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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 2013

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 2013.

Financial Performance

In the first quarter of 2013, Hong Kong’s economy continued to grow at a modest pace with weak external demand. The stability of global financial markets continued to be affected by the unresolved European debt crisis and the fragile fundamentals of major economies.

The summary below shows the key performance of BOC Hong Kong (Holdings) Limited and its subsidiaries (collectively known as the “Group”) in the first quarter of 2013:

Key Performance					
<i>HK\$’m, except percentages</i>	2013Q1	2012Q1	2012Q4	Compared with 2012Q1	Compared with 2012Q4
Net operating income before impairment allowances	9,828	9,375	8,664	+4.8%	+13.4%
Operating expenses	(2,837)	(2,612)	(3,235)	+8.6%	-12.3%
Operating profit before impairment allowances	6,991	6,763	5,429	+3.4%	+28.8%

2013 Q1 compared with 2012 Q1

The Group's net operating income before impairment allowances rose by 4.8% year-on-year in the first quarter of 2013, mainly due to higher net interest income and net fee and commission income. The growth in net interest income was primarily attributable to the increase in advances to customers and debt securities investments as well as the improvement in loan-deposit spread. The Group's net interest margin rose year-on-year. Net fee and commission income increased with higher commission income from insurance, funds distribution, loans, credit cards and securities brokerage. Net trading gain of the banking business also increased, due largely to the mark-to-market changes of certain interest rate instruments and the increased gain from foreign exchange activities. These were partially offset by the mark-to-market loss from the Group's insurance segment. Operating expenses rose with higher staff costs, depreciation, rental and business-related expenses. The Group registered a net charge of impairment allowances on loans while a modest net reversal was recorded for the same period last year. The net charge of impairment allowances on loans was mainly due to the increase in net charge of collectively assessed impairment allowances as a result of the stronger loan growth in the first quarter of 2013.

2013 Q1 compared with 2012 Q4

On a quarter-on-quarter basis, the Group's net operating income before impairment allowances grew by 13.4%. Both net interest income and net fee and commission income increased. Net interest margin grew, mainly attributable to the improved loan-deposit spread and asset mix. Net fee and commission income increased with healthy growth in commission income from insurance, loans, securities brokerage and funds distribution. Operating expenses decreased due to lower staff costs and business-related expenses. The Group recorded a lower net charge of impairment allowances on loans as the net charge of individually assessed impairment allowances decreased.

Financial Position

As of 31 March 2013, the Group's total assets grew from the end of 2012. Customer deposits and advances to customers increased while securities investments decreased. The Group's classified or impaired loan ratio was stable and stayed at a low level. Both the average liquidity ratio and capital adequacy ratio remained solid.

Business Review

The Group's **Personal Banking** business continued to create value for customers through product innovation and service development. During the quarter, a Fixed-Rate Mortgage Scheme was launched to provide homeowners with an alternative financing option to lock in their loan expenses. A new "Securities Club" was rolled out to provide customers with differentiated services and privileges according to their various trading needs. Meanwhile, the Group launched a new fund, the "BOCHK All Weather RMB High Yield Bond Fund", which was the first RMB high yield bond fund introduced to the retail public in Hong Kong. The fund, managed by BOCHK Asset Management Limited with the objective of capturing investment opportunities in the rapidly growing offshore RMB market, received an overwhelming response from customers.

The Group's **Corporate Banking** business continued to make good progress in expanding offshore RMB business. RMB advances to customers continued to grow. The Group worked closely with enterprises registered in Qianhai, getting well prepared for the provision of cross-border RMB direct loans to these enterprises. Customised trade-related products were launched to provide customers with greater flexibility and convenience. The Group's cash management business continued to enhance the functionalities of the corporate internet banking platform. The custody business further expanded its customer base and continued to enhance its service platform.

In the **Treasury Segment**, the Group continued to closely monitor market changes and proactively manage its investment portfolio to balance risk and return. Bank of China (Hong Kong) Limited ("BOCHK") has been designated as the market maker of the USD/CNH (offshore RMB) futures for the Chicago Mercantile Exchange Group and Hong Kong Futures Exchange. BOCHK successfully completed the first CNH futures contracts transaction in the quarter.

The Group's **Insurance Segment** continued to broaden its product range to meet the diverse needs of customers. Its sales performance was also improved through the introduction of new products and related marketing campaigns. "UltiChoice Universal Life Insurance Plan", which provides both financial planning and whole life protection, was launched during the 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 2013.**

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, 25 April 2013

As at the date of this announcement, the board of directors of the Company comprises 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. NING Gaoning**, Mr. SHAN Weijian**, Mr. TUNG Chee Chen** and Mr. TUNG Savio Wai-Hok**.*

* Non-executive Directors

** Independent Non-executive Directors