

Management Discussion and Analysis

Business Review

During the reporting period, the Bank closely followed national strategies and pressed ahead with the implementation of the Group's 14th Five-Year Plan. Based on a clear sense of its market positioning and comparative advantages, the Bank accelerated efforts to foster a strategic development pattern with domestic commercial banks as the "One Mainstay" and globalisation and integration as the "Two Engines", in order to ensure smooth flows in the domestic and international dual circulations. Adhering to its original aspiration to serve the real economy, the Bank fully and correctly applied the nation's new development philosophy in all fields of endeavour. It also took necessary steps to deepen supply-side structural reform in the financial sector, with emphasis given to accelerating the development of the "Eight Priority Areas for Enhancing Financial Services Capabilities". To embrace the digital era, it intensified the application of various technologies such as big data, cloud computing, artificial intelligence, blockchain and 5G mobile communications, as part of its efforts to accelerate digital transformation. Keeping bottom-line thinking firmly in mind, the Bank worked to build stronger lines of defence against risks and to dissolve risks and address challenges, thus continuously improving the efficiency of its comprehensive risk management.

Commercial Banking in the Chinese Mainland

The Bank's commercial banking business in the Chinese mainland aligned with the nation's strategic development priorities and focused on key areas, key businesses and key projects. It strengthened product innovation, consolidated its customer account base, and continued to enhance its sustainable development capabilities, effectively play the cornerstone role of "One Mainstay". In the first half of 2022, the Group's commercial banking business in the Chinese mainland recorded an operating income of RMB241.873 billion, an increase of RMB8.655 billion or 3.71% compared with the same period of the prior year. Details are set forth below:

Unit: RMB million, except percentages

Items	For the six-month period ended 30 June 2022		For the six-month period ended 30 June 2021	
	Amount	% of total	Amount	% of total
Corporate banking business	95,836	39.62%	91,574	39.27%
Personal banking business	111,429	46.07%	103,312	44.30%
Treasury operations	35,712	14.76%	36,669	15.72%
Others	(1,104)	(0.45%)	1,663	0.71%
Total	241,873	100.00%	233,218	100.00%

Corporate Banking

With a focus on high-quality development, the Bank continued to advance the transformation of its corporate financial services so as to serve the real economy more efficiently and effectively. It prioritised the support of high-quality development in key areas such as technology finance, green finance, inclusive finance, supply chain finance, county-level finance, strategic emerging industries and manufacturing, thus contributing to the transformation and upgrading of the national economy. It also proactively expanded core customer groups in the advanced manufacturing and digital economy-related industries, so as to help improve the country's strategic scientific and technological strengths. In addition, the Bank accelerated progress in the development of the Beijing-Tianjin-Hebei region, the Xiongan New Area, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, Hainan Free Trade Port and other key areas by virtue of its financial resources, thus supporting national strategies for coordinated regional development. Centring on customers' needs and experience, the Bank rapidly increased the scale of its assets under management (AUM), closely cooperated with its comprehensive operation companies, and implemented differentiated precision marketing based on the refined classification of customer groups. It also promoted the management of financial product aggregates (FPA), gave full play to the advantages of the Group's comprehensive operations, and provided integrated service solutions covering the whole product line of "investment, loans, bonds, equity, insurance and leasing" to meet the diversified financing needs of all customers. The Bank made every effort to provide high-quality financial services for the Beijing 2022 Winter Olympic and Paralympic Games, successfully implemented an e-CNY trial during the Winter Olympic Games and ensured that

all event-related financial services were carbon neutral through green construction, low-carbon operations and carbon allowance offsetting. The Bank realised the achievements of "zero infection, zero accident, zero mistake and zero complaint", thus making outstanding contributions to the success of the Winter Olympic Games. It set up five temporary outlets and four self-service centres in three competition areas and accepted 10,100 transactions from 8,687 institutional and personal customers. A total of 12,000 transactions were handled via various self-service machines and devices within the Winter Olympics campus. It cumulatively issued 20.75 million UnionPay Great Wall Ice and Snow Debit Cards, 11,900 Visa Winter Olympics Debit Cards and 1.92 million Winter Olympics Credit Cards. In the first half of 2022, the Group's corporate banking business in the Chinese mainland recorded an operating income of RMB95.836 billion, an increase of RMB4.262 billion or 4.65% compared with the same period of the prior year.

Corporate Deposits

Upholding its customer-centric approach, the Bank continued to consolidate its development foundations and remained committed to building a comprehensive and tiered marketing management system through scientific classification and targeted policy implementation. Focusing on customers' diversified financial needs, it further enhanced its cross-industry services, comprehensive marketing awareness and all-round service capabilities, and made the efforts to increase the scale of its AUM. Furthermore, by proactively integrating into the domestic and international dual circulations, the Bank strived to connect its business product channels for domestic settlement and international settlement, increased business volumes in payments and settlements, enhanced fund retention capacity, and boosted the sound and sustainable development of its deposit

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business. The Bank highlighted the strategic positioning of its administrative institution business, served the implementation of national strategies, and fulfilled the requirements of stabilising the economy. It accelerated digital transformation, pressed ahead with the building of a smart government services ecosystem, strengthened the “Head Office-to-headquarters” connection, consolidated the customer base, and continuously enhanced its market expansion ability. As at the end of 30 June 2022, RMB corporate deposits of the Group’s commercial banking in the Chinese mainland totalled RMB7,508.552 billion, an increase of RMB559.627 billion or 8.05% compared with the prior year-end, with the increase amount hitting a ten-year high and the market share of daily average deposits continuously increasing. Foreign currency corporate deposits amounted to USD104.376 billion, securing the leading position in the industry.

Corporate Loans

The Bank actively performed its responsibilities, deeply implemented the national development strategy and effectively improved the quality and efficiency of its service to the real economy. It devoted itself to the development of the modern industrial system, and backed efforts to bolster the nation’s strategic strengths in science and technology. It actively promoted a shift in service focus from traditional industries to new industries, new business forms and new business models, and increased credit extension to strategic emerging industries. It strived to promote the nation’s coordinated regional development strategy, supporting industrial upgrading and transfer as well as the development of city clusters in the Beijing-Tianjin-Hebei region and the Xiongan New Area. The Bank also increased its investment in the advanced manufacturing sector, high-quality service sector, new infrastructure construction, new urbanisation and other sectors in the Yangtze River Delta, and vigorously seized the

opportunities arising from the technology finance, industry finance and cross-border finance sectors of the Guangdong-Hong Kong-Macao Greater Bay Area. The Bank adopted policies tailoring to local conditions and pursued accelerated development in the ecological protection of the Yellow River basin, the development of modern agriculture and animal husbandry, new urbanisation, infrastructure connectivity, and the upgrading and transformation of traditional industries. It further stepped up its efforts to promote financial connectivity in the Chengdu-Chongqing economic circle, and energetically supported new forms of consumption. In addition, the Bank contributed to the development of the Hainan Free Trade Port and Smart Hainan, positioning itself as the first-choice bank for the free trade port. To serve the national strategy of expanding domestic demand, it increased support for consumption, capitalised on the new trend of consumption upgrading and accelerated the construction of scenario ecosystem. To serve common prosperity for all, the Bank continuously strengthened its inclusive finance services and made breakthroughs in online products. It also proactively integrated into the national rural revitalisation strategy and increased support for agricultural modernisation. To serve the nation’s ecological conservation strategy, it further boosted the development of green finance and improved relevant products and services, which in turn supported the sustainable development of the economy and society and helped the Bank to build a brand reputation for green finance. The Bank contributed to the high-quality opening up of the Chinese economy by providing solid financial services to the Belt and Road initiative and strengthening Chinese enterprises’ “Going Global” efforts and overseas economic and trade cooperation. As at the end of June 2022, RMB corporate loans of the Bank’s operations in the Chinese mainland totalled RMB8,017.478 billion, an increase of RMB893.831 billion or 12.55% compared with the

prior year-end, with the increase amount higher than that of the same period of the prior year. Foreign currency corporate loans totalled USD55.686 billion, an increase of USD4.011 billion or 7.76% compared with the prior year-end, maintaining its top position among peers. Specifically, technology finance loans grew by 17.21%, loans granted to strategic emerging industries grew by 67.00%, and manufacturing loans went up by 15.64% compared with the prior year-end.

Financial Institutions Business

The Bank continued to build up its integrated financial services platform and deepen all-round cooperation with various kinds of financial institutions, retaining a leading position in terms of customer coverage. It has maintained correspondent relationships with about 1,200 institutions around the world and has opened 1,417 cross-border RMB clearing accounts for correspondent banks from 116 countries and regions, thus securing a leading position among domestic banks. It promoted the RMB Cross-Border Interbank Payment System (CIPS) and signed cooperation agreements for indirect participants with 573 domestic and overseas financial institutions, seizing the largest market share among peers. The Bank's custodian service for Qualified Foreign Investors (QFI) and its agency service for overseas central banks and other sovereign institutions held leading positions in the industry in terms of both customer base and business scale. The Bank became one of the first settlement banks to facilitate Interbank-exchange-traded Bond Market Connect Business, and successfully supported the first transaction as the exclusive settlement bank for the conversion of Shanghai-listed B shares to Hong Kong-listed H shares. It assisted China Central Depository & Clearing Co., Ltd. in the issuance of the first green asset-backed securities in the free trade zone and the related transfer of proceeds, thus enhancing its brand image in the

financial factor markets. The Bank also strengthened cooperation with the Asian Infrastructure Investment Bank (AIIB), New Development Bank (NDB) and other multilateral development institutions. It assisted the AIIB and NDB, respectively, with the issuance of Panda bonds by serving as lead underwriter and lead bookrunner, and successfully marketed NDB's insurance business for super-sovereign organisations, the first of its kind in the Chinese mainland. As at the end of June 2022, the Bank had the largest market share in foreign currency deposits from financial institutions, and further increased its market share in terms of third-party funds under custody.

