

2021 Interim Results



30 August 2021

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 or will, or may be expressed as being the 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 favorable than those expressed or implied by these forward-looking statements which could depress the market price of our Level 1 ADSs and local shares.

Agenda

01

Strategy Review

02

Financial & Business Results

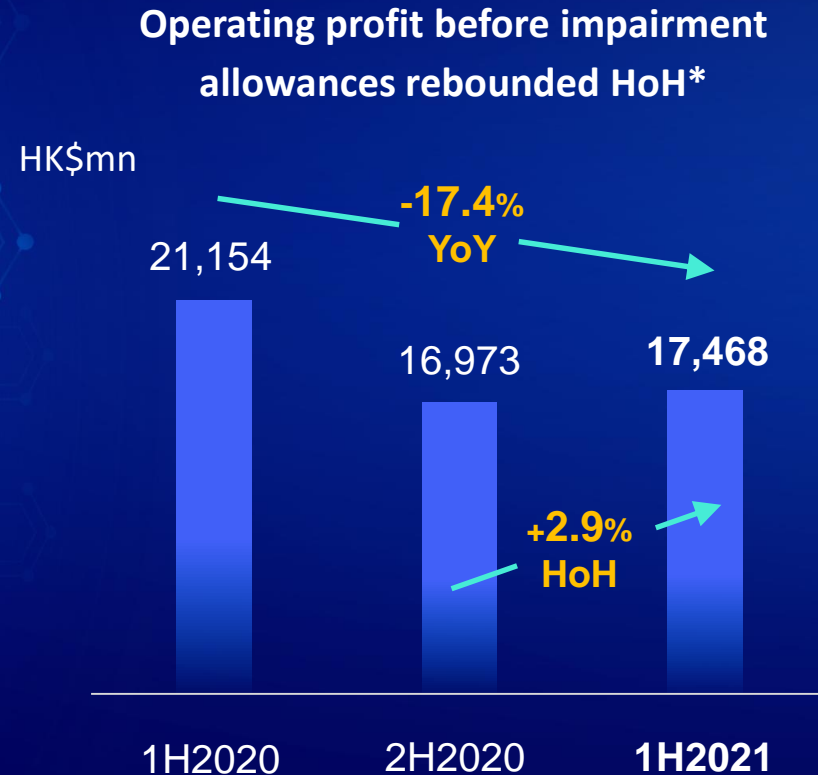
03

Outlook



Strategy Review

Solid Financial Indicators Despite Challenging Market Conditions



*After excluding the impact of disposal gain of debt securities investment, operating profit before impairment allowance was HK\$17,017mn, -8.4% YoY, +13.7% HoH

HK\$13.6bn
 Profit after taxation

8.42%
 Return on average shareholders' equity

HK\$0.447
 Interim dividend per share

Strengthening Local Market Commitment and Integrated Service Capabilities

Personal Banking

Mid to high-end customers:

Wealth management income: **+33%**

Asset under management: **+18%**

Sustained **market leadership** in new residential mortgage loans business

Monthly average number of online mortgage applications: **+2.6x**

BOC Life: Standard new premiums **+15.5%**; bancassurance sales rank **#1** in 1Q2021

Corporate Banking

Cemented market-leading position:

HK/Macao syndicated loan, IPO receiving bank business

Cash pooling business covering **29** countries and regions

Bond issue underwriting amount: **+36%**

Assets under custody: **+6.2%**

BOCI Prudential: MPF AUM **+5.9%**
Top 5 position in the MPF market

Financial Markets

Captured market opportunities, RMB transaction volume for clients: **+34%**

Built online trading platform to enhance service capability, income from clients' online transactions: **+14%**

BOCHK Asset Management: **steady increase in AUM**

Implementation of GBA Business Plans and Upgrade of Featured Cross-border Services

Cross-border Remittance & Payment

Remittance amount under A/C Opening service
+142% with total transactions **+119%**

Launched **GBA Youth Card** to provide young people with integrated services

Financial Intermediation

Support customers' cross-border business needs, with GBA loans **+8%**

Wealth Management Connect

Strive to be the first to launch cross-border service and establish market leadership

Solid customer base with cross-border mid to high-end customer
AUM **+7%** YoY

Innovative Technology Enterprises

Supported the development of innovative tech enterprises, with number of customers **+11%** and loans **+7%**

Cross-border Mortgage Service

Provided a series of loan products and enhanced the whole customer journey



Increasing Regional Synergies with an Enhanced Southeast Asian Business Footprint



Customer deposits

HK\$62.6bn
+9.4% YTD

Customer loans

HK\$55.5bn
+2.6% YTD

Net operating income

HK\$1,289mn
-1.2% YoY

NPL ratio

1.75%
-0.15pp YTD

Remark: Customer deposits, customer loans and net operating income represent the consolidated data for 9 Southeast Asian entities which were prepared in accordance with Hong Kong Financial Reporting Standards; NPL ratio was calculated based on their local regulatory requirements.

Seizing Market Opportunities to Grow RMB Business



- Appointed **Managing Director of RMB Business** and established a flexible organisation to steer RMB business development
- Strengthened intra-group collaboration to expand **business scenarios** for offshore RMB financing, payment and settlement
- Launched **innovative service** such as the market-making mechanism of PBoC bills repo business, and onshore RMB interest rate swap
- **Manila Branch officially launched** RMB clearing service in January 2021
- Developed personal cross-border RMB business, with **Jakarta Branch's** direct RMB salary remittance volume growing by **82%**
- Established **FXall e-trading platform** at **BOC Malaysia** and **BOC Thailand** to promote direct RMB exchange with domestic currencies

*through RMB RTGS in Hong Kong

Expediting Digital Transformation with a Customer-centric Approach

Enhance digital infrastructure

- Mobile banking: registered customers **+7.8%**; transaction volume **+60%**
- **iGTB** platform extended to **8** Southeast Asian entities with **>90%** customers online
- Improved efficiency of middle and back office by **50%** through greater use of robotic automation in relevant processes
- Introduced **cybersecurity surveillance** service to identify potential vulnerabilities

Expand digital application

- Newly launched **online WM services** such as RM Chat, online investment, online insurance, NotALot and Stocks Widget
- Launched one-stop wealth planning service **PlanAhead**
- Online WM investment accounted for **80%** with total volume **+106%**
- BOC's standard new premium through e-channel **ranked #1** in the market

Enrich digital service scenarios

- Launched **online real-time property valuation API** with cumulative usage **exceeded 5.5mn times**
- BoC Bill: network coverage **+7.9%**; transaction volume **+20.2%**
- BoC Pay: customers **+17.6%**; transaction volume **+68.8%**; supported merchant networks of **29mn** in Mainland and **67,000** in HK
- FPS registered customers grew **20.1%**



《Asiamoney》
Hong Kong's Best Digital Bank 2021

Adhering to ESG Principle to Promote Green and Sustainable Development



Green financing

Green/Sustainable loans: +1.6x **Green deposits: took HK\$1.9bn**

Launched **BOCHK All-Weather ESG Multi-Asset Fund**, the first ESG fund with RMB share class in Hong Kong market

