Transcript of Analyst Briefing for

2024 Annual Results

Results Presentation

Chief Executive Sun Yu: In 2024, the operating environment for the banking industry remained complex and severe. BOCHK fulfilled its pivotal role in BOC Group's globalisation strategy, enhanced risk control, solidified banking infrastructure and expanded earnings sources, outperforming the market in core businesses and achieving solid operating results.

Our profit attributable to equity holders rose by 16.8% year-on-year to HK$38.2 billion. ROE increased by 1 percentage point to 11.6%. To reward our shareholders, the Board has proposed a final dividend of HK$1.419 per share, taking the full-year DPS to HK$1.989, up 19%. The payout ratio rose by 1 percentage point to 55%.

We further consolidated our competitive advantages in the local market, maintaining our leadership in Hong Kong and Macao syndicated loan business for 20 consecutive years, and new residential mortgage loans for 6 consecutive years. New-to-bank high-end customers almost doubled, while our cross-border personal customer base further expanded. We saw a 27% increase in cash pool accounts and 30% growth in assets under custody. Our position as the main bank for the HKSAR Government has been strengthened further. We rapidly grew our treasury business, continued to consolidate our first-mover advantage as a market maker and successfully launched a central counterparty client clearing business at the

LCH. We achieved double-digit income growth in our integrated businesses, with BOC Life ranking second in the market in terms of standard new premiums for the first three quarters of 2024, while both BOCI-Prudential and BOCHK Asset Management increased their respective AUMs by 16%.

We captured collaboration opportunities in the Greater Bay Area, and maintained our leadership in Stock Connect, Bond Connect, Wealth Management Connect and Swap Connect businesses. We grew Wealth Management Connect customers by 57%, and led the market in terms of funds remittance. Capitalising on Individual Visit Scheme expansion and HKSAR Government's initiatives to attract talent and investment, we launched services related to the “New Capital Investment Entrant Scheme”. In addition, the transaction volume for BoC Pay in the Mainland grew by 1.1 times and Mainland card spending increased by 19%. We supported Hong Kong’s development as an international hub for innovation and technology, as well as the construction of the Northern Metropolis, by enriching our cross-border financial service solutions. Our tech customer base grew by 8%. We also became the first bank to pilot cross-border corporate credit referencing.

We pursued differentiated development through our “One Branch One Policy” strategy for our Southeast Asian entities, while reinforcing and radiating our impact as a regional headquarters. We focused on Belt and Road Cooperation, Chinese enterprises “Going Global” and regional large corporates, with the corporate customer base of our regional entities increasing by more than 10%. We expanded the scope of mutual recognition for our “Wealth Management” brand, and promoted family office services. Our RMB trading and treasury business capabilities were further enhanced, delivering steady growth in RMB clearing volume. For 2024, our Southeast Asian entities grew their deposits and loans by 16.5% and 9.9%, respectively, while achieving 16.7% growth in net operating income, further increasing their profit contribution to the Group. Their NPL ratio was 2.78%, down 8 basis points.

We fully supported Hong Kong in strengthening its position as a global offshore RMB hub. Our RMB loans and deposits achieved solid growth and maintained market leadership. We also led the market in terms of offshore RMB public bond underwriting. We extended the service hour of the Hong Kong RMB clearing bank, which saw 49% growth in clearing volume. The Cambodia RMB clearing bank successfully commenced operations, while our Southeast Asian entities realised steady growth in RMB clearing volumes. We enriched RMB products and services through innovation, including the thematic RMB trade solutions and an “e-CNY Zone” in the BoC Pay app. We also successfully issued RMB 5 billion of Panda bonds and completed the first RMB repo deal backed by debt securities under the Northbound Bond Connect.

