

A CENTURY OF SERVICES, ALWAYS WITH YOU

2016 ANNUAL RESULTS REACH A NEW HIGH

The year 2016 not only marked a successful new chapter in the story of BOCHK Group's transformation, but also another year of record results and consistent growth in profitability for the Group. During the year, we completed the sale of Nanyang Commercial Bank, Limited ("NCB"), acquired the shares of Bank of China (Malaysia) Berhad and officially launched the BOCHK Brunei Branch. In addition, in early 2017 we acquired Bank of China (Thai) Public Company Limited and entered into Asset Purchase Agreements with BOC in relation to the acquisition of the Indonesia and Cambodia businesses. In March this year, we completed the sale of our equity interests in Chiyu Banking Corporation Limited. As a result of all these developments, BOCHK has achieved notable progress in its strategy of transforming from a municipal bank into a regional bank.

In 2016, the Group's profit attributable to the equity holders grew strongly by 105.7% year-on-year to HK\$55,503 million, setting another record high since its listing. We outpaced the market in key business areas such as deposit and loan growth, while steadily increasing our income and maintaining our solid asset quality. We also enhanced our capital strength substantially.

Supported by the year's satisfactory results, the Board has recommended a final dividend of HK\$0.625 per share¹. Together with the interim dividend of HK\$0.545 per share, the full year dividend will be HK\$1.170 per share on a normal basis, which translates into a dividend payout ratio of 48.4%. Including the special dividend of HK\$0.710 per share associated with the sale of our equity stake of NCB, the full year dividend sets a new high of HK\$1.880 per share in aggregate.

The Group remained committed to promoting its sustainable development through innovation, transformation, and regional expansion, with solid progress made in key business areas. During the year under review, we achieved satisfactory results in the early stages of our regional development strategy. Our branch network transformation strategy also succeeded in enhancing both service efficiency and the customer experience for SMEs. The development of our eight key business platforms, namely, credit cards, private banking, life insurance, asset management, cash management, custody, trust, and securities and futures, all made consistent and healthy progress. We continued to capitalise on our RMB franchise and cemented our leading position in the local RMB market by enhancing our clearing facilities and service capabilities. In addition, we made further inroads in the development and deployment of e-finance with the launch of a variety of innovative services. One example was the adoption of blockchain technology in our mortgage valuation service, which helped to increase operating efficiency and served as a model of how to turn innovative ideas in FinTech into reality. These efforts will also elevate the Group's market position and brand recognition.

The year 2017 marks the 20th anniversary of the return of Hong Kong's sovereignty to the motherland and the BOC's centenary of service to Hong Kong. With confidence in the future, the Group will continue to adhere to the strategic goal of "Serving Society, Delivering Excellence" and implement its business strategy while contributing to Hong Kong's economic development, its long-term prosperity and stability, as well as improving the livelihood of its people.

Highlights of 2016 Annual Results

	2016	(Restated ²) 2015	Change
For the year	HK\$'m	HK\$'m	+/- %
Profit attributable to the equity holders of the Company	55,503	26,982	+105.7
Adjusted profit attributable to the equity holders of the Company ³	23,712	22,195	+6.8
Earnings per share (HK\$)	5.2496	2.5520	+105.7
Return on average total assets (%)	2.38	1.19	
Return on average shareholders' equity (%)	26.47	14.45	

	2016	(Restated ²) 2015	Change
At year end	HK\$'m	HK\$'m	+/- %
Total assets	2,327,781	2,382,815	-2.3
Deposits from customers	1,507,501	1,373,311	+9.8
Advances to customers	973,071	871,126	+11.7
Classified or impaired loan ratio (%)	0.20	0.23	

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

Notes:

- The proposed final dividend is subject to the approval of shareholders at the 2017 Annual General Meeting. If approved, it will be payable on Friday, 14 July 2017 to shareholders whose names appear on the Register of Members of the Company on Friday, 7 July 2017.
- Due to the completion of disposal of Nanyang Commercial Bank, Limited ("NCB"), completion of acquisition of Bank of China (Malaysia) Berhad ("BOC Malaysia"), and the signing of Sale and Purchase Agreement for the disposal of Chiyu Banking Corporation Limited ("Chiyu") on 30 May, 17 October and 22 December 2016, respectively, operating results of NCB and Chiyu were classified as "Discontinued Operations". The Group has applied the merger accounting method in the preparation of financial statements for the combination with entity under common control for the operating results and assets and liabilities of BOC Malaysia. The comparative information for the year 2015 has been restated to enable comparison on a comparable basis.
- Without taking into consideration factors such as profit from discontinued operations and gain from disposal of certain equity instruments.

BOCHK Hong Kong (Holdings) Limited ("The Company") is a leading commercial banking group in Hong Kong, holding the entire equity interest of Bank of China (Hong Kong) Limited ("BOCHK"), its principal operating subsidiary. We offer a comprehensive range of financial products and services to personal, corporate and institutional customers through our most extensive local branch network and diverse service platforms. BOCHK is one of the three note-issuing banks and the Clearing Bank for Renminbi business in Hong Kong. The Company is a subsidiary of Bank of China Limited (HK Stock Code: "3988") which holds an approximately 66.06% equity interest in the Company.

