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Serving Society, Delivering Excellence

2015 Interim Results

Aug. 28, 2015

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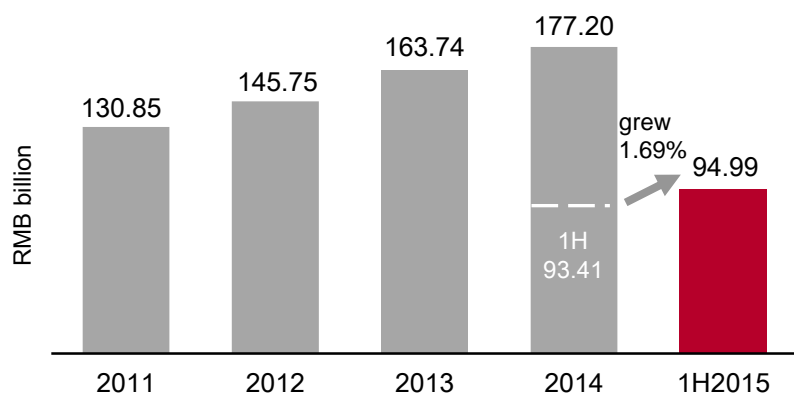
Mr. Gao Yingxin
Executive Vice President



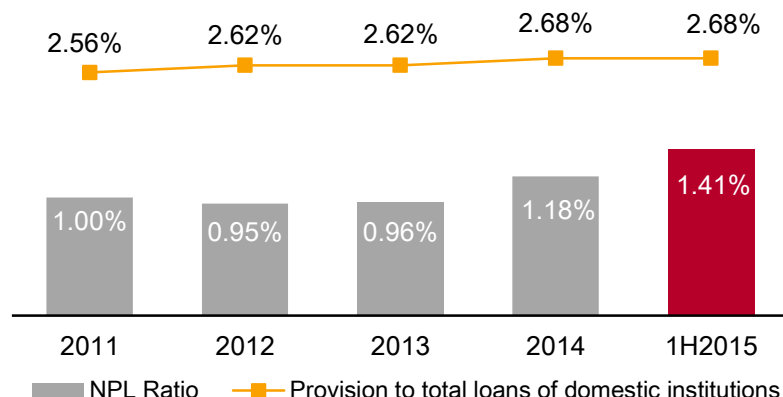
Mr. Xu Luode
Executive Vice President

Operating Performance Achieved Steady Progress

After-tax profit grew 1.69%



Adequate provision



Strengthened capital adequacy

%	1H2015	2014
Common equity tier 1 CAR	10.63	10.61
Tier 1 CAR	11.62	11.35
CAR	13.69	13.87

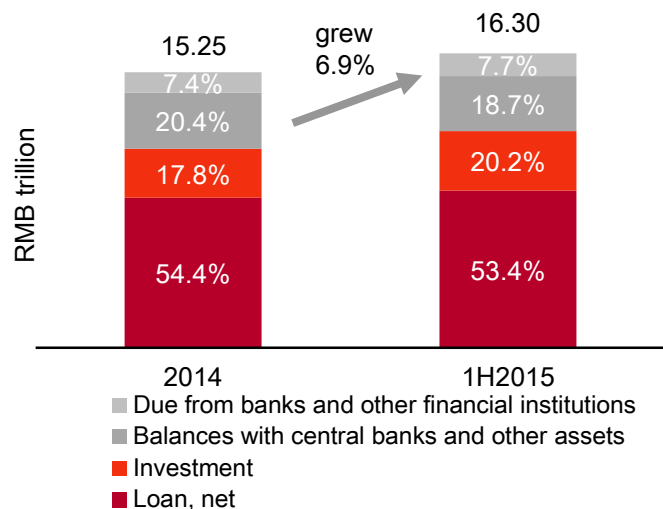
Note: The capital ratios are calculated in accordance with *Capital Rules for Commercial Banks (Provisional)* and related regulations

Rising international status

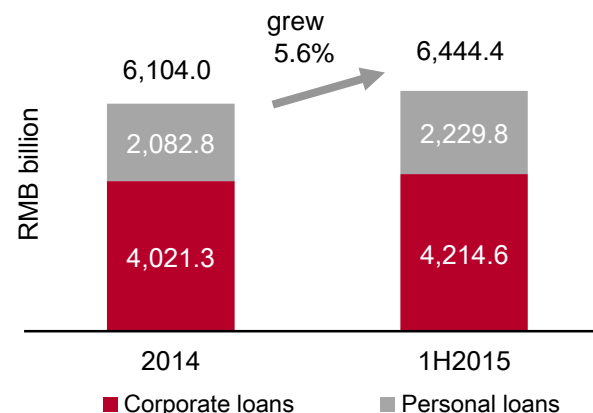
- ◆ The Bank's tier-1 capital base became the fourth largest among the world top 1000 banks by *The Banker* in 2015
- ◆ The Bank ranked No.45 among "Fortune Global 500" with 14 places upgrade from 2014, the only Chinese enterprise enrolled the list for 27 consecutive years
- ◆ The Bank ranked No.4 in "Forbes Global 2000" in terms of assets, market value and other indicators, with 5 places upgrade compared with the prior year

