



Delivering Growth and Excellence

Bank of China Limited

2011 Interim Results

Aug 24, 2011

Forward-looking Statement Disclaimer

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Presentation Team



Mr. Li Lihui, President



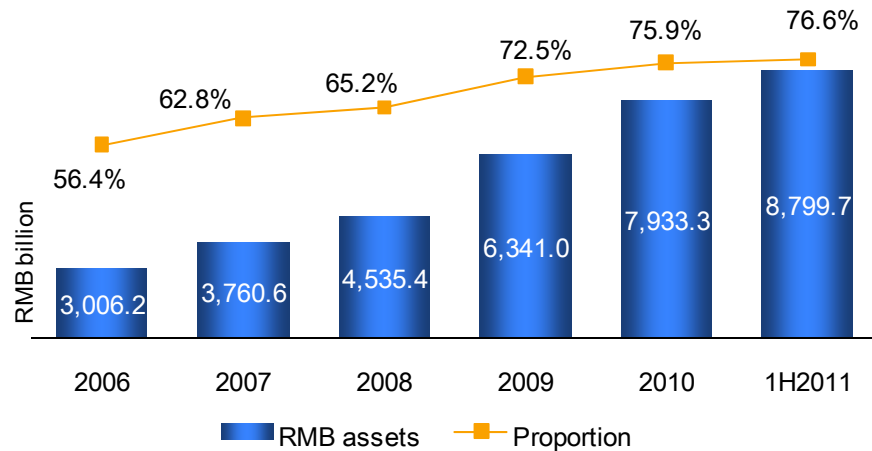
Mr. Chen Siqing, Executive Vice President



