中国银行
BANK OF CHINA

1912 – 2022

2022 Interim Results Release

Sustain Steady and Long-term Growth in Building a First-class Global Banking Group

2022.08.31

中國銀行
BANK OF CHINA
1912 – 2022

This presentation and subsequent discussions may contain forward-looking statements that involve risks and uncertainties. These statements generally use the words “believe”, “expect”, “anticipate”, “estimate”, “plan”, “forecast”, “target”, “may”, “will” and other forward-looking terms. You should not place undue reliance on such forward-looking statements, which speak only as at the date of this presentation. These forward-looking statements are based on our own information and information from other sources that we deem as reliable. They relate to future events or the future financial, business or other performance of the Bank and are subject to a number of uncertainties that could cause actual results to differ materially.

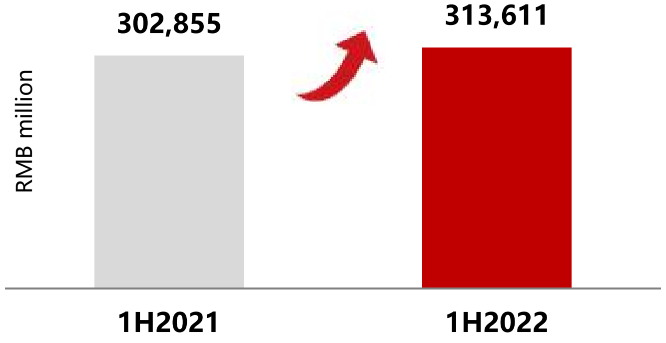
I Interim Operating Results

II Progress in Plan Implementation

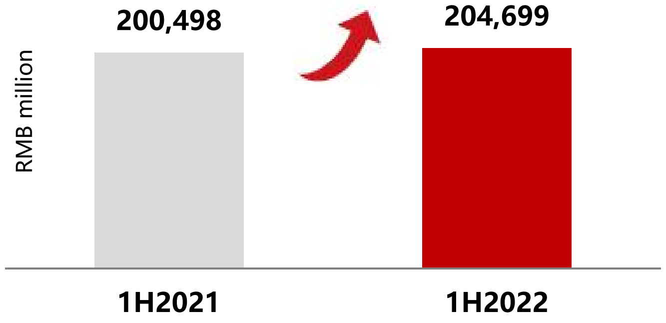
