

2024 Interim Results

29 August 2024



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



Strategy Review



**Financial &
Business Results**



Outlook



Strategy Review

Solid Growth in Operating Results and Continued Increase in Shareholder Returns

Operating Profit

HK\$25.1bn

+15.2% YoY

Profit Attributable to Equity Holders

HK\$20.0bn

+17.9% YoY

ROE

12.39%

+1.58ppt YoY

Interim Dividend

HK\$0.570 per share

+8.2% YoY

Enhancing Service Quality and Efficiency while Deepening Local Market Development

Personal Banking

#1 in cumulative number of new residential mortgage loans for **5** consecutive years
Market share in fund sales **doubled** YoY
Number of payroll accounts **up 12%** YoY

High-end customer base **up 10%** YoY
Cross-border customers **grew by over 20%** YoY
First-time young customer accounts via “TrendyToo” **up ~50%** YoY

BOC Life

Standard new premium **up 79%**
#2 in standard new premium in 1Q24



Corporate Banking

HK/Macao syndicated loans ranked **#1** for **19** consecutive years

Number of cash pools **up 21%**
Number of bonds underwritten **up 18%** YoY
Assets under custody from corporate and institutional clients **up 44%**

BOCI Prudential

MPF AUM **up 8%**,
ranking among **the top in the market**



Financial Markets

Number of customers conducting online transactions **increased steadily** YoY

Rapid growth in transaction volume from institutional treasury business

Continued to strengthen status as a market-maker for HKD and RMB

Maintained **leading positions** in RMB and HKD bond underwriting

BOCHK Asset Management

Assets under management and advisory **up 20%** YoY



Leveraging Financial Collaboration to Consolidate GBA Business Advantages

Cross-boundary Wealth Management Connect

Launched **“Cross-boundary WMC 2.0”** service
Southbound and Northbound customers **rose 50%** YTD,
volume of funds remitted multiplied and continued to **lead the market**

Stock Connect, Bond Connect and Swap Connect

Sustained **leading market positions**
Scale of **Swap Connect** business gradually expanded

Initiatives for the Innovative Tech Industry

Loans granted under the “Innovation & Technology and Talent Financing Incentive Scheme” **grew 54%** YTD
Launched new services **tailored to the needs of innovative technology and digital transformation in the GBA**

Cross-border Payment

BoC Pay transaction amount in the Mainland **rose 2.2x**
Credit cards transaction amount in the Mainland **up 26%**

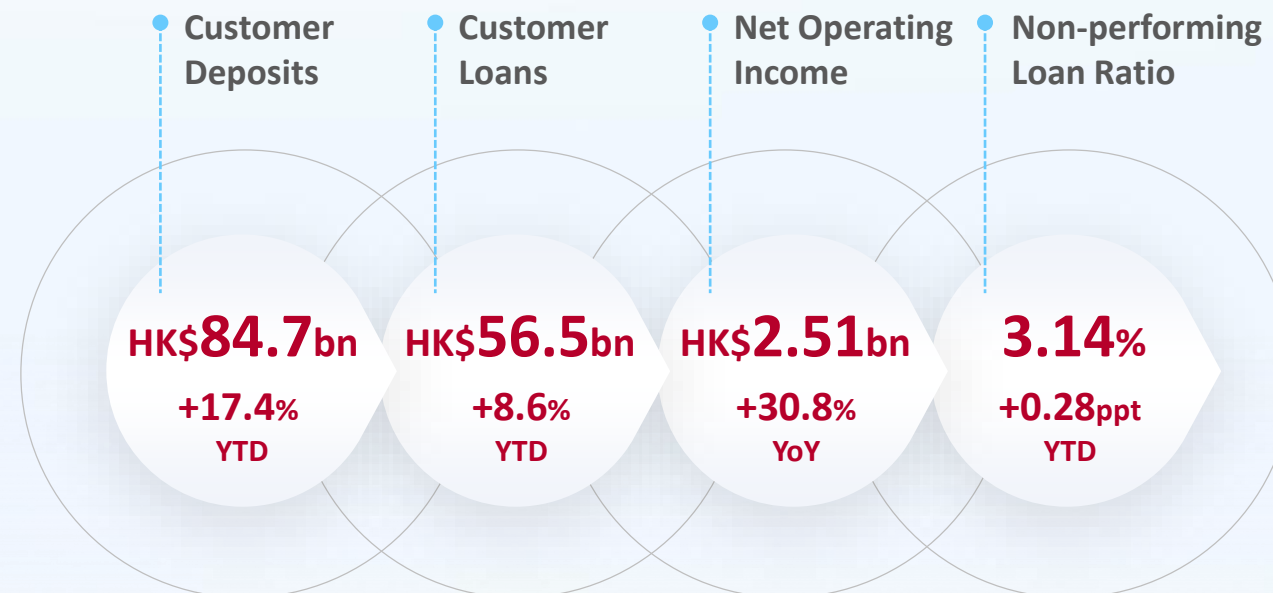
GBA Account Opening

Customer base **grew 10%** YTD



Refining Product and Service Portfolios and Promoting Collaborative Development in the Region

- Remained focused on **Belt and Road cooperation** and **“Going Global”** projects, as well as **regional large corporates**
Actively led and participated in regional syndicated loans and advanced green finance business
- Refined personal products and services portfolio and promoted mobile and cross-border payment, further enhancing **“Wealth Management”** services as a regional brand
- Tapped business opportunities in treasury services, with **double-digit growth** in SEA entities’ treasury business transaction volume



Notes: Customer deposits, customer loans and net operating income represent the consolidated data of nine Southeast Asian entities prepared in accordance with Hong Kong Financial Reporting Standards. Constant currency terms were used in calculating percentage changes. The non-performing loan ratio was calculated based on entities’ local regulatory requirements.



