



中銀香港(控股)有限公司

BOC HONG KONG (HOLDINGS) LIMITED

(HK Stock Code: "2388", ADR OTC Symbol: "BHKLY")

SUSTAINABLE GROWTH ON SOLID FOUNDATIONS

Highlights of 2012 Interim Results

- Net operating income before impairment allowances of HK\$18,165 million, up 20.1% year-on-year
- Profit attributable to the equity holders of HK\$11,243 million, down 6.3% year-on-year but up 16.2% if excluding the impact of Lehman Brothers-related products in the first half of 2011
- Return on average shareholders' equity at 16.63% and return on average total assets at 1.35%
- Total assets of HK\$1,684,722 million, down 3.1% from end-2011. Customer deposits up by 3.4% whereas advances to customers up by 6.8%. Loan-to-deposit ratio at 63%
- Excellent loan quality with classified or impaired loan ratio at 0.10%
- Strong financial position with capital adequacy ratio of 17.43% and average liquidity ratio of 39.87%
- Interim dividend of HK\$0.545 per share

"I am delighted to report that the Group delivered once again a set of satisfactory results for the first half of 2012, with core income and profit achieving new interim highs. During the period, we proactively managed our assets and liabilities to improve profitability and to contain risks amid a more volatile market environment. Core businesses posted solid growth while financial position remained sound.

As at end-June 2012, the Group's customer loans and deposits grew 6.8% and 3.4% respectively compared to the end of last year. Loan quality remained solid with classified or impaired loan ratio staying at a low level of 0.10%. Net interest margin improved notably, reflecting the effectiveness of our proactive asset and liability management. In managing our investment portfolio, we further optimised the mix to contain the potential risks arising from unpredictable market disruption.

The Group continued to make good progress in its business development, especially in the offshore RMB business. We maintained leading market positions and enhanced our RMB product and service capabilities in areas such as Dim Sum bonds underwriting, cash management and custody. The Group's RMB lending business recorded satisfactory growth. Capitalising on our RMB franchise and close collaboration with parent bank, BOC, we further enhanced our customer relationship and extended our services to other geographical regions. This will pave the way for further development of our offshore RMB business and also create other business opportunities for the Group.

Given the prevailing market conditions and the more stringent regulatory requirements, having a solid capital position will be a distinct competitive advantage for financial institutions. In this respect, the Group is strongly positioned. In recognition of the Group's financial strength, asset quality and operating efficiency, BOCHK was ranked as the world's second strongest bank by Bloomberg Markets in May.

Despite the slowdown in overall economic activities, investing in our franchise remains a key priority for us to enhance the Group's long-term competitiveness. Looking forward, we will strive to maximise the strength of the BOC Group franchise, especially in promoting our capabilities in cross-border financial activities and global services to meet customers' needs. We will endeavour to safeguard our solid foundation to support the Group's long-term growth and create greater value for our customers, employees, shareholders and the community as a whole."

Xiao Gang, *Chairman*

BOC Hong Kong (Holdings) Limited ("The Company"), is a leading commercial banking group in Hong Kong. We offer a comprehensive range of financial products and services to individual and corporate customers. Our extensive branch network in Hong Kong and the Mainland of China allows us to meet the cross-border financial service needs of Hong Kong and Mainland customers. The Company is a subsidiary of Bank of China Limited (HK Stock Code: 3988) which holds a 66.06% equity interest in the Company

For detailed information of the interim results, please visit www.bochk.com