Successfully issued a total of RMB**1.5bn** of **Sustainable and Smart Living** themed green bonds



Caring for society

Approx. **30%** market share under **Special 100% Personal Loan Guarantee Scheme**

Subscription numbers of **iBond** and **Silver Bond** through BOCHK topped the market

Launched **online service channels** for **Community Care Fund** to help reduce poverty



Social recognition

Officially enrolled as supporter of **Task Force on Climate-related Financial Disclosures (TCFD)** in May 2021

MSCI ESG Research LLC rating: **AA**

Hong Kong Business Sustainability Index, Greater Bay Area Business Sustainability Index and Greater China Business Sustainability Index: **Exemplar**, the highest in banking industry

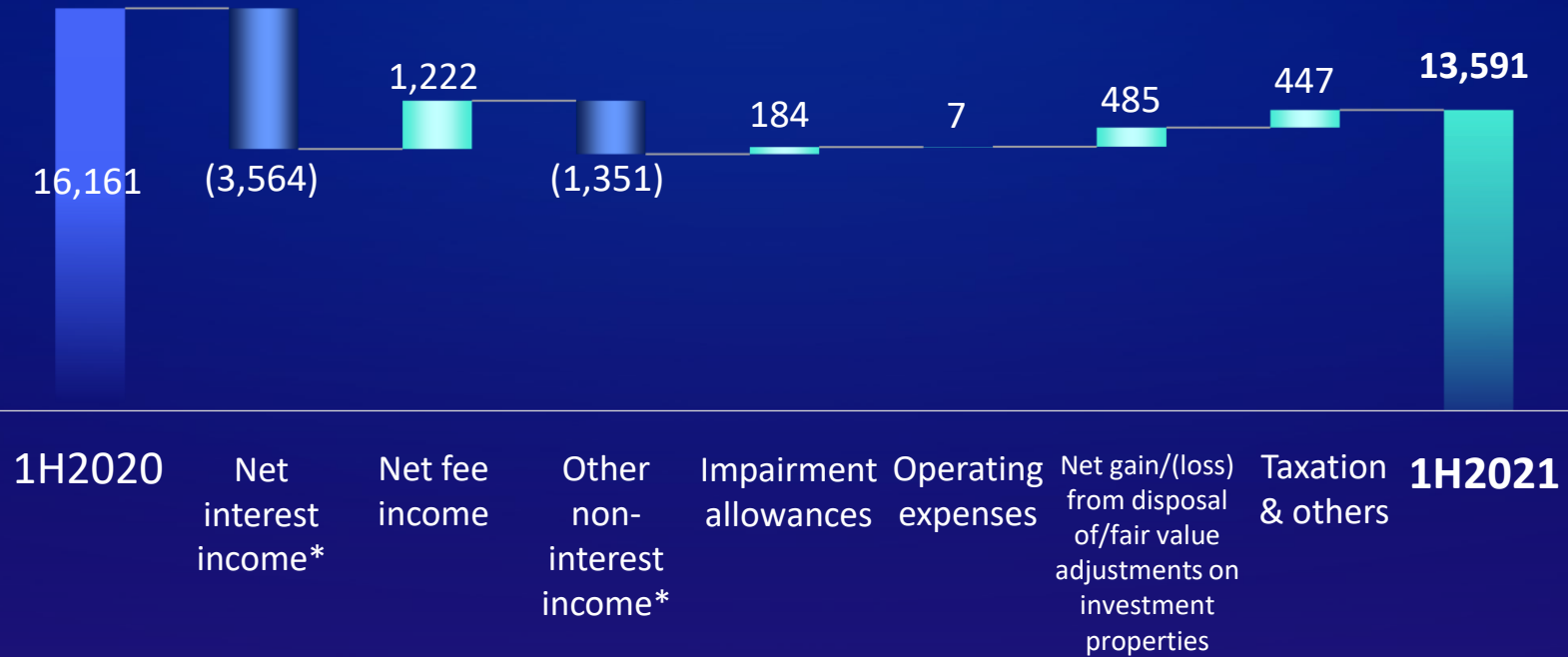


Financial & Business Results

Operating Environment Weighed on Earnings

Profit after taxation HK\$13.6bn

HK\$m

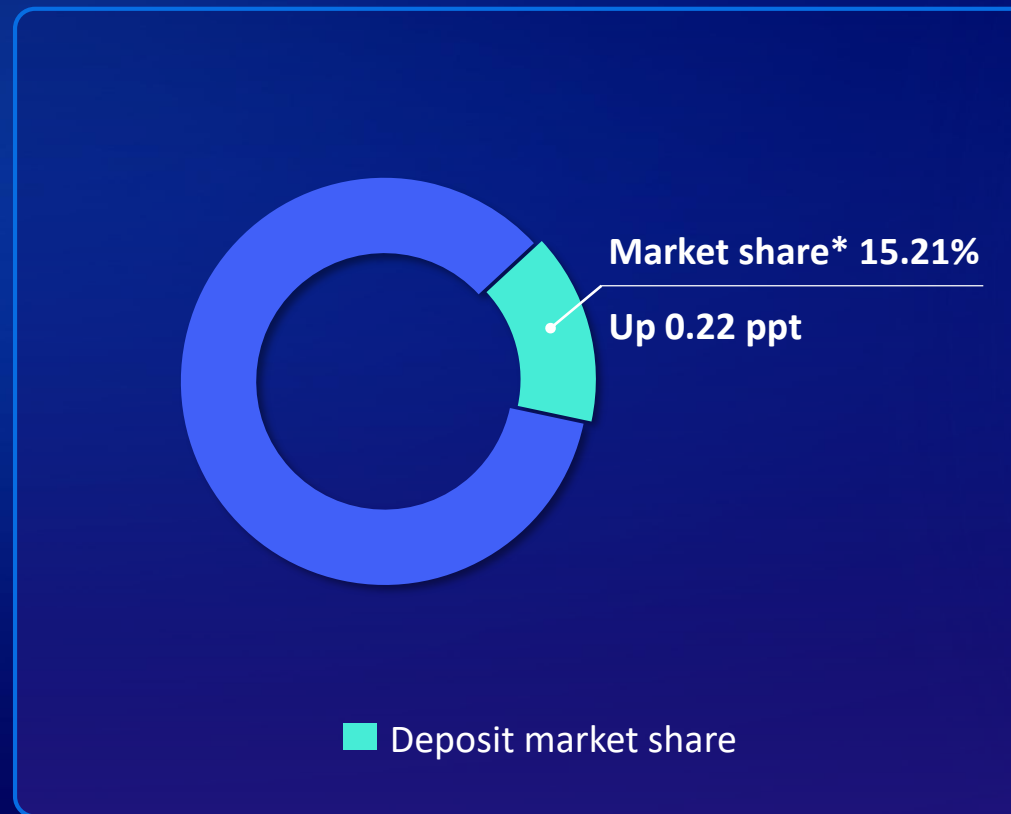
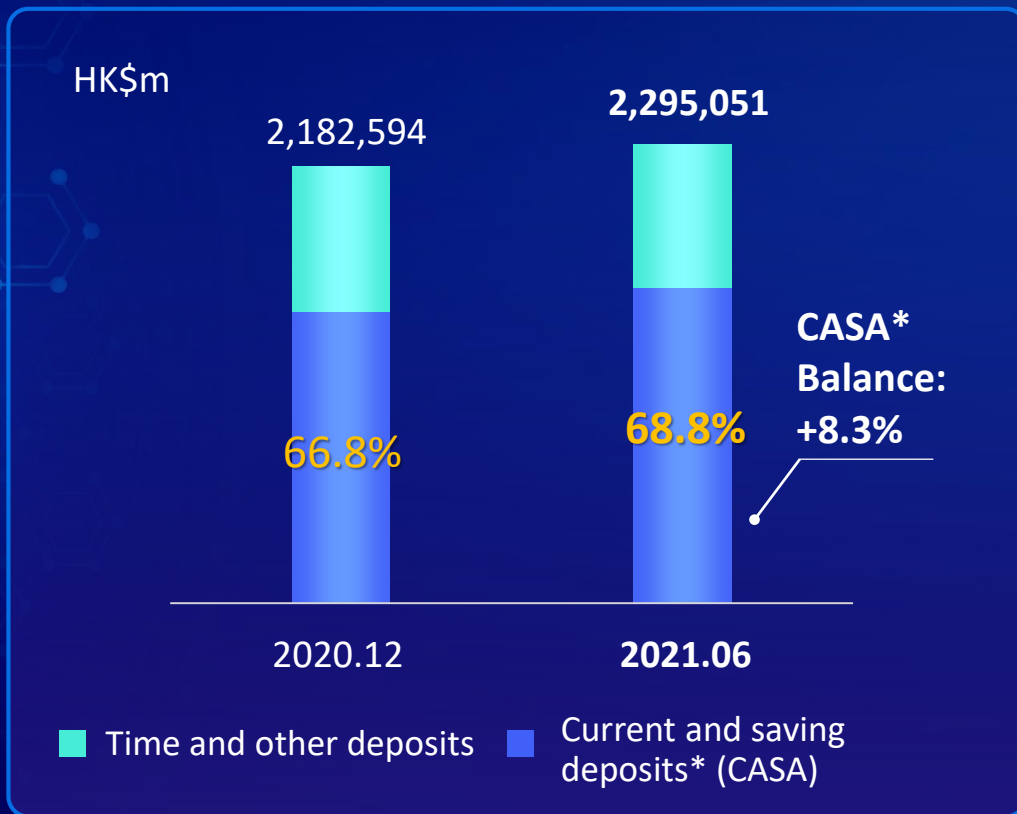


