

Mobile access QR code for
2016 Interim Results Announcement



A New Chapter, Our Shared Future

2016 Interim Results

August 30, 2016

▶ **Forward-Looking Statement Disclaimer**

This presentation and subsequent discussions may contain forward-looking statements that involve risks and uncertainties. These statements are generally indicated by the use of forward-looking terminology such as believe, expect, anticipate, estimate, plan, project, target, may, will or may be expressed to be results of actions that may or are expected to occur in the future. You should not place undue reliance on these forward-looking statements, which reflect our belief only as of the date of this presentation. These forward-looking statements are based on our own information and on information from other sources we believe to be reliable. Our actual results may be materially less favourable than those expressed or implied by these forward-looking statements which could depress the market price of our Level 1 ADSs and local shares.

Management Team

Mr. Yue Yi	Vice Chairman & Chief Executive
Mr. Li Jiuzhong	Executive Director and Chief Risk Officer
Mr. Lin Jingzhen	Deputy Chief Executive
Mr. Yuan Shu	Deputy Chief Executive
Mr. Zhong Xiangqun	Chief Operating Officer
Mdm. Sui Yang	Chief Financial Officer
Mrs. Ann Kung	Deputy Chief Executive

Agenda



Strategy Review 1H16



Financial Performance 1H16



Outlook and Business Focus in 2H16

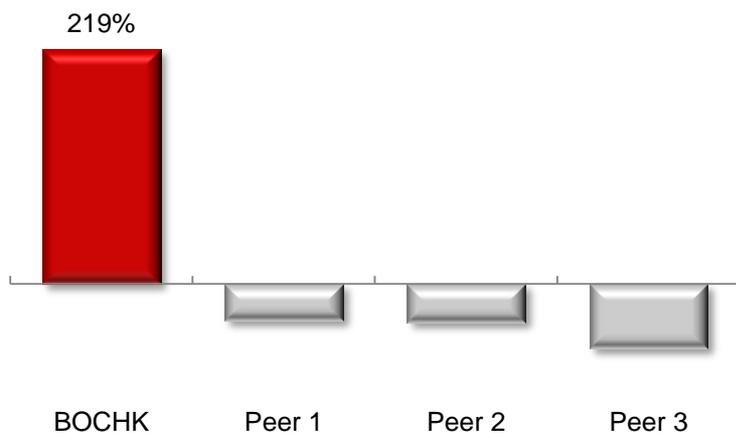
A white wireframe graphic of a tall, modern skyscraper, resembling the Bank of China Tower, is positioned on the left side of the page. The background is a vibrant red-to-orange gradient with dynamic, glowing light streaks that create a sense of movement and energy.

Strategy Review 1H16

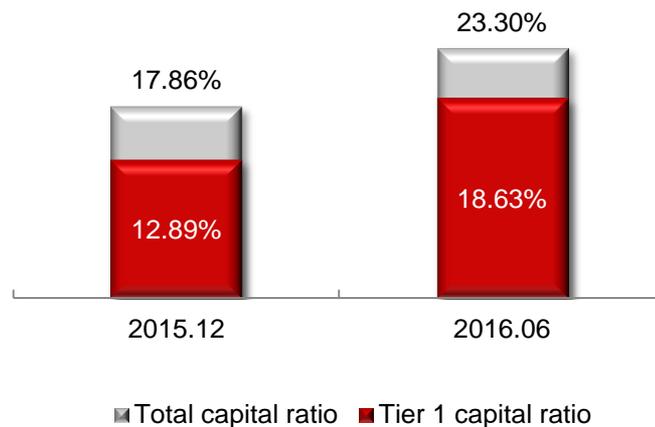
1 Record High Earnings by Capturing Market Opportunities

Sold NCB for **HK\$68bn** with gains of **HK\$30bn**

YoY Growth of Attributable Profit Leads Peers



Significant Improvement on Capital Ratios



Consistent dividend policy 40%~60%

- Interim dividend per share of **HK\$0.545**

Special dividends to reward shareholders

- Special dividend per share of **HK\$0.71**

2 Initial Success in Regional Expansion Driven by OBOR

Progress in regional expansion

19 Apr: Announced approval for **Brunei branch**

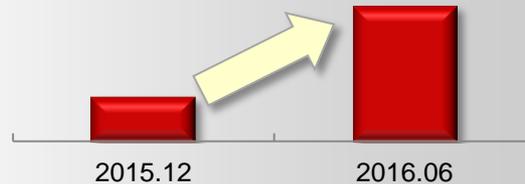
30 Jun: signed agreements for acquisition of **BOC Thailand and Malaysia**

Continuously evaluating the potential acquisition of BOC **Cambodia, Indonesia, Philippines and Vietnam**

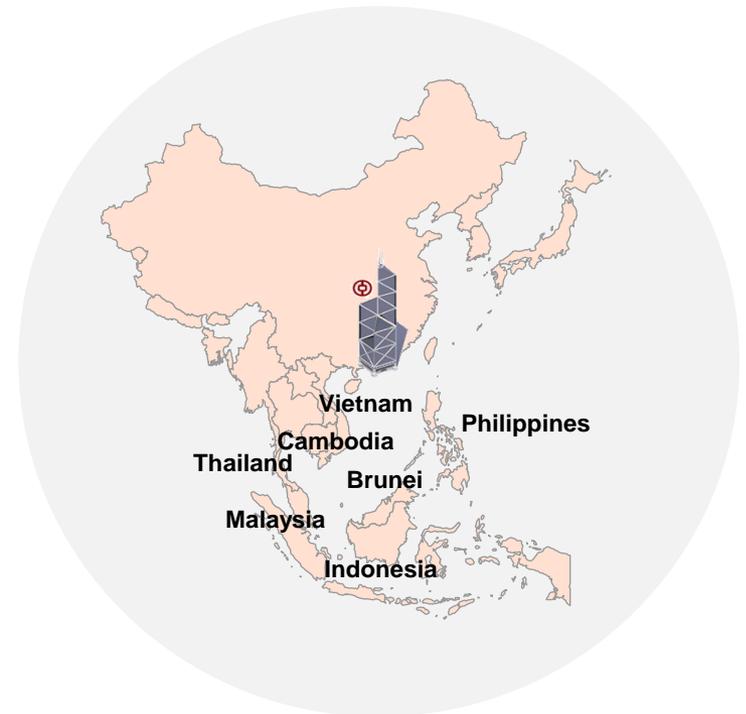
Driven by OBOR initiative, overseas mergers and acquisitions by Mainland enterprises exceeded

