

# **Corporate Social Responsibility Report of Bank of China Limited for 2015**

**March 2016**

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## About BOC

Bank of China (BOC) was officially founded in February 1912 upon approval of Mr. Sun Yat-sen. From 1912 to 1949, the Bank served consecutively as the country's central bank, international exchange bank and specialized international trade bank. With the vision of becoming a major modern and international bank, the Bank rose to a leading position in the Chinese financial industry and developed a good standing in the international financial community through persistent hard work. 1949 onwards, BOC had been a state-designated specialized foreign exchange and trade bank in a long time that managed the country's foreign exchange operations on a unified basis and conducted international trade settlement, overseas remittance and other non-trade foreign exchange operations, thus vigorously supporting foreign trade development and economic development. Since 1978, the Bank seized the historic opportunity presented by the government's strategy of capitalizing on foreign funds and advanced technology to boost economic development, and become the country's key foreign financing channel by building up its unique advantages in foreign exchange operations. In 1994, the Bank was transformed into a wholly state-owned commercial bank. In August 2004, Bank of China Limited was incorporated. It successfully went public on The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange in June and July 2006, respectively, hence becoming the first Chinese commercial bank to launch an A-Share and H-Share initial public offering and achieve a dual listing in both markets. In 2011, Bank of China was enrolled as one of the first Global Systemically Important Banks. By far, it has become the sole financial institution from emerging economies to be enrolled for five consecutive years.

As China's most internationalized and diversified bank, Bank of China has established overseas institutions in 46 countries and regions. The Bank's core business is commercial banking, including corporate banking, personal banking and financial markets services. BOC International Holdings Limited, a wholly owned subsidiary, is the Bank's investment banking arm. Bank of China Group Insurance Company Limited and Bank of China Insurance Company Limited, both wholly owned subsidiaries, run the Bank's insurance business. Bank of China Group Investment Limited, a wholly owned subsidiary, undertakes the Bank's direct investment and investment management business. Bank of China Investment Management Co., Ltd., a controlled subsidiary, operates the Bank's fund management business. BOC Aviation Pte. Ltd., a wholly owned subsidiary, is in charge of the Bank's aircraft leasing business.

Throughout over 100-year history, Bank of China has upheld its historical mission of "promoting social welfare and contributing to a prosperous nation" and the core value of "pursuing excellence". With adoration of the nation in its soul, integrity as its backbone, reform and innovation as its path forward and "people first" as its guiding principle, the Bank has built up an excellent brand image that is widely recognized within the industry and by its customers. Faced with new historical opportunities, the Bank will actively carry out its development strategy of "Serving Society, Delivering

Excellence” and make further contributions to achieving the Chinese Dream of great rejuvenation of the Chinese nation.

## **Message from the Chairman**

One cannot go far without a beginner's mind. In 2015, BOC, a century-old bank, kept to our development strategy of "Serving Society, Delivering Excellence" despite global economic recession and turmoil and the deepening financial reform at home while pursuing steady growth and always bore in mind that finance is to serve the real economy.

In 2015, we followed closely the national development strategy and continue to shoulder our responsibility in national revival. We took the initiative to serve international economic cooperation and regional development plans at home, sped up the construction of financial support system for the "Belt and Road" initiative and established a work mechanism in favor of regional coordinated development. We properly balanced the relationship between steady growth and structural adjustment, continued to implement the differentiated credit policy, helped optimize industrial structure by adjusting the credit structure, facilitated the transformation and upgrade of national economy and sustained economic growth.

By highlighting our features as an international bank, we continued to sharpen our edge in the course of globalization. We quickened the pace in developing international business, further extended our global service network, and increased the share of overseas assets and their contribution to the total profits. We sped up to build a worldwide RMB clearance network, continued to roll out new cross-border and offshore financial products in RMB and became an importance force behind the internationalization of RMB.

In the pursuit of innovation-driven development, we continued to improve people's livelihood with science and technology progress. We warmly embraced the Internet Plus action plan, increased our strategic resource input to explore a new financial service mode that suited the modern way of production and lifestyle, vigorously advanced intelligent transformation of outlets and online banking development, and substantially improved the efficiency for finance to serve the real economy, with the continuous rise in the online banking replacement ratio.

We further deepened the transformation and reform to win more customers in fierce competition. We took the initiative to adapt to the financial reform, further diversified our business, established the BOC-Samsung Life Insurance, and improved our financial service platform. We stayed problem oriented, continued to optimize our work flow to meet customers' needs, employed technology to improve our products and services and fully enhanced the customer experience.

Upholding the values of harmony and sharing, we continued to meet the needs of our shareholders, employees and the society while pursuing sustained growth. We tightened risk control, made great efforts to dispose of non-performing assets, and weathered the hard times with our corporate customers. We've always put people above everything else and cared much about our employees' personal development.

We threw ourselves into public-welfare undertakings and fully performed our social responsibilities towards China and the world.

2016 marks the opening year of the 13th Five-Year Plan, and also the first year of the crucial stage for comprehensively building a moderate prosperous society. BOC will continue to implement decisions made at the 5th plenary session of the 18th CPC Central Committee and the Central Economic Work conference, fully practice the ideas of creativity, coordination, green development, openness and sharing, be creative and enterprising and help fulfill the Chinese dream of national rejuvenation.

Tian Guoli

Chairman

March 2016

## **Message from the President**

In 2015, BOC conscientiously implemented the country's strategic deployments and soberly coped with a complex and volatile business environment. Seeing serving the real economy as our task, we improved our overall strength through measures aimed at steady growth, structural adjustment, risk control and foundation laying, while meeting the needs of the real economy. Meanwhile we actively participated in public-welfare undertakings to spread positive values, improve people's livelihood, help those in need and promote social harmony, and increased our social benefits along with economic benefits.

In 2015, we continued steady operation, strived to generate more economic value for the society and made outstanding achievements. Our year-end total assets, total liabilities, and owners' equity reached RMB16.82 trillion, RMB15.46 trillion and RMB1.3 trillion, respectively, up 10.26%, 9.88% and 14.38% from the beginning of the year. Group's profit increased by 1.25% year-on-year, meeting the targets set by the Board of Directors. We tightened risk control, worked hard to dispose of non-performing loans and kept the non-performing loan rate within a rational range. We ranked the fourth among global top 1,000 banks in terms of the size of tier 1 capital, up from the seventh in the previous year. We fully leveraged our strength in internationalization and diversification, helped the real economy, increased support for the "Belt and Road initiative", Beijing-Tianjin-Hebei coordinated development and the development of the Yangtze River Economic Belt, and remained a market leader in terms of creative services launched and market share taken in free trade zones. We extended our overseas network to 46 countries and regions, supported accumulatively 2,201 "Going Global" projects, and provided loan commitments worth USD148.6 billion. We created a cross-border investment matchmaking service platform for SMEs, and hosted 11 matchmaking events at home and abroad to help SMEs explore the market and bring them more business opportunities.

In 2015, BOC was active in spreading positive values in the society, strived to create more social welfare for the general public and launched all sorts of public-welfare activities in a wide range of sectors. In 2015, BOC aided disaster-stricken areas in Tibet and Myanmar and post-disaster reconstruction there, through donation, emergency assistance etc. For the 16th consecutive year we continued to extend government-sponsored student loans, providing total funding of more than RMB20 billion accumulatively for over 1.6 million poor students. For the 13th consecutive year we supported poverty alleviation effort in the Yongshou, Changwu, Chunhua and Xunyi counties of Xianyang, Shaanxi Province, completing more than 100 poverty reduction projects including the relocation of migrants, construction of schools, and drinking water projects. We sponsored the Tan Kah Kee Science Award for the 12th consecutive year, in an effort to honor excellent young scientists who achieve original scientific and technological achievements in China. We continued our strategic partnership with the National Centre for the Performing Arts for the 7th consecutive year, in support of exchanges between Chinese and foreign artists. For the 4th

consecutive year, we supported the Rainbow Bridge program, subsidizing over 190 outstanding students from poor families of China and the US to participate in cultural exchanges and studies. In our continued support to poverty reduction in Xinjiang, we sent resident work groups to 17 villages in 12 prefectures there, where we established education funds, aided poor college students, gave learning computers to students' family, and carried out more than 20 projects including infrastructure construction, specialty agriculture, and health care.

