中銀香港(控股)有限公司
BOC HONG KONG (HOLDINGS) LIMITED

Press Release | 新聞稿

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**BOC Hong Kong (Holdings) announces its 2024 interim results**
**Solid growth achieved in operating results and shareholder returns continued to increase**

BOC Hong Kong (Holdings) Limited ("the Company", stock code "2388" (HKD counter) and "82388" (RMB counter); ADR OTC Symbol: "BHKLY") today announced its 2024 interim results. During the period, the Company and its subsidiaries ("the Group") upheld the principle of pursuing progress while maintaining stability in the face of a complex and ever-changing business environment. As a result, the Group achieved steady growth in operating results while continuing to enhance shareholder returns.

**Solid growth in operating results and continued increase in shareholder returns**
In the first half of 2024, the Group capitalised on rising market interest rates by taking a dynamic approach to managing its assets and liabilities and seized opportunities from the recovery in investor sentiment to improve its net fee and commission income. In addition, it prudently controlled operating expenses and strengthened risk management. Profit attributable to equity holders in the first half was HK$20,040 million, an increase of 17.9% year-on-year. Return on average shareholders' equity was 12.39%, up 1.58 percentage points year-on-year. The Board has declared an interim dividend per share of HK$0.57, up 8.2% year-on-year.

As at the end of June 2024, the Group's total deposits from customers amounted to HK$2,649,697 million, up 5.8% from the end of last year, while total advances to customers stood at HK$1,701,338 million, broadly stable compared to the end of last year. Its market share in both local loans and deposits businesses continued to expand. After adjusting for foreign exchange swap-related impact, the Group's net interest margin in the first half expanded by 5 basis points year-on-year to 1.61%, while net interest income increased by 15.3% year-on-year to HK$28,817 million, thanks to growth in average interest-earning assets and a widening of net interest margin. Net fee and commission income in the first half amounted to HK$5,000 million, up 1.8% year-on-year and 17.6% from the second half of 2023. The Group captured wealth management business opportunities, which resulted in year-on-year increases in commission income from funds distribution and insurance of 27.2% and 10.1% respectively. Commission income from currency exchange rose by 43.5% year-on-year.

The Group maintained satisfactory cost efficiency by optimising resource allocation. The cost to income ratio improved by 2.48 percentage points year-on-year to 22.98%, remaining at a satisfactory level compared to industry peers. The Group maintained benign asset quality through comprehensive risk management. The impaired loan ratio was 1.06%, which remained below the market average. The Group continued to strengthen its capital management. As at the end of June, its Common Equity Tier 1 capital ratio and total capital ratio were 20.05% and 22.17% respectively. The Group maintained a sound liquidity position, with the average value of its liquidity coverage ratio in the first and second quarter standing at 223.79% and 250.58% respectively.

**Enhancing service quality and efficiency while deepening local market development**

The Group continuously enhanced the quality and efficiency of its services and cemented its business advantages in the local market. It secured market leadership in the new residential mortgage loans, remained the top mandated arranger in the Hong Kong-Macao syndicated loan market, consolidated its leading position in cash pooling business, underwrote a number of bond issues with significant market influence and achieved steady growth in custody and trust business. The Group significantly expanded its wealth management businesses. As at the end of June, the customer base of its "Private Wealth" premium brand had grown by nearly 10% from the end of 2023, while the number of newly opened accounts for young customers in the first half rose by nearly 50% year-on-year. The Group made great efforts to boost its integrated service capabilities, with its RMB insurance standard new premium in the first quarter growing by approximately 50% year-on-year, maintaining its market-leading position for the 12th consecutive year. BOC Life ranked second in the market in standard new premium in the first quarter.

**Leveraging financial collaboration to consolidate GBA business advantages**

The Group actively engaged in developing the infrastructure of mutual market access schemes to satisfy the cross-boundary financial services needs of its customers. As at the end of June, cross-boundary customer numbers steadily increased compared to the end of 2023, while the aggregate number of accounts opened and the volume of funds remitted or transferred under the Southbound Scheme and the Northbound Scheme of the Cross-boundary Wealth Management Connect Scheme ranked among the top tier in Hong Kong. The Group sustained its market leadership in Stock Connect and Bond Connect business and gradually expanded the scale of its Swap Connect business. Its "GBA Account Opening" service recorded 10% growth in cumulative customer numbers from the end of last year. The spending volume of BoC Pay in the Chinese mainland was 3.2 times the amount in the same period of 2023, while credit cardholder spending volume on the mainland rose by 26% year-on-year.

**Refining product and service portfolios and promoting collaborative development in the region**

The Group drove forward its integrated regional development plan with a continued focus on Belt and Road cooperation and "Going Global" projects, as well as serving large customers in the region. It further enhanced the services of its "Wealth Management" brand and optimised the online payment experience for domestic customers. As at the end of June 2024, its Southeast Asian entities' deposits from customers and advances to customers rose by 17.4% and 8.6% respectively from the end of last year, excluding the impact of foreign exchange rates. Their net operating income before impairment allowances recorded a year-on-year increase of 30.8%, excluding the impact of foreign exchange rates.