Strengthening RMB Business Foundations while Supporting Offshore Market Development

+32%

RMB Customer
Loans

+17%

RMB Customer
Deposits

RMB **374^{tn}** / **+95%**

HK's RMB Clearing Volume* Accounted for
~80% of the Global Offshore Total

Cementing Business Advantages

RMB clearing volumes of BOC Malaysia and the Manila Branch grew by **71%** and **25%** respectively

Market-leading positions in RMB loans, deposits, cross-border cash pooling, and Mutual Market Access schemes

Rapid growth in RMB fund sales, trade finance and SEA entities' treasury business transaction volumes

RMB standard new premium ranked **#1 for the 12 consecutive year** (as of 1Q24)

Leading Market Innovations

Launched a range of **RMB trade solutions** including services for e-commerce, commodities, Chinese brands "Going Global" and Belt and Road projects

Established the **BOCHK All Weather RMB Money Market Fund**

Promoted the usage of **e-CNY**, by introducing an **"e-CNY Zone"** on the BoC Pay app

Awarded **the Best Renminbi Bank** by *The Asset* for our operations in HKSAR, the Philippines, Indonesia and Cambodia

Deepening Digital Transformation to Drive High-quality and Sustainable Development



Construct Service Scenarios

Focused on **home purchasing, education** and **health** scenarios,
with highest daily Open API usage **exceeding 400,000, up 30%**

Over 180,000 cumulative downloads of “Home Expert” app

BoC Pay customers **up 9%**, BoC Bill settlement volume **up 7%**



Optimise Online Services

Active mobile banking personal customers **up 8%**, mobile penetration rate in SEA of **~76%**

Transaction volume on iGTB platform **up 63%** YoY, BOC Connect registered users **up 37%** YTD



Enhance Intelligent Operations

Continued to expand the capacity of the **Regional Operating Centre in Nanning**

Effectively utilised **Commercial Data Interchange (CDI)** to optimise loan approval processes

Expanded **smart operations** and strengthened **smart risk control** using AI models and robotic workflow automation



Promote Financial Innovation

Promoted the acceptance of **e-CNY** and actively participated in the construction of the e-CNY ecosystem

Became the only Chinese bank founding member of the **Project Ensemble Architecture Community**,
a wholesale central bank digital currency (CBDC) project established by the HKMA

Facilitated the development of **multi-CBDC platform** (mBridge) and deeply engaged in its Minimum
Viable Product (MVP) stage

Writing the Next Chapter for Green Finance and Nurturing New Drivers for Sustainable Development

Green & Sustainable
Development Loans

+18%

Number of ESG
Funds

+38%

ESG Bond
Investments

+18%

- Acted again as joint global coordinator for the HKSAR Government's issuance of **global multi-currency digital green bonds**
- Appointed by HKSAR Government as the **custodian bank** for its digital green bonds issuance for the 2nd consecutive year
- Launched “BeLeaf”, **Hong Kong’s first carbon footprint tracking function**, on mobile banking platform to encourage customers in adopting green and low-carbon lifestyles
- Obtained carbon neutrality certifications for BOC Tower and BOC Building in Hong Kong, becoming the **first commercial bank in the city to achieve carbon neutrality in self-owned properties**
- Supported HKSAR’s first “Hong Kong Green Week” and successfully held the forum: **“Cooperation & Innovation – Accelerating the Development of Sustainable Finance in China”**
- Carried out **over 13** charitable projects and **70** volunteer events totalling **over 12,300 service hours**

