

Serving Society, Delivering Excellence

2017 Interim Results
August 30, 2017

Forward-looking Statement Disclaimer

This presentation and subsequent discussions may contain forward-looking statements that involve risks and uncertainties. Generally forward-looking terminologies, such as *believe, expect, anticipate, estimate, plan, project, target, may and will* are used in forward-looking statements. You should not place undue reliance on such 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 which 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 factors and uncertainties that may cause our actual results to differ materially.



Schedule

01 2017 Interim Results

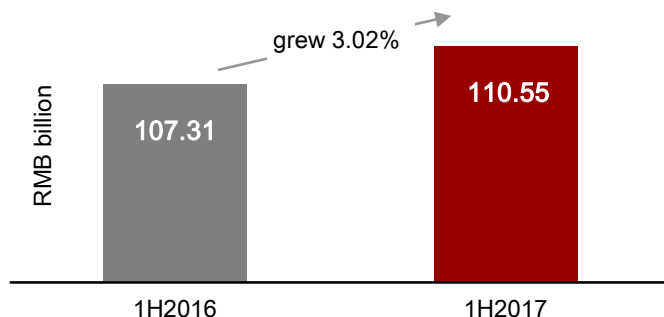
02 Progress in key tasks

03 2H2017 Outlook

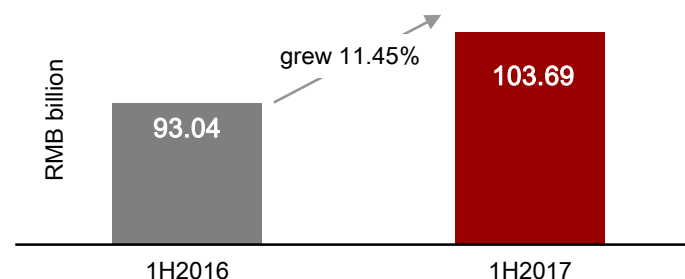


Improved Operating Performance

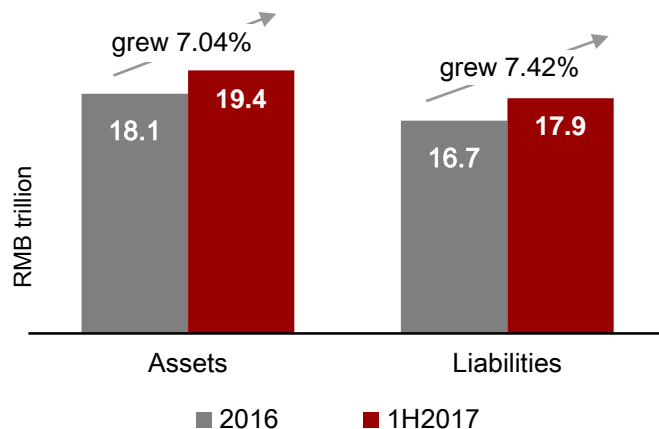
Profit after-tax increased steadily



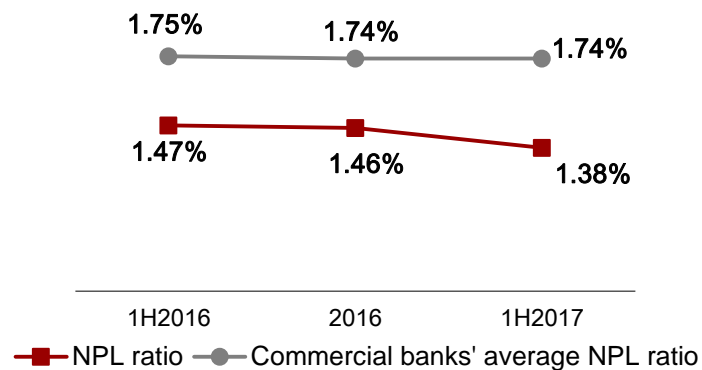
Profit attributable to equity holders grew fast



