

29 March 2019

**BOC Hong Kong (Holdings) 2018 results reach a new high
Profit attributable to equity holders increases by 12.0%**

BOC Hong Kong (Holdings) Limited (“the Company”, stock code “2388”; ADR OTC Symbol: “BHKLY”) today announced its 2018 results. In 2018, the Company and its subsidiaries (“the Group”) earnestly carried out the plans and decisions of the Board of Directors and continued to pursue the strategic goal of building a top-class, full-service and internationalised regional bank. We took full advantage of new opportunities, successfully implemented our strategies and carried out various new activities while strengthening our risk management and control. Together, these efforts translated into satisfactory operating results. The Group’s brand and market position were further enhanced. The Bank was awarded “Strongest Bank in Asia Pacific and Hong Kong” for the fifth consecutive year and “Best Retail Bank in Hong Kong” for the third time by *The Asian Banker*, and “Best Bank for CSR in Hong Kong” by *Asiamoney*.

Recorded a new high in earnings with healthy financial indicators

In 2018, the Group again achieved new heights in profitability with expanded business scale. Its quality of growth steadily improved and financial indicators remained healthy. Profit attributable to equity holders grew to HK\$32,000 million, up 12.0% compared with profits from continuing operations of 2017. The Board proposed the distribution of a final dividend of HK\$0.923 per share for 2018. Together with the 2018 interim dividend, the full-year total dividend is HK\$1.468 per share, representing an increase of HK\$0.07 per share year-on-year, and translating into a dividend payout ratio of 48.5%. As of 31 December 2018, the Group’s total assets increased by 11.4% from the end of 2017 to HK\$2,952,903 million. Return on average shareholders’ equity (“ROE”) on continuing operations was 12.83%, up by 0.73 percentage points compared to last year. Net interest margin rose steadily and net interest income increased by 13.1% from 2017. Fee and commission income from currency exchange, insurance, trust and custody services, and securities brokerage rose by 36.3%, 16.6%, 14.1% and 5.5% respectively from 2017, while fee and commission income from credit card and payment services also increased. During the year, the Bank successfully issued Additional Tier 1 (AT1) capital securities amounting to US\$3 billion and also completed the tender offer and redemption of its subordinated notes amounting to US\$877 million, further optimising its capital structure. This issuance outshone other investment-grade AT1 projects across Asia in terms of scale, and was recognised as “Best Hong Kong Deal” by *FinanceAsia* and “Best Bank Capital Bond” by *The Asset* in 2018.

Reinforced distinct business advantages with enhanced market positions

The Group seized opportunities and proactively developed its businesses, while continuing to enjoy distinct business advantages and reinforce its market position. As of the end of 2018, deposits from customers and advances to customers grew to HK\$1,895,556 million and HK\$1,266,705 million respectively, up 6.6% and 10.5% from the end of 2017, outpacing average market growth rates. We remained the top mandated arranger in the Hong Kong and Macao syndicated loan market for the 14th consecutive year and maintained the largest market share in IPO receiving bank business for the eighth year in a row. Leveraging Hong Kong’s inherent advantages and the opportunities brought about by the HKSAR Government’s tax

policy for corporate treasury centres, we retained our market leadership in cross-border cash pooling business by facilitating customers from the Chinese mainland and those involved in the Belt and Road Initiative to establish their overseas fund management platforms through us. The Bank continued to serve as a major wholesaler of banknotes both in Hong Kong and the Chinese mainland. Our provision of wholesale foreign-currency banknotes contributed to about 90% of the total supply in Hong Kong. Our RMB business further strengthened, with RMB clearing transaction values processed via BOCHK accounting for approximately 75% of the total RMB clearing transaction values of the world's offshore markets. As of the end of 2018, we assisted enterprises and institutions in issuing green bonds denominated in USD, EUR and RMB, accounting for nearly 30% of the total value of green bonds issued in Hong Kong in 2018. We maintained a market leading position in the residential mortgage market and topped the list in terms of market share in the reverse mortgage market.

