Transcript of Analyst Briefing for

2026 Interim Results

Results Presentation

Chief Executive Sun Yu: Since the beginning of the year, the global geopolitical landscape has undergone profound changes, and major central banks tended to tighten monetary policies. The Chinese mainland and Hong Kong achieved resilient economic growth. We strived to promote high-quality development and make a smooth start to the new Five-Year Plan. During the period, profit attributable to equity holders rose by 7.1% to HK$23.7 billion. ROE increased by 32 basis points to 13.18%.

The Board has declared a second interim dividend of HK$0.29 per share, taking the total regular DPS for the first half to HK$0.58 per share. In addition, the Board has approved the implementation of three-year shareholder return programme for 2026 to 2028, including an orderly increase of dividend payout ratio within the established range, and extra returns of no less than HK$10.5 billion to our shareholders during these three years. Of which, a special dividend of HK$0.2388 per share was declared for 2026.

We strengthened our integrated service capabilities in Hong Kong market, maintaining leadership in new residential mortgages, syndicated loans in the Hong Kong and Macau market, cash pooling business, and IPO receiving bank service. In the first half, we grew the number of cash pools by 14%, and accumulated deposits of over HK$150 billion through our IPO receiving bank service. We also completed our first Islamic syndicated loan. Capitalising on market demand, we achieved double-digit growth in our "Private Wealth" customer base, and increased the number of "Private Wealth Centres" to 11. We gained market share in retail banking fund sales and grew our personal payroll amount and assets under custody by 13% and 35% respectively. The value of bonds underwritten grew by 29%, and we maintained our leading position in offshore RMB bond underwriting business. We further reinforced our integrated service capabilities. BOC Life and BOCI-Prudential led the market in terms of standard new premiums and MPF business, while BOCHK Asset Management grew its AUM by over 10%. We were also appointed as the settlement institution for Hong Kong's central clearing and settlement system for gold and the designated vault, supporting Hong Kong's development as an international gold trading hub. We contributed positively to the cross-border financial development in the GBA and maintained our leading position in the mutual market access businesses. We supported the cross-border disbursement of portable cash assistance, rolled out the "Global Account Service" in tandem with BOC, and launched an integrated retirement financial service solution, thus facilitating the integration of cross-border finance and livelihood.

We joined the financial advisory taskforce of the Northern Metropolis, backing its development with our financial expertise. Our innovative tech customer base grew by 2.6%. We launched the "BOC Guangdong Enterprise Treasury Centre Service Solution", and fully supported Chinese enterprises "Going-global" to access international markets via Hong Kong. We also continued to leverage synergies with our SEA entities. SEA-related deposits and loans grew by 4% and 10% respectively, exceeding the average growth rates of the Group. NPL ratio of our SEA entities decreased by 3 basis points to 2.08%.

We proactively participated in offshore RMB market development, and further enriched our RMB product spectrum to enhance our role in promoting the international use of RMB, achieving promising results. We cemented our leading advantage as Hong Kong's RMB Clearing Bank. Three of our SEA entities recorded a combined growth rate of 24% in RMB clearing volumes, while the Jakarta Branch was appointed as the RMB Clearing Bank for Indonesia. We remained the industry leader in market coverage in terms of the number of indirect CIPS participant banks, and became the world's first offshore e-CNY custodian bank. We maintained our market-leading position in RMB loans and deposits, as well as RMB standard new premiums. Our RMB public bond underwriting and fund distribution achieved business volume growth of 1.4 times and 47% respectively. We bolstered our RMB business innovation capabilities and participated in the HKMA's RMB Business Facility, covering nine regions and countries across Hong Kong, ASEAN and Europe. We became one of the first clearing members of the London Clearing House to support clients to deposit offshore RMB-denominated Chinese Government Bonds (CGBs) as collateral. We also served as a designated liquidity provider for the HKEX's newly launched CGB futures. In addition, we again assisted the Indonesian government in issuing Dim Sum bonds.