Assets and liabilities expanded prudently

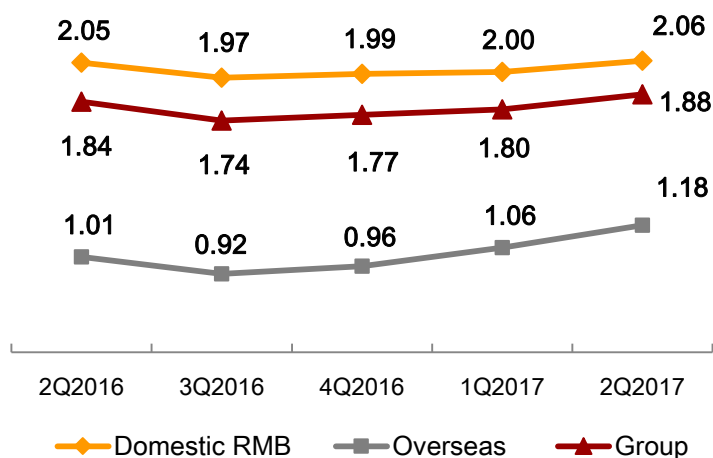


Asset quality maintained relatively stable

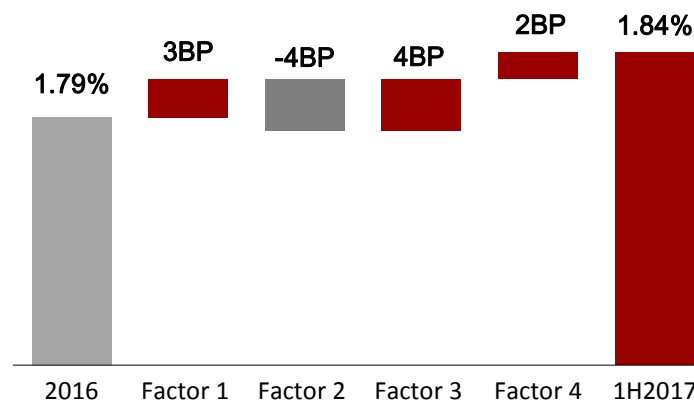


NIM Rebounded Moderately

NIM improved quarter by quarter



Breakdown of NIM factors



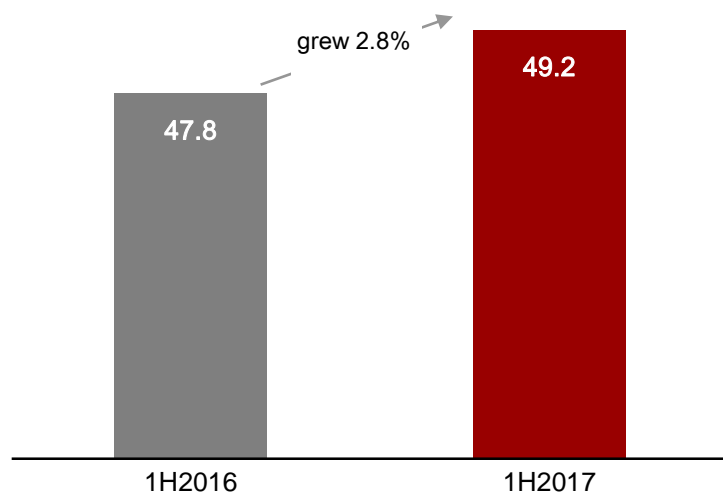
- Factor 1: Increase of domestic RMB market rate
- Factor 2: Contraction of domestic RMB interest spread between loans and deposits
- Factor 3: Improvement of overseas NIM
- Factor 4: Other factors