III Outlook for the Next Stage

Earning abilities enhanced steadily

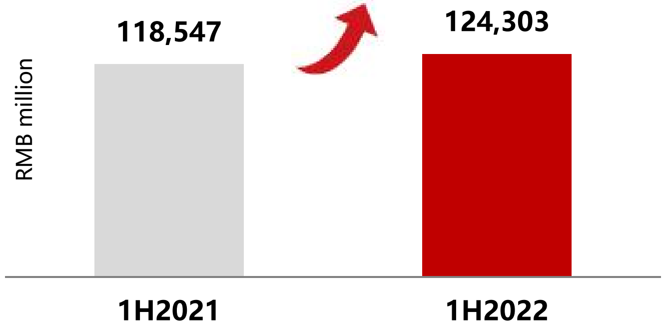
Operating income +3.55%



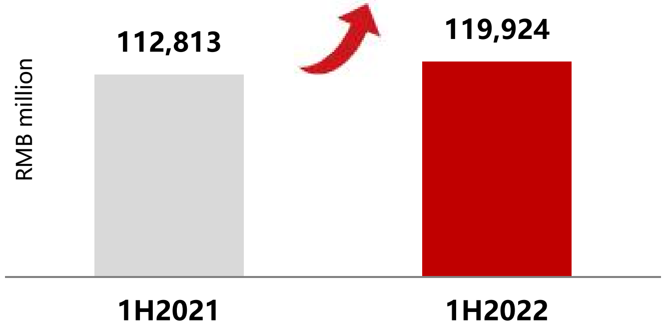
PPOP +2.10%



Profit after tax +4.86%

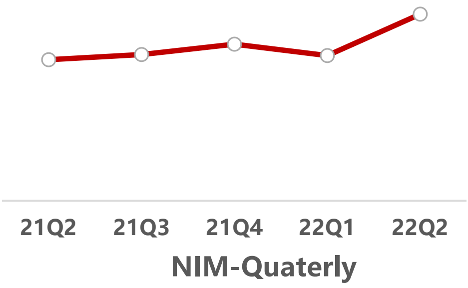


Profit attributable to shareholders of the Bank +6.30%



Net interest margin 1.76%

- Proportion of high-return assets **steadily increased**
- Returns on foreign currency assets **stabilized and rebounded**
- Cost of domestic RMB liabilities **remained relatively stable**



Non-interest income to operating income 28.58%

Contributions

Consultancy & advisory fees	+9.82%
Settlement & clearing fees	+6.78%
Spread income from FX business	+6.69%
Custodian & other fiduciary service fees	+4.39%

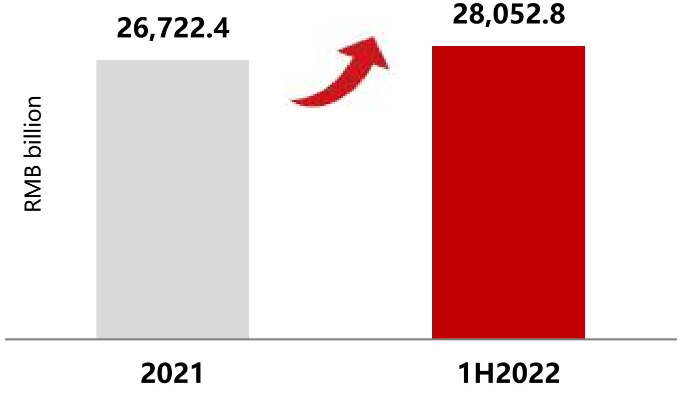
Restraints

- Actively supported the real economy and implemented fee reduction and profit concession requirement
- Decline in commission income and agency fee due to the fluctuations in the capital market
- Decrease in net trading gains and net gains on transfers of financial assets

