



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

**Invigorate, adapt to change and drive for major breakthroughs**

**Endeavor to Build a First-class Global Banking Group**

**2021 Interim Results**

2021.08.30



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**01**

## **Operating Results for 1H21**

**02**

## **Progress in Priorities**

**03**

## **Planning and Outlook**

# Operating results steadily improved

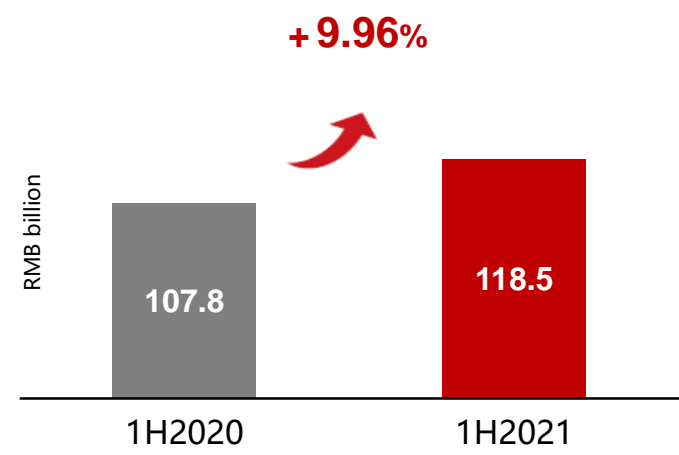
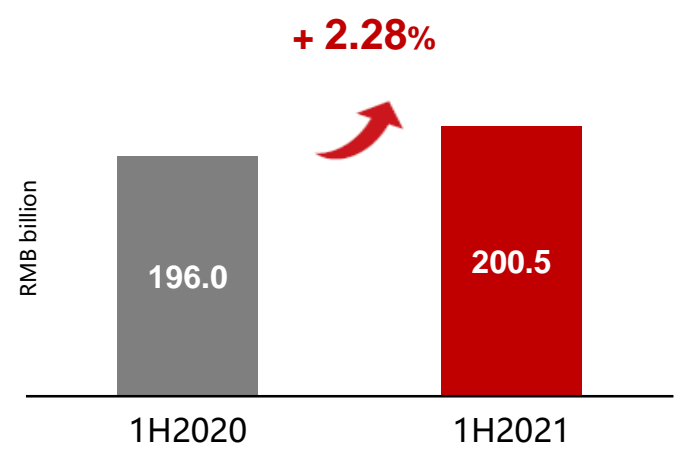
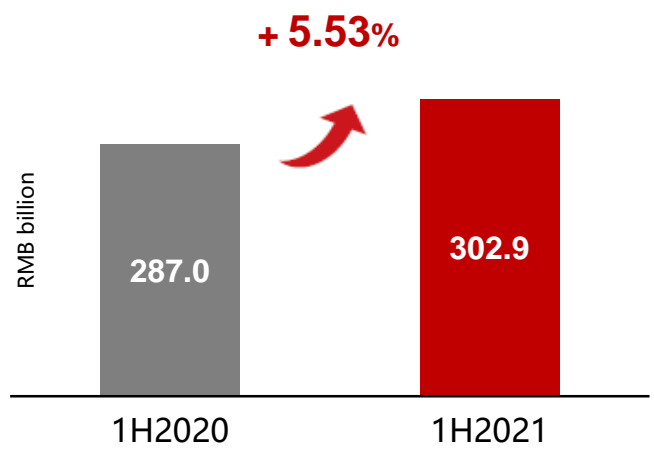
Operating income



