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Serving Society, Delivering Excellence

2014 Annual Results
March 25, 2015

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Presentation Team



Mr. Tian Guoli, Chairman



Mr. Chen Siqing, President



Mr. Zhang Jinliang, Executive Vice President

Agenda

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2014 Strategy Implementation

Mr. Tian Guoli, Chairman

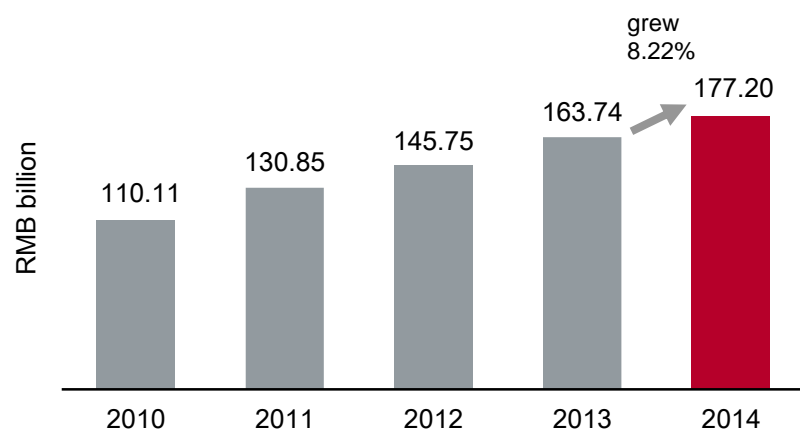
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2014 Annual Results and Outlook

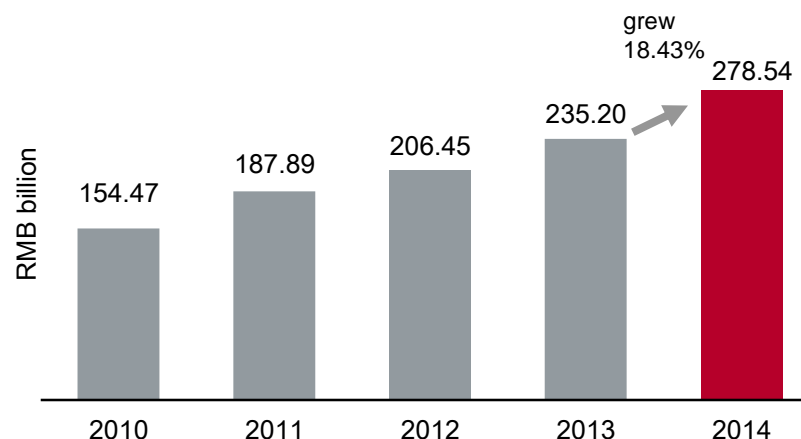
Mr. Chen Siqing, President

Enhanced Comprehensive Strength

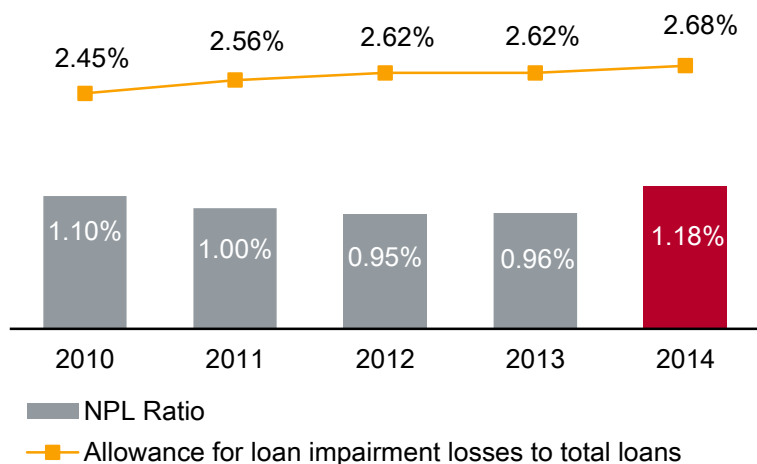
After-tax profit grew 8.22%



Pre-provision profit grew 18.43%



Adequate provision



Increased capital adequacy ratio

%	2014	2013
Common equity tier 1 CAR	10.61	9.69
Tier 1 CAR	11.35	9.70
CAR	13.87	12.46

Note: In accordance with the *Capital Rules for Commercial Banks (Provisional)*, the capital ratios of 2014 are calculated under the advanced approaches, those of 2013 under the non-advanced approaches.



Rising International Status



- President Xi Jinping and New Zealand Prime Minister John Key , jointly inaugurated Bank of China (New Zealand) Limited



- Premier Li Keqiang visited Bank of China (Shanghai) Free Trade Zone Branch

Ranked 7th in Top 1,000 World Banks by tier 1 capital, two positions higher from last year

