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北京 2022 年冬奥会官方合作伙伴
Official Partner of the Olympic Winter Games Beijing 2022

BUILD A WORLD-CLASS BANK IN THE NEW ERA

2018 Interim Results

August 29, 2018



Forward-looking Statement Disclaimer

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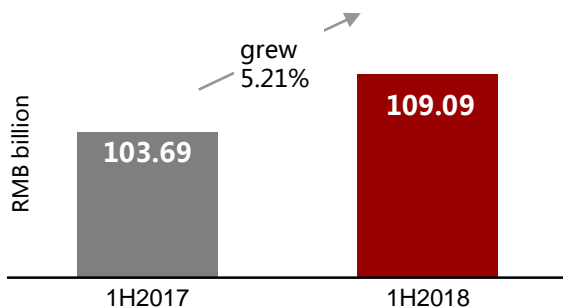
01 2018 Interim Results

02 Progress in Strategy Implementation

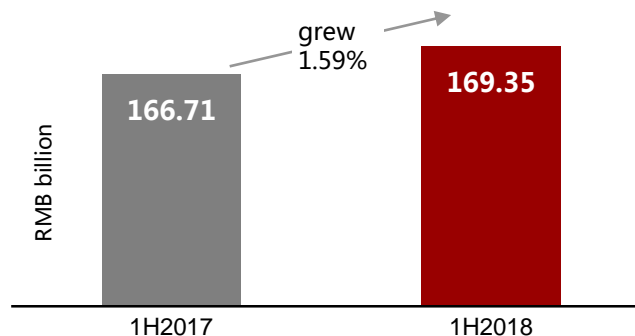
03 2H2018 Key Tasks

Delivered improved results

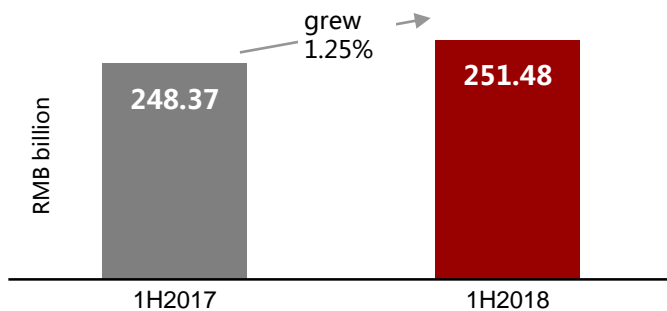
