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Serving Society, Delivering Excellence

2015 Annual Results

March 30, 2016

Forward-looking Statement Disclaimer

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1

Strategy Implementation

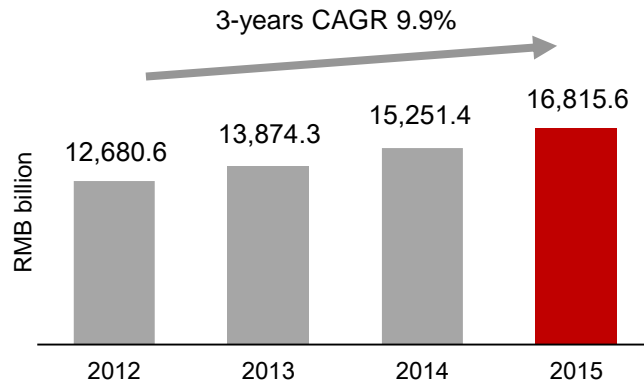
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2015 Annual Results and 2016 Outlook

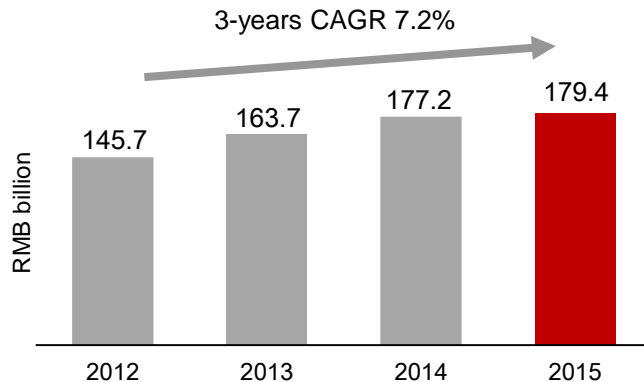


Enhanced Comprehensive Strength

Steady growth of total assets



Stable growth of after-tax profit



Ranked 4th in Top 1,000 World Banks, three positions higher from previous year



Ranked 4th in Forbes Global 2,000 Top Companies, five positions higher from previous year

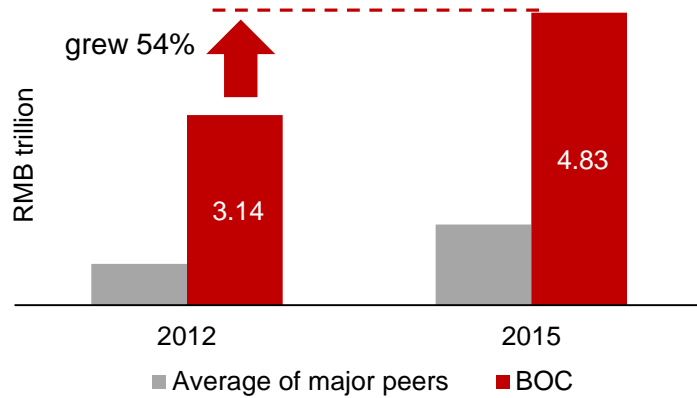
Designated as one of the Global Systemically Important Banks for five consecutive years