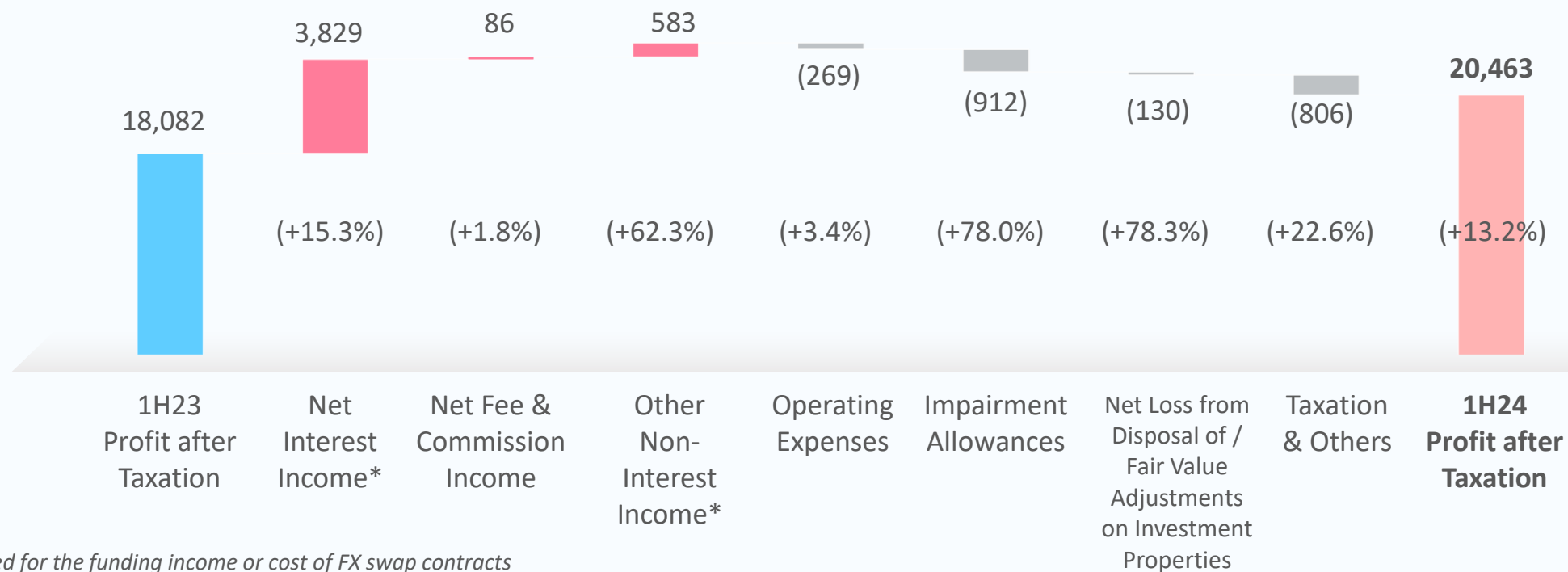




Financial & Business Results

Consistently Favourable Operating Results

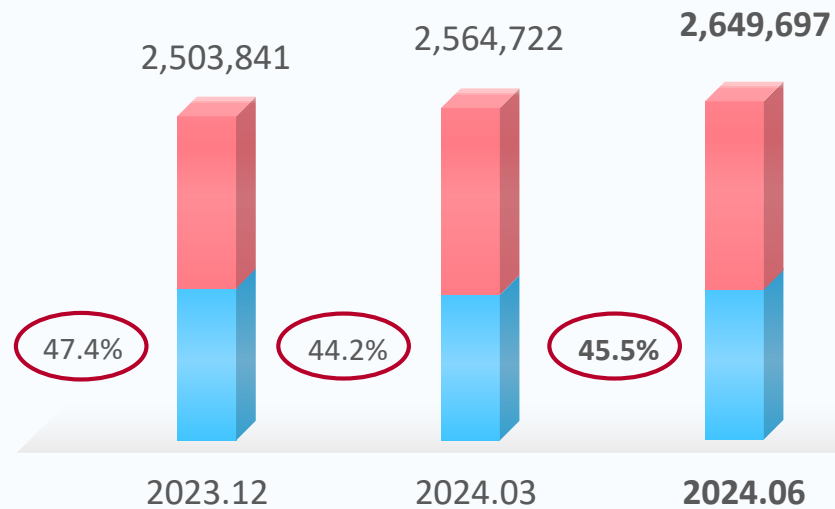
HK\$m



Market Outperformance in Loans and Deposits

Market Share in Deposits Rose to 15.71%

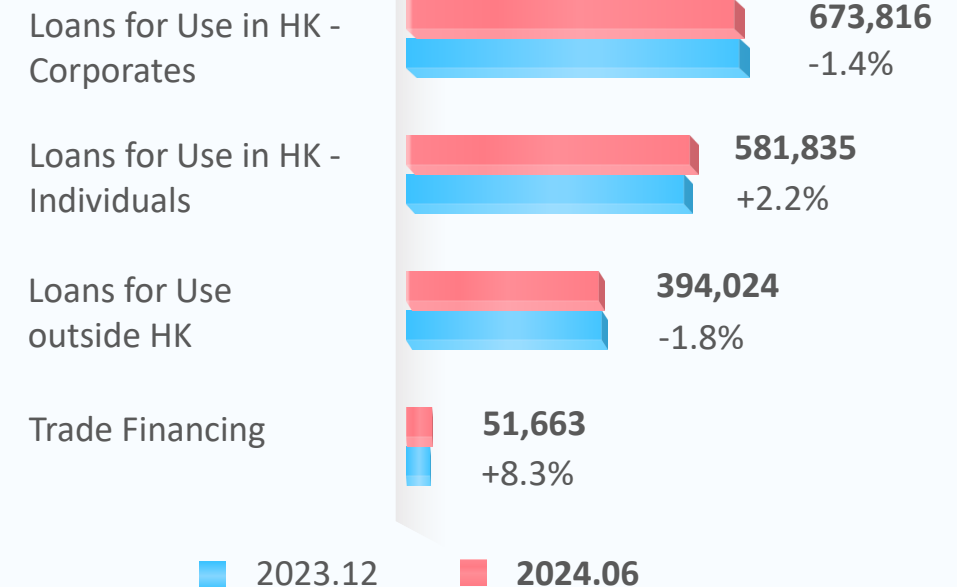
HK\$m



- Time and Other Deposits
- Current and Saving Deposits (CASA)
- CASA Ratio

Market Share in Loans Expanded to 16.46%