Profit attributable to equity holders



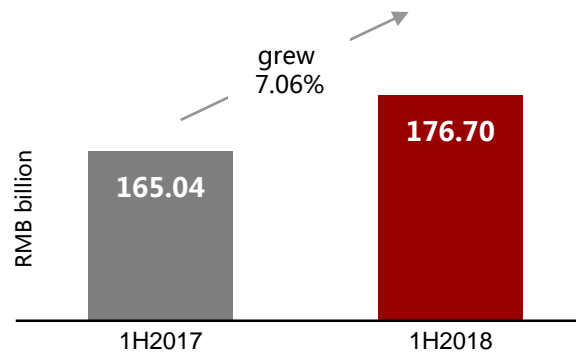
Pre-provision operating profit



Operating income



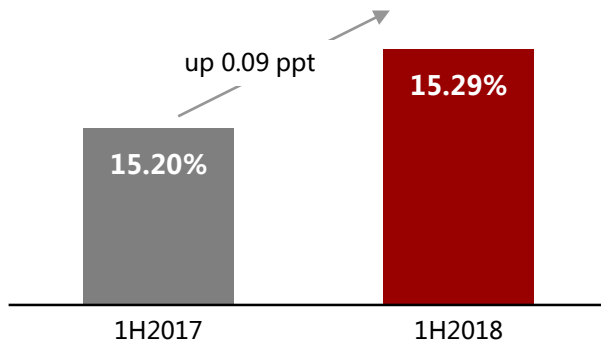
Net interest income



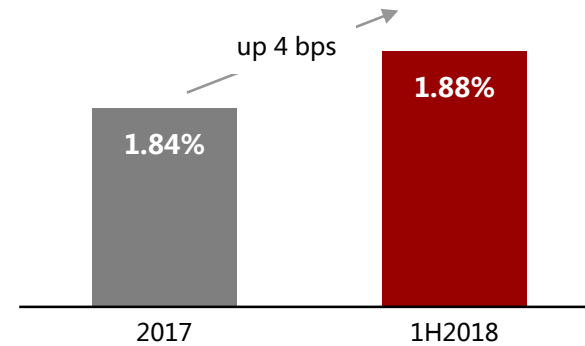


Enhanced financial efficiency

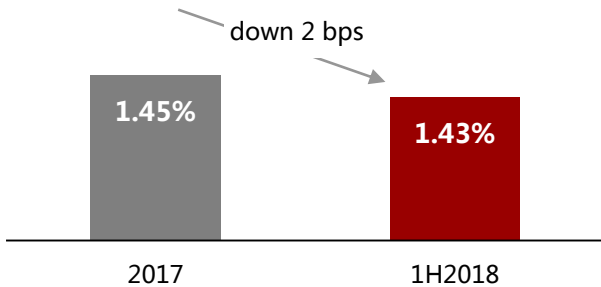
ROE



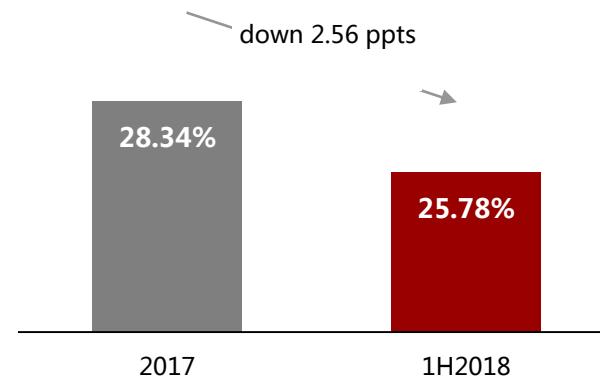
NIM



NPL ratio



CIR

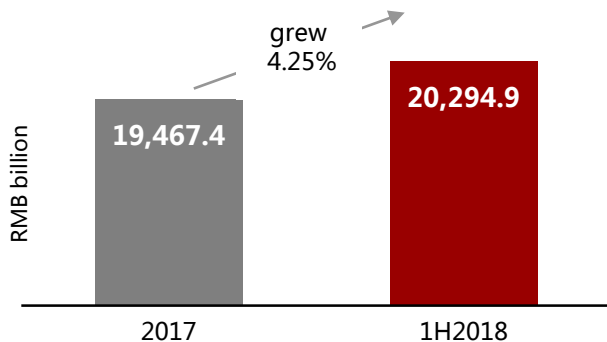


Note: Cost to income ratio is calculated under domestic regulations

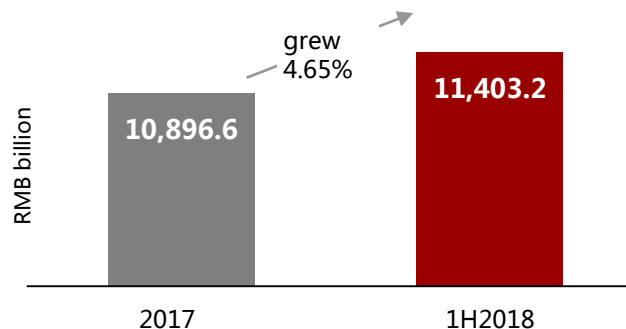


