中國銀行
BANK OF CHINA

Delivering Growth and Excellence

Bank of China Limited

2009 Interim Results

Aug 27, 2009

Forward-looking Statement Disclaimer

This presentation and subsequent discussions may contain forward-looking statements that involve risks and uncertainties. These statements are generally indicated by the use of forward-looking terminology such as believe, expect, anticipate, estimate, plan, project, target, may, will or may be expressed to be results of actions that may or are expected to occur in the future. You should not place undue reliance on these forward-looking statements, which reflect our belief only as of the date of this presentation. These forward-looking statements are based on our own information and on information from other sources we believe to be reliable. They relate to future events or our future financial, business or other performance and are subject to a number of uncertainties that may cause our actual results to differ materially.

Presentation Team

Mr. Li Lihui, President

Mr. Zhu Min, Executive Vice President

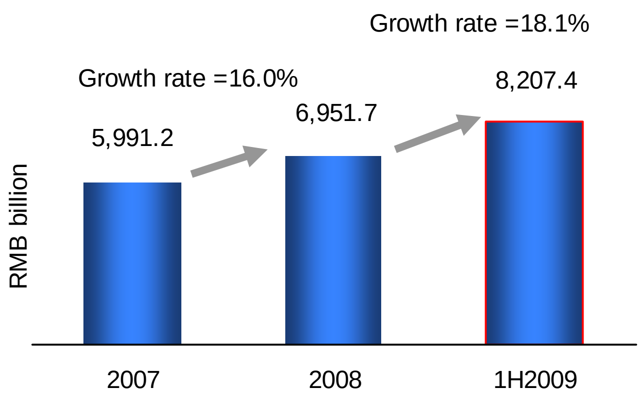
Mr. Chen Siqing, Executive Vice President

Agenda

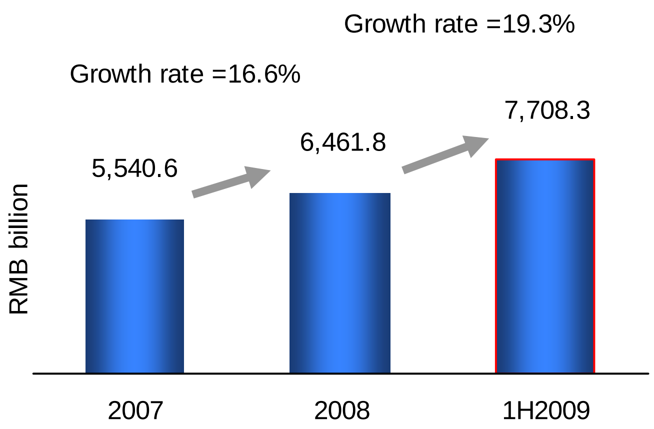
	Agenda	Speaker
1	Key performance highlights & strategy implementation progress	Mr. Li Lihui, President
2	2009 Interim Results and Outlook	Mr. Zhu Min, Executive Vice President

2009 Interim Performance Highlights

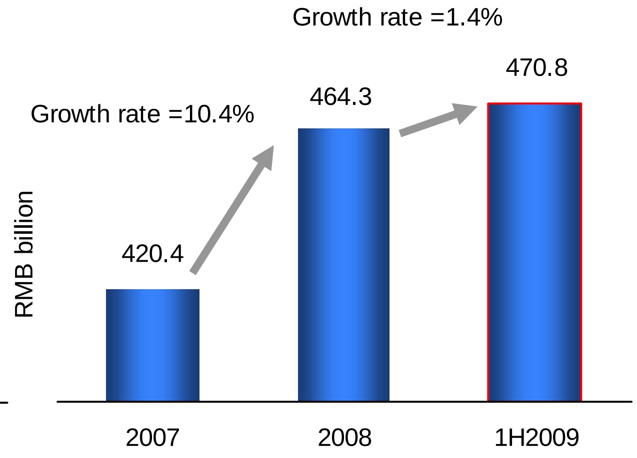
Total Assets



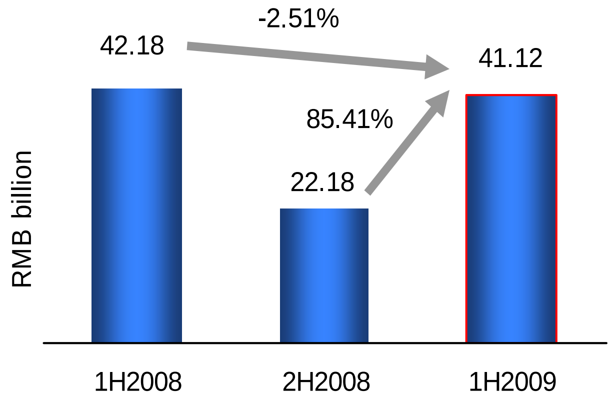
Total Liabilities



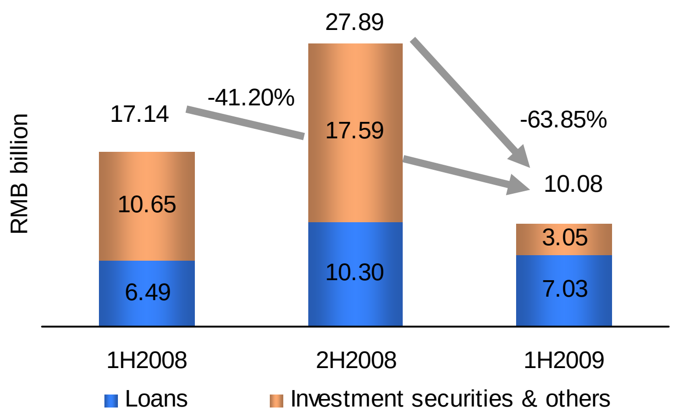
Capital and reserves attributable to equity holders of the Bank



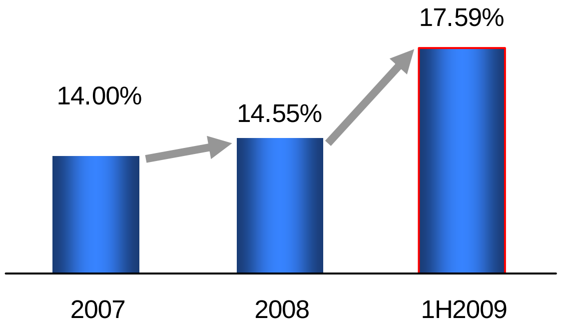
Profit attributable to equity holders of the Bank



Impairment losses on assets



Return on average equity



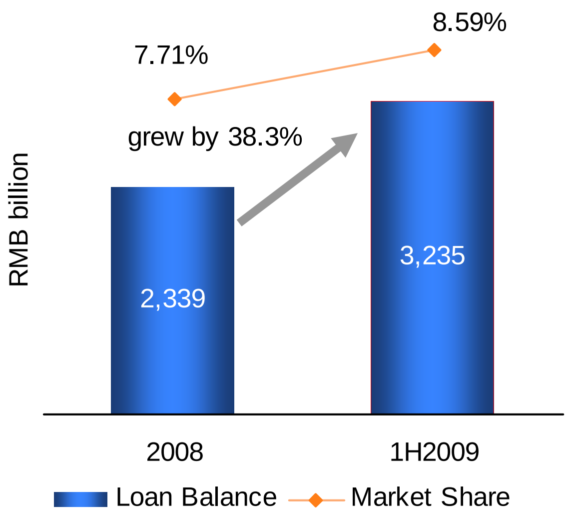
Initial Success in Strategy Implementation

Strategic Goal	**To be a leading international bank delivering growth & excellence**
Strategic Positioning	**A large multinational banking group focusing on commercial banking as core business based on a diversified and integrated cross-boarder business platform**
Progress in 1H09	**Achieved initial success in the implementation of strategy** **Significant progress in "expand business size & optimize structure"** **Remarkable results in business development & risk management**