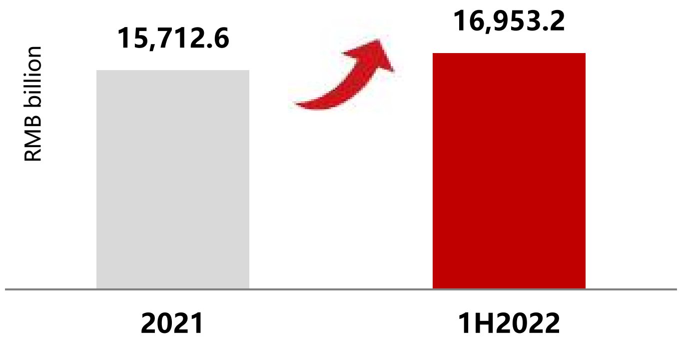
Cost to income ratio 25.08%

Structure of assets and liabilities optimized continuously

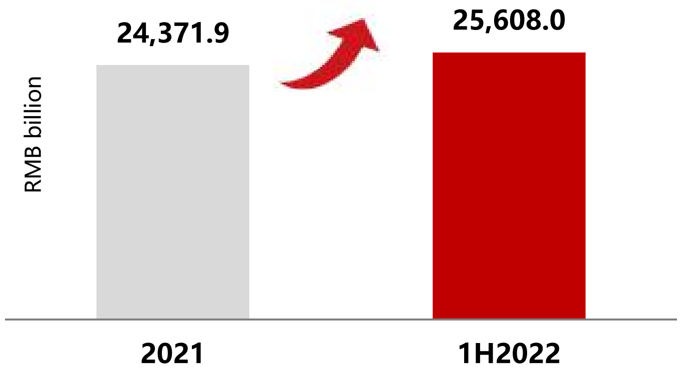
Assets +4.98%



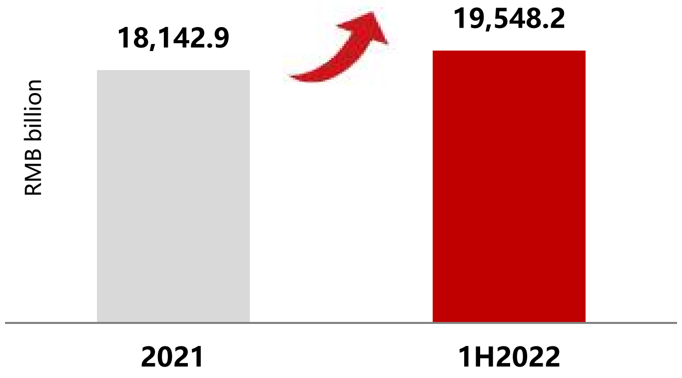
Loans +7.90%



Liabilities +5.07%



Deposits +7.75%



Volume & structure of loans improved

- Domestic RMB loans went up by RMB**1.02** trillion, a record high of increase
- Proportion of net loans to total assets increased by **1.61** ppts to **58.95%**
- Average balance of medium and long-term loans grew by **8.19%**

Scale & pricing of deposits optimized

- Domestic RMB deposits went up by RMB**1.23** trillion, a record high of increase
- Proportion of deposits to total liabilities increased by **1.90** ppts to **76.34%**
- Effectively controlled funding cost, and the interest payment ratio of domestic RMB deposits only increased by **1** bp

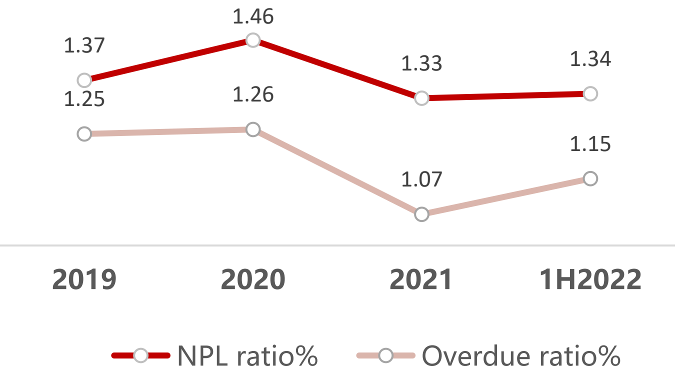
Foreign currency business maintained remarkable competitiveness

- Proportion of overseas assets was **23.50%**, maintaining leading position
- Domestic foreign currency deposits and loans secured the **leading position** in the industry

Business risks remained stable and controllable

Major credit risk indicators were stable

NPL ratio	1.34%
Overdue ratio	1.15%
Ratio of allowance for loan impairment losses to NPLs	183.26%



Asset quality in key sectors remained healthy and stable

1H2022	Balance of loans,domestic (Unit: RMB million)	NPL ratio	Change compared with the end of 2021
Commerce & services	1,884,391	1.81%	-0.08ppt
Manufacturing	1,793,957	2.71%	-0.86ppt
Transportation, storage &postal services	1,678,236	1.09%	-0.05ppt
Strategic emerging industries	871,023	0.29%	-0.43ppt
Inclusive finance	1,105,018	0.54%	+0.03ppt

Note: Data related to strategic emerging industries and inclusive finance were calculated by internal management standards

Capital adequacy ratio remained adequate

Core Tier 1 CAR	11.33%	+3bps
CAR	16.99%	+46bps
Leverage ratio	7.58%	-7bps

Internal optimization and saving

- Improved the **economic capital budget and assessment mechanism**
- Enhanced **the awareness of capital saving and value creation**
- optimized the **structure of on/off-balance sheet assets**

External capital replenishment

- Issued **RMB50 billion** of undated capital bonds
- Issued **RMB30 billion** of tier-2 capital bonds