In 2016, we will continue our development strategy of “Serving Society, Delivering Excellence”, and in the spirit of responsibility for shareholders, employees and the society, advance our work with emphasis on “innovation, transformation, mitigation and control”, strive to make new breakthroughs in innovation-driven development, take a new step towards comprehensive reform and make new progress in performing our social responsibility.

Chen Siqing

President

March 2016



## Key Performance Indicators

Area	Indicator name	2015	2014	2013
<b>Economic</b>	Total assets (RMB million)	16,815,597	15,251,382	13,874,299
	Operating income (RMB million)	474,321	456,331	407,508
	Non-performing loan ratio (%)	1.43	1.18	0.96
	Capital adequacy ratio (%)	14.06	13.87	12.46
	Net income (RMB million)	179,417	177,198	163,741
	Income tax (RMB million)	52,154	54,280	49,036
	Equity attributable to equity holders of the Bank (RMB million)	1,304,946	1,140,859	923,916
	SME loan balance (RMB million)	1,145,714	1,038,200	918,604
	Balance of government-sponsored student loans (RMB million)	3,749	4,483	5,763
<b>Social</b>	Headcount	310,042	308,128	305,675
	Female employees (%)	56.80	56.87	56.7
	Employee satisfaction ratio (%)	79	76	76
	Customer satisfaction ratio (%)	92.9	92.5	94.3
	Donations (RMB million)	59	66	61
	Social contribution per share (RMB)	2.18	2.19	1.67
<b>Environmental</b>	Balance of green credits (RMB million).	412,315	301,043	258,759

1. Total assets, operating income, non-performing loan ratio, capital adequacy ratio, net income, income tax, and equity attributable to equity holders of the Bank were calculated based on the *Chinese Accounting Standards 2006* by the Ministry of Finance.

2. SME loan: In 2014 and 2015, the Bank followed the *2014 Guideline on Financial Services for Small and Micro Enterprises* (Yingyinfu [2014] No. 7). Data for 2013 are calculated based on the *Notice on Standards for the Classification of Small and Medium-sized Enterprises* (G.X.B.L.Q.Y. [2011] No.300,) - issued by four ministries and commissions including the Ministry of Industry and Information Technology.

3. Government-sponsored student loans: Loans granted to students from poor families in universities and colleges, in payment for their study and living costs at school.

4. Employee satisfaction ratio: BOC began employee satisfaction surveys at its Head Office and branches in 2003. Since 2006, an employee satisfaction model developed independently by BOC has been used for spot-checking at the Head Office and tier-1 branches.

5. Donations: Refer to donations which the Head Office and branches make to public welfare undertakings in education, health, public affairs and other sectors or to disaster-stricken areas and poor areas, through non-profit public welfare organizations or state organs.

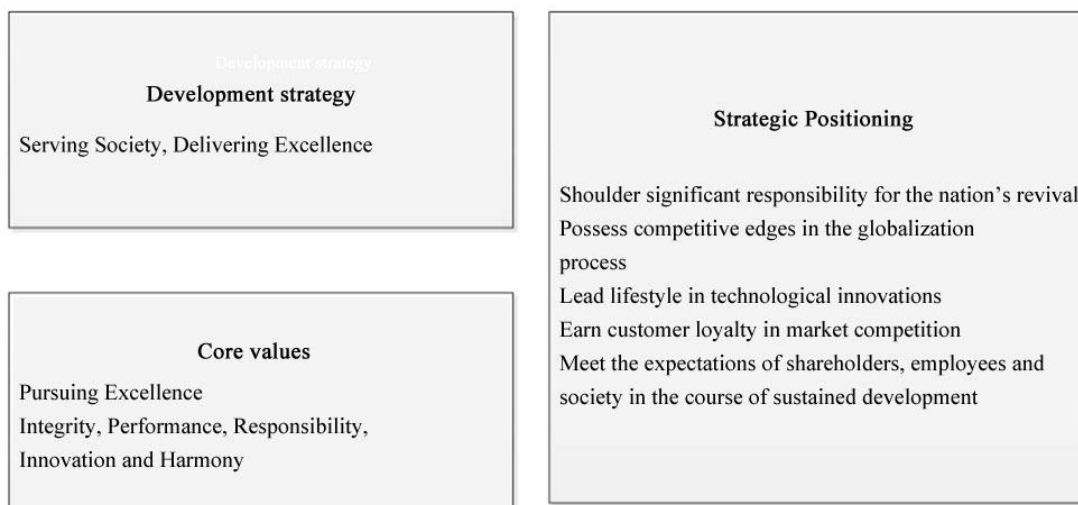
6. Social contribution per share: (Economic performance contribution value + Social performance contribution value - Social cost incurred by environmental pollution on the Bank's part)/Number of shares issued, where, Economic performance contribution value = Annual net profit + Annual

tax payment + Total interest on deposits paid to customers + Total employee salaries; Social performance contribution value = Total annual spending on employee benefits and social security + Total annual spending on employee training + Total annual donations; social cost incurred by environmental pollution is equal to pollutant discharge fees plus fines for environmental violations of the year.

7. Balance of green credits: Calculated according to the approach of China Banking Regulatory Commission (Yinjianbanfa [2013] No. 185).

# Social Responsibility Management

## i. Social Responsibility Concepts of BOC



## ii. Social Responsibility Management Practice

BOC further improved the organization & management system of social responsibility work, implemented the social responsibility working plan and made consistent efforts to comprehensively perform social responsibilities during operation.

The construction of channels for communication of social responsibilities was strengthened. BOC has released the CSR reports for eight consecutive years, forming a set of complete and standardized report disclosure procedures. While the Bank deepened its practice in the social responsibility sector, stakeholders developed more understanding and recognition of BOC. WeChat and other new media forms were used to provide social responsibility trainings and enable the exchange of experience on a real-time basis, which helped enhance the management level of social responsibilities. Social responsibility related policy was improved, e.g. the Bank promulgated the *Implementation Rules of Bank of China Limited for External Donations (2015)*.

## iii. Involvement of Stakeholders

Stakeholder	Expectation	Response
Country	Implement national macroeconomic policies Promote transformation of economic growth mode	Support the implementation of a series of national strategies, e.g. RMB internationalization, "Belt and Road", integration of the Beijing-Tianjin-Hebei region and construction of free trade zones, bolster the transformation & upgrading of industrial structure and the development of micro, small and medium-sized enterprises

<b>Stakeholder</b>	<b>Expectation</b>	<b>Response</b>
<b>Regulatory authorities</b>	Stick to legal compliance and maintain financial stability	Strictly abide by laws and regulations, improve the comprehensive risk management system, propel legal compliance of G-SIFIs, and strengthen internal control and fraud case prevention mechanism, to prevent financial crimes.
<b>Shareholders</b>	Keep creating value for shareholders Exercise the right to know and decide	Advocate prudential operation, improve corporate governance, strengthen investor relations management and disclose information in a compliant manner
<b>Customers</b>	Protect the rights and interests of consumers Improve inclusiveness of financial services Enhance service quality	Protect the safety of customer information and their assets, organize educational activities on financial knowledge and diversify service channels and products
<b>Employees</b>	Protect the legal interests and rights of employees Promote career development	Enhance democratic management of employees, help balance their work and life, optimize the training system and improve the remuneration & incentive plan
<b>Society</b>	Give back to communities Fulfill responsibilities as a global corporate citizen	Support the development of education undertakings and jointly build communities
<b>Environment</b>	Advocate green credit, protect environment and promote sustainable development	Specify and implement the green credit policy and persist in green office and green credit

