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2016 Interim Results

August 30, 2016



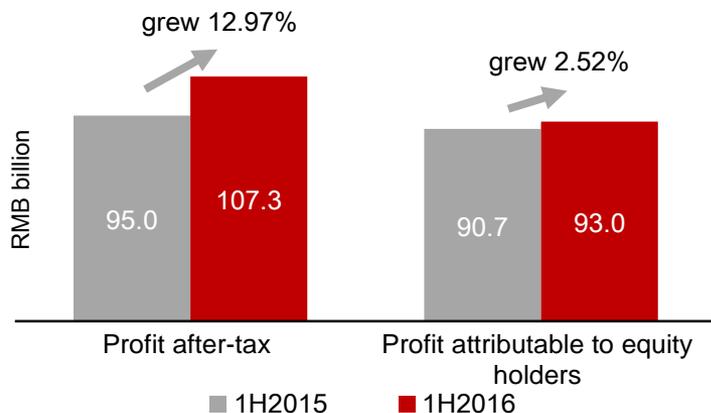
Forward-looking Statement Disclaimer

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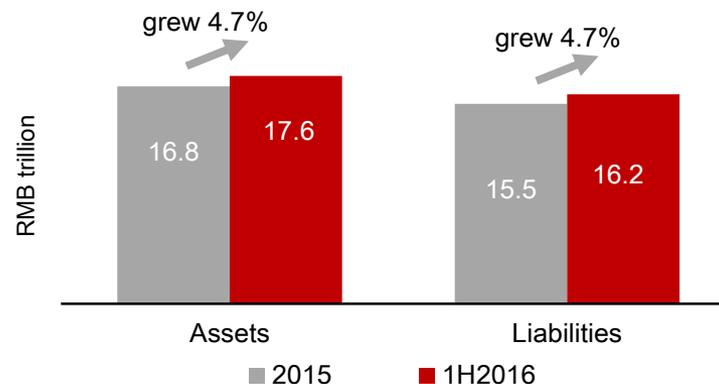


Operating Performance Steadily Improved

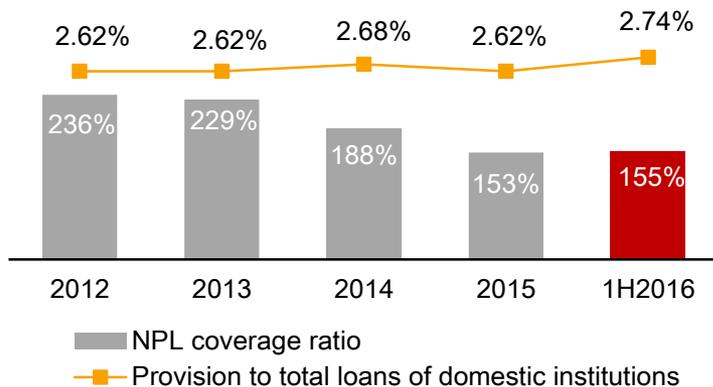
Profit after-tax grew 12.97% yoy



Assets and liabilities steadily expanded



Risk mitigation capability improved



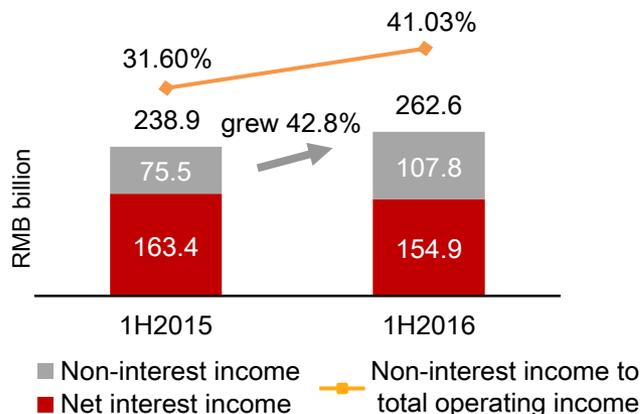
Market position further consolidated

- ◆ Ranked **4th** in Top 1000 World Banks
- ◆ Ranked **6th** in Forbes Global 2000 Top Companies
- ◆ Ranked **6th** in Top 500 Banking Brands
- ◆ Designated as one of the Global Systemically Important Banks for **5 consecutive years**

