areas including, among others, information technology services, training services, physical bullion agency services, correspondent banking arrangements, treasury transactions, provision of insurance and syndicated loans, and the Company has agreed to, and agreed to procure its subsidiaries to, enter into all future arrangements on the same basis, provided that the rates offered by the Group to BOC and its Associates will be no more favourable than those offered to independent third parties. The Services and Relationship Agreement is also amended to allow for the provision of (i) call center services, cash management services and card services and other related business between BOC or its Associates and the Group; and (ii) information technology services by the Group to BOC's worldwide branches and subsidiaries. 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. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

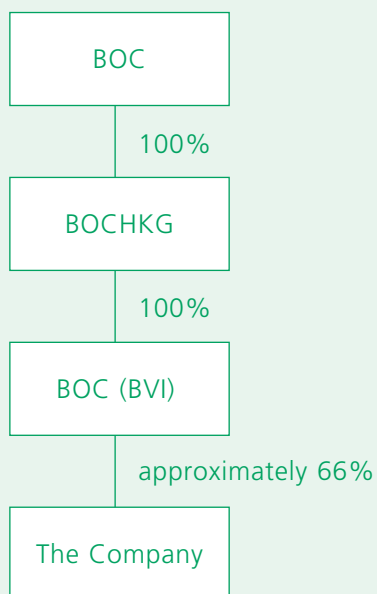
Type of Transaction	2013 Cap (HK\$m)	2013 Actual Amount (HK\$m)
Information Technology Services	1,000	58
Property Transactions	1,000	152
Bank-note Delivery	1,000	159
Provision of Insurance Cover	1,000	134
Card Services	1,000	126
Custody Business	1,000	38
Call Center Services	1,000	51
Securities Transactions	7,500	240
Fund Distribution Transactions	7,500	48
Insurance Agency	7,500	755
Foreign Exchange Transactions	7,500	319
Trading of Financial Assets	250,000	10,268
Inter-bank Capital Markets	250,000	5,673

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:

- restatement of carrying value of bank premises; and
- deferred taxation impact arising from the above different measurement basis.

(a) Restatement of carrying value of bank premises

The Company has elected for a revaluation model rather than cost model to account for bank premises and investment properties under HKFRSs. On the contrary, BOC has elected for the cost model for bank premises and revaluation model 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.

(b) Deferred tax adjustments

These represent the deferred tax effect of the aforesaid adjustments.

The difference in classification and measurement of certain investment securities under HKFRSs and IFRS due to the different timing in first adoption of HKFRSs and IFRS by the Group and BOC are vanished as those investment securities were all matured before 31 December 2012.

Profit after tax/net assets reconciliation

HKFRSs vs IFRS/CAS

	Profit after tax		Net assets	
	2013 HK\$'m	2012 HK\$'m	2013 HK\$'m	2012 HK\$'m
Profit after tax/net assets of BOC Hong Kong (Holdings) Limited prepared under HKFRSs	23,075	21,547	163,008	155,074
Add: IFRS/CAS adjustments				
Re-measurement of carrying value of treasury products	–	(12)	–	–
Restatement of carrying value of bank premises	719	658	(38,515)	(35,148)
Deferred tax adjustments	(78)	(106)	6,383	5,798
Profit after tax/net assets of BOC Hong Kong (Holdings) Limited prepared under IFRS/CAS	23,716	22,087	130,876	125,724

REPORT OF THE INDEPENDENT AUDITORS ON THE SUMMARY FINANCIAL REPORT



Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

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”) and its subsidiaries (together, the “Group”) set out on pages 1 to 132 and the front and back cover pages includes a Financial Section of the Group for the year ended 31 December 2013. The Financial Section of the Group set out on pages 89 to 118, which comprises the consolidated balance sheet as at 31 December 2013, and the consolidated income statement and the consolidated statement of comprehensive income for the year then ended, and related notes is derived from the audited financial statements of the Group for the year ended 31 December 2013. We expressed an unmodified audit opinion on those financial statements in our report dated 26 March 2014.

The Financial Section does not contain all the disclosures required by the 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 Group.

Directors’ responsibility for the Summary Financial Report

Under the Hong Kong Companies Ordinance, the directors of the Company 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 auditors’ report thereon and the directors’ report for the year ended 31 December 2013, 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.

Auditors’ responsibility

Our responsibility is to express an opinion on the summary financial report based on our procedures. Our report is made 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 procedures in accordance with Hong Kong Standard on Auditing (HKSA) 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 auditors’ report on the annual financial statements for the year ended 31 December 2013 is qualified or otherwise modified.