US\$120bn in 1H16

Rapid growth in SEA related loans

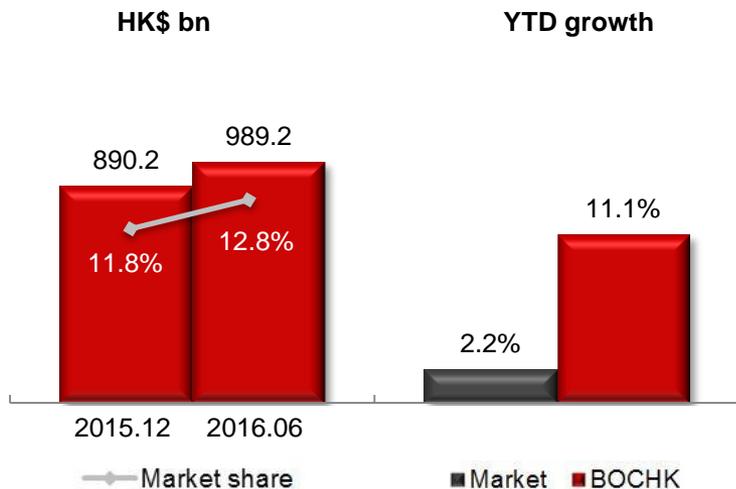


Launch of **Infrastructure Financing Facilitation Office (IFFO)** will increase opportunities for infrastructure financing along the OBOR countries

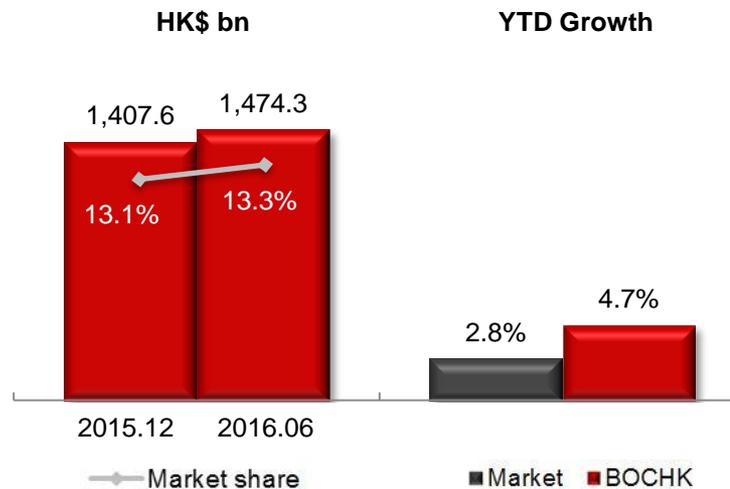


3 Outperforming Loan and Deposit Growth due to Customer Expansion

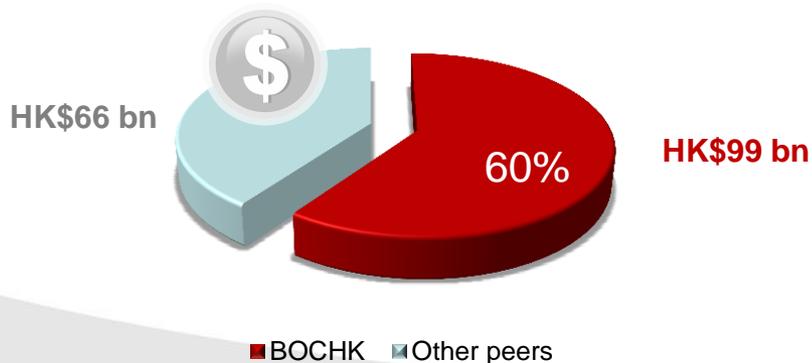
Customer Loan Balance



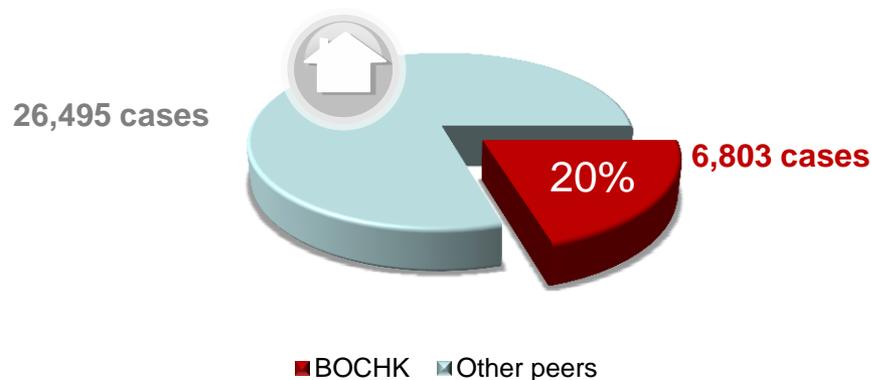
Customer Deposit Balance



Market Leader in Net Loan Growth



Ranked 1st in New Mortgage Underwriting



Data source: Centaline Property Agency

4

Branch Transformation to Improve Local Focus and Sales Capability

Ambitiously grow
SME business

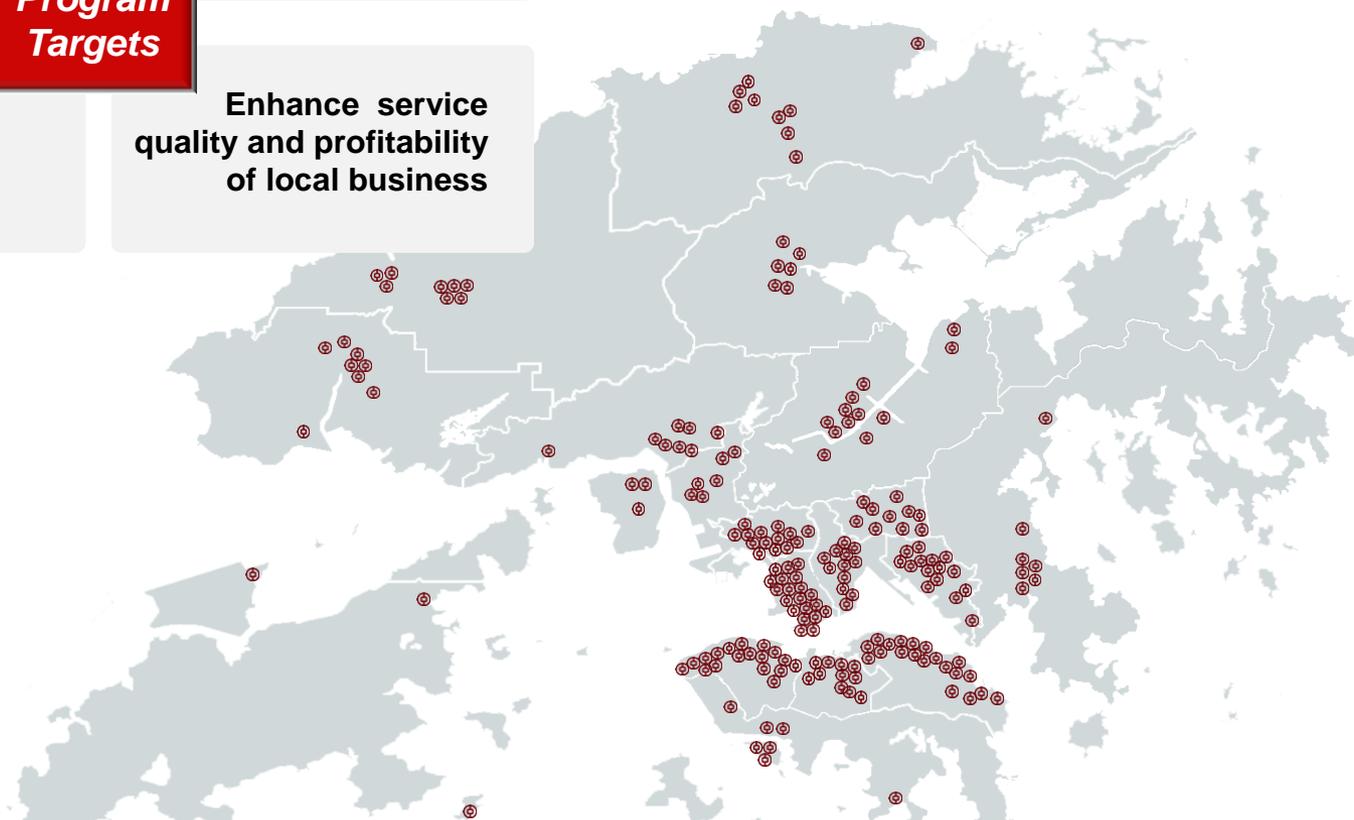
Expedite the
development of WM/
mid-to-high end
customer businesses