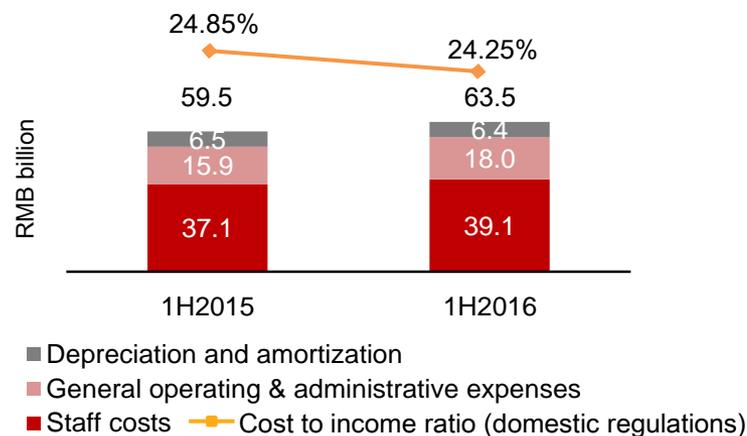


Income and Cost Structure Optimized

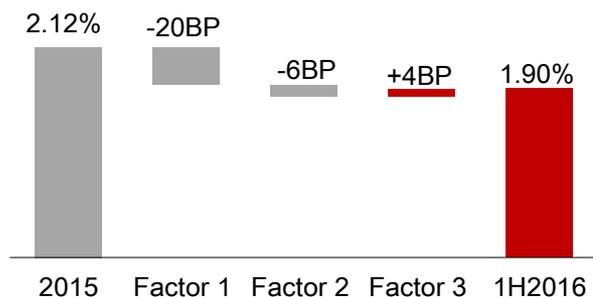
Increased weight of non-interest income



Improved cost to income ratio



NIM remained under pressure



Factor 1: domestic RMB interest spread narrowed

Factor 2: interest income reported on a net basis under VAT

Factor 3: asset structure improved with increased weight of loans and investment

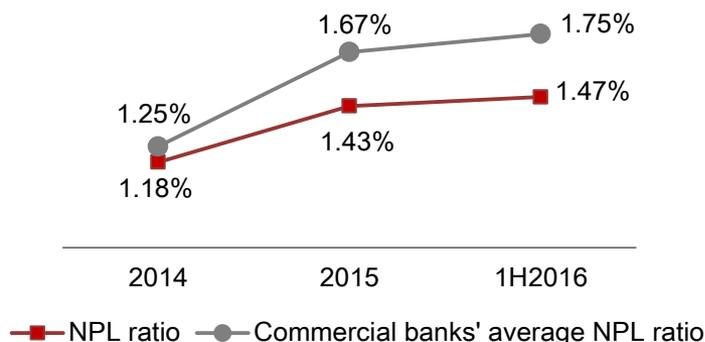
Optimized structure of fund sources

- ◆ **Proportion of domestic daily average RMB demand deposit** increased by 2.95 pps
- ◆ **Administrative institutions deposits** grew RMB254.8 billion at a ratio of 12%
- ◆ **Global cash management business** expanded rapidly, attracting daily average deposit of RMB600.4 billion, an increase of 14%
- ◆ **Custody business** was initially conducted under a global integration network, with assets under custody at approximately RMB7 trillion