Customer base grew soundly

Corporate customers

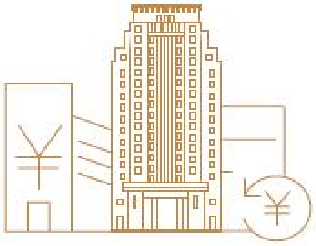
Active customers

up **11.5%**

yoy

- Corporate customers of salary payment agency increased by **12.86%** yoy
- Maintained correspondent relationship with about **1,200** institutions worldwide, and has opened **1,417** cross-border RMB clearing accounts for correspondent banks, securing a leading position among Chinese peers
- Held **the largest market share** in foreign currency deposits from financial institutions, and further increased market share in terms of third-party funds under custody
- Custodian service for Qualified Foreign Investors (QFI) and agency service for overseas central banks and other sovereign institutions held **leading positions in the industry** in terms of both customer base and business scale
- Total assets of the Group's custody business amounted to RMB**15.36** trillion, and retained **leadership position** in terms of the size of mutual funds under custody among Chinese peers

Retail customers



Total customers

exceeded

500 million

- Ranked **first** among comparable peers in terms of growth rate of personal customers
- Active customers increased by **19.84** million, up **6.10%** yoy
- Middle and high-end customers grew by **11.25%** yoy, faster than the growth rate of mass customers
- Private banking customers stood at **155.0** thousand
- Monthly active credit card customers were **25,315.3** thousand, among which newly-added active customer reached **756.8** thousand, an increase of **23.14%** yoy
- Quick payment customers exceeded **120** million and growth rate of transaction volume of debit card ranked **first** among comparable peers
- Accumulatively opened **2.43** million **Railway e-Card** accounts, serving over **8** million travels

Online customers

Personal customers

Monthly active mobile banking customers reached

73.67 million, up **15.64%** yoy

Corporate customers

Online banking customers reached

6,869.7 thousand, up **13.17%** yoy

Mobile banking transaction customers increased by 44.83% yoy

Mobile banking transactions volume

doubled yoy

Further stepped up efforts to serve the real economy

Contributed to the stability of the economy

Domestic RMB corporate loans

+RMB**898.7** billion

The increment **reached a record high**

Domestic foreign currency corporate loans

+**13.44**%

Both scale and growth rate continued to **lead the industry**

Note: Growth rate of foreign currency corporate loans was calculated in terms of RMB

Actively supported credit demands in key sectors

- Loans for manufacturing industry increased by **15.64%** and the proportion of medium and long-term manufacturing loans went up by 1.3 ppts
- Loans for private enterprises increased by **12.54%**
- Loans for technology finance increased by **17.21%**
- Loans for strategic emerging industries increased by **67.00%**
- Actively supported easing difficulties of industries such as transportation, logistics, retail and catering that had been heavily affected by the pandemic
- Supported reasonable real estate financing demands

Served the higher-standard opening-up

- Accumulatively followed up over **800** corporate financing projects with countries participated in the Belt and Road Initiative, and total credit granted to projects along the Belt and Road exceeded USD**245.0** billion
- Expanded financial supply for "**ensuring stable foreign trade**" and strengthened credit support for foreign trade business
- Provided financial services for new patterns of foreign trade, and cultivated **new drivers** of foreign trade growth
- Continued to consolidate **leading edge** in cross-border underwriting business and maintained the largest market share in underwriting both offshore China bonds and Panda bonds
- Cross-border custody scale reached RMB **624.7** billion
- Provided high quality services for major exhibitions such as **Canton Fair** and **CICPE**

Accelerated the development of eight priority areas

Technology Finance

Headed a sound momentum development

Credit supported to technology-based enterprises RMB**1.02** trillion

of which loans stood at RMB**900.4** billion, up **17.21%**

Loans for strategic-emerging industries increased by RMB**349.4** billion up **67.00%**