Transaction Banking

Actively adapting to the trend of FinTech innovation and the integrated financial needs of customers, the Bank vigorously developed its transaction banking business. It continued to strengthen financial support for the policy imperative of "ensuring stable foreign trade" and issued the *BOC Action Plan for Supporting High-quality Development of Foreign Trade and Making Cross-cyclical Adjustments to Ensure Stable Foreign Trade* and the *Action Plan for Seizing New Opportunities in RCEP Free Trade Zone to Develop a New Development Pattern of Dual Circulation*. The Bank organised the "100+10000" campaign to support the high-quality development of trade, and provided full support to the 131st China Import and Export Fair ("Canton Fair"). Moreover, the Bank maintained a leading position in the market in terms of international trade settlement, cross-border RMB settlement, cross-border guarantee business and cross-border cash pooling business. It promoted the digitalised, intelligent and scenario-based development of supply chain finance, and launched a new online financing product "BOC Smart Chain • Rong Yi Xin", moving online the full process of unsecured factoring financing services

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for multi-tier upstream suppliers on the industrial chain. In addition, the “BOC Smart Chain • BOC Cold-Chain Logistics Chain” was introduced to provide financial services for the whole industrial chain of cold-chain logistics. The Bank accelerated the digital transformation of its transaction banking business, innovatively launched “BOC Cross-border Remittance STP”, “BOC Cross-border E-Presentation” and other products, continuously improved its “Global Cash Management Platform+” product system, and accelerated the iteration and upgrading of its “BOC Intelligent Funds Supervision Service” system to further improve customer experience. The Bank improved its financial product system for new business patterns in foreign trade, and continued to expand its circle of partners in new business patterns such as cross-border e-commerce, market procurement trade, oversea warehouse, etc. It continued to optimise its account opening modes, providing micro and small-sized enterprises with an easy account opening service and promoting account opening reservation services via “one-stop” government platforms to increase the efficiency of its corporate account services.

Inclusive Finance

The Bank resolutely implemented national decisions and plans for stabilising the economy, followed regulatory policy requirements on all fronts, focused on the inclusive finance needs of micro and small-sized enterprises, and boosted the development of the real economy with high-quality and efficient inclusive finance services. It issued the *Thirty Measures on the Long-effect Mechanism for Being Confident, Willing, Able and Capable to Grant Loans to Micro and Small-sized Enterprises* to optimise the supply of financial services for micro and small-

sized enterprises. It provided financial support during pandemic prevention and control, and took emergency measures to ensure business continuity. It helped stabilise and promote employment through the “Inclusive Loan for Employment Promotion” action plan, and launched exclusive services in cooperation with platform enterprises based on the “Inclusive Loan for Supply Chain” to give batch-by-batch support to enterprises in relevant industries affected by the pandemic. The Bank strengthened financial services in key areas, promoted the development of featured outlets, organised a special campaign for “BOC Inclusive Services for Specialised, Refined, Featured and Innovative Enterprises”, and launched “Bancassurance Cooperation” to serve micro and small-sized foreign trade enterprises. In addition, it issued ten measures to support the diversified financial needs of “new citizens”, such as entrepreneurship and employment. The Bank accelerated the digital transformation of inclusive finance and launched online inclusive finance products such as “Industrial Housing Loan” and “Online Mortgage Loan”. It also strengthened credit information sharing and application, continuously improved product functions and enhanced its intelligent risk control system. As at the end of June 2022, the Bank’s outstanding inclusive finance loans granted to micro and small-sized enterprises reached RMB1,105.0 billion, an increase of 41.38% compared with the same period of the prior year and 25.36% compared with the prior year-end, outpacing the growth rate of the Bank’s total loans. The number of micro and small-sized business customers was nearly 0.7 million, higher than that at the beginning of the year. The average interest rate of new inclusive finance loans granted to micro and small-sized enterprises in the first half of 2022 was 3.87%. The quality of loans granted to micro and small-sized enterprises remained stable and manageable.

Pension Business

The Bank continuously provided a range of products including enterprise annuities, occupational annuities and employee benefit plans, intensified efforts in the building of inclusive pension finance and other scenario-based financial services ecosystems, and accelerated the strategic layout of its pension business, thus supporting the development of the silver economy on all fronts. As at 30 June 2022, pension funds held in trust by the Bank reached RMB156.124 billion, an increase of RMB14.579 billion or 10.30% compared with the prior year-end. The total number of enterprise annuity individual accounts held by the Bank reached 3.7757 million, an increase of 99,800 or 2.72% compared with the prior year-end. Pension assets under custody amounted to RMB860.695 billion, an increase of RMB77.193 billion or 9.85% compared with the prior year-end. The Bank provided enterprise annuity services for more than 17,000 institutional clients.

Digital Transformation of Corporate Banking

The Bank continuously improved its function of the global service platform of corporate banking customers and accelerated the promotion and application of the platform, enriched the data foundations of its platforms, acquired new customers via marketing insights based on multi-scenario, built up an unified core capability in data analysis and supported the differentiated management of corporate customers for different business lines, so as to continuously optimise the management of institutional effectiveness and enhance penetrating and refined management capabilities. The Bank also employed technology to improve risk management and compliance, implemented compliance requirements for local government financing business and launched a debt monitoring and security inquiry system. Empowering

green finance through intelligence, the first phase of its green finance management system was launched with a view to realising the intelligent identification and measurement of the environmental benefits arising from its green finance business.

Personal Banking

Adhering to the philosophy of professional development, with a customer-centric approach, the Bank shaped its retail banking business into one with wealth finance as the mainstay, cross-border finance and consumer finance as features, and key regions as breakthrough drivers. It remained committed to bolstering its development momentum, comprehensively accelerated digital transformation, and continued to promote the high-quality development of its personal banking business. In the first half of 2022, the Bank's personal banking business in the Chinese mainland realised an operating income of RMB111.429 billion, an increase of RMB8.117 billion or 7.86% compared with the same period of the prior year.

Account Management Business

Upholding the concept of "finance for the people", the Bank built a long-acting mechanism for personal banking account services, optimised financial services for "new citizens", and earnestly addressed the difficulties that flexible workers face in opening personal salary accounts. As the only official banking partner of both the Winter and Summer Olympic Games, the Bank provided all-round personal banking support to the Winter Olympics and developed Winter Olympics-themed annual bank statement for personal customers. The Bank provided inclusive, convenient and high-quality account management services, and constantly worked on fee reduction and profit concession. Since 1 February 2022, it has cancelled annual fees for personal debit cards and management fees for petty accounts.

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Wealth Finance Business

The Bank constantly implemented the national strategy of “common prosperity”. Based on the strategic development pattern of “One Mainstay, Two Engines”, the Bank provided wealth finance as its primary service to customers, leading to the high-quality development of its wealth finance business. As at the end of June 2022, the total financial assets under management of the Group’s personal customers exceeded RMB12 trillion. The Bank built a “Group-wide + market-wide” wealth finance platform, actively introduced innovative mutual fund products, and steadily expanded the scope of cooperation with wealth management companies. As at 30 June 2022, the Bank had established partnerships with eight wealth management companies, and the balance of its agency sales of personal customers’ wealth management products increased by 8.17% over the end of the previous year. It put more emphasis on asset allocation products, upgraded the “BOC Smart Investment” service brand, and provided asset allocation services for customers through product recommendation, asset diagnosis, intelligent automatic investment plan (AIP), etc. Adhering to the philosophy of professional development, the Bank pooled expertise and professional research capabilities and launched “BOC Investment Strategy”, featuring global investment research service covering stocks, bonds, currencies, commodities and other major asset categories, and consisting of daily, weekly, monthly, quarterly and annual reports. As at 30 June 2022, the Bank had established 8,146 wealth management centres and 1,107 prestigious wealth management centres in the Chinese mainland.

Consumer Finance Business

In strict compliance with national policies, the Bank increased the volume of loans and maintained steady

growth in housing loans and rapid development in non-housing consumer loans. It earnestly fulfilled concentration management requirements for residential mortgage loans, vigorously supported demand for first-time and improve-living-quality homes, and reduced financing costs for home buyers, facilitating the steady and healthy development of the real estate market. At the same time, the Bank continued to accelerate product promotion, innovation and upgrading, built an efficient and convenient consumer loan product system, and launched featured products and services aimed at “new citizens”, farmers and other customer groups, in a bid to promote the expansion of non-housing consumer loans and help stabilise the economy by boosting consumption. In addition, the Bank supported pandemic prevention and control, actively implemented the requirements of national policies, provided grace periods and deferred the repayment for people suffering from the pandemic, and implemented an interest exemption and deferred repayment policy for government-sponsored student loans to student bodies. The Bank continued to promote digital transformation and integration of scenarios, and accelerated the development of online products such as “BOC E-Loan”. It focused on large-amount consumption scenarios such as automobile purchase and home decoration, and strengthened its inclusive and green finance offers in auto finance services, making home decoration instalment become its “Second Largest Scenario”, developing a new layout for its traditional scenario-based instalment. The Bank focused on multiple resident consumption scenarios and promoted BOC E-instalment “Family Consumption Reserve Fund” brand services, so as to support the upgrading of residents’ consumption. As at 30 June 2022, the balance of personal RMB loans of the Group’s commercial banking business in the Chinese mainland was RMB5,581.755 billion, an increase of RMB120.110 billion or 2.20% compared with the prior year-end.