Asset Quality Maintained Stable

NPL ratio remained relatively stable



Distribution of newly formed NPLs



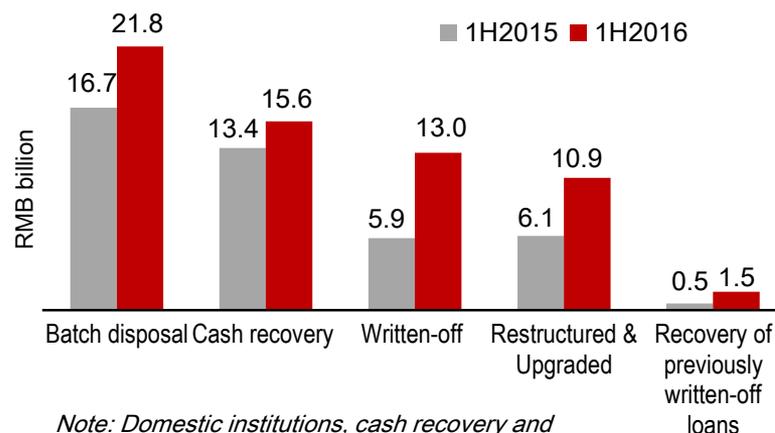
Risk of key fields under control

Unit: RMB billion	Balance of loans	VS end of 2015	NPL ratio	Ratio of provision to total loans	NPL coverage ratio
Overcapacity sectors ¹	159.0	-2.70%	0.43%	2.78%	653.18%
Coal mining & washing	149.8	-2.98%	1.19%	2.21%	185.25%
Real estate sector ²	319.5	-6.69%	1.14%	4.85%	423.40%
Local Government Financing vehicles	288.3	-6.86%	0.02%	1.96%	9,438.33%
Sum	916.6	-5.48%	0.67%	3.15%	467.08%

Note1: Overcapacity sectors include 5 sub-sectors of steel, cement, aluminum electrolytic, shipbuilding and flat glass;

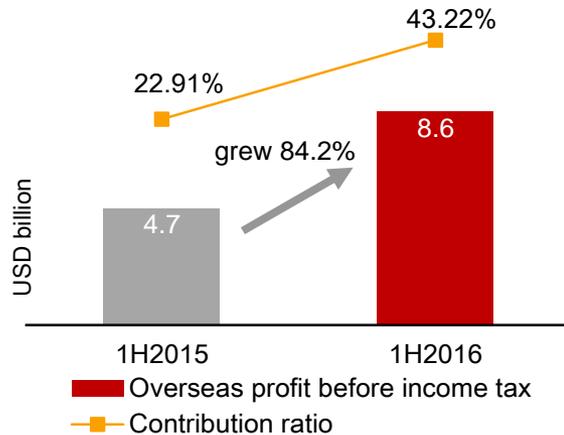
2: Real estate sector includes developer loans and land reserve loans

NPLs resolved effectively

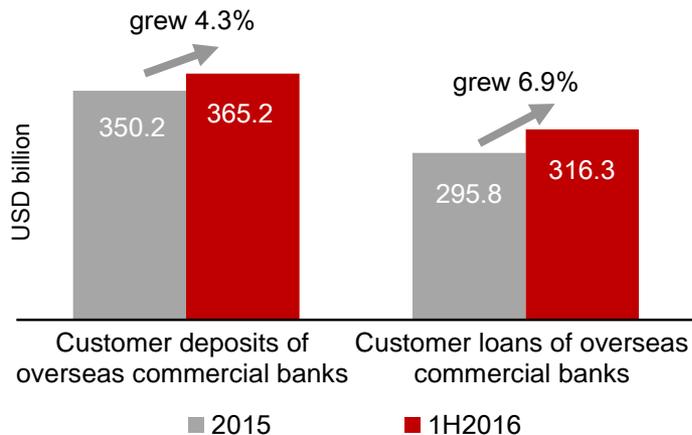


Internationalization Strategies Propelled

Increased overseas profit contribution



Steady growth of overseas deposits and loans



New advances in strategic adjustment



The smoothly concluded deal hit a new record for transactions of financial enterprise assets in China's M&A market



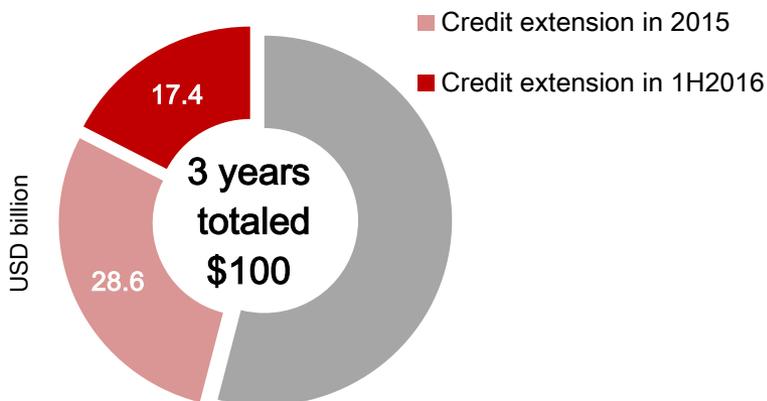
Largest IPO of aircraft leasing company in the world
First case of Chinese bank subsidiary going public