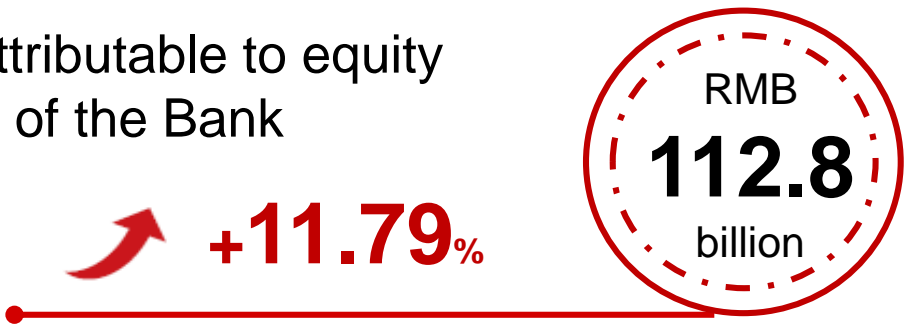
PPOP



Profit after tax



Profit attributable to equity holders of the Bank



ROE



# Asset structure continuously optimized

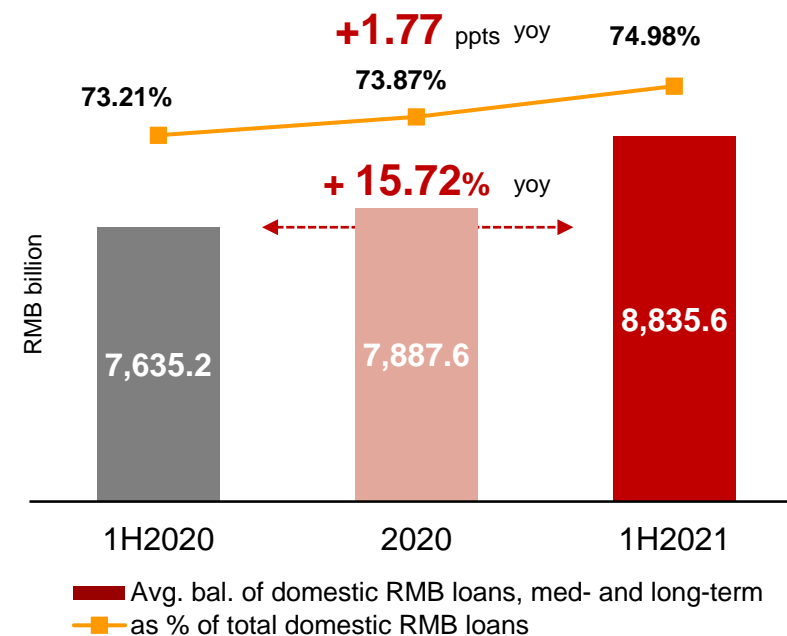
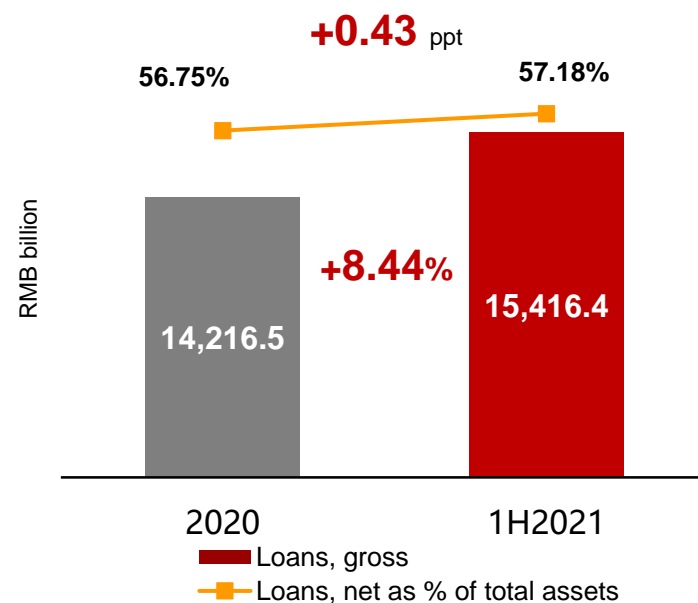
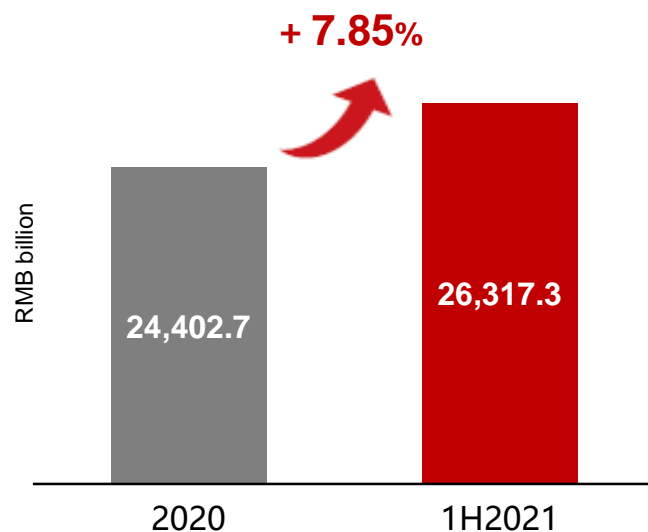
Total assets exceeded RMB**26** trillion