Credit customers **46** thousand

No. of outlets offering technology finance services **116**

- **Enhanced top-level design**: Set up the Technology Finance Committee to conduct overall management and make professional decisions for the Group's technology finance development
- **Deepened cooperation between the Bank and the government**: Collaborated with the Ministry of Science and Technology to issue *the Action Plan for Boosting the Innovation Capacity of Enterprises through "One Mainstay, Two Engines" of Technology Finance*, meeting the financial service demands of high-tech zones and technology innovation enterprises across the country

Note: Technology-based enterprises referred to national high-tech enterprises and technology-based small and medium-sized enterprises

Green Finance

Strengthened increasing influence

Green loans balance RMB**1.73** trillion

- Provided RMB**32.3** billion loans through the carbon emission reduction facility
- Supported landmark projects such as the world's largest solar energy and energy storage

Green bond business maintained leading position

Issued **the world's first** green bond under the updated *Common Ground Taxonomy*, and ranked **1st among Chinese banks** in terms of total global green bond issuance

- Underwrote domestic and overseas green bonds with an issuance scale of RMB**112.1** billion and USD**19.8** billion respectively, ranking **1st among Chinese peers**
- Successively secured **the top position** in investors of green debt financing instruments from China's National Association of Financial Market Institutional Investors (NAFMII)

Completed operation emission calculation covering all institutions for the past three years

- Calculated and disclosed energy consumption for operations and green-house gas emissions by large Chinese bank at group level for the first time

Launched green finance management system

- Realized assisted-identification for green projects and intelligent measurement of environmental benefits

Received the "**Model Entity in Green Bank Evaluation**" award from China Banking Association

Received five awards from Global Finance including the "**China Sustainable Finance Award 2022**"

Ranked 1st among Chinese banks in the Bloomberg Global Green Loan rankings

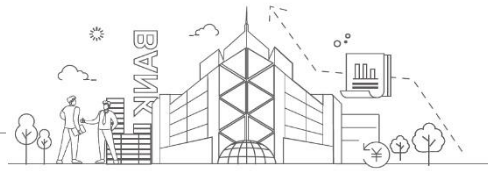
Accelerated the development of eight priority areas

Inclusive Finance

Increased volume and expanded coverage

Inclusive finance loans to SMEs grew by	RMB**223.5** billion up **41.38%** yoy
No. of credit customers grew by	**76.7** thousand up **12.39%**
Average interest rate of newly granted loans	**3.87%**

- **"Inclusive Loan for Employment Promotion"** action plan helped stabilizing positions, ensuring supply and promoting employment
- **"Inclusive Loan for Supply Chain"** supported enterprises in industries affected by the pandemic in batches
- Continuously improved **online product functions** and **intelligent risk control system** of inclusive finance
- Deepened specific financing service of "**Loans for Specialized, Refined, Featured and Innovative Enterprises**", providing credit support to more than **18** thousand enterprises
- Issued ten measures to support the diversified financial needs of **new citizens**, such as entrepreneurship and employment

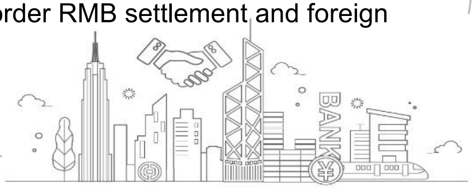


Cross-border Finance

Consolidated advantages

Import and export trade finance disbursement	RMB**321.7** billion up **40.52%** yoy
Volume of international settlement	USD**1.70** trillion up **9.28%** yoy
Volume of cross-border RMB clearing	RMB**367** trillion up **18.27%** yoy
Volume of cross-border RMB settlement	RMB**4.97** trillion up **19.23%** yoy

- Organized the "**100+10000**" campaign to support the high quality trade development
- Improved product system to respond to **financial services demand of new business patterns in foreign trade**, such as market procurement trade, cross-border e-commerce, oversea warehouse, etc.
- Number of "Cross-border Wealth Management Connect" subscribers in the Guangdong-Hong Kong-Macao Greater Bay Area was **19.1** thousand, and the market share exceeded **62%**
- Maintained **the first position in the industry** in businesses including international settlement, cross-border RMB settlement and foreign currency exchange