**Program
Targets**

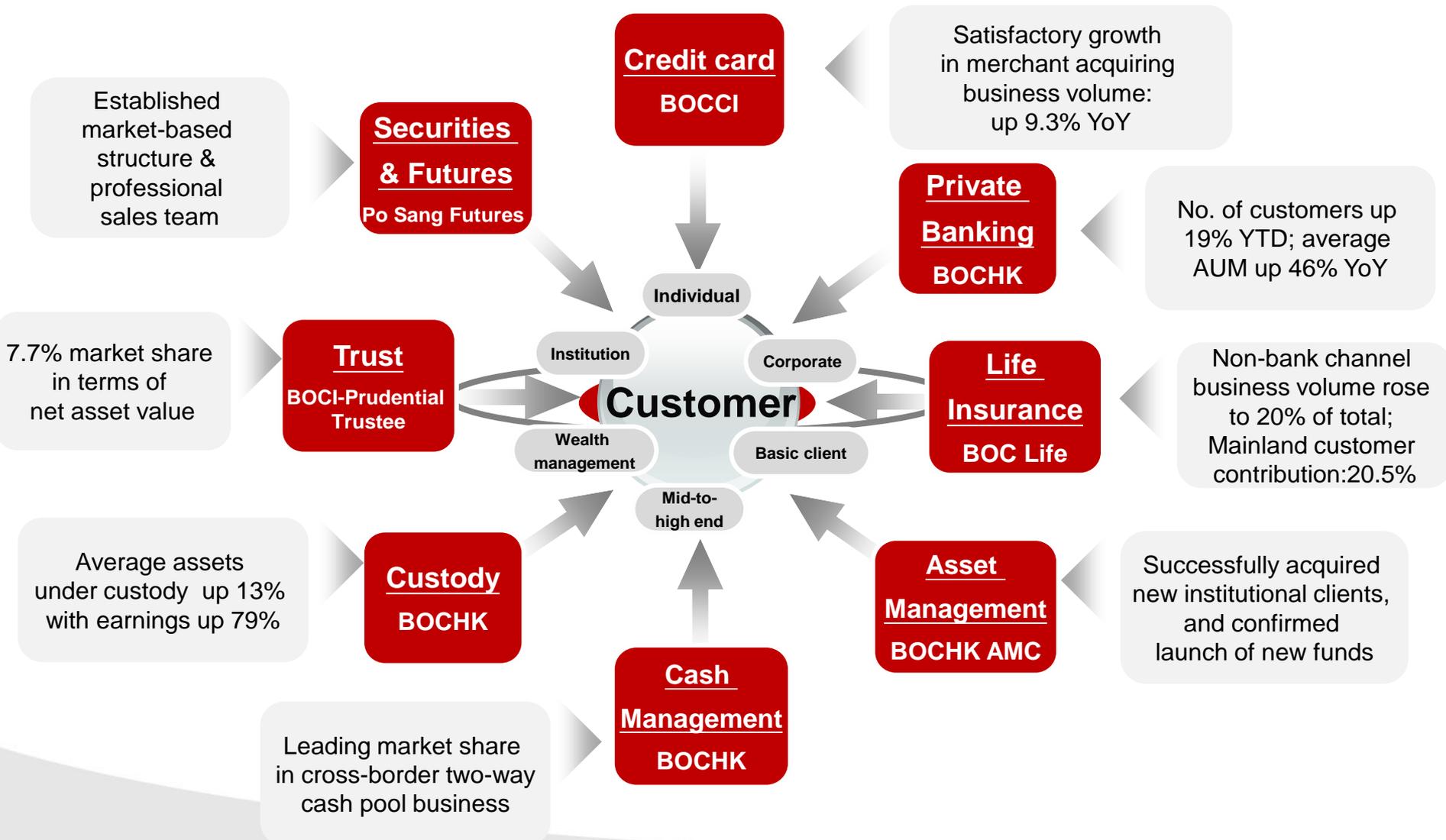
Promote the
development of
omni-channel

Enhance service
quality and profitability
of local business

196 branches
all over Hong Kong



5 Steady Growth Supported by Eight Business Platforms





Pioneer in providing **stock info service online** on A shares of Shanghai and Shenzhen stock exchanges

e-Cheques Services with comprehensive features

Convenient payment services **including Small Value Transfer and Apple Pay**

End-to-end **express online pre-approval personal loan service**

Conduct feasibility study to establish **QR-code based payment platform** for P2P and merchant payment

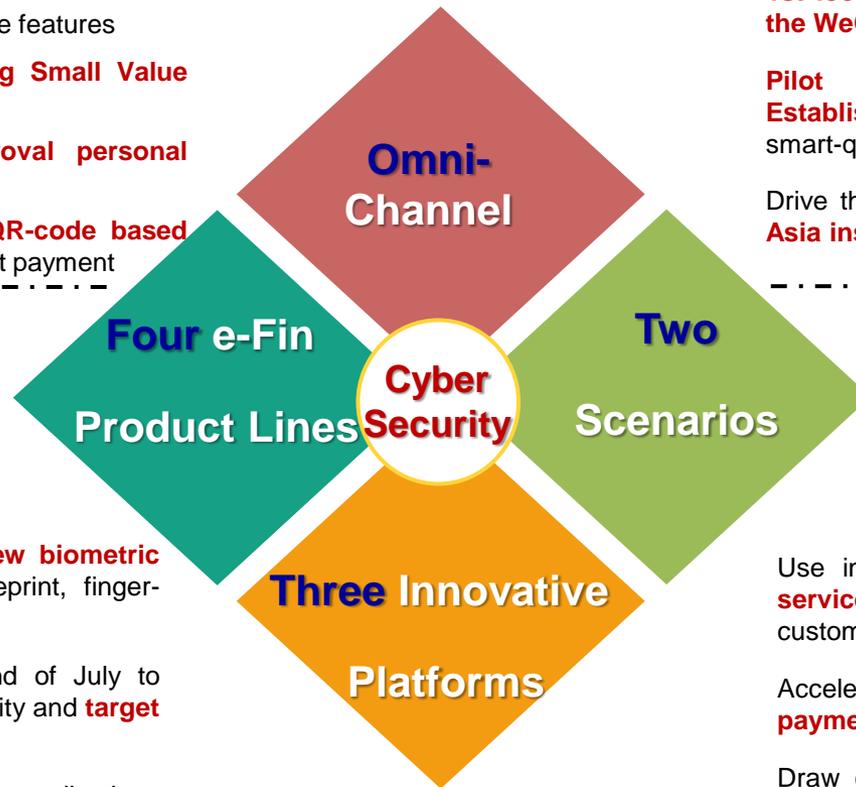


Ascertain the business application of **new biometric technologies** such as fingerprint, voiceprint, finger-vein detections