Optimising Asset Mix with Balanced Loan Growth

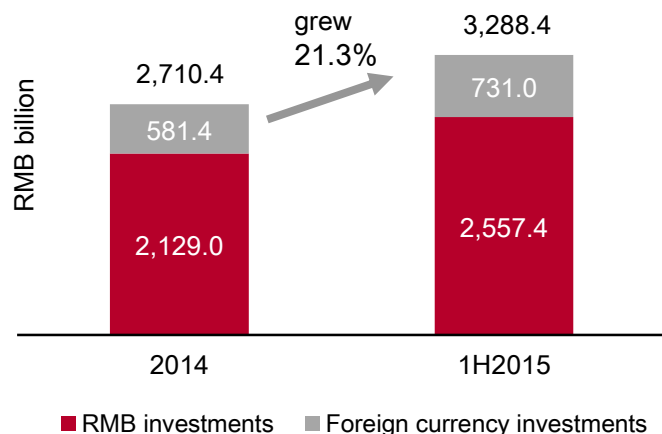
Optimising asset mix



Modest growth of domestic RMB loans



Rapid growth of securities investment

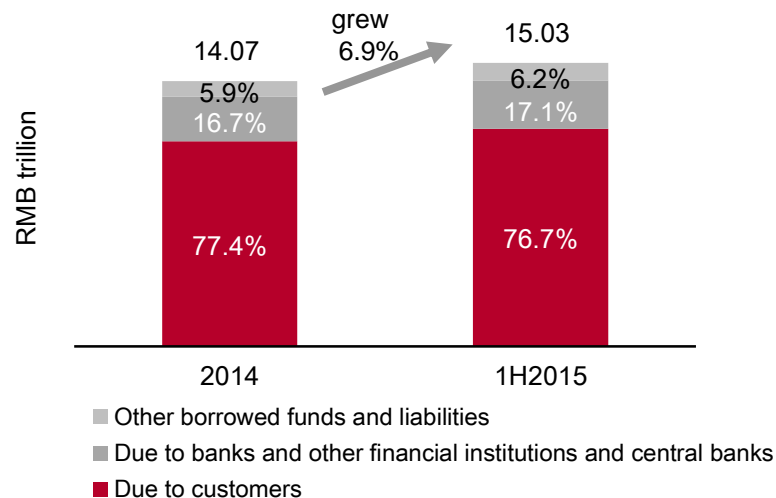


Direction of new loans

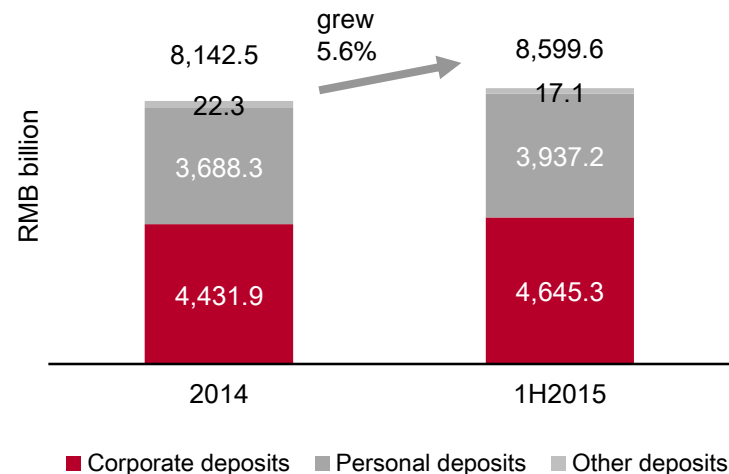
- ◆ **Actively supported China's economic restructuring and industrial transformation and upgrading**, loans to high-end equipment manufacturing, new energy resources, energy saving and environmental protection, biological industries rose 8% from last year-end
- ◆ **Actively supported SMEs development**, customers under the "BOC Credit Factory" model exceeded 320,000, and loans to medium-sized enterprises grew 9%
- ◆ **Actively served the people's livelihood and their consumption needs**, domestic personal RMB loans grew 7% with the proportion to domestic RMB loans up 0.5 percentage point from end-2014
- ◆ **Key projects under "Going Global" efforts**, cumulative USD136.5 billion loan commitment were extended to "Going Global" projects by the end of June 2015