As a firm supporter of Hong Kong's financial infrastructure development, we refined the top-level design of our financial digitalisation to enhance services, risk management and intelligent operation capabilities. We were among the first participants to connect with the Cross-border e-CNY Transfer Services (CBETS) platform. We explored ways to use e-HKD in the wholesale CBDC pilot for advance margin payments in the derivatives market. We led our peers in mBridge transaction volumes and actively explored the business opportunities in tokenisation. We deepened digitalisation to empower business development. In our personal banking, nearly 90% of transaction volumes were online. In corporate banking, iGTB transaction volumes rose by 17% while the number of BOC Connect registered users increased by 33%. In addition, we recorded 8% growth in the BoC Pay+ customer base and 18% growth in BoC Bill's settlement volumes. We strengthened tech governance and formulated a Five-Year Plan for financial digitalisation. We continued to build an integrated GenA.I. platform, and further improved our digitalisation KPI system and data governance mechanism. We also enhanced our intelligent operations and anti-fraud management capabilities, promoted the use of intelligent office assistants, and continuously supported a culture of technological innovation.

We strived to fulfil our sustainable development ambitions and enhanced our service capabilities in green finance. In the first half, we achieved a growth rate of 7% in green and sustainability-related loans, 36% in personal new green deposits, 42% in ESG bonds underwritten, and 15% in banking book ESG bond investments. We supported the implementation of the *Hong Kong Taxonomy for Sustainable Finance*, and successfully hosted the BOCHK Sustainable Supplier Forum to promote green and low-carbon transformation along the supply chain. We continued to deliver on CSR commitments and engaged in more than 20 charitable initiatives and over 90 volunteer events during the period. We once again received the highest triple-A rating from MSCI ESG and the "low-risk" ESG rating from Sustainalytics, putting us in a leading position among our peers.

Chief Financial Officer Liu Chang: In the first half of the year, amid a volatile market environment and intensified market competition, we grasped business opportunities, strengthened asset-liability management and expanded revenue sources, realising continued net interest income growth. Non-interest income decreased year-on-year, reflecting a high base in the same period last year. Meanwhile, we improved asset quality through enhanced risk management. As a result, we achieved a post-tax profit of HK$24.4 billion, up 6.8% year-on-year.

We expanded our high-quality deposit base by providing diversified products and services to meet the needs of large corporates, financial institutions, and government and public entities including settlement, custody, treasury, cash management and IPO receiving bank services. With a focus on key personal banking customer segments, we expanded our payroll and wealth management services to attract sticky deposits. Our customer deposits increased by 3.2% to HK$3.04 trillion, with CASA deposits increasing by 4%, and the CASA ratio up 0.5 percentage point to 53.8%.

We continued to serve the real economy and captured business opportunities from the development of new quality productive forces and supply chain shifts. Leveraging our advantages in RMB business, syndicated loans, residential mortgages and customer resources, and with a focus on the Hong Kong, cross-border, Southeast Asian and other key overseas markets, we deepened intra-group collaboration and pushed forward the solid development of our lending business. As at the end of June, we grew our customer loans by 5.9% to HK$1.82 trillion, maintaining the largest market share. All loan types showed sound growth momentum, with loans for use in Hong Kong up 5.1%, loans for use outside Hong Kong up 7%, and trade financing up 21%.

In the first half, faced with a year-on-year decline in market interest rates, we flexibly managed deposit pricing and tenors, and optimised the deposit mix. At the same time, taking advantage of the recovery in financing demand, we expanded our loan book and controlled the pace of bond investments to stabilise investment returns. Adjusted for swap impact, our net interest income increased by 3.3% year-on-year to HK$29.9 billion, while NIM widened by 3 basis points to 1.57%.

During the first half, against a backdrop of volatile Hong Kong capital market and recovering consumer confidence, we enriched our fund product shelf to meet diverse customer needs in asset allocation and risk management, stepped up product promotion, and enhanced the convenience of our offline and online payment channels. Fee income from funds distribution, credit card business, and bills commissions grew by 55%, 12% and 15% respectively, while securities brokerage fee income remained stable at a high level. Overall, net fee income fell slightly from the high base in the same period of last year, but rebounded by 19% half-on-half.

We further strengthened the development of our wealth management business. Wealth management income in personal banking rose by 14%, including an increase of 50% in investment product distribution, and 18% in insurance distribution income. Solid growth was achieved in our high-end customer TRB and “Private Wealth” customer base. In our insurance business, the Group’s CSM balance increased by 23.6% year-to-date, while BOC Life’s standard new premiums and value of new business grew by 28% and 56% year-on-year respectively.