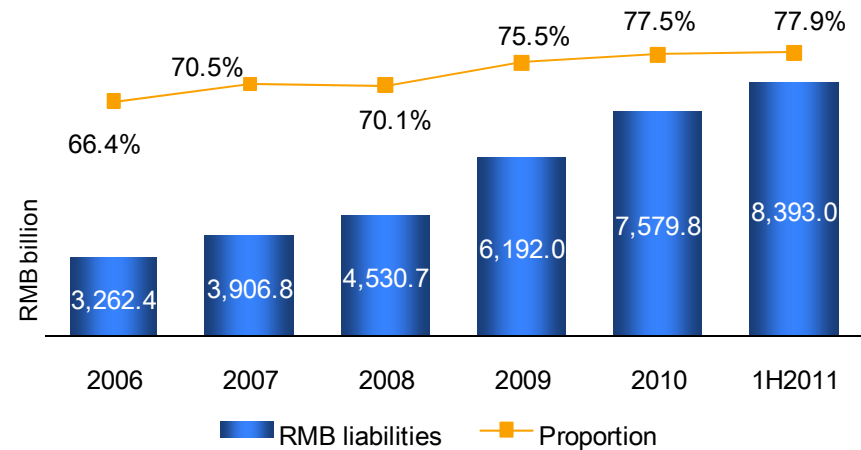
Mr. Yue Yi Executive Vice President

Significant Progress in Structural Optimization

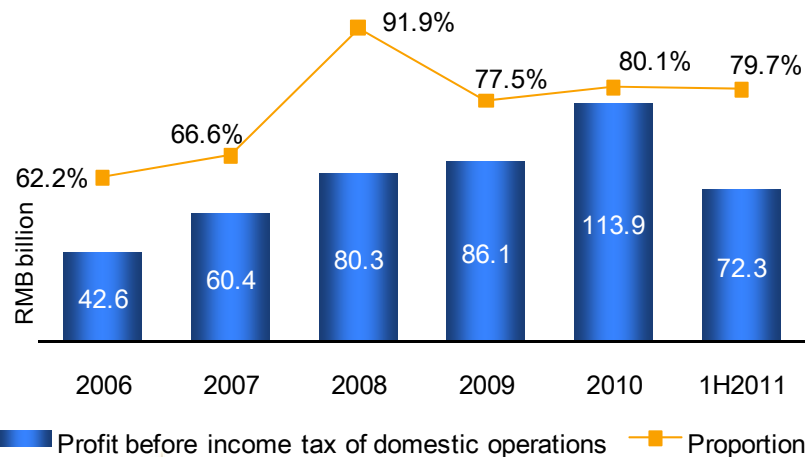
Increased proportion of RMB assets



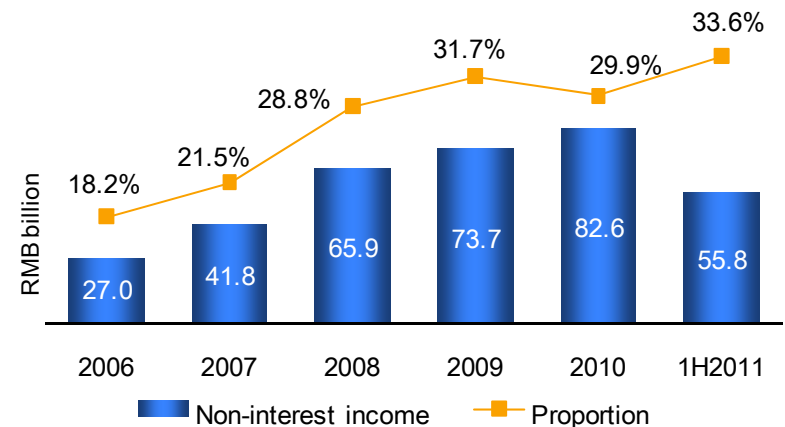
Increased proportion of RMB liabilities



Increased proportion of profit before income tax of domestic operations

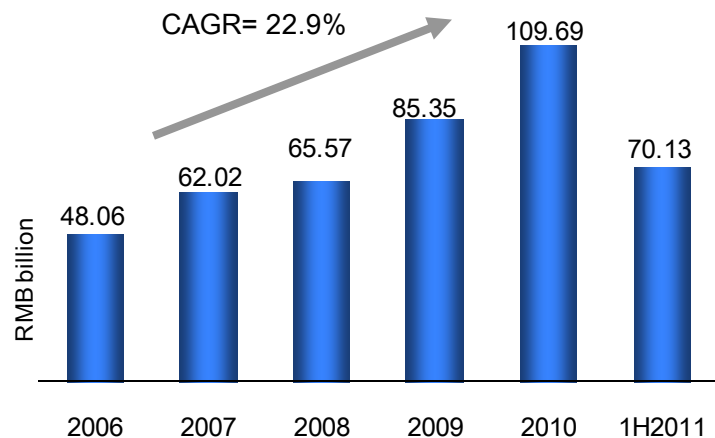


Increased proportion of non-interest income

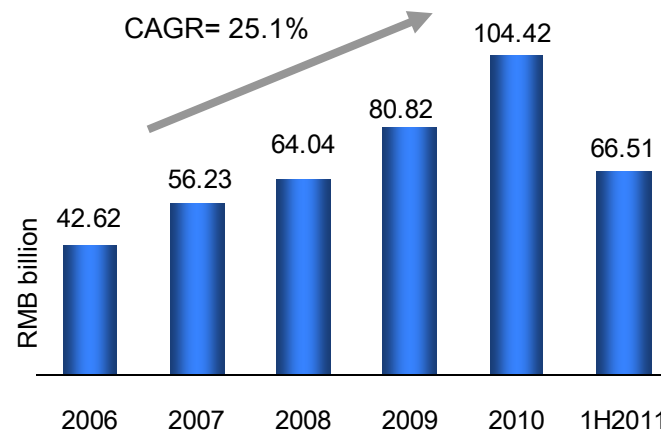


Key Financial Indicators Continue to Improve

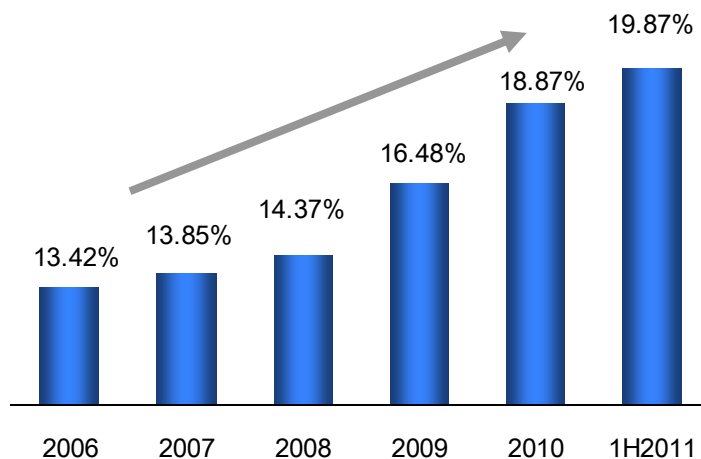
Robust growth of after-tax profit



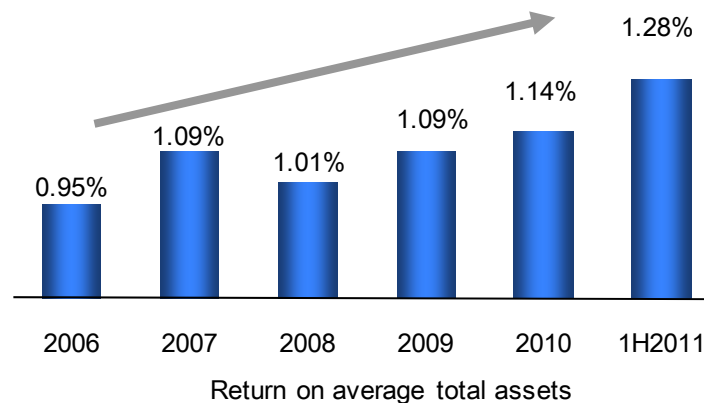
Robust growth of profit attributable to equity holders