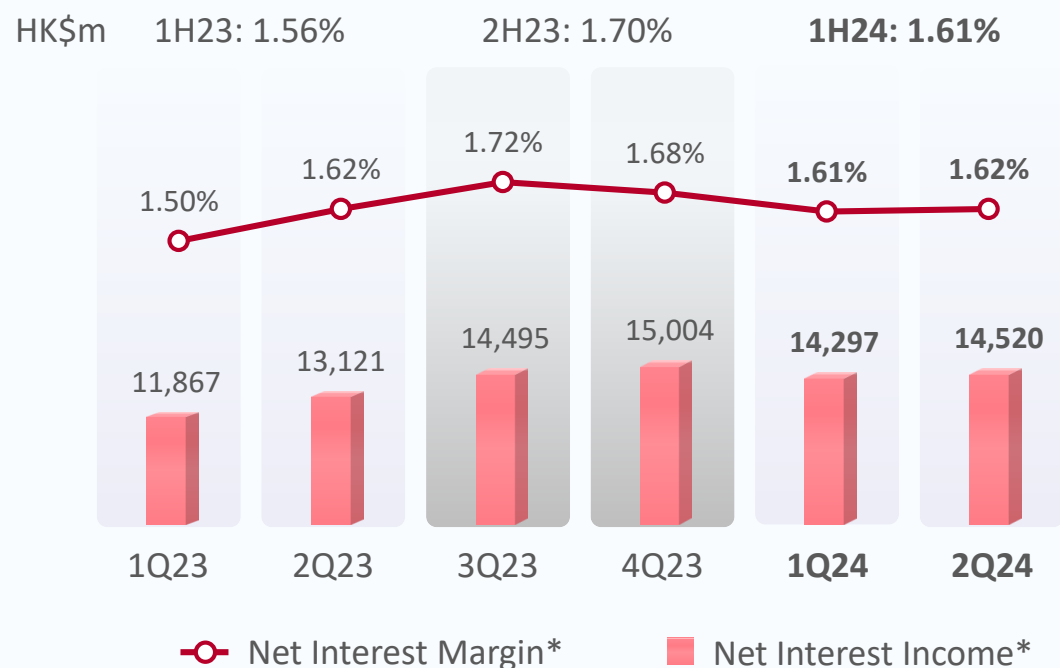
HK\$m



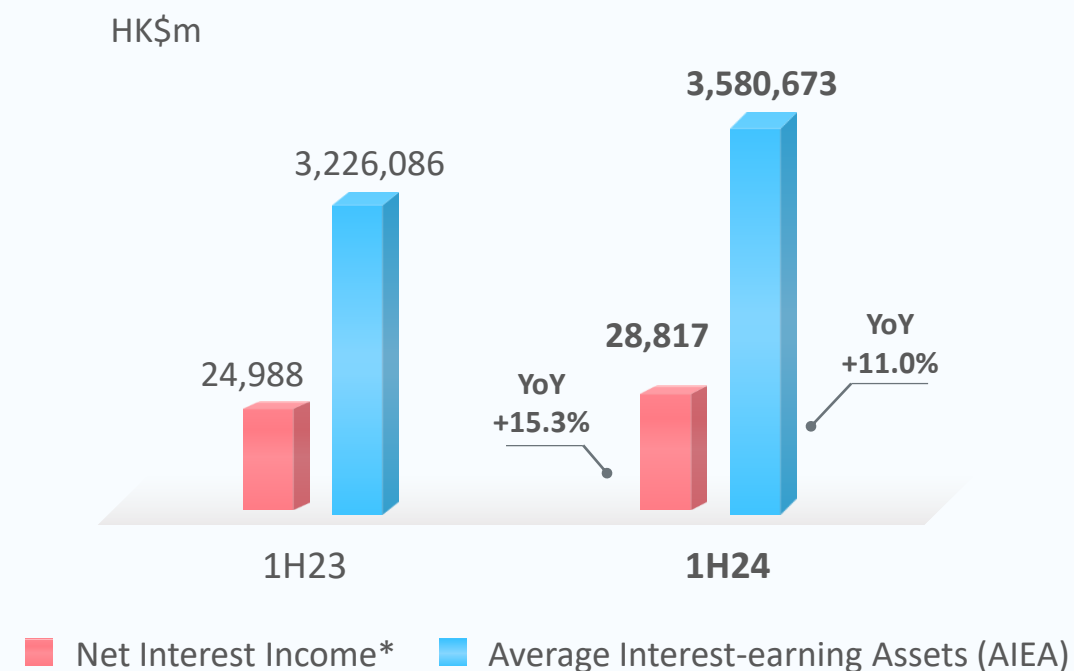
2023.12 2024.06

Satisfactory Growth in Net Interest Income

YoY Increase in Net Interest Margin

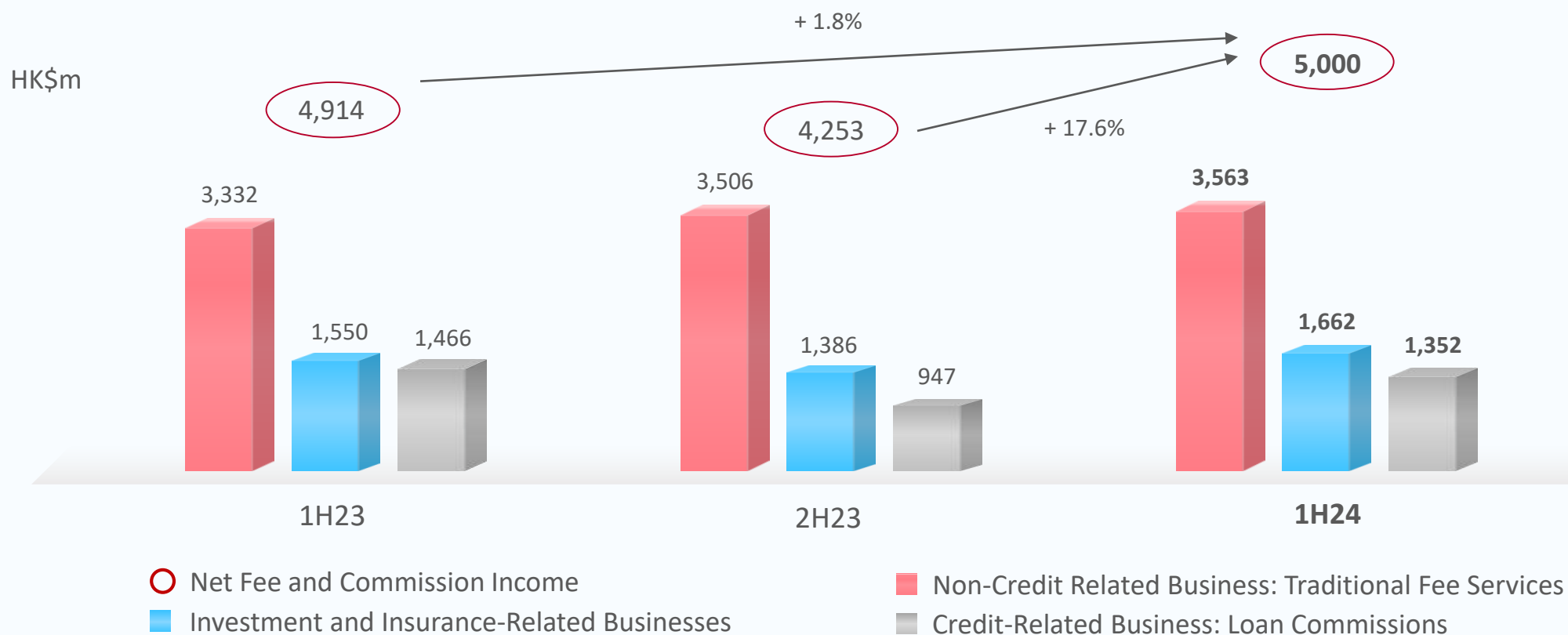


Continual Growth in Net Interest Income



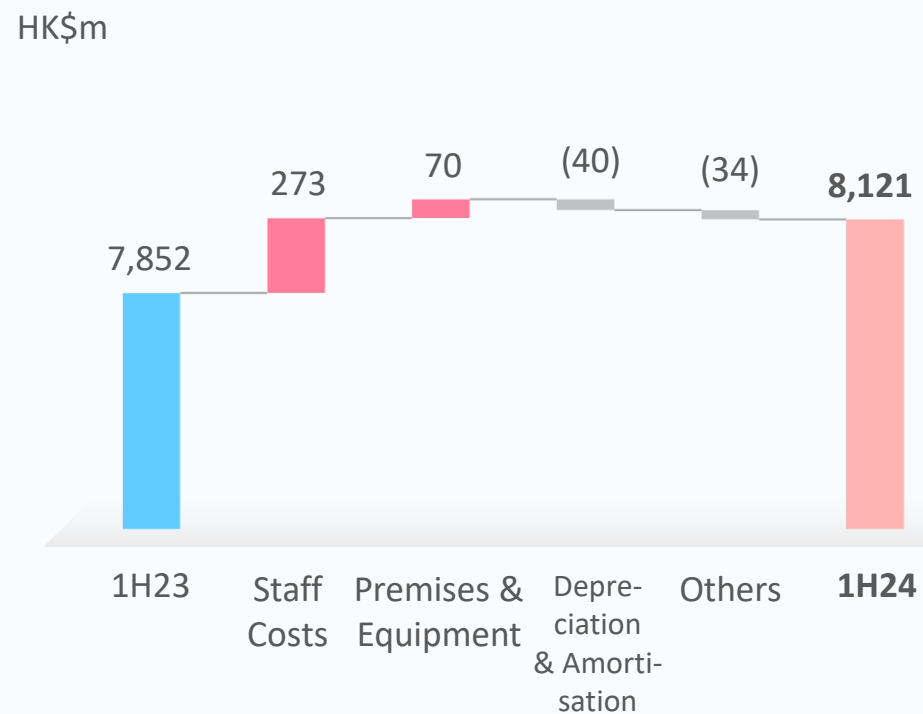
*Including the funding income or cost of foreign currency swap contracts