**Strengthening RMB business foundations while supporting offshore market development**

The Group fully built up its RMB service capabilities with a focus on cultivating the offshore RMB market. It actively participated in various infrastructure enhancements to offshore RMB mutual market access schemes, such as engaging in foreign exchange transactions under Bond Connect and the Interbank Bond Market, as well as providing clearing services under mutual financial market access schemes. The Group also expanded its regional RMB clearing network. During the period, the Jakarta Branch, Phnom Penh Branch and Yangon Branch successively completed RMB clearing account opening procedures for a number of banking peers. The Group also promoted the usage of e-CNY by introducing an "e-CNY Zone" in BoC Pay and expanding the scope of e-CNY payment collection services in Hong Kong.

**Deepening digital transformation to drive high-quality and sustainable development**

The Group continuously pushed forward its digital transformation and promoted the development of open and scenario-based financial service ecosystems, integrated products and services, and seamless process experiences. As at the end of June, the number of BoC Pay users increased by 8.7% compared with the end of last year, while total transaction volume in the first half recorded stable year-on-year growth. Meanwhile, the Group continued to develop BoC Bill's ecosystem for acquiring business. The total transaction amount of BoC Bill's acquiring business grew by 7.0% year-on-year. BOCHK became one of the founding members of the Project Ensemble Architecture Community established by the HKMA, aiming to shape industry standards and develop strategies to support the development of Hong Kong's tokenisation market.

**Nurturing new drivers for sustainable development and supporting the real economy**

The Group actively captured opportunities from the development of green finance. It once again assisted the HKSAR Government in issuing multi-currency digital green bonds globally, and was being appointed as a custodian bank for digital green bonds issued by the HKSAR Government for the second consecutive year. The Group enriched its green and low-carbon financial products and services by expanding the eligible loan purposes of green personal loans under its BOC Express Cash Instalment Loan scheme to include educational courses in green and sustainable finance. The number of green personal loan applications in the first half grew by 129% year-on-year. The Group launched Hong Kong's first carbon footprint tracking function, "BeLeaf", on its mobile banking platform to encourage customers to adopt green and low-carbon lifestyles. It also received carbon neutrality certifications for Bank of China Tower and Bank of China Building, two iconic buildings of the Group in Hong Kong, making it the first bank in the city to achieve carbon neutrality in its owned premises. The Group dedicated itself in supporting the real economy and responding to social concerns through implementing the nine measures introduced by the HKMA to support SMEs' development. It also capitalised on its advantages in both online and offline channels to meet the home-buying needs of its customers, contributing to the high-quality sustainable development of Hong Kong economy and society.

**Outlook**

The global political and economic landscape is expected to undergo fresh changes. Uncertainty will persist regarding the direction of monetary policy changes among major economies, and banks will face ongoing challenges in balancing business growth with effective risk management. On a positive note, the Chinese mainland will continue to cultivate new quality productive forces and deepen high-level opening up, further consolidating and strengthening its economic growth momentum. The HKSAR Government's proactive alignment with national development strategies and measures that benefit the city will continue to present new growth opportunities for the banking industry in Hong Kong. In the second half, the Group will remain committed to consolidating and enhancing the quality and efficiency of its financial services through regional expansion, integrated service offerings and digital transformation while upholding its risk "bottom-line" and diligently pushing forward key tasks. The Group's goal is to drive solid business growth and robust financial results by striving to consistently outperform the market in its core businesses, expanding the scale of its diversified income sources, maintaining highly cost-efficient operations and strengthening control over asset quality. It will remain fully dedicated to supporting high-quality economic and social development, thus creating value for its shareholders, customers, employees and the society.

**Highlights of 2024 Interim Results**

**Key income statement figures**

- Profit after tax amounted to HK$20,463 million, up 13.2% year-on-year.
- Profit attributable to equity holders was HK$20,040 million, up 17.9% year-on-year.
- Return on average shareholders' equity and return on average total assets stood at 12.39% and 1.00% respectively, up 1.58 and 0.03 percentage points year-on-year.
- Net operating income before impairment allowances amounted to HK$35,336 million, up 14.6% year-on-year.
- Operating profit before impairment allowances was HK$27,215 million, up 18.4% year-on-year.
- After adjusting for foreign exchange swap-related impact, net interest income would have increased by 15.3% year-on-year to HK$28,817 million, while net interest margin would have been 1.61%, up 5 basis points year-on-year.
- Net fee and commission income amounted to HK$5,000 million, up 1.8% year-on-year and 17.6% from the second half of 2023.
- Operating expenses amounted to HK$8,121 million, up 3.4% year-on-year. The cost to income ratio improved by 2.48 percentage points year-on-year to 22.98%, remaining at a satisfactory level compared to industry peers.
- The Board has declared an interim dividend per share of HK$0.57, up 8.2% year-on-year.

**Key balance sheet figures**

- Total assets amounted to HK$3,998,248 million, up 3.3% from the end of last year.
- Total deposits from customers amounted to HK$2,649,697 million, up 5.8% from the end of last year. Total advances to customers dropped by 0.1% from the end of last year to HK$1,701,338 million.
- Asset quality remained benign. The impaired loan ratio was 1.06%, which remained below the market average.
- The total capital ratio stood at 22.17% and the Common Equity Tier 1 capital ratio at 20.05%.
- The average value of the Group's liquidity coverage ratio and the quarter-end value of its net stable funding ratio met regulatory requirements for the first two quarters of 2024.

For details of the 2024 interim results, please refer to the Company's announcement.

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