Private Banking Business

In order to accelerate the high-quality development of its private banking business, the Bank adhered to the concept of “private banking driven by the Group’s strength”, undertook the mission of serving the real economy with private banking services and improved professional, comprehensive and globalised financial services. It launched a new brand identity for BOC Private Banking and promoted its service concept of managing the value of wealth. It deepened research into investment strategies, built an asset allocation platform, increased a variety of products with public welfare features, thus contributing to common prosperity. It also promoted family trust services. The number of family trust service customers grew by 63.72% compared with the prior year-end. It launched an innovative service of “entrepreneurs’ office”, which is designed on the perspective of entrepreneurs, centred on highly tailored wealth value management and set to be a top private banking service pooling the Group’s resources. The entrepreneurs’ office provided all-around, full-cycle and globally-integrated and professional service platform to assist entrepreneurs in achieving their long-term personal, family, enterprise and social responsibility development visions. The Bank continued to build its Asia-Pacific private banking platform and consolidated the advantages of the Bank’s globally integrated services. The Bank strengthened the constructions of its private banking channels and professional team, establishing 167 private banking centres in the Chinese mainland. As at 30 June 2022, the Group had 0.1550 million private banking customers with RMB2.33 trillion of financial assets under management. In the first half of 2022, the Bank was again awarded “Overall Best State-owned Private Bank in China” by *Asiamoney*. It was recognised by *Asian Private Banker* as the “Best National Private Bank in China” for the fourth consecutive year, and was

honoured the “Best Private Bank in China — Asset Allocation Services and Research” and “Best Private Bank in China — Services for Business Entrepreneurs”. It also won “Best Private Bank in China — Risk Management” from *Wealth Management*.

Personal Foreign Exchange Business

The Bank actively adapted to a changing market environment and shifting customer demands, consolidated its leading edge in cross-border finance and continued to optimise its personal foreign exchange services. The Bank offered personal foreign currency deposit and withdrawal services in 25 currencies and personal foreign exchange services in 39 currencies, securing the leading position among peers. Focusing on key customer groups, key regions and key businesses, the Bank accelerated product and service innovation and continued to promote the development of digital currency systems for currency exchange. In addition, it promoted online processes for traditional business services and was the first bank in the industry to support the conversion of foreign currencies into e-CNY via self-service exchange machines, providing foreign exchange services in eight languages covering 18 currencies and 169 kinds of face value. Its foreign exchange cash reservation service was available in major cities in the Chinese mainland and via multiple channels such as mobile banking, WeChat banking and online banking, and was integrated into platforms such as China’s online government affairs service platform and JegoTrip APP. The Bank attached great importance to providing personal foreign exchange services and support to the Beijing 2022 Winter Olympics, offered a “green channel” of foreign exchange business to Winter Olympics short-term visitors, made efforts to improve the micro-payment experience for visitors to China, and accomplished connected systems and unified operation and management of authorised foreign currency exchange hotels, thus greatly

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reinforcing its brand image as an official banking partner of both the Winter and Summer Olympic Games. As at 30 June 2022, the personal foreign currency deposits of the Group's commercial banking business in the Chinese mainland amounted to USD46.172 billion, outperforming peers in terms of personal cross-border business income, the business volume of foreign currency exchange against RMB, and the market share of foreign currency personal deposits.

Bank Card Business

Persisting the concept of high-quality development, the Bank implemented a digital transformation strategy to continuously accelerate the development of its bank card business. It steadily advanced its debit card business and worked to enhance its brand competitiveness. It optimised its debit card services and issued more than 20 million debit cards themed on the Beijing 2022 Winter Olympics and winter sports. The Bank's social security card business was further expanded. As at 30 June 2022, the Bank had cumulatively issued 117.9941 million physical and 12.5291 million electronic social security cards. It endeavoured to improve rail travel services and extended Railway e-Card service to 64 railway lines, covering national strategic regions such as the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta, the Beijing-Tianjin-Hebei region, the Chengdu-Chongqing economic circle and the Hainan Free Trade Port, serving over 8 million customers. The Bank optimised its products and services and stepped up the high-quality development of its credit card business. Serving the goal of engaging "300 million people on the ice and snow", it promoted Winter Olympics-themed credit card products and successfully delivered payment acceptance in Winter Olympic venues and key scenarios related to the Olympics. It strengthened Group-wide coordination and

collaboration, providing convenient credit card services for high-quality customers, so as to promote the growth of active users. To facilitate a recovery in automobile consumption, the Bank cooperated with mainstream automobile brands to launch multiple subsidy products for auto finance fees, thus reducing the financing costs of automobile purchases. It enhanced digital services to facilitate its credit card instalment, established online financial service cooperation with new energy vehicle brands, launched the "Instalment Mobile Office PAD" service tool, and optimised the layout of its "consumer finance (credit cards) featured outlets". In order to assist the recovery of the commercial economy, the Bank launched the "BOC Benefit Day — Super Weekend" campaign, focusing on restaurants, department stores, convenience stores and fresh groceries and other sectors. In response to the nation's key regional development strategies, the Bank supported the development of Beijing, Shanghai, Tianjin, Chongqing, Guangzhou, etc., as international consumption centres, selected key shopping areas as planned by local government for consumption stimulation, and jointly launched the "discount upon purchase" marketing campaign. As at 30 June 2022, the Bank had issued a total of 136.9679 million credit cards. In the first half of 2022, credit card consumption amounted to RMB728.869 billion, including RMB169.429 billion from credit card instalments.

Digital Transformation of Personal Banking

The Bank accelerated the digital transformation of its personal banking business so as to empower high-quality development of personal finance business. It adopted a system-building philosophy based on sharing and reuse, and enhanced its digital capabilities focusing on eight priority areas, namely integrated and collaborative channel management, agile and customised products and services, closed-loop and

collaborative digital marketing, intensive and efficient smart operations, unified and shared data asset mining and application, smart and multi-dimensional internal risk control and management, open and shared scenario ecosystem building and accurate customer insight. It established a digital business development model and successfully launched the “Smart Reach 2.0” digital marketing system, creating a customer-oriented digital marketing model. It actively promoted digitalised products, in a bid to enhance its online service capabilities. As at 30 June 2022, the volume of the Bank’s mobile banking transactions reached RMB22.94 trillion, up 16.15% compared with the same period of the prior year. The number of monthly active mobile banking customers stood at 73.67 million.

Financial Markets Business

The Bank actively supported national strategies, closely tracked global financial market dynamics and grasped the direction of the development of the real economy. It continuously adjusted its business structure, stepped up efforts to ensure prudent operations and compliance with regulatory requirements, thus consolidating its leading position in financial markets business and achieving high-quality development of its financial markets business.

Securities Investment Business

By strengthening its macroeconomic situation and market interest rates forecasting and analysis capabilities, the Bank proactively seized market opportunities and dynamically adjusted its investment portfolio in a bid to mitigate portfolio risk. It supported the development of the real economy, increased the proportion of key fields such as local government bonds and green bonds in its RMB investment portfolios, and took a leading position in the market in terms of investment in green debt financing

instruments. Following trends in global bond markets, the Bank actively responded to the impact of US dollar interest rate hikes and intensified efforts to increase the yield of its foreign currency investment portfolios and optimise its foreign currency bond investment portfolio. The Bank actively invested in bonds issued by large state-owned enterprises and green bonds, and strictly controlled credit risk.

Trading Business

The Bank continuously improved its financial markets business systems, consolidated its development foundations and enhanced its comprehensive customer service capabilities. It outperformed peers in terms of market share of foreign currency exchange against RMB, with the Bank providing 40 currency pairs available for exchange. It also led the domestic market in terms of the variety and total number of tradable foreign currencies. To fulfill the hedging needs of the real economy, the Bank actively publicised the concept of FX risk neutrality and made comprehensive use of financial market trading instruments to help enterprises enhance their risk management. It also launched new service models that steadily increased its hedging service coverage among micro, small and medium-sized enterprises and inclusive finance customers. Seizing opportunities arising from the two-way opening up of financial markets and relying on a multi-tier service system “integrating trading, sales and research”, the Bank took steps to expand its overseas institutional investor customer base and provide high-quality trading services for domestic bonds and derivatives. It improved its research system and advanced the sharing of research resources and capabilities. In response to market risk fluctuations, the Bank further optimised credit risk management, continuously strengthened product and agreement management, effectively enhancing its risk control capacity.

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Investment Banking Business

The Bank followed its mission to serve the real economy, leveraged the operational advantages of its international business and diversified services, and strived to deliver an integrated “commercial banking + investment banking” service system. Focused on national strategies, it increased efforts to develop its direct financing and investment banking advisory businesses, including domestic and overseas bond underwriting and distribution, asset-backed securitisation (ABS), etc., in order to fully meet customers’ “domestic + overseas” and “financing + intelligent” needs for comprehensive financial services. To facilitate the development of China’s capital markets and its two-way opening up, the Bank underwrote bonds in the China interbank bond market with a total amount of RMB826.246 billion in the first half of 2022. It actively promoted asset-backed securitisation underwriting business and maintained a leading position in terms of market share in ABS underwriting in the China interbank bond market. The Bank also actively supported the issuance of green bonds. It underwrote the first batch of transition bonds, and helped non-financial enterprises and financial institutions issue green bonds of a total amount of RMB112.092 billion. In addition, the Bank further sharpened its competitive advantages in cross-border underwriting business and maintained the largest market share in both offshore China bond underwriting and Panda bond underwriting. As a result, the brand influence of “BOC Debt Capital Markets” was continuously enhanced. The Bank continued to build its professional financial advisory service system and strengthened Group-level coordination. It provided clients with professional financial advisory services such as M&A, debt restructuring, divestitures, equity financing and project financing. It served clients including Chinese central state-owned enterprises, local state-owned enterprises and private enterprises in relation to several acquisitions and project financing.

Asset Management Business

The Bank leveraged the competitive advantages of its international and comprehensive operations, seized market opportunities brought about by the continuous increase in residents’ wealth, and devoted more resources to its asset management business in order to become a best-in-class asset management group. It effectively connected financing and investment and promoted the development of green finance, cross-border finance and wealth finance, with the aim of serving the real economy as well as preserving and increasing the value of residents’ wealth. The Bank stepped up the issuance of various special themed innovative products and enriched its themed product systems such as green, technology and cross-border. Its cross-border wealth management products led the industry in terms of scale.