Expanding Funding Sources with Controlled Deposit Cost

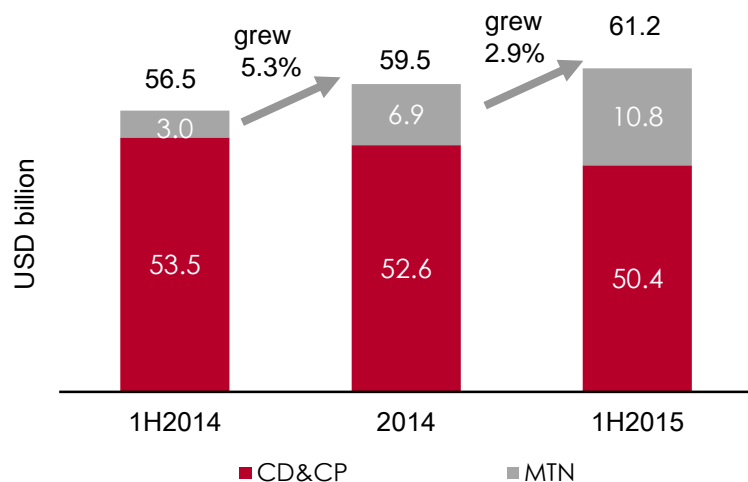
Stable liability structure



Steady growth of domestic RMB deposits



Incremental overseas funding volume

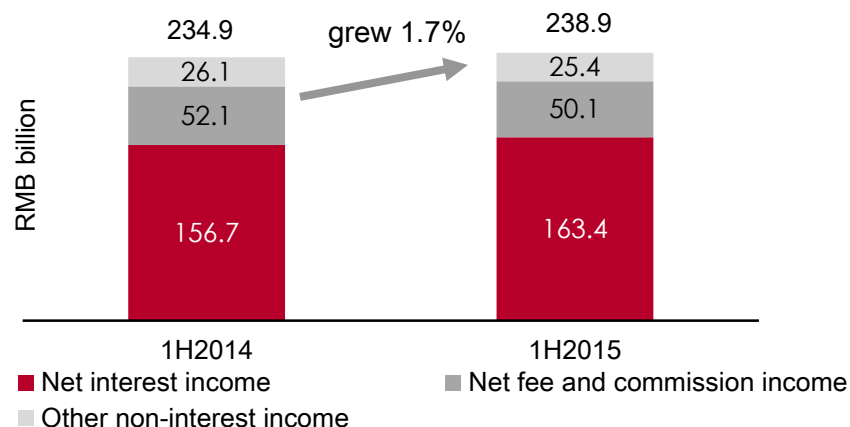


Expanded funding sources by product innovation

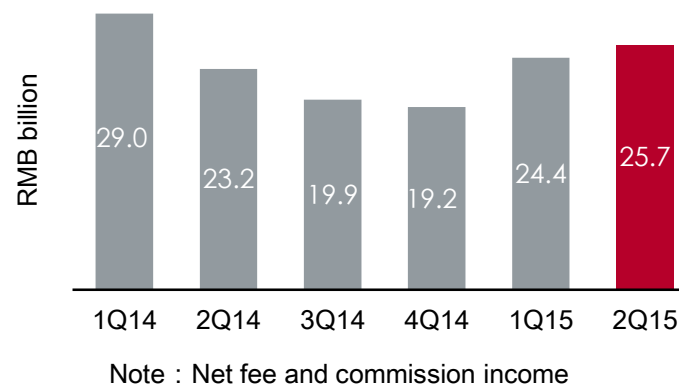
- ◆ **Deposits from administrative institutions** increased 9%
- ◆ **Funding of salary payment agency business** grew 23%
- ◆ **Cash management platform's** sedimentary fund increased 22%. Led market in fields such as centralised operation of FX funds for headquarters of multinational corporations, centralised operation of cross-border RMB funds and cash management services in Shanghai FTZ
- ◆ **Custodian business** maintained leading position with total RMB6.7 trillion assets under custody, among which overseas custodian assets amounted to RMB1.1 trillion
- ◆ **Pension business'** total number of individual pension accounts and assets under custody increased 14% and 21% respectively

