

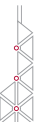
Message from the Chairman



2022 marked the 25th anniversary of Hong Kong's return to the motherland, the 110th anniversary of BOC, and the 105th anniversary of BOC's continuous operation in Hong Kong. During the year, the 20th National Congress of the Communist Party of China was successfully convened and issued a call to embark on a new journey, while the new administration of the HKSAR Government delivered its first Policy Address, opening a new chapter in the city's economic and social development.

Under the leadership of the Board, BOCHK persisted in ensuring stability while pursuing progress, guarded against risks and implemented its work in accordance with the development plan of the Group. Proactively serving national strategies and fully supporting Hong Kong's economic and livelihood development, we endeavoured to promote sustainable and high-quality growth, while continuing to create value for all stakeholders.

During the year, BOCHK's operating results achieved positive growth with major businesses outperforming market peers. Our core operating indicators showed solid improvement, and the ratings from external credit rating agencies remained stable. We made solid progress in terms of capturing local market shares, with customer loans increasing by 3.2% to HK\$1,649,510 million and customer deposits growing by 2.0% to HK\$2,377,207 million. Our total capital ratio and classified or impaired loan ratio stood at 21.56% and 0.53% respectively, remaining at stronger levels compared to local peers. Our profit after taxation for the year amounted to HK\$29,038 million, representing a year-on-year growth of 16.2%. The Board of Directors has recommended a final dividend of HK\$0.910 per share for 2022. Together with the interim dividend, this takes our full-year dividend to HK\$1.357 per share, translating into a year-on-year growth of 20.1%. The dividend payout ratio was 53.0%, an increase of 1 percentage point year-on-year. Such remarkable results



MESSAGE FROM THE CHAIRMAN

could not have been achieved without the efforts of the Board, senior management and the entire staff as well as the long-standing trust and support from all constituents of the society.

In the past year, we pushed forward our own development hand-in-hand with that of Hong Kong while recording greater achievements in serving the real economy. We continued to consolidate our competitive advantages in traditional businesses such as residential mortgage loans, syndicated loans, IPO receiving bank business, cash pooling and RMB products and services, while deepening the transformation of our retail banking and furthering business cooperation with government entities. As part of our sustainable development strategy, we vigorously expanded our green finance business. BOC Life markedly improved its position in the local market in terms of standard new premiums. We also witnessed solid results in the integrated business development of our private banking, asset management, and trust and custody services. All this is a testimony to the further enhancement of our integrated service capabilities. In addition, we actively participated in research regarding digital currency applications and completed the world's first authentication of cross-border digital currency production while launching the first e-CNY Exclusive Experience event in Hong Kong. In response to the fifth wave of pandemic in early 2022, we took the lead in announcing a new round of financial relief measures to support local SME and individual customers.

In the past year, we proactively integrated into the national strategy of building a new development pattern and enhanced the growth quality and performance of our regional businesses. We further consolidated our leading advantages in Guangdong-Hong Kong-Macao Greater Bay Area (GBA) services such as Account Opening, Wealth Management Connect, Loan and Payment, which comprehensively serve the high-quality

living circle in the GBA. We provided full-journey, cross-border product solutions to support the development of innovative technology companies in the GBA. We continued to increase our capabilities as the regional headquarters of the Group's Southeast Asian business, captured the opportunities brought by the Regional Comprehensive Economic Partnership ("RCEP") in economic, trade and investment cooperation, and strengthened regional collaboration. In this way, we facilitated the international expansion of both China's "Going Global" enterprises and domestic Southeast Asian companies, while also actively supporting China's high-level opening up. We deepened the implementation of a retail banking strategy for domestic markets in Southeast Asia featuring regional brands and digital initiatives, achieving positive performance across various aspects of our personal banking business in the region. Over the year, our Southeast Asian entities saw a marked increase in profitability and further enhanced their earnings contribution to the Group. We actively promoted RMB internationalisation and financial interconnectivity, and became market leaders in "Bond Connect" and "Stock Connect" businesses. Cross-border RMB clearing and settlement values continued to increase rapidly, and our RMB business has advanced further and deeper in the Southeast Asian region.