Asset business achieved solid development

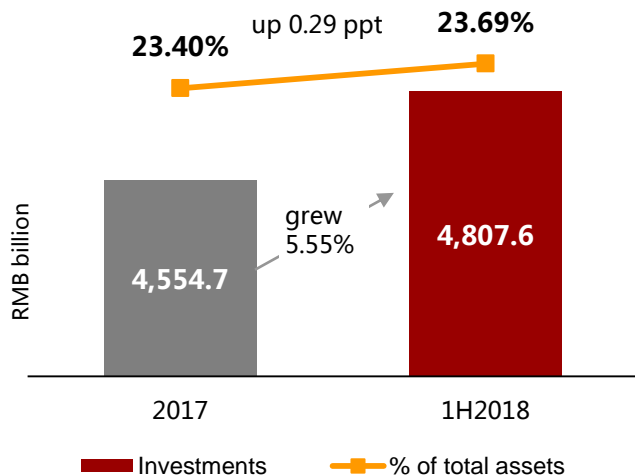
Assets increased steadily



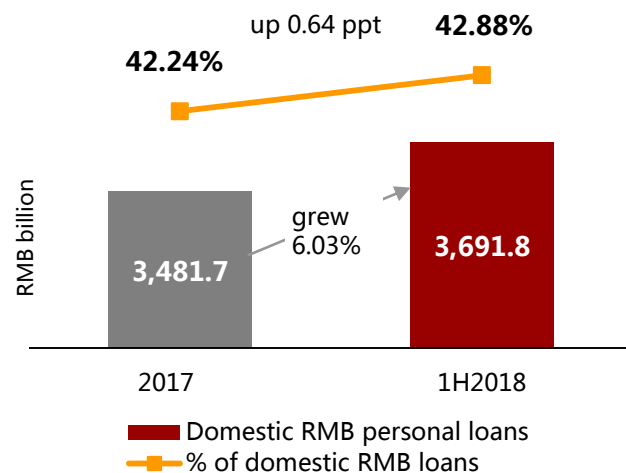
Loans grew prudently



Investments proportion increased



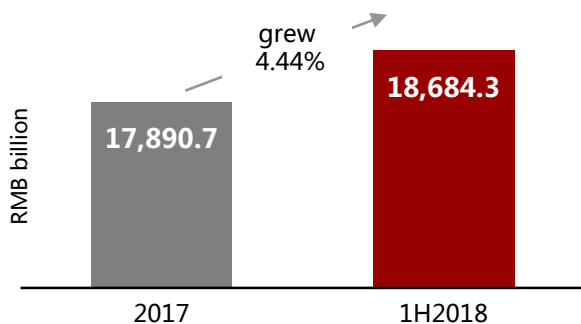
Higher personal loans proportion



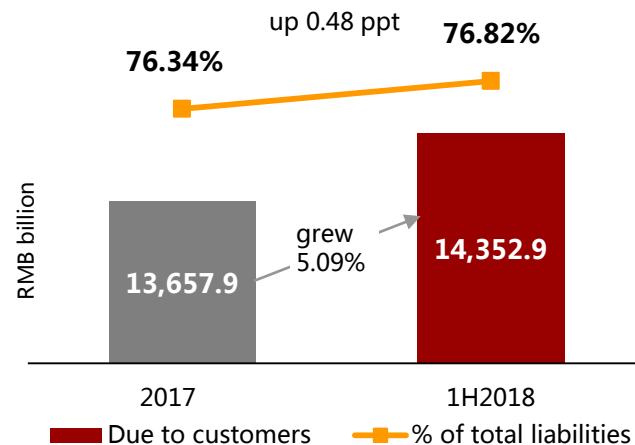


Liability structure continuously optimized

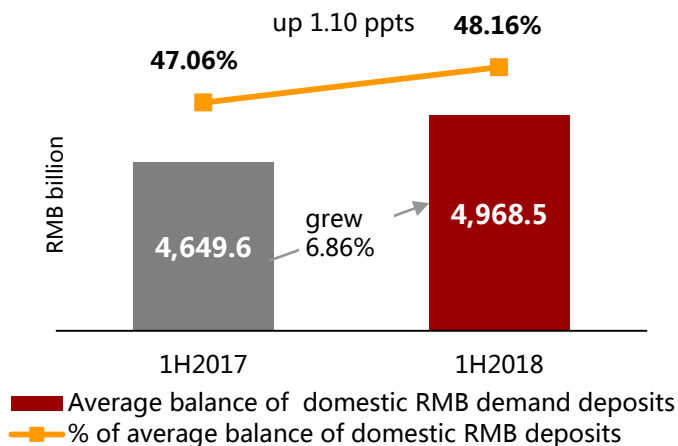
Liabilities grew steadily



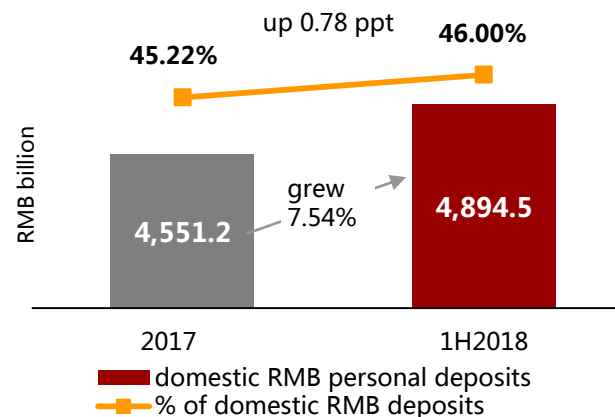
Deposits recorded relatively rapid growth