Significant increase in ROE

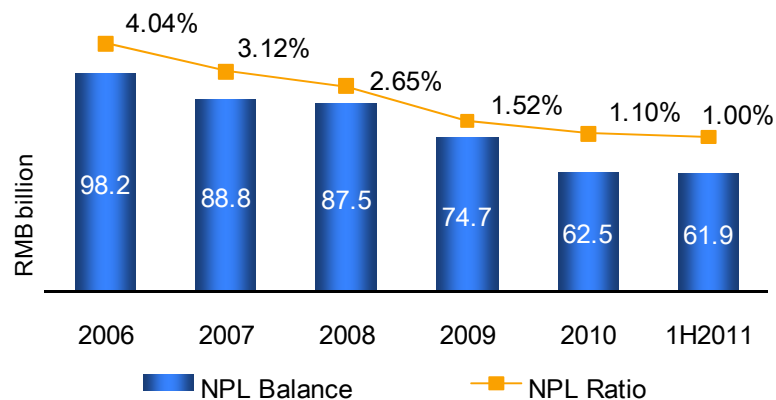


Steady improvement in ROA

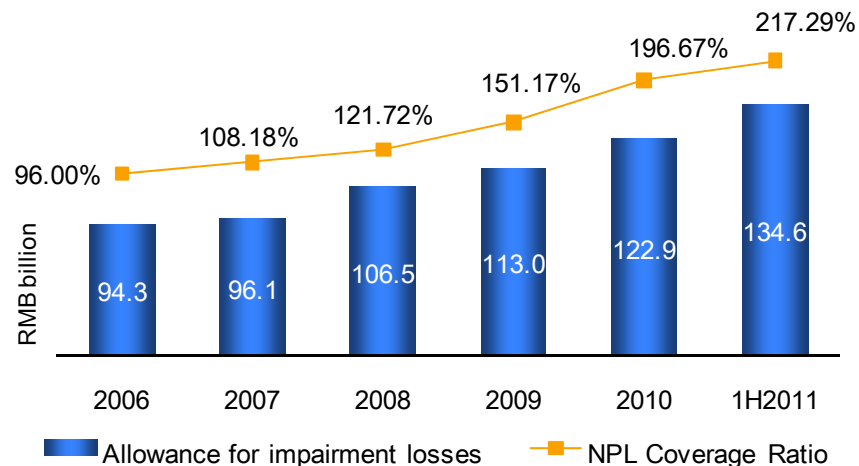


Key Financial Indicators Continue to Improve

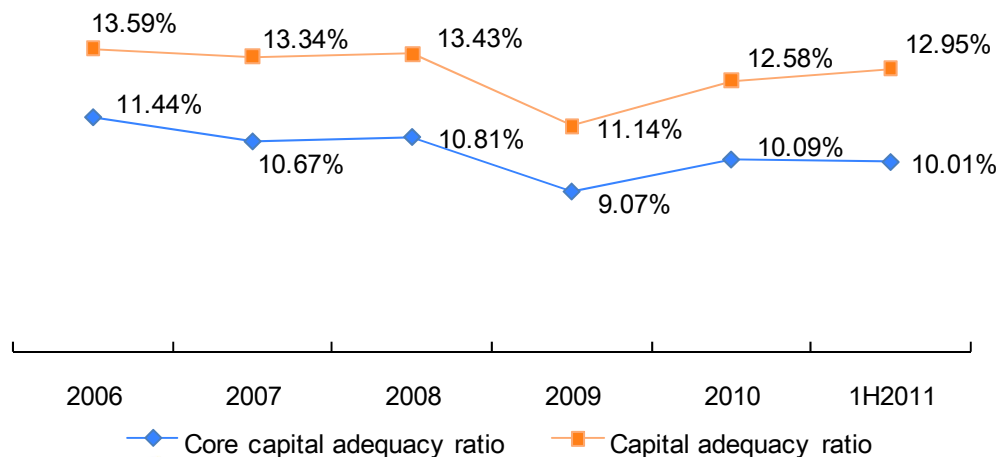
Constant improvement in asset quality



Continuous increase in coverage ratio

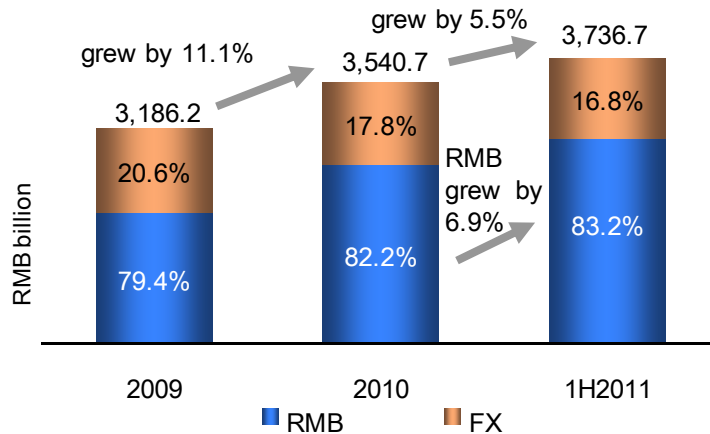


Capital adequacy ratio

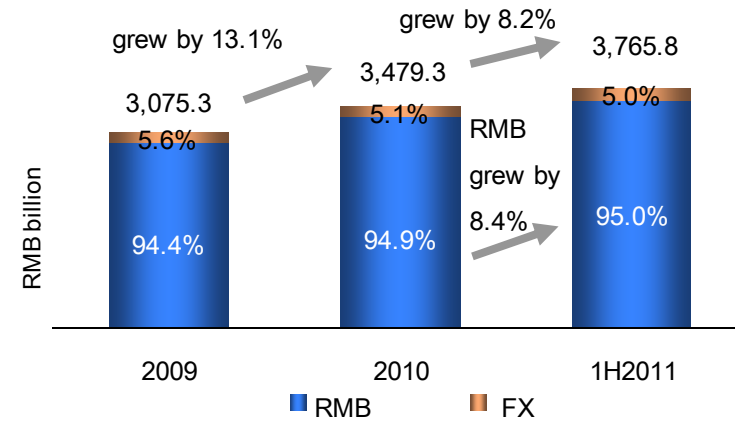


Strong Growth of Domestic Business — Corporate Banking

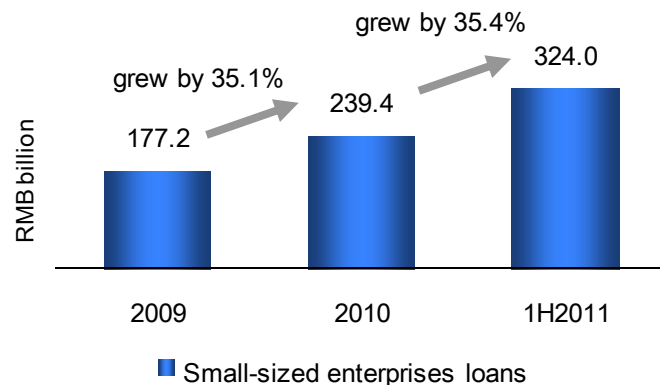
Domestic corporate loans



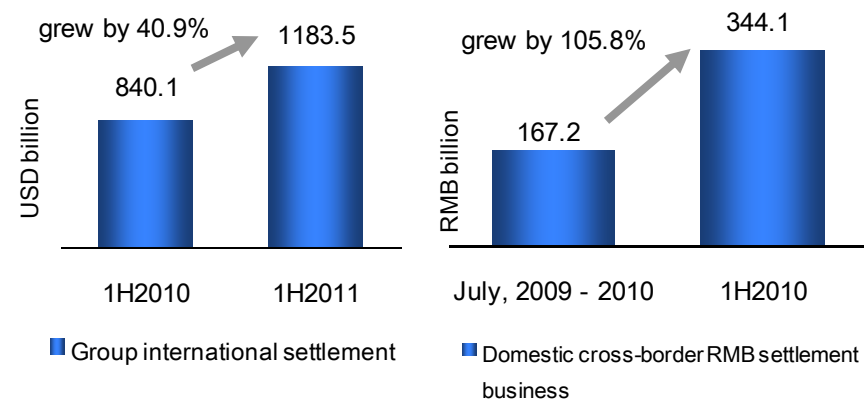
Domestic corporate deposits



Rapid growth of small-sized enterprise loans

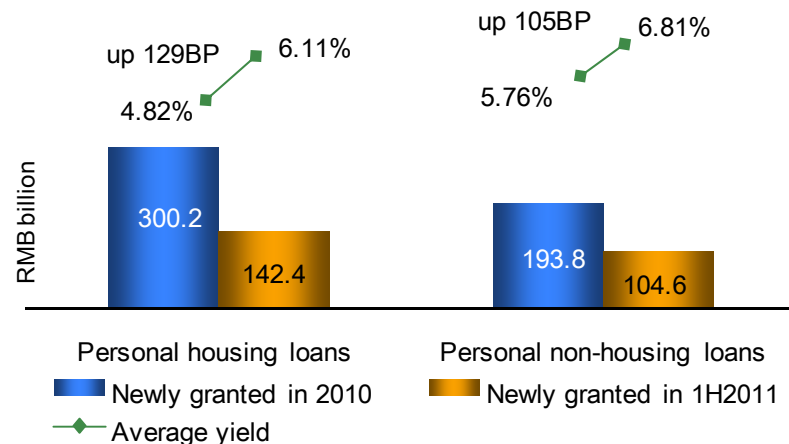


Leading position in international settlement business



Strong Growth of Domestic Business — Personal Banking

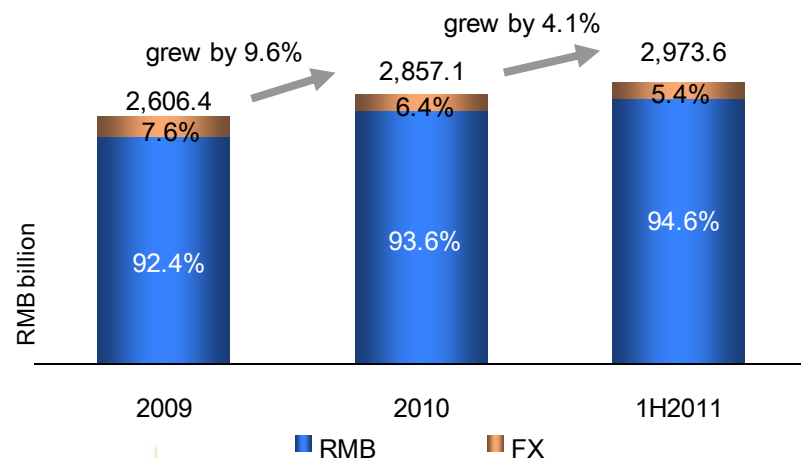
Optimized domestic personal loans structure for higher yield