BOCHK entered into agreements for acquiring the BOC's subsidiaries in Thailand and Malaysia, and was also approved to set up a branch in Brunei Darussalam, opening up a new chapter in its transformation into a regional bank

Internationalization Strategies Propelled

“OBOR” Credit expanded steadily



Cross-border RMB business led global peers

Accounted for half of the world's 20 authorized RMB clearing banks

Cross-border RMB settlement volume reached RMB2.04 trillion, leading peers in market share

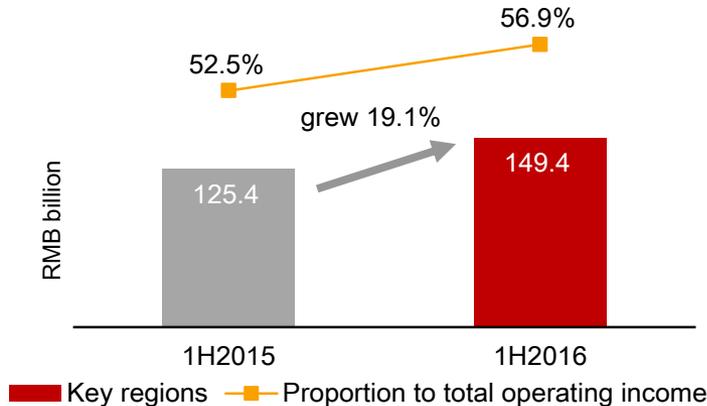
Cross-border RMB clearing volume reached RMB150 trillion, leading global peers

- ◆ **Further expanded overseas network**, covering 46 countries and regions, of which 18 countries were along the “OBOR”
- ◆ **Proactively built up the “OBOR” financial artery**, following up 392 major projects with credit intention of USD82.6 billion
- ◆ **Greatly supported Chinese enterprises “Going Global”**, accumulatively lending USD164.4 billion to 2,334 projects
- ◆ **Accelerated the development of cross-border M&A businesses**, signing up for financing near USD7.9 billion for 24 cross-border M&A lending transactions in 1H2016
- ◆ **Firmly pushed forward “SMEs Matchmaking Services”**, with accumulative 23 events held wherein over 8000 Chinese and overseas companies from 52 countries and regions participated, concluding over 4,500 intentional agreements
- ◆ **Improved RMB clearing networks**, ranked first in terms of the number of CIPS indirect participants
- ◆ **Successfully issued an equivalent USD3 billion of overseas green bonds**, those of which denominated in RMB are so far the largest offshore RMB green bonds issued
- ◆ **Promoted RMB in emerging areas**, becoming one of the first market makers for direct trading of RMB/ZAR and RMB/KRW
- ◆ **Promoted the construction of Hong Kong Offshore RMB Trading Centre and London Trading Centre**, strengthened the offshore RMB quotation capacity, and became the top pick of other financial institutions for enquiring the exchange rates