We advanced our digital transformation and contributed to the construction of Hong Kong as an international hub for innovation and technology. We supported the government’s severe weather market trading arrangements, and completed the relevant tests of the HKMA’s “Interbank Account Data Sharing” programme. We also participated in the Project Ensemble, the mBridge Project and HKMA’s e-HKD Pilot Programme with a view to developing application scenarios for digital currencies. We empowered business development with technology. We added a special zone for “Talent Schemes” in our “Home Expert” app to capture relevant market opportunities, while growing active mobile banking customers by 18%. We launched a brand-new version of iGTB corporate mobile banking, and helped SMEs promote digitalisation, while doubling the number of registered BOC Connect users. In payment related businesses, we grew BoC Pay customer numbers by 18% and BoC Bill settlement volume by 10%. We further promoted intelligent operations and used AI to enhance smart risk control and compliance technology. We fostered an innovation culture, sponsoring the "BOCHK Science and Technology Innovation Prize" for 3 consecutive years, and organising the "BOCHK Challenge" for 8 consecutive years.

We continued to enrich our green and low-carbon product and service offerings. For the year, our green and sustainability-related loans increased by 29% while the number of ESG funds available for sale rose by 38% and our ESG bond investments grew by 25%. We also assisted Mainland local governments in issuing ESG-themed bonds, and supported SME's financing needs and corporate transformation following HKMA's guidance. We became the first Chinese bank to establish its own "Taxonomy for Green and Sustainable Finance Standard". We stepped up staff development, expanding our talent pool by 20%, while achieving a steady rise in staff satisfaction. We also cared for society and supported distinctive large-scale charity projects. We held the third "BOCHK Volunteer Week", and carried out 160 volunteer events, totalling 29,000 service hours in the year. Our ESG efforts were widely recognised. We have been named "Asia-Pacific Climate Leaders" by *Financial Times*, and received the award of "Top Ten Highest Volunteer Hours" and "Outstanding Corporate / Merit Award" from the HKSAR Government, both for 3 consecutive years.

Deputy Chief Executive and Chief Financial Officer Liu Chenggang: In 2024, taking advantage of the market interest rate movements, we actively managed our assets and liabilities, and delivered stable NIM performance. We captured opportunities from the recovery in capital markets and the tourism industry, and expanded our fee income. Meanwhile, we prudently controlled operating expenses while strengthening risk management. All of these efforts helped us to grow the profit after-tax by 12.2% to HK$39.1 billion.

Amid a high interest rate environment, we balanced between deposit growth and funding cost. By strengthening internal collaboration and cross-border businesses, we further expanded our high-quality customer base, while tapping demand in payroll, settlement, custody and treasury businesses. As a result, our customer deposits grew by 8.8% to HK$2.72 trillion, increasing our local market share to 15.56%.

Capitalising on the opportunities from new quality productive forces, and economic and trade connections with Southeast Asia, we reinforced our relationship with local blue chips, industry leaders and financial institutions, effectively serving the needs of large multinationals, Chinese enterprises “Going Global” and large Southeast Asian corporates. We enriched RMB application scenarios, and enhanced our product and service capabilities. In addition, we also provided comprehensive home purchase planning and online mortgage services to satisfy diverse customer demands. As at the end of 2024, our customer loan balances stood at HK$1.7 trillion, increasing our market share to 16.35%. Residential mortgages increased by 3.5% from last year-end.

Capturing opportunities arising from high market interest rates, we proactively managed our assets and liabilities, expanded AIEA, and dynamically managed bond investment portfolios to achieve higher returns. We enhanced the development of our payroll services and cash management business, to explore low-cost funding while enhancing pricing management. Adjusted for swap impact, our NIM expanded by 1 basis point to 1.64% with net interest income rising 8% to HK$58.9 billion. In the second half, our NIM was 1.67%, up 6 basis points half-on-half.