Loans grew robustly



Proportion of medium and long-term loans kept rising



# Quality and efficiency of liability business enhanced

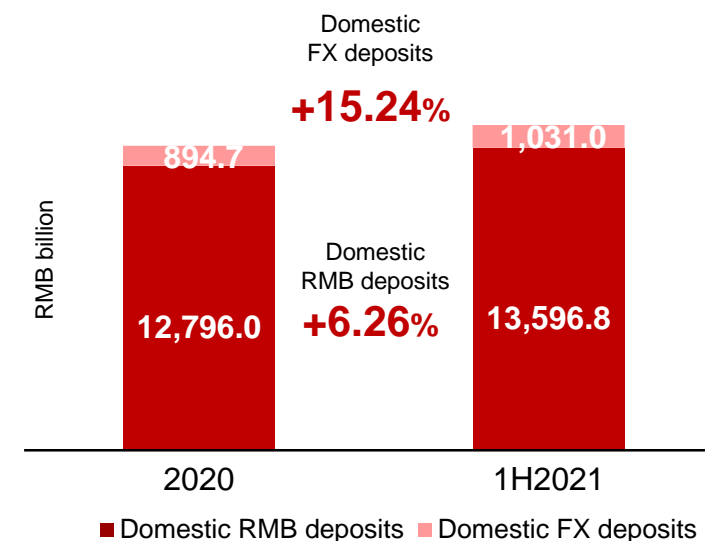
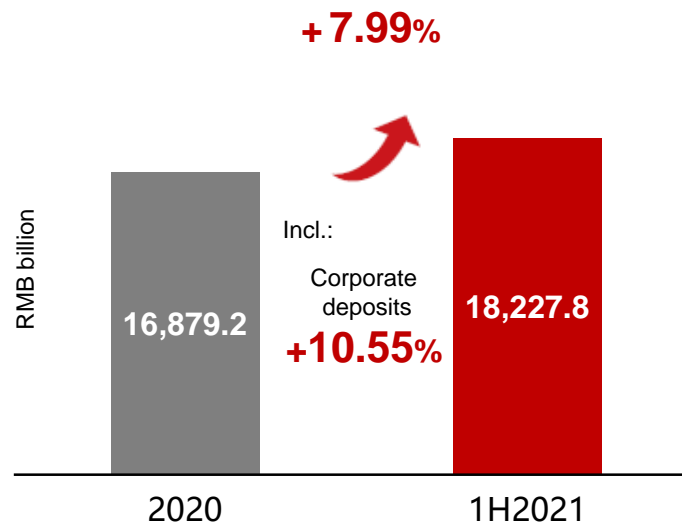
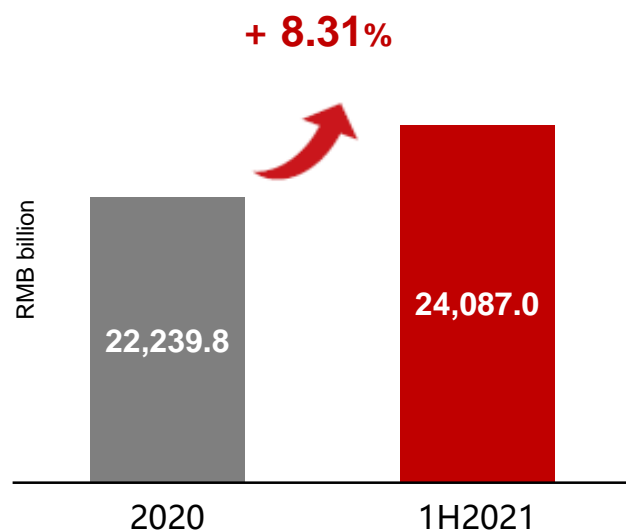
Total liabilities exceeded  
RMB**24** trillion



