



Stimulate Vitality Respond with Agility Achieve Breakthroughs in Key Areas

Accelerate to Realise High-quality Development

2020 Interim Results

2020.08.31



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.



Agenda

01

1H2020 Results

02

**Progress in Strategy
Implementation**

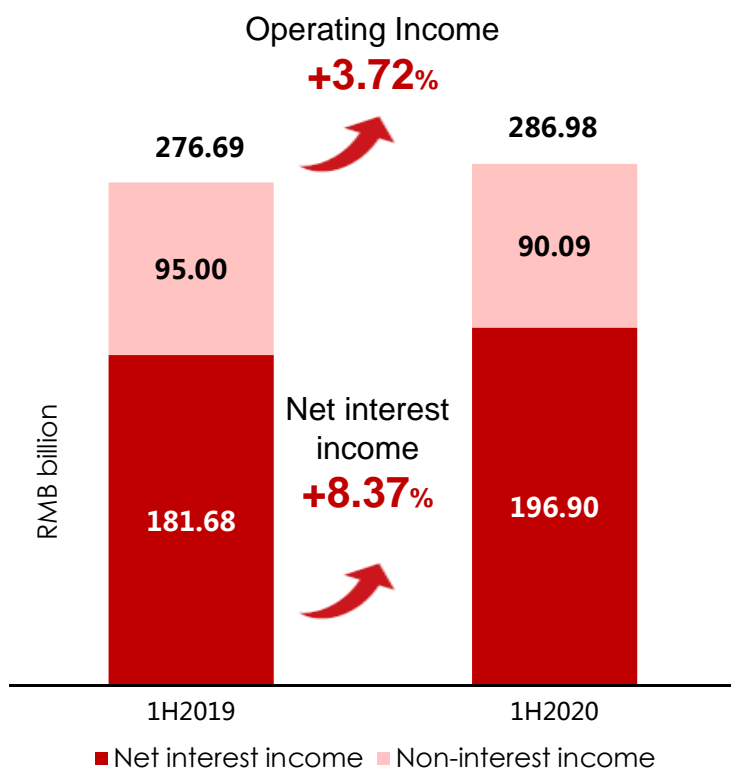
03

2H2020 Key Tasks

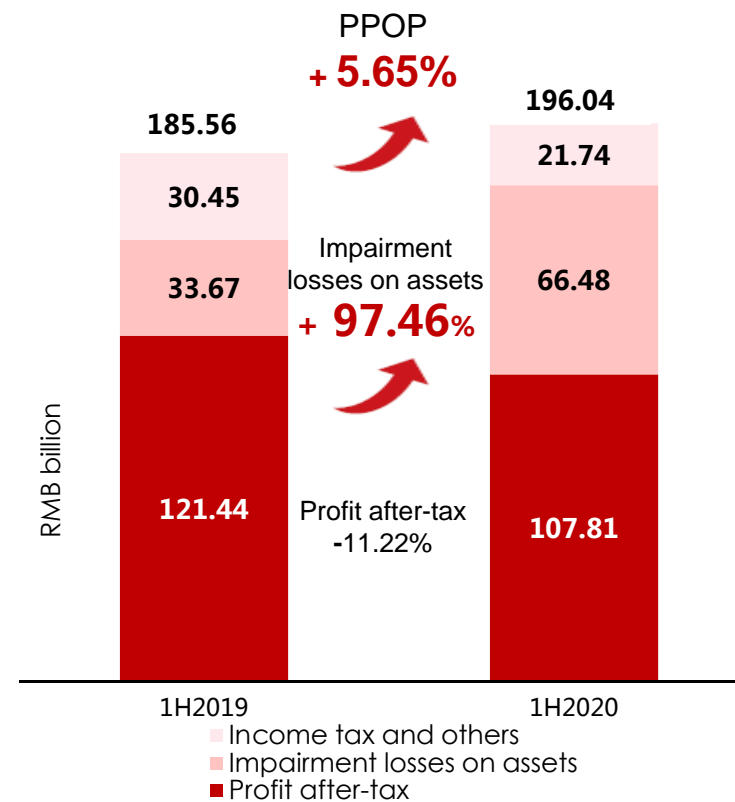


Financial performance delivered solid results

Income



Profit



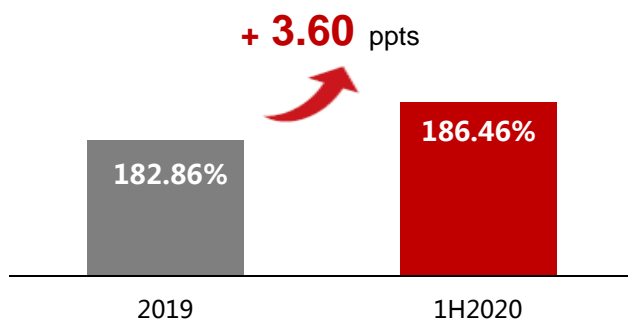


Management quality and efficiency continued to enhance

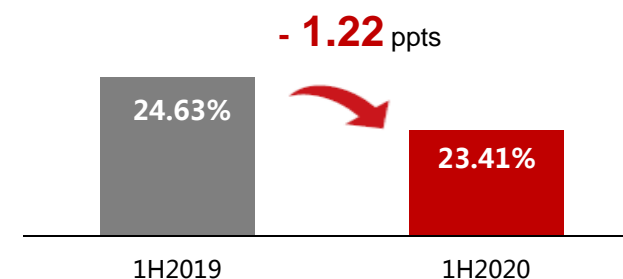
Net interest margin

	1H2019	2019	1H2020	vs. 2019