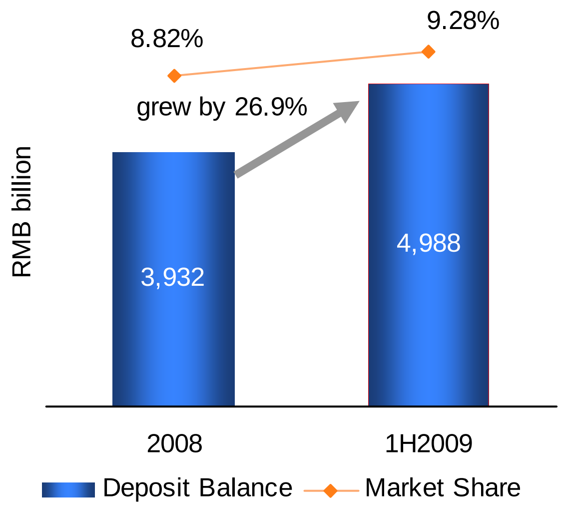
Expand the Size of Deposits & Loans

Growth in domestic RMB/ FX deposits & loans has outperformed peers. Market share increased steadily with customer base expanded continuously

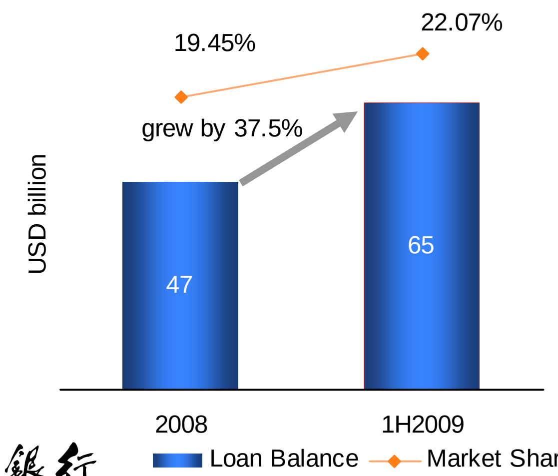
Market share of RMB loans grew by 0.88 ppt



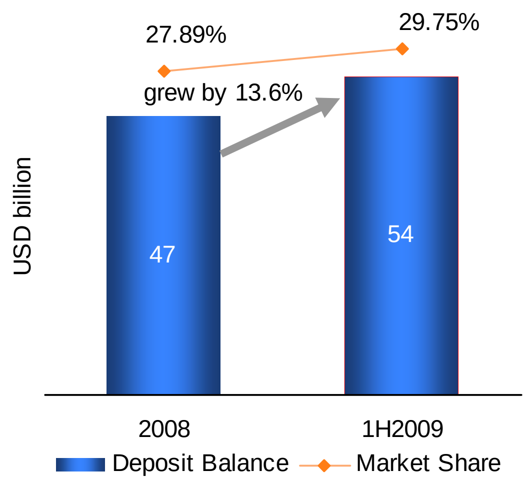
Market share of RMB deposits grew by 0.46 ppt



Market share of FX loans grew by 2.62 ppts



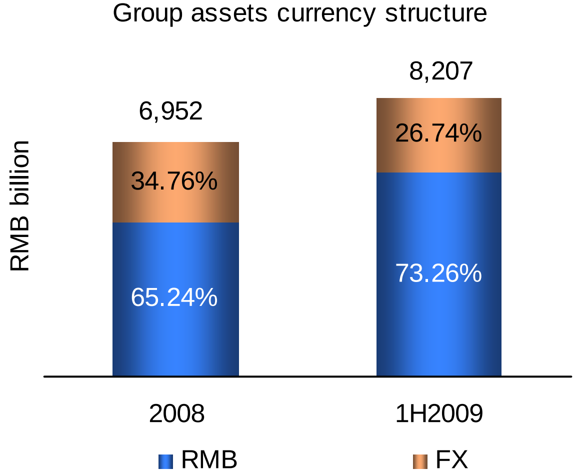
Market share of FX deposits grew by 1.86 ppts



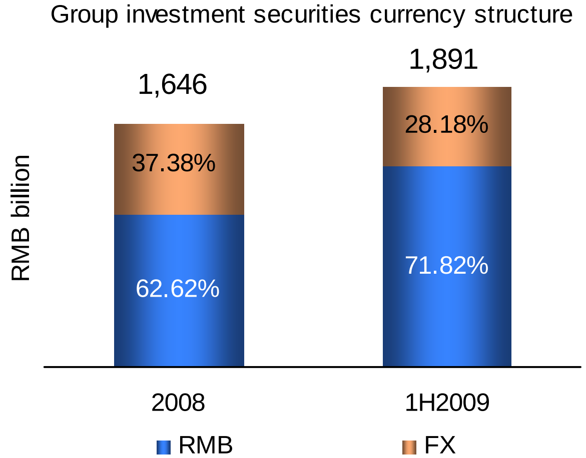
Optimizing Asset Structure

Adjust asset structure to enhance asset yield

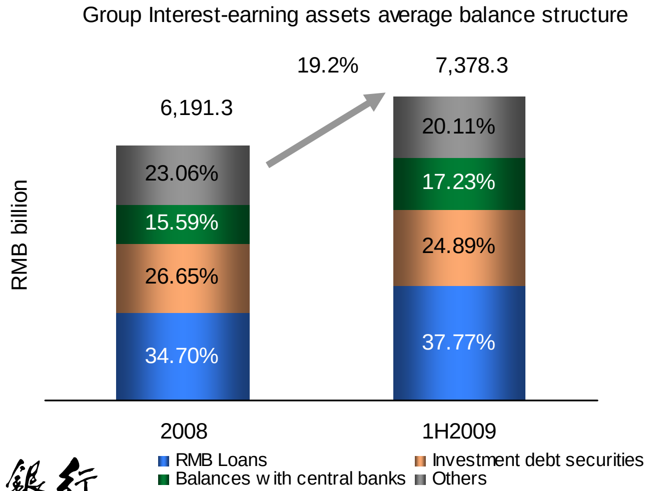
% of RMB assets rose by 8 ppts



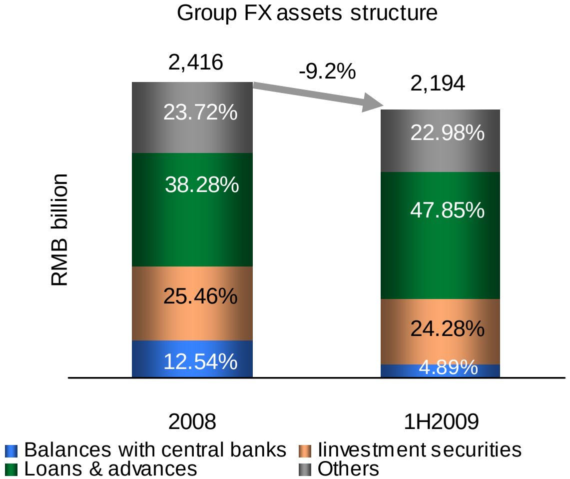
% of RMB investment securities rose by 9.2 ppts