Accelerated development in middle and high-end businesses

	30 June 2011	1H2011 VS 2010
Wealth management centers	2,912	↑ 933
Prestigious wealth management centers	138	↑ 13
No. of middle and high-end customers	6.24 million	↑ 57%
No. of private banking customers	25 thousand	↑ 68%
AUM of middle and high-end customers	RMB2.4 trillion	↑ 19%

Steady growth in domestic personal deposits

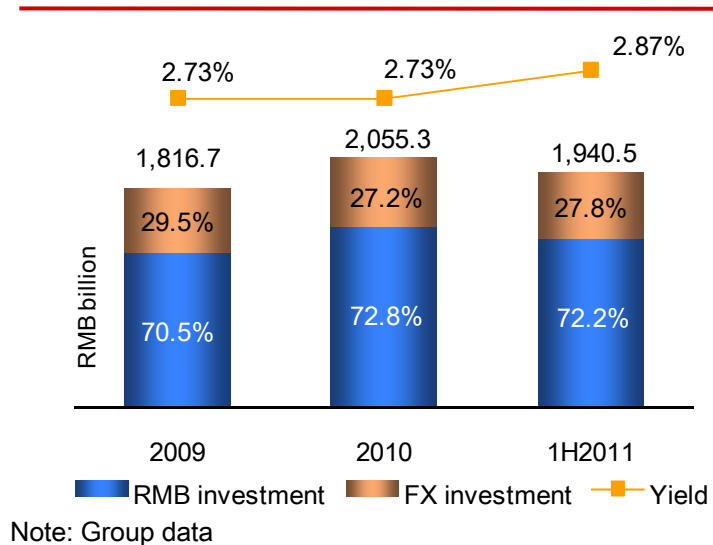


Rapid growth in bank card business

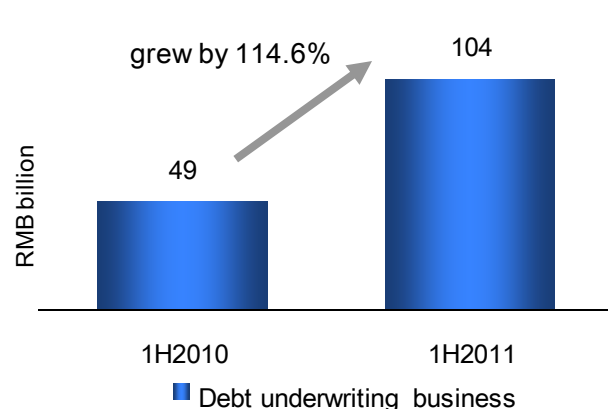
	30 June 2011	1H2011 VS 2010
Accumulated no. of bank card	207million	↑ 15%
Accumulated no. of effective credit card	28.06million	↑ 29%
Accumulated no. of debit card	170 million	↑ 13%
Accumulated no. of overseas debit card	0.32 million	↑ 11%
1H2011 VS 1H2010		
Bank card consumption	RMB528.6 billion	↑ 42%
RMB card merchant acquiring transaction volume	RMB801.0 billion	↑ 62%

Strong Growth of Domestic Business — Financial Markets

Increased yield in investment securities



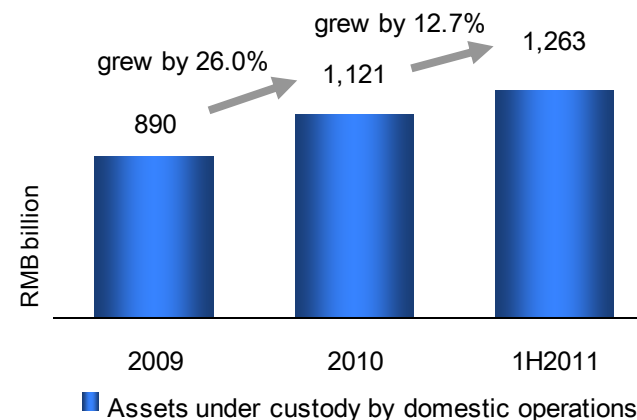
Rapid growth of debt underwriting business



Leader of trading business

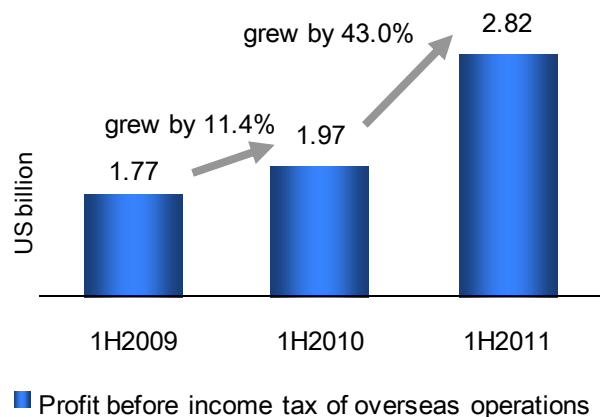
- ◆ No.1 in market share for customer account spot exchange
- ◆ Topped peers for transaction volumes on the Shanghai Gold Exchange
- ◆ Developed proprietary trading businesses for products including the Russian Rouble, South African Rand and the South Korean Won non deliverable forwards (NDF)
- ◆ Launched a public quotation business for the purchase and sale of non-USD currencies
- ◆ The first Bank to launch the purchase and sale business for spot exchange of RMB against the Kazakhstan Tenge