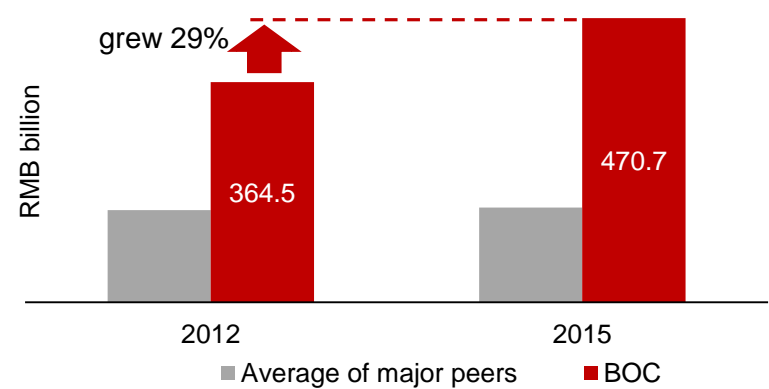


Displaying Strategic Advantages

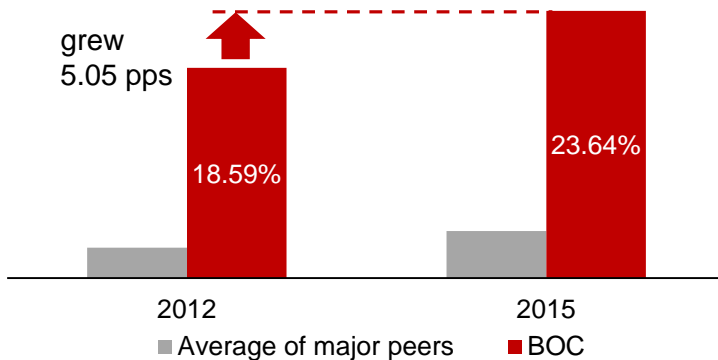
Rapid growth of overseas assets



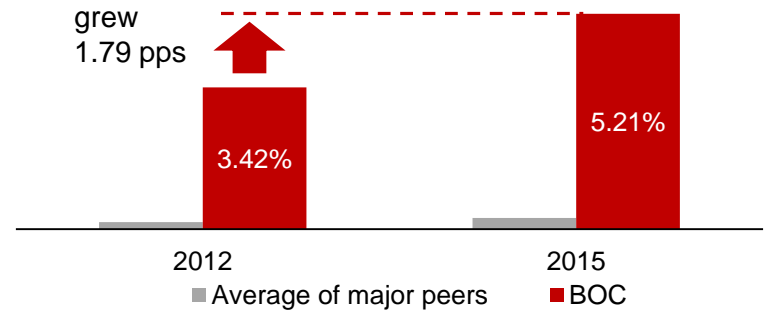
Rapid growth of diversified business



Steady increase of overseas pre-tax profit contribution



Steady increase of diversified business contribution



Note: 2015 columns were based on the disclosed 2015 interim results for peers, and 2015 annual results for Bank of China

Innovate to Drive Sustainable Development



Proactively adapt to development of RMB internationalisation with enhanced innovation in business and products, to maintain leading advantages



Strivingly accelerate the construction of the financial artery of the “Belt and Road”, to consolidate overseas development foundation



Simultaneously develop internet finance and E-Banking business, to sharpen new competitive edges

Agenda

1

Strategy Implementation

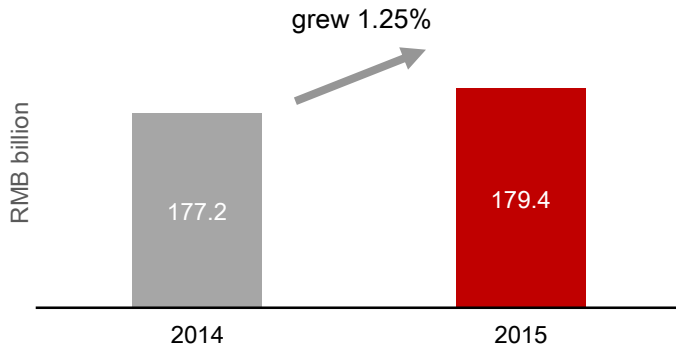
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2015 Annual Results and 2016 Outlook