Accelerated digital development with achievements in technology and innovation

We accelerated digital development and fostered innovation which notched up a number of considerable achievements in new technological applications. During the year, we put into operation the Faster Payment System (“FPS”) and Phase II of the Cross-border Interbank Payment System (“CIPS”) for RMB. In the FPS market, we enjoyed a leading position in terms of the number of registered customers and transaction volumes. With the launch of our new mobile banking service, the number of active users increased by over 60% from the end of 2017 and in particular, the young customer segment (aged 18-35) jumped over 70%. The construction of a transaction banking platform is underway. In addition, continuous enhancements were made to our IT system functions. An Innovation and Optimisation Centre has been established to explore the operational model of agile project teams. We also took the lead in introducing finger vein authentication for ATM cash withdrawals and applying blockchain technology to property valuation. The Science Park Banking Services Centre, meanwhile, served as a pilot site equipped with a 24-hour Video Teller Machine. In addition, we strengthened our cross-border cooperation with the Hong Kong Science Park, Cyberport and technology enterprises, assisting Hong Kong in developing into a smart city and an international innovation and technology hub.

Steady regional expansion with good progress in Southeast Asian entities' development

During the year, the Group completed the acquisitions of BOCHK Ho Chi Minh City Branch and BOC Manila Branch. Together with the earlier acquisitions of businesses in Malaysia, Thailand, Indonesia, Cambodia, as well as the establishment of Brunei Branch, the integration of our Southeast Asian entities is in good progress. In addition, BOC Vientiane Branch was integrated with the Group on 21 January 2019. Based on our entities' varied business characteristics, we adopted a differentiated management approach to drive integrated business development in the region. According to Hong Kong Financial Reporting Standards, our seven Southeast Asian entities recorded a total net operating income before impairment allowances of HK\$2,287 million, up 27.6% from 2017. Deposits from customers and advances to customers increased by 17.1% and 20.0% respectively compared with the end of last year. These increases in total net operating income, deposits and advances were above those of the Group as a whole. According to statistics compiled in line with local regulatory requirements, the non-performing loan ratio of the seven Southeast Asian entities stood at 1.14%, down by 0.04 percentage points as compared with the end of 2017. BOC Manila Branch set up in the Philippines the first self-governed financial organisation outside China which facilitates the trading of RMB and a local

currency. This supported the launch of the RMB-Peso direct trade market in the Philippines. In addition, BOC Malaysia has been appointed as the RMB settlement bank for Labuan Island, the offshore financial centre of Malaysia.

Actively participated in the Greater Bay Area development and offered innovative services for the betterment of people's livelihood

We are actively involved in the development of the Guangdong-Hong Kong-Macao Greater Bay Area ("the Greater Bay Area"), and endeavour to better facilitate the integration of Hong Kong into the nation's development plans. BOCHK chairs a committee within BOC to promote synergistic development among the operations in Guangdong, Hong Kong and Macao. Through our collaboration with BOC Group, we introduced in the Greater Bay Area the Integrated Financial Service Solution, covering three major product suites, namely Payment Connect, Financing Connect and Services Connect. We are dedicated to designing new systems and mechanisms as well as developing new services to promote cross-border flows. With the aim of supporting the building of the Greater Bay Area into a high-quality living zone for living, working and leisure travel, we endeavour to attend to the financial needs of Hong Kong residents for account opening, payment, financing and wealth management in the area. Over 200,000 Pay as You Go - BOC Dual Currency Cards have been issued. BoC Pay, the mobile App that adopted international EMV standards, supports payments at 600,000 merchants and bill payments in the Greater Bay Area.

Compliance with relevant laws and regulations and fostered a sound bank culture

In an effort to prevent and mitigate financial risks, as well as ensuring healthy business development, the Group continued to enhance its risk management standard and effectiveness by upgrading the management system for various types of risks, compliance, internal control and anti-money laundering ("AML"). In 2018, the Group's classified or impaired loan ratio was 0.19%, well below the market average. We strengthened the management capabilities of our Southeast Asian entities and enhanced our regional risk management system. In addition, we promoted a sound corporate culture, in compliance with the HKMA's requirements for advancing bank culture reform. In this respect, we are dedicated to becoming a role model in the industry, meeting the expectations of regulatory authorities and being recognised by society.