Steady Pre-provision Profit Growth

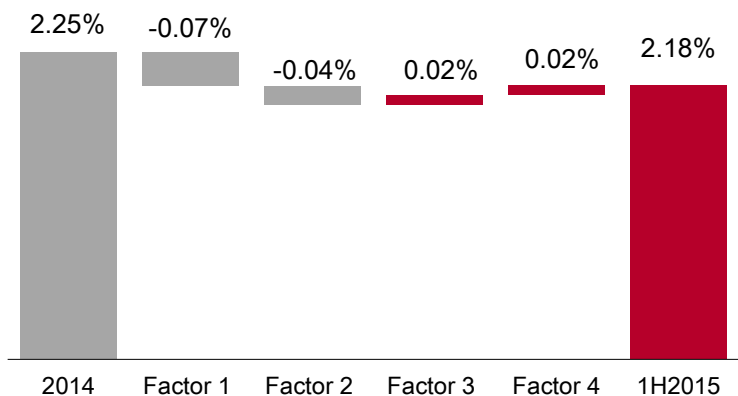
Stable non-interest income ratio



Fee income rebounded quarterly



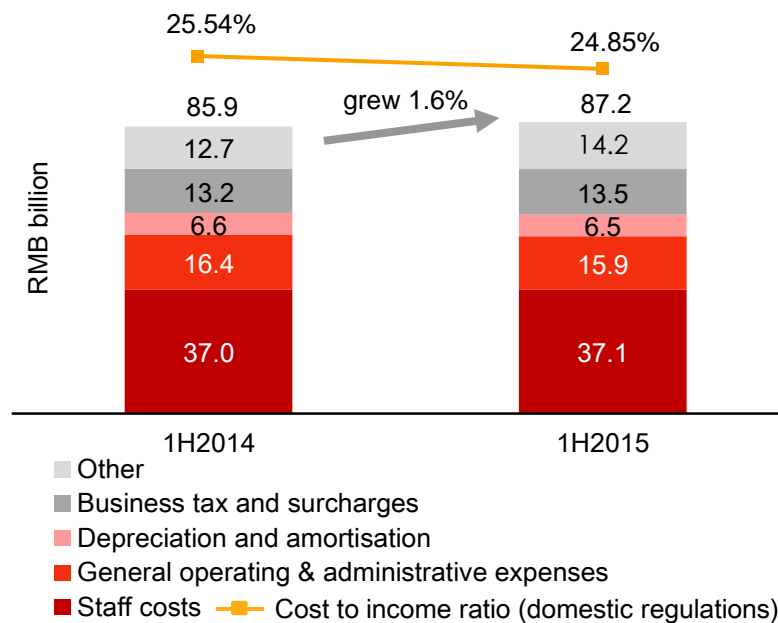
NIM under pressure



Notes:

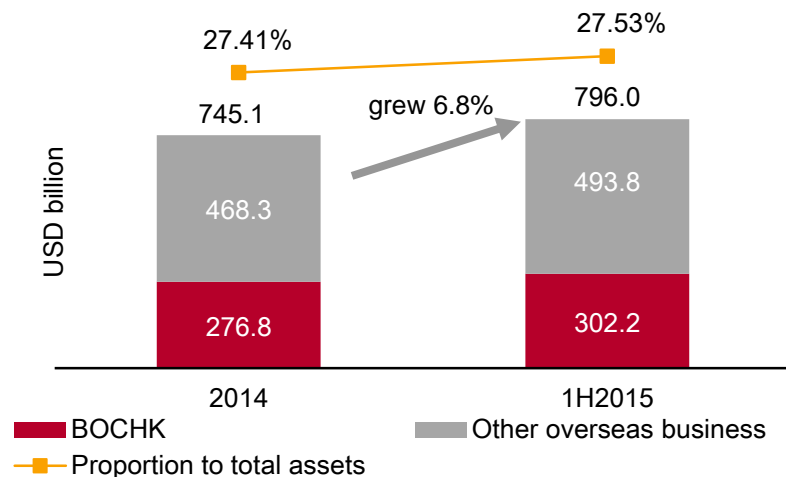
- Factor1: Decrease of yield of domestic RMB loans
- Factor2: Increase of average interest rate of domestic RMB deposits
- Factor3: Increase of yield of domestic RMB investments
- Factor4: Increase of equity and others