Note: The impact of VAT reform was adjusted from NIM in 2016

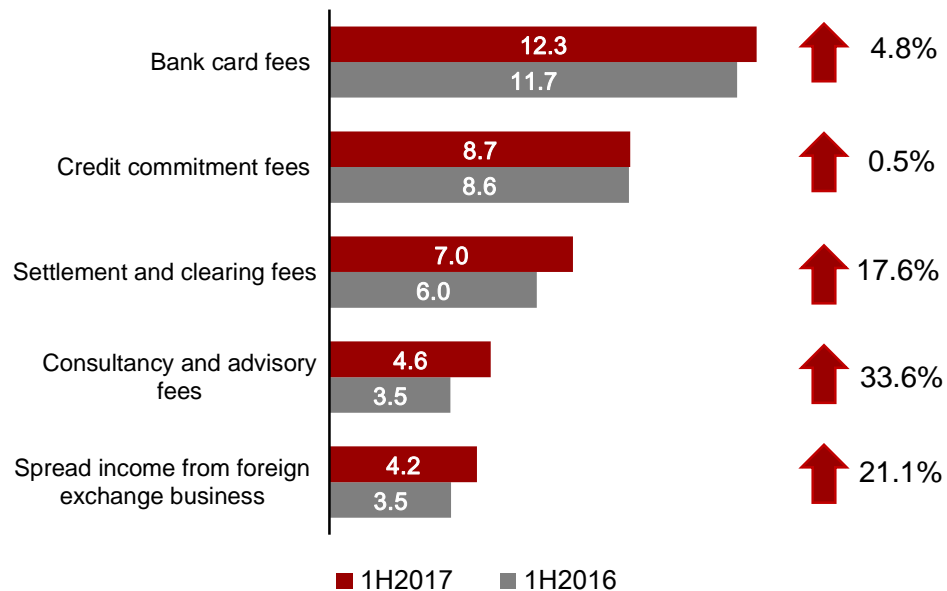


Fee Income Increased Steadily

Net fee and commission income grew 2.8%



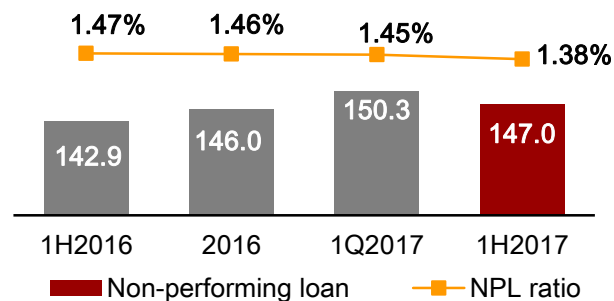
Key drivers



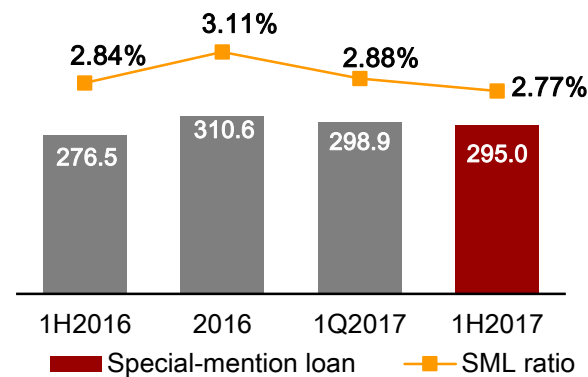


Asset Quality Maintained Relatively Stable

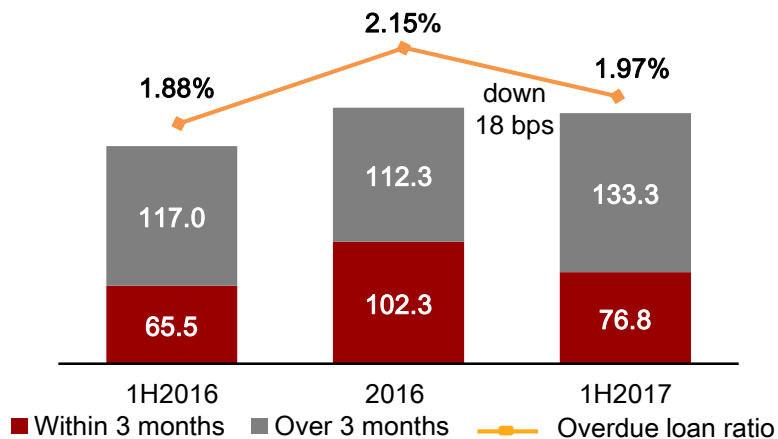
Non-performing loans



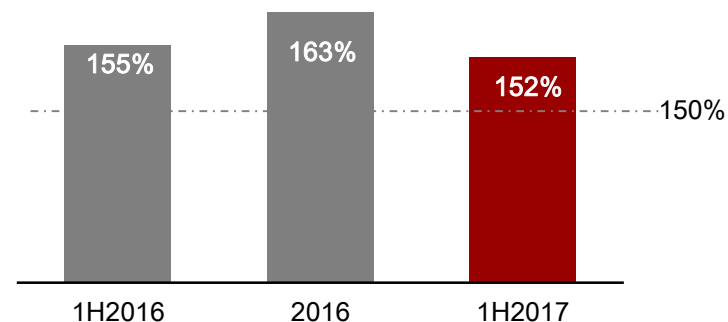
Special-mention loans



Overdue loans



NPL coverage ratio





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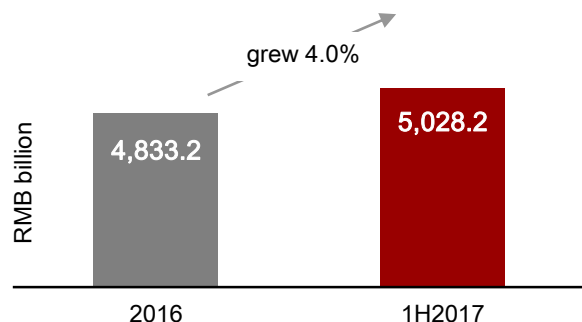
02 Progress in key tasks

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Improved Corporate Banking Profile

Corporate loans grew moderately



Note : data quoted relates to domestic commercial banking

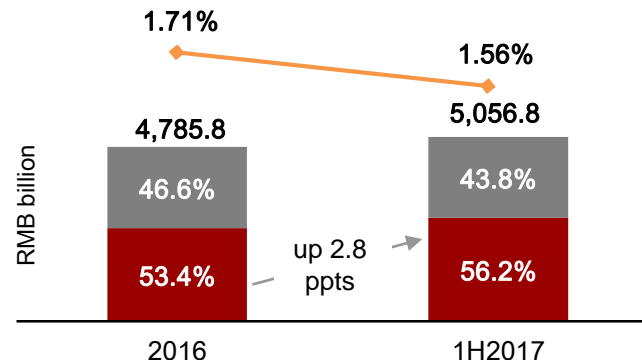