Note: Trade finance and settlement were calculated in terms of domestic business

Accelerated the development of eight priority areas

Consumer Finance

Made positive contributions for stabilizing market

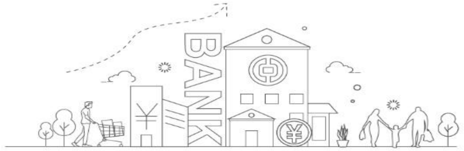
Non-housing consumer loans increased by 23.38%
Growth rate led major peers

Balance of specific credit card installment increased by RMB10.2 billion

Ranked 1st among comparable peers in terms of **the growth rate of vehicle installment**
Led peers in the number of cooperative new energy brands in terms of vehicle installment

Loans granted by **BOC Consumer Finance** grew steadily
Proportion of online loan balance went up to **41.66%**

- Enhanced the development of residential mortgage business, and promoted the stable and healthy development of real estate market
- Continuously promoted digital transformation and scenario integration, and accelerated the development of online products such as "BOC E-Credit"
- Implemented national economic stabilization policies and supported the upgrading of residents' consumption, focusing on serving large-amount consumption scenarios such as automobiles and home decoration
- Supported pandemic prevention and control, actively fulfilled national policy requirements, provided deferred repayment tools for those affected by the pandemic, and implemented interest-free and deferred government-sponsored student loan repayment policies



Wealth Finance

Consolidated development foundation

Personal customers' AUM exceeded RMB12 trillion

Private banking customers' AUM reached RMB2.33 trillion

No. of investment and wealth management customers up 10% yoy

Ranked 1st among peers in terms of both the increment of market share and growth rate of **investment financial assets**

Established:
8,146 **Wealth Management centers**
1,107 **Prestigious Wealth Management centers**
167 **Private Banking centers**

- Highlighted product selection, built a "group-wide + market-wide" wealth finance platform, and continuously expanded the pool of competitive and preferred products
- Highlighted professional leadership, formed the "BOC Investment Strategy", a global investment advisory service system, and improved the building of professional teams of wealth management managers, private bankers and investment advisors
- Highlighted asset allocation, expanded sales of portfolio products such as FOFs and family trusts, and promoted intelligent asset diagnosis and asset allocation services
- Highlighted the Group's strengths, launched the "Entrepreneur Office" service with the strategy of "Private Banking Operated by the Group", and continued to promote the building of the Asia-Pacific private banking platform

Accelerated the development of eight priority areas

Supply Chain Finance

Took on new initiatives

Provided liquidity support to **core enterprises of the supply chain** RMB**1.32** trillion up **18%** yoy

Provided credit support for trade finance of **upstream and downstream enterprises of the supply chain** RMB**1.06** trillion up **36%** yoy

- Actively promoted the development of **digitalized, intelligent and scenario-based** supply chain finance
- Launched a new online financing product "**BOC Smart Chain • Rong Yi Xin**", moving online the full process of unsecured factoring financing services for multi-tier suppliers on the industrial chain
- Introduced "**BOC Smart Chain • Cold Chain Logistics**" to provide financial service support for the whole industrial chain of cold-chain logistics

County-level Finance

Achieved new progress

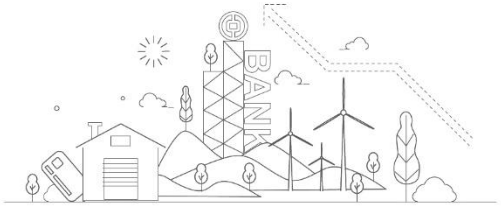
Agriculture-related loans balance RMB**1.96** trillion up **13%**

Inclusive agriculture-related loans balance RMB**246.2** billion up **30%**

County-level institutions newly covered 6 counties with no offline financial service channels previously