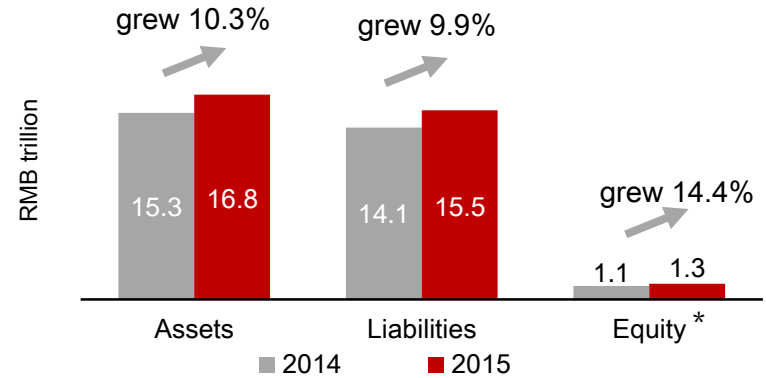


Steady After-tax Profit Growth

After-tax Profit grew 1.25%

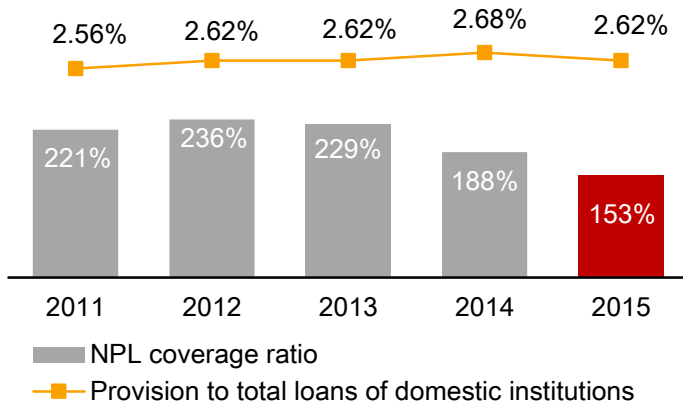


Solid growth of assets, liabilities and equity



*Note: refers to capital and reserves attributable to equity holders of the Bank

Provision met regulatory requirement



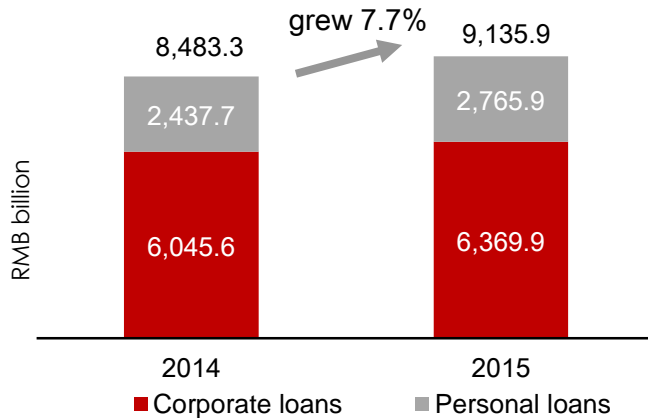
Enhanced capital base

%	2015	2014
Common equity tier 1 CAR	11.10	10.61
Tier 1 CAR	12.07	11.35
CAR	14.06	13.87