#### **iv. Awards and Honors**

<b>International</b>	
<b>Award/Honor</b>	<b>Presented/Ranked by</b>
4 <sup>th</sup> in Top 1,000 World Banks 6 <sup>th</sup> in 2015 Top 500 Global Bank Brands	The Banker
4 <sup>th</sup> in Global 2000	Forbes
7 <sup>th</sup> in 2015 Most Valuable Brands in China	Interbrand
7 <sup>th</sup> in 2015 Most Valuable Chinese Brands in China	Hurun Research Institute
Among Fortune Global 500 for 27 straight years	Fortune
The BrandZ Top 100 Most Valuable Global Brands	WPP
Global Renminbi Bank Best Trade Finance Provider of China Best Supplier Financing of China Best Finance Bank of China	Global Finance
Best Cash Management Bank in China	Euromoney

Best Local Currency Cash Management Bank in China Best Financial Bond	AsiaMoney
Best RMB Clearing Bank in Asia Pacific Best Trade Finance Bank in China	The Asian Banker
Best Investor Relations	FinanceAsia
Silver Award in the Overall Category of 2014 Annual Report	League of American Communications Professionals
Gold Award in Financial Data of 2014 Annual Report Honors in Written Text of 2014 Annual Report	Annual Report Competition in the U.S.

<b>Domestic</b>	
<b>Award/Honor</b>	<b>Presented/Ranked by</b>
Golden Prize of Round Table for Excellent Board of Directors	Directors & Boards
The World's 500 Most Influential Brands 2015	World Brand Lab
Best Global Cash Management Best Cash Management Brand Most Reliable Custody Service Bank as Voted by Chinese CFOs	CFO
Most Socially Responsible Financial Institution Social Responsibility — Best Charitable Contribution Award Best Practice Case Award in Social Responsibilities	China Banking Association
Outstanding Enterprise in Social Responsibilities	Xinhuanet.com
2015 Most Socially Responsible Enterprise	China News Service
Top 100 Listed State-owned Enterprises by Corporate Social Responsibility	Southern Weekend
Listed Bank with Best Brand Image	Sina.com.cn
Enterprise with Best Overseas Image	China Report
Ideal Employer for Chinese Business Students	Universum
Best Employer in Financial Industry in the Opinion of Chinese University Students	ChinaHR.com

## **I. Implementing China’s Major Development Strategies**

### **i. Building the “Belt and Road” financial artery**

The Bank has made great efforts to accelerate the building of the “Belt and Road” (B&R) financial artery. In 2015, it provided USD28.6 billion loans and followed up on 330 key projects with a loan commitment of USD87 billion. Currently, it has 18 subsidiaries along the Belt and Road, three of which was established in 2015. It also successfully issued the world's first B&R-themed bond.

#### **Case: The Bank successfully issued the world's first B&R-themed bond**

In 2015, BOC issued a B&R-themed bond in Dubai, Singapore, London, Hong Kong and Taiwan to raise a total of USD4 billion. The fund raised will be used to meet capital demand of BOC branches along the Belt and Road for funding the projects under the B&R Initiative, including port construction, electricity, transportation and airport construction projects. It's not only the first B&R-themed bond in the international financial market but also BOC's largest bond issue in overseas markets.

#### **Case: Expanding presence to nine ASEAN countries**

ASEAN countries are strategically located and crucial to the 21<sup>st</sup> Century Maritime Silk Road Initiative. At the end of 2015, BOC had presence in nine out of the total ten ASEAN countries. These countries are Singapore, Thailand, Vietnam, Malaysia, the Philippines, Indonesia, Cambodia, Laos and Myanmar. The institutions are Singapore Branch, Bank of China (Thai) Public Company Limited, Ho Chi Minh Branch, Bank of China (Malaysia) Berhad, Manila Branch, Jakarta Branch, Phnom Penh Branch, Vientiane Branch and Rangoon Branch.

#### **Case: Leveraging on joint efforts of domestic and overseas institutions to assist in matchmaking with international trade customers along the Belt and Road and the Chongqing-Xinjiang-Europe Railway**

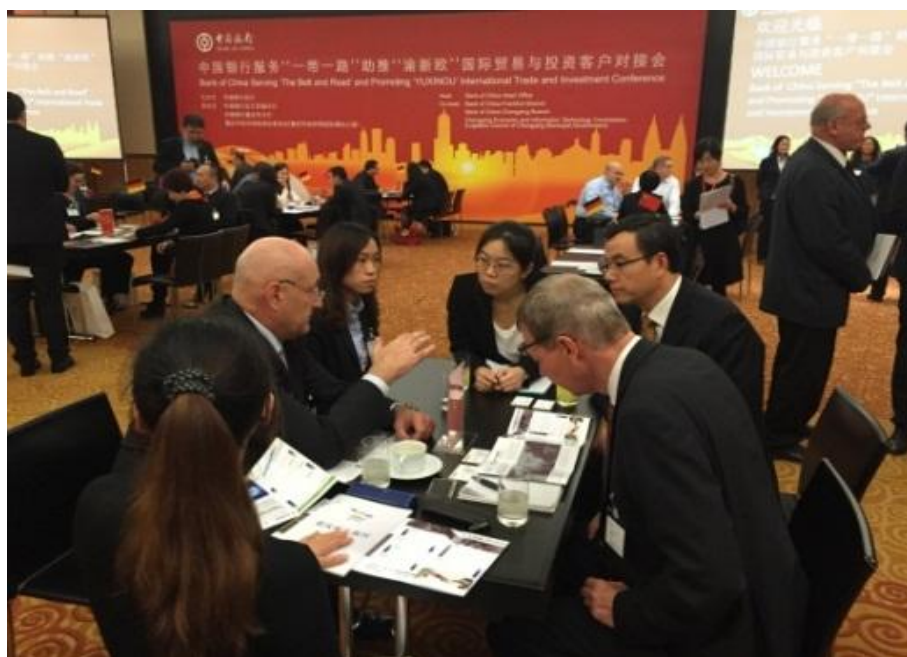
The Chongqing-Xinjiang-Europe Railway is an important vehicle for the participation of Chongqing City in the B&R Initiative. It links Chongqing to Russia, Belarus, Germany and other countries in Eastern and Western Europe. BOC further promoted the establishment the “1 + 1 + 10” “Chongqing-Xinjiang-Europe” domestic and overseas coordination mechanism. The Bank held business matchmaking events in Chongqing and Dusseldorf (Germany) to promote the bilateral trade activities.

## Chongqing

In June 2015, the Bank of China Serving the Belt And Road and Promoting “Yuxinou” International Trade Conference was held in Chongqing. Representatives of 24 companies from countries along the Chongqing-Xinjiang-Europe Railway and more than 150 Chongqing-based companies attended the conference and exchanged information with each other. 16 foreign companies reached consensus on cooperation with 10 Chongqing-based companies.

## Germany

In November 2015, the Bank of China Serving the Belt And Road and Promoting “Yuxinou” International Trade and Investment Conference was held in Dusseldorf, Germany. 26 Chongqing-based companies, 50 German companies and 12 companies from Italy, Kazakhstan and other countries reached trade and investment cooperation agreements at the conference.



**Picture: Domestic and foreign companies exchanged information at the business matchmaking event**

## **Case: The Bank first issued integrated customs clearance e-guarantee in the Silk Road Economic Belt**

On March 30, 2015, the General Administration of Customs decided to launch a reform program in 10 customs, including Qingdao Customs and Jinan Customs, to promote integrated regional customs clearance in the Silk Road Economic Belt. BOC

promptly designed an “Integrated Online Tariff Payment” program for customs clearance of imported and exported goods. The program simplified the tariff payment procedures, accelerated the pace of customs clearance and reduced trade costs. The Bank helped two large companies in Qingda and Zhengzhou successfully file integrated customs clearance e-guarantee in the Silk Road Economic Belt.