% of RMB loans in RMB interest-earning assets average balance rose by 3.1 ppts



% of FX loans rose by 9.6 ppts

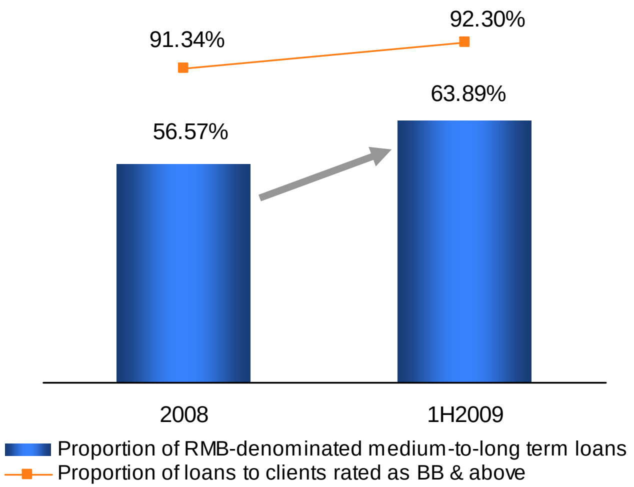


中国銀行 BANK OF CHINA

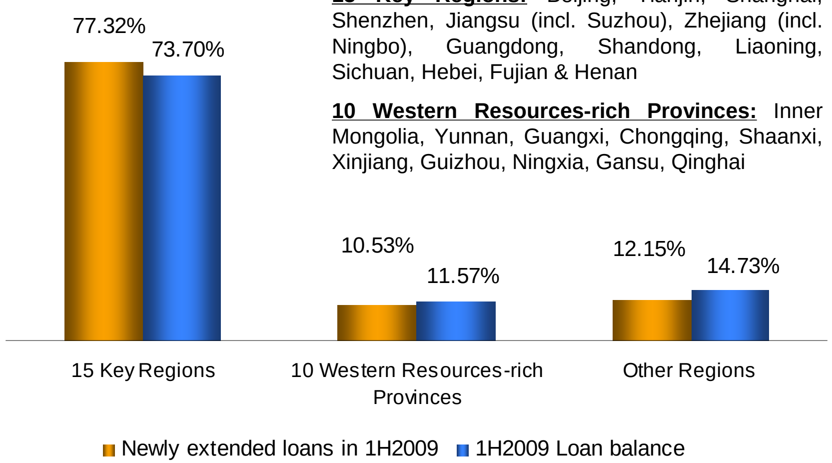
Optimizing Loan Structure

New loan growth to meet effective domestic demand; corporate loans were improved in industries mix, maturity & client structure

Optimized client & maturity structure



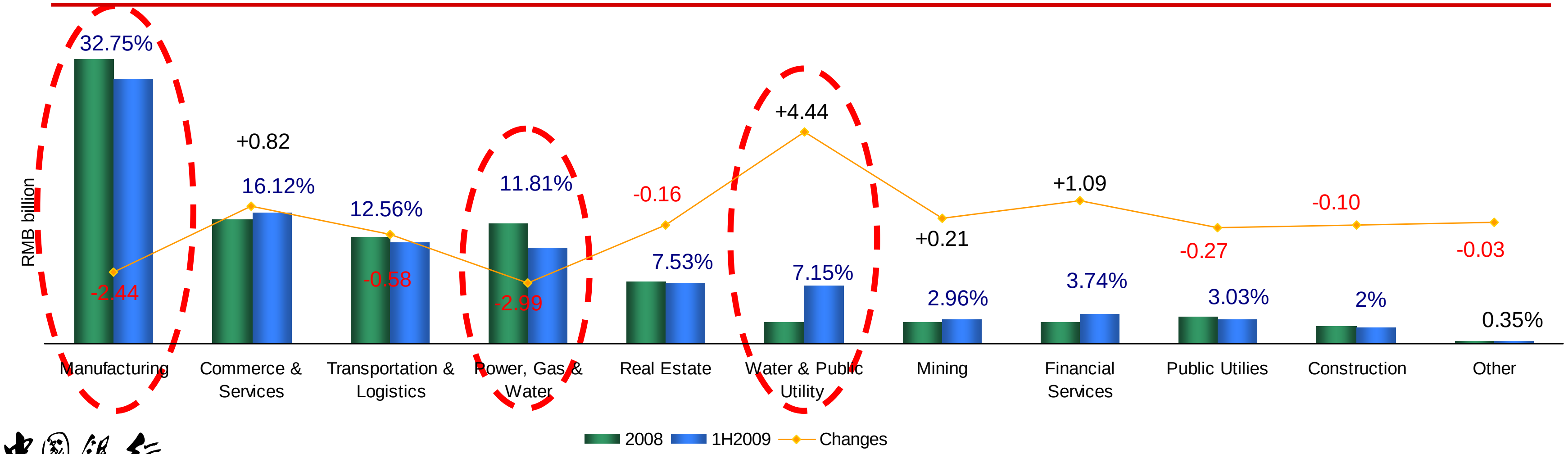
Increased credit extension in key regions



15 Key Regions: Beijing, Tianjin, Shanghai, Shenzhen, Jiangsu (incl. Suzhou), Zhejiang (incl. Ningbo), Guangdong, Shandong, Liaoning, Sichuan, Hebei, Fujian & Henan

10 Western Resources-rich Provinces: Inner Mongolia, Yunnan, Guangxi, Chongqing, Shaanxi, Xinjiang, Guizhou, Ningxia, Gansu, Qinghai

Loans industry mix improved



中国银行 BANK OF CHINA

Progress in Integrated Development of Domestic & Overseas Operations

Focusing on domestic market while achieving integrated development of domestic & overseas operations

Overseas Strategies

- **Focus on Asia and accelerate expansion of network**
- **Strive to meet the financial services needs of "Going-Global" Chinese Enterprises**
- **Develop overseas RMB business**

Progress

- ✓ **Proactively preparing the set up of Taiwan branch after the opening of Brazil branch**
- ✓ **Further strengthen the operation synergy with BOCHK**
- ✓ **Explore high-quality core customers**
- ✓ **Strengthen & promote "Global Customer Manager" Service Model**
- ✓ **Promote key products like "Global Credit Line"**
- ✓ **Strengthen & expand our advantage in cross-border RMB trade settlement**

Commercial Banking as Core Business Supplemented by Diversified Services

Enhance competitiveness of commercial banking with diversified servicing platform

中國銀行 BANK OF CHINA

Investment Banking

中銀國際 BOC INTERNATIONAL

中银国际证券有限责任公司 BOC International (China) Limited

- NPAT rose by 49%
- Rolled out 8 IPOs & share placement activities. Market ranking raised significantly
- BOCI (China) maintained No. 1 in underwriting of treasury bonds & policy financial bonds

Insurance Business

中银集团保险有限公司 BANK OF CHINA GROUP INSURANCE COMPANY LIMITED

中銀保險 BOC INSURANCE

- Took full advantage of the Group's distribution network & customer base to promote its product: proportion of premium income through BOC's channel rose significantly to 32%
- Market share & ranking improved

Equity Investment

中銀集團投資有限公司 BANK OF CHINA GROUP INVESTMENT LIMITED

- NPAT rose by 87%
- Robustly developed its principal businesses including equity investment, investment in NPAs & fixed assets
- Supported Group's commercial banking business through its direct investment platform

Fund Management

中银基金管理有限公司 Bank of China Investment Management

- Steady growth in assets under management. Total AUM amounted to RMB24.6 bn, an increase of 10% from the end of 2008
- Managed 7 funds, forming a public fund product line that cover low to high risk/ yield.
- Received number of awards including "Most Growth in 2008 Award"

Aircraft Leasing

BOC AVIATION

- NPAT rose by 10%
- Expand aircraft scale by 34% to 123
- Active in purchase and leaseback transactions

Fully utilize the advantage of customer/ channel resources sharing platform; strengthen synergy to maximize the Group's profit

Trade Finance Int'l settlement	Global Credit Cash Management	Financial Advisory Insurance	Asset Management Agency Business	Legal Consultation Tax Consultation	Wealth Management Overseas Education Financial Services

New Progress in Infrastructure Development

Transforming Retail Outlets

- Completed standardized renovation of 7,500 domestic outlets (75% of total), an increase of 739 outlets compared with last year end
- Fully optimized operational & service processes. Continuously improved outlets' service quality, efficiency & profitability
- Domestic ATMs & multi-functional self-service terminals totaled 16,131 & 10,678, an increase of 10% & 18% respectively compared with the end of 2008. Transaction volume of deposits & withdrawals using ATMs increased by 35% YoY

Electronic Channel Development

- Online banking services improved by upgrading systems and broadening service coverage. Provided online banking services in 7 countries & regions. Successfully connected online banking system with that of BOCHK
- Provide a variety of online banking services to overseas corporate and retail customers. Offered cross-border cash management services to group customers
- In 1H09, processed nearly RMB 10 trillion of online corporate transactions and continued to maintain its leading market share in online payment of custom duties
- As at 30 June 09, number of domestic & overseas retail customers using online banking services increased by 112% from the end of 2008