* Including the funding income or cost of FX swap contracts

Enhanced Deposit Mix

Customer deposits* up 5.2%

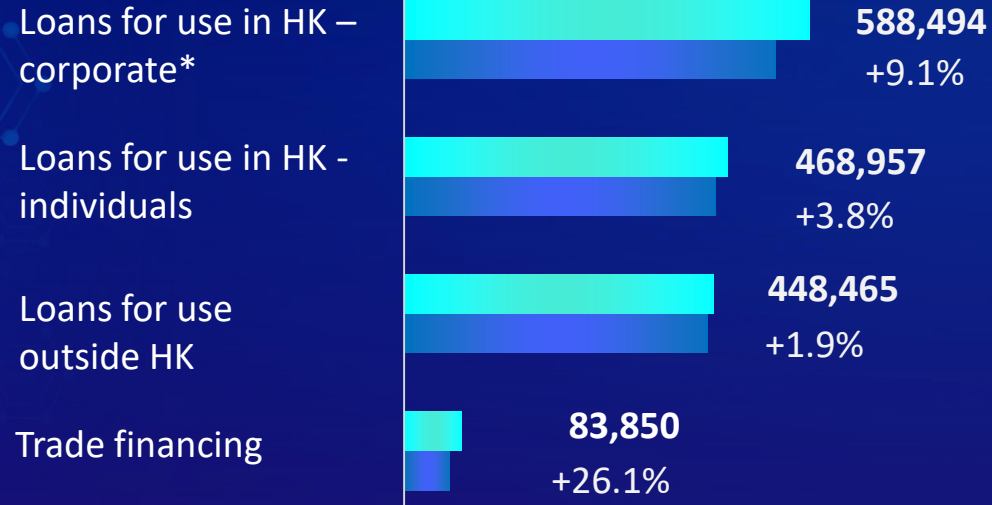
Increase in market share*



* Adjusted for IPO-related impact

Solid Customer Loan Growth

Customers loan* up 6.1%

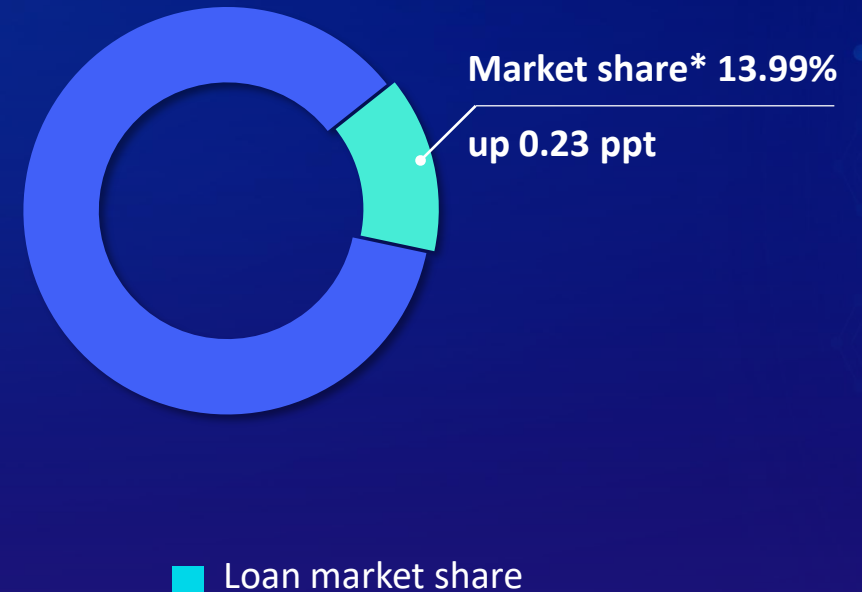


HK\$m

■ 2020.12

■ 2021.06

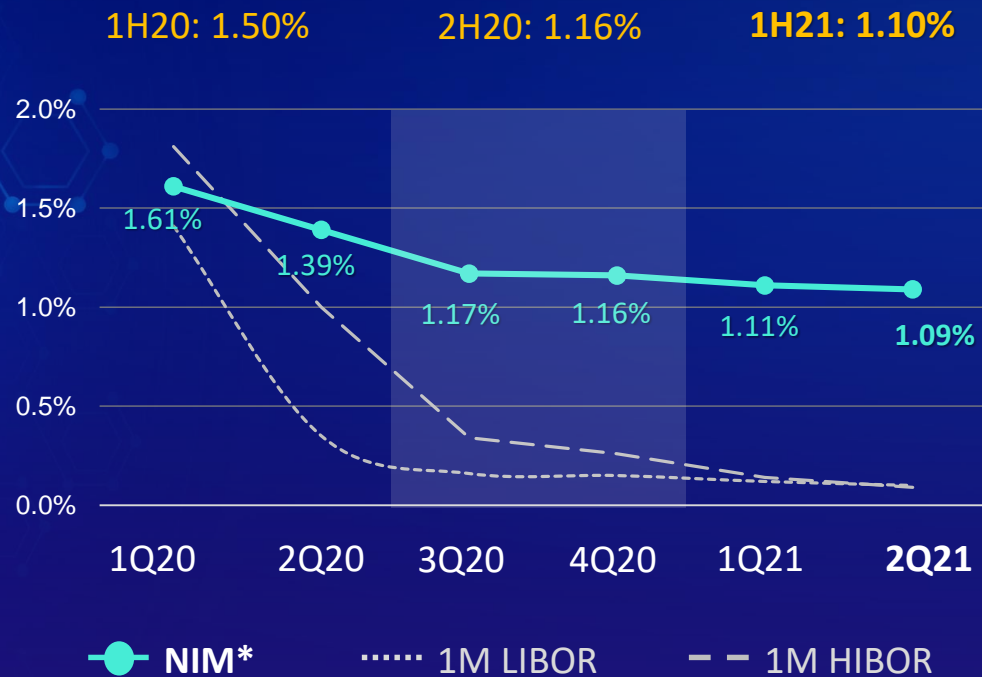
Increase in market share*



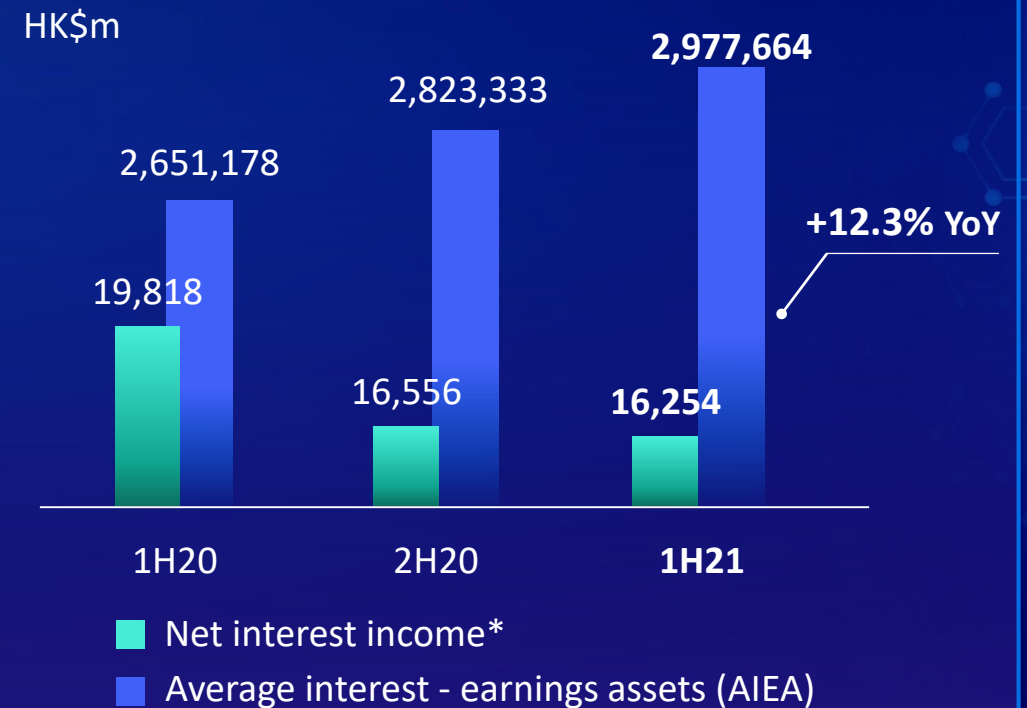
* Adjusted for IPO-related impact

Stabilising Margin Levels

Margin* impacted by market interest rates



Steady AIEA Growth

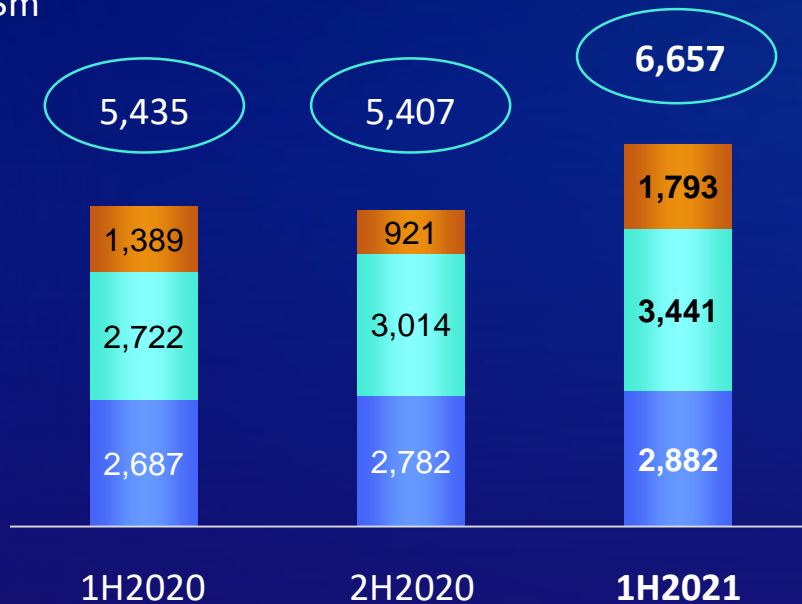


*Including the funding income or cost of FX swap contracts
Market data source: Bloomberg

Strong Net Fee Income Growth

Net fee income up 22.5% YoY

HK\$m



- Net fee and commission income
- Credit related business - loan commissions
- Investment and insurance related businesses
- Non-credit related business - traditional fee services

