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**BOC Hong Kong (Holdings) 2017 results reach a new high
Profit attributable to equity holders from continuing operations increases by 15.9%**

BOC Hong Kong (Holdings) Limited (“the Company”, stock code “2388”; ADR OTC Symbol: “BHKLY”) today announced its 2017 results. With 2017 marking the centenary of Bank of China’s (“BOC”) service to Hong Kong, the Company and its subsidiaries (“the Group”) earnestly carried out the Board of Directors’ decisions. We also strived for steady advancement in our operations and management. As a result, we enhanced our brand and market position. We were awarded Bank of the Year in Hong Kong for the third time by *The Banker* in the UK and the Strongest Bank in Asia Pacific and Hong Kong for the fourth consecutive year by *The Asian Banker*.

Record high earnings with solid performance in major financial indicators

In 2017, the Group again achieved a record high profit from continuing operations, further expanded its asset size and recorded solid performance in its financial indicators. Profit attributable to equity holders from continuing operations rose by 15.9% from 2016 to HK\$28,481 million. The Board of Directors has recommended a final dividend of HK\$0.758 per share for 2017. Together with the interim dividend and the special dividend, the full-year dividend will be HK\$1.398 per share. The total dividend payout ratio will be 48.4%, excluding the special dividend. The final dividend declaration is subject to the approval of shareholders at the Annual General Meeting to be held on 27 June 2018.

As of 31 December 2017, the Group’s total assets increased by 12.4% from the end of 2016 to HK\$2,645,753 million. Return on average shareholders’ equity (“ROE”) on continuing operations and return on average total assets (“ROA”) on continuing operations stood at 13.49% and 1.14% respectively, both higher than in 2016. The asset-liability structure was optimised, with net interest margin (adjusted) rising 5 basis points from 2016 to 1.44%. Net interest income grew by 33.4%, while net fee and commission income increased by 7.8%. Commission income from securities brokerage and funds distribution increased significantly by 34.3% and 34.0% year-on-year respectively. The Group remained focused on disciplined cost control to enhance operational efficiency while continuing to invest in its infrastructure to support long-term growth. The cost to income ratio stayed at a low level of 28.10%, down 1.27 percentage points year-on-year, with better cost efficiency compared to the industry peers.

Satisfactory growth in major businesses and intensified Fintech innovation

The Group continued to seize opportunities, leverage its professional service capabilities and proactively develop its businesses, with satisfactory growth in major businesses. As of the end of 2017, deposits from customers and advances to customers grew to HK\$1,774,297 million and HK\$1,144,459 million respectively, up 16.5% and 15.8% from the end of 2016. The amount of new mortgage loans was the highest in recent years, and we secured the largest market share of the Reverse Mortgage Programme. Moreover, we ranked first as mandated lead arranger in the Hong Kong and Macao syndicated loan market for the 13th consecutive year, and maintained the largest market share in the initial public offering (“IPO”) receiving bank business for the 7th consecutive year.

We fully leveraged our status as the RMB clearing bank in Hong Kong and continuously enhanced our clearing facilities. In 2017, the total transaction volume processed via the RMB RTGS system exceeded a total value of RMB210 trillion, well ahead of the world's other offshore RMB markets. We supported the implementation of Bond Connect and acted as the sole designated bank of the Hong Kong Central Moneymarkets Unit, as well as becoming Bond Connect's sole channel for the settlement of cross-border funds.

The Group increased resources for Fintech innovation and advocated financial inclusion for the general public. Constant breakthroughs in the application of innovative technologies such as blockchain, biometric authentication and big data have been made. We actively promoted the development of smart branches and launched a new official BOCHK WeChat account and a mobile application for BOC Life. Both the number of customers using e-channels and the number of transactions recorded satisfactory growth. We continued to optimise the BOCHK iService 24-hour video banking service and introduced payment services such as WeChat Pay to further enhance customer experience.

Promoting regional development and enhancing cross-border collaboration

The Group's strategy has been well implemented and all major initiatives were carried out effectively. We completed the share transfer of Chiyu Bank and pushed forward the restructuring of our Southeast Asian institutions in an orderly manner. The branches and subsidiaries in Malaysia, Thailand, Indonesia, Cambodia, Vietnam and the Philippines have been integrated into the Group, while our self-established Brunei Branch runs smoothly. Regional management started to bear fruit, as the institutions that have joined us achieved laudable performance in terms of overall profitability, total assets, deposits from customers and advances to customers.

Capitalising on the opportunities arising from the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area development, we promoted synergistic development and enhanced cross-border collaboration among Guangdong, Hong Kong and Macao. We acted as the Chairman of a committee within BOC for promoting such collaborative development and progress has been made. We introduced the Guangdong-Hong Kong-Macao Business Registration and Banking Services Connect, in cooperation with BOC Guangdong Branch and the Guangdong Province Administration for Industry & Commerce.

Preventing risks and promoting a sound corporate culture

The Group diligently performs its duties in accordance with relevant laws and regulations. Continuous efforts are made in enhancing standards and practices in respect of risk management, internal control and anti-money laundering ("AML"). We strictly adhered to regulatory requirements by introducing reforms to our banking culture, promoting a sound corporate culture in order to facilitate the implementation of our development strategy. Liquidity remained sound and asset quality was further improved. Classified or impaired advances to customers decreased by 8.9% from the end of 2016, and the classified or impaired loan ratio stood at 0.18%, well below the market average. We further enhanced the Group's AML measures so as to achieve more effective control. The Group is building a regional risk management system to enhance the risk management and internal control capabilities of its Southeast Asian institutions.