Demand deposits proportion increased

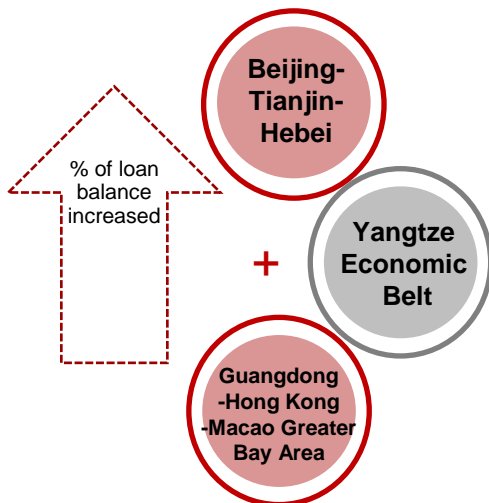


Higher personal deposits proportion



Remained committed to serving the real economy

Served national strategy on regional development



- ◆ Support the construction of **Xiong'an New Area**
- ◆ Support the development of **Guangdong-Hong Kong-Macao Greater Bay Area**
- ◆ Serve the construction of **Hainan Free Trade Zone (Port)**

Supported Belt and Road

◆ Steadily promoted financing and project expansion

In 1H2018, the Bank granted approximately USD16.5 billion of credit support to countries along the Belt and Road. Accumulate followed up on over 600 major projects and granted USD115.9 billion of credit support



Electricity



Water processing



Airport



Road network

Port



Developed inclusive finance business

◆ Improved service system

Optimized organizational structure and pushed forward the establishment of key outlets to initiate inclusive finance credit

◆ Optimized service mechanism

Improved resource allocation, refined performance assessment mechanism and incentive and restraint mechanism

◆ Innovated finance products

Offered a series of products and services including “BOC E-Credit” and cross-border matchmaking

◆ Optimized risk management mechanism

Strengthened the whole-process management of loans business to foster sustainable development of inclusive finance business

◆ Inclusive finance loans to SMEs

Loan balance reached RMB286.9 billion, rising over 10% yoy, faster than that of the Bank's total loans

◆ Actively implemented national strategies on agriculture, farmers and rural areas

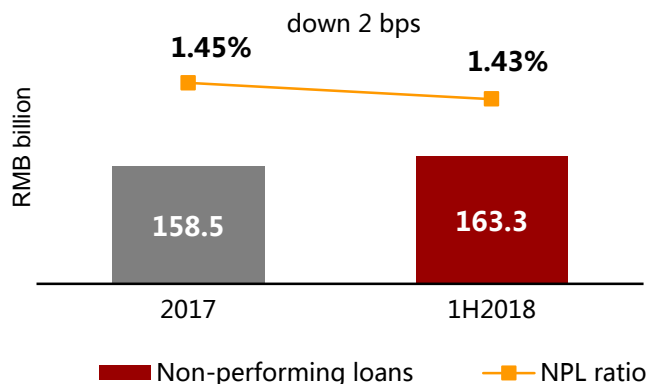
BOC Fullerton Community Bank realized leap-forward development through M&A, becoming the largest domestic village bank in terms of total institutions and business scope

Note: Inclusive finance loans granted to SMEs are measured in accordance with the Circular on Promoting the High-quality Development of Banks' Financial Services for SMEs in 2018 (Yinjianfa [2018] No. 29)