We prioritised resource allocation for key development areas in line with the Group's strategic focus. We refined our branch network layout, accelerated the application of AI and technological transformation, pursued low-carbon operations, and deepened the integration of regional operating platforms, so as to optimise resource utilisation. In the first half, operating expenses increased by 6.7% year-on-year. The cost-to-income ratio stood at 22.5%, continuing to outperform the market average. We closely monitored market developments and customer dynamics, strictly supervised high-risk credit portfolios, carried out timely review of customers' internal credit ratings and strengthened credit risk management. Asset quality remained solid. As at the end of June, our impaired loan ratio was 0.89%, down 25 basis points from the previous year-end, mainly due to write-offs and loan repayments by certain non-performing customers. Our annualised credit cost was 0.27%, down 12 basis points year-on-year, while the total loan provision coverage ratio edged up by 3 basis points to 1.12%, maintaining our robust capability to withstand potential risks. Our capital position remained solid, with the total capital ratio and CET1 ratio standing at 25.7% and 23.8% respectively. Our liquidity position was sound, with average LCR and NSFR reaching 174% and 144% respectively in the first half.

Chief Executive Sun Yu: Looking ahead to the second half, the global landscape will rapidly evolve while financial markets still face great uncertainty. The deepening adoption of AI and technological upgrades present new development requirements for banks. At the same time, the nation's 15th Five-Year Plan will support Hong Kong to better integrate into and serve the overall national strategy. Hong Kong will also have its first Five-Year Plan, which will further consolidate and leverage its status as an international financial, shipping and trade centres, as well as a global hub for innovation and technology, and a core engine for the GBA.

Positioned within the nation's new "dual-circulation" development paradigm, Hong Kong will perform its roles as both a "participant" and a "facilitator", thereby injecting strong momentum into the local economy. In addition, Chinese enterprises will accelerate their global expansion and pursue high-quality development, while the international use of RMB will continue to grow. Hong Kong's emergence as a critical pivot for major strategic initiatives will create sustained development opportunities for its banking industry.

Faced with new situations, new positioning and new challenges, BOCHK will proactively serve the national strategies and Hong Kong's development, align with BOC Group's strategy and core strategic objectives of globalisation, and deeply implement the concept of sustainable development.

We will enhance our role as a regional centre, in order to further optimise the operations and management of our SEA entities. We will solidify our role as a business centre for BOC Group's offshore operations, focusing on key businesses such as custody, syndicated loans, cash management, private bank, asset management and financial markets.

We will continuously improve our capabilities in regional business management, integrated operations and digitalisation, with the goal of being a market leader in Hong Kong, a pioneer in the GBA, a deep participant in Southeast Asian markets, and a strategic participant in Belt and Road markets, while striving to become a regional leader in RMB business.

By strengthening our talent pool, cultivating corporate culture, enhancing smart operations, refining comprehensive risk management, and securing robust financial resources, we will endeavour to set ourselves as a benchmark for regional headquarters, cross-border financial services, customer trust, and employee recognition. With the aim to building the best regional bank, we are committed to providing quality support in consolidating Hong Kong's status as an international financial centre, and continuously creating value for our shareholders and stakeholders.

Question and Answer Session

Gary Lam from HSBC: Regarding the shareholder return programme, according to my calculation on the HK$10.5 billion extra returns, its impact on CET 1 ratio should be around 30 basis points per year. From a strategic or financial perspective, how should we interpret the expectation of maintaining a relatively high CET1 ratio after 3 years? Is there further upside for the returns? In the first half of this year, impaired loan ratio, total impaired loans, and credit cost all decreased, what are the reasons behind this? Does this mean that the asset quality has entered a positive cycle?

Chief Financial Officer Liu Chang: Thank you for your question. In the first half of 2026, the external environment remained complicated and volatile. BOCHK leveraged its central role in BOC Group's global development, actively served as a key hub for offshore and onshore collaboration, captured market opportunities, coped with risks and challenges, and steadily advanced the development of its capabilities, achieving positive results. During the period, our profit attributable to shareholders rose by 7.1%, while ROE reached 13.18%, up 0.32 percentage points year-on-year. BOCHK took high regard of providing stable, long-term shareholder returns. We continued to optimise capital allocation and enhance capital efficiency, striving to create sustainable shareholder value over a long run.