Growth efforts paid off



Drove wealth business growth

Mid to high-end customers **+18%** YoY
 Inv. & insurance commissions **+26.4%**



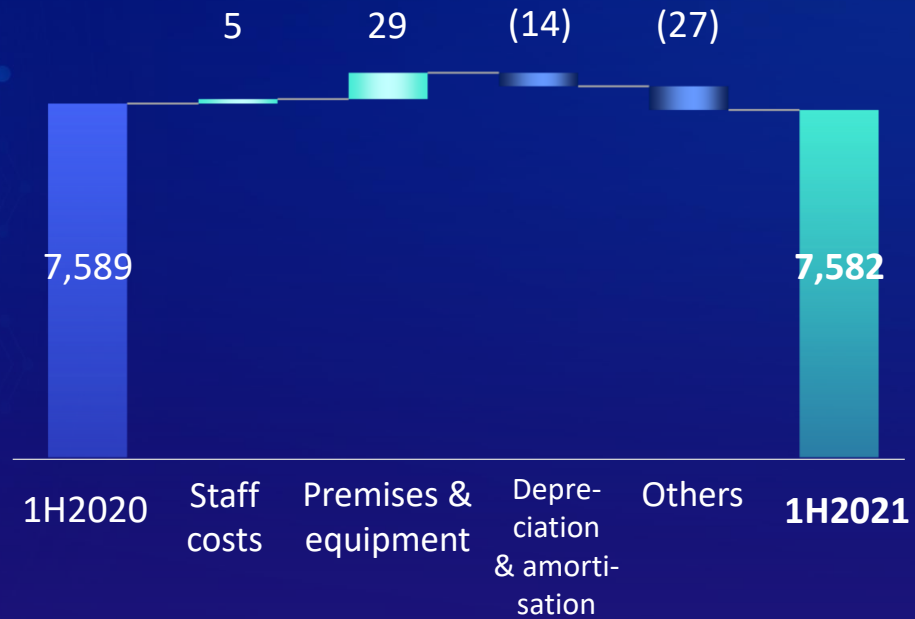
Traditional business underpinned by economic recovery