Effective cost control

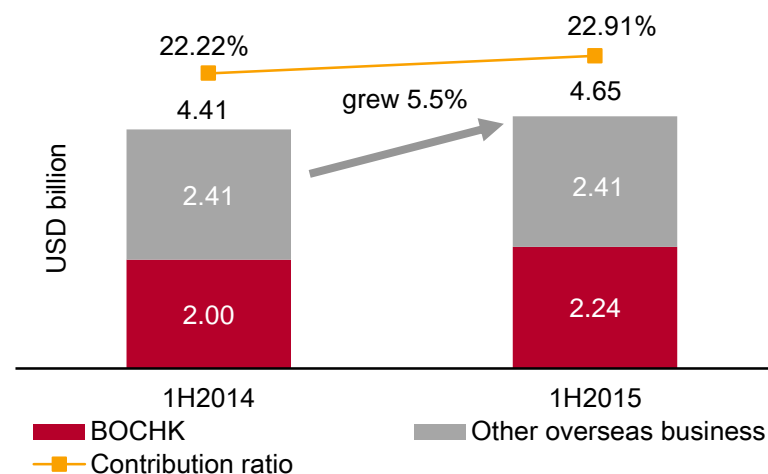


Smooth Development of Overseas Business

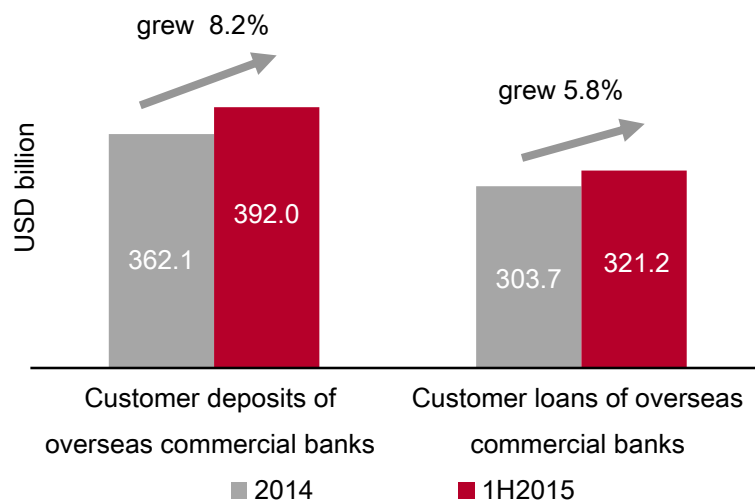
Steady growth of overseas assets



Improved overseas pre-tax profit



Modest growth of overseas deposits and loans



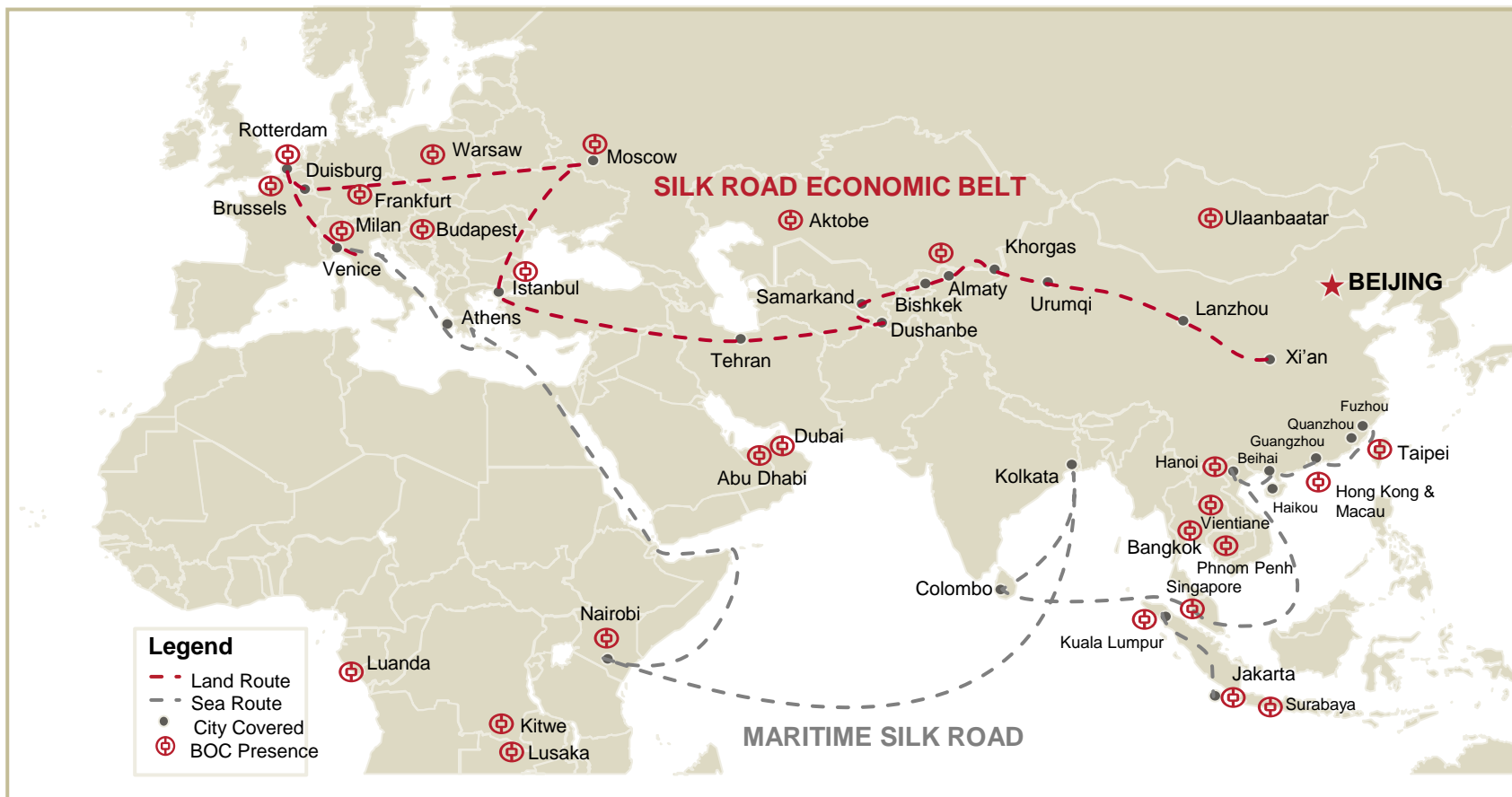
Accelerated development of international business

- ◆ **Expanded global network:** owned 635 overseas institutions in 42 countries and regions by the end of June 2015
- ◆ **Strengthened support for Chinese enterprises' "Going Global"** : cumulatively extended USD136.5 billion loan commitment to "Going Global" projects. Successfully financed a number of Chinese enterprises' overseas M&A activities. International settlement volume maintained leading global position
- ◆ **Innovated cross-border matchmaking services for global SMEs:** successfully launched China-US, Central & Eastern Europe, Germany, ASEAN, France, and Netherlands SME cross-border trade and investment matchmaking events, and provided matchmaking services for thousands of SMEs in domestic and overseas markets