Expanded scale of assets under custody

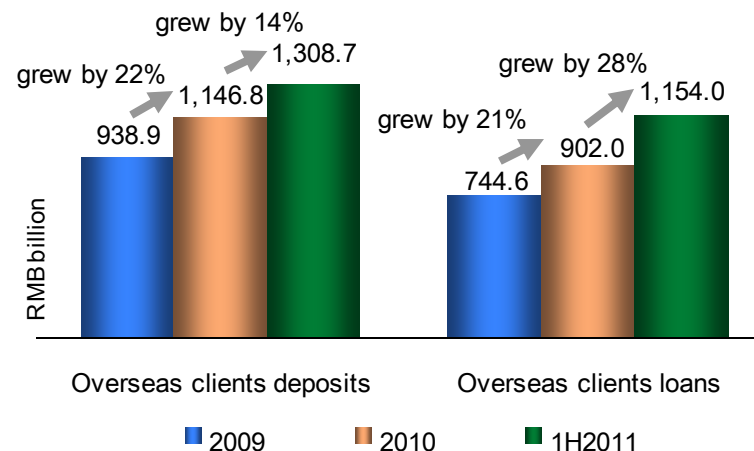


Expand Overseas Business and Maintain Leading Position of Internationalization

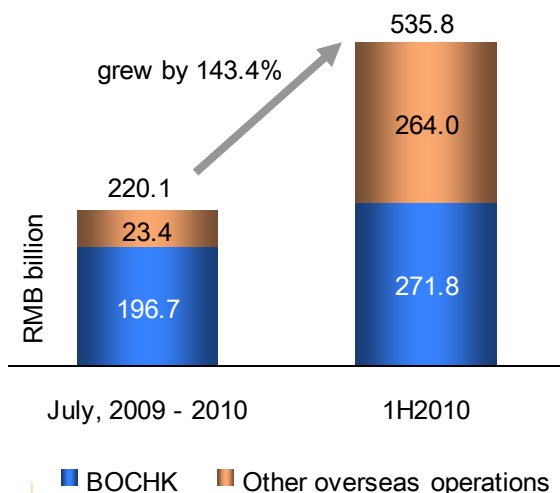
Robust profit growth



Rapid deposit and loan growth



Leading position in cross-border RMB business



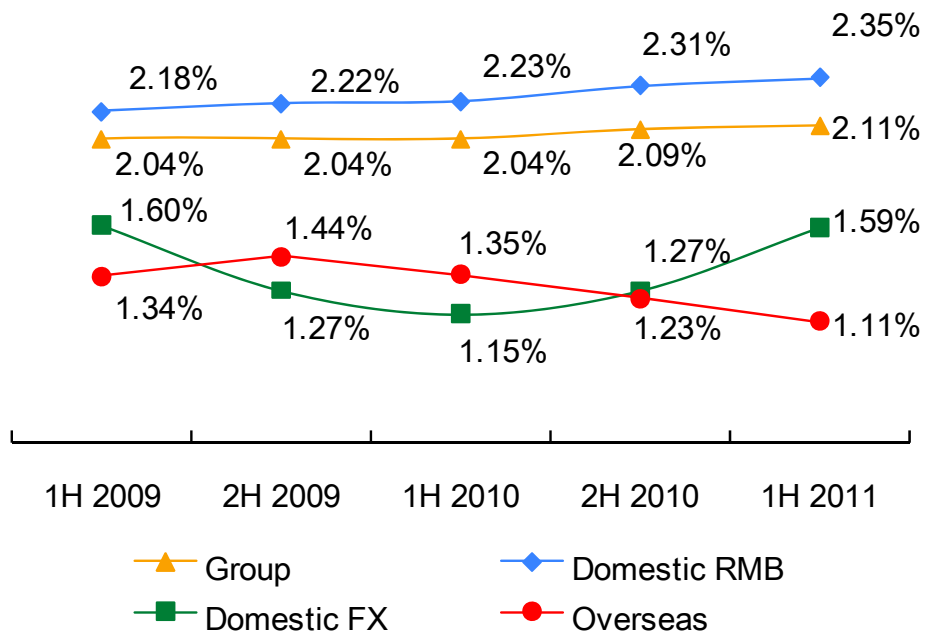
Accelerating outlets distribution

- ◆ Newly established the Phnom Penh Branch and Bank of China Kazakhstan, Aktobe Branch
- ◆ The China Desk in UAE began operation
- ◆ Vigorously promoted network expansion across many other countries and regions

Note: "Overseas" Includes Hong Kong, Macau, Taiwan and Other Countries and Regions

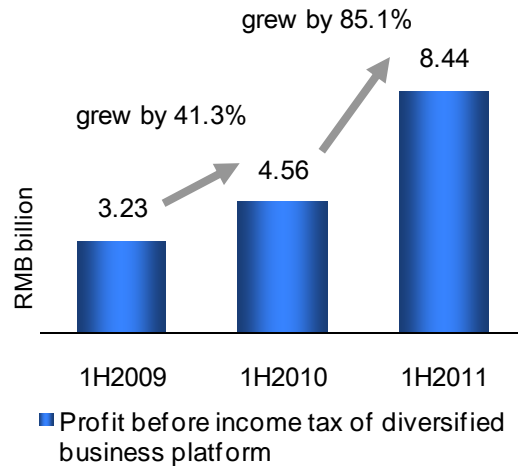
Great Potential in Net Interest Margin Improvement

Net interest margin increased by 7bps YoY

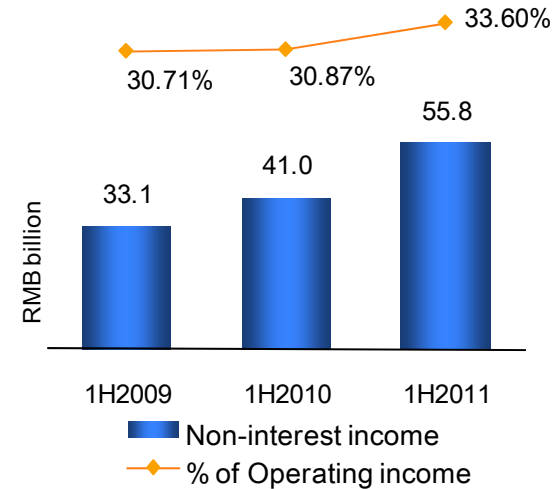


Diversified Business Platform Drove Non-Interest Income Growth

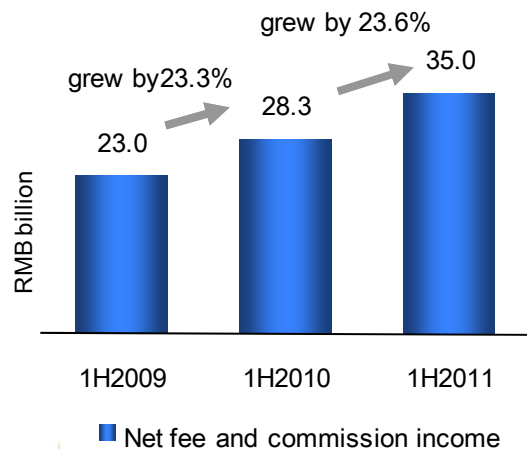
Robust profit growth of diversified business



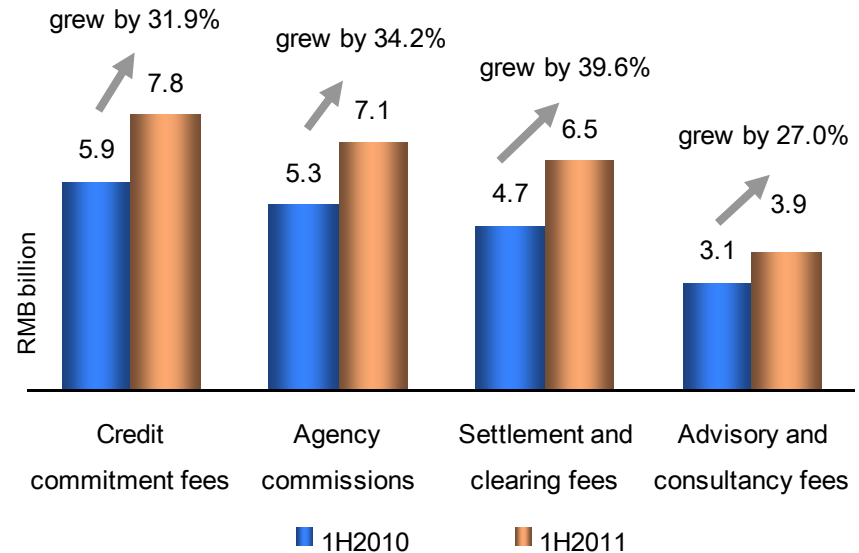
Continuous increase in proportion of non-interest income