The Asset Management Committee of the Bank is responsible for the overall management and top-level design of the asset management business line. The Bank carried out asset management business through BOC Wealth Management, BOCIM, BOC Securities, BOC Asset, BOC Hong Kong Asset Management, BOCI-Prudential Asset Management Limited, Bank of China (Europe) S.A., providing individual and institutional investors with access to local and foreign currency products with a comprehensive range of asset classes, diversified investment strategies and a complete investment cycle. The Bank’s business scale and market share continued to grow. As at 30 June 2022, the Bank’s AUM reached RMB3.24 trillion.

Custody Business

The Bank insisted on serving the major national strategies as the guide and serving the real economy as the core to continuously promote the overall high-quality development of its custody business. It built a smart operation system and continued to improve the quality

and efficiency of its custody services. Boasting high-level custody operation professionals and an efficient custody operation service system, the Bank further improved its direct connection rate with custody service customers on the basis of its connectivity with major financial market infrastructures, realising high-quality and efficient processing of direct instructions, real-time settlement, one-click valuation, automatic information disclosure, customer self-service terminals, etc. It paid close attention to the development of its performance evaluation business, expanded the extension of custody value-added services, and optimised the functions of the securities safety management unit for custody service customers. It continued to perfect the emergency system construction for custody operation services, effectively improved its risk management capabilities, ensured the provision of continuous and high-quality custody services under various emergency scenarios, and helped protect the interests of investors and the steady development of financial markets. The Bank made efforts to support the building of multi-tier pension security system, kept pushing forward key annuity and insurance fund custody programmes. As at 30 June 2022, total assets of the Group's custody business amounted to RMB15.36 trillion, an increase of 0.84% compared with the prior year-end. In particular, its pension finance assets under custody reached RMB21.5 billion. The Bank retained its leading position in terms of the size of mutual funds under custody among major Chinese peers, stayed at first echelon in the industry in terms of the number and size of newly-issued mutual funds under custody, and steadily increased its market share of income of its custody business.

Digital Transformation of Financial Markets

The Bank continuously enhanced its online service capabilities, made customer transactions more convenient and realised a rapid growth in the transaction volume and customer base of its corporate e-channels. It also made steady progress in the building of its quantitative trading platform, designed and developed quantitative trading strategies, and strengthened its quantitative trading capacity.

Village Bank

BOC Fullerton Community Bank actively implemented the national strategy of rural revitalisation according to the development concept of "focusing on county area development, supporting farmers and small-sized enterprises, and growing together with communities". It is committed to providing modern financial services to farmers, county-level micro and small-sized enterprises, individual merchants and wage earners, developing inclusive finance and facilitating rural revitalisation. As at 30 June 2022, BOC Fullerton Community Bank controlled 132 village banks with 189 sub-branches in 22 provinces (including municipalities directly under the Central Government) through establishment and acquisition, of which 86 legal-person banks were located in the mid-west region. With the approval of the CBIRC Hebei Office, BOC Fullerton Community Bank completed the equity integration and registered capital change on 31 May 2022, with its registered capital increasing to RMB10.585 billion.

BOC Fullerton Community Bank continuously improved its product and service system and achieved a steady growth in business performance. As at 30 June 2022, the balances of total deposits and loans of these banks stood at RMB63.620 billion and RMB73.478 billion respectively. The NPL ratio was 1.85%, and the ratio of allowance for loan impairment losses to non-performing loans was 199.75%. In the first half of 2022, BOC Fullerton Community Bank achieved a profit for the period of RMB440 million.

Globalised Operation

As the most globalised Chinese bank, the Bank solidly pushed forward its globalisation agenda and continuously improved its global services and global management capabilities. It actively served China's new development pattern and the national strategy of higher-standard opening up, and facilitated smooth flows in the domestic economy and in the dual circulation paradigm with domestic and international

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circulations reinforcing each other. The Bank has been an active contributor at bilateral and multilateral international financial organisations, engaged in the formulation of a range of international standards and rules, and used its presence at venues of high-level international conferences to represent the interest of and promote the influence of China's finance. The Bank also tapped into development opportunities to better serve the two-way trade and investment, and to advance high-quality "Bringing In" and high-level "Going Global" endeavours, effectively enhancing its value-creation capacity. As at 30 June 2022, the Bank's overseas commercial banking business realised customer deposits and loans of USD508.819 billion and USD429.534 billion respectively, an increase of 1.49% and 1.32% compared with the prior year-end. In the first half of 2022, the Bank's overseas commercial banking business achieved a profit before income tax of USD3.685 billion, an increase of 1.18% compared with the same period of the prior year, accounting for 15.77% of the Group's total profit before income tax.

To meet global customers' needs for financial services, the Bank continued to improve its institutional layout in countries along the Belt and Road as well as its global service network. As at 30 June 2022, the Bank had 548 overseas institutions, covering 62 countries and regions, including 42 countries along the Belt and Road.

The Bank continued to optimise its approaches in managing overseas network and operating global businesses. It achieved phased progress in the construction and management of overseas regional headquarters. Bank of China (Luxembourg) S.A. was restructured into an Intermediate Parent Undertaking in the EU and renamed Bank of China (Europe) S.A., and equity adjustments of Bank of China (Central and Eastern Europe) Limited and Bank of China Srbija A.D. Beograd were completed. The Bank also further promoted integrated operation, and thus improved its expertise and capacities for providing quality services. In

addition, the Bank continued to categorise its branches and subsidiaries outside the Chinese mainland based on their historical status and market positions, and reviewed and revised its Market-by-Market Strategies for overseas operations, creating further synergy between its domestic and overseas institutions. In this way, the Bank improved its capabilities to support the global development of its customers, and continuously provided high-quality financial services for their "Bringing In" and "Going Global" efforts.

Corporate Banking

Keeping a close eye on changes in global markets, the Bank strengthened its analysis of market trends and risk management, and took effective measures in line with local conditions to ensure the stable and sustainable development of its overseas corporate banking business. It gave full play to its advantages in globalised and integrated operations, pushed forward the integration of its domestic and overseas operations, and facilitated smooth domestic and international circulations, thus making positive contributions to both China's economic development and the global economic recovery.

The Bank gave full play to the advantages arising from its global institution network and conducted all-round cooperation with various kinds of financial institutions in areas such as clearing, settlement, lending, investment, custody, treasury operations and comprehensive capital market services. As a result, the Bank further expanded its customer base and enhanced its international influence. Making agile response to market fluctuations, the Bank actively provided market advice to overseas institutional customers and promoted the investment value of RMB to medium and long-term investors around the world. As such, it enjoyed steady growth in its overseas institutional investor customer base. Moreover, the Bank made full use of its international partnership network, drew on advanced

global expertise and established a peer communication and cooperation mechanism to continually strengthen its participation in ESG-related fields across the world. Focusing on bilateral trade and related customers, the Bank gave full play to its unique advantages in both domestic and foreign markets to mobilise resources of the Group and serve customers that engage in both the domestic and international circulations, thus achieving steady growth in overseas institutions international settlement and trade finance business, improving its global strategic synergies, and enhancing the quality and effectiveness of its customer services.

Following the national policy of “facilitating cross-border funds”, the Bank continuously improved the overseas functions of its cash management services and leveraged the synergistic effects arising from “One Mainstay, Two Engines” to provide cross-border fund management services for multinational enterprises and further improve its integrated service capabilities.

Personal Banking

The Bank continued to leverage its advantages in globalised operations and established personal banking presence in over 30 countries and regions, serving over 6 million customers. It improved its overseas service system for personal customers, provided customers with account, settlement and electronic channel services, and delivered wealth management and private banking services in Hong Kong (China), Macao (China) and Singapore.

Leveraging its advantages in globalised network and personal cross-border business, the Bank built a one-stop comprehensive service platform for cross-border related needs covering the whole service process, and provided full-chain, all-round financial services for students studying abroad, expatriates, overseas business travellers and visitors to the Chinese mainland. It continuously promoted innovation and optimisation in cross-border products, connected to market procurement

trade information platform systems in pilot areas, and launched online foreign exchange collection and settlement services for market procurement trade in Wuhan, Hubei Province and Manzhouli, Inner Mongolia Autonomous Region. The Bank stepped up efforts to meet the cross-border financial needs of customers in key regions. As at 30 June 2022, the Bank had opened a total of over 0.183 million domestic RMB settlement accounts via BOCHK’s “Greater Bay Area Account Opening” service, and the total number of WMC Northbound and Southbound subscribers in the Guangdong-Hong Kong-Macao Greater Bay Area amounted to 19,000, securing the leading market share. The Bank steadily expanded its overseas private banking and wealth management services and made efforts to develop its Asia-Pacific private banking platform, thus consolidating the advantages of its globally integrated services. It also stepped up the promotion of overseas versions of its mobile banking platform, expanding services to 30 countries and regions.

Following the principle of Market-by-Market Strategies, the Bank promoted bank card acquiring business in its overseas branches, providing high-quality payment acceptance services to domestic and overseas cardholders. Leveraging its advantages in cross-border credit card operations, the Bank followed cross-border market trends and placed emphasis on expanding and maintaining customer groups of students studying abroad. It launched the “cash back for purchase abroad” marketing offer for BOC Overseas Student Credit Card holders, so as to increase the volume of cross-border transactions.

Financial Markets Business

The Bank made moderate progress in terms of its overseas institutions’ investment businesses while steadily improved the global integrated management of its investment operations and strengthened risk control.

