

## FORTIFYING OUR FOUNDATIONS IN A CHALLENGING ENVIRONMENT

### *Highlights of 2008 Annual Results*

- Net operating income before impairment allowances of HK\$25,526 million, down 6.3%
- Operating profit before impairment allowances of HK\$16,755 million, down 14.0%
- Profit attributable to shareholders of HK\$3,343 million and earnings per share of HK\$0.3162, down 78.4%, mainly dragged by increased impairment allowances on debt securities
- Strong financial position with capital adequacy ratio of 16.17% and average liquidity ratio of 41.74%. Total assets of HK\$1,147.2 billion, up 7.5%
- Solid performance of core businesses with continued growth in both net interest income and fees and commission income from traditional banking services
- Total advances to customers and total deposits from customers grew 11.5% and 1.5% respectively
- Loan quality remained solid with classified or impaired loan ratio at 0.46%, slightly up 0.02 percentage point
- Total dividend of HK\$0.438 per share for 2008 (no final dividend payment)

"2008 was a highly challenging year for the Group. Throughout the year, our over-riding focus has been to safeguard the Group's financial strength and competitiveness. A number of initiatives have been taken, focusing on the management of our capital, liquidity, risk and expenses. Amid an increasingly difficult market, the Group's traditional banking businesses continued to deliver solid performance while the investment related businesses were negatively affected. Our net interest income reached new record level despite the pressure from falling interest rates. Solid growth was posted in fees and commission income from our traditional banking services, including fee income from loans, credit cards, RMB business. We maintained a strong deposit base with improved deposit mix. We also sustained our leading market positions in residential mortgage, loan syndication and Hong Kong RMB banking businesses. In response to the market change, we swiftly adjusted our business strategies with a more prudent approach, streamlined our expenses and continued to grow our franchise in a tough market. As the financial crisis intensified in the second half of the year, impairment charges on the Group's securities investments increased, dampening the overall results.

For 2009, the global economic crisis will continue to affect us in the near term. It is extremely important for us to stay flexible, alert and proactive in managing our risks, capital, liquidity and expenses. We will focus on enhancing our business capabilities and operating efficiency. By capitalizing on our core strength areas, we will adjust our business strategies in view of the changing market environment. We will also continue to invest judiciously in accordance with our strategic priorities for our long-term growth. The unique collaborative platform between BOCHK and BOC in various business areas will be further strengthened to extend our presence in the region and to better serve our customers, creating greater value for our shareholders. "

Xiao Gang, *Chairman*

*BOC Hong Kong (Holdings) Limited ("The Company"), is a leading commercial banking group in Hong Kong. We offer a comprehensive range of financial products and services to retail and corporate customers. Our extensive branch network in Hong Kong and the Mainland of China allows us to meet the cross-border financial service needs of Hong Kong and Mainland customers. The Company is a subsidiary of Bank of China Limited (HK Stock Code: 3988) which holds an approximately 65.7% equity interest in the Company.*

For detailed information of the annual results, please visit [www.bochk.com](http://www.bochk.com)