Rapid growth of net fee and commission income



Key drivers of fee and commission income



Effective and Comprehensive Risk Management

Credit Risk

- Follow macro-economic changes, enhance supervision of overseas business, and further improve the forward-looking, directional and proactive risk management
- Further improve credit structure. Strengthen credit management on specific industries particularly on local government financing platform and real estate sector
- Proactively exit from high risk non-NPL corporate loans

Market Risk

- Continue to enhance market risk management
- Strengthen centralized risk control of the Group's trading business and investment securities, improve investment structure
- Enhance interest rate and exchange rate risk management on the banking book

Operational Risk

- Integrate operational risk into its comprehensive risk management system
- Establish a comprehensive and reliable internal control and operational risk management system through coordinating the implementation of Basel II and "Company Basic Rules of Internal Control Standard"

Country Risk

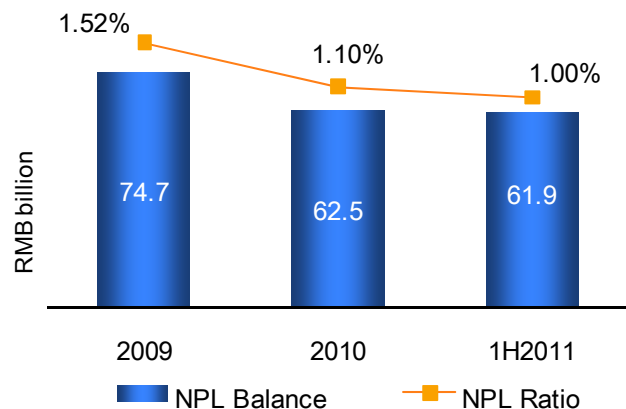
- Brought country risk into the Bank's comprehensive risk management system
- Revise the country risk management policy
- Create sovereign rating model, set up risk limits and monitor the exposure

New Basel Accord

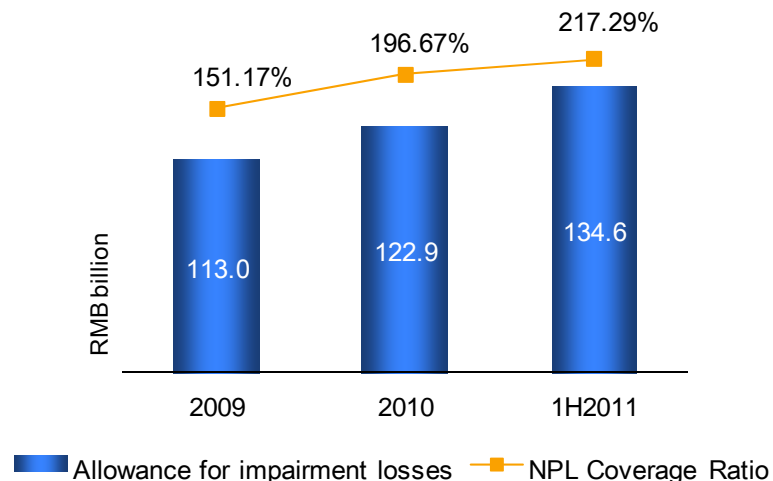
- Implement the "New Basel Accord" in a steady approach
- Essentially completed the implementation of the Pillar I measurement system of Basel II
- Apply the results more widely and deeply, optimise asset structure and capital saving
- Closely follow regulatory reforms, devise a scheme for the coordinated implementation of Basel II and Basel III, and accelerate the implementation of an advanced approach to Basel II

Sound Asset Quality – Overall

Dual decline of NPL balance and NPL ratio

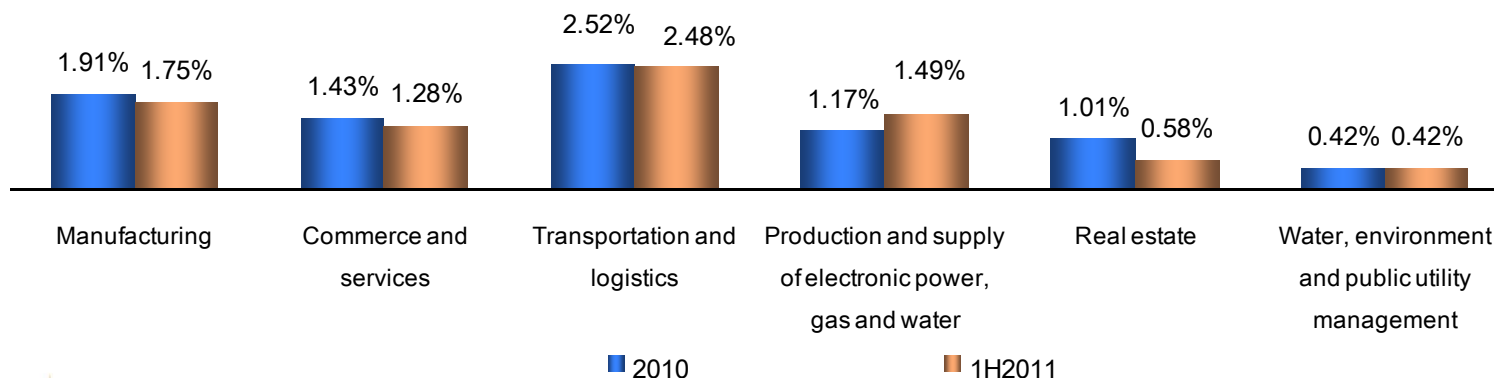


Coverage ratio further increased



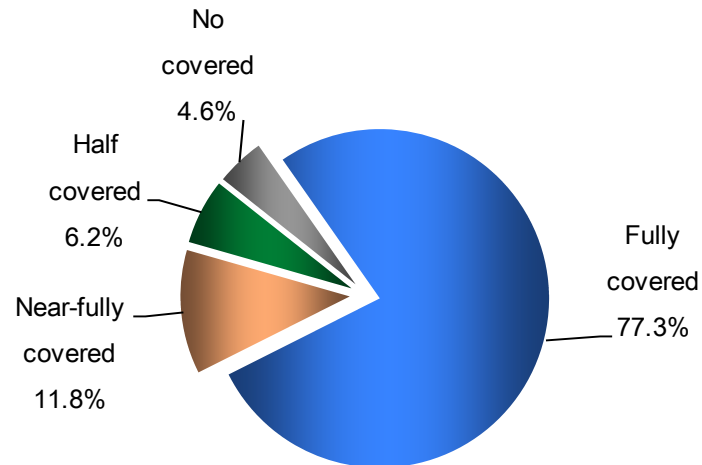
Impaired loan ratio for major industries