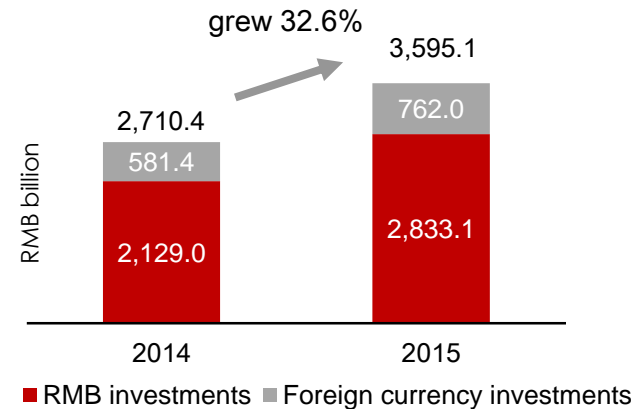


Optimising Asset and Liability Structure

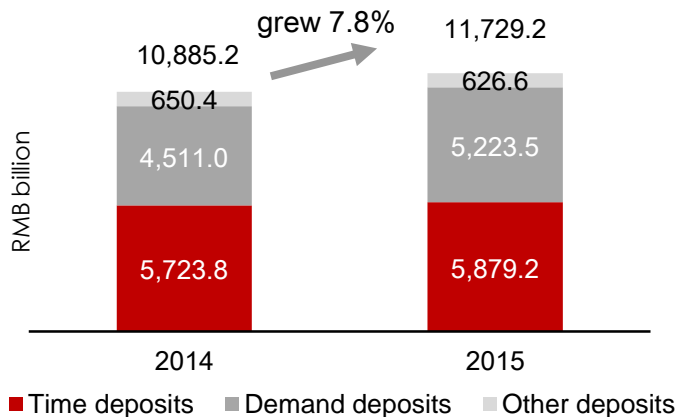
Modest growth of loans



Rapid growth of investments



Steady growth of deposits

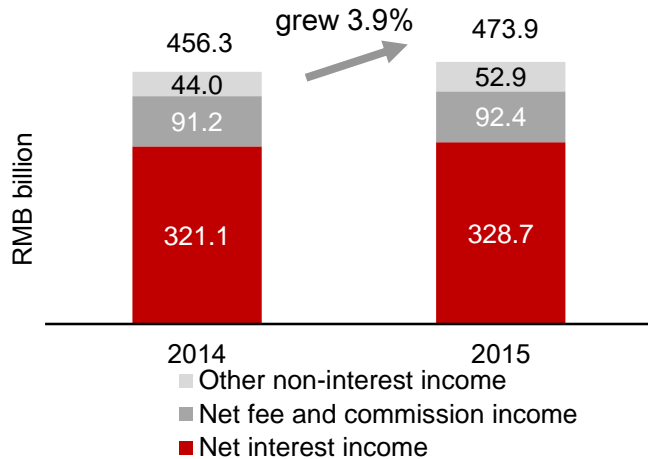


Expanded low-cost and stable fund sources

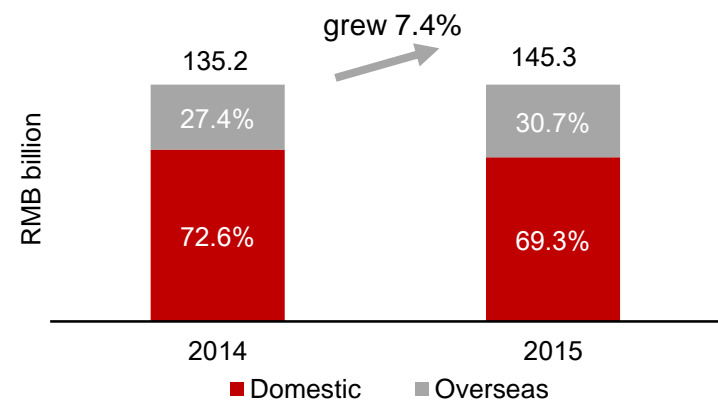
- ◆ **Administrative institutions deposits** exceeded RMB2 trillion
- ◆ **Financial institutions** daily average demand deposits grew 123%
- ◆ **Payroll volume for customers** grew 34%. Newly issued 24.55 million **security cards** for social security centres, public health agencies and army, and attracted funding of RMB105.5 billion
- ◆ **Assets under custody** exceeded RMB6.86 trillion, leading the industry. Pension fund under custody grew 32%
- ◆ **Global cash management platform** covered 43 countries and regions, served 15 thousand group customers, with daily average deposits increasing 34% to RMB525.6 billion
- ◆ **Breakthrough in building overseas funding pool**, enables the Bank to allocate global fund efficiently

Optimising Profit Structure

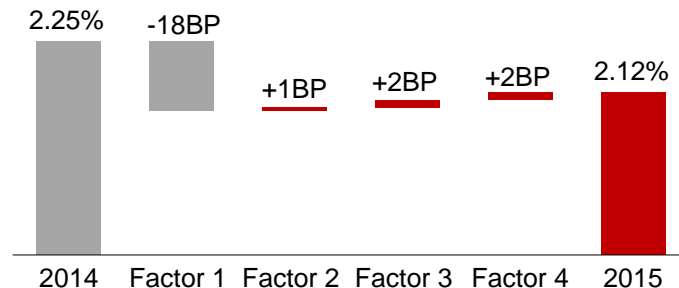
Steady growth of operating income



Increased weight of non-interest income

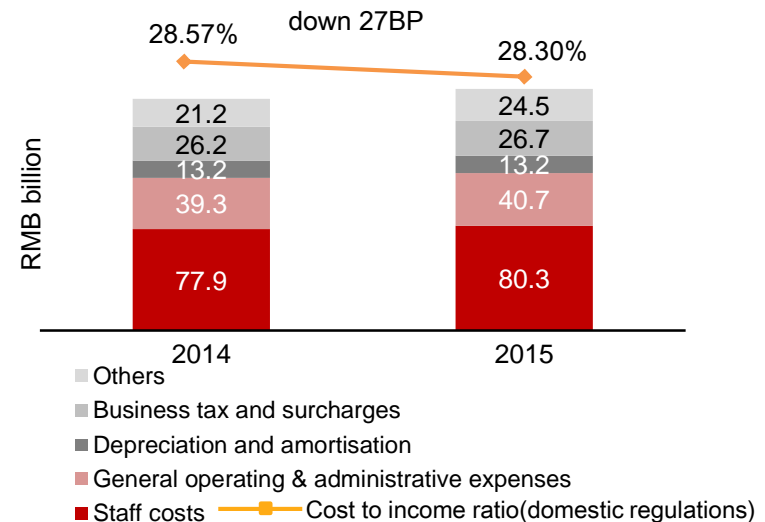


NIM remains under pressure



- Factor1: Decrease of yield of domestic RMB loans
- Factor2: Decrease of interest expense of domestic RMB deposits
- Factor3: Decrease of RRR of domestic RMB deposits
- Factor4: Others