**Case: Providing a syndicated loan to finance Bright Food Group's acquisition of the Israeli company Tnuva**

Israel is the starting point of the New Maritime Silk Road gateway to Europe and also a pivot between Asia and Europe. In March 2015, as part of its endeavor to help domestic agricultural enterprises to “go global”, BOC, as the lead arranger, signed a syndicated loan agreement with Bright Food Group for its acquisition of 76.7% stake in Israel's largest dairy company Tnuva.

**Case: Providing full support for the development of the Silk Road Fund**

BOC Beijing Branch arranged an international syndicated loan for a Russian gas company to help it launch the first oil and gas project under the B&R Initiative. It successfully issued EUR310 million non-financing letters of guarantee to the Silk Road Fund and undertook all guarantee businesses under the project to ensure that the Silk Road Fund can fully play its role as the financing platform for projects under the B&R Initiative.

**ii. Bolstering the development of small and medium-sized companies through matchmaking activities worldwide**

The Bank has actively responded to the central government's call for “mass entrepreneurship and innovation”, push for the upgrading of the “BOC Credit Factory” network, create a cross-border investment matchmaking service platform for SMEs to help them solve financing problems and sharpen competitiveness.

In 2015, the Bank’s SME business successfully met the preset objectives. In details, the growth rate of SME loans was 1.52 percentage points higher than the average loan growth rate of domestic institutions, and the number of SME customers borrowing from the Bank reached 484,300, increasing by 4.94% compared with the same period of 2014. In 2015, the Bank organized 11 cross-border matchmaking events which attracted more than 4,000 domestic and foreign SMEs, with a success rate of over 70%.

**Case: The Bank held business matchmaking events for SMEs across the world**

In 2015, the Bank innovatively launched a cross-border investment matchmaking service for SMEs and raised the success rate of its business matchmaking services through a “five-step” approach (i.e., building databases, customer matching, online matching, face-to-face talks and site visits).



**Poland**

In May 2015, the China-Poland SME Cross-border Investment Matchmaking Conference was successfully held in Poland. 13 Polish companies and more than 60 Chinese companies specialized in information technology, agriculture and other fields participated in the conference. 27 companies reached cooperation consensus.

**Hebei**

In May 2015, the China-Central and Eastern Europe SME Cooperation and Development Conference was held in Langfang, Hebei. Over 200 SMEs from Central and Eastern Europe and more than 400 Chinese SMEs, specialized in information technology, agriculture, advanced manufacturing, health care, and other fields, participated in the conference. The conference provided a venue for over 1,000 one-on-one matchmaking sessions.

**Guangdong**

In June 2015, the First China-Germany SME Cooperation and Communication Conference under the theme of “Belt and Road: Forge Together” was held in Jieyang. More than 120 companies from Germany, Spain, Austria and other European countries and more than 200 Chinese companies attended the conference and 34 agreements were signed.

**Germany**

In June 2015, the China-Germany SME Investment and Trade Cooperation Conference was held in Germany. It provided a venue for one-on-one negotiations between 157 German SMEs and 56 Chinese SMEs in mechanical, chemical and other industries and 168 deals were reached at the conference.

**Malaysia**

In June 2015, the B&R Economic Convention & SME Matchmaking Conference was held in Malaysia. 132 Malaysian companies and 92 Chinese companies participated in the conference and 350 face-to-face talks were conducted onsite.

**Paris**

In July 2015, the China-France SME Investment and Trade Cooperation Conference was held in Paris. More than 400 Chinese and French entrepreneurs from high-tech, biotech and other fields participated in the conference.

**Guangxi**

In September 2015, the China-ASEAN SME Cross-border Investment and Trade Cooperation Conference was held in Nanning, Guangxi. More than 500 Chinese enterprises and more than 100 SMEs from the ASEAN countries, Hong Kong and South Korea participated in the conference and 511 deals were reached at the conference.

## **Italy**

In September 2015, the China-Italy SME Investment and Trade Conference was held in Italy. 150 Italian SMEs and more than 80 Chinese SMEs participated in the conference, and more than 400 one-on-one matchmaking sessions were conducted onsite.

## **United States**

In September 2015, the China-US SME Cross-border Investment and Trade Cooperation Conference was held in the U.S. More than 100 U.S. SMEs and 70 Chinese SMEs mainly from five industries including and medical equipment participated in the event. 300 one-on-one matchmaking sessions were carried out at the conference.

## **United Kingdom**

In October 2015, the China-UK SME Investment and Trade Conference was successfully held in the UK. It provided a venue for nearly 300 one-on-one matchmaking sessions and 18 remote video talks between more than 200 China and UK-based SMEs.

## **Anhui**

In December 2015, the 2015 Anhui SME Cross-border Investment and Trade Cooperation Conference was held in Anhui, China. More than 100 enterprises from 18 countries and regions and more than 500 local enterprises in Anhui Province participated in the event. 785 negotiation sessions were carried out, with a success rate of 73.76%.



**Picture: President Chen Siqing attended the China-Italy SME Investment and Trade Conference and delivered a speech**



**Picture: China-France SME Investment and Trade Cooperation Conference**



**Picture: The first China-Germany SME Cooperation and Communication Conference**



**Picture: China-US SME Investment and Trade Cooperation Conference**



**Picture: Anhui SME Cross-border Investment and Trade Cooperation Conference**

**Case: Committed to providing innovative products to solve the financing problems of SMEs**

**“BOC Cash Flow-based Loan”**

BOC Fujian Branch launched “BOC Cash Flow-based Loan” product, where the size of settlements and the amount of deposit balances with the Bank were used as the lending basis. This product is different from the traditional financing and guarantee methods and is designed to meet short-term financing needs of SMEs in operations and management.

**“BOC Tax Payment Credit-based Lending” (BOC Shuidai Tongbao)**

BOC Hainan Branch launched a product trial of “BOC Taxpayer Rating-based Lending” and joined hands with Hainan Taxation Bureau to create a platform to facilitate cooperation between taxation authorities and banks. The platform, with a tax payment and banking information sharing mechanism, converts tax payment credit into bank credit and provides preferential rates, simplified services, unsecured loans

and related financial products to SMEs with good tax payment history to help them solve financing problems.

#### **“BOC Loan Renewal” (BOC Jieli Tongbao)**

BOC Liaoning Branch developed the “BOC Loan Renewal” product tailored to refinancing needs of existing micro and small-sized enterprise borrowers with good credit standing. The product simplifies loan application requirements and procedures and allows micro and small-sized enterprises to repay off old loan with new loan. The product ensures seamless refinancing and shortens the financial turnaround period for micro and small-sized enterprises by 2-5 days on average.

#### **Case: Supporting agricultural development**

BOC Hebei Branch launched the “BOC Dairy Industry Financing” product to finance cattle ranches, dairy farms and other businesses. The product mainly targets high-quality raw milk suppliers of Mengniu, Yili and other leading dairy companies in Shangba, Xuanhua, Wanquan and other poor areas. The review procedure of a loan application only takes 4-5 days, which is tailored the need of cow raising farms for short, frequent and fast financing. In 2015, the branch provided RMB500 million loans to support more than 20 dairy cooperatives and more than 500 dairy farmers and help local farmers increase revenue by RMB20,000 per household.

### **iii. Supporting industrial structural adjustment**

The Bank has made active efforts to follow the guideline of the Central Economic Work Conference, strive to achieve goals relating to the five tasks set out by the government (i.e., cutting overcapacity, destocking, deleveraging, reducing costs and identifying growth areas), implement differentiated credit policies, maintain a cautious stance and support economic structural reforms. At the end of 2015, loans extended to industries reporting fast growth and selective growth accounted for 71% of the Bank's lending business, increasing by 2.2 percentage points, while the proportion of loans to industries with overcapacity fell by 0.23 percentage points.