Impaired loan ratio for major domestic corporate loans

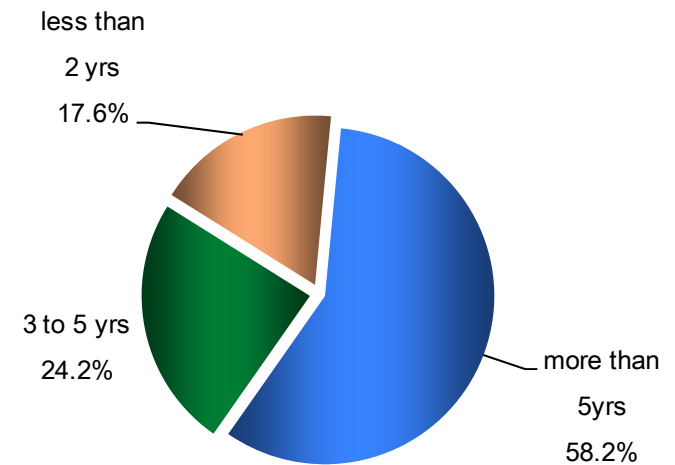


Sound Asset Quality – LGFV Loan

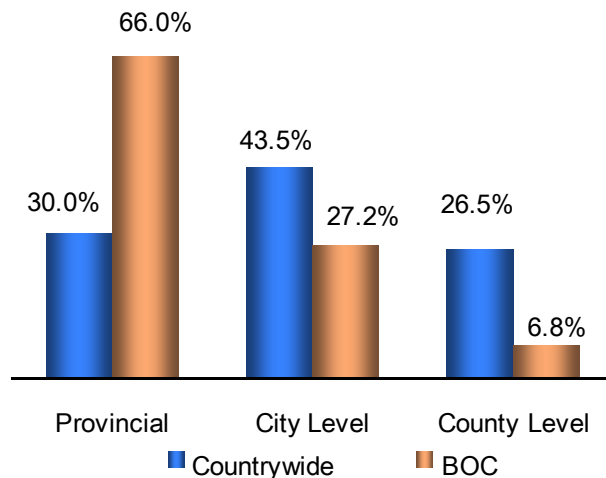
High cash flow coverage



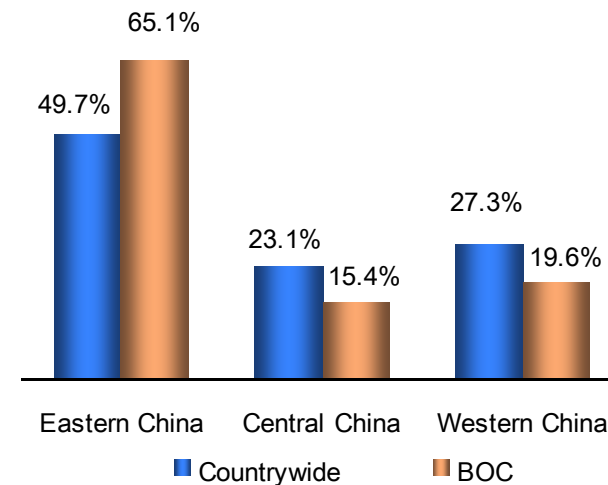
Balanced repayment schedule



Loans to provincial and city level exceed 90%

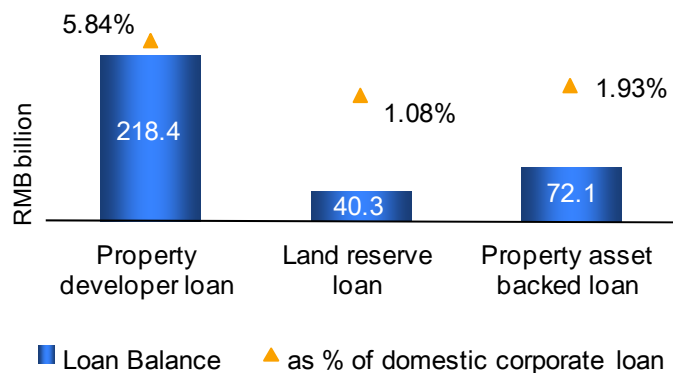


Reasonable geographic distribution

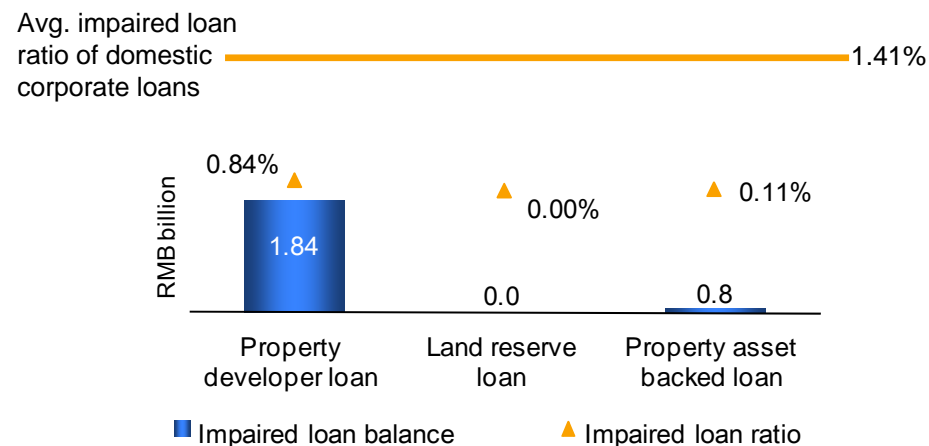


Sound Asset Quality – Real Estate Loan

Lower balance and proportion



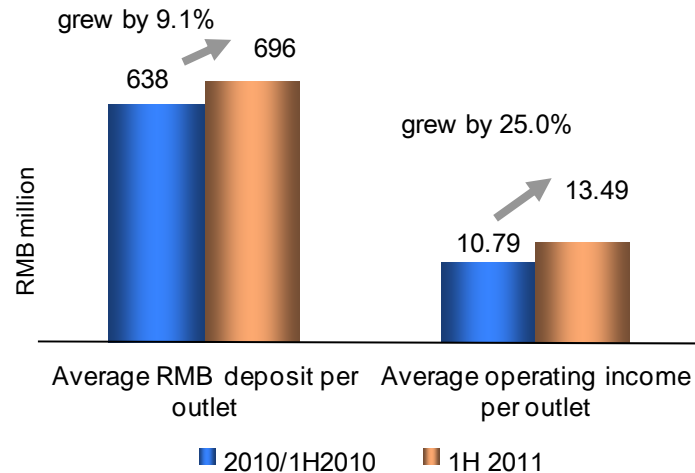
Better asset quality



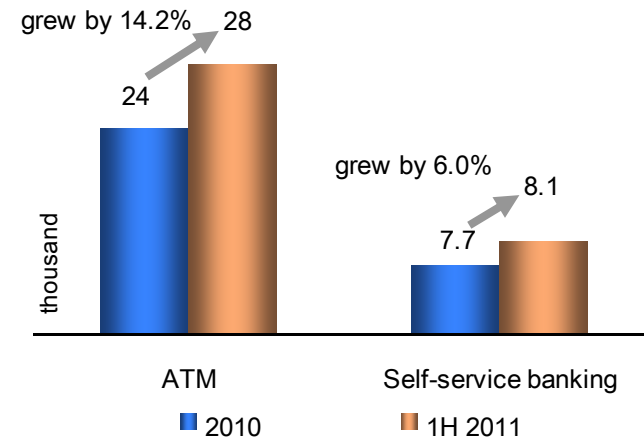
- ◆ 61.7% of customers are either qualified as HQ or provincial branch key accounts. 42.2% are HQ key accounts
- ◆ Average contract term of property developer loans is 2.66 years, while the actual repayment term is even shorter
- ◆ Average LTV is about 50%

Channel Construction Promote Business Development

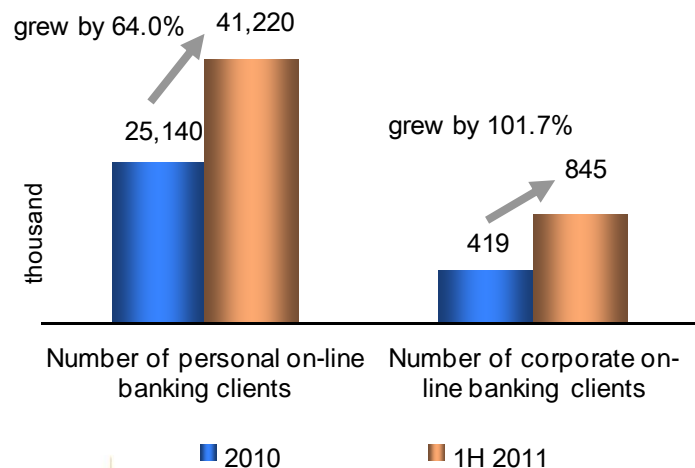
Outlet efficiency continuously enhanced



Self-service facilities increased



Online banking developed rapidly



Promote outlet development and efficiency

- ◆ Continue to enhance middle and large size full-function outlets
- ◆ Enlarge outlets scale
- ◆ Allocate more human resource to support sub-branch level business development
- ◆ Improve the sales and service capabilities of outlets for corporate banking
- ◆ Strengthen customers acquiring and marketing function of outlets in its adjacent area
- ◆ Enhance self-service function

IT Blueprint Improve Operation and Management

IT Blueprint 3.0 version has been implemented across 32 branches

Head office and all domestic branches will complete upgrade by year-end

Customer-centric

- ◆ Shared custom information system across group
- ◆ Customer-centric and transaction-driven business processing system
- ◆ Comprehensive and complete custom and account information clearance
- ◆ Greatly improved information quality with disqualified rate decreased to 0.59%

Efficient product innovation

- ◆ Established overall parameter control system including 16 conceptive area
- ◆ More time efficient product innovation and more flexible product allocation