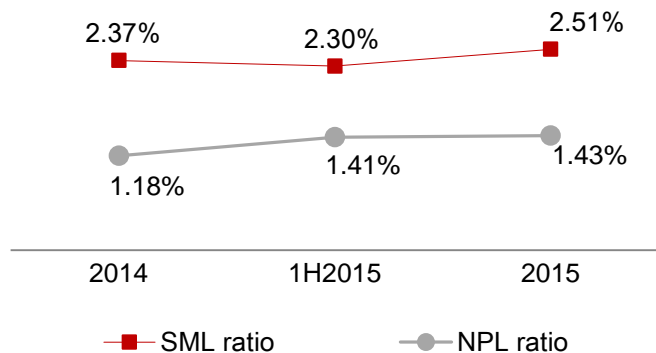
Effective cost control



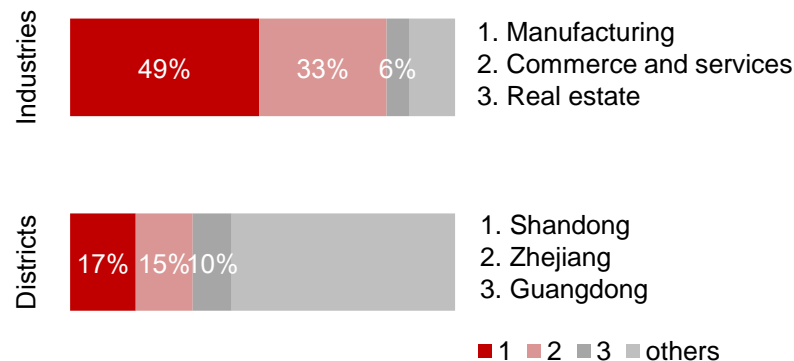


Enhancing Risk Management and Control

Proportion of NPLs & SMLs



Industrial and geographical distribution of newly-formed NPLs



Note : Domestic corporate loans

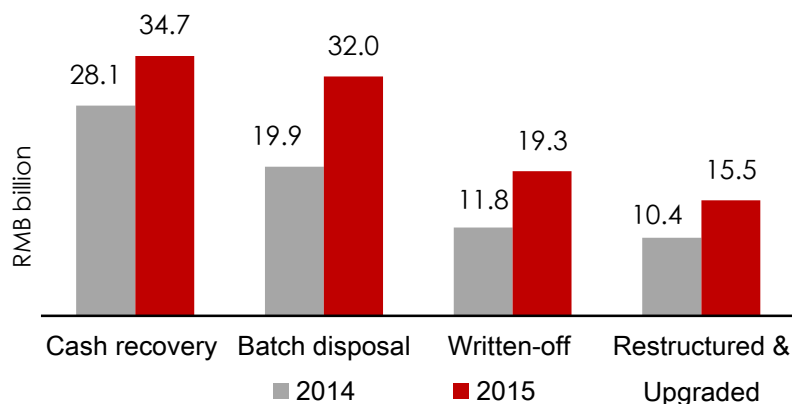
Risk of key fields under control

	Balance of loans (RMB billion)	NPL ratio	Ratio of provision to total loans
Loans to sectors with overcapacity ¹	163.4	0.31%	2.28%
Loans to local government financing vehicles	309.5	0.04%	2.56%
Loans to real estate sector ²	342.4	0.80%	4.64%