In the past year, we proactively embraced the digital economy and sped up our digital transformation. We accelerated the development and application of financial technology by advancing the construction of our intelligent platform, data platform and open platform, as well as by completing the building of our cloud platform system. Adhering to a customer-centric philosophy, we continued to improve the online service capabilities of our mobile banking and transaction banking services. We devoted great effort to developing electronic payment services, deepened the ecological construction of application scenarios such as property purchase, education, and health, and upgraded the

MESSAGE FROM THE CHAIRMAN

products and services of the virtual bank Ivi. We successfully held activities such as “BOCHK Challenge” and sponsored the “BOCHK Technology Innovation Prize” to attract talents in science and technology and thus support the HKSAR Government’s “smart city” development strategy. We also strived to reform and enhance our digital, automated and intelligent business flows so as to deepen our smart operations, with our Nanning Operation Centre being honoured with the “National May 1st Labor Award”.

In the past year, we actively aligned with the national strategy for achieving “carbon peak and carbon neutrality” goals, and vigorously promoted sustainability.

We pursued innovation-driven development, enriched our green financial product and service system, and offered greater financial support to green industries, leveraging our financial strength to help enterprises with business transformation and upgrading and influence individual behaviour change. Adopting a “win-win” attitude and supporting Hong Kong’s bid to become a sustainable finance centre, we joined the “Alliance for Green Commercial Banks” as a cornerstone member. Together with S&P Dow Jones Indices, we launched the first climate transition index focused on listed companies in the GBA. We also signed a strategic cooperation agreement with the Guangzhou Emissions Exchange and were among the first participants and first council members of Core Climate – the new carbon market platform of the Hong Kong Stock Exchange. We set the goal

of “carbon neutrality in operations by 2030”, and completed a green energy-saving upgrade project for Bank of China Tower, earning the highest – BEAM Plus Platinum rating. We further deepened our corporate culture development and carried out a wide range of charitable activities to help reduce poverty and support youth development. In 2022, we received the highest “AAA” rating from MSCI ESG Research for the second consecutive year and were named “Market Leader for ESG in Hong Kong” and “Market Leader for CSR in Hong Kong” by Euromoney.

In the past year, we ensured a healthy and stable performance as measured by risk and compliance indicators amid a complicated and changing operating environment. We consistently adopted systems thinking, reinforced our “bottom-line” approach and continuously enhanced our comprehensive risk management and emergency response capabilities so as to ensure stable operations. We stepped up climate risk management by integrating sustainability factors into our credit risk framework and process, and by improving our overall risk management policy framework.

Looking into 2023, challenges ahead include decelerated global economic growth momentum, continuing geopolitical conflicts, and the increasing financial market volatility and risks. Fortunately, the economic stabilisation policies of the Chinese Government are gradually producing



MESSAGE FROM THE CHAIRMAN

positive effect to facilitate the steady recovery and overall improvement of the economy. In addition, the reopening of the border with the Chinese mainland will further enhance the immense advantages Hong Kong derives from the motherland's support. The new administration of the HKSAR Government will strive to comprehensively enhance Hong Kong's competitiveness and leverage its strengths to serve the nation's needs. It will give full play to Hong Kong's role as a "super-connector", and make greater contributions to the regional economic development and the RCEP-related collaborations. These will provide abundant hope and opportunity to the local banking industry.

In 2023, BOCHK will continue to pursue progress while maintaining stability and thus improve our ability to drive forward solid development. We will strengthen the development of culture and talent, and strive to create new solutions for high-quality growth. Focusing on key development directions and regional development characteristics, we will reinforce our core competitiveness through providing high-quality financial services to the real economy and enhance our regional professional capabilities through providing the high-quality supports to the nation's high-level opening up. We will continuously consolidate our basic infrastructure and nurture our digital capabilities, so as to increase the accessibility, convenience and safety of our financial services and achieve fresh accomplishments in supporting corporate development and optimising

customer services. Adhering to the bottom-line thinking, we will further improve the development of our overall risk management system in order to expand the coverage and effectiveness of risk prevention.

Supported by all parts of society and the concerted efforts of our entire staff, BOCHK will stand in unity and make greater efforts to fully support the city's economic and livelihood development. By providing high-quality financial services, we will contribute to the steadfast and successful implementation of "One Country, Two Systems", the long-term prosperity and stability of Hong Kong and the development of Chinese modernisation.

GE Haijiao
Chairman