Launched **big-data platform** at the end of July to enhance management information capability and **target marketing**

Partner with **ASTRI** to research & develop applications of innovative FinTech areas including **Artificial Intelligence and Blockchain**

E-Finance Strategy



1st local bank to provide banking services on the WeChat platform

Pilot **VTM service** at selected branches; **Establishing Intelligent Flagship Branches** with smart-queue service

Drive the **e-platform development in Southeast Asia institutions**



Use internet-tactics to provide **scenario-based services and new user experience** to target customer groups

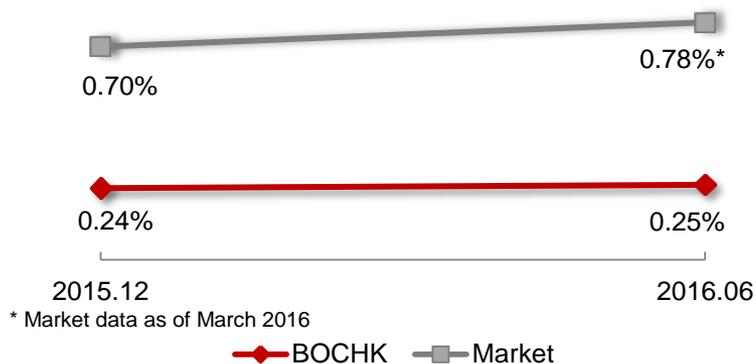
Accelerate strategic partnership with **3rd party payment companies**

Draw on BOC's experience in **cross-border e-Commerce settlement platform**, to offer online currency exchange and settlement solutions

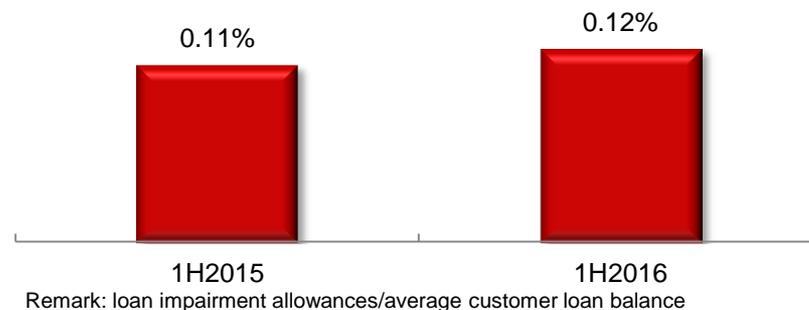
Enhance Overall Risk Management and Control Effectiveness

Stable Asset Quality

Classified or impaired loan ratio

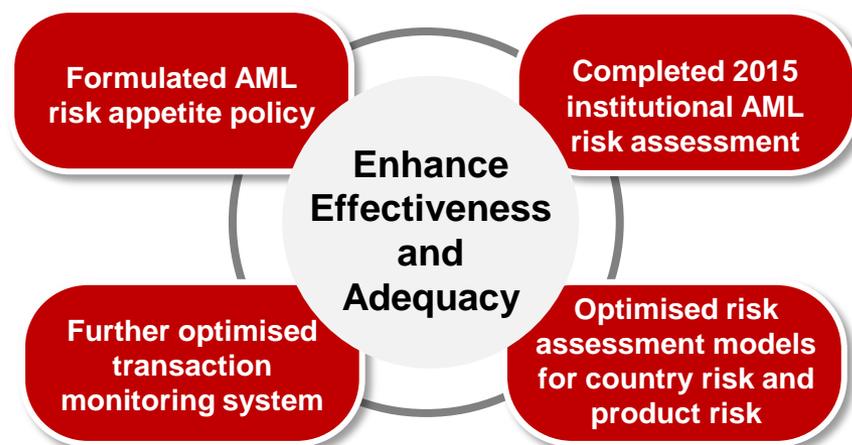
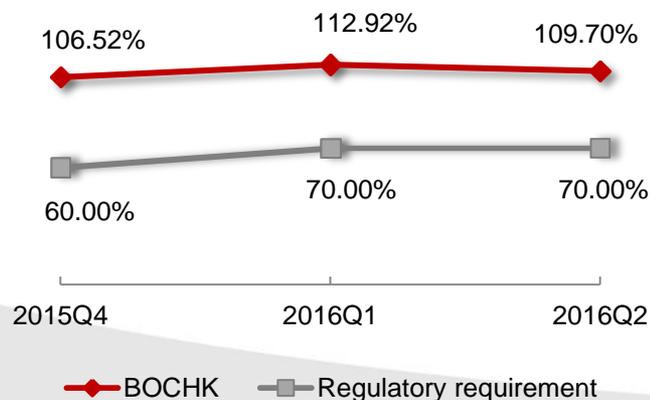


Well-Managed Credit Cost



Solid Liquidity Position

Average value of liquidity coverage ratio



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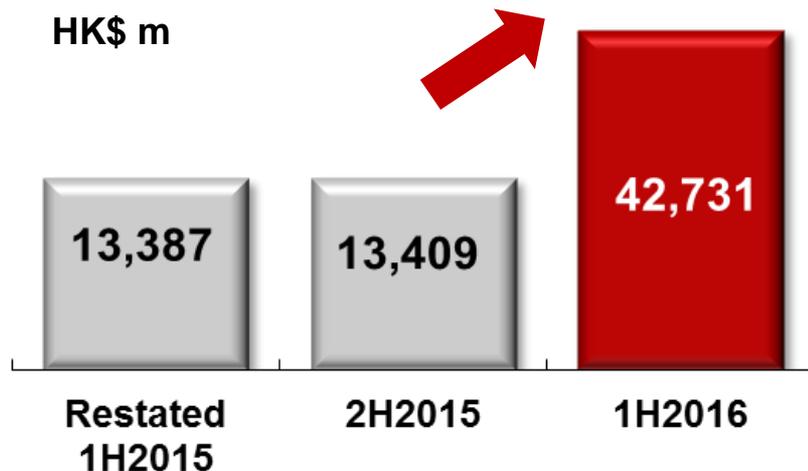
Financial Performance 1H16