Steady Rebound in Fee Income

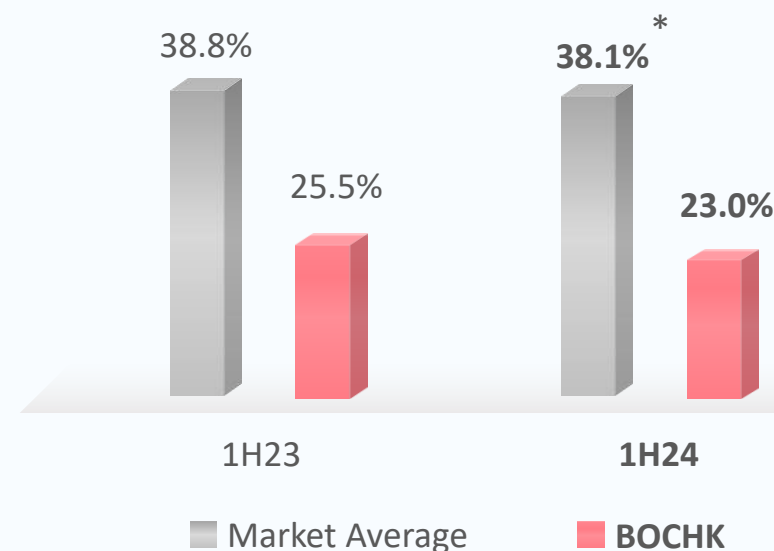


Consistently Healthy Cost Efficiency

Satisfying Basic Needs and Prioritising Key Strategies



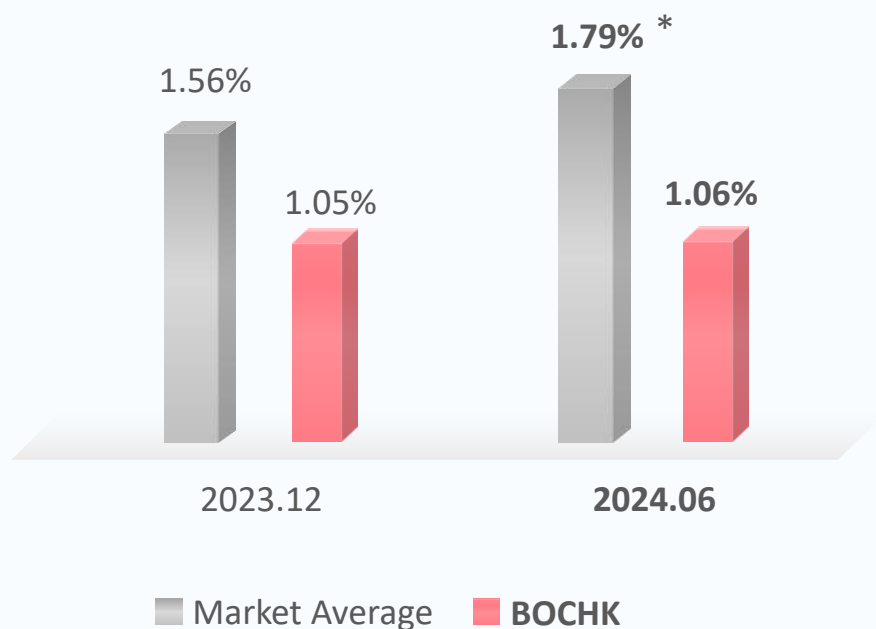
Consistently Outperforming the Market in Cost-to-income Ratio