Trust and custody service fees **+16.1%**
 Bills commissions **+15.5%**

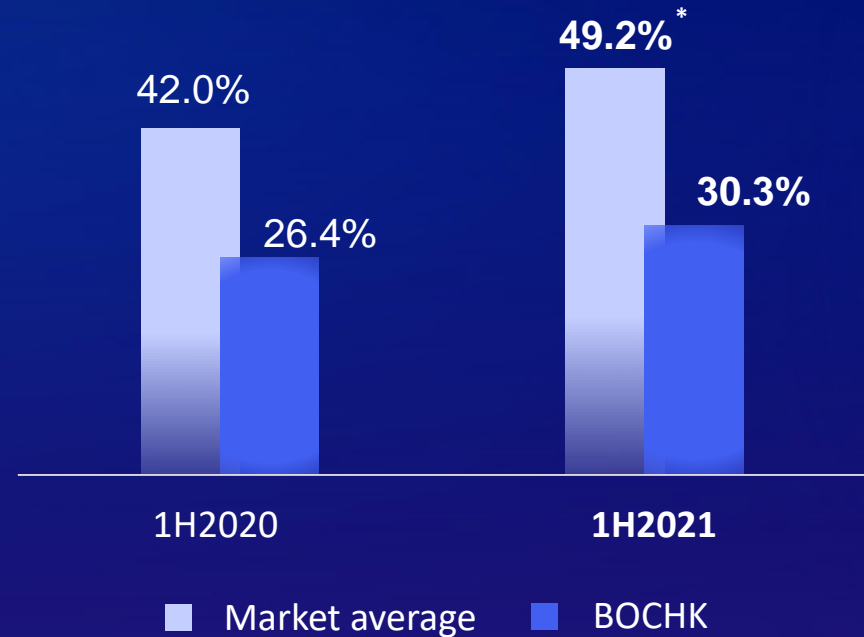
Good Operating Efficiency

Flattish operating expenses

HK\$m



Cost to income ratio outperformed market



Data source: Hong Kong Monetary Authority

*1Q2021

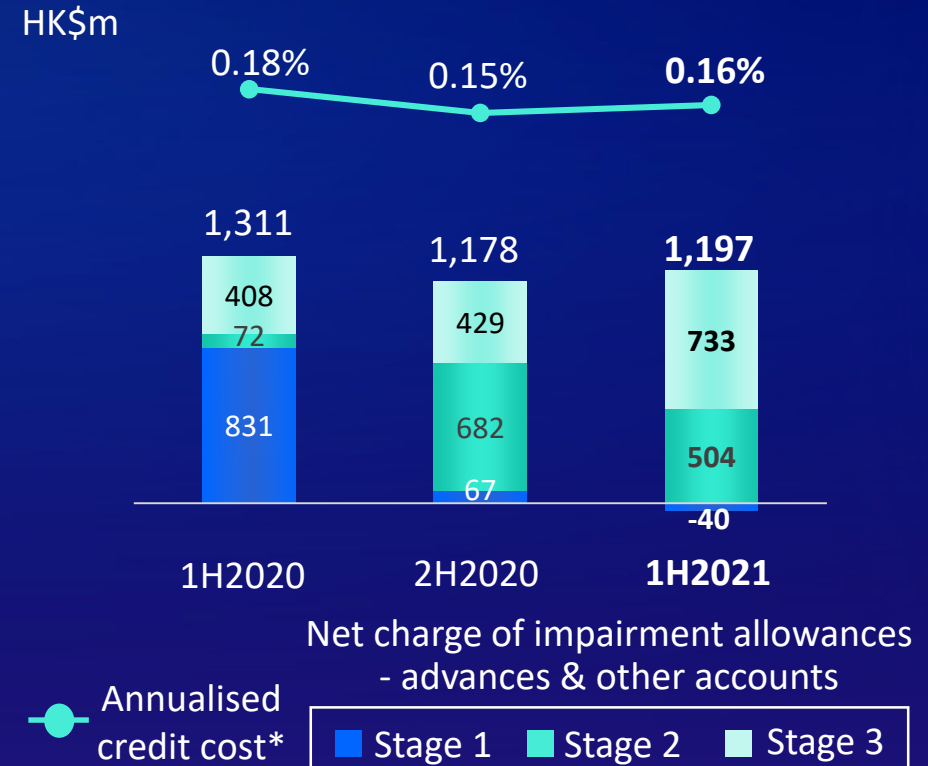
Solid Asset Quality

Manageable asset quality risk



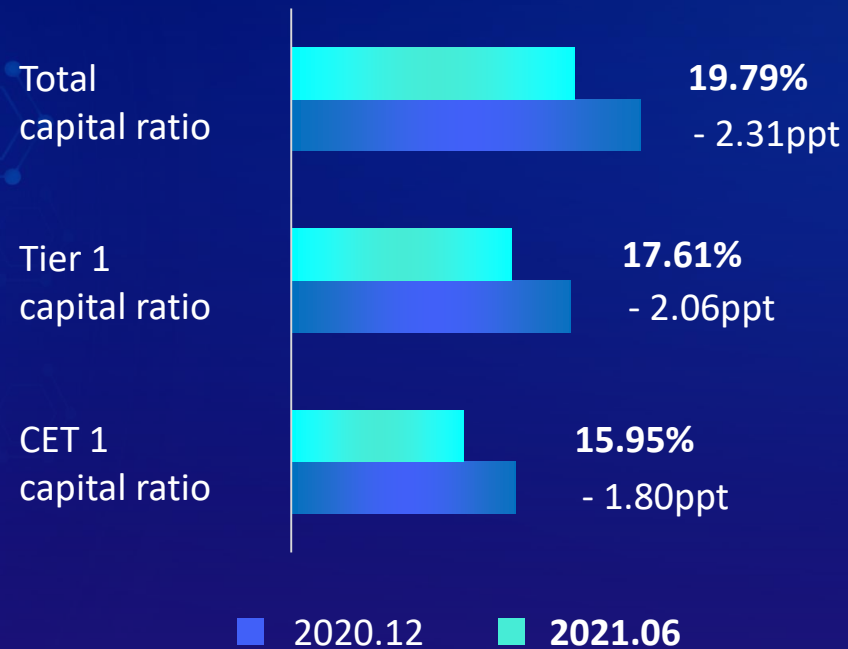
* Adjusted for IPO-related impact

Prudent level of provisions

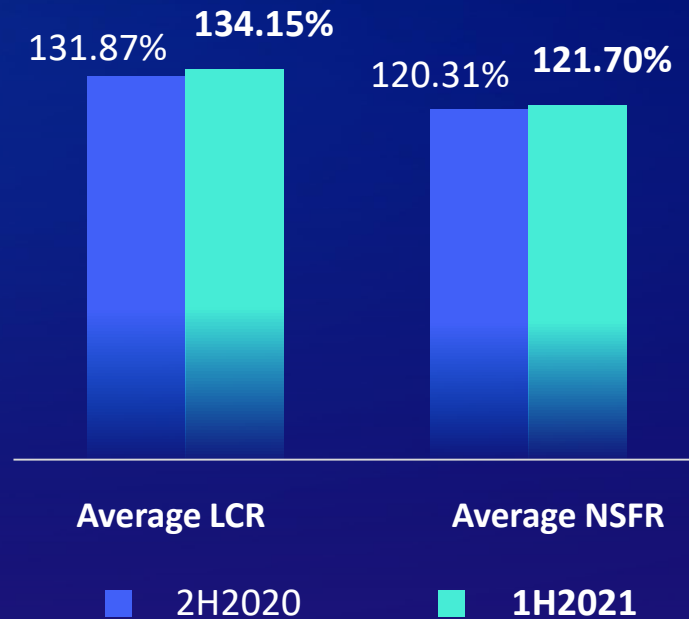


Adequate Capital and Liquidity

Sufficient capital



Sound liquidity positions



**Negative impact from IPO-related business on total capital ratio, Tier 1 capital ratio and CET1 capital ratio is 1.40ppt, 1.25ppt and 1.13ppt respectively*



Outlook

Outlook

Divergent economic recovery due to the evolving global pandemic development

Volatile financial markets driven by potential shift in monetary policies of major economies

Low interest rate environment continues to weigh on banking sector

Digitalisation and low carbon transition prompts banks to expedite transformation

Challenges

Opportunities

Solid growth of Mainland economy with high-level opening-up

Orderly implementation in GBA construction alongside deepened mutual market access schemes

Global focus gradually shifts to Asia with promising ASEAN economic outlook

Special position and advantages of Hong Kong as a “Super-connector”

Build a First-Class Regional Banking Group

Strategic Goals & Values



Build a First-Class Regional Banking Group

Provide Excellent Service

Innovate with Prudence

Uphold Openness and Inclusiveness

Collaborate for Mutual Growth

Work Priorities

- Fulfil BOC values and social responsibility
- Focus on fighting virus and caring for staff
- Deepen personal banking transformation with customer-oriented approach
- Enhance regional collaboration to realise synergies
- Pursue innovation-driven growth through digitalisation
- Innovate RMB products to solidify business advantages
- Optimise integrated capabilities to sharpen competitive edge
- Stick to risk management baseline and pursue best practices
- Improve cost efficiency and build a low carbon bank