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

Actively resolved NPLs

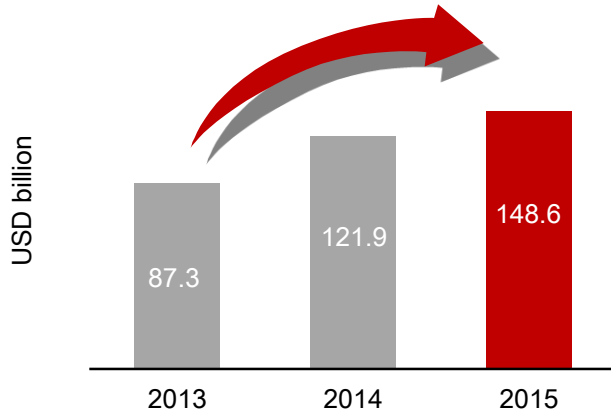


Note : Cash recovery and written-off already excluded disposal

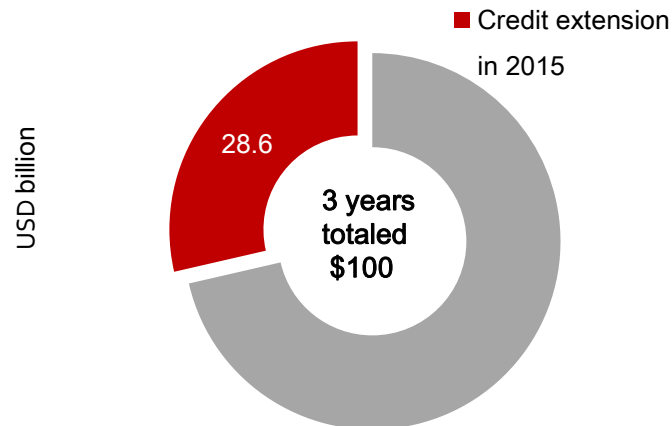


Expanding International Businesses

Cumulative loan commitment extended to “Going Global” enterprises



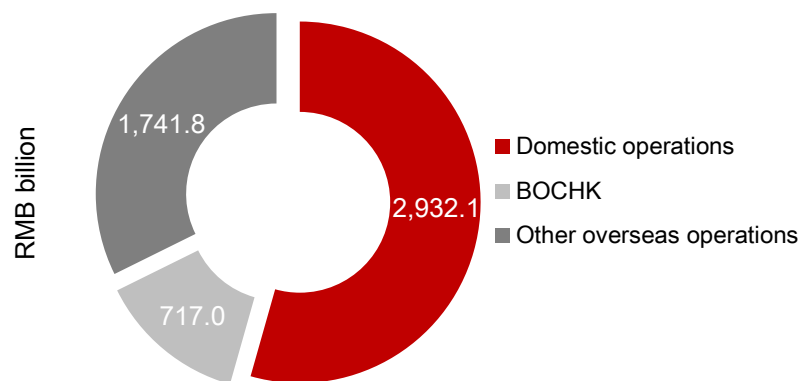
Credit extension to customers in “Belt and Road” initiatives



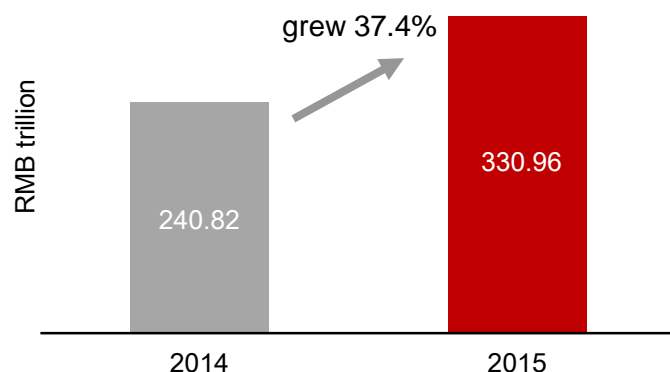
- ◆ **Further expanded overseas network**, covered 46 countries and regions including 18 institutions along the “Belt and Road”, and has more than 1,600 corresponding financial institutions in 179 countries and regions
- ◆ **Accelerated the building of the “Belt and Road” financial artery**, granting total USD28.6 billion new credits, following up about 330 major projects with credit intention of USD87.0 billion
- ◆ **Actively supported Chinese enterprises “Going Global”**, supported about 2,200 material projects with loan commitment of USD148.6 billion and letters of guarantee of USD30.9 billion, leading the market
- ◆ **Initiated the “cross-border SME matchmaking service” platform**, successfully held 11 face-to-face cross-border matchmaking events home and abroad, attracting about 4,000 SMEs with approximately 3,500 letters of intent or a matchmaking success ratio of 70%
- ◆ 70% of **Promoted the professional and intensive management on commodity business**, established the Commodity Business Centre (New York) and set up a Global Energy Commodity Business Centre and Global Commodity Repo Centre in Singapore
- ◆ **Leading peers in cross-border financing services**, the Bank acted as lead underwriter in issuance of the first offshore commercial bank Panda Bonds, ranking 1st in underwriting of Chinese enterprises’ offshore G3 currency (USD, EUR and JPY) bonds, and offshore RMB bond among Chinese peers