Implementation of IT Blueprint

- Development of Core Banking System was completed and system integration testing progressed smoothly
- Pilot branches pushing ahead with implementation preparation. Financial Management System was successfully implemented in Hebei branch

Improving Risk Management

- Continued to promote the implementation of Basel II operational risk program by pushing forward various tasks to enable the bank to comply with Basel II Standardized Approach
- Further promoted operational risk management framework and gradually built up an effective management mechanism for operational risk identification, assessment, monitoring and reporting. Started to measure operational risk regulatory capital under the Standardized Approach
- Increased efforts to build up a professional team to enhance overall operational risk management

Continue to Implement the Strategic Development Plan

- ✓ Adapt to the changes of macro-economy
- ✓ Follow national macro-economic policies
- ✓ Adhere to the strategic development plan
- ✓ Keep a reasonable pace to optimize structure
- ✓ Further improve risk management
- ✓ Accelerate infrastructure development

Agenda

	Agenda	Speaker
1	Key performance highlights & strategy implementation progress	Mr. Li Lihui, President
2	2009 Interim Results and Outlook	Mr. Zhu Min, Executive Vice President

Profit & Loss Summary

Net profit of RMB41.123 billion, up 85.4% vs 2H08

(RMB million)	1H2009	2H2008	1H2008	1H09 VS 2H08	1H09 VS 1H08
Net interest income	74,722	81,413	81,523	-8.2%	-8.3%
Non-interest income	33,131	28,619	37,341	15.8%	-11.3%
- Net fee and commission income	22,955	17,582	22,365	30.6%	2.6%
Operating income	107,853	110,032	118,864	-2.0%	-9.3%
Operating expense	(41,820)	(52,537)	(44,875)	-20.4%	-6.8%
Impairment losses on assets	(10,081)	(27,887)	(17,144)	-63.9%	-41.2%
Operating profit	55,952	29,608	56,845	89.0%	-1.6%
Profit before income tax	56,210	29,818	57,361	88.5%	-2.0%
Income tax	(12,858)	(8,569)	(12,716)	50.1%	1.1%
Profit after tax	43,352	21,249	44,645	104.0%	-2.9%
Profit attributable to equity holders of the Bank	41,123	22,179	42,181	85.4%	-2.5%
EPS (RMB)	0.16	0.08	0.17	85.4%	-2.5%
Key Ratios (%)	**1H2009**	**2H2008**	**1H2008**	**1H09 VS 2H08**	**1H09 VS 1H08**
Non-interest income to operating income	30.7	26.0	31.4	4.7	-0.7
Fee & commission income to operating income	21.3	16.0	18.8	5.3	2.5
Cost to income ratio (excl. business & other taxes)	33.5	42.6	33.0	-9.1	0.6
Net interest margin	2.04	NA	2.72	NA	-0.68
Credit cost	0.37	NA	0.43	NA	-0.06

Balance Sheet Summary

Robust balance sheet growth. Asset quality further improved

(RMB million)	30 Jun 2009	31 Dec 2008	% growth
Assets			
Loans, net	4,205,797	3,189,652	31.9
Investment securities	1,890,780	1,646,208	14.9
Balances with central banks	1,198,959	1,207,613	-0.7
Due from banks & other financial institutions	531,935	525,509	1.2
Total assets	**8,207,362**	**6,951,680**	**18.1**
Liabilities			
Due to customers	6,252,814	5,102,111	22.6
Due to banks & other financial institutions	1,010,470	859,343	17.6
Total liabilities	**7,708,278**	**6,461,793**	**19.3**
Key financial ratios (%)	**30 Jun 2009**	**31 Dec 2008**	**Change (PPT)**
Core capital adequacy ratio	9.43	10.81	-1.38
Capital adequacy ratio	11.53	13.43	-1.90
Non-performing loan ratio	1.80	2.65	-0.85
Non-performing loan coverage ratio	138.96	121.72	17.24

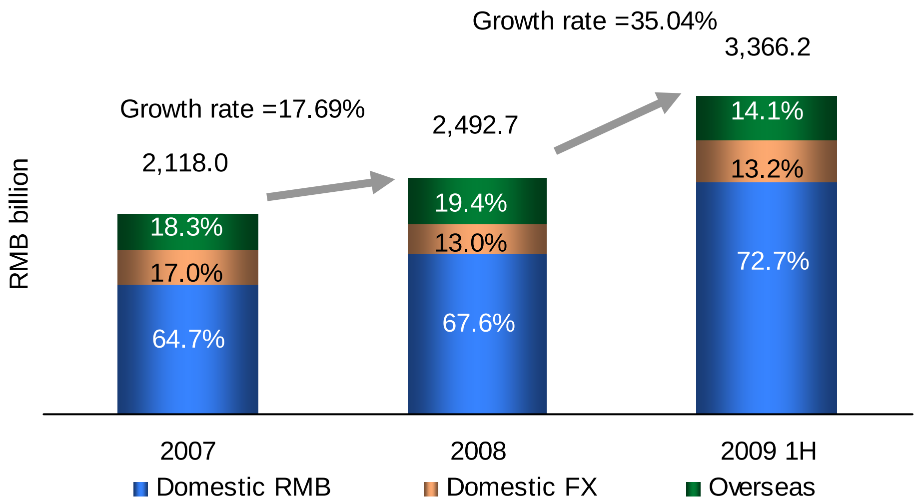
Notes: 1 Investment securities include securities available for sale, securities held to maturity, securities classified as loans and receivables and financial assets at fair value through profit or loss

2. Due to banks and other financial institutions includes due to central banks, due to banks and other financial institutions, certificates of deposit and placements from banks and other financial institutions.

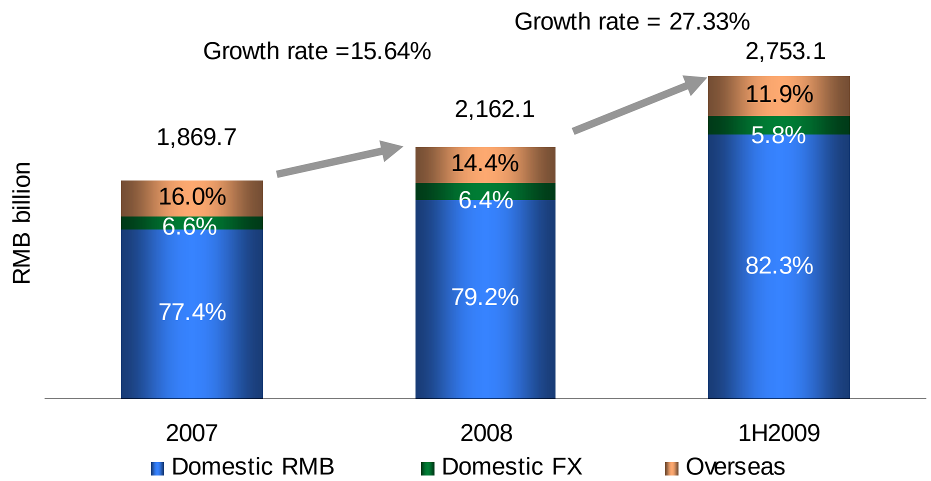
Corporate Banking

No. 1 in corporate loan growth among large-cap banks. Competitiveness enhanced

Corporate loan growth (Group)



Corporate deposit growth (Group)



Market competitiveness further enhanced

Increase marketing efforts & provide integrated services

- **Successfully win over key projects including: lead financing bank for HK-Zhuhai-Macao Bridge project & financial advisor for Shenhua/ Dow Coal–to-Chemical project**
- **Significant progress in marketing customers including financial bureaus, social security fund, army, armed police force & customs office. Deposit base broadened**
- **Create synergies in overseas/ domestic operations. Increase efforts in marketing the Fortune 500 corporates**