Avg. interest rate of IEA	3.69%	3.65%	3.47%	-18bps
Avg. interest rate of IBL	1.98%	1.93%	1.77%	-16bps
NIM	1.83%	1.84%	1.82%	-2bps

NPL coverage ratio



Cost to income ratio



Note: Cost to income ratio is calculated under domestic regulations

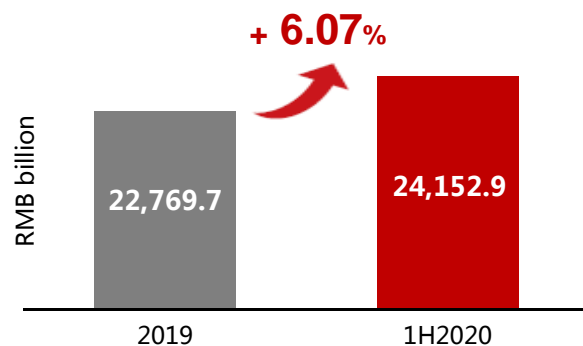
Capital adequacy ratio

	2020.06.30	Strengthened capital management
Core tier 1 CAR	11.01%	• Enhanced internal capital generation ability , reinforced capital constraint and value creation
Tier 1 CAR	12.82%	• Accelerated external capital replenishment . In 1H20, successfully issued RMB40.0 billion of perpetual bonds and USD2.82 billion of offshore preference shares
CAR	15.42%	

