Message from the Chairman
In this beautiful and vigorous spring season, I am pleased to present our 2017 annual results to the shareholders of the Bank and the public. According to International Financial Reporting Standards, the Group achieved a profit for the year of RMB185.0 billion, a year-on-year increase of 0.51%, and a profit attributable to equity holders of the Bank of RMB172.4 billion, a year-on-year increase of 4.76%. At the end of 2017, the Group’s total assets, total liabilities and equity attributable to shareholders reached RMB19.47 trillion, RMB17.89 trillion and RMB1.58 trillion respectively, representing an increase of 7.27%, 7.38% and 6.02% from the prior year-end. The ratio of non-performing loans was 1.45%, down 0.01 percentage point from the prior year-end. The Board of Directors has proposed a dividend of RMB0.176 per ordinary share for 2017, pending approval by the Annual General Meeting to be held in June 2018.

2017 was a truly extraordinary year. In this year, the 19th CPC National Congress made the significant political conclusion that socialism with Chinese characteristics has entered a new era. It set out a new blueprint for China’s development, and embarked on a new journey of our way forward. Closely united around the CPC Central Committee with Comrade Xi Jinping as the core, the Bank earnestly implemented the important decisions and plans made by the CPC Central Committee and pushed ahead with key works related to the tasks of serving the real economy, preventing and controlling financial risks, and deepening reform and innovation. By adhering to the general principle of pursuing progress while ensuring stability, it maintained sound development momentum.

We persisted in serving the real economy by providing high-quality and efficient financial services for society, so as to achieve common prosperity with the real economy. First, we actively addressed the difficulties in accessing financing and reduced financing costs. The Bank earnestly acted on the requirements of “deleveraging and risk prevention”. In 2017, our domestic RMB loans increased by RMB762.7 billion, with a focus on supporting key areas and major fields in the national economy and promoting a shift in economic growth drivers. We diligently implemented the Made in China 2025 Strategy and proactively boosted the industrial transformation and upgrading. Loans to the manufacturing industry increased by RMB20.0 billion and loans to strategic emerging industries increased by RMB48.7 billion. We also leveraged our advantages in globalisation to provide financing to enterprises with foreign currencies and through low-cost overseas funding sources. At the end of 2017, the balance of our domestic foreign currency loans and overseas loans stood at USD406.0 billion. Second, we actively built the Belt and Road financial artery. The Bank has set up institutions in 23 countries along the Belt and Road, the largest coverage among Chinese banks. As at the end of 2017, we followed up on over 500 major projects along the Belt and Road, and from 2015 to 2017, we established credit lines totalling approximately USD100 billion for countries along the Belt and Road. Third, we resolutely served the implementation of key national strategies. We strongly supported the coordinated development of the Beijing-Tianjin-Hebei region, the development of the Yangtze Economic Belt, the development of the Guangdong-Hong Kong-Macao Greater Bay Area, and the infrastructure construction for the 2022 Winter Olympics. To date, the loans in RMB and foreign currencies extended by the Bank’s institutions in Beijing, Tianjin, Hebei, the Yangtze Economic Belt and the Pearl River Delta totalled RMB6.20 trillion, accounting for 72.19% of the Bank’s domestic loans in RMB and foreign currencies, up 0.31 percentage point from the prior year-end. Fourth, we gave strong support to micro and small-sized enterprises. As at the end of 2017, outstanding loans granted to domestic micro and small-sized enterprises stood at RMB1.5 trillion, an increase of 13.5%, 4 percentage points higher than the overall loan growth across the Bank. We provided the cross-border matchmaking service for SMEs, hosting a total of 41 matchmaking conferences and attracting more than 20,000 domestic and overseas SMEs customers as of the end of 2017. Fifth, we firmly pushed forward inclusive finance. We set up an Inclusive Finance Department and formed the largest group of village banks in the country. Sixth, we played an active role in poverty alleviation. In implementing
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the central government’s requirements regarding poverty alleviation, we made overall arrangements for targeted poverty alleviation as well as financial solutions to poverty alleviation. We also developed our own platform for targeted poverty alleviation, “BOC for Public Welfare”, which has benefited more than 100,000 impoverished people.

Taking account of the overall economic and social development situation, we attached great importance to the prevention and mitigation of financial risks. We continued to improve our comprehensive risk management system in order to safeguard our business development and contribute to financial stability. **First, we took solid steps towards economic deleveraging.** Focusing on the deleveraging of state-owned enterprises, we steadily expedited the disposal of “zombie enterprises”, and helped high-potential enterprises facing temporary financial challenges to survive their difficulties through debt restructuring and market-based debt-for-equity swaps. **Second, we effectively guarded against credit risks.** We stepped up the risk control and prevention in key areas such as local government debt, industries with overcapacity, real estate bubbles, shadow banking, and cross-border merger and acquisition. We made further moves to mitigate the potential risks and deal with existing non-performing assets, so as to maintain the stable asset quality of the Group. **Third, we made consistent efforts in compliance and internal control.** We strictly followed the regulations and carried out all our businesses, especially innovative businesses, in accordance with the law, taking care to forestall compliance risks. We also conducted special campaigns for internal control and case prevention so as to detect and mitigate potential risks, intensify internal control, and resolutely curb the recurrence of non-compliance cases.

