

30 March 2023

BOC Hong Kong (Holdings) records 16.2% increase in profit for the year in 2022
Overall business achieves steady growth while financial indicators continue to strengthen

BOC Hong Kong (Holdings) Limited (“the Company”, stock code “2388”; ADR OTC Symbol: “BHKLY”) today announced its 2022 annual results. Following the plans of the Board of Directors, the Company and its subsidiaries (“the Group”) adhered to the principle of “pursuing progress while ensuring stability”, and emphasised profit stabilisation, strengthening its foundations, and risk prevention and control. With a strategic focus on the three markets of Hong Kong, the Greater Bay Area (“GBA”) and Southeast Asia, the Group made steady progress in implementing its strategy. It achieved relatively solid operating results and notable improvement in its financial indicators.

Achieved steady improvement in financial efficiency with profitability returning to a growth trajectory

In 2022, the Group’s income and profit returned to a growth trajectory, with net operating income before impairment allowances amounting to HK\$56,932 million and profit for the year amounting to HK\$29,038 million, both up 16.2% year-on-year. Return on average shareholders’ equity was 8.78%. As at 31 December 2022, the Group’s total assets increased by 1.3% from the prior year-end to HK\$3,685,057 million. Total deposits from customers and total advances to customers grew to HK\$2,377,207 million and HK\$1,649,510 million respectively, up 2.0% and 3.2% from the end of the previous year, making steady gains in local market share. The Board has proposed a final dividend of HK\$0.910 per share for 2022. Together with the interim dividend, the full-year dividend is HK\$1.357 per share, an increase of 20.1% compared to the previous year. The dividend ratio is increased to 53.0%.

The Group seized opportunities from rising market interest rates while proactively managing its assets and liabilities, which resulted in a widening of the loan and deposit spread and an increase in the yield of debt securities investments. Adjusted for swap-related impact, net interest margin (“NIM”) increased by 27 basis points to 1.36%, and together with growth in average interest-earning assets, net interest income grew by 28.6% to HK\$42,367 million. As market interest rates rose rapidly in the second half of the year, the asset yield of advances to customers and debt securities investments increased, resulting in a widening of NIM in the second half by 46 basis points to 1.59%.

Financial and risk indicators stayed solid, with the total capital ratio standing at 21.56% and the Common Equity Tier 1 capital ratio at 17.55%, both remaining above the market average. The

liquidity coverage ratio and the net stable funding ratio in 2022 met regulatory requirements. The classified or impaired loan ratio stood at 0.53%, continuing to outperform the market average. The Group continued to pursue efficient resource allocation and implement low-carbon operational initiatives, maintaining reasonable cost efficiency. The cost to income ratio was 31.34%, remaining at a satisfactory level relative to industry peers.

Strengthening integrated service capabilities to enhance local market commitment

The Group continuously promoted the deepening of the local market, supporting Hong Kong's economic development by strengthening its integrated service capabilities. Its traditional businesses continued to thrive. It remained the top mandated arranger in the Hong Kong and Macao syndicated loan market for the 18th consecutive year, maintained its leading position in terms of IPO main receiving bank business and cash pooling business, and continued to lead the market in terms of the total number of new residential mortgage loans for the fourth consecutive year. The number of Private Wealth customers recorded double-digit percentage growth as compared with the end of 2021, further expanding its customer base. Private banking assets under management increased by 12.7%. The Group captured opportunities in financial markets business and enhanced its green financing service capabilities. It provided full support for Hong Kong's development into an international innovation and technology hub, and achieved steady growth in its loan balance and customer base for innovation and technology startups.

Cementing leading advantages in the GBA by promoting financial connectivity

Building on its cross-boundary finance strengths as the core foundation of its GBA business development, the Group continued to enhance customer experience. Bank account management services were optimised to resolve issues with mainland bank accounts remotely, thus allowing more customers to enjoy the convenience of cross-boundary payment and financial services. The total number of accounts opened through "GBA Account Opening Service" grew by over 20% as compared with the end of 2021. The Group led the Hong Kong market in the aggregate number of accounts opened and the total volume of funds transferred under the Cross-boundary Wealth Management Connect Scheme which consists of the Southbound Scheme and the Northbound Scheme. It ranked among the market leaders by transaction volume for Bond Connect and settlement volume for Stock Connect. Satisfactory growth in its balance of corporate loans in the GBA was recorded.

Enhancing development quality by deepening integrated regional operations

The Group adhered to the concept of integrated regional operations and seized opportunities arising from the enactment of RCEP. To drive the collaborative development of its Southeast Asian business, it focused on the development of the Belt and Road initiative and "Going Global"

projects as well as large corporate customers in the region. The Group's Southeast Asian business recorded steady growth in 2022. Net operating income before impairment allowances increased by 27.6% year-on-year. Deposits from customers and advances to customers were up 13.8% and 0.4% respectively.

Consolidating technological foundations to deepen digital transformation

The Group reinforced its technological foundations, promoted the building of smart platforms, data platforms, open platforms and cloud platforms, and continued to enhance its capabilities in data-driven operations, creating a scenario-based ecosystem covering home ownership, education and healthcare. Capitalising on the HKSAR Government's Consumption Voucher Scheme to deepen the application of digital payments, the Group achieved a 20.2% increase in the number of BoC Pay users compared with the end of 2021, with the total transaction volume increasing by 20.6% year-on-year. Meanwhile, the total transaction amount of BoC Bill increased by 6.1% year-on-year.