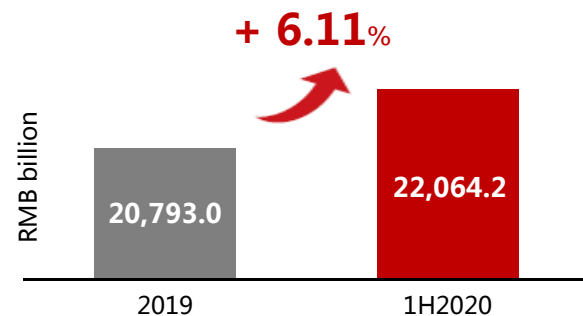


Assets and liabilities grew prudently

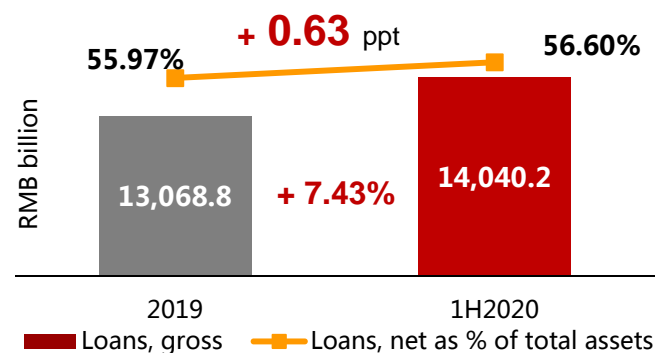
Assets



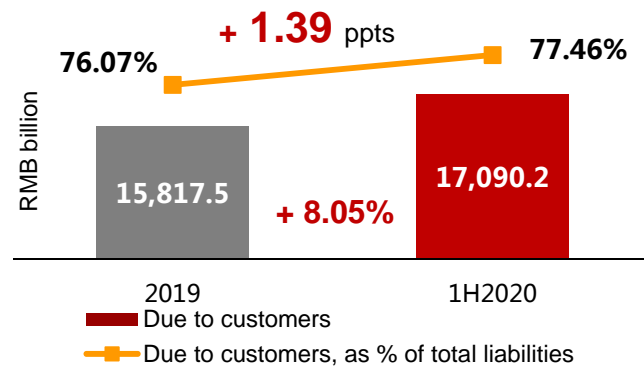
Liabilities



Loans



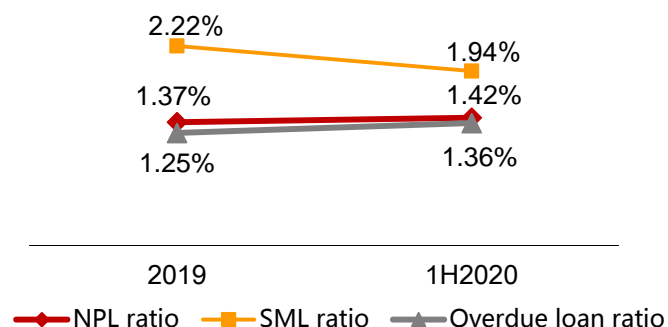
Deposits





Asset quality remained stable

Key ratios maintained reasonable



Strengthened asset quality management

- **Continuously optimized credit structure**, supported the improvement of weak links in infrastructure, gave priority to “new infrastructure and new urbanization initiatives and major projects”, and propelled the high-quality development of manufacturing
- **Strengthened monitoring and early warning**, intensified risk control in key areas, accelerated the improvement of “computer-based control” and “smart control” capabilities, and carried out big data-based early warning
- **Strove to push forward the collection and resolution of NPAs**, further stepped up the collection of NPAs, proactively explored the application of “internet plus” in NPA collection

Asset quality of key sectors

		Credit-impaired loans to total loans as at 30 June 2020	vs. 31 Dec 2019
Domestic corporate loans		2.38%	-0.05 ppt
Incl.:	Commerce and services	3.28%	-0.27 ppt
	Manufacturing	5.19%	0.55 ppt
	Transportation, storage and postal services	1.08%	0.35 ppt
	Real estate	0.41%	-0.12 ppt
	Production and supply of electricity, heating, gas and water	0.39%	-1.85 ppts
Domestic personal loans		0.69%	0.06 ppt
Incl.:	Mortgages	0.34%	0.05 ppt
	Credit cards	2.57%	0.35 ppt
Total domestic loans		1.65%	—

Market influence kept improving

S&P Global
Ratings

MOODY'S
INVESTORS SERVICE

FitchRatings



S&P, Moody's and Fitch all affirmed the Bank's rating at the **highest** level among comparable Chinese peers

