中銀香港(控股)有限公司
BOC HONG KONG (HOLDINGS) LIMITED
(Incorporated in Hong Kong with limited liability)
Stock Codes: 2388 (HKD counter) and 82388 (RMB counter)

FINANCIAL AND BUSINESS REVIEW FOR THE FIRST QUARTER OF 2025

THIS ANNOUNCEMENT IS MADE BY THE COMPANY PURSUANT TO RULE 13.09 OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED

The following description provides certain financial information relating to the performance of BOC Hong Kong (Holdings) Limited (the "Company") and its subsidiaries (collectively known as the "Group") in the first quarter of 2025.

In the first quarter of 2025, the global economy continued its mild recovery, but trade conditions remained uncertain. Monetary easing across major economies began, but the path of interest rate cuts in the US and Europe saw divergence. The US Federal Reserve maintained the federal funds rate at its current range with more uncertainty to its monetary policy stance, while the European Central Bank continued to cut its interest rates at a steady pace. The Chinese mainland economy was off to a steady start, underpinned by a solid growth in production supply, steady increase in consumer demand and investment as supported by economic stimulus policies, and satisfactory growth momentum witnessed in foreign trade. The ASEAN economy sustained a growth trend from the fourth quarter of last year, with private consumption, investment and exports being major economic growth drivers.

Hong Kong's overall economic activities showed continued recovery, with visitor arrivals increasing further and property market transactions beginning to stabilise. The nation's series of economic stimulus measures boosted confidence in the Hong Kong financial market. The stock market turned vibrant, total deposits in the banking sector increased and the exchange rate of the Hong Kong dollar against the US dollar remained stable. According to the Global Financial Centres Index (GFCI) 37 Report published in March 2025, Hong Kong maintained third place globally and continued to rank first in the Asia Pacific in terms of the overall rating, reflecting its leading status and strengths as an international financial centre.

Financial Performance Highlights

- In the first quarter of 2025, the Group's net operating income before impairment allowances increased by 12.9% from the same period last year.
- If the funding income or cost of foreign currency swap contracts were included, net interest income would have increased by 3.4% year-on-year, with average interest-earning assets growing by 8.3% from the same period last year. Net interest margin narrowed 6 basis points year-on-year to 1.55%, mainly owing to the falling market interest rates. In an effort to alleviate the impact of falling interest rates on net interest margin, the Group proactively managed its assets and liabilities, and placed strong emphasis on deposit cost control.
- Amid improved investor sentiment in the stock market, the Group captured opportunities from the increased demand for investment and wealth management services. Net fee and commission income increased by 34.7% year-on-year, driven by investment and insurance businesses.
- Deposits from customers and advances to customers increased by 3.6% and 1.3% respectively from the end of 2024.
- Loan quality remained benign, with impaired loan ratio standing at 1.01%, which remained below the market average.
- Liquidity coverage ratio, net stable funding ratio and capital ratio remained solid.

Financial Performance

The table below summarises the key performance figures of the Group in the first quarter of 2025:

Key Performance Figures of the Group					
HK$'m, except percentages	**2025 Q1**	2024 Q1	2024 Q4	Compared with 2024 Q1	Compared with 2024 Q4
Net operating income before impairment allowances	**20,087**	17,793	17,438	+12.9%	+15.2%
Operating expenses	**(4,119)**	(3,985)	(5,123)	+3.4%	-19.6%
Operating profit before impairment allowances	**15,968**	13,808	12,315	+15.6%	+29.7%