The Bank made continual efforts to strengthen its support to key regional infrastructure projects and key work-in-progress included in national and provincial development plans. The Bank also placed great emphasis on transport infrastructure, urban infrastructure, new generation information infrastructure, water, energy and other fields.

#### **Case: Supporting the upgrading of enterprises**

In 2015, on the strength of its efficient financial services, BOC Luxembourg Branch was appointed as sole lead arranger and bookrunner in the financing of JAC Capital's acquisition of NXP's SAMBA. This acquisition occurred in the semiconductor industry. Semiconductors are widely used in mobile communications, aerospace,

medical laser and other fields. This acquisition provided a good opportunity for China to achieve the goal of becoming a world leader in the semiconductor industry.

**Case: Supporting the transfer of industries**

At present, the steel industry is facing many problems, including disorderly competition, sustained profit decline and limited development room in the domestic market. In March 2015, BOC Liaoning Branch and Huludao City Steel Pipe Industrial Co., Ltd. signed an USD21.23 million financing agreement under which the branch agrees to finance the steel pipe company's project in Brunei for transfer of production capacity. The project would create 300 jobs and bring more business opportunities to local transportation, logistics and other industries.

**Case: Supporting strategic emerging industries**

BOC Anhui Branch increased its efforts to support the development of pumped-storage hydroelectric power stations. It made active efforts to finance and provide financial services to LYS Pumped Storage Power Station (in East China), Xiangshuijian Pumped Storage Power Station (Anhui) and other companies. As part of its support for clean energy industries, the branch extended over RMB1.1 billion loans to these companies.

BOC Guangdong Branch served as lead bank and settlement and relending agent in an RMB33.3 billion syndicated loan for the CGNPC's Taishan nuclear power project. It also provided bank acceptance discounting, trade financing, letters of guarantee, letters of credit and other services to meet the needs of the nuclear power project for huge amount of fund and flexible financial services on all fronts during the construction period. At the end of 2015, it had provided over RMB18 billion loans.

**Case: Supporting the development of the cultural and sport sectors**

In 2015, Wanda Group spent EUR710 million in acquiring 100% stake of Switzerland-based Infront Sports and Media. This acquisition has a great impact on the international sports community and will be a positive factor influencing decision making relating to China's application for becoming a host country of major international events in the future. BOC Liaoning Branch designed a EUR200 million financing program and cooperated with overseas branches of the Bank to provide M&A loans to the overseas SPV of Wanda by dividing the entire loan into smaller loans. On July 3, the entire EUR200 million loan for the acquisition project was advanced and the acquisition project was successfully completed.

In March 2015, BOC New York Branch approved the application of TIK Films (US) Inc., the United States subsidiary of Hunan TV & Broadcast Intermediary Co. Ltd., for a USD 17 million loan (total funding required by the project: USD 100 million) to support its cooperation program with Lions Gate Entertainment (U.S.). In this project, Hunan TV & Broadcast Intermediary joined hands with Lions Gate Entertainment to invest USD 1.5 billion in a film-related project. They planned to cooperate on production, investment and distribution of 14 films within 3 years, including *Now You See Me 2*, *Gods of Egypt*, *Witch Hunter* and other Hollywood blockbusters. This cooperation project is the largest film-related cooperation project between a Chinese enterprise and a foreign company, marking the beginning of a new era of in-depth cooperation between the Chinese film industry and Hollywood.



**Picture: Kick-off ceremony for the cooperation project between Hunan TV & Broadcast Intermediary and Lions Gate Entertainment (U.S.)**

#### **Case: Supporting China's new urbanization drive**

BOC Anhui Branch has made continual efforts to promote the “BOC Urbanization Loan” product and expanded the coverage of the product. In 2015, to support the implementation of the new urbanization projects, Anhui Branch extended over RMB7 billion loans to finance 47 such projects in nearly 40 counties and districts in Anhui Province and acted as agent for local governments to pay demolition compensation under the new urbanization drive.

#### **Case: Supporting road construction**

In 2015, BOC Guangdong Branch created a special team to review and approve projects in road, rail and other transportation industries. It was appointed lead bank in a RMB13 billion syndicated loan for Meizhou-Shantou Passenger Line. It also served

as lead bank in syndicated loans for the two largest highway projects in Guangdong Province in terms of investment - Renhua (at the Hunan-Guangdong border)-Boro Highway Project and Longchuan-Huaiji Highway Project of Guangdong Nanyue Transportation Investment & Construction Co. Ltd.

#### **Case: Supporting railway construction**

BOC Henan Branch has made active efforts to support the construction of high speed railways in Central China. To support the construction of a national integrated transport network, it provided RMB27.5 billion loans successively to finance Zhengzhou-Xi'an High Speed Railway, Zhengzhou-Xuzhou High Speed Railway, Nanjing-Xi'an Railway and other key projects along the Belt and Road.

To follow the guidelines of the State Council on “accelerating the construction of railways, highways, airports and other important infrastructure, especially passenger railways, coal transport infrastructure and trunk rail lines in West China” and support railway projects, BOC Gansu Branch increased the proportion of loans extended to the railway industry. In 2015, Gansu Branch extended more than RMB20 billion accumulatively to finance the construction of Lanzhou-Xinjiang Railway, Zhongchuan Railway, Dunhuang Railway and other railway lines.

#### **iv. Supporting the construction of FTZs**

Leveraging on its internationalized and diversified advantages, the Bank provided a full package of financial services which are professional, high quality, convenient, and globally integrated to meet financial needs in FTA reforms and customers’ requirements for trade finance, cross-border RMB, bulk commodity finance, global supply chain finance, global cash management, cross-border investment and financing, among others. It also bolstered the construction of free trade zones in Shanghai, Guangdong, Tianjin and Fujian on all fronts and stayed ahead of market competition.

#### **Case: Establishing institutions in three free trade zones**

On April 21, 2015, the free trade zones in Tianjin, Fujian and Guangdong officially opened. On the same day, BOC institutions were established in these three free trade zones and they immediately opened for business after establishment.

##### **Tianjin**

BOC set up branches in Tianjin Free Trade Zone, which were among the earliest banking financial institutions opening for business in the trade zone. BOC is one of the commercial banks that have the largest number of branches in Tianjin Free Trade Zone and has achieved full geographic coverage. It is the most preferred bank when it comes to trial implementation of financial and taxation, foreign investment and financing and other important policies of the free trade zone. BOC successfully completed the first cross-border financing project in Tianjin Free Trade Zone,

cross-border RMB fund management and other projects and signed cooperation agreements with more than 60 key customers in the trade zone, including Tianjin Bohai Chemical Industry Group Co., Ltd.

## **Fujian**

On April 21, 2015, BOC branches in Fuzhou Sub-zone and Pingtan Sub-zone of Fuzhou Pilot Free Trade Zone and Lianjian Sub-branch in Xiamen Pilot Free Trade Zone were officially opened for business and signed their first business deal. They are among the earliest banking financial institutions opening for business in the Fujian free trade zone. Their business scope covers import and export settlement, voluntary settlement of foreign exchange capital funds, cross-border lending, overseas lending and other services. On the date of establishment, these institutions completed 109 first-of-its-kind transactions for 89 enterprises in the free trade zone and the transaction accumulated to RMB471 million.

## **Guangdong**

On the date when the opening ceremony of Guangdong Pilot Free Trade Zone was held, BOC established a sub-branch in Guangzhou Nansha Free Trade Zone to meet the financial needs of the trade zone on all fronts. It successfully completed cross-border RMB lending, cross-border RMB fund centralized management, and other first-of-its-kind deals in Guangdong Free Trade Zone and signed cooperation agreements with many companies in the trade zone, including Guangzhou Port Co., Ltd. and officially launched “BOC FTZ Financial Leasing Services”.