In 2017, Mr. TIAN Guoli ceased to serve as Chairman and Executive Director of the Bank, as well as Chairman and member of the Strategic Development Committee of the Board of Directors of the Bank, due to a change of job. During his tenure as Chairman of the Board of Directors of the Bank, Mr. TIAN Guoli endeavoured to perform his duties effectively and fulfill his responsibilities diligently. Under his leadership, the Bank strictly implemented the decisions and plans made by the CPC Central Committee, strongly supported the implementation of the nation’s important strategic initiatives and well served the demands of the real economy. Committed to “Serving Society, Delivering Excellence”, the Bank persistently improved its corporate governance, scientifically composed its strategic development plans, ceaselessly deepened its reform and innovation and strengthened its comprehensive risk management, thus writing a brand new chapter in the history of the Bank’s reform and development. On behalf of the Board of Directors, I would like to express our sincere gratitude to Mr. TIAN Guoli for his outstanding contribution. Also, I would like to extend our warm welcome to new directors Ms. XIAO Lihong, Ms. WANG Xiaoya, Mr. ZHAO Jie and Ms. Angela CHAO, and our sincere thanks to former directors Mr. GAO Yingxin, Mr. WANG Wei, Mr. ZHANG Qi and Mr. LIU Xianghui for their contributions to the Bank’s reform and development.

Socialism with Chinese characteristics has now entered a new era. Standing at this new historic point, we will follow Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and persistently enable advancement through technology, drive development through innovation, deliver performance through transformation and enhance strength through reform, in an effort to build BOC into a world-class bank in the new era.

The 19th CPC National Congress set the goals for different stages by the middle of this century. In response, the Bank put forth a three-step approach to realise the strategic goal of “Build a World-class Bank in the New Era”. By 2020, when China completes the building of a moderately prosperous society in all respects, the Bank will have further consolidated its development foundation, cemented its unique advantages, improved its systems and mechanisms, and enhanced its overall strength. By 2035, when China basically realises modernisation, the Bank will have transformed from a large high-ranking bank to a strong top-tier bank, thus becoming a world-class bank in the new era on all fronts. From that
foundation, with a further 15 years of hard work and by 2050, the Bank will have become a “financial treasure” of a great modern socialist country, and will serve as a paragon of the global financial industry.

To build a world-class bank in the new era, we shall persistently enable advancement through technology. We will quicken steps to build a digitalised bank that offers an excellent user experience, rich scenarios, smooth online-offline coordination and innovative and flexible products, backed by efficient operations and management and intelligent risk control. Leveraging our mobile banking channel, we will create an integrated mobile financial portal through which customers can access whatever they need, wherever they go, with a simple tap on their phone.

To build a world-class bank in the new era, we shall persistently drive development through innovation. Keeping a close eye on the market trends and customer needs, we will accelerate innovation in technology, products and business. By adopting innovative and groundbreaking initiatives, we will strive to become a provider of high-quality financial services, a builder of connected platforms, a creator of data-driven value and a pioneer of intelligent services across the globe.

To build a world-class bank in the new era, we shall persistently deliver performance through transformation. Centred on the demands of the real economy and the requirement for high-quality development, we will rapidly advance digital technologies, globalised businesses, integrated services, asset-light operations, and streamlined organisation. We will optimise the supply of financial resources, actively serve the “three critical battles”, serve the development of the real economy, and foster a high-quality development model with great capacity for value creation and market competitiveness.

To build a world-class bank in the new era, we shall persistently enhance strength through reform. We will raise awareness of the current and potential challenges we face, maintain our strategic focus, and be more courageous in implementing the reform. We will promote the reform of mind-set, of the mechanism and of the organisations across the Bank, and thus gather the invincible force for our reform and development.

To build a world-class bank in the new era, we shall strengthen Party leadership and Party building at the Bank, and ensure full and strict governance over the Party organisations at the Bank so as to drive full and strict governance over the Bank. We will continuously improve our governance system and enhance our governance capabilities, thus providing strong impetus and strategic support to our objective of building a world-class bank in the new era.

Culture, as the soul of an enterprise, is the most profound force pushing forward development. On our journey of building a world-class bank in the new era, we shall advocate the values of “Responsibility, Integrity, Professionalism, Innovation, Prudence, Performance”, carry forward our centenary culture, and forge the values and code of conduct for our employees in the new era.

The tides of the times are vast and mighty, only those with brave courage can ride the waves. The wheels of history roll on, only those with fighting spirit can harness their momentum. Looking towards the unprecedentedly bright new era and guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, we will strive to write a new chapter in our endeavour to build a world-class bank in the new era, to create a better life for the people, and to serve the great rejuvenation of the Chinese nation!

CHEN Siqing
Chairman
29 March 2018