Firstly, we effectively deployed capital, and put business development as top priority. This year, while Hong Kong's loan market demand showed signs of recovery, our loan growth increased at a faster pace of 5.9%, in which SEA-related loans grew by a high single digit. At the same time, to better meet the financial service needs of Chinese enterprises "Going-global", BOC recently initiated "Going Global Universal Cooperation

Alliance". In this regard, basing in Hong Kong, cross-border, SEA and other overseas markets, and through enhancing cooperation with our parent bank and other offshore institutions, BOCHK played an important role in helping Chinese enterprises "Going-global". Secondly, from our shareholder's perspective, we will continue to implement quarterly dividend arrangement. The Board has announced the second interim dividend of HK$0.29 per share, taking the total regular dividend for the first half to HK$0.58 per share. We will distribute our third interim dividend as planned. Regarding full-year dividend payout ratio, we will consider factors such as profitability, regulatory requirements, changes of risks and business development opportunities, and determine our final dividend payment within the 40%-60% regular dividend payout range, while striving to orderly increase the dividend payout ratio.

Secondly, the Board has already approved the 2026-2028 shareholder return programme, including an orderly increase of the regular dividend payout ratio within the established range, and a plan to provide extra returns of no less than HK$10.5 billion in the three-year period. For 2026, a one-off special dividend of HK$0.2388 per share has been announced under this plan. For arrangements in 2027 and 2028, we will balance between business development needs, operational safety and prudent operations, and based on the business environment, profit performance, risk management, regulatory policies, as well as shareholder expectations, we will timely review our shareholder return programme, and choose the most suitable way such as special dividend or share buyback to reward our shareholders at an appropriate time, striving to deliver long-term sustainable returns for them.

Regarding the scale of the three-year shareholder return programme, our considerations are primarily based on two aspects. The first is business development needs, which require us to retain necessary endogenous capital to support priority businesses and credit expansion, particularly the opportunities presented in our new Five-Year Plan in areas such as the development of SEA business, GBA business, integrated service platform, digital transformation, and green finance, so as to achieve high-quality development across our major business centres. The second is safe and prudent operations. We need to ensure that all capital indicators continue to meet regulatory requirements and provide adequate buffers against credit and market risks in the current complex and volatile financial market environment. From a capital adequacy perspective, as a DSIB, we need to manage capital carefully, with our capital ratios to be benchmarked against those of peers. Going forward, we will continue to review and assess the specific implementation plan of the three-year shareholder return programme, and will make further announcements to the market upon approval by the Board.

Chief Risk Officer Wang Chunfei: Thank you for your question. In the first half, our impaired loan ratio, total impaired loans and credit cost all decreased. At the same time, our overall impaired loan provision coverage ratio was 124.8%, up 28.9 percentage points; the total loan provision ratio was 1.12%, up 3 basis points, ensuring sufficient provisioning and further enhancing our capability to withstand risk. The reasons behind these achievements are primarily due to: first, from an external environment perspective, Hong Kong’s economy grew by 5.1%, showing the stable condition of macroeconomy, with continued improvement in trade, retail sales and the residential property market. The office market also stabilised, though retail properties still faced pressure in the process of bottoming out, during which time we continued to closely monitor market information and customer dynamics, strengthen our credit risk management framework and measures, maintain strict supervision of high-risk credit portfolios, timely reviewed internal and loan ratings of our customers, dynamically adjusted credit strategies and optimise portfolio structure in response to the evolving situation. Benefiting from the favourable macroeconomic environment, prudent risk management and a strong customer base, our overall asset quality remained solid, with adequate provisions, and decrease in both credit cost and impaired loan ratio. For the second half, as the market expects a modest rise in the US interest rates, the growth momentum of major economies may slightly moderate. However, the steady and positive economic trends of the Chinese Mainland and Hong Kong are expected to remain unchanged. In the face of a complex and evolving external environment, we will continue to closely monitor global political and economic developments, and the status of our high-risk credit portfolios, dynamically adjust credit policies and effectively manage credit risk. We will strive to maintain a relatively stable impaired loan ratio, ensuring that it remains better than the market average. We will adhere to a consistent and prudent approach with adequate provisioning. If the global economies and property markets continue to develop steadily, credit costs in the second half may ease sequentially, and the full-year credit cost is expected to decrease compared to the previous year.