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Taking full advantage of its globalised operations, the Bank enhanced its operational capacity building in Hong Kong, London and New York so as to provide stable and continuous quotation services worldwide, and steadily improved its comprehensive financial service capabilities for customers. In line with national strategies, the Bank vigorously developed RMB futures business at exchanges in Singapore, South Korea and other countries and regions as well as Taiwan of China and actively provided RMB market-making and quotation services in Russia, Kazakhstan, South Korea and other countries, in a bid to promote the development of the overseas offshore RMB market. The Hong Kong Offshore RMB Trading Centre continued to expand its product coverage and improve its market-making and operational capabilities, thus facilitating RMB internationalisation based on offshore market. The London Trading Centre implemented centralised trading operations to strengthen business support for the Bank's branches in Europe, Africa and the Middle East. In the first half of 2022, the Bank underwrote RMB11.291 billion of Panda bonds, ranking first among peers with a market share of 22.10%, and underwrote USD3.582 billion of offshore China bonds, ranking first among peers with a market share of 6.52%. It placed first among Chinese banks in underwriting Asia (ex-Japan) G3 currency bonds, reaching a total of USD3.941 billion and securing a market share of 3.31% during the period. It also remained a leading position among Chinese peers in terms of cross-border custody business, and further improved custody services for global customers.

In line with the national strategies of high-level opening up, the Bank actively participated in innovative business which interconnected domestic and overseas capital markets and became the first custodian bank to provide related cross-border custody services for foreign institutions investing directly in the exchange bond market. The Bank also vigorously expanded its cross-border custody business for Global Depository Receipts (GDR). As at 30 June 2022, it ranked first among Chinese peers in terms of GDR custody scale and in terms of cross-border custody scale.

Clearing Business

The Bank actively contributed to the internationalisation of RMB and strongly promoted its cross-border use, thus further consolidating its leading edge in international payments. As at 30 June 2022, the Bank accounted for 13 of the world's 27 authorised RMB clearing banks, continuing to lead its peers. It provided continuous support to expand the global coverage of the RMB Cross-Border Interbank Payment System (CIPS). The Group ranked first in terms of the number of CIPS direct participants and indirect participants. In the first half of 2022, the Group's cross-border RMB clearing transactions totalled RMB367 trillion, an increase of more than 18% compared with the same period of the prior year, maintaining the leading position in the global market.

Digital Transformation and Online Service Channels

The Bank accelerated digital transformation, improved the globalised service system for online products, expanded the coverage of its overseas corporate online banking services and improved its capabilities for providing e-finance services to global enterprises. Relying on the Group's integrated e-finance service platform, it worked to expand its clearing channels and salary payment services, and consolidated its leading position among Chinese banks in overseas corporate online banking services. As at 30 June 2022, the Bank offered overseas corporate online banking services in 51 countries and regions, and in 15 languages including Chinese, English, Korean, Japanese, German, French and Russian.

The Bank built a comprehensive overseas management platform for promoting the online approval and processing internal matters, thus effectively improving working efficiency. It advanced its overseas regulatory reporting data services to realise automatic reporting of regulatory data. The Bank piloted an overseas mobile investment and trading platform as well as "remote account opening" services, providing online wealth management and instant

account opening functions via the overseas version of its mobile banking services. Leveraging its cross-border financial resources, the Bank launched eMPay, a cross-border e-commerce payment product which significantly increased merchants' capital turnover.

BOCHK

As a Hong Kong listed banking group controlled by the Bank, BOCHK is one of the three note-issuing banks in Hong Kong. BOCHK continued to deeply cultivate the Hong Kong market and actively expanded its business in Southeast Asia. It earnestly implemented the spirit of the Group's 14th Five-Year Plan and upheld its customer-centric philosophy with a view to achieving high-quality growth. Practicing the concept of sustainable development, BOCHK promoted the development of green and inclusive finance. It strengthened its regional integrated development and improved the quality and efficiency of its Southeast Asian entities' businesses. It enhanced its integrated financial service capabilities and reinforced its competitive advantages in the Hong Kong market. BOCHK placed emphasis on advancing its cross-border business by actively capturing market opportunities arising from national policies, and continuously strengthened its technological foundations so as to deepen digital transformation. As at 30 June 2022, BOCHK's issued share capital was HKD52.864 billion. Its total assets amounted to HKD3,621.134 billion and net assets reached HKD324.515 billion. In the first half of 2022, its profit for the period was HKD14.417 billion.

BOCHK practiced the concept of high-quality development and promoted green and inclusive finance. Upholding its green and sustainable development philosophy, BOCHK put into practice low-carbon and high-efficiency operational initiatives while also enriching its green finance product and service offering in order to seize green finance business opportunities stemming from Carbon Neutrality targets. It rolled out a retail green bond trading service platform via mobile

banking and launched a green personal loan service, both being the first of their kind in Hong Kong. It executed its first green repo transaction, continuously expanded its sustainability-linked loans and green mortgage businesses, introduced green time deposit products, and continued to offer a number of services, including green bond underwriting, green consulting and green cash management. BOCHK cooperated with S&P Dow Jones Indices and launched the "S&P BOCHK GBA Climate Transition Index", the first climate transition index covering listed companies in the Guangdong-Hong Kong-Macao Great Bay Area. BOCHK enhanced its financial support initiatives and continued to support and participate in various financial support schemes for SMEs introduced by the HKSAR Government and HKMA, so as to help SMEs cope with changes in the operating environment. BOCHK participated in the HKMA's Commercial Data Interchange project, which enabled commercial data to be used as credit supports for SMEs, and introduced the BOCHK Bill Merchant Loan Programme, which made use of BoC Bill transaction data in the credit approval process, relieving the pain points of SME customers in raising finance. All of the above contributed to the development of inclusive finance. In addition, BOCHK signed a memorandum of understanding to become a cornerstone member of the Alliance for Green Commercial Banks, thus making every effort to advance green and sustainable finance.

BOCHK strengthened its regional management mechanism and improved the quality and efficiency of its Southeast Asian businesses. BOCHK kept strengthening its regional integrated management and remained committed to pursuing regional integrated development by implementing market-by-market approach in order to effectively enhance its Southeast Asian entities' development capacities and notably improved regional competitiveness. It seized opportunities from the

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enactment of the Regional Comprehensive Economic Partnership (RCEP) and focused on the development of the Belt and Road and “Going-Out” projects as well as business opportunities from large corporate customers in the region. Concrete results were achieved in Southeast Asian industrial park projects, and BOCHK maintained the leading position in cross-border RMB business in a number of countries. BOCHK promoted green finance in the region, with BOCHK Vientiane Branch introducing its first certified green deposits in Laos and BOCHK Manila Branch participating in the Government of the Philippines’s USD sovereign bond issuance. BOCHK stepped up its efforts to enrich the suite of products and services offered in the region. Its intelligent Global Transaction Banking (iGTB) Platform coverage was expanded to eight Southeast Asian countries. BOCHK Phnom Penh Branch launched its UnionPay QR code payment service and cross-border account opening service for BOCHK personal accounts via mobile banking, and Bank of China (Thai) Public Company Limited, Bank of China (Malaysia) Berhad and BOCHK Manila Branch each initiated an online RMB salary direct remittance service. Adhering to its risk management approach, BOCHK regularly monitored and optimised the structure and quality of its credit portfolio with a view to strengthening the synergistic mechanism between regional business development and risk management, and enhancing its risk management capabilities in market risk, interest rate risk, liquidity risk, etc.

BOCHK enhanced its integrated financial service capabilities and reinforced its competitive advantages in the Hong Kong market. BOCHK gave full play to the synergistic effects of deepening internal and external collaboration and outperformed the market average in Hong Kong in terms of total customer deposits and loans growth as well as asset quality. It provided additional support to major projects and expanded its supply chain finance business. It maintained its top market share as an arranger bank in the Hong Kong-Macao syndicated loan market and as an IPO receiving

bank. To ensure continuous business operations during the pandemic, BOCHK enhanced the capacity and efficiency of its online financial services with innovative technology, registering stable growth in the number of personal customers using its electronic channels, a year-on-year increase in online mortgage applications and the number of transactions executed via mobile banking, as well as steady growth in the scale of its consumer finance businesses such as BoC Pay and BoC Bill. It endeavoured to strengthen the breadth and depth of its wealth management business, reinforced its leading edge in its core products, and maintained its top market position in terms of the total number of new mortgage loans. BOCHK further expanded the development of its key business such as trade finance, payments and settlement, and treasury businesses, and secured market leadership in the cash pooling business. It strengthened exclusive products and corresponding services for high-end customers, leading to steady growth in terms of number of related customers and assets under management. It launched “Banking TrendyToo”, a brand targeting a younger customer segment with a view to assisting young clients to fulfil their financial goals by better aligning their financial needs and lifestyle.

BOCHK vigorously captured market opportunities arising from national policies and consolidated its prominent position in cross-border business. Seizing opportunities arising from national policies, BOCHK facilitated the development of innovative technology enterprises based in major regions such as the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta and the Beijing-Tianjin-Hebei region by offering them diversified products and services. It also continuously monitored the development plan and business opportunities arising from Hong Kong’s Northern Metropolis area so as to cultivate new business growth drivers. To satisfy increasing customers’ investing demand for RMB products, BOCHK rolled out “RMB One”, a series of RMB product promotions. It also introduced a number of facilitative measures to

remotely support cross-border customers and enhance customer experience, and recorded steady growth in the total number of accounts opened under the “Greater Bay Area Account Opening Service”. BOCHK enhanced the product and service suite of “Bank of China Cross-Boundary Wealth Management Connect”, with the aggregate number of accounts opened for both Southbound and Northbound services ranking among the top tier in Hong Kong. Clearing volumes grew year-on-year as BOCHK capitalised on its role as the RMB clearing bank in Hong Kong. It remained committed to cultivating the offshore RMB market, making solid efforts to innovate and promote RMB products in the region and assist local peers in Southeast Asia to apply for the indirect participant qualification of the Cross-border Interbank Payment System (CIPS) and to open RMB accounts. BOCHK Vientiane Branch and BOCHK Brunei Branch both successfully undertook their first RMB trade-related business transactions.