Prevented and mitigated financial risks

Asset quality remained stable



Strengthened risk management

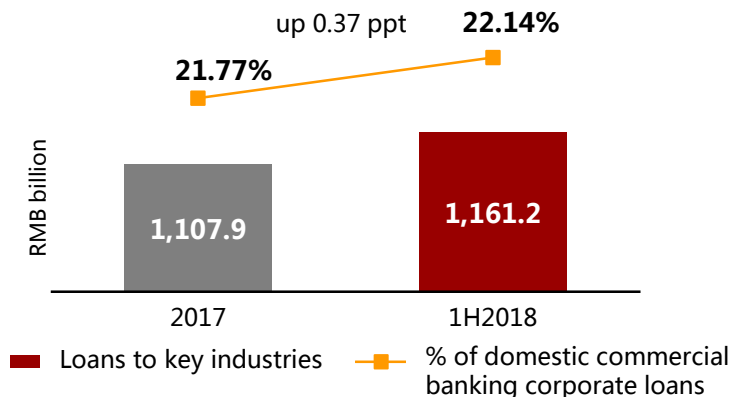
◆ Credit risk

The Bank continuously optimized its credit structure, further improved its credit risk management policies, strengthened its credit asset quality management, stepped up the collection of NPAs, strengthened country risk management, and made continual improvement of its credit risk governance

◆ Market risk

The Bank conducted forward-looking research and judgment regarding market risks and cross-financial risks, regularly executed risk review and stress tests on the Group's bond investment business. It sought to achieve currency matching between fund source and application and managed exchange rate risk through timely settlement and hedging, thus effectively controlling its net foreign exchange exposure at a relatively low level

Loan structure optimized continuously



◆ Liquidity risk

The Bank improved its liquidity risk management in a forward-looking and scientific manner, liquidity risk in both RMB and foreign currencies remained controllable, liquidity risk indicators met regulatory requirements

◆ Internal control and operational risk

The Bank improved the staff compliance archives, promoted application of operational risk management tools and strengthened risk monitoring and problem rectification. It continuously enhanced AML system building, improved customer due diligence and transaction monitoring, promoted system and model building so as to ensure the stable development and sustainable operation of the Group

Ⓢ Promoted brand image

Moved up **1** place to **3rd** in the “Top 1000 World Banks”

The **Banker**

FitchRatings
MOODY'S
INVESTORS SERVICE

Fitch/Moody's **upgraded** the Bank in terms of VR/BCA and preference share ratings

S&P, Moody's and Fitch all affirmed the Bank's ratings at the **highest** level among major peers

Hosted 47 cross-border matchmaking events accumulatively, attracting the participation of over 20,000 enterprises worldwide. The Bank has built a connective platform for enterprises domestic and overseas, through which they have successfully cooperated in fields of trade, investment and technologies import

Proactively promoted poverty alleviation and welfare activities. The Bank enriched financial solutions for poverty alleviation, maintained stable and continual granting of loans for targeted poverty alleviation, helped enterprises to issue special bonds, and supported the implementation of industrial poverty alleviation projects

Issued green bonds as well as the Sustainability Bond with total volumes equivalent to USD1.0 billion and HKD3.0 billion respectively

As the official banking partner of the Beijing 2022 Olympic and Paralympic Winter Games, proactively provided financial services

Became the basic deposit account service banking partner, providing all-around financial services to the China International Import EXPO

Schedule

01 2018 Interim Results

02 **Progress in Strategy Implementation**

03 2H2018 Key Tasks



Positive results emerged from strategy of enabling advancement through technology

Enable advancement through technology	Drive development through innovation	Deliver performance through transformation	Enhance strength through reform		
Open a new chapter for digitalization	1 Axis	Enterprise-level business structure Enterprise-level service structure	3 Platforms	Business innovation development Integration of business and technology Development of technological force Technologic system and mechanism reform	28 Projects
	Digitalization	2 Double helix drives	Cloud platform Big data platform AI platform	4 Areas	

Develop a globally integrated information and technology system
Core system BANCS now covered all operations domestic and overseas

Mobile Banking



Active user increased **64%** yoy



Transaction amount grew **73%** yoy



Smart Counter



Applied by **36** domestic tier-1 branches

Installed at **9,927** outlets

Outlet coverage ratio reached **93.6%**



Served over **45.86 million** customers

Processed **150 million** transactions

Business substitution ratio reached **80%**



Strategy of driving development through innovation gathered pace

Enable advancement through technology

Drive development through innovation




Deliver performance through transformation

Enhance strength through reform



Technology innovation

- ◆ Cloud platform
- ◆ Big data platform
- ◆ AI platform

 Launched project Private Cloud I
 Provided 360° customer profiling and data digging & analyzing service
 Enhanced smart service capacities regarding marketing and risk management