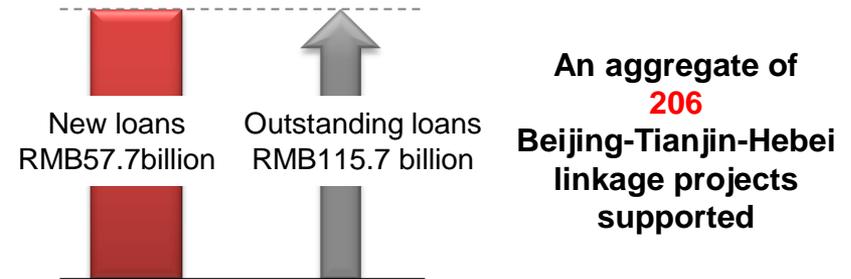


Key Regions Strategy Achieved New Progress

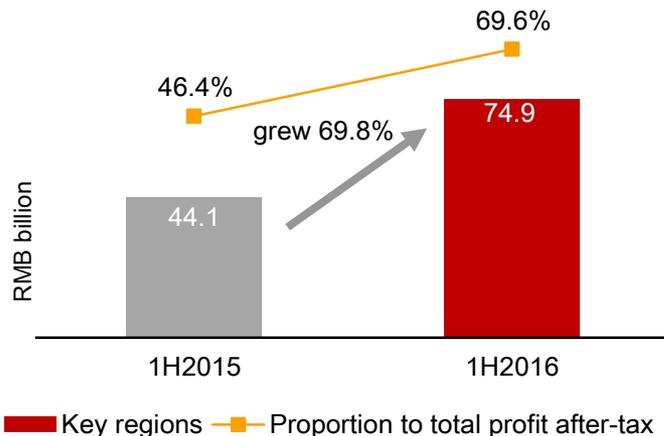
Increased weight of operating income



Proactively promotion in business development



Increased weight of profit after-tax



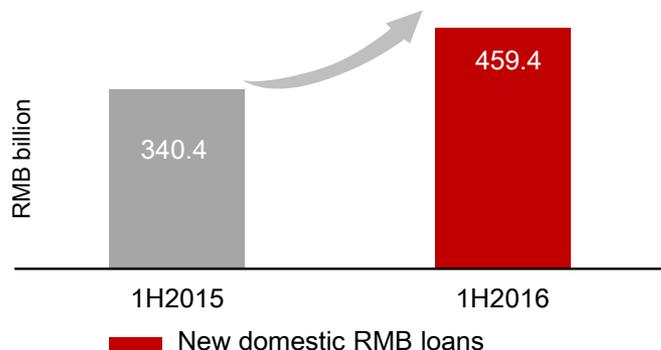
- ◆ **Opened up a new chapter for business development in Bohai Rim**, completing structural adjustments to the four tier-1 branches in Liaoning province, Shandong province, Dalian and Qingdao, to clear network position and provide more targeted financial services
- ◆ **Promoted Shanghai FTZ business innovation in Yangtze River Delta**, further converting first mover advantage to scale advantage. There were 11,498 corporate FT accounts opened and the outstanding loans for FT were RMB71 billion. An aggregate of 73 both way cross-border RMB funding pools were approved

Note : Key regions include Beijing-Tianjin-Hebei area, Yangtze River Delta and Guangdong-Hong Kong-Macau area

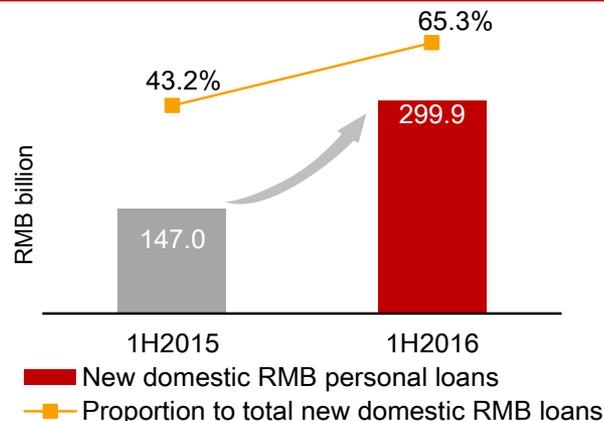


Business Transformation Achieved Breakthroughs

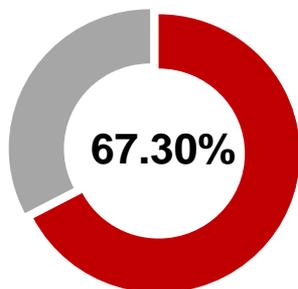
Modest growth of RMB loans



Continuous increase weight of personal loans



Optimized corporate loan portfolio



Proportion of loans to supportive and selectively supportive industries rose by 0.38%

Note: Supportive industries and selectively supportive industries include industries such as gas and water manufacturing and supply, highway, environment governance, pharmaceutical manufacturing, warehouse and postal, telecommunication, internet and related, modern agriculture, air transportation, education, health and etc.

Consolidated strengths in financial markets business

- ◆ **Forex tradings against RMB** saw an increase of 1.61% in market shares, remaining the market leader
- ◆ **Leveraging strengths in bond underwriting and distribution**, the Bank ranked first in terms of offshore RMB bonds issuing amount, first in interbank market Panda Bonds issuing amount, and second in Chinese enterprises' offshore G3 currency bonds issuing amount
- ◆ **Became one of the first batch "Shanghai Gold" pricing members** and have conducted the first Shanghai Gold pricing transaction

Intelligence Constructions Accelerated

Rapid expansion of E-finance



+78%

**E-finance
customer numbers**



+56%

**E-finance
transaction amount**

Cross-border: cooperated with over 60 e-commerce institutions on “BOC Global E-Commerce” platform, and “BOC Easy-trade Cyber-tariff” business led the market