Appendices

Income Statement and Balance Sheet Summary

Income statement summary (HK\$m)	1H2021	1H2020	Change
Net interest income	15,942	18,636	-14.5%
Net fee and commission income	6,657	5,435	22.5%
Other non-interest income	2,451	4,672	-47.5%
Net operating income before impairment allowances	25,050	28,743	-12.8%
Operating expenses	(7,582)	(7,589)	-0.1%
Pre-provision Operating Profit (PPOP)	17,468	21,154	-17.4%
Net charge of impairment allowances	(1,182)	(1,366)	-13.5%
Operating profit	16,286	19,788	-17.7%
Profit for the period	13,591	16,161	-15.9%
Per share (HK\$)	1H2021	1H2020	Change
Basic earnings per share	1.1895	1.4385	-0.2490
Dividend per share	0.4470	0.4470	-
Balance sheet summary (HK\$m)	2021.06	2020.12	Change
Total assets	3,834,870	3,320,981	15.5%
Advances to customers	1,744,953	1,497,864	16.5%
<i>Advances to customers (ex-IPO)</i>	<i>1,589,766</i>	<i>1,497,864</i>	<i>6.1%</i>
Total liabilities	3,512,577	3,001,326	17.0%
Deposits from customers	2,682,440	2,183,709	22.8%
<i>Deposits from customers (ex-IPO)</i>	<i>2,295,051</i>	<i>2,182,594</i>	<i>5.2%</i>
Capital and reserves attributable to equity holders	322,293	319,655	0.8%

Average Balances and Average Interest Rates

(HK\$m) / % Assets	1H2021		1H2020	
	Average balance	Average yield	Average balance	Average yield
Balances and placements with banks and other financial institutions	385,213	0.80%	305,597	1.09%
Debt securities investments and other debt instruments	970,458	1.27%	839,362	2.04%
Advances to customers and other accounts	1,604,278	1.52%	1,478,356	2.52%
Other interest-earning assets	17,715	0.70%	27,863	1.09%
Total interest-earning assets	2,977,664	1.34%	2,651,178	2.19%

Liabilities	1H2021		1H2020	
	Average balance	Average rate	Average balance	Average rate
Deposits and balances from banks and other financial institutions	203,553	0.44%	197,300	0.77%
Current, savings and time deposits	2,263,622	0.30%	1,964,093	0.94%
Subordinated liabilities	-	-	2,920	5.50%
Other interest-bearing liabilities	18,178	1.09%	36,464	1.40%
Total interest-bearing liabilities	2,485,353	0.32%	2,200,777	0.94%

Net interest margin	1H2021	1H2020
Net interest margin	1.08%	1.41%
Net interest margin (adjusted)*	1.10%	1.50%