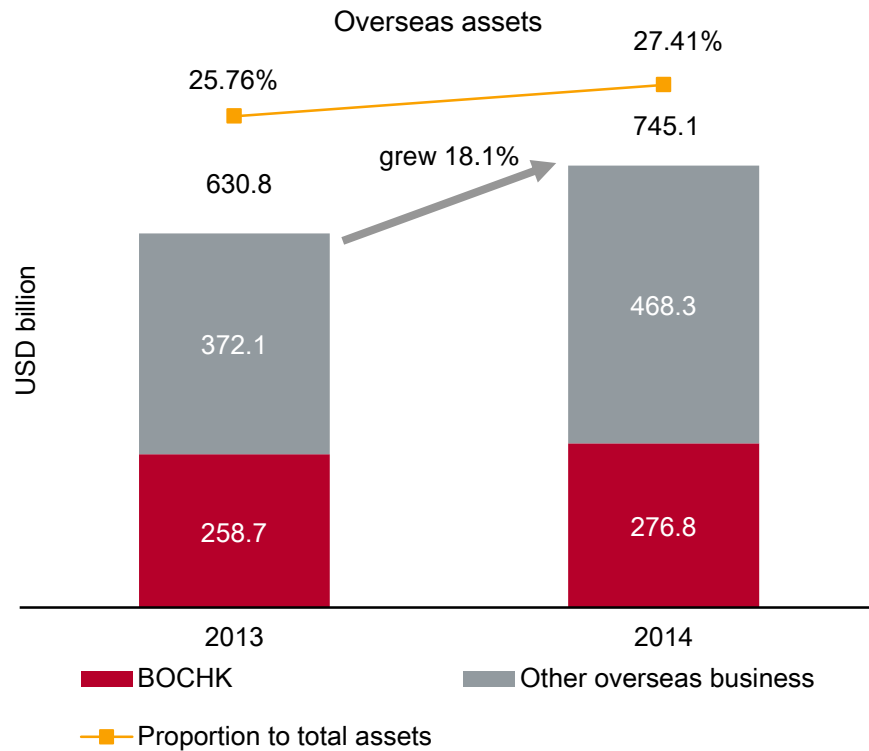
Designated as a Global Systemically Important Bank for four consecutive years