Strong Profit Growth with Enhanced Capital Strength

Profit Attributable to Equity Holders

Capital Ratios

**+219.2%YoY /
+7.8%YoY on a comparable basis***



	30.06.2016	YTD	
CET1 capital ratio	18.58%	+5.75pp	▲
Tier 1 capital ratio	18.63%	+5.74pp	▲
Total capital ratio	23.30%	+5.44pp	▲

➤ First half Profit reached HK\$ **42,731** million

➤ ROE rose to **25.9%**

➤ Gain of HK\$ **30** billion from disposal of NCB

➤ Total capital ratio enhanced to **23.30%**

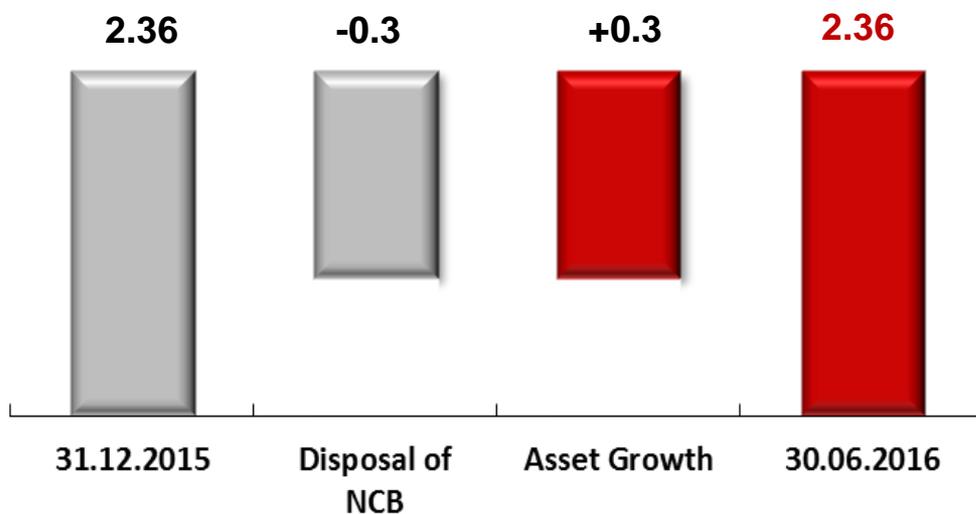
*Comparable basis: Adjustments made for profit from discontinued operations, gain from fair value adjustments on investment properties, and the gain from disposal of certain equity instruments and premises in the first half of 2015.

▶ Loan Growth Outpaced Market by Capitalising on Market Opportunities

Asset Size

Asset growth compensated for the impact from disposal of NCB

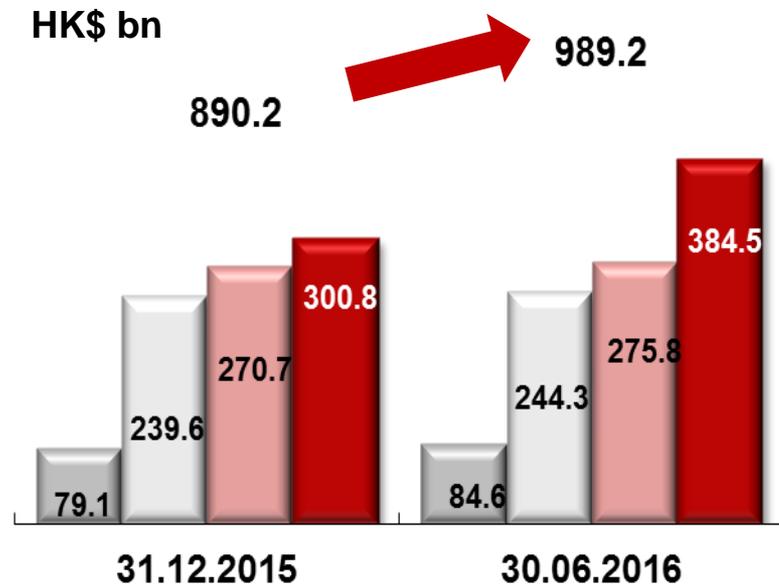
HK\$ trillion



Advances to Customers

BOCHK growth: 11.1% vs market: 2.2%

HK\$ bn



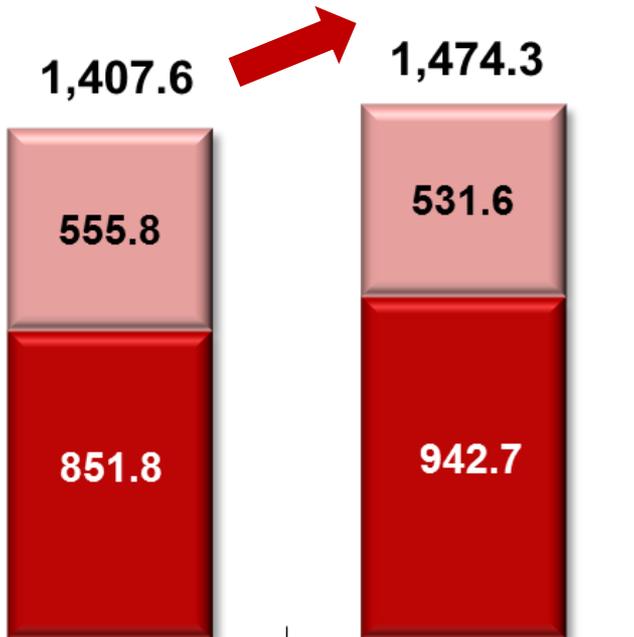
- Trade finance
- Loans for use in HK - Individuals
- Loans for use Outside HK
- Loans for use in HK - Industrial, Commercial and Financial