Benefitting from the recovery of economic activity and tourism industry, we accelerated our wealth management business growth. Our net fee income for the full year increased by 7.9%, driven by 15% year-on-year growth in the second half. Specifically, fee income from securities brokerage and insurance businesses rose by 24% and 56%, respectively. A strong increase in our fund sales market share drove the 55% growth in funds distribution commission. At the same time, income from currency exchange, and trust and custody services rose by 36% and 15%, respectively. Credit card fee income increased by 5.3%, supported by the 7.9% growth in card spending volume and 9.8% growth in merchant acquiring volume in Hong Kong retail market.

Focusing on the Group's development priorities, we strategically allocated resources to support digitalisation, regional development, integrated service and talent teams building. Meanwhile, we pursued low-carbon operations, improved the cost and income alignment, and enhanced resource utilisation efficiency. Our operating expenses increased by 5.3% in the year. Cost-to-income ratio improved by 0.8 percentage point to 24.55%, continuously outperforming the market average.

We closely tracked market developments and industry dynamics while strengthening the monitoring and control of high-risk credit portfolios. We timely reviewed customer internal ratings, and continuously refined our credit risk management mechanism. As at the end of 2024, our NPL ratio remained flat at 1.05%, consistently outperforming the market average.

Credit cost was 0.30%, down 8 basis points. ECL coverage of total loans rose by 2 basis points to 0.89%, further consolidating our capability to withstand potential risks.

We further strengthened our capital management. Our total capital ratio increased to 22% while our CET1 capital ratio stood at 20%, mainly due to earnings growth. At the same time, a lower risk-weight for mortgage loans also helped to slow RWA growth. We actively responded to investor demand for enhancing shareholder returns and optimised our capital allocation. We further increased the full-year dividend payout ratio to 55% for 2024, and plan to pay quarterly dividends starting from 2025. We announced the acquisition of BOCI Private Bank and will strive to build the Group's private banking and asset management platforms in Hong Kong. At the same time, we actively studied the corporate governance procedure for share buybacks following the revision of Hong Kong's Company Ordinance, and will renew the general mandate for share issuance and buybacks, while permitting to hold treasury shares. We maintained a robust liquidity position, with the NSFR and average LCR for the fourth quarter of 2024 standing at 142% and 201%, respectively.

Chief Executive Sun Yu: Looking ahead to 2025, the global political and economic landscape will undergo significant transformation. Considerable uncertainties remain regarding the interest rate cut path and magnitude in major economies. Banking industry will still face challenges in both transforming growth momentum and risk management. Since last September, the country has launched a series of incremental economic stimulus policies, which have effectively boosted social confidence and supported solid economic recovery. Meanwhile, the HKSAR Government focused on reforms and transformation in its latest Policy Address, and accelerated the implementation by aligning with the national development strategies and measures benefiting Hong Kong. In addition, positive factors such as industrial chain optimisation, Belt and Road cooperation, and RCEP, will continue to create new growth opportunities for Hong Kong's banking sector.

In 2025, BOCHK will continue to strengthen risk management, consolidate banking infrastructure and diversify our income sources. We are dedicated to successfully concluding the current Five-Year Plan, and effectively developing a new five-year strategy, leveraging the global advantages of BOC Group. We will proactively expand our private banking, asset management and custody businesses to boost our competitiveness in the Hong Kong local market. We will implement our differentiated "One Branch One Policy" development strategy in Southeast Asia to accelerate growth and enhance the contribution to the Group. We will capture opportunities presented by the Mutual Market Access Scheme and strengthen RMB business coordination. Embracing advances in technology, we will establish an AI governance framework, and improve our technology capabilities. Additionally, we will continue to prioritise talent development and closely monitor critical risk areas such as CRE sector, to firmly guard against systemic risks, while solidly pushing forward all key business tasks.

With robust support from all sectors of society and the unwavering dedication of our colleagues, BOCHK will seize opportunities to forge new frontiers and strive to achieve high-quality development while promoting Hong Kong's long-term prosperity and stability as well as regional economic development, to ultimately create greater value for all stakeholders.