BOCHK accelerated the integration of technology into its products and services with the aim of building a full-scale digital bank. BOCHK continuously pushed forward digital transformation and promoted integration of technology and business, so as to provide customers with high-quality digital services and experiences. Adhering to the principle of collaboration for mutual growth, BOCHK drew on different customer segments and ecologies to construct innovative business models, with a view to facilitating the development of ecological, open and scenario-based banking services. It upheld the concept of value creation and deepened integration between products and services, so as to optimise its integrated product and service solutions. Guided by its customer-centric philosophy, BOCHK reviewed end-to-end workflows with the aim of providing its customers with omni-channel and seamless services. To move towards intelligent internal management, it constructed a smart operational system

to comprehensively enhance management efficiency. In addition, BOCHK refined its policies and systems, optimised agile methodologies, deepened technological empowerment, fostered digital talent and encouraged an innovative culture, laying a solid foundation for its long-term development.

(Please refer to the interim report of BOCHK for a full review of BOCHK’s business performance and related information.)

Comprehensive Operation

As the first large commercial bank to explore comprehensive operation area, the Bank has developed to engage in such main fields as investment banking, asset management, insurance, direct investment, leasing, consumer finance and financial technology. It implements national strategies and remains committed to sharpening differentiated advantages based on its integrated operations and developing integrated operations as a driver of value creation, functional innovation and mechanism exploration for the Group. Guided by the Group’s strategies, centred on customer needs and based on corporate governance, the Bank strives to enhance the synergy and interaction between commercial banks and comprehensive operation companies, and supports the development of the real economy with high-quality integrated financial services.

In the first half of 2022, the Bank further optimised the synergistic mechanisms between the Bank and its comprehensive operation companies, reviewed and revised the rules for the regional joint meetings and synergy offices for integrated management, and provided synergy-related support. It continuously improved the Group-wide management and control mechanism of its integrated operations and advanced the implementation of special plans for

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integrated development. At the same time, the Bank stepped up efforts towards building its director and supervisor teams, and optimised its performance evaluation mechanism. It also continuously enhanced its comprehensive risk management capabilities, thereby advancing the high-quality development of its integrated operations.

Investment Banking Business

BOCI

The Bank is engaged in investment banking business through BOCI. As at 30 June 2022, BOCI had an issued share capital of HKD3.539 billion, total assets of HKD94.572 billion, and net assets of HKD22.082 billion. In the first half of 2022, BOCI realised a profit for the period of HKD290 million.

BOCI consolidated its advantages in traditional investment banking and accelerated the development of its wealth management and asset management business. It refined its comprehensive risk management system to support business innovation, and fostered the new development pattern in which domestic and international circulations reinforce each other through its activities in equity and bond financing, cross-border wealth management, M&A, asset management, employee stock ownership plan (ESOP) and global commodities. BOCI improved international integrated investment banking service capabilities, strengthened Group-wide synergistic collaboration and executed several large projects, including the IPO listing of Huitongda Network Co., Ltd. and TI Cloud Inc. on the Hong Kong Stock Exchange and the rights issue placement of Yuexiu Real Estate Investment Trust. It participated in the issuance of a multi-tranche USD

bond and the first green bond of Airport Authority Hong Kong, as well as the issuance of several Chinese institutions' overseas green bonds. BOCI expanded its equity investment and private equity fund management business, and completed listing or secured listing approval for several equity investment projects. It enhanced the competitive edge of its ESOP business, expanding the functions and coverage of its management platform to improve customer experience and enhance operating efficiency. It optimised its wealth management service, improved its mobile securities services, continuously expanded FinTech application scenarios, and continued to enrich the functions of its intelligent stock selection, bond platform and other systems by actively introducing ESG elements. BOCI also accelerated the transformation of its traditional brokerage business to wealth management, and provided customers with services such as investment consulting, portfolio building and diversified asset investment. The trading volume of over-the-counter equity derivatives maintained great performance. The "BOCI Greater Bay Area Leaders Index" continued to outperform its peers. BOCI continued to improve its asset management capabilities by developing and promoting ESG indices and products. BOCI-Prudential Asset Management Limited, a subsidiary of BOCI, maintained its position as a top-ranked service provider in the Hong Kong Mandatory Provident Fund (MPF) and Macao Pension Fund businesses. Sixteen eligible funds under the Cross-boundary Wealth Management Connect scheme have been listed in Hong Kong. It accelerated the construction of a world-wide centre of commodities and proactively facilitated the internationalisation of the onshore commodity futures market, vigorously developed natural gas and other types of products, and assisted with the low-carbon transformation of energy enterprises.

BOCI China

BOCI China engages in securities-related business in the Chinese mainland. As at 30 June 2022, the registered capital of BOCI China was RMB2.778 billion.

BOCI China promoted business transformation through technological empowerment, focused on the wealth management needs of individual customers, constructed a customer-centric product system, refined its comprehensive service process for wealth management, and improved the service capability of its investment advisors. It received approval to begin conducting mutual fund advisory business. Deepening its synergistic advantages of “investment banking + commercial banking”, “investment banking + investment” and “domestic + overseas”, and targeting key client groups and key industries, BOCI China shifted its investment banking business focus towards transaction-driven comprehensive financial services. It drew up blueprints for technology finance, green finance and other national strategic areas, establishing benchmarks by making its first deal for low carbon transition bonds and sustainable development bonds in the exchange market. Its asset management business continued to transform towards active management services and further improved its customer service capabilities. In addition, the brand reputation of its research products was further enhanced. BOCI China ranked 3rd and 12th for the size of assets under management and asset management net income respectively, demonstrating its continuously increasing market influence.

(Please refer to the interim report of BOCI China for a full review of its business performance and related information.)

Asset Management Business

BOCIM

The Bank is engaged in fund management business in the Chinese mainland through BOCIM. As at 30 June 2022, BOCIM’s registered capital amounted to RMB100 million, its total assets stood at RMB6.184 billion and its net assets totalled RMB4.686 billion. In the first half of 2022, BOCIM realised a profit for the period of RMB377 million.

BOCIM steadily expanded its asset management business, achieved stable profitability and maintained robust and good internal control and risk management. As at 30 June 2022, BOCIM’s AUM stood at RMB496.188 billion. Specifically, its public-offered funds reached RMB406.475 billion and its public-offered funds excluding money market funds were RMB272.814 billion.

BOC Wealth Management

The Bank is engaged in wealth management business in the Chinese mainland through BOC Wealth Management. BOC Wealth Management’s business includes wealth management products for the general public, wealth management products for qualified investors, advisory and consulting, and other asset management-related business. As at 30 June 2022, BOC Wealth Management’s registered capital was RMB10.000 billion, its total assets amounted to RMB15.381 billion and its net assets totalled RMB14.544 billion. In the first half of 2022, BOC Wealth Management’s profit for the period reached RMB1.456 billion.

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BOC Wealth Management grounded its business in the new development stage, implemented the Group's strategic development pattern of "One Mainstay, Two Engines" and actively promoted business transformation and development, thus steadily increasing its total assets under management and market share. The Company proactively served national strategies, continued to increase investment in strategic emerging industries and key fields such as technology finance and green finance, and constantly improved its asset allocation. It also tapped into wealth management products' inclusive potential to bring financial benefit to the general public, launching its "Wealth for New Counties" and "Inclusive Finance" products. BOC Wealth Management received approval to participate in a pilot programme for pension wealth management products, and is now preparing for their launch. It supported national "Third Distribution" efforts and issued Public Welfare themed products, supporting national vocational education and rural children's educational development. BOC Wealth Management continually expanded its sales channels, realising product sales through 15 external institutions and 19 sales channels. The total scale of sales from third-party channels increased 110.96% compared with the prior year-end, showing significant increase in client base. It also further expanded its product line and strategies and launched the first interbank certificate of deposit index product and foreign currency cash management product in the industry. Its foreign currency and cross-border products maintained market leading position in terms of product scale. BOC Wealth Management strengthened its risk management and infrastructure capacity, firmly establishing bottom line thinking, accelerating digital transformation, and laying a stable foundation for future business development.

Insurance Business

BOCG Insurance

The Bank is engaged in general insurance business in Hong Kong through BOCG Insurance. As at 30 June 2022, BOCG Insurance reported issued share capital of HKD3.749 billion, total assets of HKD10.985 billion and net assets of HKD4.321 billion. In the first half of 2022, BOCG Insurance recorded gross written premiums of HKD1.629 billion and a profit for the period of HKD154 million.

Centring on the Group's strategic development pattern of "One Mainstay, Two Engines", BOCG Insurance endeavoured to build a regional high-tech property insurance company with market leadership and commercial bank characteristics. Leveraging the advantages of the Group, it deepened bank-insurance coordination to provide customers with comprehensive financial services. In health insurance, its business model of "insurance + ecosystem" and "support + services" has taken shape, offering distinctive advantages. BOCG Insurance also advanced digital transformation across the board to improve operational efficiency, online platform functionality and customer experience. It launched an online insurance purchase application for its "Greater Bay Area Medical Coverage Programme" and expanded the cross-border scenarios of its insurance products by enabling Great Bay Area customers who resided in Hong Kong to complete the online and one-stop purchase of insurance through its official website and mobile app. Furthermore, in response to the pandemic in Hong Kong, BOCG Insurance actively fulfilled its social responsibilities by launching a series of anti-pandemic products and services, and fully supported the Hong Kong people in fighting the pandemic.

BOC Life

The Bank is engaged in life insurance business in Hong Kong through BOC Life. As at 30 June 2022, BOC Life's issued share capital was HKD3.538 billion. Its total assets amounted to HKD201.740 billion and its net assets amounted to HKD10.287 billion. In the first half of 2022, its profit for the period was HKD353 million.

BOC Life actively expanded its mid to high-end customer base. Based on its comprehensive approach consisting of high-end private banking, brokers from Chinese banks, and large independent financial advisors, it successfully captured opportunities arising from mid to high-end customers' demand for insurance products, thus achieving steady business development. BOC Life continued to expand its team scale by strengthening talent recruitment and retention. Standard new premiums from brokers and exclusive agency channels increased notably year-on-year. It enhanced the competitiveness of its protection products by continuing the momentum of the launch of its "Glamorous Glow Whole Life Insurance Plan" at the end of last year, and stimulating sales of higher value-added products in new business. BOC Life maintained its leading position in the life insurance sector and continuously remained the market leader in RMB insurance business in Hong Kong.