Mechanism innovation

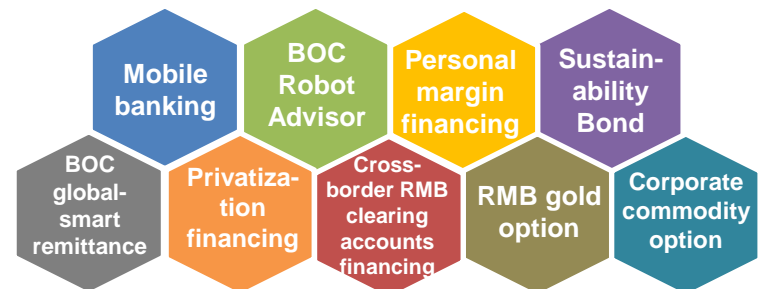
- ◆ Strengthen innovation mechanism
- ◆ Reform innovation system
- ◆ Rebuild product system
- ◆ Foster innovation culture

Formed a three-level innovation management system
 Planned to establish the first headquarter-led R&D innovation base
 Improved a earlier pilot in product innovation and the error tolerance mechanism
 Studied to build a product naming rights and patent rights incentive mechanism
 Promoted the building of globally product integrated system
 Strengthened innovation brand building
 Launched innovation forum and innovation theme activities



Product innovation

- ◆ Personal banking
- ◆ Corporate banking
- ◆ Financial market business





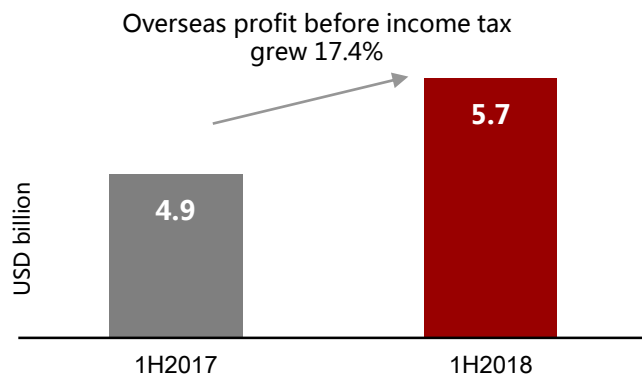
Made steady progress towards the goal of delivering performance through transformation