Question and Answer Session

Gary Lam from HSBC: Congratulations on the great results for 2024. I noted the Company has announced two new arrangements for shareholder returns. In this regard, when paying the quarterly dividends in 2025, will it be limited to a 40-60% payout range guidance? On share buyback, what factors will be taken into consideration.

Deputy Chief Executive and Chief Financial Officer Liu Chenggang: Thank you for the question which is also frequently asked by our shareholders. In 2024, we continued to effectively manage our capital, striving to increase shareholder returns. Firstly, in terms of performance, we captured opportunities from high interest rates to improve profitability with steady increase in RORWA. Our ROE increased by 1.0 percentage point to 11.6%, and create a solid foundation for enhancing shareholder returns. Secondly, we steadily increased the dividend payout ratio. The Board of Directors has recommended a final dividend of HK$1.419 per share, which, along with the interim dividend already distributed, brings the full-year dividend to HK$1.989 per share, up 19% year-on-year. The payout ratio is 55%, up 1 percentage point, with dividend payout ratio on a steady rise. The above results reflected that BOCHK has been adhering to a prudent dividend policy, striving to balance maximising shareholder interests with the long-term development of the bank, while attaching great importance to long-term stability in dividend returns.

Winnie Wu from Bank of America: Given U.S tariff policies will affect Southeast Asian economies and currencies, what are the future strategies and asset quality outlook for BOCHK's SEA business development?

Deputy Chief Executive Li Tong: In 2024, driven by strong consumption and exports, SEA countries maintained steady economic recovery momentum, with ASEAN GDP expected to grow by about 4.8% for the full year. We insisted on integrated operation approach and our differentiated "One Branch, One Policy" strategy, while promoting digital transformation and enhancing diversified regional collaboration, to improve regional and integrated operating and service capabilities, and market competitiveness. As of the end of 2024, the deposits and loans of our SEA entities grew by 16.5% and 9.9%, respectively. Benefiting from NIM expansion, their net operating income before impairment allowances grew 16.7% year-on-year to HK$4.932 billion, further increasing contribution to the Group. We continued to strengthen regional risk management capabilities, with non-performing loan (NPL) ratio decreasing 0.08 percentage point to 2.78%. The NPL provision coverage ratio was 129%, which remained adequate and the overall risk was controllable.

In 2024, regarding our corporate banking business, we seized the opportunities from the new development pattern of the country and the transfer of industrial chains, enhanced collaboration within the Group and focused on Belt and Road cooperation, going global enterprises and regional large customers. We drove the solid growth of our SEA entities' business by promoting regional syndicated loan, green finance and sustainable finance businesses. Regarding our personal banking business, we actively served expatriate employees of going global enterprises, expanded payroll services and RMB salary direct remittance services. We deepened the development of mid-to-high-end customers and mutual recognition of the wealth management brand within BOC Group and promoted family office business. Meanwhile, we further enhanced our digital capabilities, deeply participated in the UnionPay International global payment interconnection programme in SEA countries, driving forward the development of mobile payment and cross-border payment businesses. For RMB and treasury businesses, we continued to promote clearing business development, improved regional RMB clearing network, with the RMB clearing bank in Cambodia coming into operation and the RMB clearing volumes of BOC Malaysia increasing by 72%. Our SEA entities achieved strong growth in client trading transactions in the RMB treasury business and cross-border RMB clearing volumes.

For 2025, we will adhere to the integrated operation approach and the differentiated development strategy of "One Branch, One Policy" for the SEA entities, striving to drive high-quality business growth and achieve solid growth in their loans.

Firstly, we will seize market opportunities to deeply engage in major projects such as Belt and Road cooperation, strengthen institutional collaboration in the Asia-Pacific region, focus on increasing our market share related to going global customers, corporates involved in China-ASEAN economic and trade activities, and leading local industry players. We will strive to become the main bank for Chinese enterprises going global, the preferred foreign bank partner for leading local industry players with comprehensive business relationships, and the main bank, the core credit partner bank, and the preferred partner bank for letters of guarantee and international settlements for key accounts of Belt and Road projects. We will actively capture major business opportunities in SEA, benchmark against local top-tier peers, continuously enhance core competitiveness and market share, serving as a stabiliser and driver for business development.