**Picture: BOC Tianjin Branch signed a strategic cooperation agreement with Tianjin Free Trade Zone**





**Picture: Opening ceremony of BOC Fujian FTZ Pingtan Sub-zone Branch**



**Picture: Opening ceremony of BOC Guangzhou Nansha FTZ Sub-branch**

**Case: Holding the “Shanghai Free Trade Zone and RMB Internationalization Forum” in the U.S.**

On September 28, 2015, BOC and the China General Chamber of Commerce-U.S.A. jointly held a forum in New York to discuss opportunities of the SFTZ and prospects for RMB internationalization. 200 representatives of the People's Bank of China, the U.S. Federal Reserve, Chinese and foreign banks in the U.S., local companies and local academia attended the event. The forum offered the US market a more profound insight into the progress in RMB internationalization and help enterprises tap into business opportunities offered by RMB internationalization and the SFTZ. At the end of 2015, BOC opened over 10,000 corporate free trade accounts in the SFTZ with a combined account balance of over RMB40 billion.



**Picture: Tian Guoli, Chairman of BOC, delivered a speech at the forum**

**Case: Supporting the development of Yangtze River Delta Economic Zone (YRDEZ)**

### **Establishing the first “Yangtze River Financial Service Center” in the Yangtze River Basin**

To address the financing needs of millions of people engaged in water transportation in the Yangtze River and help them solve life problems, BOC Jiangsu Branch innovatively established Yangtze River Financial Service Center, which was the first of its kind in the Yangtze River Basin. It integrated co-branded cards, financing facilitation, water self-service banking and other customized financial services, and launched a quick payment and settlement product named “Dida Pay” in conjunction with China UnionPay and UnionPay Business, in a bid to offer comprehensive online and offline settlement services to people engaged in water transportation in the Yangtze River Basin and make their work and life easier.

### **Launching the first integrated regional customs clearance L/G business**

BOC Anhui Branch has made active efforts to support the development of the YRDEZ and launched the first integrated regional customs clearance L/G business in Anhui Province which issues letters of guarantee for enterprises to 12 customs in the YRDEZ, accelerate the pace of customs clearance and improve cash flows.

## **v. Supporting coordinated development of Beijing, Tianjin and Hebei**

The Bank strives to seize development opportunities arising from the coordinated development of the Beijing-Tianjin-Hebei region and has made continual efforts to improve the internal management and supporting mechanism, enhanced its services, and strengthened transportation integration, industrial upgrading, transfer and relocation, ecological conservation and other major projects. At the end of 2015, it provided over RMB60 billion loans to finance more than 150 development projects under the initiative.

### **Case: Actively supporting Beijing-Tianjin-Hebei transportation integration**

In support of Beijing-Tianjin-Hebei transportation integration, BOC Beijing Branch attached special importance to Beijing-Tianjin Intercity Railway, Beijing-Shijiazhuang Passenger Railway, Line 15 and Line 14 of the Beijing Subway and Tianjin Binhai International Airport Expansion Project, among others.

### **Case: Holding a Beijing-Tianjin-Hebei free trade forum**

On May 12, 2015, BOC Tianjin Branch joined hands with Beijing Branch, Hebei Branch and Tianjin CBD Management Committee to organize the CBD-BOC “Beijing-Tianjin-Hebei” Free Trade Forum. More than 110 representatives of Beijing, Tianjin and Hebei-based companies attended the meeting. BOC outlined opportunities arising from the FTZ construction and the Beijing-Tianjin-Hebei coordinated development program, introduced unique financial products and services of BOC, and discussed Tianjin FTZ policy, trade facilitation and other topics.

## II. Enhancing Global Financial Services

As the only financial institution enrolled as one of the global systemically important banks for five consecutive years in emerging economies, BOC, by leveraging its global service network and all-round financial platforms, has furthered cross-border settlement in RMB, innovated in cross-border RMB products, built a globally integrated RMB clearing network, and become a primary market force in facilitating the internationalization of RMB.

### i. Promoting the internationalization of RMB

BOC established a globally integrated RMB clearing network with Hong Kong and Shanghai as the two hubs, directly participated in PBC's China International Payment System (CIPS) and completed the first transaction therein; obtained the qualification of RMB clearing bank in Kuala Lumpur, Hungary, South Africa and Zambia, taking up half of the quota among the 20 RMB clearing banks worldwide; independently compiled and released a number of special RMB internationalization indexes, including the "One Belt and One Road RMB Index (OBORR Index)", "Cross-border RMB Index (CRI)", "Offshore RMB Index (ORI)" and "RMB Bond Trading Index", being the first to do so among Chinese banks and financial institutions.

In 2015, BOC opened 1,458 RMB clearing accounts in total, completed cross-border RMB settlements amounting to RMB5.39 trillion, up 1.2% year on year and cross-border RMB clearing business to the amount of RMB330.96 trillion, up 37.43% year on year, with cross-border RMB clearing and settlement volumes ranked first continuously among its peers worldwide.

#### **Tips: Chronicles of RMB Internationalization**

In 2008, RMB internationalization appeared in the official documents for the first time.

In 2009, PBC and other five ministries and commissions officially launched the RMB settlement pilot for cross-border trade.

During the "12<sup>th</sup> Five-Year Plan" period, remarkable progress was made in the internationalization of RMB:

- RMB became the world's second biggest trade financing currency, fourth biggest currency for international payment, sixth biggest trading currency and seventh biggest reserve currency;
- RMB became the main payment currency for trades between the Asia Pacific region and Mainland China and Hong Kong, representing 31% of the total;
- RMB became the first currency of emerging economies included in the SDR basket in 2015.

## BOC's Contribution to RMB Internationalization

Time	Milestone
2009	➤ Completed China's first RMB settlement transaction for cross-border trade;
2010	<ul style="list-style-type: none"> <li>➤ BOCHK authorized to be the clearing bank for RMB banknote business in Taiwan;</li> <li>➤ Became China's first large commercial bank that offers prices of RMB/RUB;</li> <li>➤ Launched the first RMB offshore bond index in Hong Kong.</li> </ul>
2011	<ul style="list-style-type: none"> <li>➤ Bangkok Branch became the first bank that realized RMB/THB quotations;</li> <li>➤ The BOC (Russia) became the biggest RMB market maker locally.</li> </ul>
2012	<ul style="list-style-type: none"> <li>➤ BOCHK, Macau Branch and Taipei Branch respectively became the only designated local RMB clearing bank;</li> <li>➤ Assisted Baosteel in issuing RMB2.9 billion offshore RMB bonds in Hong Kong.</li> </ul>
2013	<ul style="list-style-type: none"> <li>➤ Handled the first cross-border RMB two-way cash pooling transaction in China (Shanghai) Pilot Free Trade Zone, which became the first banking deal after the FTZ financial reform policy unveiled;</li> <li>➤ Prepared and released BOC's <i>White Paper on Cross-border RMB Business</i>, and the BOC Cross-border RMB Index (CRI), becoming the first banking financial institution in China that independently prepared and issued such index.</li> </ul>
2014	<ul style="list-style-type: none"> <li>➤ Frankfurt Branch, Paris Branch and Sydney Branch authorized to act as the local RMB clearing bank;</li> <li>➤ Became one of the first market makers for direct trading between RMB and GBP, NZD, EUR and SGD;</li> <li>➤ Issued the "Offshore RMB Index" (ORI), which tracks and reflects cross-border flows and use of RMB.</li> </ul>
2015	<ul style="list-style-type: none"> <li>➤ Obtained the qualification of RMB clearing bank in Kuala Lumpur, Hungary, South Africa and Zambia;</li> <li>➤ Completed the first transaction in the China International Payment System (CIPS);</li> <li>➤ Completed the first interbank direct transaction of RMB against CHF;</li> <li>➤ Became the first RMB clearing bank on the London Stock Exchange, and the London Metal Exchange;</li> <li>➤ Became one of the founding members of the Working Group on U.S. RMB Trading and Clearing.</li> </ul>