Speed up the development in SME business

- **Roll out the new SME Financial Service Model in 16 Tier-1 branches. Plan to set up around 40 "Credit Factory" by the end of the year**
- **By the end of June 2009, new SME customers reached 6,202, up 25% from the end of 2008. Loan balance increased by RMB 293.7 bn, up 51% from the end of 2008**

Maintain advantages in traditional business

- **Market share of international trade settlement rose by 1.78 ppts from the end of 2008 to 31.45%**
- **First mover advantage in cross-border RMB trade settlement business**

Numbers of high quality projects in reserve

- **Provide solid foundations for the sustainable development of the Bank**

Provide full service to "Going-Global" Corporates

Accelerate the development of "Going-Global" products	Establish Global Customer Manager service model	Utilize synergies between domestic & overseas business
◆ Categorize customers based on their needs. Fully utilize the advantages in traditional business & accelerate the development of new products ◆ Provide integrated services including global credit line, global cash mgmt, FX Risk mgmt & treasury business, export credit, syndicated loan, trade settlement, project financing & M&A loans etc.	◆ Coordinate global institutions & resources through "Global Customer Manager" to maintain global customer relationship. Set up Vertical Business management system. Provide integrated financial service to "Going-Global" customers ◆ Confirm the first batch of 38 corporate accounts served by "Global Customer Manager"	◆ The network in Asia, Europe, Africa, North America & Latin America covers the main investment & export areas of "Going-Global" companies. Network is more extensive In Asia, where the "Going-Global" customers are more concentrated ◆ Further efforts in developing the 3 overseas Syndicated Loan Centers

PetroChina

中国石化 SINOPEC

中国海洋石油总公司 CHINA NATIONAL OFFSHORE OIL CORP.

HUAWEI

Participate & reserve high-quality projects

中国五矿集团公司 CHINA MINMETALS CORPORATION

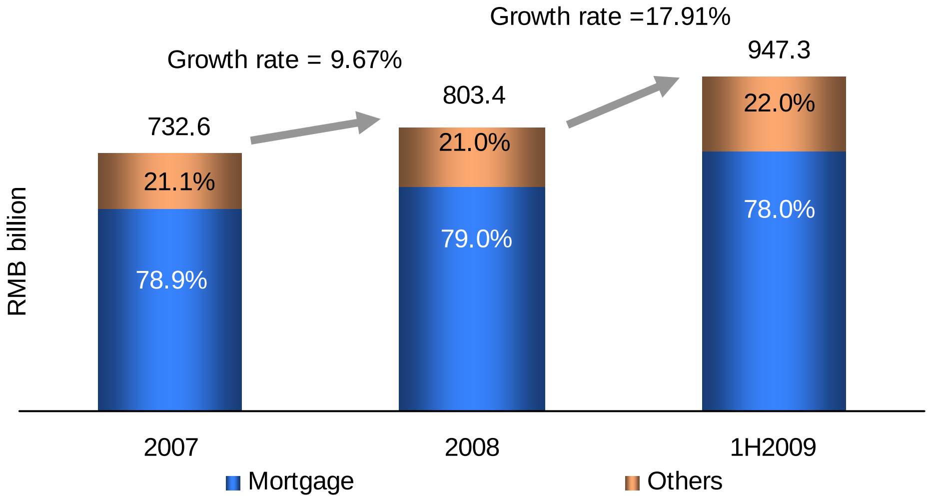
中国华能集团公司 CHINA HUANENG GROUP

Target: to become the preferred choice bank for China's "Going-Global" corporates

Personal Banking

Business size expanded while competitiveness strengthened. Enhanced 3-tier wealth management service framework & expanded customer base

Retail loans (Group)

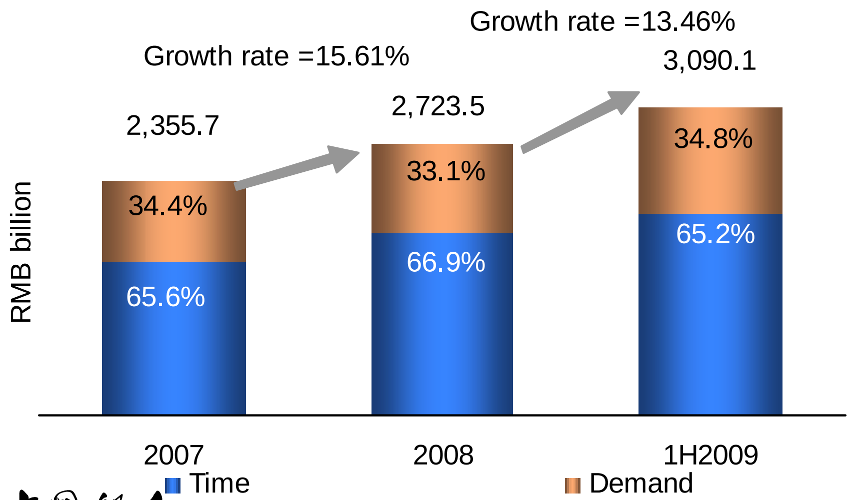


Steady expansion in customer base

Compared with the end of 2008:

No. of middle-to-high end customers	↑ 17%
Assets managed for middle-to-high end customers	↑ 25%
No. of personal on-line banking customers	↑ 112%

Savings deposit (Group)



Rank No.1 in credit card market share expansion

	Mkt Share	Chg	Rank by mkt share increased
✓ No. of credit cards issued	9.1%	↑ 1.1pps	1
✓ Spending volume	11.6%	↑ 1.5pps	1
✓ Credit card receivables	9.8%	↑ 1.2pps	1
✓ Quasi-credit card receivables	23.6%	↑ 3.4pps	1
✓ FX card merchant acquiring vol.	58.6%	↑ 0.4pps	2

Financial Markets

Proactively adjusted investment portfolio in response to market changes to increase investment yields

Exposure in US mortgage related bond investment further reduced by 38%

(USD million)	1H 2009	2008
US-Subprime mortgage related debt securities	1,938	2,590
- Impairment allowances	2,382	2,245
- Reserve for fair value changes	316	261
US Alt-A mortgage-backed securities	932	1,148
- Impairment allowances	748	709
Non-Agency US mortgage-backed securities	2,749	3,512
- Impairment allowances	1,541	1,506
Fannie Mae & Freddie Mac related bonds	4,350	8,756
Total Carrying Value	**9,969**	**16,006**

Investment debt securities by issuer type

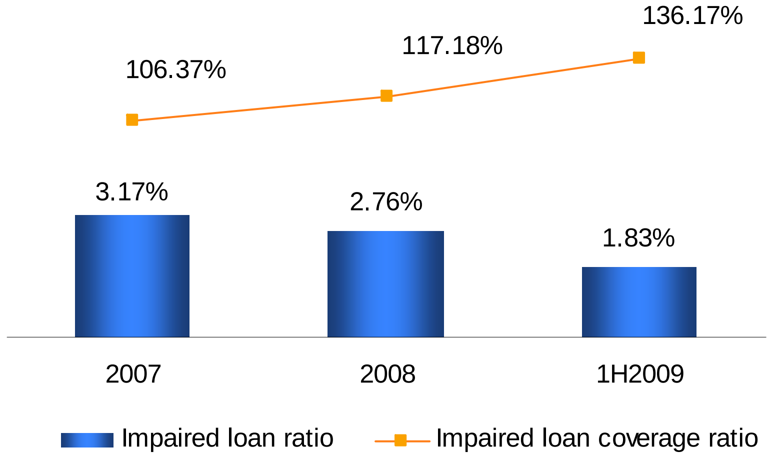
(USD billion)	2009 1H	%	% Vs Dec 08
Government & government guaranteed	20.8	27.40%	+2.60%
Public sector & quasi-government	11.2	14.76%	-4.81%
Financial Institution	35.7	47.04%	+2.79%
Corporate	8.2	10.80%	-0.58%
Total	**75.9**	**100.00%**	**-**

Strengthen management, solidify traditional advantage and accelerate business development