Opinion

In our opinion, the summary financial report:

- a. is consistent with the annual financial statements and the auditors’ report thereon and the directors’ report of the Group for the year ended 31 December 2013 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.

Ernst & Young
Certified Public Accountants
Hong Kong, 26 March 2014

SHAREHOLDER INFORMATION

Financial Calendar 2014

Major Events	Dates
Announcement of 2013 annual results	26 March (Wednesday)
Latest time for lodging transfers for entitlement to attend and vote at the 2014 Annual General Meeting	5 June (Thursday) 4:30 p.m.
Book closure period (both days inclusive)	6 June (Friday) to 11 June (Wednesday)
Latest time for lodging proxy forms for the 2014 Annual General Meeting	9 June (Monday) 2:00 p.m.
2014 Annual General Meeting	11 June (Wednesday) 2:00 p.m.
Last day in Hong Kong for dealing in the Company's shares with entitlement to final dividend	12 June (Thursday)
Ex-dividend date	13 June (Friday)
Latest time for lodging transfers for entitlement to final dividend	16 June (Monday) 4:30 p.m.
Book closure period (both days inclusive)	17 June (Tuesday) to 20 June (Friday)
Record date for final dividend	20 June (Friday)
Final dividend payment date	27 June (Friday)
Announcement of 2014 interim results	Mid to late August

Annual General Meeting

The 2014 Annual General Meeting will be held at 2:00 p.m. on Wednesday, 11 June 2014 at Grand Ballroom, The Lobby Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, 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 2013, the Company's market capitalisation was HK\$262.7 billion, among the top 20 leading stocks on the Main Board of Hong Kong Stock Exchange in terms of market capitalisation. Given the Company's market capitalisation and liquidity, its shares are a constituent of Hang Seng Index, MSCI Index and FTSE Index series. In addition, the Company is a constituent of Hang Seng Corporate Sustainability Index Series and Hang Seng High Dividend Yield Index, which recognises its performance in related areas.

SHAREHOLDER INFORMATION

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 due 2020
Issue size : US\$2,500 million
Stock codes : HKEX 4316
ISIN USY1391CAJ00 (Regulation S)
US061199AA35 (Rule 144A)
Bloomberg E11388897

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 (Regulation S)
US061199AB18 (Rule 144A)
Bloomberg E18623411

Share Price and Trading Information

Share price (HK\$)	2013	2012	2011
Closing price at year end	24.85	24.10	18.40
Highest trading price during the year	28.00	25.00	28.35
Lowest trading price during the year	22.85	18.18	14.24
Average daily trading volume (m shares)	11.47	11.77	18.97
Number of ordinary shares issued (shares)	10,572,780,266		
Public float	Approximately 34%		
Nominal value per share	HK\$5.00		

Dividends

The Board of Directors has recommended a final dividend of HK\$0.465 per share, which is subject to the approval of shareholders at the 2014 Annual General Meeting. With the interim dividend per share of HK\$0.545 paid during 2013, the total dividend per share will amount to HK\$1.010 for the full year.

Credit Ratings (long-term)

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

SHAREHOLDER INFORMATION

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
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Facsimile: (852) 2810 5830
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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
"AT1"	Additional Tier 1
"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 BOCHK
"BOCCC"	BOC Credit Card (International) Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of BOCHK
"BOCG Insurance"	Bank of China Group Insurance Company Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of BOC
"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
"BOCI-Prudential Trustee"	BOCI-Prudential Trustee Limited, a company incorporated under the laws of Hong Kong, in which BOC Group Trustee Company Limited and Prudential Corporation Holdings Limited hold equity interests of 64% and 36% respectively
"BOCG Life"	BOC Group Life Assurance Company Limited, a company incorporated under the laws of Hong Kong, in which the Group and BOCG Insurance hold equity interests of 51% and 49% respectively
"Board" or "Board of Directors"	the Board of Directors of the Company

DEFINITIONS

Terms	Meanings
"CAS"	China Accounting Standards for Business Enterprises
"CET1"	Common Equity Tier 1
"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%
"EAD"	Exposure at Default
"ETF"	Exchange Traded Fund
"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" or "HKSAR"	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
"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 of China"	the mainland of the PRC
"Medium Term Note Programme"	the medium term note programme was established by BOCHK on 2 September 2011