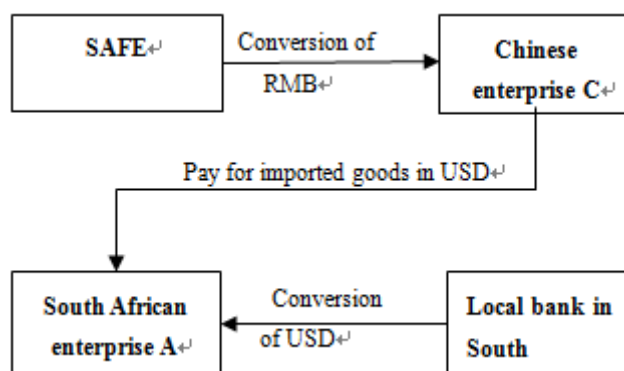
### Feature: BOC Vigorously Promoted RMB Internationalization

#### (1) Why is it necessary to promote RMB internationalization?

Let's look at a simple case:

South African enterprise A trades with Chinese enterprise C; C imports the commodities of A and pays it RMB100,000. But before and after the internationalization of RMB, the process of making and exchanging the payment is

completely different:



**Figure: Trade settlement process before RMB internationalization**

Before RMB internationalization, Chinese enterprise C cannot pay in RMB directly to A; instead, it needs to convert the yuan into the dollar at the SAFE and make payment in USD to A; whereas A then converts the dollar into the South African rand before it proceeds with further production or consumption. **During this process of paying in and using "RMB→USD→ZAR", USD is converted twice as a bridge.**



**Figure: Trade settlement process after RMB internationalization**

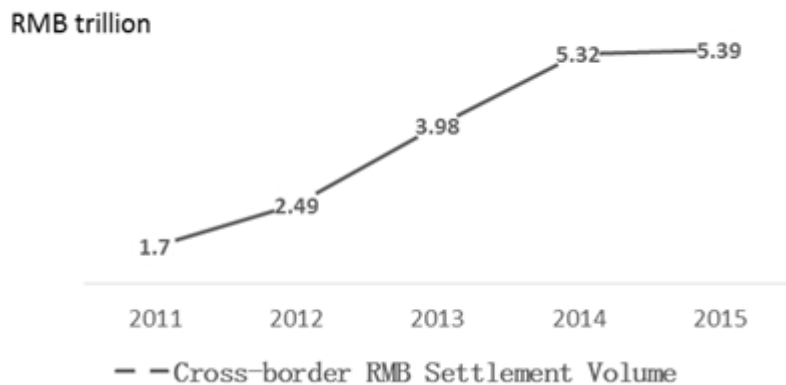
After RMB internationalization, Chinese enterprise A uses RMB as the settlement currency and makes payment directly in RMB to South African enterprise C; whereas C directly converts the yuan into ZAR, the local currency in circulation. So this process turns into one direct conversion from "RMB to ZAR", which saves both enterprises the cost of pegging to the US dollar.

## (2) BOC vigorously promoted RMB internationalization

As an active practitioner and booster of RMB internationalization, BOC promoted the continued and steady advancement of RMB internationalization by leveraging the integrated advantages of the Group, and strengthening collaboration between domestic and overseas institutions.

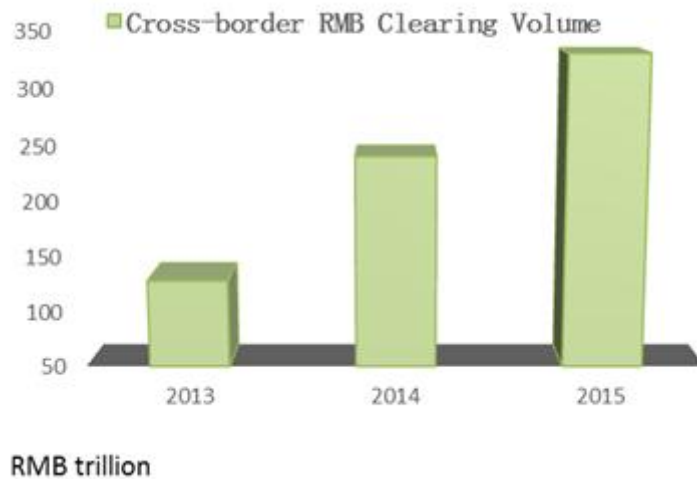
### 1. Boosting the denomination in and use of RMB in cross-border trade and foreign investment

During the "12<sup>th</sup> Five-Year Plan" period, BOC's RMB settlement volume for cross-border trade totaled more than RMB18.9 trillion, of which the volume of cross-border RMB settlements Group-wide in 2015 reached RMB5.39 trillion, up 1.2% year on year.



**Figure: BOC's cross-border RMB settlement volume between 2011 and 2015**

The Group completed cross-border RMB clearing transactions of RMB330.96 trillion in 2015, up 37.43% year on year, maintaining the lead worldwide by business volume.



**Figure: BOC's cross-border RMB clearing volume in 2013-2015**

## 2. Carrying out infrastructure construction for the cross-border RMB markets worldwide

BOC has built an efficient and convenient RMB clearing network across the world, and been designated by PBC as the overseas RMB clearing bank in 10 countries (regions), accounting for half of the total. The ten countries (regions) are: Hong Kong, Macau, Taiwan, Frankfurt, Paris, Sydney, Kuala Lumpur, Hungary, South Africa and Zambia.



**Figure: Distribution of BOC's RMB clearing banks abroad**

### **3. Innovating in offshore RMB products and deepening the financial market**

By bringing into play its advantage in diversification and integration, BOC actively sought for innovations in the areas of centralized operation of cross-border RMB funds, cross-border investment and financing, financial market trading and commodity financing.

#### **BOC's Innovations in RMB Products and Services**

- Issued RMB1.5 billion yuan-denominated bonds for Volkswagen Group, which were the first RMB bonds with a term of five years issued by an overseas multinational company;
- Issued RMB2 billion yuan-denominated "Formosa bonds" in Taiwan, which was the biggest single issue, and launched bonds carrying a maturity of two years exclusively;
- The service time of BOCHK's RMB clearing service system was extended to 20.5 hours, which ran the longest service time and covered the most time zones;
- Created an RMB10 billion yuan-denominated medium-term notes (MTN) program for China Unicom, which became the first such program set up by a Chinese red chip in the overseas market;
- Completed the world's first offshore RMB aircraft financing deal for British Airways, affiliated with International Airlines Group.

**Case: Issuing the first high-grade offshore RMB bonds in 2015**

In 2015, BOC helped Caisse d'Amortissement de la Dette Sociale (CADES) issue RMB3 billion offshore RMB bonds, which were the first high-grade offshore RMB bonds issued in the year, and one of the largest issues of sovereign offshore RMB bonds except those by the Ministry of Finance PRC. The bonds were over-subscribed, and the issue received orders from 38 accounts worldwide totaling RMB4.659 billion in amount.

**Case: Issue of "Panda bonds" setting new records continuously**

BOC set new records in the issue of "Panda bonds" in 2015, following its successful underwriting of the first "Panda bonds" issued by an overseas non-financial corporation.

<b>Setting a record by issue amount</b>	On September 22, BOCHK obtained the approval of PBC to issue RMB10 billion "Panda bonds", which is by far the largest issue of yuan-denominated financial bonds approved to be issued in the domestic market by an international commercial bank;
<b>Assisting foreign government agency in issuing RMB bonds at home for the first time</b>	On November 27, BOC (Canada), as the lead underwriter and bookrunner, assisted British Columbia in issuing "Panda bonds", which became the first RMB bonds issued by a foreign government agency in the domestic interbank bond market.