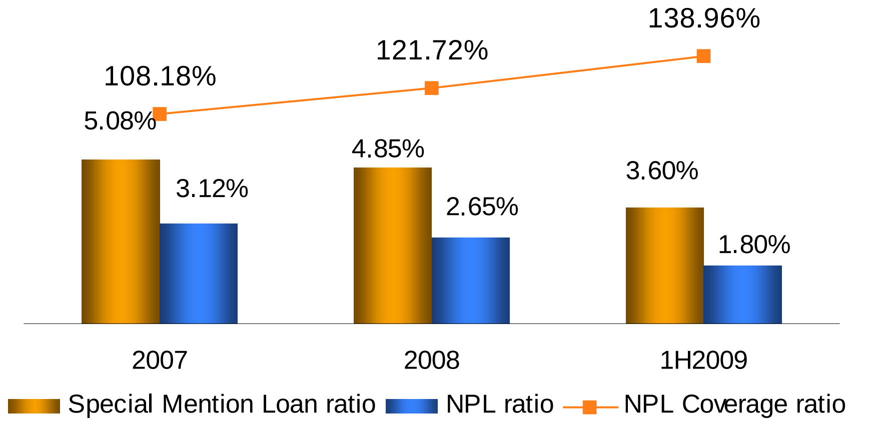
- **Proactive implementation of unified management of investment securities. Enhanced strategic synergies**
- **No. 1 in FX settlement & bullion trading**
- **Maintain leading position in FX wealth management products, and competitiveness in RMB wealth management products enhanced**
- **Market share of underwriting short-term financing notes and medium-term notes as lead manager increased by 5.1 percentage points to 11.2%**
- **Robust growth in net asset under custody & personal annuity accounts**
- **Increase efforts in product innovation to meet the needs of customers**

Continuous Improvement in Asset Quality

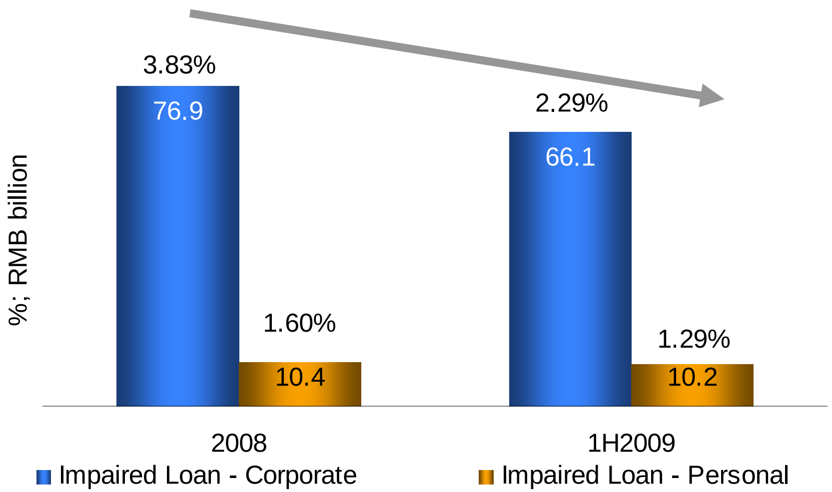
Impaired loan and coverage ratio



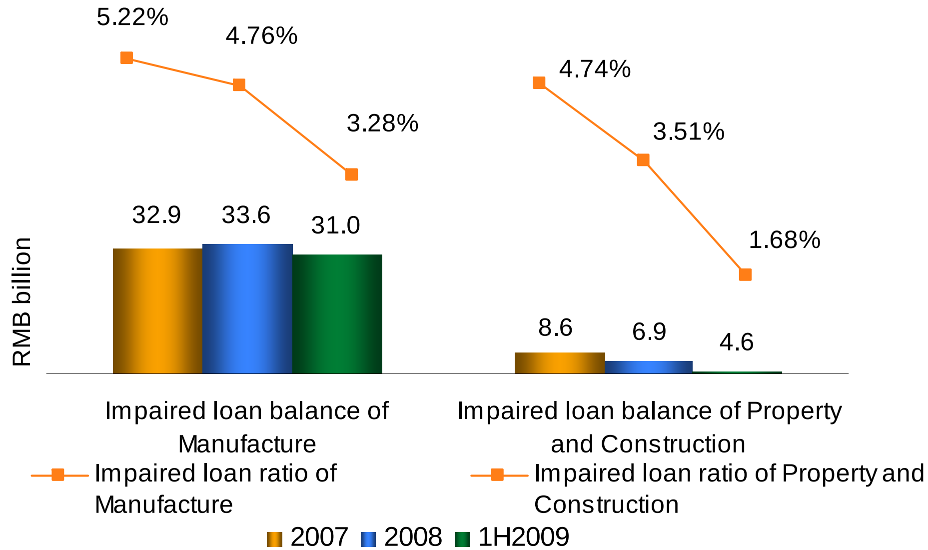
NPL and special-mention loan ratio & coverage ratio