RMB66 billion

Supported 184 Beijing-Tianjin-Hebei integration projects by funding RMB66 billion

USD12.9 billion

Financed 16 cross-border M&A projects with USD 12.9 billion, boosting transformation and upgrading of domestic economy

Corporate deposits structure optimized



■ RMB daily average time deposits
■ RMB daily average demand deposits

— Average interest rate

6%

Administrative institutions daily average deposits promoted by 6%

23%

Global Cash Management Platform saw daily average deposits increased by 23%

12%

Pension under custody increased 12%

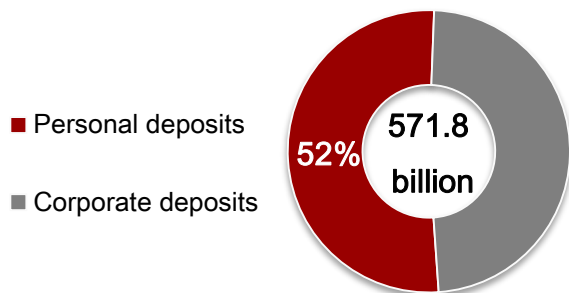
30%

Global trade settlement and cross-border RMB settlement both led peers with market shares approximately 30%

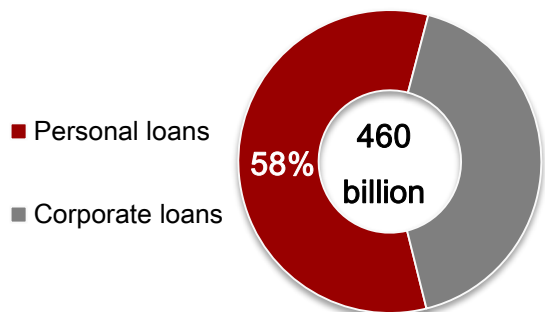
Personal Banking Strategy Further Implemented