Served society with financial capacities

• Poverty alleviation

Supported poverty alleviation in four national poverty-stricken counties and nearly 1,000 poverty-stricken villages, provided and brought in nearly RMB168 million of cost-free funds to bolster over 1,500 poverty alleviation projects, stepped up efforts in poverty alleviation by stimulating consumption, purchased and helped to sell over RMB140 million worth of agricultural products from poverty-stricken areas

• Green finance

Continued to intensify green credit granting and green bond underwriting, and accelerated the innovation of green financial products. Subscribed for the National Green Development Fund as the first state-owned bank

• CIIE

As the sole strategic partner and integrated banking service supplier of CIIE, hosted several "Cloud Merchant Invitation" online marketing events and domestic merchant invitation roadshows of the 3rd CIIE, and released integrated financial service plan

• Canton Fair

As the strategic partner of the 127th Canton Fair, invited thousands of overseas customers to attend the fair. Launched the exclusive comprehensive credit scheme "Canton Fair-BOC Loan", granted over billions of loans to 346 exhibitors during the fair, and handled RMB19.1 billion of international settlement for 6,067 exhibitors

Ranked **4th** in Top 1,000 World Banks by *The Banker*

The Banker

Listed in Fortune's Global 500 for **31 consecutive years**, up **1** notch from 2019



Asia Money **Best Transaction Bank, Best Trade Finance Bank**



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2H2020 Key Tasks



Mounted a well-organized fight against COVID-19 and provided targeted financial services

Shouldered responsibilities as a SOE bank

Worked together

Fought pandemic

Facilitated policy transmission and implementation

- Accumulatively lent more than RMB15.7 trillion to the money market, thus providing liquidity support in 1H20
- Continuously increased credit resources, as domestic RMB loans increased by RMB641.2 billion, up 6.1% YTD. Simplified the credit application process for customers on the policy list, to ensure that funds were timely used for production and operation activities related to pandemic prevention and control

Provided comprehensive financial services

- **Assisted with enterprises' bond financing.** Underwrote over RMB800.00 billion bonds in the domestic market, and RMB33.85 billion of pandemic prevention and control bonds
- **Helped stabilizing the global supply chain.** Introduced 13 measures for "stabilizing foreign trade", and accumulatively granted over RMB200.0 billion in import and export financing. Provided enterprises with ECA-backed financing and "Government + Bank + Insurance" innovative financing plans



Fully supported pandemic prevention and control as well as economic and social development

Took multi-pronged approaches to support the resumption of work and production

- **Pandemic prevention enterprises.** Granted RMB21.07 billion concessional loans to 854 national key pandemic prevention enterprises, RMB11.07 billion concessional loans to 484 local enterprises on the list and RMB63.23 billion loans to enterprises engaged in pandemic prevention, thereby timely satisfying their financing needs. Underwrote the first domestic AAA-rated medium-term notes for pandemic prevention POEs and the first domestic panda bond with anti-pandemic theme, actively raised funds for the enterprises through bond market
- **POEs and SMEs.** Timely rolled out a series of emergency loan products such as "Anti-virus Loan", "Pandemic Prevention and Control • Easy Loan" and "Anti-pandemic Loan" and ensured sufficient credit supply to support customers' rent payments and raw material procurement demands for resumption of work and production. Provided a fast application channel for the loans
- **Manufacturing.** Domestic manufacturing loan balance reached RMB1.34 trillion. Intensified the promotion of supply chain financial products, and boosted the coordinated resumption of work and production between the upstream and downstream of the industrial chain
- **Trade enterprises.** Provided 24/7 free online tax payment services for import and export enterprises, integrated financing support more closely into the customs clearance process, and provided instant customs clearing facilities for more than 10,000 enterprises in key areas such as pandemic prevention and control and energy supply. As being qualified for trade facilitation pilot, delivered enterprises convenient measures such as simplified document review for import and export trade, and thus promoted efficiency for trade activities



Achieved new results in serving national strategies

Served country with Financial Services

Key strategies

Key areas

Intensified credit granting on key strategies and key areas

Inclusive finance

- Inclusive finance loans to SMEs amounted to RMB**525.4** billion, up **39%** yoy or up **27%** YTD, higher than the average growth rate of all loans
- Annualized average loan yield was 4.04% in the first half, down **26** bps than 2019

