



中銀香港(控股)有限公司

BOC HONG KONG (HOLDINGS) LIMITED

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

SOLID FUNDAMENTALS AND FINANCIAL STRENGTH TO CAPTURE BUSINESS OPPORTUNITIES

Highlights of 2009 Interim Results

- Profit attributable to shareholders of HK\$6,691 million, down 5.6%
- Net operating income before impairment allowances of HK\$13,028 million, down 7.2%
- Moderate growth in net fees and commission income despite market slowdown. Strong growth in stock brokerage and loan commissions
- Total net charge of impairment allowances on securities investment of HK\$1,168 million, down 45.6%. A net reversal of loan impairment allowances of HK\$60 million, compared to a net charge of HK\$71 million in the first half of 2008
- Strong financial position with capital adequacy ratio at 16.10% and average liquidity ratio at 39.70%. Total assets were HK\$1,146.2 billion
- Year-to-date, total advances to customers grew 3.3%. Solid loan quality with classified or impaired loan ratio further improved to 0.37%
- Return on average shareholders' funds at 15.13%, and return on average total assets at 1.23%
- Interim dividend of HK\$0.285 per share

"For the first six months of 2009, the overall operating environment remained tough. While we have witnessed the unprecedented market volatilities in the second half of 2008, the measures we took to safeguard our financial strength proved to be effective. Our fundamentals remain solid, positioning us to capture business opportunities and to enhance our franchise amid adverse operating conditions.

We maintained a good balance between risk management and business growth and captured new businesses by adopting a pragmatic approach and leveraging our core strengths. Despite the contracting loan demand in the market, we recorded outstanding performance in growing our loan book by 3.3% and loan commission fee income by 51.3%. We maintained our leading position in the syndication loan market and residential mortgage market. Of particular note, our loan quality remained solid with classified or impaired loan ratio further improving to 0.37% from 0.46% as at end 2008. Our stock brokerage business managed to capture the improved momentum of the stock market, capitalizing on our efficient and strong platform with majority of the transactions being conducted through our automated channels.

During the period, we also focused our efforts on enhancing our franchise and strengthening our business capabilities in areas where we see important opportunities for long-term sustainable growth.

Looking forward, despite the improved market sentiment, we expect the operating environment to remain challenging. We, therefore, need to stay alert and agile to adjust our strategies in response to the market changes. Our solid financial strength provides us flexibility to grasp business opportunities despite market uncertainties. Being the sole RMB clearing bank in Hong Kong, BOCHK enjoys a unique edge in trade settlement and trade finance between the Mainland and Hong Kong. We will capitalise on our leading position in capturing the opportunities arising from the continued expansion of RMB business in Hong Kong. As part of our core strategy, we will continue to enhance the collaboration with our parent bank, Bank of China Limited ("BOC"). Riding on our experience and capabilities, our long-term plan is to act as an effective product manufacturing agent and service support center for BOC Group in the Asia-Pacific region. This close collaboration platform will enable us to provide more comprehensive, professional and quality services to our customers and to create better value for our shareholders."

Xiao Gang, *Chairman*

BOC Hong Kong (Holdings) Limited ("The Company") is a leading commercial banking group in Hong Kong offering a comprehensive range of financial products and services to retail 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