New deposits and loans of personal banking exceeded 50%

New domestic RMB deposits in 1H2017

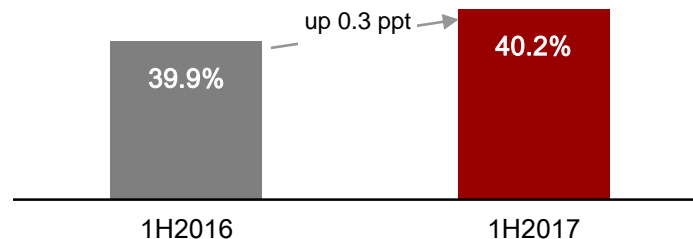


New domestic RMB loans in 1H2017

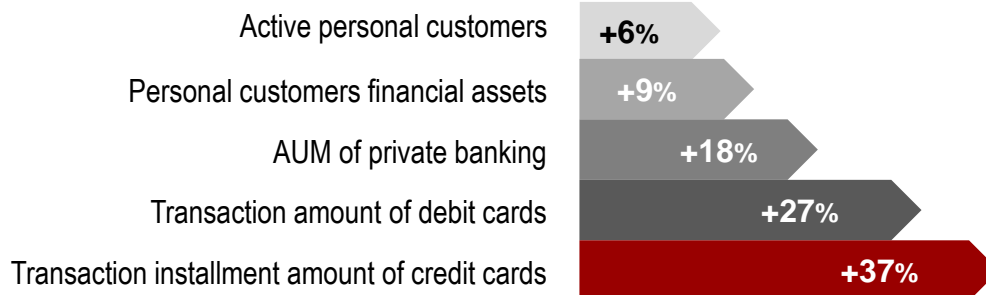


Higher contribution ratio

Comprehensive income contribution of personal banking



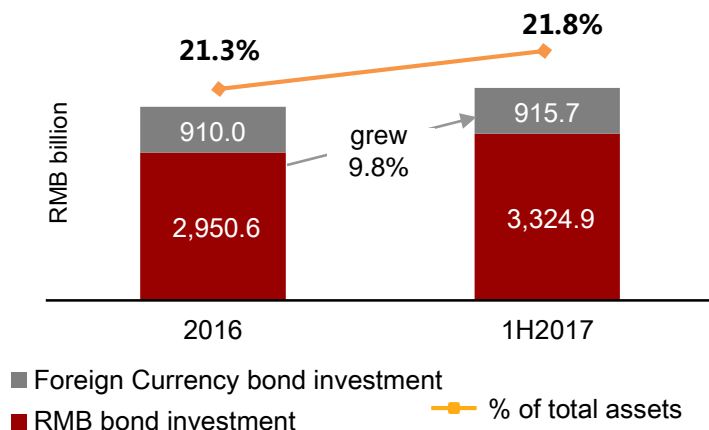
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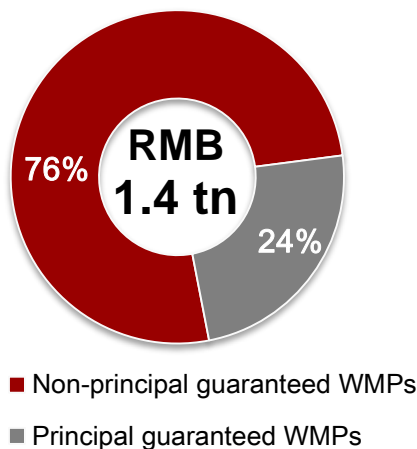


Leading Financial Markets Businesses

Bond investment increased steadily



Prudent development of WM business



Financial markets strength consolidated

**Rank
1st**

Market share in FX trading against RMB business

Panda Bond underwriting amounts in interbank market

Market share in offshore RMB bonds underwritten among domestic peers

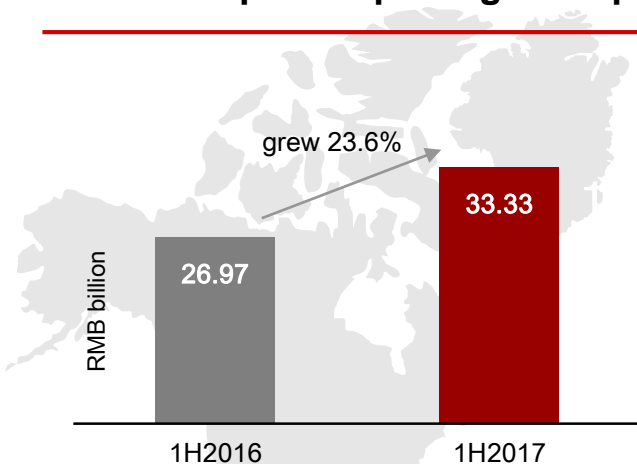
Market share in Chinese enterprises' investment grade offshore G3 currency bonds underwritten