Secondly, we will support the development of RMB clearing business in SEA and comprehensively promote the use of RMB in the region. We will further enhance our clearing capabilities, expand the clearing network, and create local business development advantages. Focusing on RMB usage scenarios such as Chinese enterprises going global, ASEAN enterprises targeting Chinese market, national key strategic projects, and cross-border economic and trade exchanges, we will promote direct conversion between

RMB and local currencies, build basic RMB product offerings, and strengthen our client trading services and market-making capabilities, so as to meet customer demand for RMB products and increase market share.

Thirdly, we will advance our digital banking services. Adhering to our mobile-first strategy, we will further optimise our personal mobile banking services, and continuously expand the regional iGTB platform construction to achieve full coverage across our SEA entities. We will promote cross-border UnionPay QR code payment services, real-time clearing and e-tax payment, and digital currency services. We will implement a unified plan for regional digitalisation for achieving online customer acquisition and activation, and building a smart sales and marketing model.

Fourthly, we will enhance our risk management and consistently solidify our regional risk management system. By paying attention to changes in the external environment, conducting joint industry research, and enhancing risk judgement and analysis, we aim to further strengthen comprehensive risk control, so as to prevent major risks and ensure stable development of our SEA business.

Hou Dekai from CICC: BOCHK achieved good NIM performance with sequential expansion in the fourth quarter. During the early stage of rate cutting cycle, what level of deposit cost pass-through was seen? As market interest rates are expected to go down further, how much room is there for deposit cost savings in the future? Based on my observation, BOCHK refrained from aggressive pricing strategy amid market competition, but was still able to achieve strong deposit growth. What customer and product strategies were used for building up such a strong deposit franchise?

Deputy Chief Executive and Chief Financial Officer Liu Chenggang: In 2024, we seized the opportunity of high interest rates and continued to dynamically manage our assets and liabilities, achieving good performance in net interest income and net interest margin after adjusting for swap factors. In the fourth quarter, our adjusted NIM rose by 7 basis points to 1.70%.

The aforementioned good performance was mainly due to: firstly, we actively managed assets and liabilities. Since the first quarter of 2024, we have been focusing on controlling deposit costs, and expanded payroll service, cash management business, cross-border business, wealth management business, etc. Our CASA deposits rose by 6.4% in the year, outperforming the market growth rate. Secondly, while strengthening pricing management, we shortened time deposit maturities with deposits below three months accounting for 60-70%, which helped reduce time deposit costs. Thirdly, we enhanced returns on the asset side as we properly extended the duration of bond investment portfolio within risk limit, with bond investment yield increasing by 37 basis points for the full year. Fourthly, we vigorously expanded our Southeast Asian business. The NIM of our SEA entities continued to widen, contributing positively to the Group’s NIM.

In 2025, we will maintain the successful practices of last year. Firstly, on liability side, we will focus on controlling deposit costs. Secondly, on asset side, we will continue to optimise the mix, and capture opportunities from RMB, cross-border and Southeast Asian businesses. We will lock in the high returns in banking book investments as early as possible. Thirdly, we will capture the robust investment market sentiment to promote development of businesses such as stock brokerage, insurance and funds distribution to increase non-interest income. We will strive to mitigate the impact of declining market interest rates on NIM and maintain net interest income at a stable level.

Sam Wong from Jefferies: What is the management's outlook on the asset quality of Hong Kong's commercial real-estate (CRE) sector and credit cost for 2025? Regarding the implementation of Basel III final reform package, what is the impact on BOCHK's capital ratios?