Deposits grew steadily



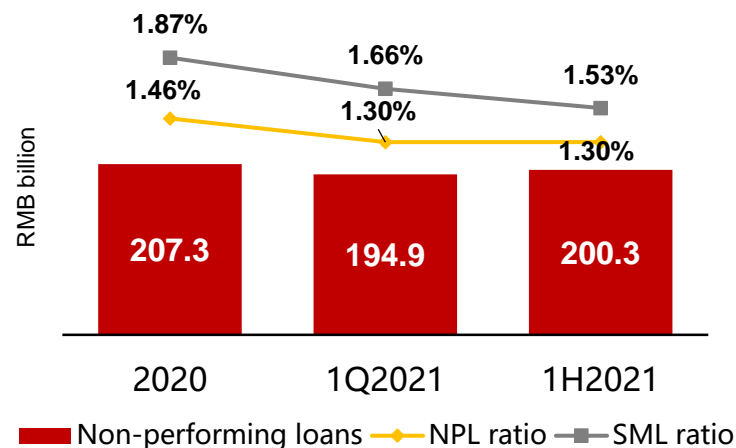
Market competitiveness  
improved



# Efficiency of risk control continuously improved

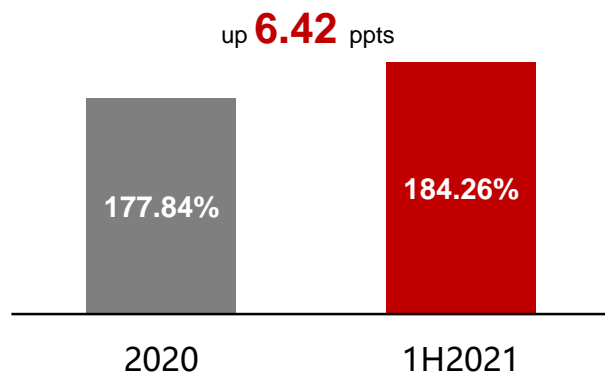
## Asset quality remained stable

### Balance and ratio of NPL/SML both went down



### Provision coverage ratio increased

Ratio of allowance for loan impairment losses to NPLs



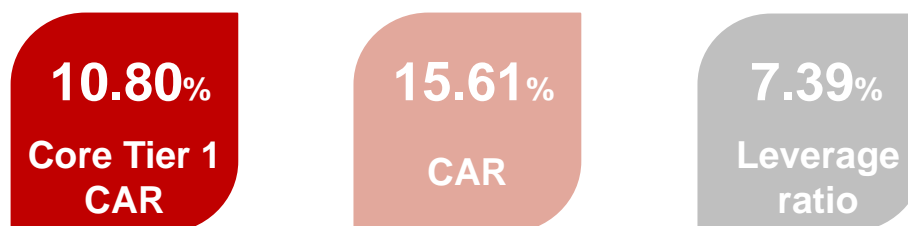
## Capital adequacy ratio remained at high level

### ◆ Internal optimization and saving

- ✓ Thoroughly implemented the **awareness of capital saving and value creation**
- ✓ Continuously improved the **economic capital budget and assessment mechanism**
- ✓ Constantly optimized the **structure of on/off-balance sheet assets structure**

### ◆ External capital instruments management

- ✓ Successfully issued **RMB50 billion** of undated capital bonds
- ✓ Successfully issued **RMB25 billion** of tier-2 capital bonds
- ✓ Strengthened active management, and redeemed **RMB28 billion** preference shares



# Market influence was further expanded

## External ratings

S&P Global China Issuer Credit Rating: **AAAspc**  
Fitch Ratings Viability Rating **upgraded to bbb**

**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 banks

## Comprehensive strength

Ranked **4<sup>th</sup>** in the Top **1,000** World Banks in terms of tier 1 capital

**The Banker**

Listed in Fortune's Global 500 **for 32 consecutive years**, up **4** places from 2020

## Poverty alleviation and public welfare

Developed and promoted the "**BOC Philanthropy Mutual Assistance Platform for Elderly Care**" to facilitate the socialization reform of elderly care

Accumulatively granted **RMB24.7** billion student loans to sponsor over **1.8** million financially underprivileged students for completing studies

## Serving society

Actively prepared for serving **Beijing 2022 Olympic Winter Games**, widely known as the **only bank in China to serve the Beijing 2008 Summer Olympics and the Beijing 2022 Winter Olympics**

Successfully served the **first CICPE** and **129<sup>th</sup> Canton Fair**

Continued to advance the development of **green finance**, and ranked **1<sup>st</sup> among commercial banks** in terms of investment in green bond financing instruments

## Authoritative awards



Note: According to information published by the National Association of Financial Market Institutional Investors (NAFMII)