Well-positioned to Benefit from “Belt and Road” Initiative

Strategic Goals

- Strive to be the “Go-to” bank for Chinese enterprises along the “Belt and Road”
- Strive to be the main channel for cross-border RMB business along the “Belt and Road”
- Strive to cover over 50% of the countries along the “Belt and Road” by continuously expanding global service network
- Plan to extend USD20 billion credit to “Belt and Road” related projects and entities in 2015, target to lend a total of USD100 billion in next three years



Well-positioned to Benefit from “Belt and Road” Initiative

Achievements of supporting “Belt and Road” Initiative

Issued the first “Belt and Road” bond

The Bank’s overseas institutions in Abu Dhabi, Hungary, Singapore, Taipei and Hong Kong issued the first “Belt and Road” bond denominated in RMB, USD, EUR and SGD, which were listed on exchanges in Dubai, Singapore, Taipei, Hong Kong and London respectively. These bonds totaled USD4 billion equivalent, setting a new record as the largest overseas bond issuance by a Chinese bank

Pushed forward key projects

The Bank sorted out projects along the “Belt and Road”, strengthened the leverage among the domestic and overseas businesses as well as diversified business platforms, and followed up nearly 300 projects with total investment exceeding USD250 billion, in which the Bank intend to provide credit about USD68 billion

Deepened cooperation with financial institutions

The Bank deepened cooperation with banks along the “Belt and Road” and held “Belt and Road” business forum. The Bank also signed the “Belt and Road” Business Cooperation Memoranda with Bangkok Bank, Bank Austria and Commercial International Bank of Egypt

Consolidated edges in FX business

The Bank provided customers with exchange rate hedging services for emerging market currencies including the Nepalese Rupee, South African Rand and Brazilian Real, as well as forward exchange services for the Russian Ruble and Kazakhstani Tenge against RMB. As at 30 June 2015, the Bank offered quotation and exchange services for 26 currencies against RMB, including emerging market currencies

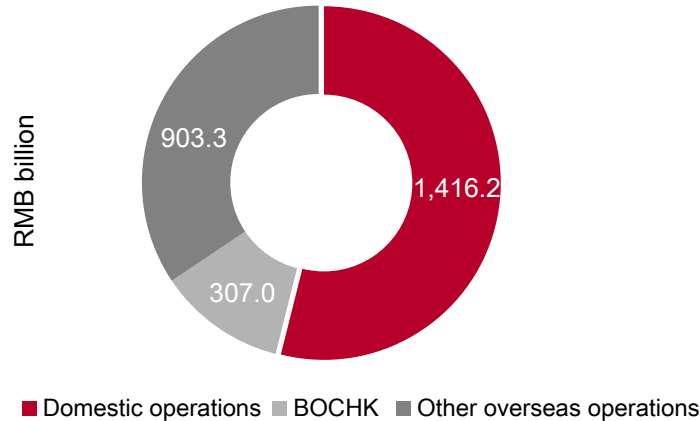
Accelerated extension of service network

The Bank accelerated the extension of its service network along the “Belt and Road” and opened up the Vientiane Branch in Laos and others. Currently the Bank has set up overseas institutions in 16 countries along the “Belt and Road”. The Bank, together with BOCHK, also actively pushed forward the outlets restructuring in ASEAN



Expanding Competitive Edge in RMB Internationalisation Business

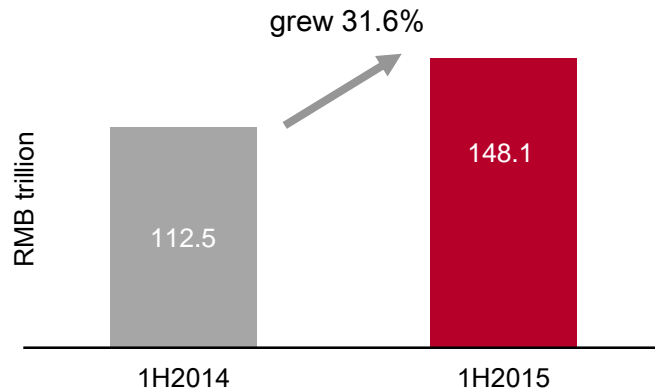
Cross-border RMB settlement volume maintaining No.1 market position



Consolidated leading position in RMB clearing banks

- ◆ Designated as RMB clearing bank in Hungary, South Africa and successfully launched RMB clearing services in Sydney and Kuala Lumpur, owning 9 out of the 17 authorised RMB clearing banks worldwide
- ◆ Conducted the first deal under the “Shanghai-HK Gold Connect” on the international board
- ◆ Formally launched Hong Kong Offshore RMB Centre

Cross-border RMB clearing volume leading global peers



Note : Include off-shore RMB clearing volume

Strengthened competitive edge in RMB globalisation

- ◆ Arranged the issuance of all 9 Euro-denominated bonds of Chinese enterprises in 1H2015, leading its domestic peers in underwriting the offshore RMB-denominated bonds and G3 currency investment grade bonds of Chinese enterprises
- ◆ Became the settlement bank for Deutsche Börse AG, London Clearing House and London Metal Exchange, in addition to the Hong Kong Stock Exchange, Chicago Mercantile Exchange and Singapore Exchange, basically forming a global network of settlement bank services for major exchanges