County-level institution coverage **62.75%**

- Formulated the ***BOC Support Plan for Key Counties to Receive Assistance in Pursuing Rural Revitalization***, and aimed to cover financial service in **160** key counties
- BOC Fullerton Community Bank implemented development concept of "**focusing on county area development, supporting farmers and small-sized enterprises**", held 132 village banks and 189 sub-branches through self-establishment and M&A, and further improved the business model of **intensive operation** and **specialized management** through equity integration



Synergy development of the "One Mainstay, Two Engines" strategy

Domestic commercial banking

Consolidated the primary role

Operating income of domestic commercial banking increased by **3.71%** yoy

Profit of domestic branches accounted for **81.1%** of the Group's total, up by **5.4** ppts

- Further enhanced development synergy in the **Yangtze River Delta**
- Further consolidated leadership in the **Guangdong-Hong Kong-Macao Greater Bay Area** market
- Enhanced regional linking development of **Beijing-Tianjin-Hebei region and Xiongan New Area**
- Strengthened business innovation in the **Hainan Free Trade Port**
- Increased resources support for the **central and western regions**

Overseas commercial banking improved steadily

-its contribution to the Group steadily rebounded, and the business scale and earning abilities of key institutions improved steadily

- Overseas institutions covered **62** countries and regions, including **42** countries along the Belt and Road, leading Chinese peers
- Implemented the classified management of overseas institutions and continuously improved the **Market-by-Market Strategies** for overseas institutions
- Continuously deepened the regional and intensive management of overseas institutions, and successfully built **the IPU regional headquarters in the EU**
- Leveraged the advantages of global institutional network, and carried out **all-round cooperation** with various financial institutions in fields such as clearing, settlement, lending, investment, custody, treasury operations and comprehensive capital market services

Comprehensive operations bore rich fruits

-based on the Group's strategy, focused on the "Eight Priority Areas", continued to enhance comprehensive service capabilities, and the market competitiveness of key institutions was continuously strengthened

BOC Wealth Management | Average daily scale of fiduciary management exceeded RMB**1.8** trillion and total scale of sales through third-party channels increased by **111%** compared with the prior year-end

BOCI China | Implemented the first low-carbon transition-linked bond and sustainability-linked green corporate bond in the exchange market, and **ranked 3rd** in the industry in terms of assets under trust management

BOC Asset Investment | Cumulative market-oriented debt-for-equity swap business reached RMB**188.4** billion

BOCG Insurance | Gross insurance premium income increased by **11%** yoy

BOC-Samsung Life | New policy insurance premiums for risk protection and long-term savings business increased by **108%** yoy

Kept accelerating digital transformation

Launched first batch of the OASIS project, opening a new chapter

Completed the **integration of basic information such as customers to achieve centralization to one point, universal sharing and rule unification**

Built a component, platform and service oriented **IT architecture** base

Preliminarily achieved the three construction goals of "**undertaking business architecture, distributed transformation and independent control**"

Promoted reform of the technology management system smoothly

Comprehensively **adjusted the organizational structure** of the technology system

Formed a **technology service model** that followed businesses closely and responded quickly

Deepened **technology-business integration** to support the development of key businesses

Achieved collaborative development with scenario ecosystems

Accumulated visitor volume of the **strategic scenario zone** of mobile banking reached **71.67** million

Built **open banking portal** to provide API disembedding services and industry solutions

Successfully completed the **pilot operation of the e-CNY Winter Olympics scenarios**

Continued to enhance data governance and empowerment

Established **Digital Asset Operation Center** to mine and tap data value

Facilitated business decision-making with the **Data Grid App**

Developed an initial version of the "**Three Horizontals, Two Verticals and One Line**" data governance framework

Made solid progress in smart operations and outlet transformation

Number of **outlets with unique features** based on the "Eight Priority Areas" reached **2,206**

Number of **service demonstration outlets** for the "Four Scenario-based Financial Services Ecosystem" reached **1,175**