Led the 30 Global Systemically Important Banks in terms of net profit and ROE

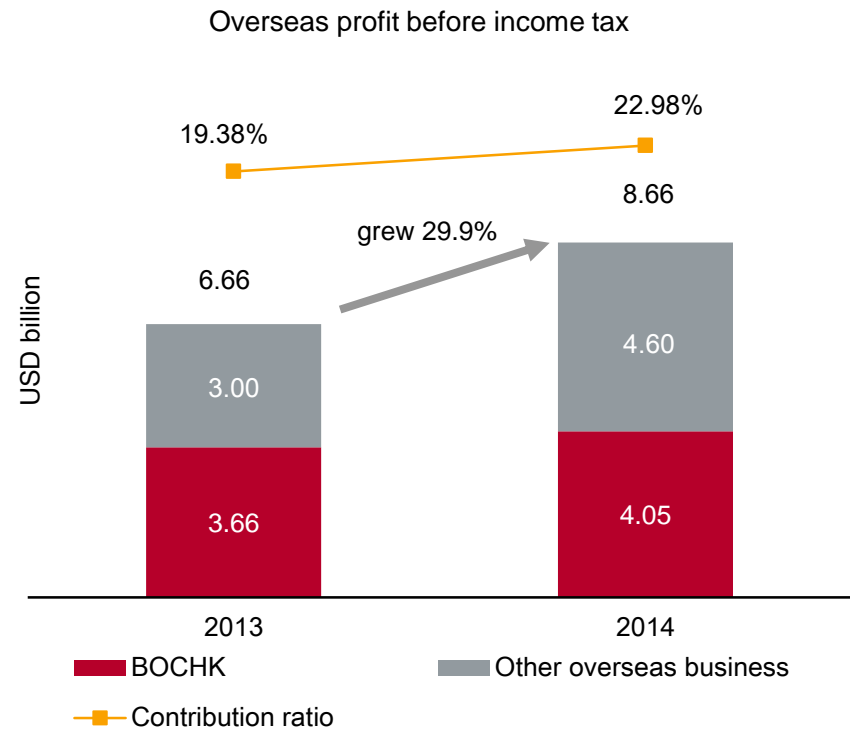


Accelerated Development of Overseas Business

Rapid growth of overseas assets



Improved overseas profitability



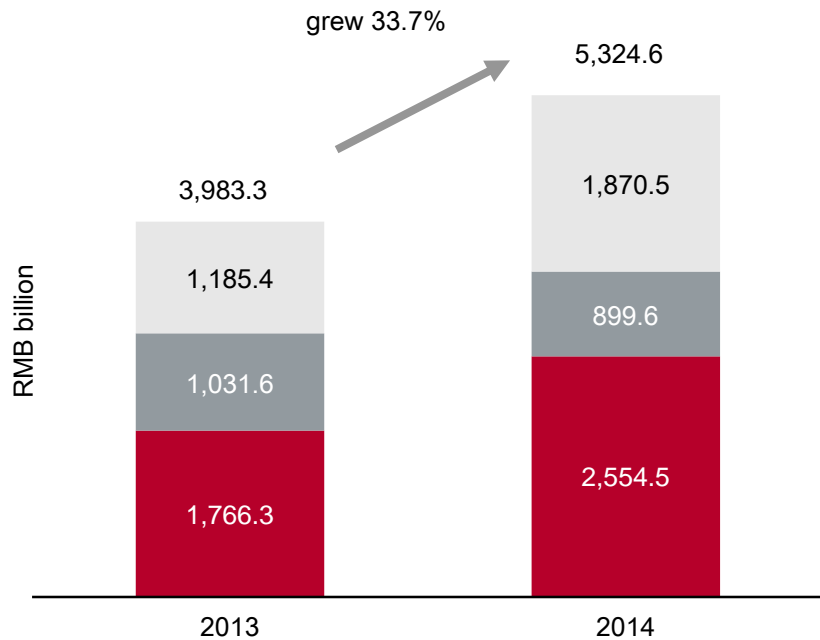


Accelerated Development of Overseas Business

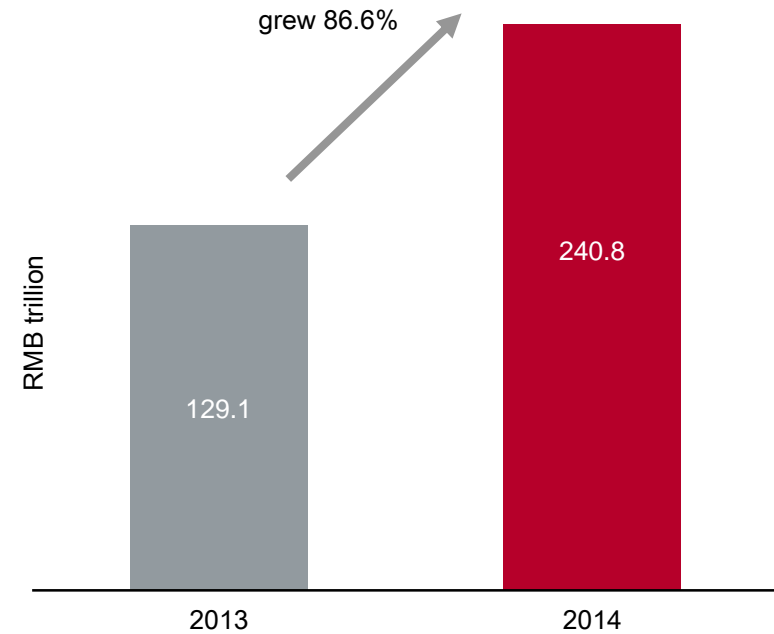
<p>Expand global service NETWORK</p>	<p>Continue to optimise overseas resource allocation and improve global network distribution. In 2014, the Bank extended presence in New Zealand, increased bank licenses in Hungary and Thailand, and established tier-2 outlets in Macau, Cambodia, Brazil and Panama</p> <p>As at the end of 2014, the Bank owned 628 overseas institutions in 41 countries and regions</p>
<p>Consolidate traditional business ADVANTAGES</p>	<p>Fulfilled USD3.92 trillion of international settlement volumes, maintaining leading global position</p> <p>Trade Finance business won global level prize awarded by <i>Global Finance</i> for the first time</p> <p>Ranked first in market share of spot / forward trading of foreign currencies against RMB and proprietary gold trading volume on the Shanghai Gold Exchange</p>
<p>Improve cross- border service CAPABILITY</p>	<p>Promoted the “global customer manager” working mechanism, and reinforced the cooperation with “Fortune Global 500”</p> <p>Provided cross-border financial support to several larger overseas M&A project, and cumulatively extended USD121.9 billion loan commitment to “Going Global” projects</p>

Leading RMB Internationalisation Businesses

Cross-border RMB settlement volume maintaining 1st market position



Cross-border RMB clearing volume leading global peers



■ Domestic operations ■ BOCHK ■ Other overseas operations

Leading RMB Internationalisation Businesses

1

The Bank was designated by PBOC as the local RMB clearing bank in Hong Kong, Macau, Taiwan, Frankfurt, Paris, Sydney and Kuala Lumpur, owning 7 out of the 14 authorised RMB clearing banks worldwide

2

The Bank proactively built up the business platforms including the bulk commodity trading and financing, global cash management, cross-border investment and financing and M&A, trading, asset management, and cross-border personal wealth management in Shanghai Free Trade Zone, and established an industry-leading position

3

The Bank became qualified to conduct all “Shanghai-Hong Kong Stock Connect” business, acting as the exclusive settlement bank for the “Northbound Trading Link” and providing a cross-border fund settlement service for the “Southbound Trading Link”

4

The Bank became one of the first market makers and completed the first trading transactions in direct deals of RMB against the British Pound, Euro, New Zealand Dollar and Singapore Dollar, and won the best interbank trading prize for non-US dollar currencies

5

The Bank successfully issued “Lion City Bond” in Singapore, “Oceania Bond” in Sydney, “Schengen Bond” in Luxemburg, “Arc de Triomphe Bond” in Paris and “Formosa Bond” in Taiwan. All of them became the first or benchmark issuance in local markets, and received enthusiastic market responses

6

As the only Chinese underwriter, the Bank successfully assisted the United Kingdom, Australia, Canada and Malaysia to issue RMB-denominated sovereign bonds. In 2014, the Bank ranked 2nd among global peers in underwriting of offshore RMB bonds



Future Development Strategy

Follow national strategies, and regard overseas market as another main arena for business development to constantly enhance international operations

- Strive to become the financial artery of the “Belt and Road” development strategy
- Consolidate the position as the main channel for RMB internationalisation
- Promote financial services for “Going Global” enterprises
- Strive to be the first-choice bank for FTZ businesses
- Fully support the implementation of the nation’s major regional development strategies
- Improve the developing mechanism and measures for overseas business

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2014 Strategy Implementation

Mr. Tian Guoli, Chairman

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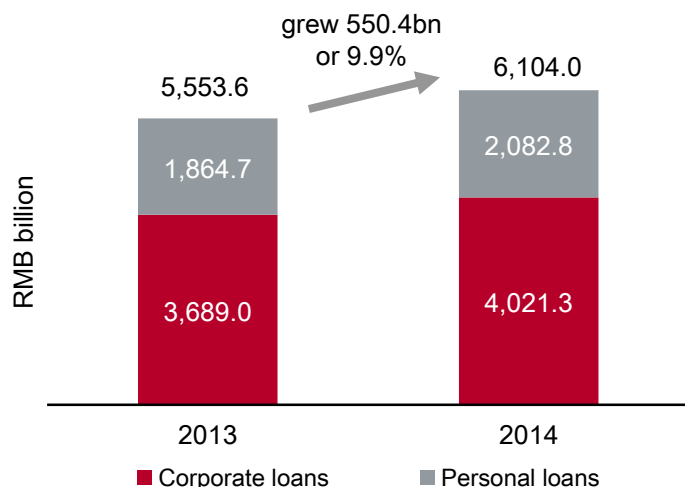
2014 Annual Results and Outlook