Leading in RMB Internationalisation Business

Led global peers in cross-border RMB settlement volume



Steady growth in cross-border RMB clearing volume



- ◆ **Further expanded global RMB clearing network**, designated as the local RMB clearing bank in Kuala Lumpur, Hungary, South Africa and Zambia, accounting for half of the world's 20 authorised RMB clearing banks. The number of cross-border RMB clearing accounts for correspondent banks led domestic banks
- ◆ **Actively promoted the use of RMB in emerging business**, conducted the first RMB-CHF direct transaction in the interbank market, launched the pioneering forward foreign currencies exchange along the "Belt and Road" countries against the RMB and trading products on behalf of customers, closely cooperated with a number of overseas exchanges in launching RMB-denominated products
- ◆ **Seizing the opportunity of RMB being included in SDR basket**, launched the pioneering RMB Bond Trading Index and the BOC OBOR RMB Index globally, continued to publish the BOC Cross-border RMB Index and BOC Offshore RMB Index, published the 2015 *White Paper on RMB Internationalisation – RMB along the "Belt and Road"* based on the research on near 3,500 customers globally
- ◆ **Led the financial services innovation in FTZs**, became one of the first banks to offer services in the Guangdong, Tianjin and Fujian FTZs, successfully carried out the first transactions of various financial businesses. Conducted its first market-making transaction for the International Board of the Shanghai Gold Exchange, led its peers in the number of FTZ distributed ledgers and cross-border financing



Predominance in Diversified Business Platforms

Investment Banking Business

- **BOCI** realised operating income of HKD4.248 billion. It strengthened collaboration with the Bank's commercial banking platform. Its equity financing and trading businesses, bond issuance and underwriting business led the Hong Kong market
- **BOCI China's** profit after tax reached RMB2.099 billion. It has achieved significant progress in business performance
- **BOCIM's** profit after tax increased 96% year-on-year. Its AUM for publicly offered funds ranked 9th in the market

Insurance Business

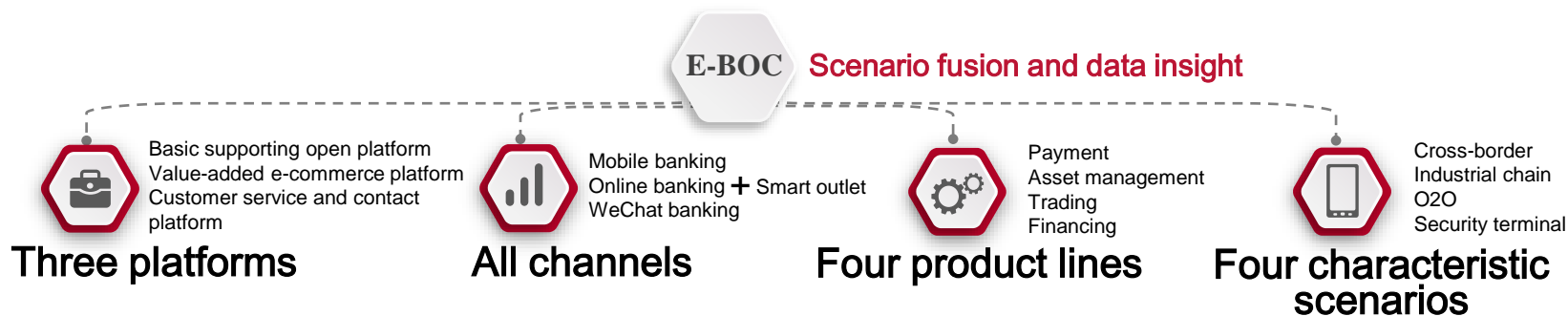
- **BOCG Insurance** recorded a gross premiums of HKD2.020 billion, and remained at the forefront of the Hong Kong general insurance market
- **BOCG Life** recorded a gross premiums of HKD22.663 billion, leading the Hong Kong RMB life insurance market
- **BOC Insurance** realized a gross premiums of RMB4.608 billion. It strengthened bancassurance cooperation and accelerated the overseas business development
- **BOC Samsung Life** was officially opened. Its premium income grew 394% year-on-year with its market ranking prominently increased

Investment and Aircraft Leasing Business

- **BOCG Investment** recorded a profit after tax of HKD5.377 billion. It participated in the establishment of the China-Eurasian Economic Cooperation Fund, invested in several outperforming venture capital funds, and established the "City Development Fund" and "Non-performing Asset Fund", while strictly controlled risk, to achieve stable and sustainable development
- **BOC Aviation's** profit after tax reached USD343 million. Its portfolio of self-owned fleet maintained leading position in Asia. It strengthened its funding capability through multiple sources to push forward stable and sustainable development

Profit before tax of diversified business platforms grew 42% year-on-year

Comprehensive Upgrade for E-finance Business



RMB trillion	2015	Growth
E-channel transaction amount	153.45	13.00%
- Corporate online banking	129.32	13.02%
- Personal online banking	19.79	12.99%
- Mobile banking	5.18	152.00%
- Self-service banking	4.30	12.07%

Note: transaction amount of personal online banking included transaction amount of mobile banking

