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中銀香港(控股)有限公司

BOC HONG KONG (HOLDINGS) LIMITED

(Incorporated in Hong Kong with limited liability)

(the “Company”, Stock Code: 2388)

ANNOUNCEMENT

FINANCIAL AND BUSINESS REVIEW FOR THE FIRST QUARTER OF 2012

THIS ANNOUNCEMENT IS MADE BY THE COMPANY PURSUANT TO RULE 13.09 OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED

The following description provides certain financial information relating to the performance of the Company in the first quarter of 2012.

Financial Performance

In the first quarter of 2012, the operating environment for the banking industry in Hong Kong remained challenging. Hong Kong’s economic growth showed signs of further slowdown as a result of the weak performance of the export sector and the decline in investment activities. The overall outlook in the external economic environment seemed uncertain as global demand was still on the wane and the de-leveraging pressure on European banks remained unabated.

The summary below shows key performance trends of BOC Hong Kong (Holdings) Limited and its subsidiaries (collectively known as the “Group”) in the first quarter of 2012:

Key Performance Trends					
<i>HK\$m, except percentage amounts</i>	2012Q1	2011Q1	2011Q4	Compared to 2011Q1	Compared to 2011Q4
Net operating income before impairment allowances	9,375	7,690	8,244	+21.9%	+13.7%
Operating expenses	(2,612)	(2,373)	(3,326)	+10.1%	-21.5%
Operating profit before impairment allowances	6,763	5,317	4,918	+27.2%	+37.5%

2012 Q1 compared with 2011 Q1

In the first quarter of 2012, the Group's net operating income before impairment allowances rose by 21.9% compared to the first quarter of 2011. The increase was mainly due to higher net interest income. Net interest margin widened. Return on RMB business improved as the Group increased the deployment of RMB funds. The diluting effect of the Group's RMB clearing bank business on the net interest margin also eased off to some extent as the RMB balance dropped. Meanwhile, net interest margin on non-RMB business narrowed slightly. Net fee and commission income grew steadily. Commission income from loans, credit cards, funds distribution, as well as trust and custody services increased while that from securities brokerage and the insurance business declined. BOC Life recorded a mark-to-market gain on its securities portfolio. Operating expenses rose due to higher staff costs, depreciation and rental expenses. During the first quarter this year, the Group registered a lower net reversal of impairment allowances on both loans and securities investments compared to the same period last year.

2012 Q1 compared with 2011 Q4

On a quarter-on-quarter basis, the Group's net operating income before impairment allowances increased by 13.7%. Both net interest income and net fee and commission income increased. The growth momentum of net interest income continued with the widening of the net interest margin. The net interest margin for the offshore RMB business improved while that for the non-RMB business remained relatively stable. Loan commissions as well as commission income from insurance and funds distribution registered satisfactory growth. Operating expenses decreased due to lower staff costs and business-related expenses. The Group registered a small net reversal of impairment allowances on both loans and securities investments as opposed to a net charge in the last quarter.

Financial Position

As of 31 March 2012, the Group's total assets decreased mildly from the end of 2011, mainly due to the decline of RMB funds deposited by participating banks with the clearing bank. Customer deposits remained relatively stable from the end of last year. Advances to customers and securities investments increased. The Group's loan quality remained sound. Both liquidity and capital adequacy ratio remained solid.

Business Review

The Group's **Personal Banking** business continued to excel in providing convenient and comprehensive banking services to meet different customers' needs. As a leading player in the local RMB business, the Group also focused on upgrading and expanding the range of RMB products and services. The credit card business continued to grow satisfactorily in terms of cardholder spending and merchant acquiring volumes. The residential mortgage business maintained its leading market position.

The Group's **Corporate Banking** business deepened its customer relationship building and management, and continued to offer total solutions to customers. It focused on quality growth and profitability by exercising strict discipline as regards credit extension and customer selection. Despite the mild overall loan growth amid the economic slowdown, RMB loans grew satisfactorily. The Group also made good progress in the development of its cash management business and further expanded its customer base. For the custody business, the Group successfully secured mandates for various RMB fund products during the quarter, and became the largest service provider for RMB Qualified Foreign Institutional Investors and their authorised fund products in the market.

In respect of its **Treasury Segment**, the Group closely monitored market changes and proactively managed its banking book investments to strike a balance between risk and return. As part of its ongoing endeavour to facilitate the development of the offshore RMB bond market, the Group launched three new offshore RMB bond sub-indices. These were the BOCHK Offshore RMB Chinese Sovereign Bond Index, the BOCHK Offshore RMB Investment Grade Bond Index and the BOCHK Offshore RMB 1 to 3 Years Central Government Bond Index, which serve as performance benchmarks for the offshore RMB bond market.

The Group's **Insurance Segment** focused on enhancing its product offerings and upgrading its service standard. It continued to offer a full range of life insurance products for customers at different life stages, thus reinforcing its leading position in the insurance market. It capitalised on the success built up in the second half of last year by extending the sales of "RMB Universal Life Insurance Plan" in the first quarter.

GENERAL

This announcement may contain forward-looking statements that involve risks and uncertainties. The Company's shareholders and potential investors should not place undue reliance on these forward-looking statements, which reflect our belief only as of the date of these statements. These forward-looking statements are based on the Group's own information and information from other sources we believe to be reliable. The Group's actual results may be materially less favourable than those expressed or implied by these forward-looking statements, which could depress the market price of the Company's American Depositary Shares and local shares.

The Company's shareholders and potential investors should note that **all the figures contained herein are unaudited. Accordingly, figures and discussions contained in this Announcement should in no way be regarded as to provide any indication or assurance on the financial results of the Group for the period ended 31 March 2012.**

The Company's shareholders and potential investors are urged to exercise caution in dealing in the securities of the Company and are recommended to consult their own professional advisers if they are in doubt as to their investment positions.

By Order of the Board
CHAN Chun Ying
Company Secretary

Hong Kong, 26 April 2012

As at the date hereof, the board of directors of the Company comprises Mr. XIAO Gang (Chairman), Mr. LI Lihui* (Vice Chairman), Mr. HE Guangbei (Vice Chairman and Chief Executive), Mr. LI Zaohang*, Mr. ZHOU Zaiqun*, Mr. CHEN Siqing*, Mr. GAO Yingxin, Dr. FUNG Victor Kwok King**, Mr. KOH Beng Seng**, Mr. SHAN Weijian**, Mr. TUNG Chee Chen** and Mr. TUNG Savio Wai-Hok**.*

* Non-executive Directors

** Independent Non-executive Directors