Enable advancement through technology

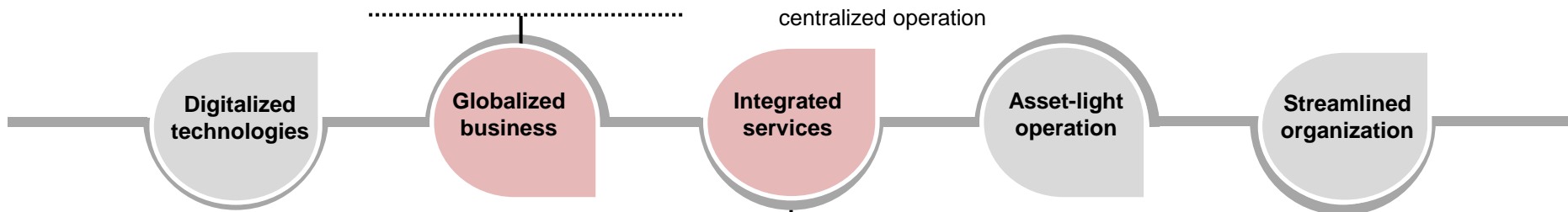
Drive development through innovation

Deliver performance through transformation

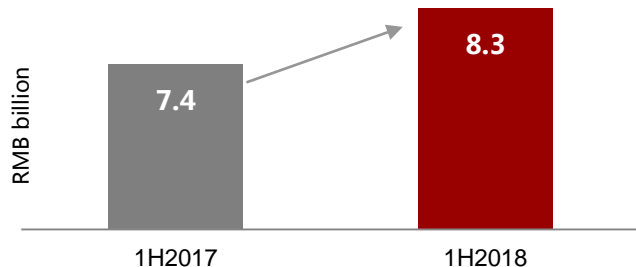
Enhance strength through reform



Note: excluded one-off gain from sale of Chiyu Bank



Profit before income tax of non-commercial banking business grew 13.1%



- ◆ **Accelerated to build sound global services network** The Bank's overseas institutions now cover **56** countries and regions, including **23** countries along the Belt and Road, and keep leading Chinese peers
- ◆ **Strengthened cross-border business advantages** The Bank transformed its cross-border matchmaking service towards an online model. Cross-border RMB clearing and settlement maintaining **1st** place in the global market
- ◆ **Led the market with "star product"** The Bank remained the **top** mandated arranger in terms of loan amount in the Asian(excl. Japan) syndicated loan market, and maintained the **leading market share** in offshore bond underwriting, cross-border RMB and foreign currencies centralized operation

- ◆ **Early layout with all-around license:** including securities, fund management, insurance, investment and leasing business, etc..
- ◆ **High profit contribution,** leading comparable peers
- ◆ **Notable collaboration by enhancing the capabilities of cross-selling and integrated collaborative services,** providing customers financial services with a full package of solutions



Fully implemented the goal of enhancing strength through reform

Enable advancement
through technology

Drive development
through innovation

Deliver performance
through transformation

**Enhance strength
through reform**



Improved resource allocation mechanism

- ◆ Improved the **performance assessment** system
- ◆ Reformed the **personnel expense** allocation mechanism
- ◆ Strengthened the **funding balance** management



Improved credit management mechanism

- ◆ Improved the **differentiated** credit management mechanism
- ◆ Improved a credit approval and management mechanism characterized by **professionalism, efficiency and well-defined responsibilities**
- ◆ Made the industry portfolio research framework more **forward looking, timely and targeted**



Improved the Group's governance

- ◆ Initiated project **"Two Creations of the Best"** - to create the best department and the best business lines
- ◆ Implemented the four **"50 Rules"** concerning the head office departments, the integrated operating platform, the grassroots management of domestic operations and the overseas institutions

**Strengthen the principle of being value creation-oriented
Promote high-quality development**

01 2018 Interim Results

02 Progress in Strategy Implementation

03 2H2018 Key Tasks

Build a world-class bank in the new era

5 key tasks

Speed up credit structure adjustment

Focus on developing mobile banking

Better serve the national strategies

Accelerate personal banking business

Expand asset management business



Create greater value for shareholders, customers, employees and society

Q & A

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Financial Highlights

Profit & Loss Summary

(RMB million)	1H2018	1H2017	Change
Net interest income	176,701	165,042	7.06%
Non-interest income	74,781	83,326	-10.25%
Net fee and commission income	48,188	49,187	-2.03%
Operating income	251,482	248,368	1.25%
Operating expenses	-82,132	-81,663	0.57%
Impairment losses on assets	-28,270	-26,960	4.86%
Operating profit	141,080	139,745	0.96%
Profit before income tax	141,961	140,378	1.13%
Profit after-tax	115,575	110,549	4.55%
Profit attributable to equity holders of the Bank	109,088	103,690	5.21%
EPS (basic, RMB Yuan)	0.37	0.35	5.28%
Key financial ratios(%)			
ROA	1.16	1.18	-2bps
ROE	15.29	15.20	9bps
Net interest margin	1.88	1.84	4bps
Cost to income ratio ¹	25.78	25.39	39bps
Credit cost	0.57	0.52	5bps

Balance Sheet Summary

(RMB million)	2018.06.30	2017.12.31	Change
Total assets	20,294,918	19,467,424	4.25%
Loans, gross	11,403,241	10,896,558	4.65%
Investments	4,807,555	4,554,722	5.55%
Total liabilities	18,684,257	17,890,745	4.44%
Due to customers	14,352,853	13,657,924	5.09%
Capital and reserves attributable to equity holders of the Bank	1,526,978	1,496,016	2.07%
Net asset per share (RMB Yuan)	4.85	4.74	2.22%
Key financial ratios(%)			
Common equity tier 1 CAR ²	10.99	11.15	-16bps
Tier 1 CAR ²	11.82	12.02	-20bps
CAR ²	13.78	14.19	-41bps
NPL ratio	1.43	1.45	-2bps
NPL coverage ratio	164.79	159.18	5.61ppts

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.