- ◆ **Comprehensively constructed smart service outlets**, with 2,598 outlets upgraded and increased customer assets per outlet
- ◆ **Further enhanced the service ability and functionality of its e-banking channels**, with substitution ratio of e-banking channels for outlet-based business transactions up to 87.97%
- ◆ **Reinforced cross-border services**, innovated a cross-border e-commerce financial services solution named “BOC Global E-commerce”, with a transaction volume exceeding RMB20 billion
- ◆ **The “BOC Easy-trade Cyber-tariff” service held the largest market share for the 9 consecutive year**, created a horizontally connected network of Customs, Treasury and commercial banks to enhance its competitive edges
- ◆ **Pushed forward the upgrade of smart e-communities**, with 12,000 communities accessed and nearly 20,000 merchants.
- ◆ **Deepened online payment innovation**, launched Quick Pass Payment-based products and Apple Pay products
- ◆ **Established one-stop online financial supermarket** to push forward online asset management services



2016 Outlook

Persist in innovation to drive future development

- Accelerate internet finance development by building a new and co-ordinated offline and online model to acquire new customers
- Accelerate the construction of smart outlets and optimise business, service and sales processes
- Improve IT capability and further optimise its global information system framework
- Accelerate process innovation and increase operational service capacity

Deepen business transformation to improve operating performance

- Optimise the allocation of domestic and overseas assets to increase overseas contribution
- Push forward business growth of Bohai Rim, Yangtze River Delta and Pearl River Delta to cultivate the Bank's income sources
- Strengthen the development of people's livelihood financial services, wealth finance, consumer finance and cross-border finance to increase the proportion of personal banking business
- Grow asset management business and deepen the globally integrated trading platform construction

Strive to mitigate risks and improve its risk control system

- Continuously improve risk management and control over key fields to maintain a relatively stable asset quality
- Optimise NPAs solutions by using market-oriented, diversified and comprehensive approaches
- Closely monitor changes in the economic and financial situation and enhance market risk protection
- Enhance overseas compliance and anti-money laundering efforts to ensure operational compliance

Strengthen group governance to enhance development synergy

- Improve the group governance and streamline management structure
- Intensify economic capital constraints and optimise the internal fund transfer mechanism
- Strengthen proactive liability management to further reduce deposit cost
- Deepen the linkages between its diversified platforms and commercial banking business, to improve overall operating performance

Q&A

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Financial Highlights

Profit & Loss Summary

(RMB million)	2015	2014	Change
Net interest income	328,650	321,102	2.35%
Non-interest income	145,262	135,226	7.42%
Net fee and commission income	92,410	91,240	1.28%
Operating income	473,912	456,328	3.85%
Operating expenses	(185,401)	(177,788)	4.28%
Impairment losses on assets	(59,274)	(48,381)	22.52%
Operating profit	229,237	230,159	-0.40%
Profit before income tax	231,571	231,478	0.04%
Profit for the year	179,417	177,198	1.25%
Profit attributable to equity holders of the Bank	170,845	169,595	0.74%
EPS (basic, RMB Yuan)	0.56	0.61	- 6.78%
Key financial ratios (%)			
ROA	1.12	1.22	-10Bps
ROE	14.53	17.28	-275Bps
Net interest margin	2.12	2.25	-13Bps
Non-interest income to operating income	30.65	29.63	102Bps
Cost to income ratio ¹	28.30	28.57	-27Bps
Credit cost	0.63	0.58	5Bps

Balance Sheet Summary

(RMB million)	2015	2014	Change
Total assets	16,815,597	15,251,382	10.26%
Loans, gross	9,135,860	8,483,275	7.69%
Investments	3,595,095	2,710,375	32.64%
Total liabilities	15,457,992	14,067,954	9.88%
Due to customers	11,729,171	10,885,223	7.75%
Capital and reserves attributable to equity holders of the Bank	1,304,946	1,140,859	14.38%
Asset per share (RMB Yuan)	4.09	3.70	10.57%
Key financial ratios (%)			
Common equity tier 1 CAR ²	11.10	10.61	49Bps
Tier 1 CAR	12.07	11.35	72Bps
CAR	14.06	13.87	19Bps
NPL ratio	1.43	1.18	25Bps
NPL coverage ratio	153.30	187.60	-34.30Pps
Allowance for loan impairment losses to total loans ³	2.62	2.68	-6Bps

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

2. Capital ratios are calculated under the advanced approaches in accordance with *Capital Rules for Commercial Banks (Provisional)* and related regulations.

3. Calculation is based on the data of the Bank's domestic institutions.