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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 2014

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 2014.

In the first quarter of 2014, recovery in major economies remained broadly on track although growth momentum continued at a modest pace. On the Mainland, there were signs that the economy would undergo a slower but more sustainable growth. Meanwhile, economic growth in Hong Kong remained stable.

Financial Performance

The summary below shows the key performance figures of BOC Hong Kong (Holdings) Limited and its subsidiaries (collectively known as the “Group”) in the first quarter of 2014:

Key Performance					
<i>HK\$m, except percentages</i>	2014Q1	2013Q1	2013Q4	Compared with 2013Q1	Compared with 2013Q4
Net operating income before impairment allowances	10,884	9,828	10,791	+10.7%	+0.9%
Operating expenses	(3,047)	(2,837)	(3,403)	+7.4%	-10.5%
Operating profit before impairment allowances	7,837	6,991	7,388	+12.1%	+6.1%

2014 Q1 compared with 2013 Q1

The Group's net operating income before impairment allowances rose by 10.7% year-on-year, mainly driven by higher net interest income. The growth in net interest income was attributable to the increases in advances to customers, RMB bonds as well as placements with banks and other financial institutions. Net interest margin widened with improved average asset yield. Net fee and commission income also registered growth with increases in commission income from credit cards, insurance, funds distribution, and bills as well as currency exchange. Commission income from securities brokerage, however, declined mildly as a result of weakening market sentiment. Net trading gain declined due mainly to the mark-to-market changes of certain foreign exchange products and interest rate instruments, which were partly offset by the increased gain from currency exchange transactions. Operating expenses rose with higher staff costs, depreciation charges and rental expenses. The Group's net charge of impairment allowances on loans declined slightly year-on-year as its individually assessed impairment allowances recorded a net reversal as opposed to a net charge in the same period last year.

2014 Q1 compared with 2013 Q4

On a quarter-on-quarter basis, the Group's net operating income before impairment allowances rose by 0.9%. Net interest income increased with improvement of net interest margin. Net fee and commission income grew, driven by commission income from loans, funds distribution, insurance, and securities brokerage as well as currency exchange. However, net trading gain of the banking business decreased, due largely to the mark-to-market changes of certain foreign exchange products and interest rate instruments. Net operating income of the Group's insurance segment dropped, mainly due to higher policy reserves caused by changes in market interest rates. Operating expenses decreased due to lower staff costs and business-related expenses. The Group's net charge of impairment allowances on loans declined from the last quarter.

Financial Position

As of 31 March 2014, the Group's total assets grew from the end of 2013. Customer deposits and advances to customers increased during the quarter. The Group's classified or impaired loan ratio stayed at a low level. The average liquidity ratio stayed solid while the capital ratios remained stable.

Business Review

The Group's **Personal Banking** business strives to help customers grow and prosper through the provision of a wide range of quality financial services. During the quarter, the Group launched the Mortgage Expert mobile application to offer a one-stop mortgage service to users with the convenience of the first-of-its-kind property valuation price alerts. Other features include mortgage budget planner and online appointment for mortgage application. In the securities brokerage business, the Group's Monthly Stocks Savings Plan was optimised with more diversified choices of stocks and the introduction of RMB-denominated stocks to further strengthen the Group's competitive edge on RMB services. Meanwhile, the implementation of customer segmentation strategy in 2013 empowered the Group to explore and expand business opportunities based on the needs of various groups of target customers. The newly launched Enrich Banking Service together with the repackaged i-Free Banking Service were well received and marked satisfactory growth in the number of customers.

The Group's **Corporate Banking** business further expanded its customer base and enhanced its reputation as a prominent loan arranger. Through closer collaboration with BOC, the Group captured new business opportunities with leading enterprises in certain major industries on the Mainland. Riding on its strong franchise in the RMB business, the Group secured relationships with financial institutions and central banks from different overseas regions. During the period, the Group actively participated in a number of significant syndicated loans and trade finance deals, including syndicated loans arranged for acquisitions made by Mainland corporates.

In the **Treasury Segment**, the Group continued to closely monitor market changes and adjusted its investment portfolio to enhance return while staying vigilant of risks. It increased holdings in RMB-denominated bonds issued by policy banks and high-quality Mainland corporates. It also underwrote the largest RMB bond issuance in Hong Kong during the quarter as the joint bookrunner. The Group continued to diversify its product range and tailor-made investment products to meet customers' needs.

The Group's **Insurance Segment** saw good progress in consolidating its position as a prominent life insurance provider in the market. During the quarter, it launched several marketing campaigns and promotional programmes to boost new sales and capture renewal of existing policies. At the same time, considerable efforts were placed on diversifying the Group's distribution channels to reach out to different customer segments. As a result, the Group recorded a satisfactory growth in net insurance premium income both year-on-year and quarter-on-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 2014.**

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, 24 April 2014

As at the date of this announcement, the board of directors of the Company comprises Mr TIAN Guoli (Chairman), Mr CHEN Siqing* (Vice Chairman), Mr HE Guangbei (Vice Chairman and Chief Executive), Mr LI Zaohang*, 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