Michael Zhang from Citi: As to the shareholder return programme, I noted that there will be a special dividend for this year, and you will possibly execute the return programme through special dividend or buyback for the next two years. On this basis, your annual dividend payout amount will notably increase. Taking the special dividend into account, can we assume your dividend per share will increase year-on-year? Regarding the net interest margin, as there was pressure on the second quarter performance, what is the management's outlook for NIM trend in the second half?

Chief Financial Officer Liu Chang: Thank you for your question. Regarding our capital management, and from a regular dividend distribution perspective, for a long period of time, BOCHK has adhered to a policy of providing solid shareholder returns, and strives to balance maximising shareholder value with our long-term development. In the future, we will continue to consider factors such as regulatory requirements, shareholder expectations, changes in economic and business development, long-term business development needs and change of risks, while effectively formulating our capital plan, so as to determine on the capital levels, and dividend payments within the 40%-60% annual dividend payout range. We will review our dividend policy on a regular basis, and make timely announcement in accordance with the Listing Rules after obtaining Board's approval.

As for NIM, since the US Federal Reserve suspended rate cuts in January, the Fed fund rate remained within the 3.5%-3.75% range. In the first half, the average one-month SOFR and HIBOR stood at 3.65% and 2.53%, respectively, down by 67 and 35 basis points compared with the first half of 2025. With rate cut expectation reversed, and possibility of interest rate hike, the yield curve steepened. One-month SOFR slightly fell compared with the end of last year, while one-year SOFR rose by 57 basis points. HKD interest rates moved downward with volatility, and the current HKD-USD interest rate gap remained at about 100 basis points. Meanwhile, RMB monetary policy was moderately accommodative. In the first half, the average one-month SHIBOR and CNY HIBOR were 1.48% and 1.61%, respectively, down by 26 and 61 basis points year-on-year.

In the first half, our swap-adjusted net interest income reached about HK$30 billion, up 3.3% year-on-year; the NIM was 1.57%, up 3 basis points year-on-year. During the period, HK dollar interbank rates declined from about 3% at the beginning of the year to slightly below 2%, hitting a six-month low and putting pressure on asset yields. Our adjusted NIM in the second quarter was 1.55%, down 4 basis points quarter-on-quarter. The relatively solid performance in NIM and net interest income was primarily driven by our dynamic asset-liability management. On the liability side, we leveraged strengths in wealth management, payroll, cash pooling, custody and IPO-related businesses to build closed-loop funding flows, accumulating low-cost and stable deposits. CASA deposits increased by HK$63.2 billion or 4% in the first half, with the average CASA ratio rising 4.2 percentage points year-on-year to 56.5%. We flexibly adjusted deposit pricing and tenors, with the average customer deposit rate falling by 48 basis points year-on-year. On the asset side, we capitalised on opportunities from rising financing demand and Chinese enterprises "Going-global", and strengthened collaboration with onshore and offshore entities of BOC Group, to achieve a loan growth of 5.9%.

For the second half, from the perspective of the interest rate outlook, the market is holding divergent views on rate hikes. The actual path will still depend on factors such as future inflation data, economic conditions, tariff policies and geopolitical developments. On the other hand, the steepening of the yield curve has caused some disturbance to net interest income in the near term. NIM will still be under pressure. Going forward, we will closely monitor market interest rate trends, fully assess the impact of the shift in the interest rate cycle, and flexibly manage our asset-liability portfolio allocation and term structure with a forward-looking approach. We will also optimise asset mix, and manage our bond investments at reasonable pace and durations. By doing all these, we aim to alleviate NIM pressure. At the same time, we will also leverage our advantages in key business areas such as RMB, Chinese enterprises "Going-global", cash pooling, custody, IPO, etc., to deepen customer relationship, and solidify our business foundation, striving to stabilise and achieve positive net interest income performance.