Payment: innovated in online payment and launched the mobile payment products such as Apple Pay, Samsung Pay as one of the first batch banks

Transaction: launched personal treasury transactions service branded “E Rong Hui”, with RMB40 billion realized for the five pilot branches

Asset Management: upgraded “one-stop” online financial supermarket products, with new transactions amount exceeding RMB64.3 billion

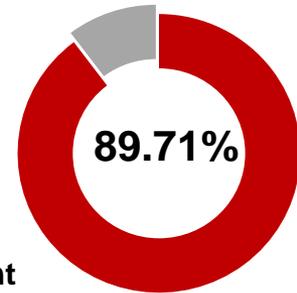
Financing: promoted a pilot program of “BOC E-Credit”, a whole-process online consumption-oriented credit product

Promoted online and offline service capabilities

4,112 smart outlets

RMB75.41 trillion of e-banking transactions, representing a substitution ratio of **89.71%**

30.54% of growth in mobile banking transactions amount



Promoted technology innovation and procedure optimization

- ◆ Reinforced the IT governance system and set up Xi'an and Hefei Software Centers; Vigorously pushed forward construction of the global custody system and the global cash management system
- ◆ Over 80% of the overseas institutions realized integrated operations, being the first establishing a 7 × 24 hours non-stop globally integrated system for operations and maintenance
- ◆ Successfully rolled out a project on the standardization of operation procedures for outlets, to further optimized the integration of customer information and procedures for business stamps



Development Strategies for 2H2016



Resolved to

insist on **internationalization direction** so as to accelerate overseas development

insist on **innovation driven** so as to develop E-finance

insist on **key regions strategies** so as to improve contribution proportion

accelerate **personal banking development** so as to raise business and income contributions

insist on **the fundamental position of deposits** so as to expand core deposits

insist on **income orientation** so as to strive for increasing non-interest income

insist on **risk baseline** so as to mitigate risks by all means

intensify **compliance awareness** so as to ensure operation in compliance with laws and regulations

Q&A

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Financial Highlights

Profit & Loss Summary

(RMB million)	1H2016	1H2015	Change
Net interest income	154,858	163,391	-5.22%
Non-interest income	107,761	75,487	42.75%
Net fee and commission income	47,827	50,044	-4.43%
Operating income	262,619	238,878	9.94%
Operating expenses	-83,572	-87,234	-4.20%
Impairment losses on assets	-49,946	-28,576	74.78%
Operating profit	129,101	123,068	4.90%
Profit before income tax	129,617	124,482	4.13%
Profit after-tax	107,308	94,986	12.97%
Profit attributable to equity holders of the Bank	93,037	90,746	2.52%
EPS (basic, RMB Yuan)	0.31	0.31	0.38%

Key financial ratio (%)	1H2016	1H2015	Change
ROA	1.25	1.20	5Bps
ROE	14.78	16.31	-153Bps
Net interest margin	1.90	2.18	-28Bps
Non-interest income to operating income	41.03	31.60	943Bps
Cost to income ratio ¹	24.25	24.85	-60Bps
Credit cost	1.04	0.63	41Bps

Balance Sheet Summary

(RMB million)	2016.6.30	2015.12.31	Change
Total assets	17,601,267	16,815,597	4.67%
Loans, gross	9,728,275	9,135,860	6.48%
Investments	3,717,368	3,595,095	3.40%
Total liabilities	16,180,964	15,457,992	4.68%
Due to customers	12,551,850	11,729,171	7.01%
Capital and reserves attributable to equity holders of the Bank	1,348,236	1,304,946	3.32%
Net asset per share (RMB Yuan)	4.24	4.09	0.15

Key financial ratios (%)	2016.6.30	2015.12.31	Change
Common equity tier 1 CAR ²	11.05	11.10	-5Bps
Tier 1 CAR ²	11.98	12.07	-9Bps
CAR ²	13.91	14.06	-15Bps
NPL ratio	1.47	1.43	4Bps
NPL coverage ratio	155.10	153.30	180Bps
Allowance for loan impairment losses to total loans ³	2.74	2.62	12Bps

Notes : 1. Cost to income ratio is calculated under domestic regulations.

2. Capital ratios are calculated under the advanced approaches in accordance with *Capital Rules for Commercial Banks (Provisional)* and related regulations.

3. Calculation is based on the data of the Bank's domestic institutions.