Market data source: HKMA

*1Q24

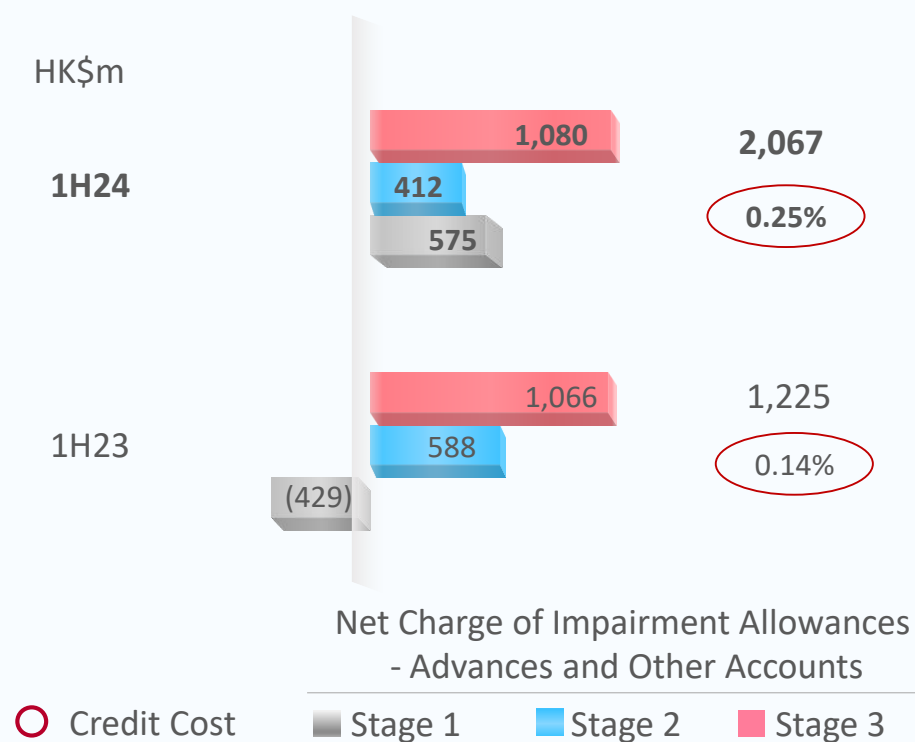
Stable Non-performing Loan Ratio



Market data source: HKMA

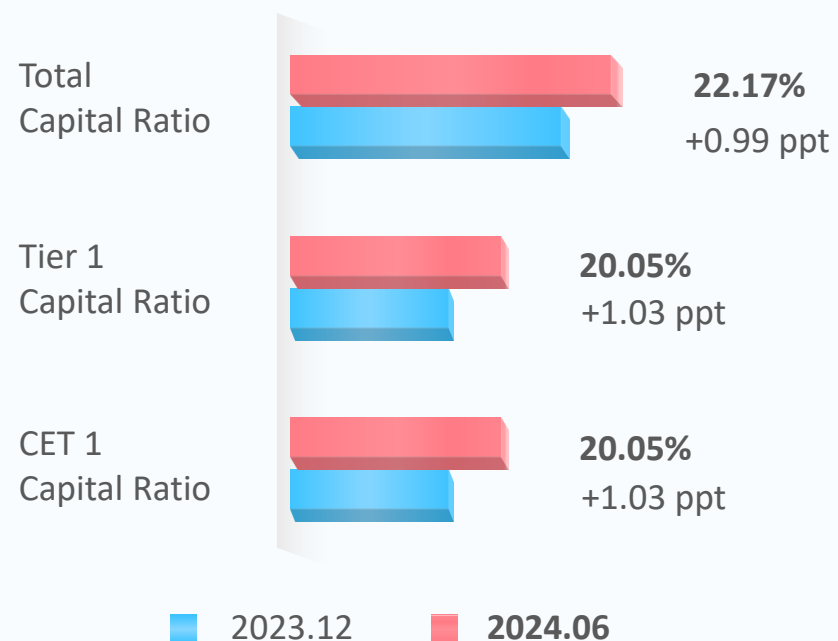
*1Q24

Strengthening Provision Base

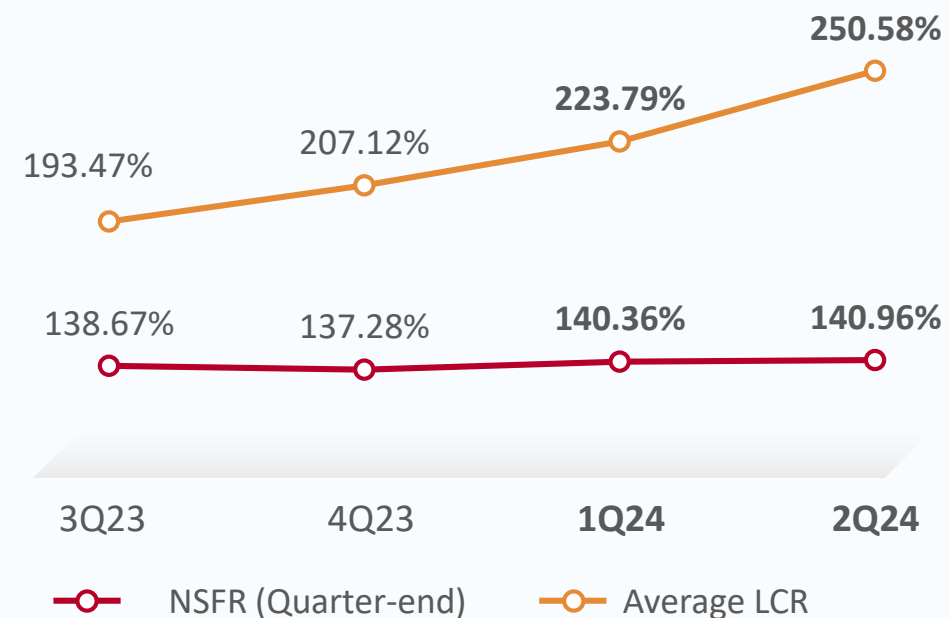


Solid Capital and Liquidity Levels

Solid Capital Levels



Enhancement in Liquidity





Outlook



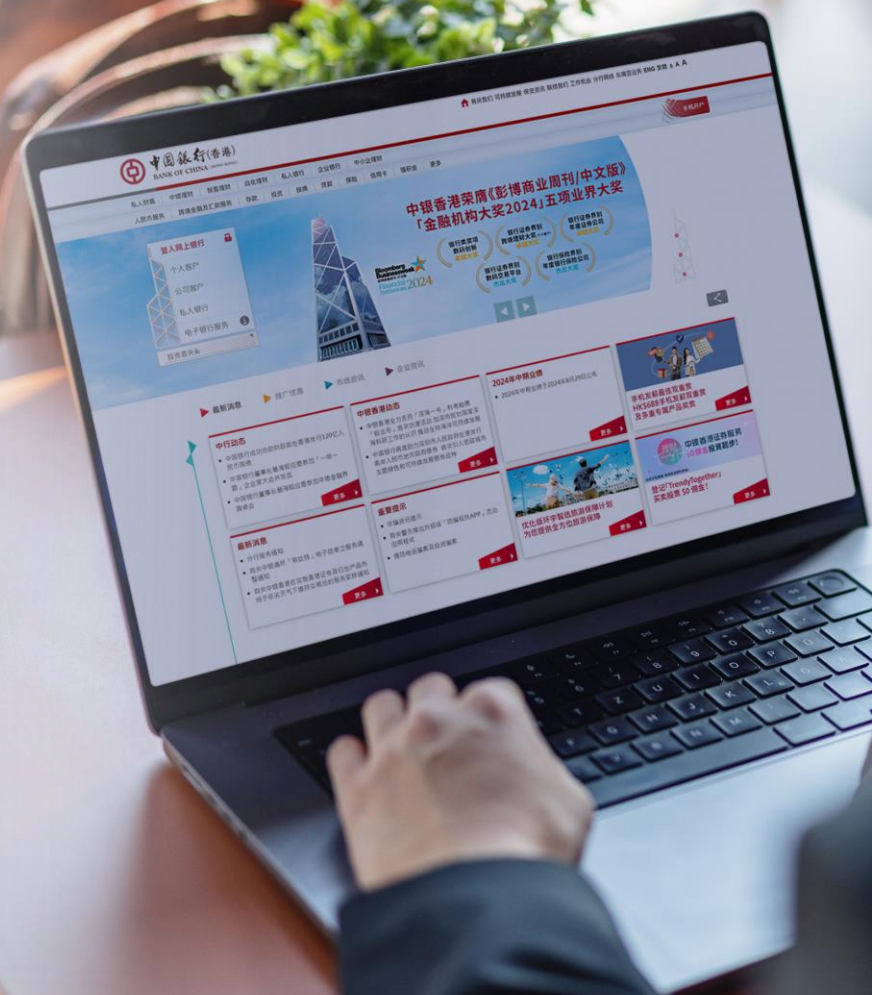
Challenges

- Global political and economic landscape is expected to undergo fresh changes
- Uncertainties persist in the direction of monetary policy changes among major economies
- Ongoing challenges for banks in balancing business growth with effective risk management



Opportunities

- Chinese mainland will cultivate **new quality productive forces**, further consolidating and strengthening its economic growth momentum
- HKSAR will proactively align with **national policies that benefit the city**, reinforcing its status as an **international financial centre**
- **RCEP** and Chinese enterprises' "Going Global" efforts will enter a new development stage, alongside steadfast and successful implementation of **Belt and Road cooperation**



Key Priorities in the Second Half

Develop capital-light products
as new growth drivers

Refine regional management
mechanism and tap new market
opportunities

Promote steady and prudent
RMB internationalisation
and connectivity schemes

Enhance collaboration
and integrated operations

Quantify transformation results
and cement digital foundations

Ensure solid business growth
with a strict risk “bottom-line”