- ◆ Support product innovation

Advanced IT system

Stringent internal control

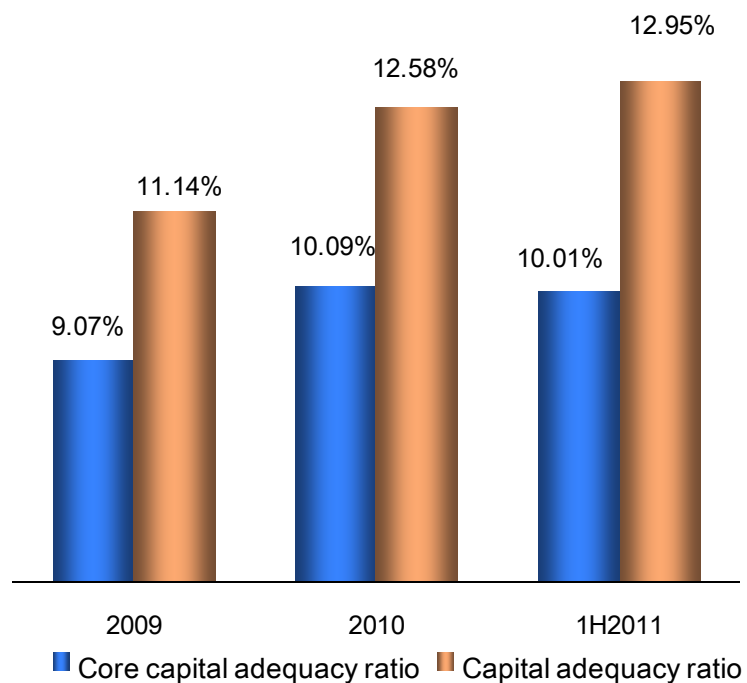
- ◆ All dimensional and comprehensive control from clerk to customer, from transaction to accounting
- ◆ Risk control through clerk control and centralized authorization control
- ◆ Manage operational risk through centralized control of transaction and authorization
- ◆ Control customer risk
- ◆ Separated front-desk from back-desk, transactions from accounting

Optimizing business process

- ◆ Instant and efficient fund transfer
- ◆ Improved efficiency of transaction processing
- ◆ Simplified front desk operation
- ◆ Centralized and specialized back office operation

Promoting a Capital-efficient Development Model

Capital adequacy ratio further increased



Enhancing capital management

- ◆ Enhance performance evaluation mechanism of capital management, strengthen capital constraint
- ◆ Continuously adjust and optimise assets structure and reduce capital charges
- ◆ Steadily improve the implementation of ICAAP and enhance capital management capability
- ◆ Successfully issued RMB subordinated bonds

Outlook

Macro-economy trends

- ◆ International financial markets continue to be sharply precarious, and the recovery of global economy is facing growing uncertainty and instability
- ◆ The Chinese government will continue to adopt a macroeconomic policy of continuity and stability and will make it more directional, flexible and forward looking. The government will strive to maintain the balance among steady and rapid economic growth, economic structural adjustment and the management of inflationary expectations, to consolidate China's strong economic development momentum

Key focus in 2H2011

- ◆ Accelerate to build a large multinational banking group with a diversified and integrated cross-border business platform
- ◆ Improve the efficiency of business outlets and enhance competitiveness, profitability and sustainable development
- ◆ Strengthen the asset-liability management for balanced development
- ◆ Enhance comprehensive risk management for high quality development

Q&A