Impaired loan ratio of domestic corporate & retail loan

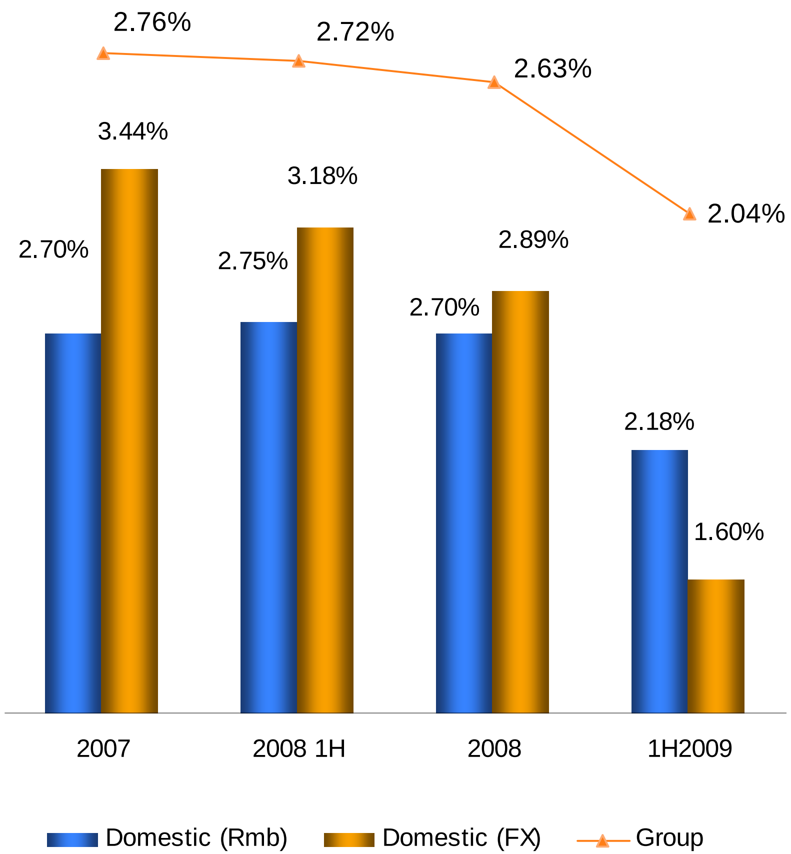


Impaired loan ratio of manufacturing, real-estates & construction industries

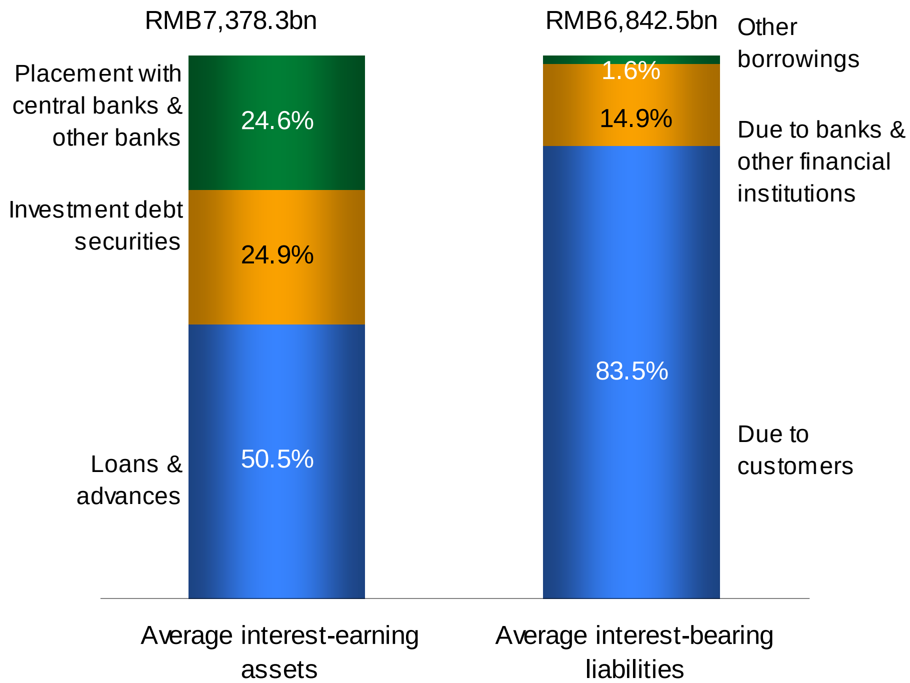


Continuous Growth in RMB Net Interest Income

NIM contracted

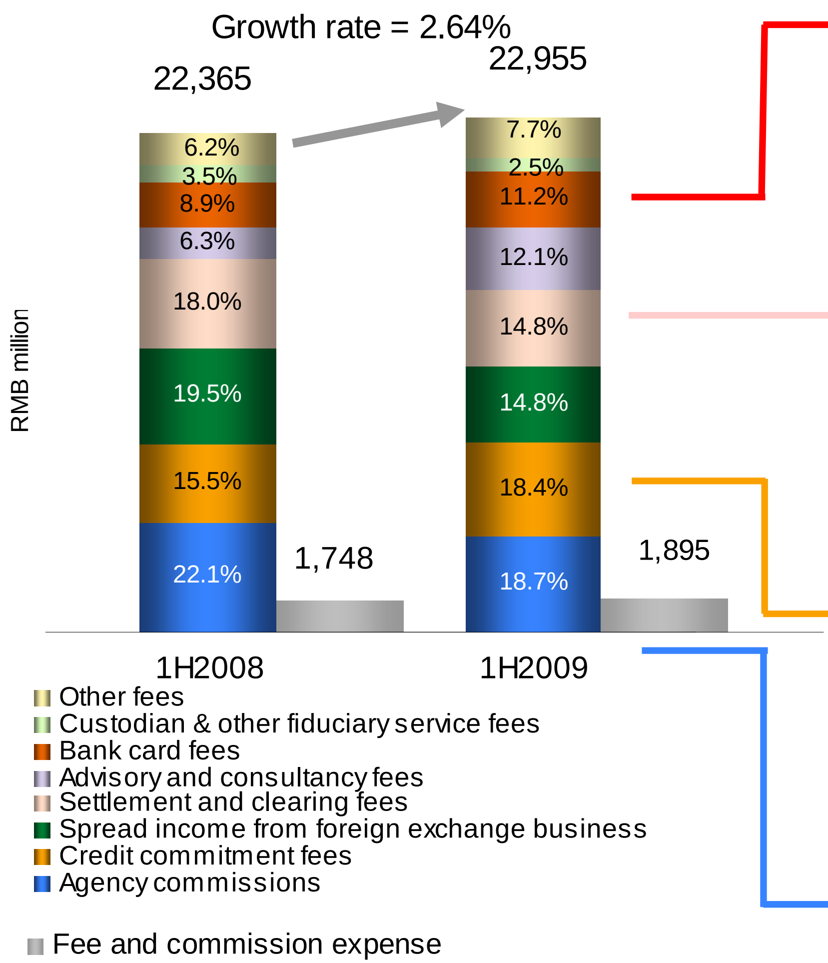


Structure of interest-earning assets & interest-bearing liabilities



Growth In Non-Interest Income

Net fee and commission income breakdown



Bank card fee income rose 29% YoY as the issuance and spending volume of bank cards increased

As import / export declined in 1H09, settlement & clearing fee income and spread income from FX business dropped 15.4% & 21.8% YoY, respectively. But market shares increased

Drived by the robust loan growth, advisory & consultancy fee income and credit commitment fee income rose by 96.7% & 22.4% YoY, respectively

Due to the deep adjustment in capital market, agency commission income dropped by 12.8% YoY, but significantly improved from the 36.52% YoY drop in 1Q2009

2H2009 Outlook

Key points for business development

Corporate Banking

- Maintain reasonable pace in credit extension; achieve balance between growth and quality
- Further expand customer base
- Accelerate growth in corporate fee income business
- Continue to expand the size of RMB/ FX deposit

Personal Banking

- Strengthen the advantage in personal loans. Expand customer base. Increase competitiveness in saving, WM & bank cards
- Further enhance 3-Tier WM Financial Management model. Expand middle-to-high end customers and business size
- Continue to expand personal savings. Increase efforts in the cross-selling of fund, insurance & third-party deposit business. Increase the total assets size of retail clients

Financial Markets

- Accelerate product innovation and enhance product competitiveness
- Further optimize asset structure. Adjust RMB & FX investment strategy timely to lower investment risk & increase investment yield

Overseas Business

- Capitalizing on the advantages in traditional business. Proactively markets "Going-Global" corporates, Fortune 500 corporates & local high-quality corporates
- Fully utilize BOCHK's role in supporting the Group's overall overseas strategy. Support the development of Nanyang (China)'s China business

Major financial ratios targets

- ✓ Steady growth in loan portfolio. Further optimization of structure
- ✓ Further improvement in investment debt securities structure
- ✓ Endeavor to improve NIM
- ✓ Continuously improve asset quality to achieve dual declines
- ✓ Continuous increase in coverage ratio
- ✓ Tight cost control. Maintain stable cost-to-income ratio
- ✓ Further enhance ROE

Q&A

Appendix: Coverage Ratio

Since restructuring, our risk management has been continuously enhanced. We strive to maintain the independence, centralization & professionalism of our risk management system

Uphold independent credit approval
- Risk Management Committee
- Vertical management of risk management department. Monitor & manage credit risk
- Credit Management department manage loan disbursement & NPLs

Over 50% of corporate loans approval centralized at HQ

All personal loans approval centralized at Tier-1 branch

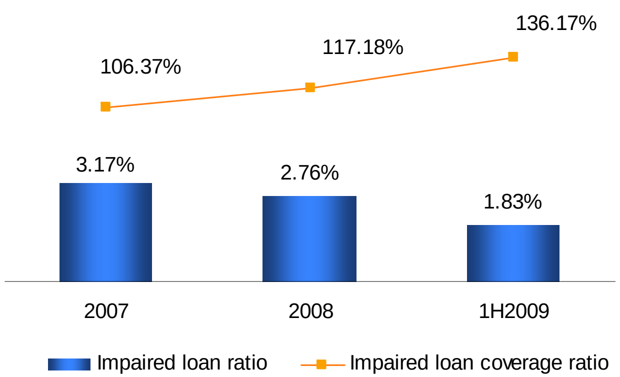
80% of corporate loan classification centralized at head office

All client internal ratings approved by HQ & Tier-1 branch

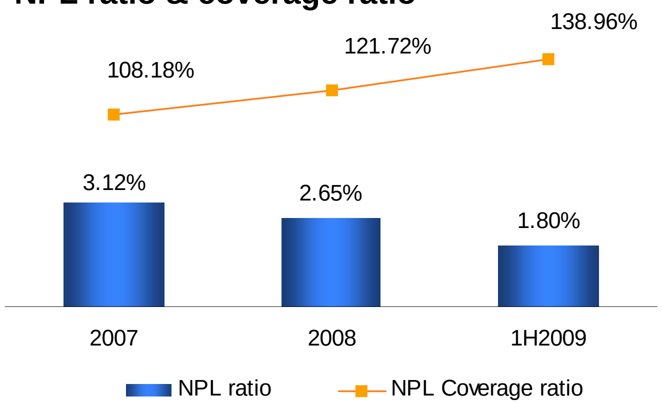
Enhance professionalism of RM team
- Professional with rich international experience as Group CCO. CCOs & professional approvers appointed at tier-1 branch
- Promote risk culture among staff