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Planning and Outlook

# Supported the real economy with targeted and efficient services

## Domestic RMB loans

+ RMB**863.2** billion

The increment **hit a record high for the same period of past years**

### Targeted services for key areas and weak links

#### Inclusive finance

- **Inclusive finance loans granted to SMEs** was RMB**781.6** billion, up **35.8%**, which has fulfilled the requirement of “two no-less-than and two controls” and met the second-level standards of targeted RRR cut

#### Emerging industries

- Loans to strategic emerging industries was RMB**407.7** billion, up **83.5%**
- Made proactive plans for technology finance and served over **19,000** high-tech SMEs

#### Green finance

- Outstanding **green loans** exceeded RMB1 trillion, and continuously increased. Ranked first for underwriting domestic **green bonds** in the interbank market. Green bond investment increased by **216.6%**, ranking first in the market

#### Transformation and upgrading of manufacturing

- Loans to the manufacturing industry increased by **10.4%**, of which medium and long-term loans up **18.4%**

## Investment in local government bonds

+ RMB**246.4** billion

Market share **increased** yoy

### In-depth integration into high-standard opening-up

#### International trade settlement

- Domestic institutions handled USD**1.56** trillion of **international settlement**, up **45.24%** yoy, and the market share **remained the first among peers**

#### Customer's overseas financing

- Helped customers raise USD**54.8** billion through **issuing bonds overseas**, up **6.64%** yoy
- Steadily explored projects along **the Belt and Road** and granted a credit line of USD**16.0** billion
- **Cross-border RMB clearing** amounted to RMB**311** trillion, up **35.4%** yoy, **remaining the first place in the world**

#### Belt and Road Initiative

- **Cross-border RMB settlement** amounted to RMB**4.17** trillion, up **32.6%** yoy, **maintaining the biggest market share among peers**

#### RMB internationalization

- Became the first bank to launch the RMB central bill repurchase market-making mechanism in the Hong Kong market, helping to boost the development of the **offshore RMB bond market**

# Accelerated the building of “One Body with Two Wings” pattern

## Globalization

### further consolidated

Deposits and loans of overseas institutions increased by **13.86%** and **11.95%** respectively

Overseas service network optimized, and covered **61** countries and regions

The contribution of overseas business **remained the first among Chinese banks**

- Improved global service capability, continuously optimized the efficient flat matrix management model, deepened the management and construction of overseas regional headquarters, and promoted the operational streamlining of business lines
- Served the domestic and international dual circulations, enabled the Bank's operations outside the Chinese mainland to gain a stronger footing for pursuing sustainable growth and generating greater synergies within its global network, and implemented categorization of overseas institutions by formulating a **distinct local strategy for each institution**
- Actively participated in the development of the **new interest rate benchmark market**, and launched relevant financing services in Europe, Asia markets etc.
- Overseas mobile banking and corporate online banking covered more than **30** and **51** countries & regions respectively
- Global Unified Payment Platform System covered **52** institutions in **64** countries and regions. The number of RMB clearing banks and cross-border RMB clearing volume maintained a leading position