Emma Xu from Bank of America: Recently, relevant regulatory authorities imposed stricter requirements on investment account opening in Hong Kong, while the Chinese Mainland has enhanced taxation measures on overseas investment income. Have you seen any impact on your business? In addition, fee income recorded good growth half-on-half, though it still fell from the same period last year. What is the outlook on the second half performance? Separately, your loans grew strongly by 5.9% in the first half, but slightly below the market average growth rate. BOCHK always set the target to "outperform the market" in the past, I would like to know if you have adjusted the strategy this year? Are you focusing more on quality than quantity, or you still expect to gain market share?

Deputy Chief Executive Chan Man: Thank you for your question. Regarding your question on continued deepening of cross-border funds monitoring by the Chinese Mainland, as a whole, the multiple measures concerning cross-border funds recently announced reflected the nation's direction of continuously advancing financial opening-up, refining cross-border funds management, and promoting orderly market operations. As an international financial centre and wealth management hub, Hong Kong possesses core strengths in its well-established legal system, open market environment, internationalised financial systems, and its bridging role connecting the Chinese Mainland with the rest of the world. Together with the policy support from the HKSAR Government, Hong Kong continues to consolidate its competitive advantages as a global hub for asset allocation and wealth management. We strictly adhere to the regulatory requirements in both the Chinese Mainland and Hong Kong, and maintain close communication with relevant regulatory authorities to ensure that our business operations remain compliant and prudent. We will continue to leverage our professional expertise to provide customers with professional, compliant and comprehensive wealth management services. From their perspective, as the connectivity between Chinese Mainland and Hong Kong financial markets continues to deepen, customer demand for cross-border wealth management and asset allocation is steadily growing. The cross-border investment measures recently introduced by the Chinese Mainland aim to redirect funds back into lawful and compliant channels, which is conducive to the healthy and orderly development of the market over the long term. Overall speaking, our account opening process remained smooth in the first half. The customer base, TRB, and income of our personal cross-border business all maintained steady growth, while our personal wealth management income grew satisfactorily.

Regarding fee income, in the first half of the year, trade, tourism, and retail sales in Hong Kong continued to improve, while capital market transaction volume was strong. We proactively seized business opportunities to achieve a total net fee income of HK$6 billion. For investment-related business, fee income from funds distribution and fund management increased by 55% and 78% year-on-year, respectively. In traditional fee income business, while our credit card retail spending rose by 8.6% year-on-year, BOC Pay+ RMB transaction value rose by 15.5% and BoC Bill cumulative merchant acquiring volume rose by 17.6%, all contributing to a 12% year-on-year growth in credit card fee income. In addition, our loan commission income saw a 2% growth despite the high base in the prior year. Traditional fee income recorded relatively steady growth.

Regarding the drop in our insurance fee income, it was primarily because that our distribution income for BOC Life products cannot be reflected in the fee income line due to consolidation of accounting statement. You should note that the group's contractual service margin balance rose by 24% from the end of 2025. During the period, BOC Life launched a series of policy subscription concession, customer promotions, and wealth legacy service packages, driving a 28% year-on-year growth in its standard new premiums, while its new business value rose by 56%. In the first quarter, BOC Life ranked second in terms of standard new premiums in the Hong Kong market.

For the second half, we will continue to seize opportunities arising from steady macroeconomic growth, closely follow on regulatory requirements and policy developments, and develop business in line with our strategic positioning in wealth management, private banking, asset management, and custody services. We will strengthen collaboration across different business segments within the group, fully explore customer potential focusing on both customer acquisition and engagement, while continuously enriching product offerings, enhancing cross-selling efforts, and improving customer experience, so as to broaden the diversified sources of non-interest income.

Deputy Chief Executive Wang Huabin: Thank you for your question. In the first half of 2026, Chinese Mainland and Hong Kong economies sustained solid recovery, with GDP growing by 4.7% and 5.1% respectively. The local residential property market and retail sales showed positive momentum, while imports and exports grew rapidly, driving a relatively strong loan demand. Adhering to our long-standing loan business development strategy, we actively seized business opportunities. As of the end of June, our customer loans reached HK$1.82 trillion, up 5.9% from last year end, maintaining our leadership with a market share of 16.18%, despite slightly behind the market average growth rate. Structurally speaking, our corporate loans for use in Hong Kong increased by 6.3%, loans for use outside Hong Kong grew by 7%, trade finance grew by 20.8%, SEA-related loans increased by 9.6% while RMB loans grew by 9%. We also grew Hong Kong residential mortgage loans by 3.3%, and maintained our leading position in terms of the number of new mortgage loans.