Improved Deposit Structure with Higher CASA Mix

Deposits from Customers

BOCHK growth: 4.7%
vs market: 2.8%

HK\$ bn



31.12.2015

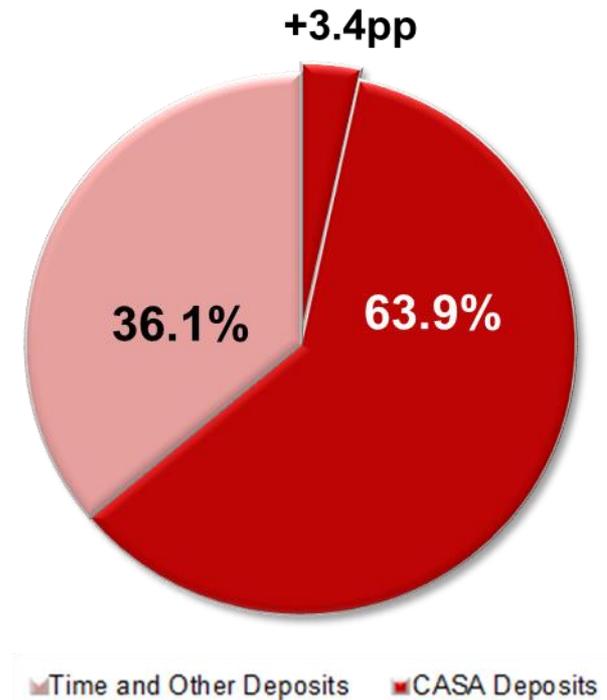
30.06.2016

■ CASA Deposits

■ Time and Other Deposits

CASA Mix

CASA mix enhanced
by 3.4pp

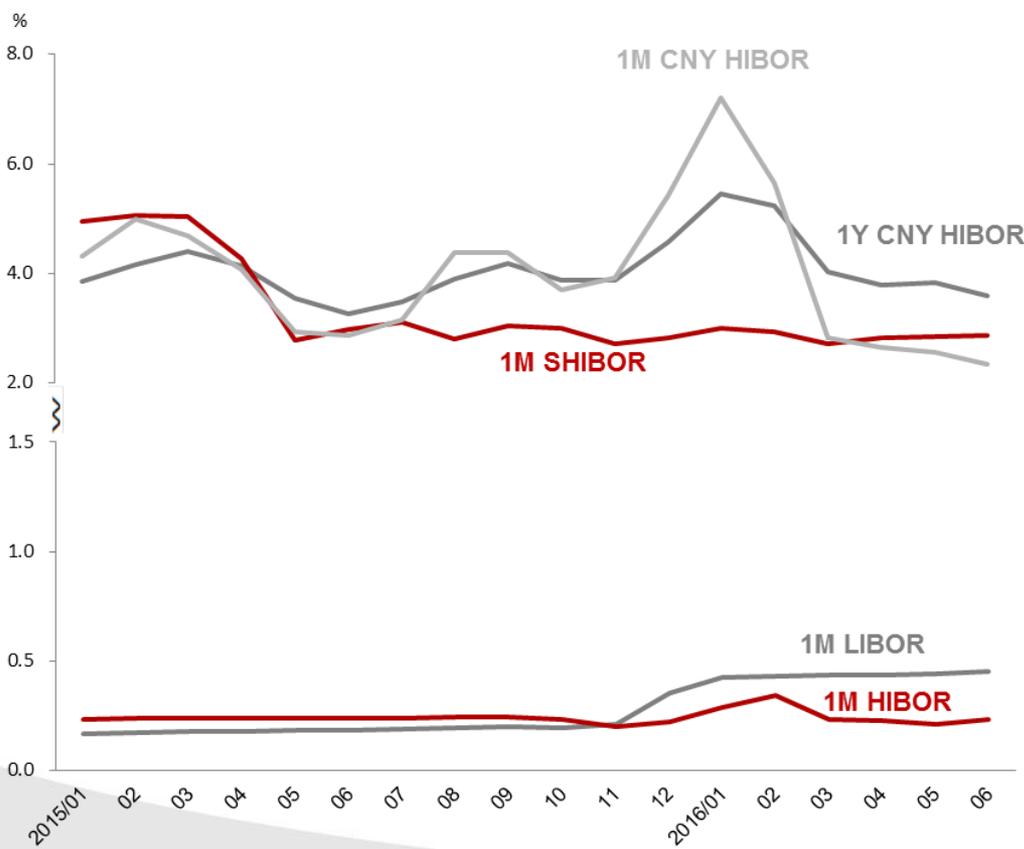


■ Time and Other Deposits

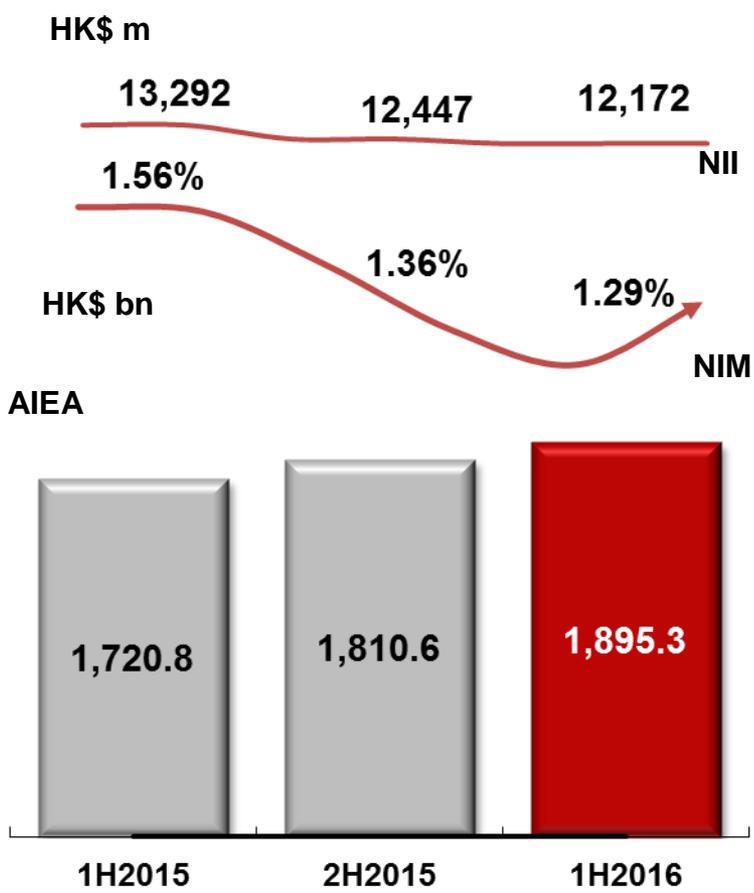
■ CASA Deposits

Alleviated Sequential NIM Decline with Quick Market Responses

Market Interest Rates

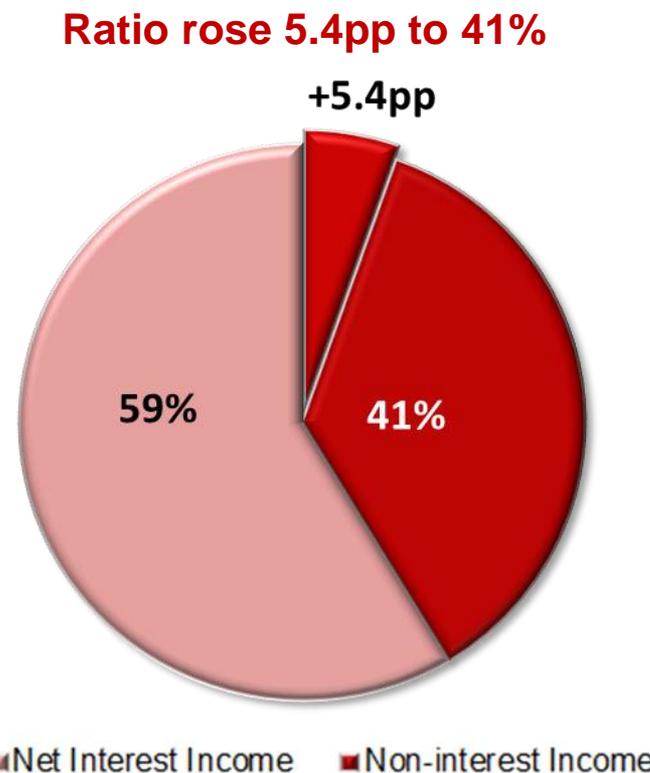
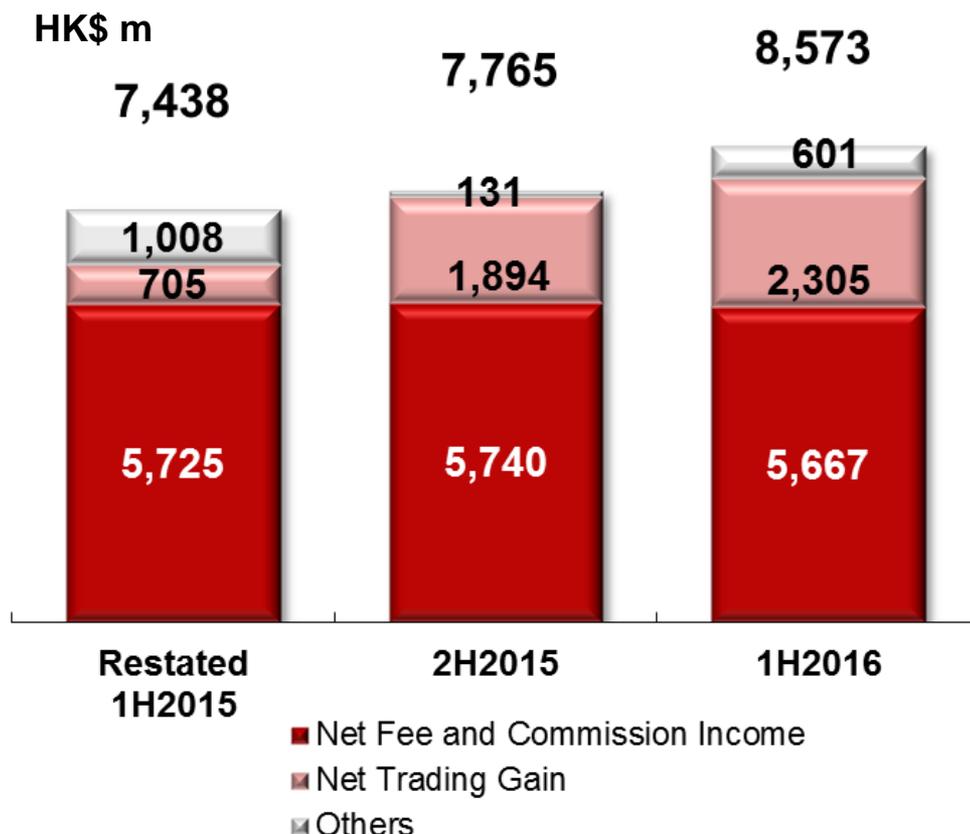


Net Interest Income, Net Interest Margin, Average Interest-earning Assets



Captured Market Opportunities to Enhance Non-interest Income Ratio

Non-interest Income up 15.3% YoY



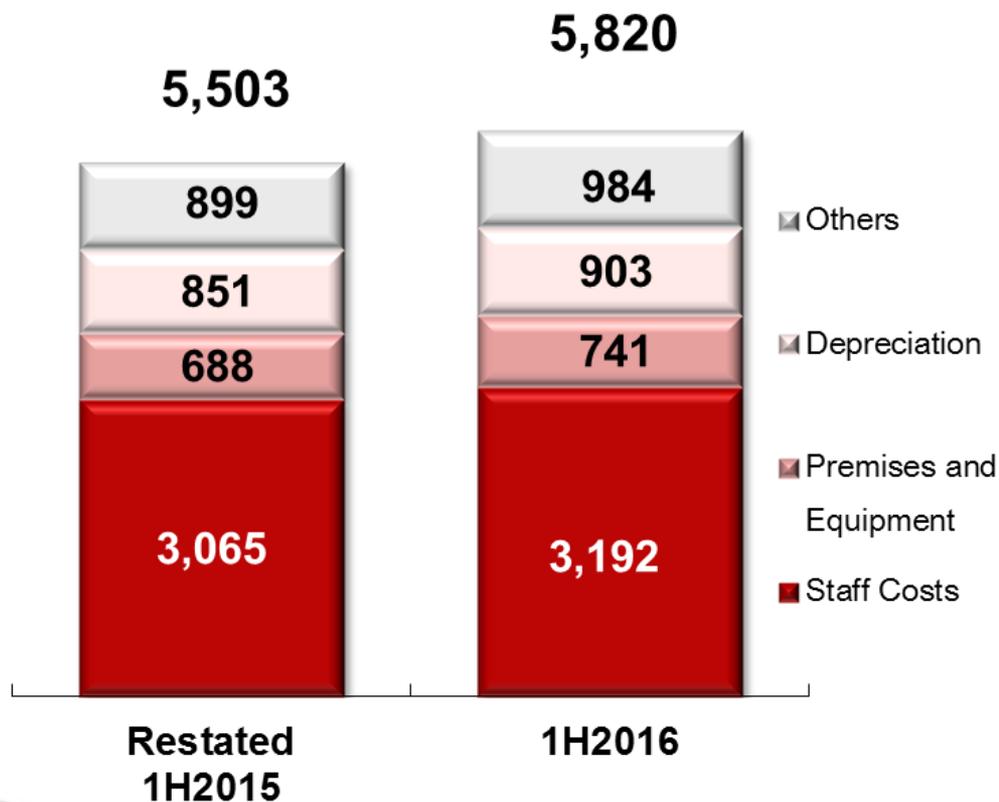
Note: Others including net gain/(loss) on financial instruments designated at fair value through profit or loss, net gain on other financial assets, other operating income, net insurance premium income and net insurance benefits and claims and movement in liabilities.