Improved service in Free Trade Zone

- ◆ Key business platform in Shanghai FTZ ran smoothly, leading peers in terms of free trade account numbers and deposit & loan balances
- ◆ Led peers in introducing new services, including overseas financing under separate accounting, RMB option transaction, gold import under the international board and copper premium swap settlement
- ◆ Established market-leading positions in new FTZs in Guangdong, Tianjin and Fujian

Outstanding Performance in Diversified Business Platforms

- ◆ **BOCI's** securities brokerage business witnessed rapid growth. It debuted the "Crude Oil Index", the first Chinese financial institution to launch an international benchmark commodity index

- ◆ **BOCI China** achieved rapid growth in assets under active management. Its commission fee from brokerage business increased significantly

- ◆ **BOC Insurance** was granted by S&P an "A-" rating in recognition of its clearly enhanced overall capabilities. It provided insurance services for several large projects along the "Belt and Road" with total amount over RMB11 billion. It successfully completed the acquisition of Samsung Air China Life Insurance Co., Ltd.

Profit before tax
of diversified
business
platforms grew
42%
year-on-year

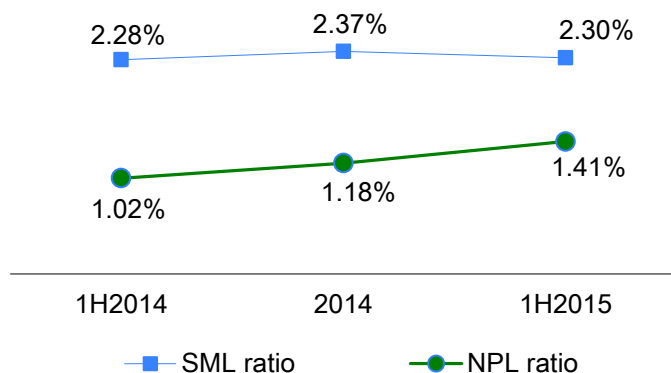
- ◆ **BOCIM's** profit continued to increase with further enhanced brand image and market reputation. Its AUM on publicly-offered funds reached RMB195.8 billion, up 22% compared with the prior year-end

- ◆ **BOC Aviation's** aircraft leasing business achieved sustainable growth, and its external credit rating was upgraded to "A-" by S&P

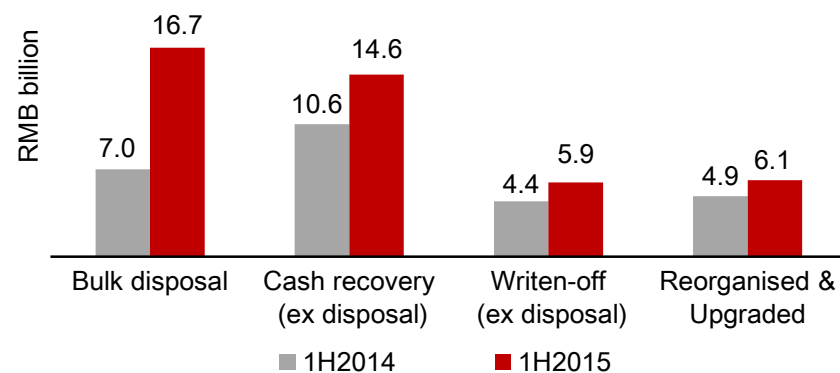
- ◆ **BOCG Investment** deepened internal collaboration and actively carried forward major investment projects. It seized opportunities arising from the "Belt and Road" strategy by participating in the establishment of the China-Eurasian Economic Cooperation Fund and the Bangladesh-China-India-Myanmar Fund

Enhancing Risk Management and Control

Strove to stabilise asset quality



Actively resolved non-performing loans



Risk of key areas under control

	Balance of loans (RMB billion)	NPL ratio	Ratio of provision to total loans
Loans to local government financing vehicles	349.2	0.07%	3.00%
Loans to sectors with overcapacity ¹	163.4	0.46%	2.50%
Loans to real estate sector ²	359.8	0.79%	4.80%

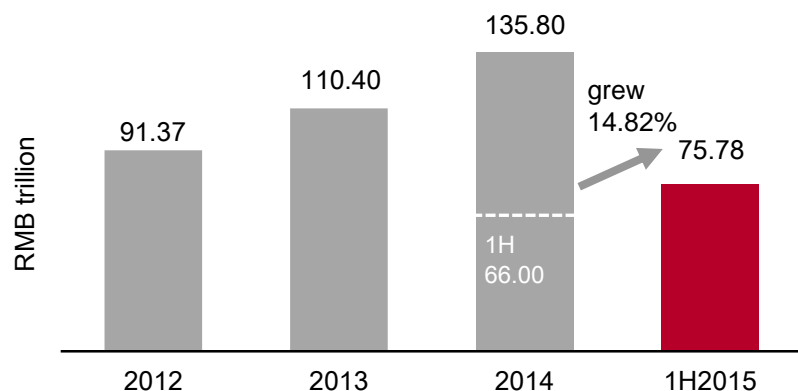
**Note 1: Sectors with overcapacity include sub-sectors of steel, cement, aluminum electrolytic, shipbuilding and flat glass.;
2: real estate sector includes developer loans and land reserve loans*