Capturing opportunities to accelerate RMB business development through collaboration

The Group continued to consolidate its RMB franchise by strengthening internal collaboration. It maintained leading positions in the RMB deposit and loan business, number of RMB funds offered, and standard new premium of RMB insurance policies. The Group recorded rapid growth in cross-border RMB settlement volume and RMB-related treasury business transactions, and further sharpened its competitive advantage as an RMB market-maker. It also consolidated its market leadership in RMB clearing in Hong Kong, with BOC Malaysia and Manila Branch also achieving continuous growth in clearing volumes, recording increases of 42.1% and 15.4% respectively from 2021.

Adhering to ESG concepts and promoting the development of green finance

The Group has set the target of carbon-neutral operations by 2030, while stepping up financial support to green industries and assisting customers in their low-carbon upgrading and transformation. Its balance of green and sustainability-linked loans increased by 155.3% from the end of 2021. A number of landmark projects were completed during the year, including the largest sustainability-linked loan in the Asia-Pacific region, the first green transition trade financing in the natural gas industry, and the launch of the first green personal loan in Hong Kong. During the year, BOCHK became the first Chinese bank to join the Alliance for Green Commercial Banks, one of the first members of the Hong Kong International Carbon Market Council set up by Hong Kong Exchanges and Clearing Limited (HKEX), and one of the first participating organisations of Core Climate, an international carbon marketplace by HKEX. The Group provided support to ease the difficulties faced by SME customers and grassroots communities and launched over 120

extensive charitable activities through more than 20,000 hours of service, with a focus on disadvantaged groups and youth development. The Group received multiple recognitions for its ESG sustainability initiatives, including the highest “AAA” rating from MSCI ESG Research for the second consecutive year, the “Asia-Pacific Climate Leaders 2022” award from the *Financial Times* and *Nikkei Asia*, “Market Leader for ESG in Hong Kong” and “Market Leader for CSR in Hong Kong” awards from *Euromoney*, as well as the “ESG Corporate Awards 2022 – Platinum Award” from *The Asset*.

Looking ahead to 2023, even though the external environment remains complex and severe, the macro environment poses a relatively high degree of uncertainty, and banks face increased difficulties in terms of comprehensive risk management, there are still promising opportunities ahead. With the development of the Belt and Road initiative, RMB internationalisation, and the Guangdong-Hong Kong-Macao Greater Bay Area, Hong Kong’s role as a “super-connector” will become even more prominent. As Hong Kong enters a new stage of advancing from stability to prosperity, the HKSAR Government will focus on developing the economy, improving livelihoods and ushering in a new era of good governance, thus making Hong Kong’s status as an international financial centre even more compelling. Full resumption of normal travel between Hong Kong and the mainland will boost economic exchange, with all sectors of society now sharing more optimistic expectations for the city’s economic growth. This year will also be a pivotal year for BOCHK to build on its achievements and further implement its Five-Year Plan. It will effectively fulfil its mission to “Bridge China and the World for the Common Good”, practise its values of “Provide Excellent Service, Innovate with Prudence, Uphold Openness and Inclusiveness, Collaborate for Mutual Growth”, and do its utmost to implement its strategies through vigorous and determined endeavour. It will reach new heights on its journey towards “Building a First-class Regional Banking Group” and further contribute to Hong Kong’s economic prosperity and the improvement of people’s livelihood.

2022 Results Highlights

Key income statement figures

- Profit for the year amounted to HK\$29,038 million, an increase of 16.2% year-on-year.
- Profit attributable to equity holders was HK\$27,054 million, an increase of 17.8% year-on-year.
- Return on average shareholders’ equity and return on average total assets stood at 8.78% and 0.80% respectively, an increase of 1.11 percentage points and 0.10 percentage points respectively year-on-year.
- Net operating income before impairment allowances amounted to HK\$56,932 million, an increase of 16.2% year-on-year.

- Operating profit before impairment allowances was HK\$39,088 million, up 20.0% year-on-year.
- Adjusted for swap-related impact, net interest income increased by 28.6% year-on-year to HK\$42,367 million, driven by growth in average interest-earning assets and a widening of net interest margin. Average interest-earning assets expanded by 3.0% year-on-year.
- Net fee and commission income amounted to HK\$9,512 million, down 19.9% year-on-year.
- Operating expenses amounted to HK\$17,844 million, an increase of 8.8% year-on-year. The cost to income ratio was 31.34%, remaining at a satisfactory level relative to industry peers.

Key balance sheet figures

- Total assets amounted to HK\$3,685,057 million, up 1.3% from the end of last year.
- Total deposits from customers amounted to HK\$2,377,207 million, up 2.0% from the end of last year. Total advances to customers amounted to HK\$1,649,510 million, an increase of 3.2% from the end of last year.
- Classified or impaired loan ratio was 0.53%, continuing to outperform the market average.
- Total capital ratio stood at 21.56% and Common Equity Tier 1 capital ratio at 17.55%.
- Liquidity coverage ratio and net stable funding ratio met regulatory requirements in 2022.

For details of the 2022 annual results, please refer to the Company's announcement.

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