Consolidated Overseas Business Strength

Overseas pre-tax profit grew rapidly

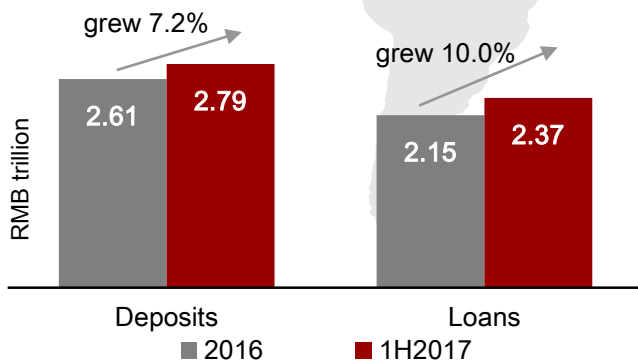
note



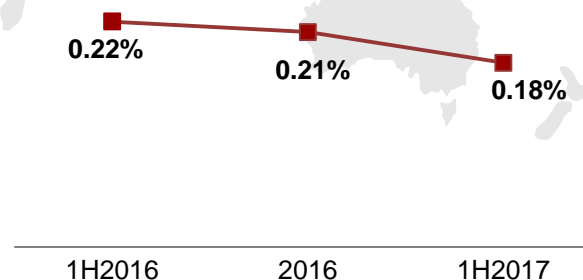
Global network expanded steadily

- Bank of China Srbija A.D. Beograd, Bank of China Luanda Branch and Bank of China Dublin Branch established in succession
- Overseas institutions cover **51** countries and regions

Overseas deposits and loans developed fast



Overseas NPL ratio kept at a low level

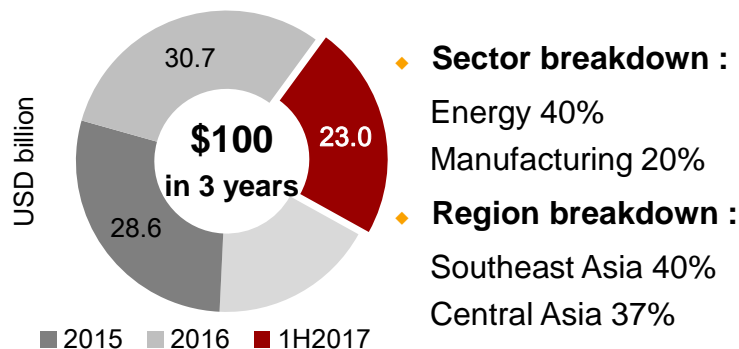


Note: excluding one-off revenue of the sales of Nanyang Commercial Bank and Chiyu Banking Corporation



Strived to Build Financial Artery of “Belt and Road” Initiative

Loan balance grew fast



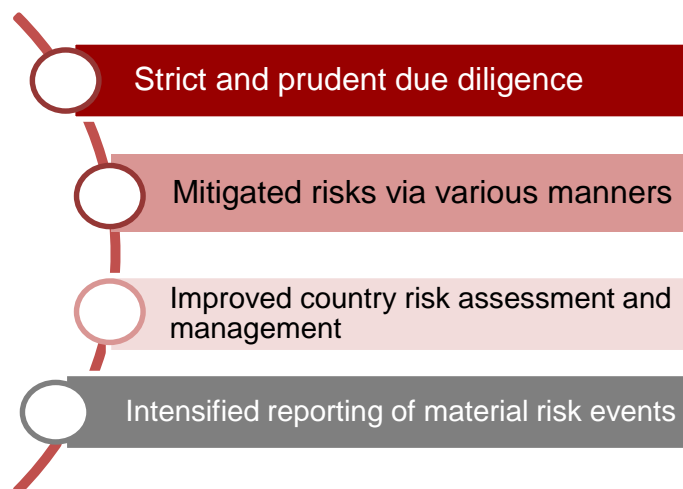
Continuously expanded funding sources

- ◆ In June 2015, it issued a tranche of “Belt and Road” bond of USD4 billion
- ◆ In April 2017, it issued a tranche of “Belt and Road” theme bonds, raising funds of USD3 billion, a landmark offering covering multiple issuers, currencies and tranches simultaneously
- ◆ In May 2017, it issued a tranche of “Belt and Road” theme bonds in Singapore, raising funds of USD600 million