For the second half, global economic growth may remain low due to uncertainties such as US tariff policies and geopolitical risks, and the banking sector will continue to face certain challenges. However, in the key markets where we operate: the Chinese Mainland is strengthening counter-cyclical policy adjustments, and accelerating fiscal expenditure to boost domestic demand and investment confidence, while promoting the development of new quality productive forces. At the same time, supported by strong demand for advanced electronics and AI-related products, Hong Kong's goods exports will continue to grow rapidly; following the signing of the China-ASEAN FTA 3.0 Upgrade Protocol, trade exchanges will become more efficient. These favourable factors will continue to support our steady loan growth. Facing both challenges and opportunities, we will continue to focus on Hong Kong, cross-border, SEA and other overseas markets, while fully serving the real economy by leveraging our distinctive strengths in RMB business, residential mortgages, green loans and syndicated loans, seizing new growth opportunities in technology finance and commodities businesses, and actively serving the Chinese enterprises "Going-global". Overall speaking, while maintaining strict risk controls, we will balance returns and scale to achieve solid loan growth, striving to outperform the market for the full year.

Sam Wong from Optimas Capital: Regarding the shareholder return programme, does management plan to deliver the remaining part of shareholder returns through increased dividends or share buybacks over the next two years? Separately, property revaluation gains turned from negative to positive in the first half of this year, is this a sustainable trend, and does it indicate that Hong Kong's commercial real estate market has already bottomed out?

Chief Financial Officer Liu Chang: Thank you for your question. Regarding the shareholder return programme, the Board has already approved certain selectable tools, which include special dividends and share buybacks. Considering multiple factors including our share price, we will determine on specific arrangement and our choice of them. At the moment, the plan for 2026 has been confirmed and announced, and the plans for 2027 and 2028 are still subject to the Board's approval, which will be announced in accordance with the Listing Rules thereafter.

Regarding property revaluation, office market showed signs of recovery in the first half, with increased rental demand, particularly for high-quality properties in prime locations. Transaction volumes for Grade A office properties increased by 56% year-on-year to about HK$24 billion. Looking ahead to the second half, the office market in core districts is expected to bottom out, while vacancy rates in non-core districts will likely stay at substantial levels, and the retail property prices will remain under pressure due to sustained weakness in local demand. Considering overall market trends as well as the locations and characteristics of our investment property portfolios, we expect the valuation of our investment properties to remain broadly stable in the second half. Nevertheless, we will remain vigilant about the potential impact of market fluctuations and policy changes on the property market and property valuations.

(Online Question): Your operating expense growth slightly outpaced income growth in the first half of 2026. What is management's outlook for the expense growth and the cost-to-income ratio in the second half? Separately, wealth management has become a key focus of competition among major banks. Can the management share some insights on BOCHK's wealth management business development momentum and its future strategy.

Chief Financial Officer Liu Chang: Thank you for your question. Regarding operating expenses, we follow a cost management strategy of "long-term focused, with selective support and control", striving to establish a virtuous cycle between income growth and operating expenses. In the first half, our operating expenses reached HK$9 billion, up 6.7% year-on-year. Cost-to-income ratio stood steadily at 22.5%, remaining at a better level compared with local peers. Specifically, increased headcount and salary levels drove human resource expenses up by 7.1%; increased investment in IT and branch network layout optimisation led to 14% growth in premises and equipment expenses. Higher spending on advertising, business promotion, and professional consultancy contributed to a 13.3% increase in other operating expenses. Some expense items increased fast mainly due to the fact that we planned ahead to seize the business opportunities from Chinese enterprises "Going-global", mid-to-high end customers, diverse asset allocation of cross-border customers, and accelerated inflow of foreign customers into the Hong Kong market.