BOC Insurance

The Bank is engaged in property insurance business in the Chinese mainland through BOC Insurance. As at 30 June 2022, BOC Insurance reported registered capital of RMB4.535 billion, total assets of RMB14.688 billion and net assets of RMB4.987 billion. In the first half of 2022, it realised written premiums of RMB3.486 billion and a profit for the period of RMB143 million.

BOC Insurance actively implemented the Group's strategic development pattern of "One Mainstay, Two Engines" and gave full play to the functional value of property insurance. In the first half of 2022, it provided claim services for various enterprises and personnel on more than 0.577 million occasions and paid out RMB1.44 billion on insurance indemnities. It supported the domestic and international dual circulations and cooperated with the China International Trade "Single Window" platform to supply 24/7 online insurance services to customers. It provided RMB22.8 billion of tax guarantees for foreign trade enterprises through tariff guarantee insurance and more than RMB80.0 billion of insurance cover for nearly 80 the Belt and Road projects. It supported inclusive finance and launched an innovative "government-bank-insurance" service model to provide convenient financing for more than 7,000 micro and small-sized enterprises. BOC Insurance developed and launched a number of products including "Accidental Injury Insurance for People in Flexible Employment" to actively serve customer groups such as "new citizens", and expanded the coverage of services related to people's wellbeing. It fully supported the fight against the COVID-19 pandemic by providing liability insurance for more than 400 medical institutions of various types and issuing more than 16,000 employer liability insurance for enterprises that resumed work and production. It stuck to its customer base strategy, accelerated the "three transformation" in concepts, models and strategies, and deepened transformation in order to cultivate new development momentum. BOC Insurance enhanced innovation-driven development, promoted technological empowerment and steadily advanced digitalisation. It boosted the building of its smart operation system, solidly carried out data governance and deepened the protection of consumers' rights and interests, thus continuously improving its customer response and service capabilities

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both internally and externally. It adhered to compliant operations and continued to optimise its comprehensive risk management system. Through these efforts, it realised stable business development and operational efficiency. BOC Insurance received an “A” and above integrated risk rating (classified regulation) for the 23rd consecutive quarter. It also maintained an “A-” credit rating and “stable” outlook from Standard & Poor’s for the eighth consecutive year.

BOC-Samsung Life

The Bank is engaged in life insurance business in the Chinese mainland through BOC-Samsung Life. As at 30 June 2022, BOC-Samsung Life’s registered capital stood at RMB2.467 billion, total assets amounted to RMB58.187 billion and net assets amounted to RMB2.400 billion. In the first half of 2022, BOC-Samsung Life recorded written premiums and premium deposits of RMB11.197 billion and a loss for the period of RMB159 million.

BOC-Samsung Life maintained rapid business growth, with the size of new premiums from the protection business and long-term savings business doubling year-on-year, and the proportion of long-term regular policies growing significantly. It proactively integrated itself into the Group’s wealth management system and provided premium trust services to private banking customers. It empowered its customer service and risk prevention and control by applying technologies such as upgrading its facial recognition function to simplify the customer identification process. The online services accounted for more than 89%, and the success rate of AI customer service responses increased to over 99%. A big data-driven risk control programme for underwriting and claim settlement was also successfully launched. BOC-Samsung Life launched a new version of its official website and optimised the insurance purchase process

of its online insurance mall to enhance the customer experience. Upholding the belief that financial services should serve the real economy, it supported investment in technology startups and increased green investments, investing RMB1.463 billion in technology finance and green finance in the first half of 2022. Grasping the essence of providing insurance services, it launched products such as “JianKangXing Critical Illness Insurance (internet business exclusive)”, “ShouHuXing Medical Insurance (internet business exclusive)” and “BOC ShouHuAnKang Group Critical Illness Insurance”, so as to realise a diversified supply of life insurance products.

Investment Business

BOCG Investment

The Bank is engaged in direct investment and investment management business through BOCG Investment. BOCG Investment’s business scope includes enterprise equity investment, fund investment and management, real estate investment and management and special situation investment. As at 30 June 2022, BOCG Investment recorded issued share capital of HKD34.052 billion, total assets of HKD146.132 billion and net assets of HKD76.336 billion. In the first half of 2022, it recorded a profit for the period of HKD2.569 billion.

BOCG Investment gave full play to its advantages in integrated operations, strengthened group-wide coordination and collaboration, increased investment in key areas, and steadily carried out post-investment management and project exit. It actively served the fostering of the new development pattern and continued to increase investment in hard-tech enterprises as encouraged by state policy. It focused on investing in “specialised, refined, featured and innovative” small and medium-sized enterprises, and invested in new energy vehicles, semiconductors,

healthcare, consumption and other fields. In addition, BOCG Investment further optimised the layout of its domestic institutions, improved system and mechanism building, studied and supported the development of Hong Kong's Northern Metropolis Plan, and contributed to the economic development of the Guangdong-Hong Kong-Macao Greater Bay Area.

BOC Asset Investment

The Bank is engaged in debt-for-equity swap and related business in the Chinese mainland through BOC Asset Investment. As at 30 June 2022, the registered capital of BOC Asset Investment was RMB14.500 billion, with total assets and net assets standing at RMB85.895 billion and RMB19.155 billion respectively. In the first half of 2022, it realised a profit for the period of RMB1.198 billion.

With the main line of serving the country's deepening supply-side structural reform and adhering to the Group's "One Mainstay, Two Engines" strategy, BOC Asset Investment met enterprises' diversified financial service needs for steady growth, enhanced reform, structural adjustment and risk control. BOC Asset Investment focused on strategic emerging industries such as semiconductors, electric automobiles and clean energy, and invested in industries such as the environmental health and transportation facilities to help to stabilise economic growth. It also coordinated to resolve the Group's credit risks, relieving enterprises' difficulties and injected development vitality through debt-for-equity swap. As at 30 June 2022, the Bank's cumulative market-oriented debt-for-equity swap business reached RMB188.414 billion.

Leasing Business

BOC Aviation

BOC Aviation is engaged in the aircraft leasing business. It is one of the world's leading aircraft operating leasing companies and is the largest aircraft operating leasing company headquartered in Asia, as measured by value of owned aircraft. As at 30 June 2022, BOC Aviation recorded issued share capital of USD1.158 billion, total assets of USD22.813 billion and net assets of USD4.920 billion. In the first half of 2022, it recorded a loss after tax of USD313 million, as BOC Aviation recognised the effects of the Ukraine crisis and wrote down to zero the value of aircraft formerly leased to airlines in Russia. The impairment was offset by cash collateral held by BOC Aviation in respect of these aircraft, resulting in a pre-tax write-down of USD581 million. Net profit after tax was USD206 million, when adjusted to exclude the write-down of the net book value of aircraft that remain in Russia and partially offset by cash collateral held in respect of these aircraft.

Committed to pursuing sustainable growth, BOC Aviation continued to implement its proactive business strategy and steadily promoted its standing in the aircraft leasing industry. Actively supporting the Belt and Road initiative, it had leased 62% of its aircraft to airlines of the Belt and Road countries and regions as well as to airlines in the Chinese mainland, Hong Kong (China), Macao (China) and Taiwan (China) as at 30 June 2022. Continuing to closely track customer demand, the Company took delivery of 20 aircraft, including five aircraft that airline customers purchased at delivery, as it expanded its owned fleet. All of these aircraft were

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delivered on long-term leases. During the first half of 2022, BOC Aviation signed 46 leases for aircraft and added one new customer, bringing its total to 79 customers in 36 countries and regions. The Company consistently sought to optimise its asset structure and improve its sustainable development. It sold five owned aircraft during the first half of 2022, leaving it with an average owned fleet age of 4.1 years (weighted by net book value) as at 30 June 2022, one of the youngest aircraft portfolios in the aircraft leasing industry.

(Please refer to the interim report of BOC Aviation for a full review of its business performance and related information.)

BOCL

The Bank is engaged in financial leasing, transfer and receiving of financial leasing assets and other related businesses through BOCL in the Chinese mainland. As at 30 June 2022, BOCL recorded registered capital of RMB10.800 billion, total assets of RMB47.110 billion and net assets of RMB10.897 billion. In the first half of 2022, it realised a profit for the period of RMB194 million.

Following the strategic objectives of the Group, BOCL focused on national key regions and industries, upheld the development philosophy of specialisation, differentiation and featured characteristics, highlighted the featured characteristics of financial leasing, and refined and strengthened its leasing brand. As at 30 June 2022, it had cumulatively conducted RMB53.096 billion of financial leasing business, involving transportation, water conservancy, energy production and supply, construction, manufacturing and other industries. In particular, the proportion of

green leasing in the total leasing business was 32.50%, continuing improve the quality and efficiency of its service to the real economy.

Consumer Finance Business

BOC Consumer Finance

The Bank is engaged in consumer loan business in the Chinese mainland through BOC Consumer Finance. As at 30 June 2022, BOC Consumer Finance's registered capital stood at RMB1.514 billion, total assets amounted to RMB52.566 billion and net assets were RMB7.998 billion. In the first half of 2022, it recorded a profit for the period of RMB136 million.

Upholding the philosophy of "building a high-quality consumer finance company in the new era", BOC Consumer Finance fulfilled its responsibilities and obligations as a state-owned licensed consumer finance company. It built an integrated operation platform featuring "online + offline" and "finance + technology" through technological applications, thus continuously improving its customer service capacity and safeguarding the legitimate rights and interests of its customers. It placed equal emphasis on consolidating its foundations and pushing forward transformational development, and continuously pushed forward the strategic policy of online transformation. As at 30 June 2022, BOC Consumer Finance had set up 27 regional centres, covering about 400 cities and 900 counties nationwide through its offline and online businesses. As at 30 June 2022, it registered a loan balance of RMB53.288 billion, an increase of 1.63% compared with the prior year-end, with the balance of online loans accounting for 41.66% of all loans, an increase of 6.61 percentage points compared with the prior year-end.