Deputy Chief Executive and Chief Risk Officer Xu Haifeng: As of the end of 2024, our non-mainland CRE loan exposure was HK$250.9 billion, a decrease of 8.8% compared to last year-end, accounting for 15% of the Group's total loans. Of these loans, 85% was for use in Hong Kong, of which nearly 60% was for property development. 5.7% was for use in the Chinese Mainland. In terms of customer structure, our Hong Kong property customers are mainly large local blue-chip companies, with over 60% of them are listed companies with solid financial strength. Their net borrowing level was relatively low and the overall risk is controllable.

In terms of asset quality, as affected by internal credit rating downgrades of certain customers, as of end of 2024, their NPL ratio increased by 1.24 percentage points to 1.37%, with NPL coverage ratio at 47% and ECL coverage of total loans at 0.65%. The rise in NPL ratio was mainly due to the credit rating downgrades of certain property development and property investment companies as a result of pressure on their short-term cash flow, which posed uncertainty to their repayment capabilities. These customer loans were largely pledged with Hong Kong properties with LTV ranged between 29% and 73%.

For 2025, we expect the local residential market is hopeful to start bottom building, while the commercial property market still takes time to recover. We will closely monitor the market development and maintain our long-standing prudent and solid risk management policies. We will effectively manage risks and identify risk warning signals. On the premise of protecting the bank's interest and weathering difficulties with customers, we will design feasible credit enhancement measures, and assist the customers to increase their operating cash flows by various means, so as to mitigate the relevant credit risk. In terms of asset quality, the overall risk is controllable, and we are confident that the Group's NPL ratio will continue to outperform the market average in 2025. At the same time, we will adhere to our consistent prudent strategy, make sufficient provisions, and strive to keep credit costs relatively stable.

Deputy Chief Executive and Chief Financial Officer Liu Chenggang: The Basel III final reform package has officially taken effect since 1 January 2025, involving measurement frameworks for credit risk, operational risk, market risk, and regulatory requirements for capital floors, leverage ratios and credit valuation adjustments. Based on current implementation, we had savings in credit risk RWA, market risk RWA, and operational risk RWA on the first day. Within that, credit risk RWA savings were higher primarily due to several adjustments in regulatory rules under the IRB framework, including a reduction of the loss given default (LGD) parameter for some unsecured corporate loans from 45% to 40%, the removal of the 1.06x multiplier in the RWA calculation, etc. As the Basel III reform is implemented by phases, the benefits will be larger at the beginning and will reduce over time. For details of our capital ratios, please refer to the regulatory disclosure for the first quarter of 2025.

Jemmy Huang from JP Morgan: What is the management's loan growth guidance for 2025? Last year, fee income growth was strong, what is the outlook on customer growth and business development such as insurance and funds distribution for this year?

Deputy Chief Executive Wang Huabin: In 2024, the global economic growth was slow, as market interest rates remained high, and credit demand continued to be weak, leading to a decline of 2.8% in the Hong Kong system loans. In such a complex market environment, BOCHK actively leveraged its customer resources and professional service advantages, and recorded a drop of 1.5% in loan balance from a high base, while outperforming the market, with local market share increasing to 16.4%. Within that, we achieved solid corporate loan growth in industries such as transportation, wholesale and retail trade, information technology, and stock brokerage. Within personal loans, mortgage loans including Home Ownership Scheme grew by 3.5%.

For 2025, both challenges and opportunities coexist. The risks of a global economic downturn are increasing, as the external environment becomes more complex, putting more pressure on the banking industry. At the same time, we see that the mainland economy remains resilient with solid foundations, with the government implementing a series of policies to expand domestic demand and promote sustained economic recovery. Hong Kong is actively aligning with national strategies and policies that benefit the city, presenting new development opportunities.

Southeast Asia continues to be an important destination for overseas direct investment by Chinese enterprises going global, which will drive strong economic growth in the region.

BOCHK will insist on the work principle of "seeking progress while maintaining stability" and fully support the real economy. On the basis of adhering to the risk bottom-line, we will seize market opportunities and promote the high-quality development of the loan business.