Meanwhile, we expedited digital transformation and increased IT investments to enhance long-term productivity and competitiveness.

In the second half, we will continue to implement digitalisation strategy, and focus on process streamlining as well as an asset-light development approach, so as to support expense growth by income growth, which includes accelerating AI-based automation, increasing GenA.I. investment, and expanding the scope of automation to replace repetitive manual tasks in back and middle office. At the same time, we will advance the optimisation of branch network, and promote transformation of traditional physical branch outlets into intelligent service channels, while developing an integrated online-offline marketing and service system. We will pursue low-carbon operations and strengthen dual management of existing and new resources to optimise expenditure structure. Operating expenses for 2026 are expected to maintain steady growth, and cost-to-income ratio to remain relatively stable and at a level better than that of our peers.

Deputy Chief Executive Chan Man: Thank you for your question. Regarding wealth management business, according to consulting firm BCG, Hong Kong's cross-border wealth management AUM reached US$2.95 trillion in 2025, making it the world's largest cross-border wealth management centre for the first time. Since the beginning of this year, amid complex and changing geopolitical dynamics, and significant volatility in global capital markets, risk-averse capital has sought safe harbour. Leveraging its unique positional and institutional advantages, Hong Kong continued to sustain strong momentum in the development of wealth management business. BOCHK actively seized market opportunities to promote high-quality, sustainable development in its wealth management business, which were reflected in following three key areas:

First, the growth of our wealth management income. Supported by our "Wealth+" strategy, we capitalised on the favourable investment market sentiment and strong demand for IPOs, and strengthened our ability to acquire and engage customers for securities services, while enriching fund product choices. We also provided exclusive offers and promotions for key customers, and upgraded online and offline service channels, to improve customer experience. We continued to grow the number of securities service accounts, and grew our fund sales volume by 31%. Our personal wealth management income rose by 14% year-on-year, with investment distribution income up 50%. On the other hand, our private banking fee income rose by 15%. Within the group's fee income, income from funds distribution, fund management, and securities brokerage rose by 55%, 78%, and 2% respectively.

Second, enhancement in wealth management service capabilities. We fully supported the HKSAR Government's family office policy, while strengthening intra-group collaboration, to enhance our influence in the family office sector. We completed the acquisition of BOCI Private Bank in January, and grew the private banking AUM by 20% in the first half. To comprehensively meet high-end customers' needs for wealth succession and appreciation, we increased the number of private wealth centres to 11, including the flagship centre in the prime location of Tsim Sha Tsui, which officially opened in July. Our Private Wealth customer base and TRB increased by 11% and 15% year-on-year, respectively, with securities and investment AUM rising by 15% year-on-year. We promoted the premium family brand "FamilyMAX" and offered holistic wealth and "Wealth+" services to meet the needs of healthy life and finance for high-end families. "FamilyMAX" customer numbers and TRB grew steadily, with securities and investment AUM rising 16% in the first half.

Third, notable results in integrated service development. We further enhanced the professionalism of our custody services, and expanded the global coverage of our custody network. With a number of key client portfolios successfully onboarded, we grew our total custody assets by 35% from the end of the previous year. BOC Life's standard new premiums rose by 28% year-on-year in the first half, ranking second in the market in the first quarter. BOCHK Asset Management drove product innovation, and launched the "BOCHK All-Weather Global Investment Grade Bond Fund". It also established a new venture capital fund to support promising innovative science and tech enterprises in Hong Kong. Its investment and advisory AUM rose by 14% in the first half.

For the second half, the nation's 15th Five-Year Plan will support Hong Kong in consolidating and enhancing its competitive advantages as a wealth management centre. Meanwhile, the HKSAR Government is stepping up efforts in various areas including taxation and market development, to attract more global capital to be managed in Hong Kong. We will continue to seize policy opportunities, and strengthen intra-group synergy. Focusing on the wealth management needs of high-end, cross-border, and family customers, we will enrich diversified product solutions, acquire new customers, and deepen relationships with existing customers. Targeting niche customer segments, we will drive product innovation and channel synergies, and through data empowerment and analytics, we aim to enhance service efficiency, and strengthen the development of business centres such as asset management, custody and private banking, continuously promoting high-quality, sustainable growth in our wealth management business.