DEFINITIONS

Terms	Meanings
"Moody's"	Moody's Investors Service
"NCB"	Nanyang Commercial Bank, Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of BOCHK
"NCB (China)"	Nanyang Commercial Bank (China), Limited, a company incorporated under the laws of the PRC and a wholly-owned subsidiary of NCB
"OR&CD"	the Operational Risk & Compliance Department
"OTC"	Over-the-counter
"PRC"	the People's Republic of China
"QDIIs"	Qualified Domestic Institutional Investors
"QFII"	Qualified Foreign Institutional Investors
"RC"	the Risk Committee
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"RQFII"	Renminbi Qualified Foreign Institutional Investors
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"SME(s)"	Small and Medium-sized Enterprise(s)
"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"	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 Wealth Management Centre	Nos. 49-51A, Sing Woo Road, Happy Valley, Hong Kong	3982 8270
Happy Valley Branch	11 King Kwong Street, Happy Valley, Hong Kong	2838 6668
Causeway Bay Branch	505 Hennessy Road, Causeway Bay, Hong Kong	3982 8068
Percival Street 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 G88, 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
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

BRANCH NETWORK & CORPORATE BANKING CENTRES

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

Branch	Address	Telephone
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 Wealth Management VIP Centre	Shop N47-49, Mount Sterling Mall, Mei Foo Sun Chuen, Kowloon	2742 8003
Mei Foo Mount Sterling Mall Branch	17-B Mount Sterling Mall, Mei Foo Sun Chuen, Kowloon	2742 6611
Sham Shui Po Branch	207-211 Nam Cheong Street, Sham Shui Po, Kowloon	2777 0171
Sham Shui Po (On Ning Building) Branch	147-149 Castle Peak Road, Sham Shui Po, Kowloon	2708 3678

New Territories & Outlying Islands

Branch	Address	Telephone
Sha Tin District		
41 Tai Wai Road Branch	41-45 Tai Wai Road, Sha Tin, New Territories	2929 4288
74 Tai Wai Road Branch	74-76 Tai Wai Road, Sha Tin, New Territories	2699 9523
Fo Tan Branch	No 2, 1/F Shatin Galleria, 18-24 Shan Mei Street, Fo Tan, New Territories	2691 7193
Lucky Plaza Branch	Lucky Plaza, Wang Pok Street, Sha Tin, New Territories	2605 6556

Branch	Address	Telephone
Sha Tin Wealth Management 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
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

BRANCH NETWORK & CORPORATE BANKING CENTRES

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

Branch	Address	Telephone
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	Shop13-15, G/F Venice Gardens, Leung Tak Street, Tuen Mun, New Territories	2455 1288
Butterfly Estate Branch	Shop Nos. L187-195, Level 1, Butterfly Plaza, Tuen Mun, New Territories	2920 5188
Leung King Estate Branch	Shop No. L221 and L222, Level 2, Leung King Plaza, 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 Shing Street, 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

Network & Centres	Address	Telephone
Hong Kong Central and West Commercial Centre	24/F, Bank of China Tower, 1 Garden Road, Hong Kong	3982 6513
Hong Kong Central and West SME Centre		
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	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	Room 1408, 14/F, Shatin Galleria, 18-24 Shan Mei Street, Fo Tan, Shatin, New Territories	3982 7800
Fo Tan SME Centre		
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