Mr. Chen Siqing, President

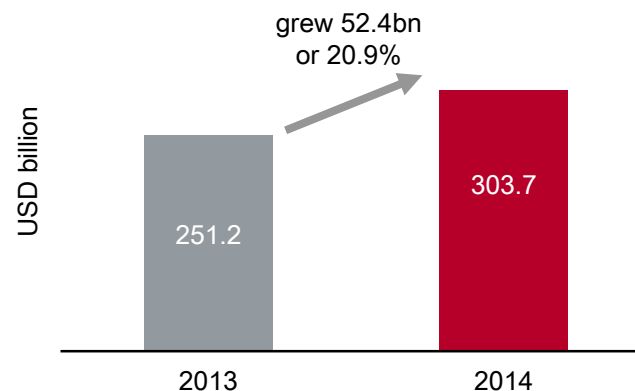


Support the Real Economy with Balanced Loan Growth

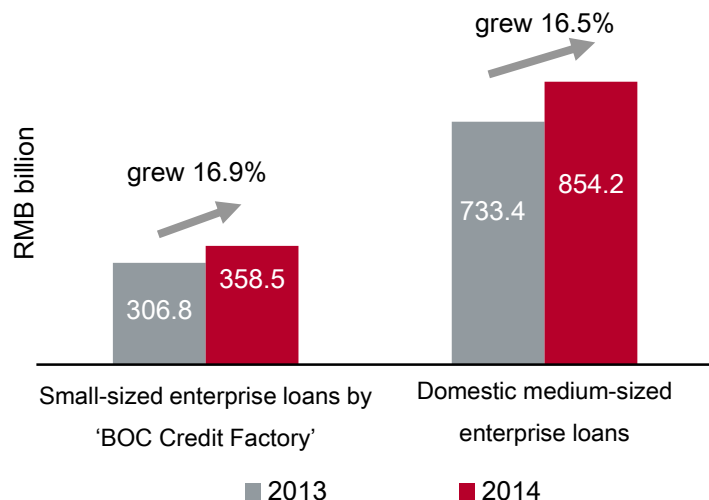
Modest growth of domestic RMB loans



Fast growth of overseas loans



Rapid growth of SME loans

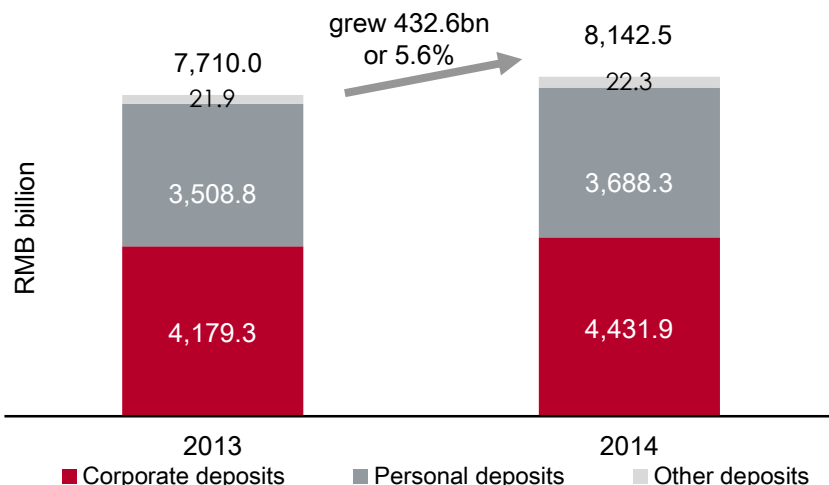


Direction of new loans

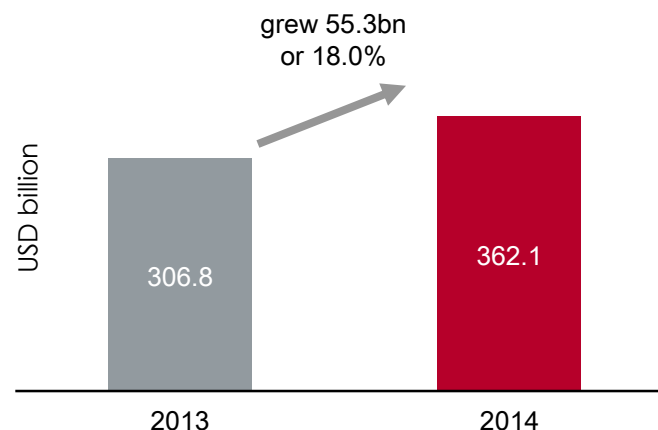
- ◆ **Key national strategic opportunities:** loans granted to strategic emerging industries increased 20%, the proportion of loans to central and western China rose gradually year by year
- ◆ **Key areas related to livelihood initiatives:** loans granted to the cultural sectors and agriculture-related industries increased 11% and 10% respectively. Domestic RMB personal loans grew by 12% with the proportion to domestic RMB loans up 0.5 percentage point from the last year-end
- ◆ **Key projects under "Going Global" efforts:** cumulatively extended USD121.9 billion loan commitment to "Going Global" projects by the end of 2014