POEs

- Outstanding loans to POEs were RMB**1.77** trillion, up **7.98%** YTD
- Newly granted loans amounted to RMB**1.15** trillion, accounting for **38.81%** of corporate loans, up **2.03** ppts compared with the previous year

Development of key areas

- Outstanding loans granted to the Beijing-Tianjin-Hebei region, Yangtze-River Economic Belt and the Guangdong-Hong Kong-Macao Greater Bay Area went up by **8.91%**, supporting core city areas and city clusters to play a better role in driving economic development

High-quality development of manufacturing

- Domestic manufacturing loans grew continuously. The growth rate of medium and long-term manufacturing loans and high-end technology manufacturing loans were **14.09%** and **8.31%** YTD, respectively

New infrastructure

- Enacted guidelines for new infrastructure, implemented targeted marketing according to the key project lists of municipal government, and reserved **480** new infrastructure projects

Improving weak links in infrastructure

- Strengthened the reserve of major projects in the transportation industry, and followed up **462** key projects
- Formulated business development plan for infrastructure public offering REITs

Poverty alleviation via financial channels

- Poverty alleviation loans amounted to RMB**134.2** billion, an increase of RMB16.895 billion from last year end
- Cumulatively granted student loans of over RMB**24.2** billion to sponsor 1.80 million financially underprivileged students to complete studies

Green finance

- Balance of green credit was RMB**818.4** billion, an increase of RMB52.3 billion or up **6.83%** YTD



Comprehensively deepened reform stimulated new vitality

Group Reform

All-out efforts

Multi-area
breakthroughs

17 projects in comprehensive deepening reform steadily implemented

Pursuing long term development Enhancing development foundation

- Steadily boosted **enterprise-level architecture building**
- Get off to a good start for **smart operation** and **outlet transformation**
- Accelerated progress in **data governance** system building

Promoting transformation Stabilizing growth

- Made orderly progress in **the reform of corporate credit management system**
- Continuously deepened **digital transformation of personal banking**
- Accelerated **transformation of corporate customer service model**

Emphasizing priorities Improving advantages

- Made breakthroughs in **scenario ecosystem building**
- Sped up strategic layout of **domestic key areas**
- Improved **globalized** development and **integrated** operations

Cementing support Stimulating vitality

- Established **BOC University**
- Continuously pushed ahead **HR management reform**
- Re-examined and improved **performance evaluation**
- Achieved substantial progress in **corporate culture building**



Key businesses developed under new driving forces

Supported real economy

Consolidated
foundation

Cemented
advantages



Focused on customer services and made breakthroughs in customer expansion and business development

Personal banking

- **Business contribution increased.** The contribution of personal banking to operating income, net interest income and non-interest income increased continuously
- **Customer base enhanced.** The number of valid customers exceeded 300 million, total personal financial assets exceeded RMB8 trillion, up 7.34% YTD
- **Market share rose.** The market share of mortgage loans, foreign currency deposits, funds and insurance sales, fast payment further increased

Corporate banking

- **Customer base strengthened.** The number of corporate customers steadily grew, and the number of personal customers of corporate annuities increased by 6.12%
- **Market share rose.** The market shares of average daily corporate deposits in local and foreign currencies increased, and the market shares of international settlement and cross-border RMB settlement remained the leading position
- **Business foundation consolidated.** The building of global transaction banking platform and global customer service platform was smoothly underway

Financial markets

- **Business advantages maintained.** The customer base of overseas institutional investors continued to expand, and the volume of bond transactions increased 119% yoy. Actively participated in the comprehensive promotion of “full circulation” of H-shares, and led the market in terms of foreign exchange settlement and sales, RMB foreign exchange derivatives, inter-bank foreign exchange market making, panda bonds and China offshore bond underwriting
- **Market share rose.** The market share of off-balance sheet wealth management increased. The market share of custody scale among big 4 banks increased 0.52 ppt, and the scale of cross-border custody amounted to RMB455.6 billion, continued to lead Chinese peers