Strengthened Resources Allocation with Stable CIR

Operating Expenses

HK\$ m

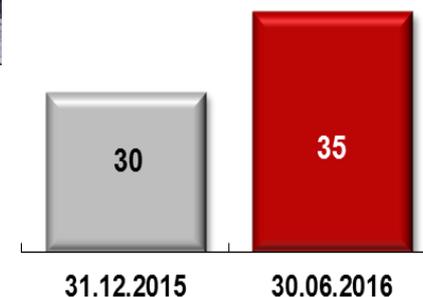
+5.8%



Cost-to-income Ratio (CIR)

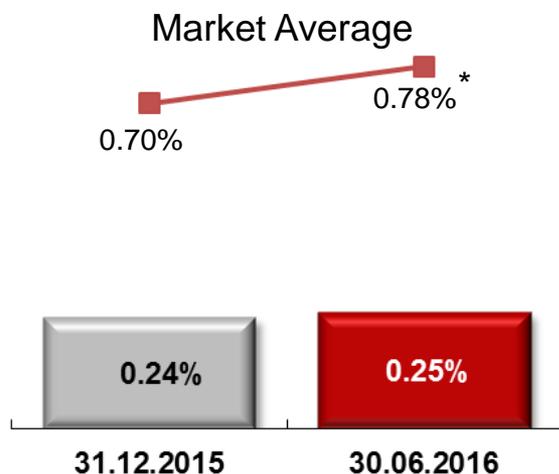


Number of New Concept Branches



▶ Prudent Provisioning with Solid Asset Quality

Classified or Impaired Loan Ratio



HK\$ m

Net Charge of Loan Impairment Allowances

Individual assessment
 Collective assessment
 Recoveries
 Net charge of loan impairment allowances

	1H2016	Restated 1H2015	%YoY
Individual assessment	(185)	(239)	(22.6)
Collective assessment	(415)	(314)	32.2
Recoveries	56	88	(36.4)
Net charge of loan impairment allowances	(544)	(465)	17.0

* Market data as of 03.2016

A white wireframe graphic of a tall, tiered tower, resembling the Bank of China Tower, is positioned on the left side of the slide. The background is a gradient of red and orange with light streaks.