* Included the funding income or cost of FX swap contracts

Fee and Commission Income

HK\$m	1H2021	1H2020	Change
Securities brokerage	2,189	1,567	39.7%
Loan commissions	1,793	1,389	29.1%
Credit card business	996	924	7.8%
Insurance	734	713	2.9%
Funds distribution	518	442	17.2%
Payment services	374	358	4.5%
Trust and custody services	374	322	16.1%
Bills commissions	321	278	15.5%
Currency exchange	58	157	-63.1%
Safe deposit box	151	153	-1.3%
Others	608	495	22.8%
Fees and commission income	8,116	6,798	19.4%
Fees and commission expense	(1,459)	(1,363)	7.0%
Net fee and commission income	6,657	5,435	22.5%

Operating Expenses

HK\$m	1H2021	1H2020	Change
Staff costs	4,389	4,384	0.1%
Premises & equipment expenses	579	550	5.3%
Depreciation and amortisation	1,515	1,529	-0.9%
Others	1,099	1,126	-2.4%
Total operating expenses	7,582	7,589	-0.1%

Customer Deposits

HK\$m	2021.06	2020.12	Change
Total deposits from customers	2,682,440	2,183,709	22.8%
CASA	1,967,144	1,459,261	34.8%
Demand deposits and current accounts	776,366	310,226	150.3%
Saving deposits	1,190,778	1,149,035	3.6%
Time, call and notice deposits	715,296	724,448	-1.3%
Total deposits from customers (ex-IPO)	2,295,051	2,182,594	5.2%
CASA (ex-IPO)	1,579,755	1,458,146	8.3%

Advances to Customers

HK\$m	2021.06	2020.12	Change
Loans for use in Hong Kong - industrial, commercial and financial	743,681	539,633	37.8%
Property development	155,058	132,966	16.6%
Property investment	83,542	64,768	29.0%
Financial concerns	25,558	24,110	6.0%
Stockbrokers	111,359	1,656	6624.6%
Wholesale and retail trade	31,533	30,523	3.3%
Manufacturing	45,164	53,629	-15.8%
Transport and transport equipment	73,872	74,633	-1.0%
Recreational activities	185	198	-6.6%
Information technology	28,980	25,579	13.3%
Others	188,430	131,571	43.2%
Loans for use in Hong Kong - individuals	468,957	451,824	3.8%
Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	28,475	27,809	2.4%
Loans for purchase of other residential properties	326,062	311,070	4.8%
Credit card advances	10,591	10,959	-3.4%
Others	103,829	101,986	1.8%
Trade financing	83,850	66,497	26.1%
Loans for use outside HK	448,465	439,910	1.9%
Gross advances to customers	1,744,953	1,497,864	16.5%
Gross advances to customers (ex-IPO)	1,589,766	1,497,864	6.1%

Gross Advances and Other Accounts by Internal Credit Grade and Stage Classification

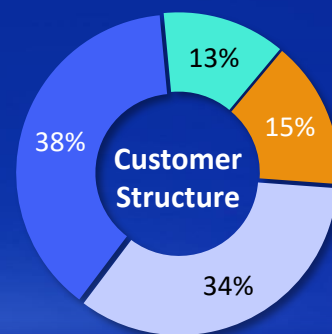
HK\$m	2021.06				2020.12			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Advances to customers	1,709,615	30,261	5,077	1,744,953	1,470,492	23,378	3,994	1,497,864
Pass	1,706,445	26,463	-	1,732,908	1,466,646	20,352	-	1,486,998
Special mention	3,170	3,798	-	6,968	3,846	3,026	-	6,872
Substandard or below	-	-	5,077	5,077	-	-	3,994	3,994
Trade bills	11,746	-	-	11,746	9,826	-	-	9,826
Pass	11,746	-	-	11,746	9,826	-	-	9,826
Special mention	-	-	-	-	-	-	-	-
Substandard or below	-	-	-	-	-	-	-	-
Advances to banks and other financial institutions	1,355	-	-	1,355	1,898	-	-	1,898
Pass	1,355	-	-	1,355	1,898	-	-	1,898
Special mention	-	-	-	-	-	-	-	-
Substandard or below	-	-	-	-	-	-	-	-
Gross advances and other accounts	1,722,716	30,261	5,077	1,758,054	1,482,216	23,378	3,994	1,509,588
Impairment allowances	(5,357)	(1,599)	(3,246)	(10,202)	(5,405)	(1,115)	(2,652)	(9,172)
Advances and other accounts	1,717,359	28,662	1,831	1,747,852	1,476,811	22,263	1,342	1,500,416

Non-bank Mainland Exposures

HK\$m (* Adjusted for IPO-related impact)	On-balance sheet exposure				Off-balance sheet exposure	Total exposure
	Total loans and advances	O/W: for use in Mainland	Debt securities and others	Subtotal		
Central government, central government-owned entities and their subsidiaries and joint ventures*	295,205	85,092	96,753	391,958	43,072	435,030
Local governments, local government-owned entities and their subsidiaries and joint ventures*	63,663	27,978	2,011	65,674	8,388	74,061
PRC nationals residing in Mainland or other entities incorporated in Mainland and their subsidiaries and joint ventures *	115,528	33,609	8,844	124,372	31,846	156,218
Others*	109,579	75,974	1,125	110,704	12,984	123,689
Sub-total	583,975	222,653	108,733	692,708	96,290	788,998
IPO financing	37,601	-	-	37,601	-	37,601
Total	621,576	222,653	108,733	730,309	96,290	826,599

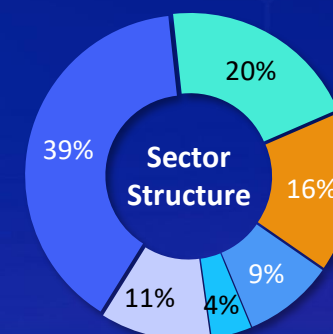
With reference to the completion instructions for the HKMA return of Mainland activities (note 44 of Notes to the Interim Financial Information of 2021 Interim Report), as of 30 June 2021, the total on-balance sheet non-bank Mainland exposure was HK\$730.3bn.

Excluding the IPO impact, the total on-balance sheet non-bank Mainland exposure was HK\$692.7bn, up 7% from the end of last year, accounting for 21.7% of total assets. Of which, total loans and advances was HK\$584.0bn, up HK\$29.1bn or 5.3% YTD. Asset quality was stable with NPL ratio of 0.22%. Loan for use in Mainland was HK\$222.7bn, accounting for 14.0% of total loans of the Group.