Made new breakthroughs in feature advantageous fields

New Strategic Landscape

Mega-circulation of the domestic market

Dual-circulation of domestic and international markets

Domestic commercial bank as the main body, globalized and integrated operations as two wings

Globalized business

- Overseas institutions covered 61 countries and regions, and overseas business scale and contribution ranked first among Chinese peers
- Continued to promote the Belt and Road financial service innovation
- The number of overseas RMB clearing bank accounted half among all, and the volume of cross-border RMB settlement and clearing led the world
- Took important steps in the regional integration and establishment of regional headquarters of overseas institutions

- Continued to allocate more resources to strategic regions such as the **Beijing-Tianjin-Hebei region, Yangtze-River Economic Belt, the Guangdong-Hong Kong-Macao Greater Bay Area, and the Hainan Free Trade Zone**
- Maintained leading position in terms of market share in the **Greater Bay Area**

Domestic commercial banking

Integrated operations

- BOCI China was successfully listed
- BOC Financial Leasing was established
- BOC Fullerton Community Bank set up its investment management headquarters, securing its position as the country's largest rural bank
- The scope of the Group's integrated operations further expanded and the serving capabilities substantially enhanced



Digitalized banking propelled new energy for development

Accelerated transformation

Digitalized

Online

Capital-light

Comprehensively propelled key battles of Enterprise-level Structure Building, Smart operations and outlets transformation, and Scenario Building



Infrastructure construction

- Advanced top-level design of **enterprise-level business architecture** and **enterprise-level IT architecture**
- Boosted the layout of new-generation multi-center infrastructure in multiple locations and the platform building for cloud center operation
- Continued to improve basic technology platforms such as **cloud computing, big data, AI and blockchain**
- Promoted the construction of a regional innovative R&D bases, and established **Xiongan Base**



Used technology to activate business innovation and development

- **key areas** digital transformation
- Moved fast in building up scenario ecosystem of **cross-border, education, sports and silver economy**, with new technologies applied to financial scenarios on a pilot scale
- Established a **smart asset management system** to provide customers with more intelligent services for asset allocation
- Built the "Cyber Defense" **smart risk control and prevention system** and a lifecycle digital risk control system
- Upgraded its **smart customer service** system, and launched "online customer service" at all online channels
- **Mobile banking** transformed from a trading platform to an **integrated service platform** to deliver over 200 digital financial services; focused on high-frequency life and consumption scenarios to enrich non-financial services
- **194 million** contracted customers, up **7% YTD**; **51.32 million** monthly active customers, up **30% yoy**. In 1H20, the transaction amount was **RMB15.54 trillion**, up **14% yoy**
- Overseas services covered **27** countries and regions, supporting **10** languages, covering 60 services under 13 categories
- The **BOC Intelligent Global Transaction Banking** service platform (iGTB) was launched, covering **high-frequency transaction scenarios for corporate customers**, supporting the **embedding of corporate service ecosystem**, and promoting the transformation of the Bank's "all-asset" configuration management of corporate customer financial services
- **Smart counters** introduced 82 new functions, serving approximately 70 million customers, **accounting for about 70% of outlet customers**
- Rolled out **portable smart counters** to support outlets' efforts in "going out" for customer attraction and one-to-one premium service experience; launched **cash version of smart counters** across the Bank; promoted the **new O2O physical delivery model** by focusing on foreign currency exchange as an entry point
- Applied technologies at outlets, and **improved outlet staffing structure**; the proportion of marketing personnel transformed at outlets went up by **15.5 ppts**



Risk compliance management achieved new progress

Bottom-line thinking

Proactive

Forward-looking

Actively responded to changes in external environment and business development, made further progress in comprehensive risk investigation