Specifically: firstly, we will serve the demand of Chinese enterprises going global. We will strengthen business collaboration with the key branches onshore and with our SEA entities, focusing on the needs of leading corporates in new electric vehicle, new energy and biomedicine sectors for their globalisation efforts. We will focus on cross-border RMB and trade finance products, and enrich various financial service and support offerings, striving to expand customer base and loan proportion of the customers going global.

Secondly, we will seize business opportunities brought by the development of new quality productive forces. On one hand, we will continue to optimise our tech finance business model, and actively develop customer relationship with the leading players in the AI and internet sectors. Meanwhile, we will strengthen cooperation with industry organisations and innovative start-ups, and provide comprehensive financing support to companies characterised by "refined, specialised, distinctive and innovative" and business unicorns. On the other hand, we will expand our green finance business, and proactively align with market signature projects, to financially support customers in their low-carbon transition and increase green finance proportion in our business.

Thirdly, we will consolidate our leading position in the RMB business. Leveraging the lower RMB financing cost against HK dollar and US dollar, we will enrich the application scenarios of RMB and meet the offshore RMB financing needs of enterprises. At the same time, we will capture policy opportunities and expand relevant business scale in line with the liquidity arrangement for RMB trade financing launched by the HKMA earlier this year.

Overall speaking, we will continue to set our base in the Hong Kong, cross-border, Southeast Asian and overseas markets. We will strive to balance between "scale and earnings" of our lending business on the premise of manageable risk, so as to achieve solid loan growth and continue to outperform the market in the year.

Deputy Chief Executive Chan Man: For 2025, the Chinese Mainland will continue to focus on cultivating new quality productive forces and deepening high-level opening up, with steady consolidation and strengthening of economic growth momentum. The HKSAR Government is actively aligning with national development strategies and measures benefiting Hong Kong. It is expected that the macro environment will remain stable and positive. These factors will benefit businesses related to investment and insurance, tourism and consumption, and payment services, providing support for commission income from securities brokerage, funds distribution, insurance, custody and trust services, currency exchange and credit cards. We will continue to deeply explore customer needs, constantly enrich products and services, and enhance marketing capabilities. We will focus on both customer acquisition and retention, striving to maintain steady growth in net fee and commission income by continuously expanding revenue sources. In terms of customer acquisition, we saw a 98% growth in new-to-bank high-end customers and an 83% increase in net growth in cross-border high-end customers in 2024, with the growth momentum continuing into the first quarter of this year. Going forward, we will remain customer-centric and address the differentiated needs of cross-border customers. We will enrich our investment and financial products, and provide global asset allocation services in investment, insurance and funds. We will also enhance our online service capabilities, strengthen cross-border customer development and continue to deepen relationships to promote stable growth in net fee and commission income.

Helen Li from UBS: This year, certain property developers sought refinancing while some developers swapped their unsecured loans with secured loans. In this context, what business and pricing strategies regarding CRE sector are adopted by BOCHK? How do you see the credit risks of the minor developers?

Deputy Chief Executive and Chief Risk Officer Xu Haifeng: Currently, the CRE industry is still facing pressures from a high interest rate environment and increasing vacancy rates, which have affected corporate cash flow and repayment capacity. In response, we adhere to the principle of safeguarding the bank's interests while supporting customers through challenging times. We will strengthen communication with customers to develop feasible credit enhancement plans to mitigate risks. We will also promote the rapid recovery of customers' operating cash flows through various methods to manage and reduce risks. With expectations of interest rate cuts in the second half of this year, or next year, related pressures are likely to ease. Regarding the pricing strategy for secured and unsecured property loans, we will consider both from business and risk perspectives, taking into account each customer's credit situation, such as collaterals and borrowing terms, and overall market conditions. Therefore, it is difficult to generalise. Overall, it is essential to balance business development with risk management.