Optimise Liability Structure with Controlled Funding Cost

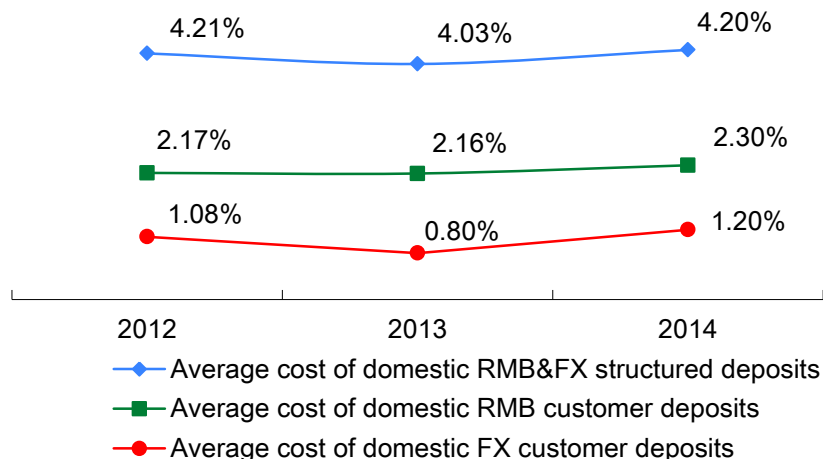
Steady growth of domestic RMB deposits



Rapid growth of overseas deposits



Effectively controlled funding cost

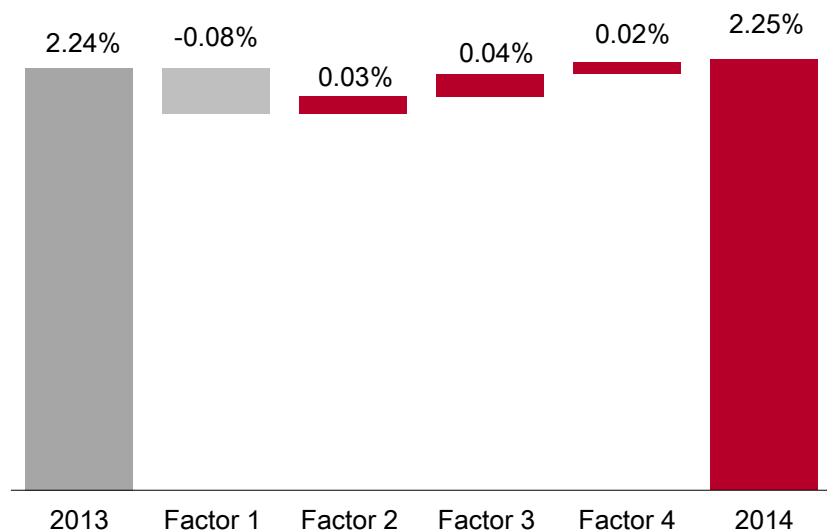


Expanded funding sources by product innovation

- ◆ Deposits from administrative institutions increased 11% and salary payment business increased 35%
- ◆ Bank's global cash management platform covers 41 countries and regions with new customers of 3,636, increased 52.6% from end-2013, and successfully became the cash management cooperating bank for numbers of large multinational corporations
- ◆ Custodian business maintains leading position, with RMB1.24 trillion assets under custody increased
- ◆ Balance of fund raised from overseas market amounted to USD59.5 billion, up 35% YoY

Stable Net Interest Margin

NIM increased 1 bps from last year



Note :

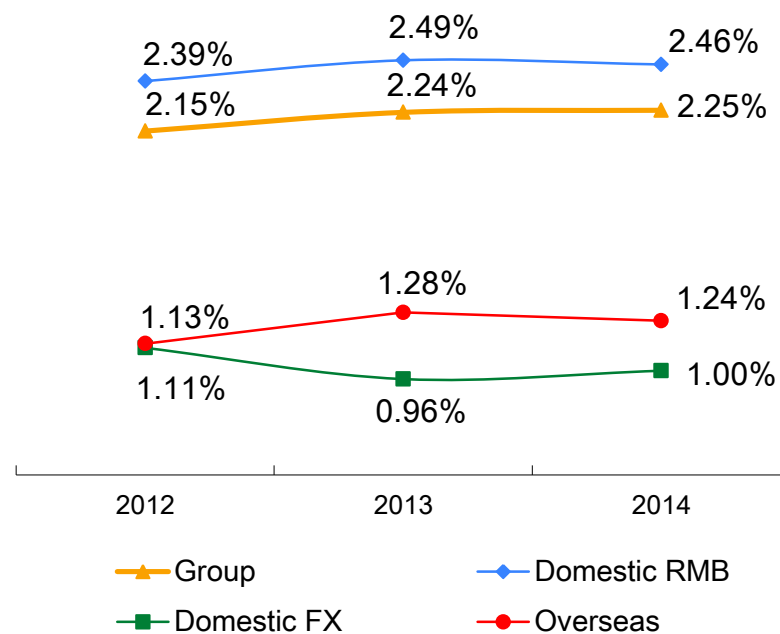
Factor1: Increase of funding cost of domestic RMB deposits

Factor2: Increase of yield of domestic RMB loans

Factor3: Increase of yield of domestic RMB bonds investments

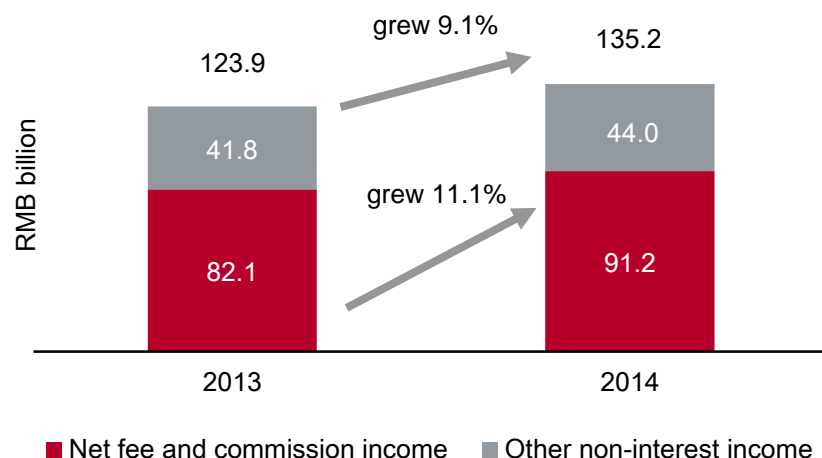
Factor4: Increase of domestic FX NIM and others