2025 Q1 compared with 2024 Q1

In the first quarter of 2025, the Group's net operating income before impairment allowances increased by 12.9% year-on-year to HK$20,087 million. If the funding income or cost of foreign currency swap contracts were included, net interest income would have increased by 3.4% year-on-year to HK$14,778 million, driven by growth of 8.3% in average interest-earning assets. Net interest margin stood at 1.55%, down 6 basis points from the same period last year. This was mainly due to a decline in asset yield as a result of lower market interest rates relative to the same period last year. The Group strengthened deposit pricing and tenor management, while striving to grow its CASA deposits to optimise deposit mix so as to control deposit costs to alleviate the impact of falling market interest rates. Net fee and commission income increased by 34.7% on a year-on-year basis to HK$3,424 million. This mainly reflected the Group's strengthening of its wealth management products and integrated service capabilities to capture opportunities from the increased demand on investment and wealth management services amid improved investor sentiment in the stock market. As a result, commission income from securities brokerage, insurance, funds distribution and management increased. Commission income from loans, trust and custody as well as payment services also rose. Net trading gain increased on a year-on-year basis, mainly attributable to the increase in the net trading gain from foreign exchange and foreign exchange products.

Operating expenses increased by 3.4% year-on-year, as staff costs rose along with increased investment in information technology and communications expenses. The Group's cost to income ratio was 20.51%, maintaining a satisfactory level relative to industry peers.

The Group's net charge of impairment allowances increased by HK$381 million year-on-year to HK$1,264 million. This was mainly due to additional impairment allowances made in the first quarter of this year in relation to certain non-performing customers. The annualised credit cost of advances to customers and other accounts was 0.32%.

2025 Q1 compared with 2024 Q4

The Group's net operating income before impairment allowances increased by 15.2% quarter-on-quarter. If the funding income or cost of foreign currency swap contracts were included, net interest margin would have narrowed by 15 basis points compared with the previous quarter, while net interest income would have decreased by 3.1% quarter-on-quarter. This was mainly owing to a drop in asset yield resulting from falling market interest rates, although the drop was partially offset by the Group's strengthening of deposit pricing, while striving to grow its CASA deposits to optimise deposit mix. Net fee and commission income increased by 38.0% from the previous quarter, mainly attributable to an increase in commission income from loans, insurance, securities brokerage, funds distribution and management, currency exchange, trust and custody as well as payment services. Net trading gain increased on a quarter-on-quarter basis, mainly attributable to the increase in the net trading gain from foreign exchange and foreign exchange products.

Operating expenses decreased by 19.6% quarter-on-quarter, as staff costs, premises and equipment, and business-related expenses dropped.

Net charge of impairment allowances decreased by HK$495 million quarter-on-quarter. This was mainly due to a higher base for comparison in the previous quarter resulting from an increase in impairment allowances made related to certain non-performing customers.

Financial Position

As of 31 March 2025, the Group's total assets amounted to HK$4,216,228 million, an increase of 0.5% from the end of 2024. Deposits from customers increased by 3.6% from the end of 2024 to HK$2,822,550 million. CASA deposits increased, while time, call and notice deposits decreased. The CASA ratio was up 2.9 percentage points from where it stood at the end of 2024 to 49.3%. Advances to customers increased by 1.3% to HK$1,698,370 million, while securities investments and other debt instruments also increased. Impaired loan ratio stood at 1.01%, which remained below the market average. The Group's liquidity coverage ratio, net stable funding ratio and capital ratio remained solid.

Business Review

In the first quarter of 2025, the Group continued to deepen its presence in the Hong Kong local market, unleashed the potential of its target customers and key businesses, and enhanced its integrated capabilities and market competitiveness. Seizing business opportunities in the Greater Bay Area, it consolidated its leading position in cross-border businesses. The Group also maintained its leading position in RMB businesses, providing steady support to RMB internationalisation and upholding Hong Kong's position as a global offshore RMB hub. It vigorously strengthened its regional business development in Southeast Asia and continuously optimised its regional management mechanism. The Group upheld ESG principles in attaining sustainable and high-quality development, and maintained its leading position in green and sustainable business. It accelerated digital transformation, constantly enhancing the level of data governance. In optimising its comprehensive risk management regime, it stringently adhered to the risk "bottom line". At the same time, it reinforced its corporate culture and workforce development, enhancing employee satisfaction and sense of belonging.