Comprehensively promoted inter-provincial government services at **smart counters** in the Yangtze River Delta

Continuously deepened comprehensive risk management

*Established and refined **a whole-process financial risk prevention mechanism***
*and accelerated the **digital transformation** of risk management*

Credit risk management

- Optimized the credit structure and promoted the **green and low-carbon transformation** of the industry, focusing on the development requirements of "Eight Priority Areas"
- Enhanced the screening and monitoring of **key risk areas**, established a rolling check mechanism and improved the effectiveness of potential risk identification, control and mitigation
- Increased the quantity of **NPA resolution**
- Asset quality maintained **stable and controllable**

Market risk management

- Strengthened the analysis and judgment of the financial market situation, closely supervised "hot spot" events and actively conducted **risk investigation**
- Strengthened **risk control of securities investment** and improved post-investment monitoring and early-warning capabilities
- Strove to achieve currency matching between fund source and application, and controlled FX exposures through currency conversion and hedging, thus **maintaining exchange rate risk at a reasonable level**

Liquidity risk management

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

Internal control and operational risk management

- Continuously improved compliance risk governance mechanism and management process
- Strengthened internal control and case prevention management and fostered internal control compliance culture
- Reinforced fraud risk prevention and control, and proactively identified, assessed, controlled and mitigated risks
- Improved AML and sanctions compliance management mechanisms and strengthened **refined management**

Reputational risk management

Country risk management

Management of interest rate risk in the banking book

- Timely adjusted the structure of assets and liabilities, optimized internal and external pricing strategies or implemented risk hedging timely
- Controlled interest rate risk in the banking book within a **tolerable range**

I	Interim Operating Results
II	Progress in Plan Implementation
III	**Outlook for the Next Stage**

Priorities for the Next Stage

Deepen the implementation of the 14th Five-Year Plan
while sustaining long-term growth through responsible and hard work
Accelerate the building of a first-class global banking group

Actively serve national development and assist to maintain stable economic performance

- Continue to increase credit **support for the real economy**
- Implement **national strategies of key areas**
- Vigorously develop the "**Eight Priority Areas**" and strengthen financial services in **key sectors** and **weak areas**
  - Consolidate the strengths of technology finance and green finance
  - Strengthen inclusive finance and county-level finance services
  - Innovate services in supply chain finance and cross-border finance
  - Improve the competitiveness of consumer finance and wealth finance

Consolidate characteristic advantages and strengthen foundations for high-quality development

- Improve the **quality of liabilities**
- Expand the **customer base**
- Consolidate **international business advantages**
  - Actively contribute to stabilizing foreign trade and foreign investment
  - Improve the market position of key products
  - Ensure the superior business lead its peers
  - Consolidate traditional advantages of FX business
- Optimize **global layout advantages** and build a BOC global services brand with market influence
- Improve **comprehensive services advantages** and continuously strengthen the industry competitiveness of comprehensive operation companies

Accelerate digital transformation and continue to unleash new development vitality

- Lead the integration of business and technology with the **OASIS Project**, improve responsiveness to customers and the market, use technology means to reduce the burden and empower the grass-roots institutions
- Lead digital innovation by **building scenario-based** financial services ecosystem to drive the transformation from traffic to users and then customers
- Lead digital services with **mobile banking**, improve open platform for wealth management and enhance the service quality and efficiency for customers
- Lead outlet transformation with **intelligent operation** and accelerate the adjustment to the outlet layout

Comprehensively strengthen risk management and control to ensure operational safety

- Promote the development of the risk management system to a deeper level, and continuously **improve the effectiveness of the comprehensive risk management system**
- Focus on the major risk points and sources, and take the initiative to **prevent and mitigate potential risks**
- Enhance management **sensitivity** for market risk and liquidity risk, and improve risk management capabilities for **forward-looking and emerging business**
- Conduct AML compliance management, and promote the establishment of a **long-effect compliance mechanism**

中国银行
BANK OF CHINA
1912 – 2022

Thank You!