Cultivate talented teams
and perform CSR



Appendices

Income Statement and Balance Sheet Summary

Income statement summary (HK\$m)	1H2024	1H2023	Change
Net interest income*	28,817	24,988	15.3%
Net fee and commission income	5,000	4,914	1.8%
Other non-interest income*	1,519	936	62.3%
Net operating income before impairment allowances	35,336	30,838	14.6%
Operating expenses	(8,121)	(7,852)	3.4%
Pre-provision Operating Profit (PPoP)	27,215	22,986	18.4%
Net charge of impairment allowances	(2,081)	(1,169)	78.0%
Operating profit	25,134	21,817	15.2%
Profit for the period	20,463	18,082	13.2%
Profit attributable to equity holders of the Company	20,040	16,998	17.9%

Per share (HK\$)	1H2024	1H2023	Change
Basic earnings per share	1.8954	1.6077	17.9%
Dividend per share	0.5700	0.5270	8.2%

Balance sheet summary (HK\$m)	2024.06	2023.12	Change
Total assets	3,998,248	3,868,783	3.3%
Advances to customers	1,701,338	1,702,302	-0.1%
Total liabilities	3,668,314	3,545,354	3.5%
Deposits from customers	2,649,697	2,503,841	5.8%
Total equity	329,934	323,429	2.0%

*Including the funding income or cost of foreign currency swap contracts

Average Balances and Average Interest Rates

(HK\$m / %)	1H2024		1H2023	
Assets	Average balance	Average yield	Average balance	Average yield
Balances and placements with banks and other financial institutions	627,359	1.81%	376,321	2.07%
Debt securities investments and other debt instruments	1,280,523	3.92%	1,154,081	2.97%
Advances to customers and other accounts	1,662,295	4.81%	1,683,288	4.31%
Other interest-earning assets	10,496	5.95%	12,396	6.93%
Total interest-earning assets	3,580,673	3.97%	3,226,086	3.58%

(HK\$m / %)	1H2024		1H2023	
Liabilities	Average balance	Average rate	Average balance	Average rate
Deposits and balances from banks and other financial institutions	294,307	2.44%	248,758	1.42%
Current, savings and time deposits	2,620,519	2.92%	2,299,194	2.61%
Subordinated liabilities	75,167	3.41%	77,534	3.26%
Other interest-bearing liabilities	101,241	3.62%	86,938	2.90%
Total interest-bearing liabilities	3,091,234	2.91%	2,712,424	2.53%

Net interest margin	1H2024	1H2023
Net interest margin	1.46%	1.45%
Net interest margin (adjusted)*	1.61%	1.56%

*Including the funding income or cost of foreign currency swap contracts

Fee and Commission Income

HK\$m	1H2024	1H2023	Change
Loan commissions	1,352	1,466	-7.8%
Credit card business	1,229	1,185	3.7%
Securities brokerage	962	952	1.1%
Trust and custody services	431	380	13.4%
Payment services	364	345	5.5%
Insurance	360	327	10.1%
Funds distribution	323	254	27.2%
Currency exchange	267	186	43.5%
Bills commissions	216	237	-8.9%
Safe deposit box	143	145	-1.4%
Funds management	17	17	0.0%
Others	913	854	6.9%
Fees and commission income	6,577	6,348	3.6%
Fees and commission expense	(1,577)	(1,434)	10.0%
Net fee and commission income	5,000	4,914	1.8%

Operating Expenses

HK\$m	1H2024	1H2023	Change
Staff costs	5,351	5,078	5.4%
Premises & equipment expenses	733	663	10.6%
Depreciation and amortisation	1,436	1,476	-2.7%
Others	1,193	1,170	2.0%
Less: Costs directly attributable to insurance contracts	(592)	(535)	10.7%
Total operating expenses	8,121	7,852	3.4%

	2024.06	2023.12	Change
Full-time staff headcount	14,910	14,916	-

Customer Deposits

HK\$m	2024.06	2023.12	Change
Total deposits from customers	2,649,697	2,503,841	5.8%
CASA	1,206,787	1,187,479	1.6%
Demand deposits and current accounts	230,597	216,366	6.6%
Savings deposits	976,190	971,113	0.5%
Time, call and notice deposits	1,431,501	1,314,203	8.9%
Structured deposits	11,409	2,159	428.4%

Advances to Customers

HK\$m	2024.06	2023.12	Change
Loans for use in Hong Kong - industrial, commercial and financial	673,816	683,604	-1.4%
Property development	169,324	188,115	-10.0%
Property investment	94,174	95,384	-1.3%
Financial concerns	19,034	16,506	15.3%
Stockbrokers	2,294	1,196	91.8%
Wholesale and retail trade	33,223	33,992	-2.3%
Manufacturing	59,799	58,991	1.4%
Transport and transport equipment	53,542	51,971	3.0%
Recreational activities	234	63	271.4%
Information technology	32,453	38,989	-16.8%
Others	209,739	198,397	5.7%
Loans for use in Hong Kong - individuals	581,835	569,559	2.2%
Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	48,340	45,079	7.2%
Loans for purchase of other residential properties	397,185	388,178	2.3%
Credit card advances	11,597	12,668	-8.5%
Others	124,713	123,634	0.9%
Trade financing	51,663	47,691	8.3%
Loans for use outside Hong Kong	394,024	401,448	-1.8%
Gross advances to customers	1,701,338	1,702,302	-0.1%

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

HK\$m	2024.06				2023.12			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Advances to customers	1,654,945	27,461	18,097	1,700,503	1,662,596	21,046	17,797	1,701,439
Pass	1,653,100	18,442	-	1,671,542	1,659,557	16,721	-	1,676,278
Special mention	1,845	9,019	-	10,864	3,039	4,325	-	7,364
Substandard or below	-	-	18,097	18,097	-	-	17,797	17,797
Trade bills	2,590	-	-	2,590	3,751	-	-	3,751
Pass	2,588	-	-	2,588	3,751	-	-	3,751
Special mention	2	-	-	2	-	-	-	-
Substandard or below	-	-	-	-	-	-	-	-
Advances to banks and other financial institutions	1,807	-	-	1,807	1,815	-	-	1,815
Pass	1,807	-	-	1,807	1,815	-	-	1,815
Special mention	-	-	-	-	-	-	-	-
Substandard or below	-	-	-	-	-	-	-	-
Gross advances and other accounts	1,659,342	27,461	18,097	1,704,900	1,668,162	21,046	17,797	1,707,005
Impairment allowances	(4,764)	(1,290)	(10,292)	(16,346)	(4,113)	(1,056)	(9,555)	(14,724)
Advances and other accounts	1,654,578	26,171	7,805	1,688,554	1,664,049	19,990	8,242	1,692,281