Nanyang Commercial Bank – Branch Network

Branch	Address	Telephone
Head Office	151 Des Voeux Road, Central, Hong Kong	2852 0888
Hong Kong Island		
Western Branch	1/F & 2/F, 359-361 Queen's Road Central, Hong Kong	2851 1100
Causeway Bay Branch	472 Hennessy Road, Causeway Bay, Hong Kong	2832 9888
Happy Valley Branch	29 Wong Nei Chung Road, Happy Valley, Hong Kong	2893 3383
Kennedy Town Branch	86 Belcher's Street, Kennedy Town, Hong Kong	2817 1946
Quarry Bay Branch	1014 King's Road, Quarry Bay, Hong Kong	2563 2286
Des Voeux Road West Branch	334 Des Voeux Road West, Hong Kong	2540 4532
Aberdeen Branch	Shop A, 171 Aberdeen Main Road, Aberdeen, Hong Kong	2553 4115
North Point Branch	351 King's Road, North Point, Hong Kong	2566 8116
Sai Wan Ho Branch	63 Shaukeiwan Road, Sai Wan Ho, Hong Kong	2567 0315
Wanchai Branch	123 Johnston Road, Wanchai, Hong Kong	2574 8118
Causeway Centre Branch	Shop Nos 9-10, Ground Floor, Causeway Centre, 28 Harbour Road, Wanchai, Hong Kong	2827 6338
Central District Branch	2/F Century Square, 1-13 D'Aguiar Street, Central, Hong Kong	2522 5011
Sunning Road Branch	8 Sunning Road, Causeway Bay, Hong Kong	2882 7668
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, Kowloon	2715 7518
Nathan Road Branch	570 Nathan Road, Mongkok, Kowloon	2780 0166
Laichikok Road Branch	236 Laichikok Road, Shamshuipo, Kowloon	2396 4164
Jordan Road Branch	20 Jordan Road, Yaumati, Kowloon	2735 3301
Tokwawan Branch	62 Tokwawan Road, Kowloon	2764 6666
Kwun Tong Branch	G/F Shop 1, 1/F Shop 2, 410 Kwun Tong Road, Kowloon	2389 6266
Tsimshatsui Branch	G/F, Cheong Hing Building, 72 Nathan Road, Tsim Sha Tsui, Kowloon	2376 3988
Hunghom Branch	69A Wuhu Street, Hunghom, Kowloon	2362 2301
Shamshuipo Branch	198-200 Tai Po Road, Shamshuipo, Kowloon	2777 0147
Yee On Street Branch	Shops 4-6, G/F, Yee On Centre, 45 Hong Ning Road, Kowloon	2790 6688
Peninsula Centre Branch	Shop G48 Peninsula Centre, 67 Mody Road, Tsimshatsui, Kowloon	2722 0823
San Po Kong Branch	41-45, Yin Hing Street, San Po Kong, Kowloon	2328 5555
Kowloon City Branch	86 Nga Tsin Wai Road, Kowloon City, Kowloon	2716 6033
Laguna City Branch	Shop No. 26, Phase 1 Laguna City, Cha Kwo Ling Road, Kowloon	2772 3336
Kowloon Bay Branch	Shop 2, G/F, Shun Fat Industrial Building, 17 Wang Hoi Road, Kowloon Bay, Kowloon	2769 6268

BRANCH NETWORK & CORPORATE BANKING CENTRES

Nanyang Commercial Bank – Branch Network (continued)

Branch	Address	Telephone
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
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	505 Montgomery Street, Suite 1200, San Francisco, CA94111, USA	(1-415) 398 8866

Chiyu Banking Corporation – Branch Network

Branch	Address	Telephone
Hong Kong Island		
Central Branch	78, Des Voeux Road Central, Hong Kong	2843 0187
North Point Branch	390-394 King's Road, North Point, Hong Kong	2570 6381
Wanchai Branch	325 Hennessy Road, Wanchai, Hong Kong	2572 2823
Sheung Wan Branch	Shop 3, G/F, Lee Fung Building, 315-319 Queen's Road Central, Hong Kong	2544 1678
Western Branch	443 Queen's Road West, Hong Kong	2548 2298
Quarry Bay Branch	967-967A, King's Road, Quarry Bay, Hong Kong	2811 3131
Aberdeen Branch	G/F, 138-140, Aberdeen Main Road, Aberdeen, Hong Kong	2553 0603
Kowloon		
Hung Hom Branch	23-25 Gillies Avenue, Hung Hom, Kowloon	2362 0051
Kwun Tong Branch	Factory A, G/F, Lucky (Kwun Tong) Industrial Building, 398-402 Kwun Tong Road, 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, Shop 11-13, 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
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		
Fuzhou Branch	1/F, International Building, 210 Wusi Road, Fuzhou, Fujian Province, China	(86-591) 8781 0078
Xiamen Branch	1/F, Unit 111-113, No 861 Xiahe Road, Xiamen, Fujian Province, China	(86-592) 585 7690

Branch	Address	Telephone
Xiamen Jimei Sub-Branch	No.68-71, Lehai Bei Li, Jimei District, Xiamen, Fujian Province, China	(86-592) 619 3302
Guanyinshan Sub-Branch	Unit 1702E, 1703A, No. 9 Building, 170 Tapu East Road, Guanyinshan CBD, Xiamen, Fujian Province, China	(86-592) 599 0520