Looking ahead, the Group will closely follow BOC Group's strategic goal to "Build a World-class Bank in the New Era". Capitalising on the important national opportunities of the Belt and Road Initiative, RMB internationalisation and the development of the Guangdong-Hong Kong-Macao Greater Bay Area, we will capture the promising business prospects brought about by the mutual connectivity of financial markets between the mainland and Hong Kong and give full play to Fintech trends. We will continue to expand our businesses and enhance our operations management, striving to "Build a Top-class, Full-service and Internationalised Regional Bank". We have mapped out a series of measures and business strategies. These include stepping up the restructuring of our Southeast Asian institutions to promote regional development, speeding up technological innovation and product development to promote digital development, and accelerating the building of diversified platforms and the integration of the commercial banking and investment banking businesses to promote development on all fronts. In addition, we will deepen market penetration in Hong Kong, promote financial inclusion, focus on Guangdong-Hong Kong-Macao interconnectivity for BOC Group and step up cross-border business development. We will ensure sustainable and steady development by strengthening risk management as well as compliance and internal control. More efforts will be made to improve management fundamentals and staff team building, so as to enhance our governance capability. We will proactively fulfil our social responsibility and promote our brand image. With the goal of making a greater contribution to enhancing Hong Kong's status as an international financial centre and promoting its long-term stability and prosperity, the Group will continue to provide practical support to the HKSAR Government in governing and executing its policies in accordance with the law.

We believe that, by virtue of the Group's century-old foundations and the great strength of our brand, we will gradually develop into a top-class, full-service and internationalised regional bank, and continue to deliver greater value for our stakeholders, writing a new chapter of our development for the new era.

Highlights of 2017 Results

Key income statement figures

- Profit attributable to equity holders from continuing operations rose by 15.9% year-on-year to HK\$28,481 million, achieving a new high.
- ROE on continuing operations and ROA on continuing operations were 13.49% and 1.14%, up 1.30 percentage points and 0.01 percentage point respectively.
- Net operating income before impairment allowances on continuing operations increased by 14.5% year-on-year to HK\$48,769 million.
- Operating profit before impairment allowances on continuing operations increased by 16.6% year-on-year to HK\$35,066 million.
- Net interest income rose 33.4% year-on-year to HK\$34,708 million, due to the growth of the Group's average interest-earning assets and a rise in net interest margin; net interest margin (adjusted) was 1.44%, up 5 basis points year-on-year.
- Net fee and commission income increased by 7.8% year-on-year to HK\$11,516 million.
- Total operating expenses increased by 9.5% year-on-year to HK\$13,703 million. The cost to income ratio stayed at a low level of 28.10%, with better cost efficiency compared to the industry peers.

Key balance sheet figures

- Total assets amounted to HK\$2,645,753 million, up 12.4% from the end of 2016.
- Our capital position remained strong. The Tier 1 capital ratio was 16.52%, and the total capital ratio was 20.39%.
- Deposits from customers and advances to customers grew to HK\$1,774,297 million and HK\$1,144,459 million respectively, up 16.5% and 15.8% year-on-year.
- Asset quality was further improved. Classified or impaired advances to customers decreased by 8.9% from the end of 2016, and the classified or impaired loan ratio stood at 0.18%, well below the market average.

For details of the 2017 results, please refer to the Company's announcement.

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About BOC Hong Kong (Holdings) Limited

BOC Hong Kong (Holdings) Limited (“the Company”) was established by combining the businesses of the member banks in Hong Kong belonged to the Bank of China Group after their restructuring. The Company was incorporated in Hong Kong on 12 September 2001 to hold the entire equity interest of Bank of China (Hong Kong) Limited (“BOCHK”), its principal operating subsidiary. Bank of China Limited (“BOC”) holds approximately 66.06% of the equity interest in the Company through BOC Hong Kong (BVI) Limited, an indirect wholly-owned subsidiary of BOC. The Company began trading on the main board of the Stock Exchange of Hong Kong on 25 July 2002 and is one of the largest listed companies and commercial banking groups in Hong Kong, with stock code “2388” and ADR OTC Symbol: “BHKLY”.

BOCHK has strong market positions in all major businesses. We have the most extensive local branch network and diverse service platforms in Hong Kong, including approximately 200 branches, more than 250 automated banking centres, efficient e-channels of over 1,000 self-service machines, as well as Internet and Mobile Banking services. We offer a comprehensive range of financial, investment and wealth management services to personal, corporate and institutional customers. To implement the overseas development strategy of BOC Group, we strive to drive our regional development by expanding our business in the Southeast Asian region. Our branches and subsidiaries have been extended to Southeast Asian countries such as Malaysia, Thailand, Indonesia, Cambodia, Brunei, Vietnam and the Philippines, with the provision of professional and high-quality financial services to local customers. We will also expedite our development into a top-class, full-service and internationalised regional bank.

BOCHK is one of the three note-issuing banks and the sole clearing bank for Renminbi (“RMB”) business in Hong Kong. With our strong RMB franchise, we are the first choice for customers in this business. Through the deep collaboration with our parent bank, BOC, we provide a full range of high-quality cross-border services to multinationals, cross-border customers, mainland enterprises going global, central banks and super-sovereign organisations.

As a major commercial banking group and an internationalised regional financial group with roots firmly planted in Hong Kong for 100 years, we are committed to fulfilling our corporate social responsibility to promote sustainable development and deliver greater value to our customers, shareholders, employees and the community.