

Message from the Chairman

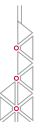


In 2023, BOCHK proactively performed its pivotal role in BOC Group's globalisation efforts, actively served the country's higher-level opening up, and fully supported Hong Kong in consolidating and enhancing its status as an international financial centre. By seizing opportunities, promoting innovation and focusing on services, we continuously strengthened the foundations of our high-quality development, reinforced and expanded our distinctive advantages, firmly guarded against risks, recorded solid annual performance in operations, and created value for all stakeholders.

BOCHK reported its highest operating profits since its initial public offering. Our core businesses outperformed the market and financial indicators remained robust. Customer loans increased by 3.3% to HK\$1,702,302 million, while customer deposits grew by 5.3% to HK\$2,503,841 million. Both surpassed market average growth rates. We achieved an after-tax profit for the year of HK\$34,857 million, representing year-on-year growth of 28%. The Board has

recommended a final dividend of HK\$1.145 per share, which, along with the interim dividend, took our annual dividend to HK\$1.672 per share, representing growth of 23.2% year-on-year. Our dividend payout ratio increased by 1 percentage point to 54%. These hard-earned results are attributable to the collective efforts of the Board, management and all colleagues, and reflect the long-term trust and support we enjoy from various sectors of society.

We actively served the country's high-level opening up and contributed to the establishment of the new "dual circulation" development pattern. We deepened our participation in Belt and Road cooperation and China-ASEAN economic and trade collaboration, provided a suite of global financial services for Chinese enterprises' "Going Global" initiatives and facilitated the integrative development of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA). The quality and scale of our leading products, such as GBA Account Opening, Cross-Boundary Wealth Management Connect and GBA mortgage loans, were enhanced. We



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also improved the convenience of financial services for GBA residents, such as cross-border payment and cross-border consumption, and achieved significant growth in the number of cross-border individual customers and cross-border income. As the regional headquarters of its Southeast Asian business, BOCHK continued to leverage its advantages in corporate governance and capital resources to strengthen regional management and enhance its intensive operations in Southeast Asia, as well as exploring the implementation of a collaborative mechanism with Asia-Pacific institutions to boost the joint development of its regional business. We supported the steady and prudent promotion of RMB internationalisation and proactively participated in developing the offshore RMB market and enhancing financial market connectivity, while continuously expanding the scope of RMB usage and pioneering new application scenarios. Our market leadership in businesses such as Bond Connect, Stock Connect and Swap Connect was maintained. In addition, we supported the Hong Kong Stock Exchange in launching the HKD-RMB Dual Counter Model, becoming one of the first batch of dual-listed securities. The Phnom Penh Branch was authorised to serve as an RMB clearing bank in Cambodia, while BOCHK, BOC Malaysia and the Manila Branch all reported continued growth in RMB clearing volumes.

We remained fully committed to serving the economic and social development of Hong Kong, helping to enhance growth momentum and addressing people's concerns and livelihood challenges. Focusing on key areas, we strengthened our products and services, boosted market competitiveness and achieved a leading market position in featured businesses such as syndicated loans, IPO main receiving bank services, cash pooling and RMB business. We deepened cooperation with local enterprises in areas such as investment and financing, treasury management and cross-border business, and played an active role in the development of the Northern Metropolis. We pushed forward the transformation of our

retail business and improved the quality and efficiency of our wealth management, insurance and asset management businesses. To support the construction of Hong Kong's International Innovation and Technology Centre, we enhanced cooperation with industrial parks, provided financial services to innovative technology enterprises and launched the Innovation & Technology and Talent Financing Incentive Scheme for new-tech and high-tech companies. We also continued to sponsor the BOCHK Science and Technology Innovation Prize, successfully organised the BOCHK Challenge and supported Hong Kong FinTech Week. To help build Hong Kong's status as an East-meets-West Centre for international cultural exchange, we served as a strategic partner of the Hong Kong Palace Museum for a series of cultural and artistic activities that benefitted different communities. We remained committed to serving the real economy and vigorously developed inclusive finance while continuing to cooperate with the HKSAR Government to implement the SME Financing Guarantee Scheme and participate in the HKMA's Pre-approved Principal Payment Holiday Scheme. We further enhanced our advantages in residential mortgage business, maintaining a leading market share. In addition, we stepped up efforts to support charitable activities and public welfare by deeply engaging in poverty alleviation, helping disadvantaged people and promoting youth development. We sponsored significant events such as Hong Kong Tree Planting Day and the Hong Kong-Zhuhai-Macao Bridge (Hong Kong Section) Half Marathon, and were honoured with the "Outstanding Corporate" award from the HKSAR Government at the Hong Kong Volunteer Award 2023.

