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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 2015

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 2015.

In the first quarter of 2015, the global recovery remained divergent across different economies and the operating environment was challenging. The US experienced a marked slowdown in growth in spite of an improved labour market. Growth momentum in the Eurozone gradually improved, albeit at a moderate pace. In the Mainland of China, strong headwinds remained as industrial production and fixed-asset investment declined. In Hong Kong, domestic demand stayed relatively stable but weakness in retail sales dampened growth prospects. Liquidity of the offshore RMB market in Hong Kong tightened and the gap between onshore and offshore RMB interest rates narrowed.

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 2015:

Key Performance					
<i>HK\$'m, except percentages</i>	2015Q1	2014Q1	2014Q4	Compared with 2014Q1	Compared with 2014Q4
Net operating income before impairment allowances	11,380	10,884	11,029	+4.6%	+3.2%
Operating expenses	(3,190)	(3,047)	(3,560)	+4.7%	-10.4%
Operating profit before impairment allowances	8,190	7,837	7,469	+4.5%	+9.7%

2015 Q1 compared with 2014 Q1

The Group's net operating income before impairment allowances rose by 4.6% year-on-year. Net interest income dropped mildly with the narrowing of net interest margin. Average interest spread of RMB assets decreased, caused by the drop in RMB market interest rates and increase in deposit costs. Narrowing of net interest margin was also due to the increase in short-term debt securities investments. Net fee and commission income rose with increases in commission income from insurance, securities brokerage, funds distribution, currency exchange as well as trust and custody services. However, commission income from bills and payment services declined. The Group recorded a net gain from the disposal of certain equity instruments while net operating income of the Group's insurance segment also rose. Operating expenses were up due to higher staff costs, depreciation charges and rental expenses. Net charge of impairment allowances on loans rose with the increase in the net charge of individually assessed impairment allowances as compared to a net reversal in the same period last year.

2015 Q1 compared with 2014 Q4

On a quarter-on-quarter basis, the Group's net operating income before impairment allowances rose by 3.2%. Net interest income dropped with the narrowing of net interest margin. The drop in net interest margin was due to the decrease in the average interest spread of RMB assets and the increase in short-term debt securities investments. Meanwhile, the Group continues to proactively manage both loan and deposit pricing and optimise the asset and liability structure to ease the related pressure. Net fee and commission income fell from a high level in the last quarter as a result of the decrease in commission income from loans, securities brokerage, credit cards and insurance. However, commission income from funds distribution and currency exchange grew from the last quarter. The Group recorded a net gain from the disposal of certain equity instruments. During the period, net trading gain of the banking business and net operating income of the Group's insurance segment increased. Operating expenses decreased due to lower staff costs and business-related expenses. The Group's net charge of impairment allowances on loans grew from the last quarter with increases in the net charge of individually and collectively assessed impairment allowances.

Financial Position

As of 31 March 2015, the Group's total assets grew from the end of 2014. Customer deposits and advances to customers increased during the quarter. The Group's classified or impaired loan ratio remained stable and the capital position stayed solid.

Business Review

The Group's **Personal Banking** business continues to enrich and optimise its product and service offerings to meet the diverse needs of customers. During the quarter, the Group launched household banking-themed promotions and introduced tailored product solutions in Wealth Management, Enrich Banking and i-Free Banking, providing customers a wider range of quality financial services with the aim of becoming their main bank through consolidation of deposits as well as payroll registration. In the mortgage business, the Group further enhanced the features of the Mortgage Expert mobile application and Reverse Mortgage Programme to offer greater product flexibility. With the launch of Shanghai-Hong Kong Stock Connect, the Group continued to invest in customer education and system development.

The Group's **Corporate Banking** business successfully captured new business opportunities arising from its closer collaboration with BOC. Together with BOC's branches in the Mainland and Southeast Asia, the Group met the financing needs of a number of leading Mainland enterprises and international corporations. Additionally, the Group secured new business relationships with financial institutions and central banks from overseas regions. These not only helped the Group in expanding its customer base and geographical coverage, but also provided support to the business development strategy of BOC Group in Southeast Asia and other overseas regions.

In the **Treasury Segment**, the Group closely monitored market changes and swiftly adjusted its investment portfolio to achieve a balance between risk and return. As a Primary Liquidity Provider for Hong Kong's offshore RMB market, the Group provided RMB liquidity support to the market, reinforcing its strong franchise in the offshore RMB market. In collaboration with the BOC Group, the Group continuously engaged in the development of cross-border CNH-related foreign exchange businesses. The Group also focused on expanding its customer base and secured relationships with Mainland financial institutions to extend its business coverage.

The Group's **Insurance Segment** continued to broaden its product offerings and diversify its distribution channels. During the quarter, the Group introduced new products and enhanced the features of existing policies. New products such as the IncomeRich Annuity Insurance Plan and IncomeShine Whole Life Coupon Plan were launched. In addition, the Group stepped up its marketing efforts with a series of new promotional campaigns. As a result, gross insurance premium income recorded an encouraging growth year-on-year.

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 2015.**

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, 29 April 2015

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 YUE Yi (Vice Chairman and Chief Executive), Mr LI Zaohang*, Mr GAO Yingxin*, Mr. LI Jiuzhong, Madam CHENG Eva**, Mr KOH Beng Seng**, Mr SHAN Weijian** and Mr TUNG Savio Wai-Hok**.*

* Non-executive Directors

** Independent Non-executive Directors