Consecutively held the “Belt and Road” international financial seminars



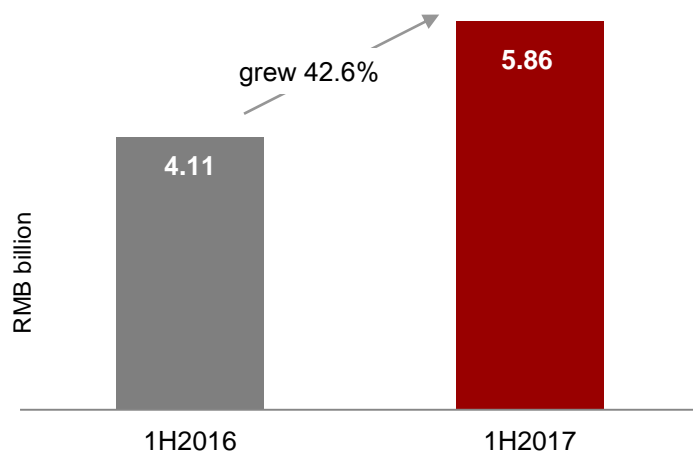
Persistently intensified risk management





Diversified Business Made Fresh Progress

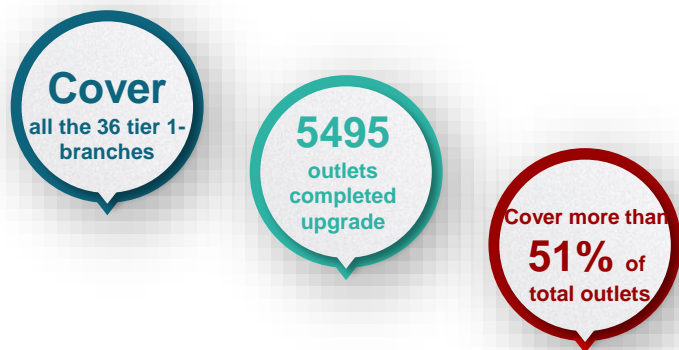
Pre-tax profit grew 42.6% yoy



- ◆ **BOCI:** continued to maintain a leading position with bond issuance and underwriting businesses in the debt capital markets; ranked topline in the Hong Kong brokerage and warrant markets
- ◆ **BOCIM:** AUM for publicly offered funds reached RMB285.9 billion
- ◆ **BOC Insurance:** provided insurance services for 75 overseas projects with associated written premiums increased 79% year-on-year
- ◆ **BOC-Samsung Life:** realized a 198% year-on-year increase in regular premiums sales and a 286% year-on-year increase in long-term savings revenues and risk protection business premiums
- ◆ **BOCG Investment:** successfully launched the first ABS for investment property; issued the first interbank venture capital Panda Bond in the public market; established “BOC Public Welfare”, a platform for targeted poverty alleviation
- ◆ **BOC Aviation:** portfolio of self-owned fleet maintained a leading position, with an average fleet age of 3.1 years, one of the youngest aircraft portfolios in the industry

Promoted Technological Innovation

Made new progress in building Smart Counter



- ◆ **Made great efforts to promote Smart Counter.** Covering 65 service scenarios, Smart Counter substituted 70% non-cash personal banking businesses of regular counter, and diverted more than 50% customers for outlets
- ◆ **Continued to expand the customer base for the “BOC E-Credit”, an online consumption-oriented credit product,** by applying big data in promotion and risk control. Its loan balance amounted to RMB12.1 billion
- ◆ **Enhanced the “E Rong Hui” mobile treasury operation service,** enriching professional market analysis session. In 1H2017, its trading volumes achieved more than RMB87.2 billion
- ◆ **Reinforced the construction of its globally integrated information technology,** successfully realized information system version unification, and integrated operation and management of over 50 overseas institutions across the world
- ◆ **Drove force to make sustainable technology development,** conducted research into the advancement and applications of such novel technologies as artificial intelligence (AI), biometric identification, blockchain and quantum communication

E-finance achieved innovative development

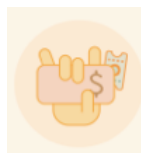
Mobile banking established 4 special scenes



Cross border finance



Asset management



Consumer finance



Mobile payment



94 million

(2016.12.31)

104 million

(2017.6.30)



RMB3.19 trillion (2016.6.30)