In **Personal Banking business**, the Group dynamically optimised its product offerings and stayed agile in responding to customers' needs. It seized opportunities from the improved investment sentiment in Hong Kong's stock market by implementing a series of strategies related to customer acquisition and retention in securities brokerage, introduction of exclusive offers for different customer groups, and launching of multi-dimensional high-end customer activities. The stock trading volume and the monthly average number of active customers increased notably during the quarter. To meet the market's growing demand for fixed income products, the Group introduced bond funds with monthly dividend distribution, providing customers with a stable source of income and enabling them to allocate their cash flow more systematically to ensure flexible financial planning in a volatile market environment. In response to the market demand for legacy planning, whole life protection and multi-currency insurance policies, the Group launched a series of promotional offers and legacy planning service packages, including jumbo insurance policy offers for Private Wealth customers and offers tailored to cross-border customers, resulting in a satisfactory increase in commission income from insurance in the first quarter. In addition, the Group enhanced the terms of its BOC Life Deferred Annuity (Lifetime), raising the upper age limit for insurance enrolment from 55 to 70 years of age, further improving product support for its pension finance business. The Group optimised BOC "Small Business Loan" Unsecured Loan which offers loans to small enterprise customers in as little as 48 hours, fulfilling their urgent needs for funds as working capital and facilitating support for their sustainable business growth. It developed more flexible financial services for a range of customer segments and ecosystems, and continued to improve the e-banking experience. The Group extended the certificate of deposit trading service to its internet banking platform during the quarter, enabling customers to subscribe to related products through various service channels. It enhanced the "Phone Lai See" function on its mobile banking. Together with Ocean Park, it launched the panda-themed electronic red packet envelopes to encourage people to distribute red packets in a more convenient and environmentally friendly way. It launched a new version of BoC Pay+, upgrading it into a one-stop integrated platform for payment, credit card management and gift point rewards redemption. It enhanced customer experience by refining the functions and services of BOC credit cards, with improved card activation and other supporting services. Through the Interbank Account Data Sharing ("IADS") programme introduced by the Hong Kong Monetary Authority ("HKMA"), the inter-bank account overview function was fully opened to all customers and more partner banks were connected in succession. Subject to their consent, this facilitates customers to have an overview of the balances and transaction records of their bank accounts across different banks via the BOCHK mobile banking platform, thus providing a more flexible and convenient financial management service for customers.

In **Corporate Banking business**, the Group strengthened its cooperation with leading local corporates and high-quality commercial and SME customers in Hong Kong by providing integrated financial services to satisfy their diversified business needs. It heightened collaboration with BOC's branches in the Chinese mainland and established effective collaboration mechanisms to support Chinese enterprises "Going Global" with professional integrated services. During the quarter, the Group remained the top mandated arranger in the Hong Kong-Macao syndicated loan market. It assisted corporate customers in building their offshore treasury centres, and held its leading position in global cash pooling business. As the first batch of participating banks for RMB Trade Financing Liquidity Facility introduced by the HKMA, the Group arranged RMB trade financing services for several enterprises. It optimised its custody product offerings and advanced the development of its global custody network, in order to provide customers with more comprehensive and efficient services. It also acquired several new portfolio mandates, contributing to the continuous increase in the Group's total assets under trust and custody. In an effort to expand its green finance business, it signed green and sustainability related loan agreements with a number of enterprises, and assisted a client from the Middle East on its green sukuk (Islamic bonds) issuance for the first time. The Group launched a streamlined corporate loan application process on its intelligent Global Transaction Banking (iGTB) platform. The process enables corporate customers to authorise BOCHK to gain direct access of their deposit account information from other banks via the IADS programme, removing the need to manually submit monthly bank statements. This helps expedites the credit approval process and enables customers to acquire faster funding to meet their financing needs and accelerate business development. In addition, the Group continued to promote automated, digital and paperless approval processes for SME loan applications to enhance overall operational efficiency.