NIM performance breakdown

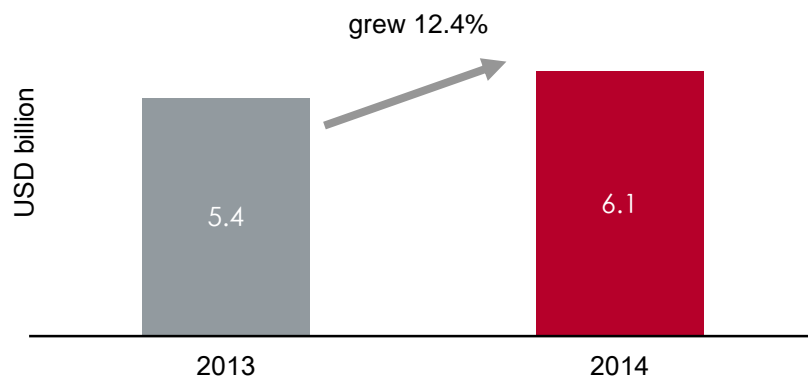


Steady Growth of Non-interest Income

Non-interest income ratio reached 30.0%



Overseas non-interest income grew rapidly

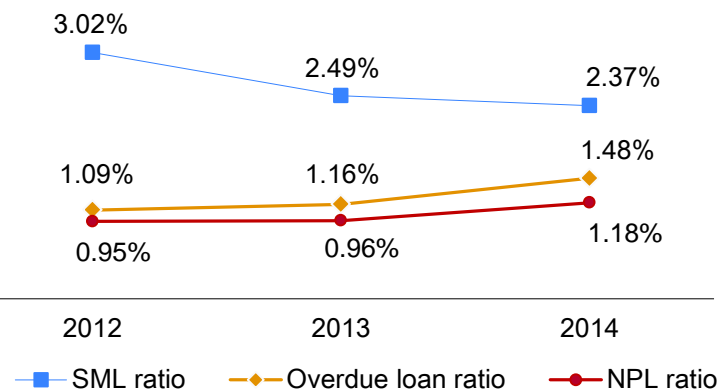


Consolidated diversified platforms

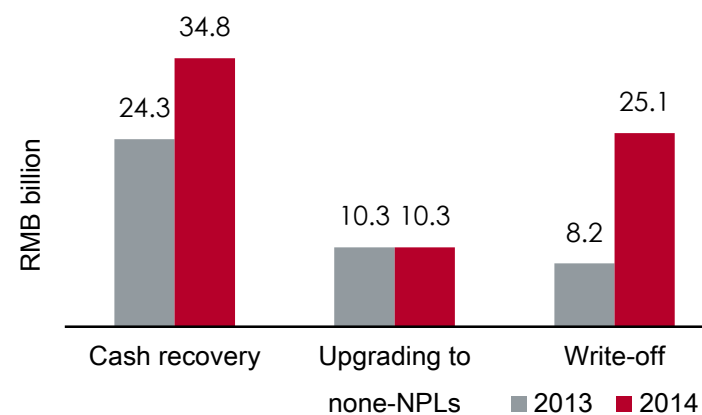
- ◆ **Investment banking business:** actively promoted the building of global customer centre, successfully conducted multiple mega projects cooperating with commercial banks. Led Chinese peers in Hong Kong market and provided comprehensive services for Shanghai-Hong Kong Stock Connect business.
- ◆ **Fund management business:** cultivated specialised financial service capability. Assets under management for publicly offered funds reached RMB160.9 billion, up 32% from end-2013
- ◆ **Insurance:** leveraged on both banking and non-banking channels to boost sustainable growth, maintained leading position in Hong Kong property insurance and RMB life insurance market
- ◆ **Direct investment:** leveraged on professional investment platform to join multiple large projects and increased investment income. Expanded funding resources to strengthen self-funding capability
- ◆ **Leasing:** maintained global leading position, and recorded 11% profit growth annually. BOC Aviation stepped up internationalisation strategy and set up subsidiaries in London and Tianjin. On March 2015, S&P upgraded its credit rating to A-

Stringent Risk Management and Control

Strive to stabilise asset quality



Actively resolved non-performing loans



Risk of key areas under control

RMB billion / %	Balance of loans	NPL ratio	Ratio of total provision to total loans
Loans to local government financing vehicles	349.8	0.10%	3.76%
Loans to sectors with overcapacity ¹	164.2	0.71%	2.83%
Loans to real estate sector ²	352.1	0.29%	5.05%

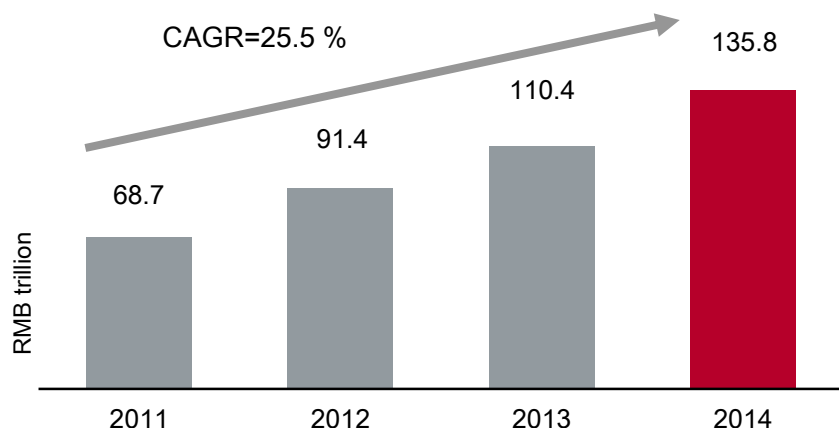
**Note1: Sectors with overcapacity include sub-sectors of steel, cement, aluminum electrolytic, shipbuilding and flat glass.; 2: real estate sector includes developer loans and land reserve loans*

Sound liquidity situation

Major regulatory ratios (%)		2014	2013
Liquidity ratio	RMB	49.9	48.0
	FX	59.9	62.2
LDR	RMB & FX	72.97	72.52
Inter-bank ratio	Inter-bank borrowings ratio	0.3	0.2
	Inter-bank loans ratio	0.4	2.3