Continuous improvement in asset quality. NPL ratio decline and coverage ratio steadily increased

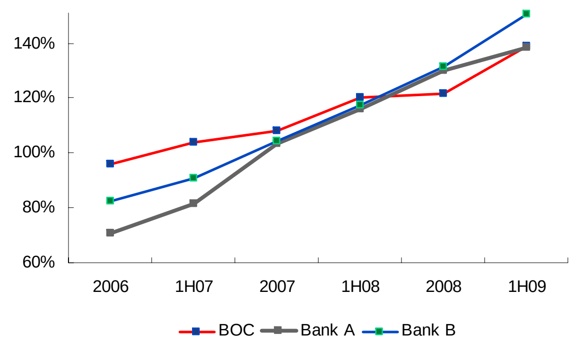
Impaired loan ratio & coverage ratio



NPL ratio & coverage ratio

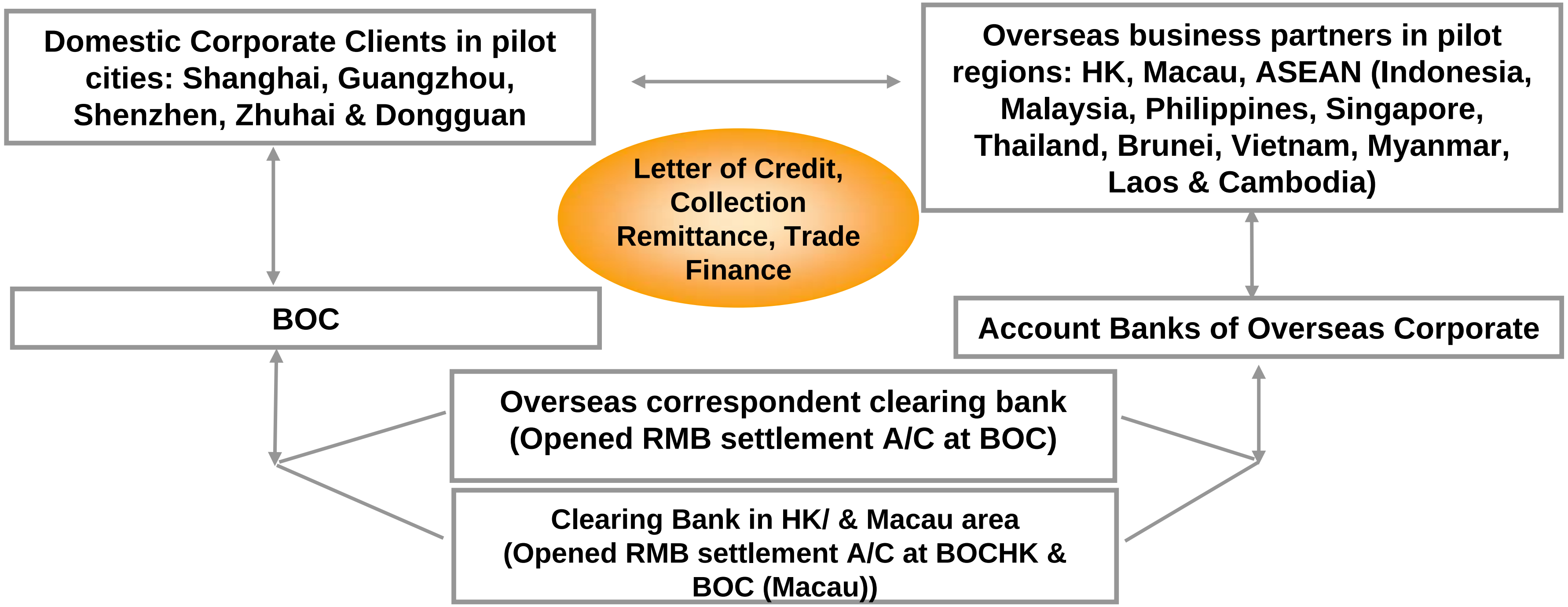


Steady growth in NPL coverage ratio



Based on our client rating standards & prudent credit approval principle, our coverage ratio is at a reasonable level and will increase steadily

Appendix: Advantage in Cross-border RMB Trade Settlement



Development in cross-border RMB trade settlement takes time; BOC has incomparable advantages

Network

- ✓ Over 1,500 overseas correspondent banks. Signed “RMB Settlement Agreement “ with 12
- ✓ Over 800 branches in HK, Macau and other overseas regions. Set up RMB accounts with 19 branches

Clearing Bank

- ✓ PBOC appointed BOCHK & BOC (Macau) as the clearing bank in HK, Macau & ASEAN Region.
- ✓ Rich experience in overseas RMB clearing

Expertise

- ✓ Traditional advantage in trade settlement. Large high-quality professional team and rich experience in cross-border trade business
- ✓ Played an important role in policy formulating by regulatory entities

Market Position

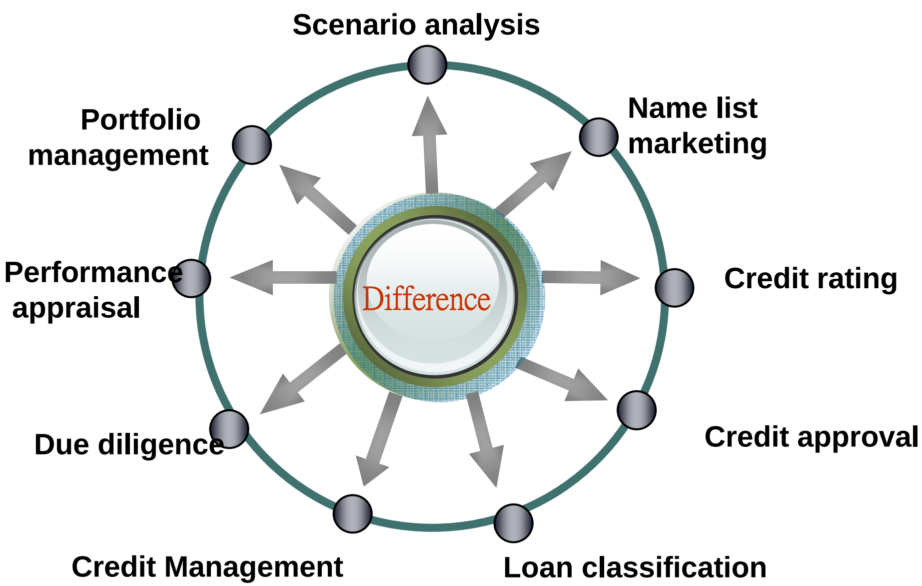
- ✓ World leading position in international settlement business. Broad customer base. Market share of domestic international settlement reached 31.45%
- ✓ Leading in supporting “Going-Global” corporate

Profit Outlook

- ✓ Fee income (trade settlement & clearing)
- ✓ Interest income (trade finance)
- ✓ RMB exchange income

Appendix: Accelerate The Implementation Of New SME Model

Difference between new model & old model



SME Module of Functions

SME Module

- Planning & System
- Credit Management
- Marketing
- Product Management
- Monitoring of assets quality
- Anti-Fraud Management

Market categorization through scenario analysis. Build up an initial key target customer list

↓

Introduce qualitative assessment in customer ratings. Access quantitative & qualitative comprehensively

↓

Establish SME credit policy with customized customer assessment and scope of evaluation to enhance efficiency

↓

Adopt a pre-warning monitory of asset quality. Afterwards real-time monitoring of asset quality to be lead by specialized staff

↓

Established specialized SME business accountability & performance appraisal program