## Domestic commercial banks

further strengthened the crucial role

After-tax profit of domestic branches

RMB**89.9** billion

As % of Group

**75.7%**

## Integrated business

### closely collaborated

Net profit of integrated business companies increased rapidly

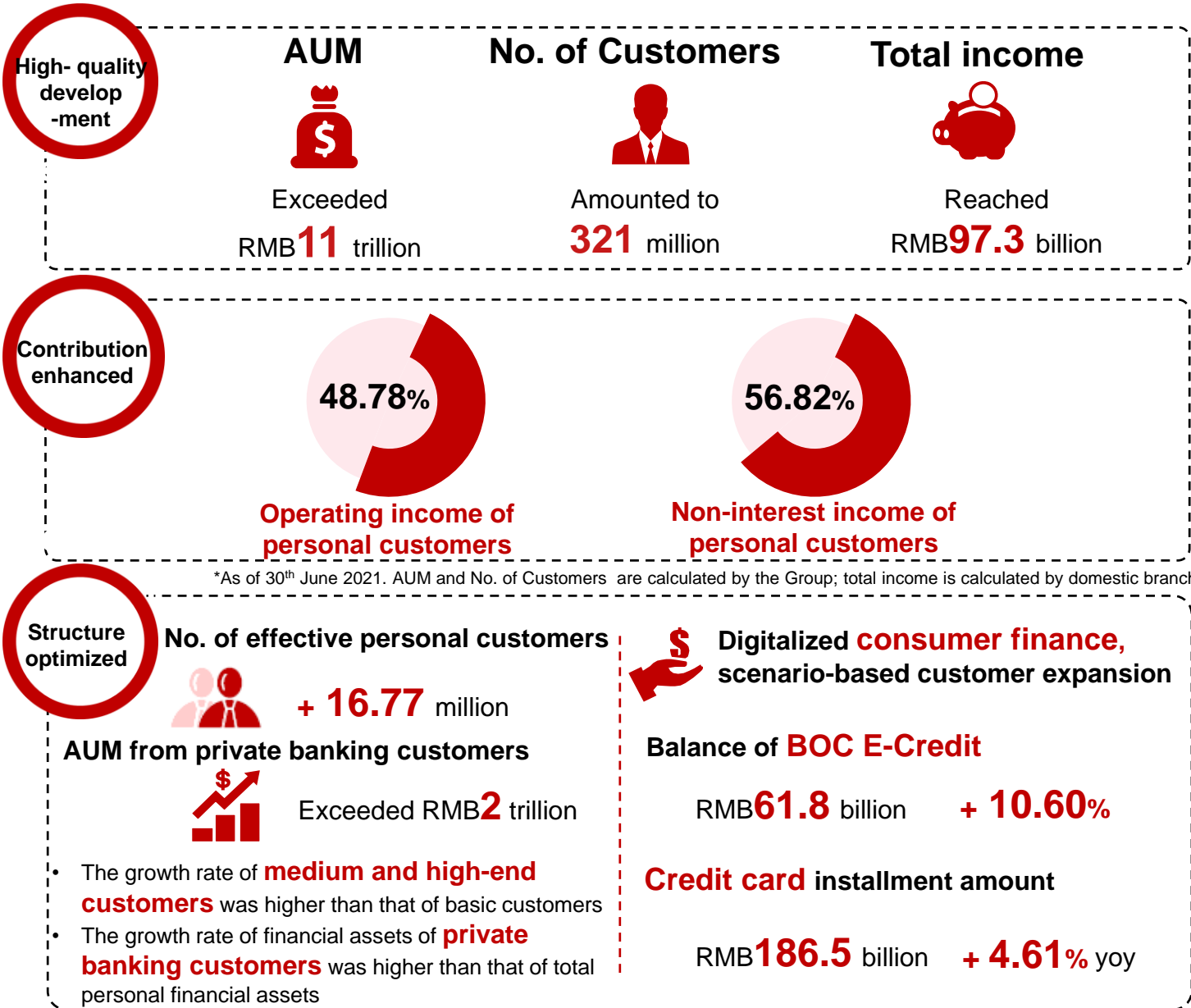
Set up integrated operation collaboration offices in **7** branches

Strengthened customer referral and resource sharing mechanism, and realized win-win business collaboration across the Group

- Close collaboration of **investment banking + investment business**: BOCI, BOCI China and BOCG Investment collaborated with many branches and participated in a number of **H share listing projects** such as Trip.com Group, Jingdong Logistics and SciClone Pharmaceuticals, as well as **equity investment projects in strategic emerging industries** such as SVOLT Energy, in order to drive the growth of commercial banking business
- BOC Asset Investment's** after-tax profit increased by **38.6%** yoy, building a specialized platform for the Group's risk asset restructuring
- BOC Wealth Management's** net-value products under management grew by **41.6%**
- BOC-Samsung Life's** written premiums and premium deposits grew by **24.5%** yoy

# Speeded up the development of key businesses

## Personal banking business





# Speeded up the development of key businesses

Corporate  
banking  
business

Foundation  
consolidated

No. of  
basic customers

**4.71** million

+ 19.89% yoy

No. of newly opened RMB  
corporate settlement account

**0.76** million

+ 38.99% yoy

AUM

Daily average balance  
RMB **7.80** trillion

+ 6.58%

\*As of 30<sup>th</sup> June 2021; calculated by domestic branch

Service  
capacity  
improved

Deposits from **administrative  
and public institutions**



+ RMB **141.5** billion

## Pension business

Balance of pension funds entrusted

RMB **120.9** billion + 18.73%

Balance of assets under custody

RMB **691.7** billion + 16.67%

Market ranking by No. of personal accounts  
under management rose

## Inclusive finance

Upgraded the credit factory model  
Accelerated the digital transformation of inclusive finance