Outlook and Business Focus in 2H16

2H16 Outlook: Coexistence of Opportunities and Challenges

Opportunities

- Adjustment in global banking landscape provides room for development
- National strategy of OBOR drives financing demand
- Mainland enterprises going global spur demand for cross-country investment and M&As
- RMB's inclusion into SDR promotes the need for RMB asset allocation and debt securities investment
- Overseas asset allocation by Mainlanders drives cross-border wealth management business
- Accelerated reform in Mainland benefits development potential and economic integration of Guangdong, Hong Kong and Macau as well as Pearl River Delta region

Challenges

- Global economic recovery faces hardship
- Increasing financial risks induced by market volatility
- Intensifying market competition due to inadequate local loan growth

Business Focus in 2H16

Corporate Banking

Continuously optimise customer mix and income structure by strengthening treasury, financial advisory and IPO businesses, and boosting the contribution from SME customers

Personal Banking

Proactively promote branch network transformation, and strengthen capability to serve mid-to-high end customers and SMEs. Focus on traditional businesses such as loans, deposits and FX. Maintain market leadership in residential mortgages

Financial Markets

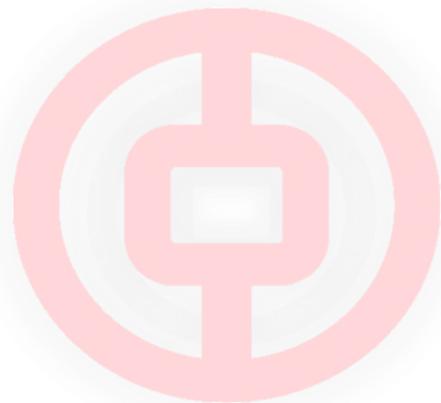
Leverage advantage in FX business and increase earnings by boosting funds management

Eight Business Platforms

Enrich product suite and enhance cross-selling to increase non-interest income proportion which supplements interest income

Risk Management

Closely monitor asset quality trends. Guard against interest rate, liquidity and currency risks. Continuously strengthen AML management and control. Strictly adhere to regulation and compliance principles. Maintain three lines of defense and manage operational risk



A white wireframe of the Bank of China Tower is positioned on the left side of the slide, set against a background of red and orange curved bands and light streaks.

Q&A Session

August 30, 2016



中銀香港(控股)有限公司
BOC HONG KONG (HOLDINGS) LIMITED

Appendix

Condensed Income Statement

HK\$ m	1H2016	Restated 1H2015	% YoY	2H2015	% HoH
Net interest income	12,172	13,292	(8.4)	12,447	(2.2)
Net fee and commission income	5,667	5,725	(1.0)	5,740	(1.3)
Other operating income	2,906	1,713	69.6	2,025	43.5
Net operating income before impairment allowances	20,745	20,730	0.1	20,212	2.6
Net charge of impairment allowances	-526	-468	12.4	-463	13.6
Net operating income	20,219	20,262	(0.2)	19,749	2.4
Operating expenses	-5,820	-5,503	5.8	-6,333	(8.1)
Operating profit	14,399	14,759	(2.4)	13,416	7.3
Non-operating items	141	457	(69.1)	320	(55.9)
Profit before taxation	14,540	15,216	(4.4)	13,736	5.9
From continuing operations	11,814	12,086	(2.3)	11,883	(0.6)
From discontinued operations	30,917	1,301	2,276.4	1,526	1,926.0
Profit attributable to the equity holders	42,731	13,387	219.2	13,409	218.7

▶ Non-interest Income

HK\$ m	1H2016	Restated 1H2015	% YoY	2H2015	% HoH
Fee and commission income					
Loan commissions	2,216	1,217	82.1	2,069	7.1
Credit card business	1,863	1,798	3.6	1,929	(3.4)
Insurance	896	740	21.1	811	10.5
Securities brokerage	887	2,144	(58.6)	1,253	(29.2)
Funds distribution	362	572	(36.7)	341	6.2
Bills commissions	310	254	22.0	289	7.3
Payment services	291	272	7.0	291	0.0
Trust and custody services	225	237	(5.1)	236	(4.7)
Currency exchange	167	149	12.1	153	9.2
Others	536	481	11.4	505	6.1
Net fee and commission income	5,667	5,725	(1.0)	5,740	(1.3)
Net trading gain	2,305	705	227.0	1,894	21.7
Net gain/(loss) on financial instruments designated at FVTPL	1,032	(167)	---	(600)	---
Others	(431)	1,175	---	731	---
Other operating income	2,906	1,713	69.6	2,025	43.5
Total	8,573	7,438	15.3	7,765	10.4



Condensed Balance Sheet

HK\$ m	30.06.2016	31.12.2015	% Change
Cash and balances with banks and other financial institutions	362,789	230,730	57.2
Placements with banks and other financial institutions	63,980	64,208	(0.4)
Securities investments	622,809	574,998	8.3
Advances and other accounts	1,014,095	920,214	10.2
Assets held for sale	0	300,473	(100.0)
Total assets	2,364,232	2,367,864	(0.2)
Inter-bank deposits taken	299,568	207,606	44.3
Deposits from customers*	1,474,329	1,407,560	4.7
Subordinated liabilities	19,754	19,422	1.7
Liabilities associated with assets held for sale	0	251,805	(100.0)
Total liabilities	2,129,617	2,169,871	(1.9)
Total equity	234,615	197,993	18.5

▶ Advances to Customers

HK\$ m	30.06.2016	31.12.2015	% Change
Loans for use in HK - corporate	384,549	300,766	27.9
Loans for use in HK - individual	275,794	270,721	1.9
Trade finance	84,578	79,108	6.9
Loans for use outside HK	244,287	239,648	1.9
Total advances to customers	989,208	890,243	11.1

Customer Deposits

HK\$ m	30.06.2016	31.12.2015	% Change
Demand deposits and current accounts	147,185	134,069	9.8
Saving deposits	795,535	717,747	10.8
Time, call and notice deposits	528,961	553,173	(4.4)
Structured deposits	2,648	2,571	3.0
Total deposits from customers	1,474,329	1,407,560	4.7