We proactively promoted digital transformation as well as green and sustainable development, enhancing the quality and efficiency of our services. Actively integrating into the next wave of the digital economy, we strengthened our technological infrastructure, embraced technological empowerment, accelerated the integration and innovation of our financial products and improved operational

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efficiency and service levels. We optimised our home purchase, education and health ecosystems, expanded the range of smart mobility and cross-border consumption scenarios via BoC Pay, and advanced the development of billing services via BoC Bill. The functionalities of our mobile banking and intelligent Global Transaction Banking (iGTB) platforms were enriched, and our online approval and transaction capabilities were refined. Reinforcing our focus on the research, development and promotion of digital currencies, we engaged in a cross-border e-CNY pilot, the mBridge project and the HKMA's e-HKD Pilot Programme. We promoted automated and intensive operations and elevated our smart risk management and fraud prevention capabilities. While thoroughly implementing the national sustainable development strategy and actively supporting the HKSAR Government's green development plans, we confirmed our goal of carbon neutrality in operations by 2030 as well as our implementation roadmap, and released our first Task Force on Climate-related Financial Disclosure ("TCFD") report. Consistent efforts were devoted to innovating a diverse range of green financial products and services, including loans, bonds and funds. We assisted the HKSAR Government in issuing the world's first government-issued tokenised green bonds, launched the "BOCHK Greater Bay Area Climate Transition ETF" and completed our first green RMB reverse repo transaction. In addition, we were

once again awarded "Market Leader for ESG in Hong Kong" by *EuroMoney* and "Asia-Pacific Climate Leader 2023" by *The Financial Times*.

We steadfastly balanced development and security while establishing a robust risk bottom line. We continued to deepen the construction of our comprehensive risk management system, strengthened risk prevention and control at source, and effectively guarded against both conventional and unconventional risks. We boosted our risk prevention and control capabilities in terms of foresight, responsiveness and disposal, and firmly upheld the bottom line of preventing systemic risks. Our capital and liquidity ratios remained sufficient, and our asset quality continued to outperform Hong Kong banking industry averages. We were recognised as "The Strongest Bank in Hong Kong and Asia Pacific" for the fourth consecutive year by *The Asian Banker*, and once again named "Bank of the Year in Hong Kong" by British publication *The Banker*.

In 2023, Mr KOH Beng Seng and Mr TUNG Savio Wai-Hok retired from the Board, while Mr LIP Sai Wo and Prof MA Si Hang Frederick were appointed as independent non-executive directors. On behalf of the Board, I would like to express my heartfelt gratitude to Mr KOH Beng Seng and Mr TUNG Savio Wai-Hok for their outstanding contributions to



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BOCHK over the past 18 years, and extend a warm welcome to Mr LIP Sai Wo and Prof MA Si Hang Frederick to join the Board.

2024 marks the 75th anniversary of the founding of the People's Republic of China. With strong backing from the central government, Hong Kong will continue to gather fresh momentum and consolidate its unique advantages and position as it advances from stability to prosperity. At the same time, Hong Kong's banking sector will embrace the vast array of development opportunities and record further accomplishments on the journey towards building the country into a financial powerhouse while consolidating and boosting Hong Kong's status as an international financial centre. Standing united and adopting a pragmatic approach, BOCHK will play a more proactive role in serving the development priorities of both the nation and Hong Kong, and establish itself as a bridgehead for BOC Group's globalisation strategy, a leader in integrated service development, and a driving force for digital transformation. We will comprehensively reinforce our "bottom line" in risk control and prevention, further increase our market competitiveness and deliver even more outstanding results to reward our shareholders, investors and all sectors of society for their trust and support. As we write new chapters in our high-quality development story, we will continue to

serve China's journey towards modernisation and becoming a financial powerhouse, while making greater contributions to the excellent practice of "One Country, Two Systems" and the long-term prosperity and stability of Hong Kong.

GE Haijiao
Chairman