- No. of online corporate credit customers reached nearly **30,000**, with a credit balance of RMB **45.2** billion
- Developed the “BOC E-Cooperation” matchmaking system, and built a financial ecosystem integrating platforms of governments, banks, enterprises and third parties
- Held **78** cross-border matchmaking conferences worldwide accumulatively, attracting nearly **40,000** Chinese and foreign enterprises from **125** countries and regions

# Speeded up the development of key businesses

Financial  
market  
business

Market  
leading

**Exclusive  
settlement bank** for  
H-Share Full Circulation



Business volume of accounts of  
corporate H shareholders  
**+ 148.96%** yoy



Established counterparty  
relationship with **601**  
overseas institutions

Market coverage ratio **63.15%**



**Ranked first in the  
market for cross-border  
bond underwriting**

Panda bonds RMB**15.7** billion

Offshore bonds USD**4.5** billion

**Assets under custody**

**+ RMB1.27** trillion



Daily average demand deposits in  
custody accounts **+ RMB33.1** billion

Cross-border custody continued to **lead  
Chinese peers**



Successfully issued  
**the world's first  
Yulan Bonds**

USD**500** million

Marking a new stage of  
overseas bond issuance  
model for Chinese  
institutions

Successfully issued  
**Overseas Dual-currency New Benchmark  
Floating-rate Bonds**

- USD**500** million **SOFR**
- GBP**300** million **SONIA**

Equivalent to  
USD**920** million



# Pushed forward digital transformation on all fronts

## Digital BOC +

**2** major systemic projects  
as the foundation

Highlight **2** major features

Focus on **5**-pronged  
capacity building



## Orderly promoted new ecosystem of scenarios

### Cross-border

Gated-launched “**BOC Cross-border GO**” APP, optimized **43** related products and services

### Education

Education scenario platform covered **21** colleges and universities, with an increase of **2.57** million personal customers, driving the increase of new corporate deposits by RMB**533** million

### Sports

Deepened cooperation with leading venues and major events, with an increase of **1.20** million personal customers and over **10** million visits to the sports zone of mobile banking

### Silver economy

Launched the “**Time Bank**” service in **9** provinces and cities, rolled out the “**Silver Economy Map**”, and had **1.86** million active customers in the silver economy zone of mobile banking

## Effect of technology empowerment unveiled

### Agile front desk

- **Mobile banking version 7.0**  
No. of customer: **223** million, **+6.06%**  
MAUs: **63.70** million, **+24%** yoy  
Transaction amount at RMB**19.75** trillion, **+27%** yoy
- **Corporate online banking**  
No. of transaction customer: **2.99** million, **+25.46%**  
No. of customer of mobile banking: **0.94** million, **+176.08%** yoy
- **Smart counters**  
Provided **296** types of service scenarios under **57** categories, launched government service scenarios such as social security and taxation, supported multi-language services and prepared for event services for Beijing 2022 Games



### Smart middle office

- **Intelligent investment advisory**  
Users of BOC Robot Advisor: **256** thousand, up **92%** yoy  
Sales volume: RMB**8.892** billion, up **160%** yoy  
Accumulated sales volume since the launch: RMB**29.6** billion  
Accumulated average yield: **41.68%**, exceeding the performance benchmark by **27.40** ppts
- **Quantitative trading platform**  
Launched three strategies, namely domestic precious metal market making, automatic RMB bond market making and inquiry-based automatic market making for spot exchange settlement and sale

### Efficient back office

- **Cyber Defense interim risk control system**  
Took the lead among peers to apply machine-learning-model decision-making, and accumulatively monitored **3.75** billion transactions in 1H21, up **35.3%** yoy
- **Innovation and R&D bases**  
Developed **50** innovative R&D project plans centering on the “**Eight Priorities in Delivering Financial Services**”



# Strengthen risk management at all fronts



## Further strengthened the building of comprehensive risk management system

Continuously improved the governance structure, optimized the management mechanism, streamlined the management process, enriched management tools, and consolidated the management foundation



## Accelerated the digital transformation of risk management

Proactively established an online “toolbox” for business models and a “safety valve” for risk evaluation, and advanced the building of a multi-tier smart risk control and early warning system, thus increasing the levels of its smart risk management

### □ Credit risk

- Continued to optimize the credit structure in line with the development of the “Eight Priorities in Delivering Financial Services”
- Strengthened the control of **customer concentration risk**, and continuously identified, measured and monitored large exposures
- Strengthened risk identification, control and mitigation in **key fields of corporate banking**
- Promoted the optimization of **inclusive finance credit management mechanism** and **personal credit approval mechanism**
- Broadened disposal channels and achieved remarkable results in the **mitigation of NPAs**