In the **Treasury Segment**, the Group closely monitored worldwide market interest rate movements and took a pre-emptive and proactive approach to managing risks, while seeking fixed-income investment opportunities to enhance returns, maintaining a solid and cautious approach to managing its banking book investments. It capitalised on market opportunities and emerging customer needs, and broadened and deepened its diversified products and integrated services, achieving satisfactory results in both trading and client businesses. It focused on cultivating the offshore RMB market by expanding the various usage of RMB, which further consolidated and enhanced its professional reputation in RMB business. The Group played an active role in mutual market access schemes, contributing to the prosperity and development of financial markets in the Chinese mainland and Hong Kong. Acting as the designated market maker by the HKMA, BOCHK completed a number of repo transactions collateralised by offshore RMB-denominated debt securities under Northbound Bond Connect. At the same time, the Group promoted ongoing digital advancement in businesses and improved capabilities in online servicing, transaction processing and risk management.

In its **Southeast Asian business**, the Group adhered to the concept of integrated operations and continued to employ a "One Branch, One Policy" development strategy across its Southeast Asian entities. It capitalised on business opportunities arising from the nation's new development paradigm and global trends in industrial relocation. It prioritised the development of Belt and Road and the new round of "Going Global" projects, as well as serving large corporate customers in the region, and enriched its regional financial products and service offerings. The Group proactively developed treasury businesses with local sovereign and financial institutions in Southeast Asia. It also continued to promote digital transformation in its Southeast Asian entities, improving the automation of front, middle and back-end business operations and management processes. At the same time, the Group strengthened it digital banking services and enhanced transaction security level, so as to provide customers of Southeast Asian entities with high-quality service experience. During the quarter, it continued to solidify its infrastructure and improve it regional operation level with the launch of the iGTB monthly statement service, the addition of large amount inter-bank transfer function on Phnom Penh Branch's mobile banking platform, and the introduction of QR code anti-counterfeiting feature on transaction advice of customer settlement services in Yangon Branch.

2025 First Interim Dividend and Closure of Register of Members

The Board has declared 2025 first interim dividend of HK$0.29 per share, payable on Thursday, 29 May 2025 to shareholders whose names appear on the Register of Members of the Company on Wednesday, 21 May 2025.

The Register of Members of the Company will be closed, for the purpose of determining shareholders' entitlement to the first interim dividend, from Friday, 16 May 2025 to Wednesday, 21 May 2025 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the first interim dividend, shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Thursday, 15 May 2025. Shares of the Company will be traded ex-dividend as from Wednesday, 14 May 2025.

General

This announcement may contain forward-looking statements that involve risks and uncertainties. The Company's shareholders and potential investors should not place undue reliance on these forward-looking statements, which reflect our belief only as of the date of these statements. These forward-looking statements are based on the Group's own information and information from other sources we believe to be reliable. The Group's actual results may be materially less favourable than those expressed or implied by these forward-looking statements, which could depress the market price of the Company's American Depositary Shares and local shares.

The Company's shareholders and potential investors should note that **all the figures contained herein are unaudited. Accordingly, figures and discussions contained in this announcement should in no way be regarded as to provide any indication or assurance on the financial results of the Group for the period ended 31 March 2025.**

The Company's shareholders and potential investors are urged to exercise caution in dealing in the securities of the Company and are recommended to consult their own professional advisers if they are in doubt as to their investment positions.

By Order of the Board
HUANG Xuefei
Company Secretary

Hong Kong, 29 April 2025

As at the date of this announcement, the Board comprises Mr GE Haijiao (Chairman), Mr ZHANG Hui* (Vice Chairman), Mr SUN Yu (Vice Chairman and Chief Executive), Madam CHENG Eva**, Dr CHOI Koon Shum**, Madam FUNG Yuen Mei Anita**, Mr LAW Yee Kwan Quinn**, Mr LEE Sunny Wai Kwong**, Mr LIP Sai Wo** and Professor MA Si Hang Frederick**.*

* *Non-executive Directors*
** *Independent Non-executive Directors*