RMB4.81 trillion

(2017.6.30)

↑ 51%

Embraced and Served Society



Serve SMEs

- Since 2014, the Bank has organized 35 cross-border matchmaking events, attracting over 20,000 SMEs from 80 countries and regions, within five continents
- Loans to micro and small-sized enterprises amounted to RMB1.38 trillion, an increase of RMB90.9 billion compared with the prior year-end. Served 2.89 million SME customers and granted loans of RMB2 trillion



Inclusive finance

- The Bank established the Inclusive Finance Department so as to build a market-oriented, specialized inclusive financial services system
- It completed the equity acquisition of 15 village banks from China Development Bank, thus built the largest village bank group in the Chinese mainland and boosting support for farmers and small-sized enterprises



Targeted charity

- The Bank supported poverty alleviation work in the Yongshou, Changwu, Xunyi and Chunhua counties of Xianyang, Shaanxi Province for the 15th consecutive year. In 1H2017, it injected RMB59.68 million to support the four counties, and benefited a population of 99,000 impoverished people
- It developed a featured public welfare sharing platform to support the targeted poverty alleviation efforts of the government and the fulfillment of corporate social responsibilities by cooperative enterprises



“Dual Olympics” bank

- The Bank becomes the Official Commercial Banking Partner of Olympic and Paralympic Winter Games Beijing 2022. After Beijing 2008 Summer Olympics, it will once again serve the Olympic Games and become a “Dual Olympics” bank
- It will provide comprehensive, high-quality, reliable and tailored financial services for the Olympic and Paralympic Winter Games Beijing 2022, and will further carry forward the Olympic spirit and value

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Fully implement National Financial Work Conference spirit

Four principles

- Return to essence of the industry, dedicate to serve economic and social development
- Optimize structure, improve financial market, institution and product system
- Strengthen supervision, enhance ability to guard against and deal with financial risks
- Be market oriented, enable the market to play the decisive role in financial resource allocation

Three tasks

- Serve the real economy
- Contain financial risks
- Deepen financial reforms

Pursue quality and sustainable growth with stability

Step up efforts to build the excellent bank

Press ahead with the Group's strategic transformation

Promote technological innovation

Enhance comprehensive risk control

Push forward strict Party discipline



Create greater value for shareholders, customers, employees and society

Q&A

Financial Highlights

Profit & Loss Summary

(RMB million)	1H2017	1H2016	Change
Net interest income	165,042	154,858	6.58%
Non-interest income	83,326	107,761	-22.68%
Net fee and commission income	49,187	47,827	2.84%
Operating income	248,368	262,619	-5.43%
Operating expenses	-81,663	-83,572	-2.28%
Impairment losses on assets	-26,960	-49,946	-46.02%
Operating profit	139,745	129,101	8.24%
Profit before income tax	140,378	129,617	8.30%
Profit after-tax	110,549	107,308	3.02%
Profit attributable to equity holders of the Bank	103,690	93,037	11.45%
EPS (basic, RMB Yuan)	0.35	0.31	11.65%
Key financial ratios(%)			
ROA	1.18	1.25	-7Bps
ROE	15.20	14.78	42Bps
Net interest margin	1.84	1.90	-6Bps
Net fee and commission income to operating income	19.80	18.21	159Bps
Cost to income ratio ¹	25.39	24.25	114Bps
Credit cost	0.52	1.04	-52Bps

Balance Sheet Summary

(RMB million)	2017.06.30	2016.12.31	Change
Total assets	19,425,980	18,148,889	7.04%
Loans, gross	10,650,703	9,973,362	6.79%
Investments	4,350,945	3,972,884	9.52%
Total liabilities	17,898,108	16,661,797	7.42%
Due to customers	13,732,059	12,939,748	6.12%
Capital and reserves attributable to equity holders of the Bank	1,451,378	1,411,682	2.81%
Net asset per share (RMB Yuan)	4.59	4.46	3.03%
Key financial ratios(%)			
Common equity tier 1 CAR ²	10.93	11.37	-44Bps
Tier 1 CAR ²	11.80	12.28	-48Bps
CAR ²	13.41	14.28	-87Bps
NPL ratio	1.38	1.46	-8Bps
NPL coverage ratio	152.46	162.82	-10.36ppts

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.