Financial Technology

BOC Financial Technology

The Bank is engaged in financial technology innovation, software development, platform operation and technical consulting services in the Chinese mainland through BOC Financial Technology. As at 30 June 2022, the registered capital of BOC Financial Technology was RMB600 million, with total assets and net assets standing at RMB804 million and RMB595 million respectively.

BOC Financial Technology actively served the Group's comprehensive digital transformation and participated in key projects including the OASIS project, smart risk control, anti-money laundering and data governance. It supported business development in areas such as technology finance, green finance, county-level finance and inclusive finance, and strengthened the development, promotion and integration of the Group's scenario-based financial services ecosystem, including silver economy, education, transportation, government affairs and other scenarios. Empowering the Group's comprehensive operations, BOC Financial Technology focused on insurance, wealth management, consumers and other areas, put forth IFRS 17 product solutions and built up the Group's unique asset management technology platform. It delivered tools and technologies of risk control to small and medium-sized banks, and thus raising the influence of the Group's "finance + technology" brand. Furthermore, BOC Financial Technology promoted the "1+1+3" synergy development, and served the construction of key regions such as Smart Hainan, the Xiongan New Area, the Yangtze River Delta and the Chengdu-Chongqing economic circle through the regional radiation advantages of 1 subsidiary and 3 bases. It intensified research efforts in scientific and technological

innovation, deepened theoretical research and built technology platforms for technology ethics and private computing. Its software products boast high quality with strong process research capability and full-scope implementation, which enabled it to obtain the CMMI5 software maturity advanced qualification certification, ISO 9001 Quality Management System certification and ISO 27001 Information Security Management System certification.

Service Channels

Focusing on customer experience, the Bank accelerated the transformation and upgrading of all service channels using digital transformation as the key driver, building online channels with stronger scenario integration capabilities and offline channels with greater value creation capacity. It cultivated an ecosystem in which online and offline channels are integrated and financial and non-financial scenarios are seamlessly connected.

Online Channels

Embracing the trends of digital transformation, the Bank followed a "Mobile First" strategy, continued to intensify efforts to expand its online channels and upgrade its mobile banking services, thus realising rapid growth in online business. As at 30 June 2022, its e-channel transaction volume reached RMB167.31 trillion, an increase of 6.88% compared with the same period of the prior year. Among this, the volume of the Bank's mobile banking transactions reached RMB22.94 trillion, up 16.15% compared with the same period of the prior year. The number of monthly active mobile banking customers stood at 73.67 million, making mobile banking the online channel with the most active customers.

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Unit: million customers, except percentages

Items	As at 30 June 2022	As at 31 December 2021	Change (%)
Number of corporate online banking customers	6.8697	6.4812	5.99%
Number of personal online banking customers	198.8854	198.7857	0.05%
Number of mobile banking customers	244.6363	235.1805	4.02%

For corporate banking customers, the Bank accelerated digital transformation, continuously improved the functions of its electronic channels, further improved globalized corporate network financial service capabilities and constructed a comprehensive Group-wide financial e-portal. In terms of corporate online banking services, it launched “BOC Smart Chain • Rong Yi Xin” multi-tier online financing for suppliers, single window financial services, a fund supervision service for construction projects, proxy collection agreement management, third-party custody, a commodity clearing service, cross-platform user system sharing and other products. With the aim of creating comprehensive mobile financial services that are convenient, efficient, intelligent and interactive as well as integrate various scenarios, the Bank optimised and upgraded its corporate mobile banking services. It continuously promoted the construction of its open banking services and launched the “BOC Corporate E-Link” corporate financial services, thus helping SMEs to realise a one-stop financial management. Through open banking services, the Bank also integrated the BOC Intelligent Funds Supervision Service into the national comprehensive platform for after-school tutoring supervision and services.

For personal banking customers, the Bank constantly improved its mobile banking customer service capabilities. Focusing on wealth finance, it launched certificates of deposit (CDs) transfer services and

optimised webpage and processes for key products such as deposits, funds, wealth management and insurance. For key customer groups, it upgraded the private banking customer service zone and constantly promoted the credit card section. For key scenarios, it upgraded the four characteristic scenarios of cross-border, silver economy, education and sports, and launched the Winter Olympics themed annual personal statements. Focusing on customer engagement, it created “Lucky’s Travel”, a marketing gadget using task incentives and benefit upgrades, to explore customer growth system with digital means. It continued to upgrade the overseas versions of its mobile banking platform, which covered 30 countries and regions, provided up to 17 categories of services and were available in 12 languages. Furthermore, the Bank upgraded its mobile banking to support business development in key regions and key institutions overseas. It newly introduced functions including direct remittance service of RMB salary and online update of customer information; and optimised account management, transfer, remittance and other basic services to improve customer experience. It further enhanced the digital risk control capacity of its online channels. In the first half of 2022, the “Cyber Defence” smart risk control and prevention system monitored 3.916 billion transactions through online channels, up by 4.37% year-on-year. The Bank won the “Digital Platform Innovation Award”, “Golden Award for Smart Digital Platform” and “Golden Award for Digital Marketing” at the 5th (2022) Digital Finance Innovation Competition.

Offline Channels

The Bank pushed forward the digital transformation of its outlets Upholding the “Smart Winter Olympics” concept, the Bank constructed payment scenarios for Winter Olympics including the use of ATM, smart counters and other channels, and launched innovative services such as e-CNY exchange and carried out business with foreign customers using passports. The Bank spared no effort to improve people’s wellbeing. It built the “outlet + government affairs” smart service ecosystem and promoted the “Yangtze River Delta Smart Government Affairs” service scenario via smart counters, covering 2,178 outlets, 4,612 terminals and 482 government affairs services. It provided government affairs services in Shanghai, Jiangsu, Zhejiang and Anhui and realised cross-province services in the Yangtze River Delta, enabling access to government affairs services in different places and in different regions. This provided convenient access for the public and enhanced regional integration.

Furthermore, the Bank improved its differentiated outlet management system. Based on local conditions, it constructed outlets featuring technology finance, green finance, inclusive finance and cross-border finance, etc., in order to develop the “Eight Priority Areas for Enhancing Financial Services Capabilities” and the “Four Scenario-based Financial Services Ecosystem”. It also refined the products, services, business models and software/hardware resource allocation at featured outlets, so as to stimulate outlets’ vitality through featured businesses and deepen the transformation and development of outlets.

As at 30 June 2022, the Bank’s commercial banking network in the Chinese mainland (including Head Office, tier-1 branches, tier-2 branches and outlets) comprised 10,348 branches and outlets. Its non-commercial banking institutions in the Chinese mainland totalled 528, and the number of its institutions in Hong Kong (China), Macao (China), Taiwan (China) and other countries and regions totalled 548.

Unit: single item, except percentages

Items	As at 30 June 2022	As at 31 December 2021	Change (%)
ATM	27,154	27,729	(2.07%)
Smart counter	33,009	32,367	1.98%

Information Technology Development

The Bank resolutely implemented the Group’s comprehensive digital transformation strategy and “SMART BOC+” FinTech plan. Leveraging technology management system reform as a breakthrough driver, it continued to optimise its organisational structure and management procedures, improved digital services in various business fields, and consolidated the foundations of its digital transformation and FinTech capabilities to better drive innovation in its financial services offering.

Reform of the Bank’s information technology management system continued to deepen, allowing IT to serve as an engine releasing ever stronger endogenous power. Efforts were made to reshape the added value of full-lifecycle IT management, with the Bank formulating an efficient and technological service model that aligns with its businesses in all aspects and reacts quickly throughout the whole process. By dispatching client managers, improving implementation processes, enhancing tool support and optimising budget management, etc., the Bank

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effectively shortened the application projects' average delivery cycle. A number of pilot projects were carried out, including the in-depth integration of business and technology, the integrated research and development of branches' featured characteristics, and an enterprise-level network security operation centre.

Significant progress was made in the OASIS project, which was brought to the next stage thanks to the all-round digital empowerment. With the Bank undertaking top-level design and overall planning at the enterprise level, the project's first batch focused on basic public sectors such as customers, institutions and employee information as well as tellers' access rights. Through the large-scale and in-depth application of data elements to such information, the Bank was able to deeply empower precision marketing, product customisation, intelligent risk control, refined management and sound decision-making. The next-generation enterprise-level basic technology platform maintained stable operation, and the Bank's enterprise-level development process and technological standards were gradually formulated. Meanwhile, further steps were taken to improve the Bank's capabilities in digital financing services.

The Bank focused on the digital development of the "Eight Priority Areas for Enhancing Financial Services Capabilities" in order to improve service efficiency. A FinTech information platform was built to facilitate technology innovation within financial services, and a green finance management system was launched to

realise the automatic identification of green projects and the automatic calculation of environmental benefits. The Bank enriched its inclusive finance products and improved the functions of its "Inclusive Loan" app so as to expand its marketing channels. In addition, it piloted cross-border e-commerce direct payment products and comprehensively promoted the "BOC Cross-Border Services" app. A financial product system was established covering three major supply chains of accounts receivable, prepayments and payables, and stock-rights pledge, so as to provide better financing services for enterprises along supply chains. In terms of government-sponsored student loans, online services were provided throughout the process.

The Bank strengthened its FinTech layout to expand space for innovation and reform. It improved the construction of RPA, OCR and other enterprise-level basic technology platforms, and enhanced property rights protection and FinTech output. In the first half of 2022, 1,801 patent applications were filed and 272 patent licenses were granted. 11 new cooperation programmes on digital risk control tools and technology cooperation were carried out between BOC Financial Technology and 10 financial institutions. In addition, the Bank continued to explore cutting-edge technologies including the metaverse, virtual digital humans, blockchain, non-fungible tokens (NFTs), etc., and participated in privacy computing and open-source federated learning communities, thus building the future development values of technology innovation.