Nanyang Commercial Bank (China) – Branch Network

Branch	Address	Telephone
The Mainland of China		
Head Office	Nanyang Commercial Bank Building, No.800 Century Avenue, Pudong District, Shanghai, China	(86-21) 3856 6666
Shenzhen Branch	L140-142, Tower 4, Excellence Century Center, Fuhua 3rd Road, Futian District, Shenzhen, China	(86-755) 8233 0230
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, South Ren Min Road, Luohu District, Shenzhen, China	(86-755) 2515 6333
Shenzhen Futian Sub-Branch	1/F, Shen Ye Garden Club House, Caitian Road, Futian District, Shenzhen, China	(86-755) 8294 2929
Shenzhen Baoan Sub-Branch	Unit 108 Xushida Garden, Xin An Si Road, Baoan District 34-2, Shenzhen, China	(86-755) 2785 3302
Shenzhen Jiabin Sub-Branch	1/F, Block C, Nanyang Mansion, No.2002 Jianshe Road, Luohu District, Shenzhen, China	(86-755) 8220 9955
Shenzhen Houhai Sub-Branch	L184-185, Tiley Central Plaza II, Central Area, Nanshan District, Shenzhen, China	(86-755) 8663 6200
Dongguan Sub-Branch	No.C-112, C-204, Dingfeng International Plaza, No.19 Dongguan Avenue, Dongcheng District, Dongguan, China	(86-769) 2662 6888
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 North Tianhe Road, Tianhe District, Guangzhou, China	(86-20) 3891 2668
Guangzhou Panyu Sub-Branch	C001-C008 & C101-C106, No.2 West Fuhua Road, Shiqiao, Panyu District, Guangzhou, China	(86-20) 3451 0228
Guangzhou Yuexiu Sub-Branch	Room 01, Huayitai Plaza, No.418 Dong Feng Zhong Road, Yuexiu District, Guangzhou, China	(86-20) 8378 2668
Foshan Sub-Branch	Room 403-405 and Ground Floor P5/P6, 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	1/F A, B, C, D Areas and 2F, Tower B, Jiacheng Plaza, 18 Xiaguangli, North Dongsanhuan Road, Chao Yang District, Beijing, China	(86-10) 5839 0888
Beijing Jianguomen Sub-Branch	Level 1A, No.88 Jianguomen Wai Da Jie, Chaoyang District, Beijing, China	(86-10) 6568 4728
Beijing Zhongguancun Sub-Branch	Room 105 & 106, Ground Floor, No.8 North Haidian Second Street, Haidian District, Beijing, China	(86-10) 5971 8565
Beijing Jinrongjie Sub-Branch	G/F, Business No.2 Fortune Time Plaza, No.11 Fenghui Garden, Xicheng District, Beijing, China	(86-10) 5836 2188
Shanghai Branch	1/F, 2/F & M/F, Nanyang Commercial Bank Building, No.800 Century Avenue, Pudong District, 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 Zhabei Sub-Branch	Unit 102, Block 7, Daning Central Square, No.700 Wanrong Road, Zhabei District, Shanghai, China	(86-21) 5308 8888
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 West Nanjing Road, Huangpu District, Shanghai, China	(86-21) 6375 5858
Hangzhou Branch	Room 101-201, Building 2, Tong Ce Square, No.3688 Jiang Nan Avenue, Binjiang District, Hangzhou, China	(86-571) 8778 6000
Hangzhou Chengzhong Sub-Branch	1-2F Guo Mao Building, No.195-1 Qingchun Road, Hangzhou, China	(86-571) 8703 8080
Nanning Branch	1/F, Kings Wealth CBD Modern Town, No.63 Jinhu Road, Nanning, China	(86-771) 555 8333
Shantou Branch	G/F, No.3 Yingbin Road, Shantou, China	(86-754) 8826 8266
Qingdao Branch	South Door, No.66 Nanjing Road, Qingdao, China	(86-532) 6670 7676
Qingdao Economic and Technical Development Zone Sub-Branch	No.218 Middle Changjiang Road, Economic & Technical Development Zone, Qingdao, Shandong, China	(86-532) 6805 5618
Qingdao Qiling Road Sub-Branch	1-2/F, Unit 12-13, Jinling Century Garden, Xianxiangli Road, Laoshan District, Qingdao, China	(86-532) 8395 0878
Chengdu Branch	M/F, 1/F, Dong Du INTL., 70 Section 2, Middle Renmin Road, Chengdu, China	(86-28) 8628 2777
Chengdu Chuangye Road Sub-Branch	No.7-9, 10-12, 13-16, 1 F, 4 Building, No.49 Chuangye Road, Hi-tech Zone, Chengdu, China	(86-28) 6155 8822
Wuxi Branch	Vanke Homes, No.28 North Changjiang Road, Wuxi New District, Wuxi, China	(86-510) 8119 1666

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