Looking ahead, there are enormous opportunities arising from China's continued opening-up and the acceleration of supply-side structural reform, in which Hong Kong will play a more significant role. The full development of the Greater Bay Area will add new impetus to Hong Kong's economic growth and drive massive demand for cross-border finance, livelihood finance, industrial finance and fintech innovation. The Belt and Road Initiative will bring new business opportunities for the Southeast Asian market. The local market in Hong Kong also has great potential to grow. All of these will present BOCHK with unparalleled opportunities for further growth. The Group will relentlessly pursue its strategic goals and execute its strategic plans. Our business transformation will be accelerated in order to tap the potential of different growth drivers. By carrying out management reform, strengthening our foundation for future growth and bolstering our risk management, we will expedite BOCHK's development into a top-class, full-service and internationalised regional bank as well as create ever greater value for our stakeholders.

Highlights of 2018 Results

Key income statement figures

- Profit attributable to equity holders grew to HK\$32,000 million, up 12.0% compared with profits from continuing operations of 2017.
- ROE on continuing operations and ROA on continuing operations were 12.83% and 1.16%, up 0.73 percentage points and 0.01 percentage point respectively.
- Net operating income before impairment allowances on continuing operations increased by 11.0% year-on-year to HK\$54,411 million.
- Operating profit before impairment allowances on continuing operations increased by 11.6% year-on-year to HK\$39,231 million.
- Net interest income grew by 13.1% year-on-year to HK\$39,394 million, driven by the improvement in net interest margin and growth in average interest-earning assets.
- Net fee and commission income decreased by 2.5% year-on-year to HK\$11,307 million, due to a 27.6% year-on-year decrease in loan commissions.
- Total operating expenses increased by 9.6% year-on-year to HK\$15,180 million. The cost to income ratio stayed at 27.90%, well below the market average.

Key balance sheet figures

- Total assets amounted to HK\$2,952,903 million, up 11.4% from the end of 2017.
- Our capital position remained strong. Tier 1 capital ratio was 19.76%, and total capital ratio was 23.10%.
- Deposits from customers and advances to customers grew to HK\$1,895,556 million and HK\$1,266,705 million respectively, up 6.6% and 10.5% year-on-year, outpacing average market growth rates.
- The classified or impaired loan ratio was 0.19%, well below the market average.

For details of the 2018 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 restructuring the businesses of Bank of China Group’s member banks in Hong Kong. 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”.

With the goal to “Build a Top-class, Full-service and Internationalised Regional Bank”, BOCHK gives full play to its advantages as a major commercial banking group in Hong Kong to increase local market penetration and expand its business in the Southeast Asian region. We strive to provide customers with comprehensive, professional and high-quality services. As one of the three note-issuing banks and the sole clearing bank for Renminbi (“RMB”) business in Hong Kong, 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, 270 automated banking centres, over 1,000 self-service machines, and efficient e-channels such as Internet and Mobile Banking services. We offer a comprehensive range of financial, investment and wealth management services to personal, corporate and institutional customers. Our strong RMB franchise has made us the first choice for customers in RMB business.

In an effort to implement the overseas development strategy of BOC Group, we are actively pushing forward our regional development. Aiming to provide customers in Southeast Asian countries with professional and high-quality financial services, we have extended our branches and subsidiaries to Thailand, Malaysia, Vietnam, the Philippines, Indonesia, Cambodia, Laos and Brunei. Through deep collaboration with our parent bank BOC, BOCHK provides 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 leading commercial and internationalised regional bank with roots firmly planted in Hong Kong for over 100 years, we are committed to undertaking our corporate social responsibility, promoting long-term and balanced sustainable development, and delivering greater value for our stakeholders and the community.