Credit risk

- Steadily promoted the **corporate credit management system** reform and made good use of **industry planning research center**
- Improved **potential risk identification, control and resolution** mechanisms
- Further enhanced **NPA resolution**
- Conducted country risk re-inspection based on factors such as the impact of the pandemic, and **controlled the overall country risk at a reasonable level**
- Carried out the building of **smart risk control** in an all-round way to promote the digital transformation of risk management

Market risk

- Improved the market risk management policy
- Closely tracked regulatory trends, business development changes and fluctuations in domestic and overseas financial markets, **rebuilt and adjusted the Group's market risk limits**
- Adjusted the asset-liability structure and pricing strategy in time according to market changes, and **controlled interest rate risk at a moderate level**
- Strived to match fund sources with use in exchange rate risk management, and **kept net foreign exchange exposure at a low level** through foreign exchange settlement, hedging, etc.

Liquidity risk

- Average daily **liquidity coverage ratio** (LCR) was **140.71%** in the second quarter
- Net stable funding ratio** (NSFR) was **124.58%**
- RMB and foreign currency liquidity ratio** (LR) were **53.89%** and **58.16%** respectively
- Limit management
- Risk warning
- Stress test

Internal control and operational risk

- Pushed ahead with the arrangement for **internal control case prevention**
- Improved the **anti-money laundering** management system
- Promoted the establishment of a long-term mechanism for **overseas compliance**
- Actively identified, evaluated, controlled and mitigated risks, and successfully intercepted **110** external cases, involving **RMB8.896** million
- Improved mechanism of business continuity management operation



Agenda

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2H2020 Key Tasks

Year of Enhanced Implementation

Track and analyze changes in domestic and overseas situations

Reasonably and accurately hold development strategy direction

Seek out new opportunities from crisis



Increasing frictions among major countries
Accelerating changes of world landscape



COVID-19 continued to spread overseas
Severe recession in global economy

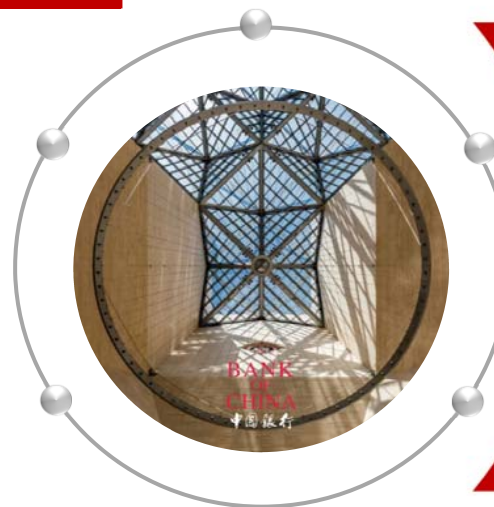


Turbulent global markets
Frequently-occurred financial risks



China's economy recovered and kept improving

Break new ground in changes



Solidly support the development of real economy

Actively embrace the new development pattern

Unswervingly deepen comprehensive reform

Strengthen comprehensive risk management & compliance control

Enhance team building and cultural fostering

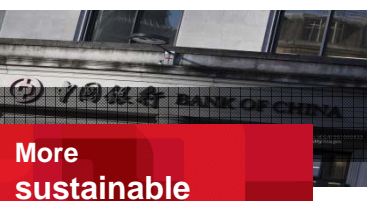
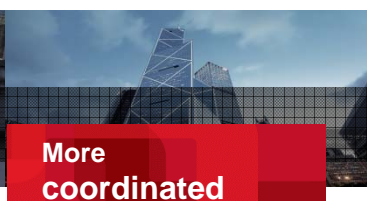