Sound liquidity situation

Major regulatory ratios (%)		1H2015	2014
Liquidity ratio	RMB	41.35	49.91
	FX	62.35	59.91
LDR	RMB & FX	72.83	72.97
Major regulatory ratios (%)		2Q2015	1Q2015
Liquidity coverage ratio (monthly average value)		122.71	122.10

New Progress Achieved in E-channels and E-finance Construction

Fast growth of e-banking transaction volume



Enlarged e-banking customer base

Unit: million	1H2015	2014	Growth
Corporate online banking customers	2.85	2.60	9.74%
Personal online banking customers	118.99	112.49	5.77%
Mobile banking customers	76.16	64.60	17.89%
Telephone banking customers	101.13	95.83	5.54%

Accelerated E-finance innovation

Cross-border service

Focusing on “E-Cross-border”, the Bank consolidated the bank’s overall advantages in cross-border businesses. The Bank improved online cross-border service system, led its domestic peers in cross-border trade tariff payment volume and e-tariff payment letter of guarantee balance. The transaction amount of cross-border e-commerce payment and settlement recorded near RMB10 billion

Pivoted on “E-Financing”, the Bank set up trading and asset allocation service system. By leveraging on internet finance, it improved customer demand experience and enhanced the stickiness of customers with trading and investment service, thus to upgrade its traditional edges to new competitiveness in universal asset management businesses

Trading and asset allocation

E-community

Grasping “E-community”, the Bank carved out a new path of customer expansion based on integrated online and offline channels. More than 10,000 communities had access to the Bank’s smart E-Community, with registered users of 1.2 million and attracted deposits of RMB6.2 billion. Transaction amount of exclusive products such as “Community-based Micro Loan” and “Pension Financial Service” exceeded RMB20 billion

Adhering to the strategic goal of “Serving Society, Delivering Excellence”, and achieving new development within the “new normal”

- **Stablise business growth and raise income to enhance operational profitability**
- **Streamline business structure and deepen transformation to promote developing momentum**
- **Monitor risks and resolve non-performing assets to improve developing quality**
- **Strengthen internal control and solidify operational foundation to stimulate developing potential**

Q&A

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Financial Highlights

Profit & Loss Summary

(RMB million)	1H2015	1H2014	change
Net interest income	163,391	156,675	4.29%
Non-interest income	75,487	78,197	-3.47%
- Net fee and commission income	50,044	52,131	-4.00%
Operating income	238,878	234,872	1.71%
Operating expenses	(87,234)	(85,897)	1.56%
Impairment losses on assets	(28,576)	(27,782)	2.86%
Operating profit	123,068	121,193	1.55%
Profit before income tax	124,482	121,950	2.08%
Income tax expense	(29,496)	(28,541)	3.35%
Profit for the period	94,986	93,409	1.69%
Profit attributable to equity holders of the Bank	90,746	89,724	1.14%
EPS (basic, RMB Yuan)	0.31	0.32	-
Key financial ratios (%)			
ROA	1.20	1.27	-7Bps
ROE	16.31	18.57	-226Bps
Net interest margin	2.18	2.27	-9Bps
Cost to income ratio (Calculated under domestic regulations)	24.85	25.54	-69Bps
Credit cost	0.63	0.69	-6Bps

Balance Sheet Summary

(RMB million)	1H2015	2014	change
Total assets	16,298,593	15,251,382	6.87%
Loans, gross	8,897,154	8,483,275	4.88%
Investment	3,288,382	2,710,375	21.33%
Total liabilities	15,031,444	14,067,954	6.85%
Due to customers	11,536,547	10,885,223	5.98%
Capital and reserves attributable to equity holders of the Bank	1,220,085	1,140,859	6.94%
Key financial ratios (%)			
Common equity tier 1 CAR	10.63	10.61	2Bps
Tier 1 CAR	11.62	11.35	27Bps
CAR	13.69	13.87	-18Bps
NPL ratio	1.41	1.18	23Bps
NPL coverage ratio	157.37	187.60	-30.23Pps
Domestic provision to domestic total loans ratio	2.68	2.68	0Bps
Loan to deposit ratio	72.83	72.97	-14Bps

Note :

1. The capital ratios are calculated in accordance with *Capital Rules for Commercial Banks (Provisional)* and related regulations
2. Loan to deposit ratio = balance of loans ÷ balance of deposits. Calculation is based on relevant provisions of domestic regulatory authorities
Balance of deposits includes due to customers and due to financial institutions such as insurance companies and financial holding companies