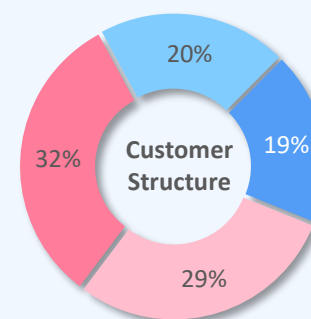
Non-bank Mainland Exposures

HK\$m	On-balance sheet exposure				Off-balance sheet exposure	Total exposure
	Total loans and advances	<i>O/W: for use in Mainland</i>	Debt securities and others	Subtotal		
Central government, central government-owned entities and their subsidiaries and joint ventures	264,147	57,461	80,225	344,372	26,511	370,883
Local governments, local government-owned entities and their subsidiaries and joint ventures	70,744	36,791	9,487	80,231	5,416	85,647
PRC nationals residing in Mainland or other entities incorporated in Mainland and their subsidiaries and joint ventures	104,850	33,705	5,549	110,399	20,874	131,273
Others	84,915	52,682	696	85,611	11,419	97,030
Total	524,655	180,640	95,957	620,613	64,220	684,833

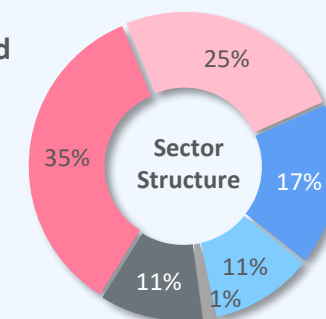
With reference to the completion instructions for the HKMA's return of Mainland activities (Note 42 of the Notes to the Financial Statements of 2024 Interim Report), as of 30 June 2024, the total on-balance sheet non-bank Mainland exposure was HK\$620.6bn, down 4.0% from the end of previous year, accounting for 16.65% of total assets.

Of this, total loans and advances was HK\$524.7bn, down HK\$19.9bn or 3.6%. NPL ratio was 1.83%. Loans for use in the Mainland stood at HK\$180.6bn, accounting for 10.6% of total loans of the Group.

Structure of loans and advances for use in Mainland



- 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



- Property development & investment
- Electricity and gas
- Manufacturing
- Transport and transport equipment
- Financial concerns
- Others

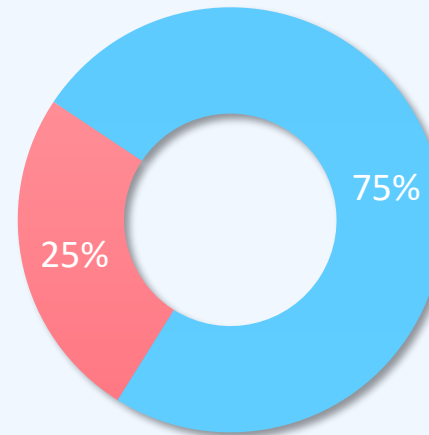
Loan Exposure to Property Companies

- As at end of June 2024, commercial real-estate (CRE) related loans to corporates amounted to **HK\$351.6bn**, down 4.3% from the end of 2023; accounting for **20.7%** of Group's total loans, down 0.9ppt
- Loan for use in HK, Mainland, SEA and other regions accounted for 75%, 18%, 3% and 4% respectively

Mainland CRE Loans

- Amounted to **HK\$89.6bn**, down 3.6% from the end of 2023; accounting for **5.3%** of Group's total loans, down 0.2ppt
- The property corporate customers mainly operate in the GBA and tier 1 & 2 coastal cities, and are market leaders with national business presence and relatively stable financial condition
- SOE loans: 82%; POE loans: 18%
- Loans for use in Mainland: 47%; loans for use in HK: 51%
- Non-performing loans accounted for 10.3% of total Mainland CRE loans. NPL provision coverage ratio (without collaterals) was 80.0%

Customer Structure



- Mainland CRE
- Non-Mainland CRE

Non-Mainland CRE Loans

- Customers are mostly Hong Kong local sizeable blue chip companies with stable financial conditions
- Loans for use in HK: 83%, ~60% was property development loans
- Construction loans: 18%, secured loans: 29%. Average LTV ratio: $\leq 45\%$
- Non-performing loan ratio was 0.16%, asset quality remained solid

BOC Life Business Development

HK\$m	1H2024	1H2023	Change
Standard new premium	11,100	6,208	+78.8%
Value of new business (VNB)	1,600	1,050	+52.4%

MOODY'S

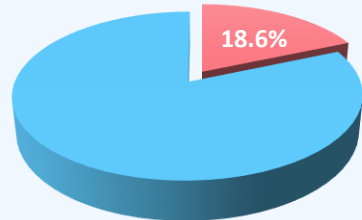
A1

STANDARD
&POOR'S

A

Rose to #2 in overall market, ranked #1 in RMB insurance (1Q24)

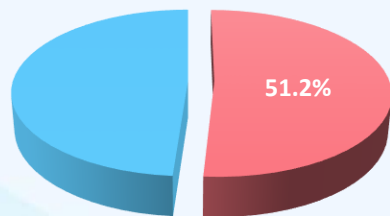
Overall market



➤ In 1Q2024, BOC Life's standard new premium market share was **18.6%**, **ranking #2 in the market**

➤ Continued to be **#1 in RMB insurance** in 1Q2024, with a **51.2%** market share

RMB business

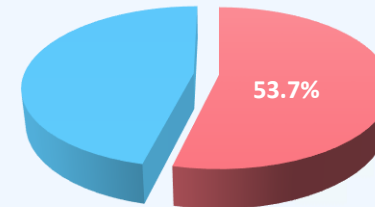


➤ Further consolidated business advantages in banking distribution channels, and maintained leading market position in bancassurance sales. Actively expanded strategic partnerships, **standard new premium generated from tied agency surged by ~4 times YoY** in 1Q2024

■ BOC Life
 ■ Other Insurance Companies

Leading position maintained in e-channel and QDAP sales

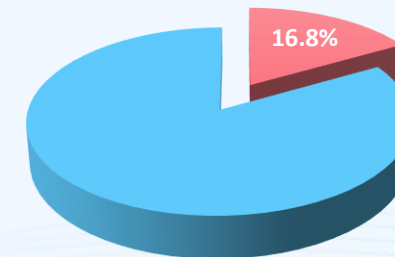
E-channel



➤ In 1Q2024, e-channel* market share reached 53.7%, **maintaining market leadership**

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

Qualifying Deferred Annuities**



➤ **Retained leading position** in the Qualifying Deferred Annuity Policy (QDAP) market since its launch in 2019

** From April 2019 to March 2024

■ BOC Life
 ■ Other Insurance Companies