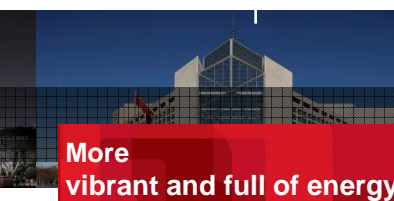
Year of Enhanced Implementation

Stimulate vitality

Respond with agility

Achieve breakthroughs in key area

Accelerate to realise high-quality development

 <h3>More sustainable</h3>	 <h3>More coordinated</h3>	 <h3>More agile and efficient</h3>	 <h3>More prudent</h3>	 <h3>More vibrant and full of energy</h3>
<ul style="list-style-type: none"> Act earnestly upon the requirements of ensuring stability on six fronts and maintaining security in six areas Vigorously support key fields and weak areas Step up the efforts to develop green finance Speed up the development of consumer finance 	<ul style="list-style-type: none"> Expand and strengthen domestic business to play cornerstone role Make steady progress in overseas business and solidly improve globalized operations Enhance the quality and efficiency of integrated operations, and implement a package of comprehensive services 	<ul style="list-style-type: none"> Continue to optimize the organizational structure system Continue to improve the assessment and incentive system Further enhance the resource allocation mechanism 	<ul style="list-style-type: none"> Raise the consciousness of risk compliance, always stick to bottom-line thinking Reinforce credit risk management and control, strengthen internal control case prevention and operational risk management Refine the regular risk investigation and problem rectification mechanism 	<ul style="list-style-type: none"> Improve the management mechanism and structure of talent team, enhance the professional competency of the team Push forward cultural fostering
<p>Enhance capacities for providing effective finance and serving the real economy</p>	<p>Boost mega-circulation in the domestic market and promote the dual-cycle of domestic and international markets</p>	<p>Enhance resource allocation efficiency and agile response</p>	<p>Enhance risk management to a more refined and professional level</p>	<p>Effectively improve the capability and quality of officials and employees</p>



Following the guidance of the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, as well as implementing the decisions and plans of the State, the Bank will stimulate vitality, respond with agility and achieve breakthroughs in key areas, with 2020 designated as the “Year of Enhanced Implementation”. We will move faster to build the new “dual-circulation” development pattern of high-quality, with domestic commercial banking as the main body, and globalized and integrated operations as the two wings, thus creating greater value for our shareholders, customers, employees and society.

Q & A



Financial Highlights

Profit & Loss Summary

(RMB million)	1H2020	1H2019	Change
Net interest income	196,895	181,684	8.37%
Non-interest income	90,088	95,004	-5.17%
Net fee and commission income	50,342	50,564	-0.44%
Operating income	286,983	276,688	3.72%
Operating expenses	(90,946)	(91,130)	-0.20%
Pre-provision operating profit	196,037	185,558	5.65%
Impairment losses on assets	(66,484)	(33,670)	97.46%
Profit before income tax	129,616	152,558	-15.04%
Profit after-tax	107,812	121,442	-11.22%
Profit attributable to equity holders of the Bank	100,917	114,048	-11.51%
EPS (basic, RMB)	0.32	0.38	
Key financial ratios(%)			
ROA	0.92	1.12	-0.20 ppt
ROE	11.10	14.56	-3.46 ppts
Net interest margin	1.82	1.83	-1 bp
Cost to income ratio ¹	23.41	24.63	-1.22 ppts
Credit cost	0.90	0.59	31 bps

Balance Sheet Summary

(RMB million)	2020.6.30	2019.12.31	Change
Total assets	24,152,855	22,769,744	6.07%
Loans, gross	14,040,165	13,068,785	7.43%
Investments	5,374,301	5,514,062	-2.53%
Total liabilities	22,064,242	20,793,048	6.11%
Due to customers	17,090,217	15,817,548	8.05%
Capital and reserves attributable to equity holders of the Bank	1,958,442	1,851,701	5.76%
Net asset per share (RMB)	5.77	5.61	
Key financial ratios(%)			
Common equity tier 1 CAR ²	11.01	11.30	-29 bps
Tier 1 CAR ²	12.82	12.79	3 bps
CAR ²	15.42	15.59	-17 bps
NPL ratio	1.42	1.37	5 bps
NPL coverage ratio	186.46	182.86	3.60 ppts

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.