New Progress Achieved in Infrastructure Construction

Fast growth of e-banking transaction volume



Consistently Improved outlet development

- ◆ Optimised domestic outlet network and reduced the low-output and low-efficiency outlets. Streamlined service processes to improve efficiency
- ◆ Diversified product lines and improved the outlets' marketing ability
- ◆ Upgraded outlets towards smarter functionality, increased the number and types of self-service facilities, and enhanced their functionality
- ◆ As at the end of 2014, the Bank owned 44,594 ATMs, 26,689 self-service terminals and 13,527 self-service banks in domestic market

Enlarged e-banking customer base

Unit: thousand	2014	2013	Growth Rate
Corporate online banking customers	2,599.0	2,200.9	18.09%
Personal online banking customers	112,494.9	101,074.0	11.30%
Mobile banking customers	64,600.5	52,126.2	23.93%
Telephone banking customers	95,827.6	88,835.3	7.87%

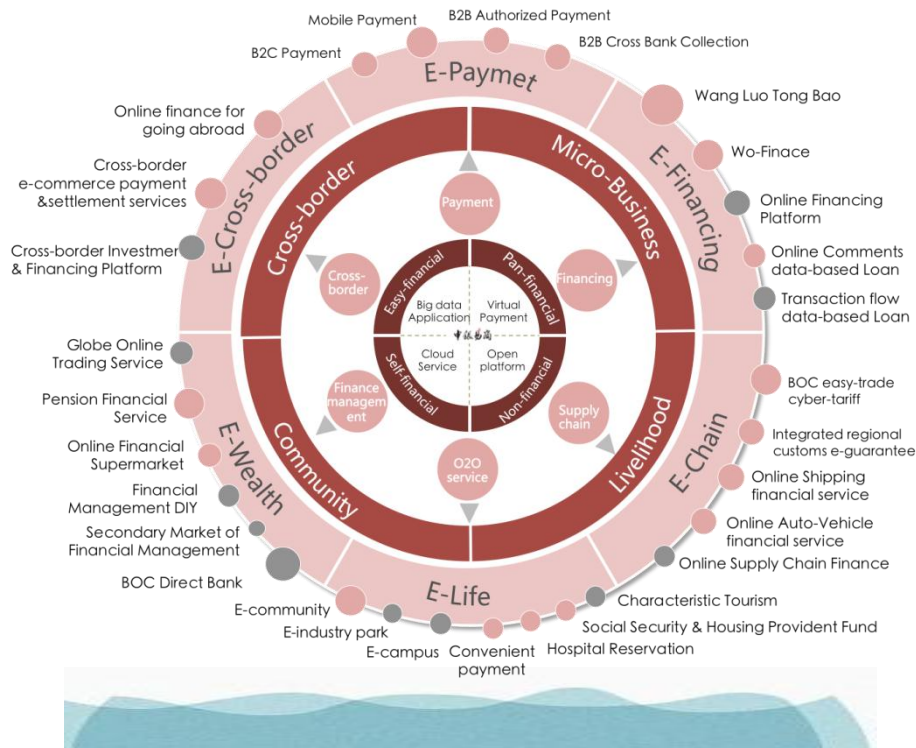
Improved IT operational capability

- ◆ Optimised IT infrastructure and improved output capability
- ◆ Pushed forward the integration and transformation of overseas IT systems, and launched new system in Europe and Africa
- ◆ Streamlined operational process of e-channels and basically realised "zero-burden" in outlets' operation
- ◆ Intensified centralised operational management to improve efficiency



Accelerated E-finance innovation

BOC E-finance business panoramas



The bank introduced 29 E-finance innovative products, focusing on cross-border, micro-business, communities, livelihood, and formed the comprehensive service system for six major business lines covering "payment, wealth management, financing, cross-border, supply chain, O2O integrated services". The scope of cooperating clients for cross-border e-commerce service and the market share of cross-border trade tax payment service led peers, and the online savings, financing, payment business took shape

BOC easy-trade cyber-tariff

With quick response to the strategy of integration of the Beijing-Tianjin-Hebei region and the Yangtze river economic belt, the Bank initiated the "integrated regional customs e-guarantee" service, with its transaction volume increasing RMB476.5 billion and market share of 35.49%, leading market for the 8 consecutive years

Cross-border e-commerce payment & settlement services

Grasping the opportunities form RMB internationalisation and "Going global", the Bank cooperated with 34 third party payment companies / e-commerce enterprises to provide "Cross-border e-commerce payment & settlement" services, covering nearly 80% of third party payment companies owning licence of cross-border payment, leading major peers

New mode of internet financing based on big data

The Bank actively developed inclusive finance by matching the platforms of bank and corporate customers and using big data analysis to innovate internet financing mode for SMEs. It launched a new internet financing service with the characteristic of "six online" (online application, approval, signing, withdrawal, reimbursement and monitoring). During the pilot period, the average amount of loan per customer was RMB40,000, which effectively supported SMEs development. "Wang Luo Tong Bao" service, the mode of internet financing for SME customers, granted RMB177.3 billion loans in 2014