### □ Market risk

- Enhanced the quality and efficiency of market risk management by improving market risk limit system and strengthening the risk control of the first and second lines of defense
- Strengthened the **Group-level overall risk management of securities and asset management business**, and improved post-investment monitoring and warning capabilities
- Timely adjusted assets and liabilities structure, optimized the internal and external pricing strategy or implemented risk hedging in line with market changes, and **controlled the interest rate risk in the banking book (IRRBB) within an acceptable level**
- Strived to realize currency matching between fund source and applications in the management of exchange rate risk, controlled its foreign exchange exposures through currency conversion and hedging, thus **maintaining its exchange rate risk at a reasonable level**

### □ Liquidity risk

- Periodically re-examined liquidity risk limits and **upgraded the liquidity risk warning system**
- Regularly improved **liquidity stress-testing scheme**, and performed stress tests on a quarterly basis
- All liquidity risk indicators **met regulatory requirements and internal management requirements**

### □ Internal control and operational risk

- Continued to improve the **compliance risk governance mechanism** and **management process** to ensure the stable operation and sustainable development of the Group
- Improved the **AML and sanctions compliance management mechanism** and optimized resource allocation
- Strengthened **internal control and case prevention management** and cultivated **internal control and compliance culture**





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Planning and Outlook



# Invigorate, adapt to change and drive for major breakthroughs Endeavor to Build a First-class Global Banking Group

## BOC 14th Five-Year Plan

# Strategic orientation

Under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and the outline of the National 14th Five-Year Plan, BOC will focus on the new development stage, apply the new development philosophy and serve the new development paradigm. Assuming the mission of “**Bridge China and the World for the Common Good**”, the Bank will foster **strategic development pattern** with domestic commercial banks as the **main body**, globalization and integration as the **two wings**. The Bank will stick to strategic approach of “invigorate, adapt to change and drive for major breakthroughs”, and thus strive to build a first-class global banking group



One Body with Two Wings

### One Body

Closely link the Bank's development of domestic commercial banking business with the optimization of regional economic layout and the formation of a strong domestic market

Concentrate more on its advantages in globalized and integrated operations, and connect the global financial markets and the domestic multi-tier capital market

### Two Wings

Focus on  
“Eight Priorities  
in Delivering  
Financial Services”

Technology finance

Green finance

Inclusive finance

Cross-border finance

Consumer finance

Wealth finance

Supply chain finance

County-level finance

## **Promote the coordinated development of “One Body with Two Wings” and take the initiative to serve the new development paradigm**

Actively integrate into the overall development landscape, give full play to its unique strengths, allocate more resources in serving the country’s regional development strategy, and supporting projects in key areas, thus further consolidating the crucial role of its domestic commercial banking business. Strengthen collaboration and synergy, accelerate the transformation of global business, and reinforce its strengths in integrated operations

## **Follow the direction of economic transformation and vigorously develop “Eight Priorities in Delivering Financial Services”**

Fully integrate into the process of economic transformation, continuously develop technology finance, green finance, inclusive finance, cross-border finance, consumer finance, wealth finance, supply chain finance and county-level finance combined with the Bank’s characteristics, cultivate new drivers of growth, serve new business patterns and build new development models

## **Advance the digital transformation on all fronts and enhance the force of reform and development**

Deeply integrate into the development trends of digital economy, comprehensively launch new digital infrastructures, deepen the scenario-based ecological construction, fully leverage the role of product innovation, and boost the all-round upgrading of its business management models

## **Coordinate development and security, and deepen comprehensive risk management reform**

Steadily strengthen comprehensive risk control, continuously optimize asset quality, and manage liquidity and market risks in a forward-looking manner  
Focus on internal control and fraud prevention, deepen AML and sanctions compliance management, and enhance the capacity to respond to material risks

## **Consolidate transformation and reform, and promote plan implementation with culture fostering**

Adhere to values of “Provide excellent service, Innovate with prudence, Uphold openness and inclusiveness, Collaborate for mutual growth”  
Adhere to the goal-oriented, result-oriented and problem-oriented approach to ensure the smooth implementation of the Bank’s Plan

## **Priorities for Next Stage**

I

II

III

IV

V

Please scan the QR code for the 2021 Interim Report of Bank of China



Thank you!