- Central government, central government owned entities and their subsidiaries and joint ventures
- Local governments, local government owned entities and their subsidiaries and joint ventures
- PRC nationals residing in Mainland or other entities incorporated in Mainland and their subsidiaries and joint ventures
- Others

Analysis of the loans and advances for use in Mainland



- Property development & investment
- Electricity and gas
- Manufacturing
- Transport and transport equipment
- Hotel, Inn and food & beverage
- Others

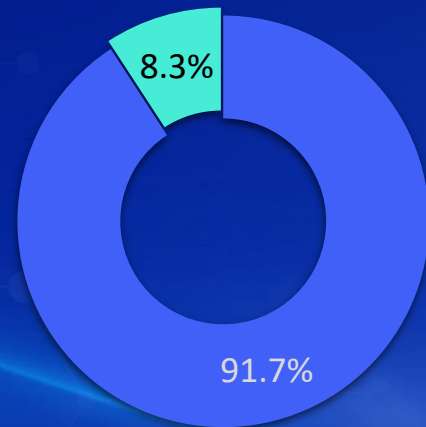
Loan Exposure to Vulnerable Sectors

As of 30 June 2021, customer loan exposure to industries (incl. trading, retail, aviation, tourism(incl. hospitality), F&B, entertainment) severely affected by Covid-19 amounted to **HK\$162.8bn**, accounting for **10.24%** of total loans, an increase of HK\$11.9 bn and 0.17 ppt from 31 Dec 2020, respectively

Exposure by customer type: 91.7% to large corporates, up 0.9ppt; 8.3% to SMEs

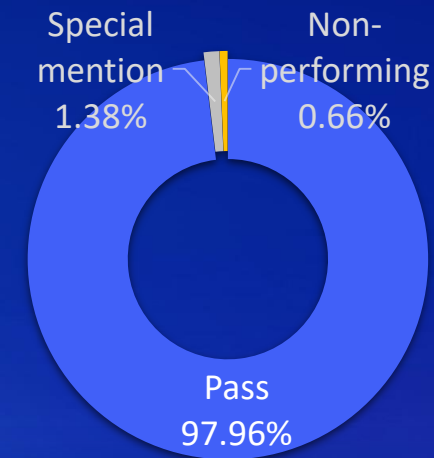
Asset quality: Special mention loans totalled HK\$2,250m, accounting for 1.38% of the relevant loan balances; non-performing loans were HK\$1,070m, accounting for 0.66% of the relevant loan balances. **Overall asset quality remained stable**

Exposure by customer type

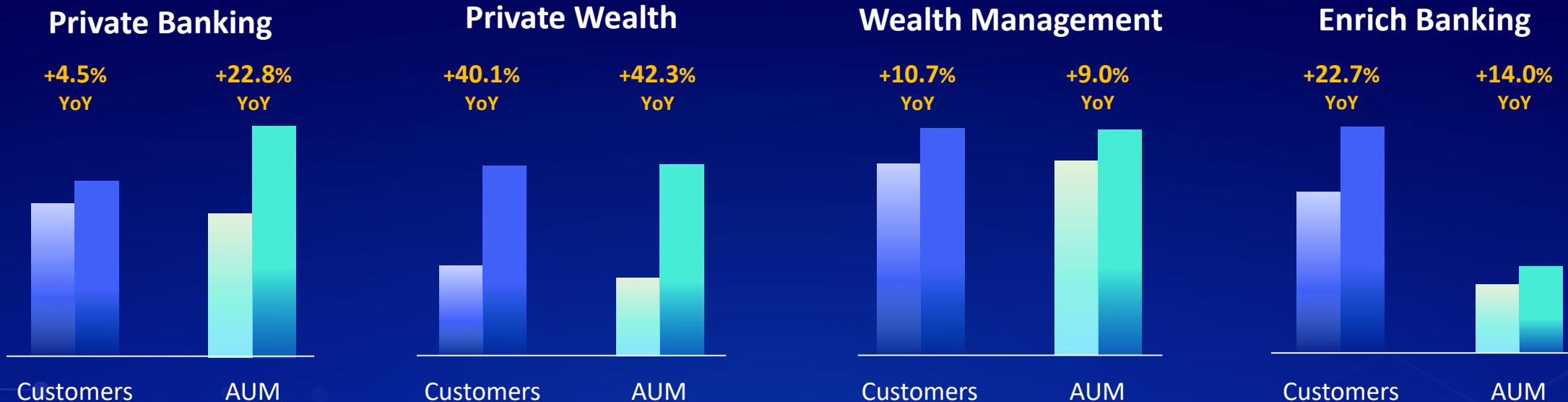


■ Large corporates ■ SMEs

Asset quality



■ Pass ■ Special mention ■ Non-performing

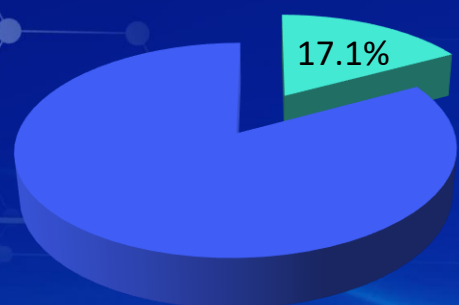


- Provided exclusive service to mid to high-end wealth management customers, with customer number **+17.9%** and AUM **+17.5%** YoY
- Private Banking (PB): Infused **green financing and ESG** into products and services, and enhanced service capability through digitalisation, and by enriching bespoke investment and wealth succession products
- Private Wealth (PW): newly launched remote wealth management services such as **online investment, online insurance** and an instant messaging consultation service **RM Chat**; **PW customers'** investment transaction volume via e-channel accounted for **more than 80%** of total
- Wealth management customers aged between 31 and 45 up by **25%** in 2020, and **80%** of them are **digitally active**; Adopted an **Interactive Wealth Service Model** to match the autonomous wealth management style of young millionaire customers and help them to grow wealth

HK\$m	1H2021	1H2020	Change
Standard new premium	6,286	5,442	15.5%
Profit before tax	513	392	30.9%
Total assets	190,041 (2021.06)	164,982 (2020.06)	15.2%
		179,865 (2020.12)	5.7%



Rose to 2nd in the market

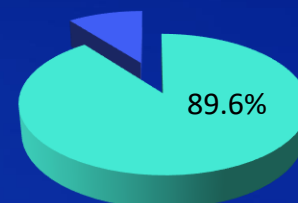


- BOC Life
- Other Insurance Companies

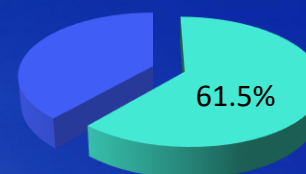
- In 1Q21, BOC Life's standard new premium market share was 17.1%, a rise to **2nd place ranking** from 3rd in 2020
- Kept diversifying distribution channels, maintained leading market position in bancassurance sales, and proactively expanded its tied agency and broker channels. In 1H21, standard new premiums conducted via tied agency **increased by 95% YoY**
- **At the forefront** of the Qualifying Deferred Annuity Policy (QDAP) market since launch in 2019

Top RMB insurance business and E-Channel* Player

RMB insurance business



E-Channel



- BOC Life
- Other Insurance Companies

- Maintained RMB insurance market leadership, with **share of 89.6%** in 1Q21
- In 1H21, RMB standard new premium **increased by 65% YoY**, proportion of total standard new premiums increased from 28% to 40%
- E-channel* **market share reached 61.5%** in 1Q21, maintaining leadership
- Standard new premiums conducted via e-channel **rose by 25% YoY** in 1H21

*Statistics from Insurance Authority: Direct Distribution Channel include online channel sales, direct mail and telesales with majority coming from online channel sales