BOC open platform and E-community eco-construction

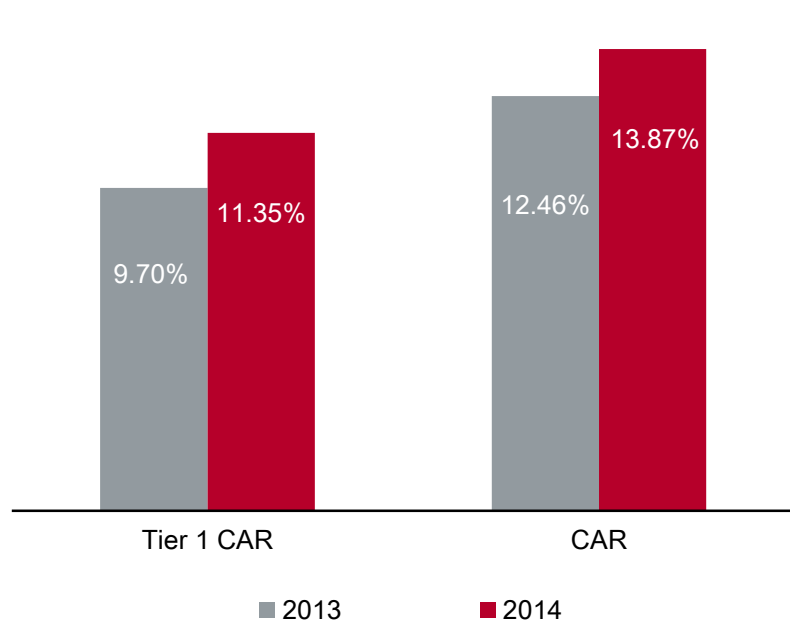
The Bank initiated financial open platform, opening up more than 1,700 universal interface and providing safe, convenient and stable financial access service. In 2014 the Bank piloted and integrated more than 160 demands, and launched 26 mobile applications such as convenient payment, hospital reservation. The Bank expanded the intelligent E-Community eco-construction, setting up online community financial services ecosystem by providing digital property management, merchant partners and community life service. In 2014, E-community has entered 40 campuses, 7,725 communities, 842 hospitals, 8,609 merchants, and supporting 663 cities nationwide for convenient fee payment

Online wealth management service

The Bank piloted "Pension Financial Service", targeting specific customer groups (social security customers), specific service channel (mobile APP), as well as specific business scenario (wealth management on account balance), and the transaction amount was nearly RMB5 billion during the pilot period

Increased Capital Adequacy Ratio

Capital base improved significantly



Note : the capital ratios of 2014 are calculated under the advanced approaches, and the capital ratios of 2013 are calculated under the non-advanced approaches

Successfully replenished capital

Preference shares

First bank in domestic markets to successfully issue USD6.5bn and RMB32.0bn preference shares in overseas and domestic markets in Oct. and Nov. 2014. Complete the issuance of RMB28.0 billion preference shares in domestic market in March 2015

Successfully issued RMB30.0bn and USD3.0bn tier-2 capital instruments in the domestic and overseas market in Aug. and Nov. 2014

Tier-2 capital instruments

Conversion of A-Share convertible bonds

With recovery in capital markets, RMB24.5bn A-Share CB of total RMB40.0bn CB was converted into A share by the end of 2014, effectively increasing the core tier-1 capital. Currently the Bank has completed the redemption of CB with accumulated conversion ratio of 99.94%

Opportunities

- Cross-border finance business will embrace the new “blue ocean”
- Transformation of China’s economic structure will create new demands
- Market-oriented financial reform will generate new driving force

Transformation direction

- Pursuing quality rather than size to realise intensified development
- Seeking innovation rather than comprehensiveness to realise differentiated operations
- Aspiring precision rather than speed to realise refined management

Adhering to the strategic goal of “Serving Society, Delivering Excellence”, and development direction of internationalisation, the Bank will plough deep the “blue ocean” to consolidate advantages, push forward transformation to improve profitability, strengthen risk control to ensure quality and bolster the grassroots to reinforce the foundation, driving forward new development within the “new normal”

- Follow national strategies and enhance international operations
- Deepen business transformation and improve operational effectiveness
- Strictly guard against risks and control risk costs
- Intensify internal control and compliance to prevent various fraud cases
- Emphasise fundamental work to consolidate development foundations

Q&A

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Financial Highlights

Profit & Loss Summary

(RMB million)	2014	2013	Change
Net interest income	321,102	283,585	13.23%
Non-interest income	135,226	123,924	9.12%
- Net fee and commission income	91,240	82,092	11.14%
Operating income	456,328	407,509	11.98%
Operating expenses	(177,788)	(172,314)	3.18%
Impairment losses on assets	(48,381)	(23,510)	105.79%
Operating profit	230,159	211,685	8.73%
Profit before income tax	231,478	212,777	8.79%
Income tax expense	(54,280)	(49,036)	10.69%
Profit for the period	177,198	163,741	8.22%
Profit attributable to equity holders of the Bank	169,595	156,911	8.08%
EPS (basic, RMB Yuan)	0.61	0.56	-
Key financial ratios (%)			
ROA	1.22	1.23	-1Bps
ROE	17.28	18.04	-76Bps
Net interest margin	2.25	2.24	1Bps
Cost to income ratio ¹	28.57	30.61	-204Bps
Credit cost	0.58	0.32	26Bps

Balance Sheet Summary

(RMB million)	2014	2013	变动
Total assets	15,251,382	13,874,299	9.93%
Loans, gross	8,483,275	7,607,791	11.51%
Investment	2,710,375	2,403,631	12.76%
Total liabilities	14,067,954	12,912,822	8.95%
Due to customers	10,885,223	10,097,786	7.80%
Capital and reserves attributable to equity holders of the Bank	1,140,859	923,916	23.48%
Key financial ratios (%)			
Common equity tier 1 CAR ²	10.61	9.69	-
Tier 1 CAR	11.35	9.70	-
CAR	13.87	12.46	-
NPL ratio	1.18	0.96	22Bps
NPL coverage ratio	187.60	229.35	-41.75Pps
Domestic provision to domestic total loans ratio	2.68	2.62	6Bps
Loan to deposit ratio ³	72.97	72.52	45Bps

Note : 1. Cost to income ratio is calculated under domestic regulations;

2. In accordance with *Capital Rules for Commercial Banks (Provisional)* and related regulations, the capital ratios of 2014 are calculated under the advanced approaches, and the capital ratios of 2013 are calculated under the non-advanced approaches.

3. Loan to deposit ratio = balance of loans ÷ balance of deposits. Calculation is based on relevant provisions of domestic regulatory authorities. Balance of deposits includes due to customers and due to financial institutions such as insurance companies and financial holding companies.