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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 THIRD 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 third quarter of 2013.

In the third quarter of 2013, uncertainties in the external environment still abound. Economic conditions in developed economies slightly improved but growth continued to remain moderate. In the Mainland, there were signs that the economy regained its momentum. Meanwhile, the Hong Kong economic growth remained benign.

#### Financial Performance

The summary below shows the key performance of BOC Hong Kong (Holdings) Limited and its subsidiaries (collectively known as the “Group”) in the nine months ended 30 September 2013 and in the third quarter of 2013:

Key Performance						
	Nine months ended		Year on year change	Quarter ended		Quarter on quarter change
	30 Sep 2013	30 Sep 2012		30 Sep 2013	30 Jun 2013	
<i>HK\$m, except percentages</i>						
Net operating income before impairment allowances	<b>29,522</b>	26,993	+9.4%	<b>9,731</b>	9,963	-2.3%
Operating expenses	<b>(8,680)</b>	(8,064)	+7.6%	<b>(2,988)</b>	(2,855)	+4.7%
Operating profit before impairment allowances	<b>20,842</b>	18,929	+10.1%	<b>6,743</b>	7,108	-5.1%

Note: Certain comparative amounts in 2012 have been reclassified to conform with current period’s presentation.

### *Nine months ended 30 September 2013 compared with the same period of 2012*

In the first nine months of 2013, the Group's net operating income before impairment allowances rose by 9.4% compared to the same period of 2012, driven by 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 and deposit spread. Net interest margin widened year-on-year. Net fee and commission income recorded a broad-based growth. Commission income from credit cards, securities brokerage, funds distribution, insurance, loans, bills as well as currency exchange saw strong growth. Income of the Group's insurance segment also improved notably. Meanwhile, net trading gain of the banking business decreased, due largely to the mark-to-market changes of certain interest rate instruments. Operating expenses increased with higher staff costs, depreciation charges and rental expenses. The Group registered a higher net charge of impairment allowances on loans with increase in the net charge of individually and collectively assessed impairment allowances.

### *2013 Q3 compared with 2013 Q2*

On a quarter on quarter basis, the Group's net operating income before impairment allowances decreased by 2.3%. Net interest income continued to grow. Net interest margin rose slightly. However, net fee and commission income declined from the high level in the last quarter. Net trading gain of the banking business decreased, due largely to the mark-to-market changes of certain interest rate instruments. Operating expenses increased, attributable to higher staff costs, depreciation charges and rental expenses. The Group registered a net reversal of impairment allowances on loans in the third quarter as opposed to a net charge in the last quarter.

## **Financial Position**

As of 30 September 2013, the Group's total assets grew from the end of June 2013. Customer deposits, advances to customers and securities investments increased during the quarter. The Group's classified or impaired loan ratio stayed at a low level. Both the average liquidity ratio and capital ratio remained solid.

## **Business Review**

The Group's **Personal Banking** business continued to create value to customers through product innovations and service enhancements. It pioneered the "Family Securities Accounts" concept which provides a platform for parents to manage their various securities portfolios. The new educational "Virtual Securities Investment Platform" and the "Warrants/Callable Bull/Bear Contracts Information Webpage" were also rolled out to serve the needs of young investors as well as sophisticated traders respectively. In view of the prudential measures introduced by the HKSAR Government on the property market, the Group launched the new "Instant Mortgage Assessment Service" to enable home buyers better gauge their mortgage loan amounts and other financial obligations before they decide on their property purchases. Credit card business continued its stable growth from the second quarter in terms of cardholder spending and merchant acquiring volumes. The newly launched "BOC Good Day Platinum Card" was well received in the market and recorded satisfactory results in card issuance.

The Group's **Corporate Banking** business continued to implement "Total Solutions" for its key customers and provide comprehensive banking services to better serve customers' needs. Through continuous enhancement of expertise in industry management, it successfully extended services to new customers in various industries. During the quarter, the Group provided cross-border direct loans to enterprises in the Mainland and remained the top mandated arranger in the Hong Kong-

Macau syndicated loan market. Capitalising on its extensive experience and competitive edge in the offshore RMB market, the Group worked closely with Bank of China to explore new business opportunities from the China (Shanghai) Pilot Free Trade Zone. Meanwhile, the custody business further expanded its customer base and successfully established business relationships with a number of new RQFII applicants.

In the **Treasury Segment**, the Group maintained its proactive and prudent approach in managing its banking book in view of market interest rate trend. In addition, it selectively increased its investments in high-quality RMB bonds issued by policy banks and corporates in the Mainland. Meanwhile, the Group continued to provide tailor-made investment products and deliver up-to-date market information through mobile means to enhance customer experience.

The Group's **Insurance Segment** capitalised on its momentum built up in the first half of the year to further grow its business. To widen its product offerings and explore new distribution channels, a new product "Forever Glorious ULife Plan" was launched and tailored for distribution through brokerage channels 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 30 September 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, 30 October 2013

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

\* *Non-executive Directors*

\*\* *Independent Non-executive Directors*