**Case: Assisting Chinese enterprises in launching overseas bond financing**

On April 21, 2015, BOC, as one of the joint global coordinators, helped Sinopec Group issue EUR1.5 billion and USD4.8 billion bonds in the overseas market, which was the biggest bond financing transaction completed in the overseas market by a Chinese enterprise that year, as well as the biggest single issue of euro bonds with a single maturity, and the lowest coupon rate and credit spread. Meanwhile, BOC also became the only bank that obtained the qualifications of both lead underwriter and bookrunner for all euro bond projects by Chinese enterprises in the market that year.

**Case: Providing 24-hour online RMB clearing service**

BOC New York Branch provided 24-hour online clearing services to customers, including universal and real-time processing service.

<b>Versatile processing</b>	Providing a variety of services, including multilingual
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<b>model</b>	telephone and mail inquiries, large collection/payment and premium processing for special requests, real-time processing remittance instructions and forward inquiry/inquiry response messages;
<b>Real-time processing on night shifts</b>	The night-shift clearing service was provided by full-time employees with rich business experience, who conducted real-time processing and monitoring of all the remittances transferred via New York Branch;
<b>Collaboration between the Head Office and branches, and between domestic and overseas institutions</b>	The Beijing-based dollar clearing extended service team provided a number of services to customers that have opened accounts with New York Branch, including account information inquiries and remittance status inquiries and access to inquiry records.

**Visual Case: BOC established the Commodity Business Center (New York)**



**Case: Becoming the first Chinese settlement bank on the London Clearing House and the London Metal Exchange**

In July 2015, BOC London Branch became the first Chinese settlement bank on the London Metal Exchange, and was the first to provide RMB settlement services there. In addition, the branch joined hands with BOCI Global Commodities (UK) Limited and completed the first transaction with the London Metal Exchange after the latter launched the RMB collateral service.

In October, BOC became the first Chinese settlement bank on the London Clearing House, and provided its members with settlement services involving 18 currencies ranging from credit swap, interest rate swap, bond repurchase agreement and other

derivative products.

### Case: Completing the first transaction in the China International Payment System (CIPS)

On October 8, 2015, BOC Sydney Branch processed the first RMB transaction following the launch of CIPS. The first transaction was a RMB37 million transfer to China for a local Australian company .



### Case: Obtaining the qualification of "market maker for KRW-RMB direct trading"

In June 2015, BOC Seoul Branch was selected by the Ministry of Strategy and Finance of South Korea and the Bank of Korea to act as "market maker for KRW-RMB direct trading".

### Case: Strengthening overseas marketing for offshore RMB business

In April 2015, BOC Milan Branch held an RMB forum in Rome; over 200 representatives from Italian government agencies, local mainstream enterprises and financial institutions attended the event, which aimed to help Italian enterprises resolve the difficulty in using RMB in cross-border trade and investment.

**Visual Case: Staging promotional activities about trade with China and RMB targeting small and medium-sized British enterprises**



**Case: Releasing indicators on the progress of RMB internationalization**

**RMB Bond Trading Index**

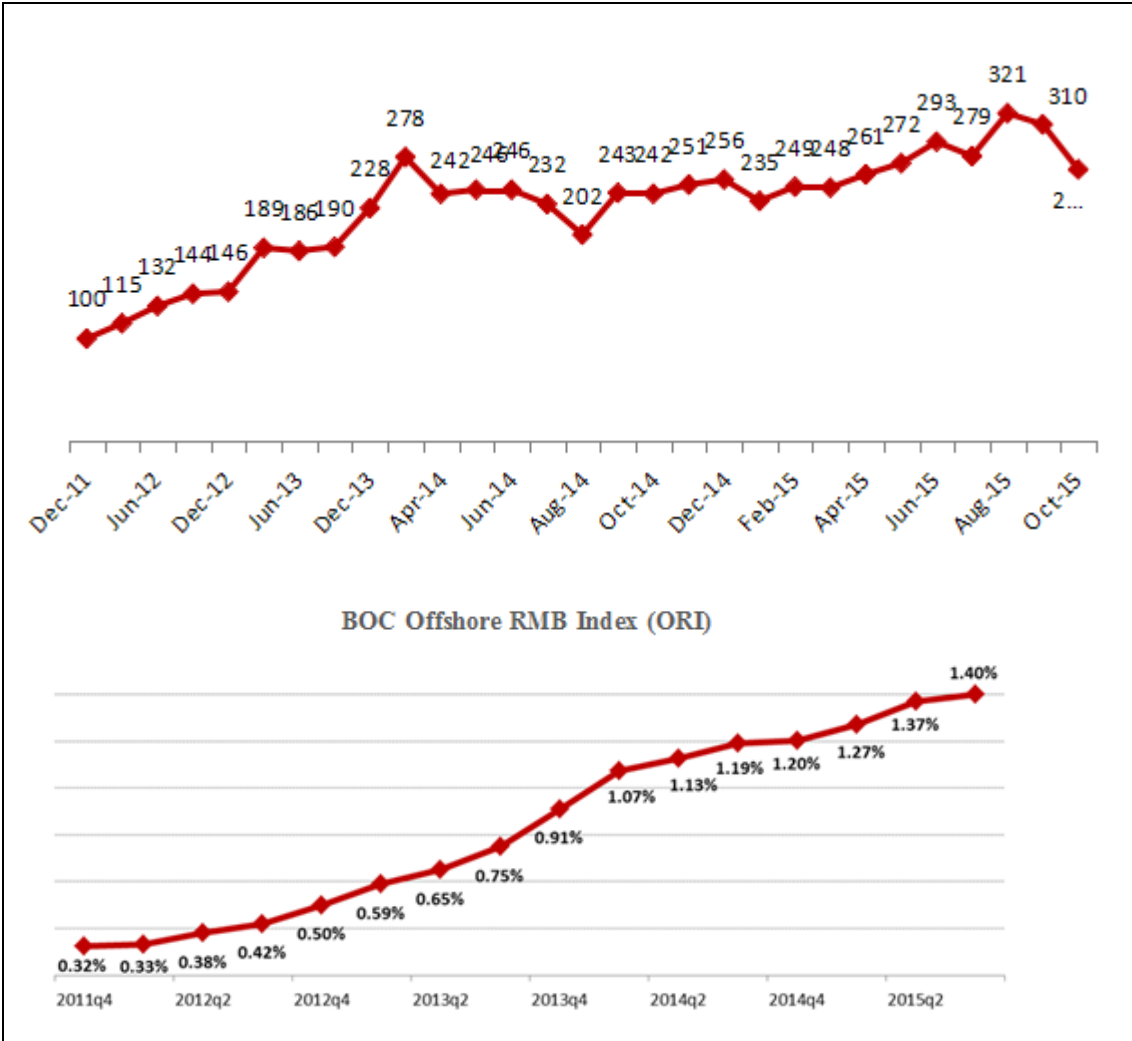
On October 20, 2015, BOC The Bank launched the “BOC RMB Bond Trading Index” which includes four indices: CGB Clean-price Trading Index, CGB Dirty-price Trading Index, PFB Clean-price Trading Index, and PFB Dirty-price Trading Index.

The index is updated each trading day on BOC's official website and via the terminals of Bloomberg and Thomson Reuters, with an operation report released to global investors at the end of each month. Investors can keep abreast of the changing trend of interest rates and liquidity condition, and invest in RMB bond portfolios based on the index.

**Cross-border RMB Index (CRI) and Offshore RMB Index (ORI)**

CRI centers on the "cross-border circulation" of RMB, and embodies the "popularity" of the currency in cross-border and overseas circulation. In October 2015, CRI reached 266 points, which was 2.6 times that of the base value (100 points) set in 2011, and directly reflected the steady progress in RMB internationalization.

ORI puts stress on the "overseas use" of RMB, and reflects the "size and scale" of RMB abroad. At the end of the third quarter of 2015, ORI was 1.40%, up 0.2 percentage points over the end of the previous year, and 4.38 times that of the base value (0.32%) set in 2011.



Visual Case:



**Picture: BOC Phnom Penh Branch held an RMB forum**



**Picture: BOC Xiamen Branch gave a presentation on RMB business in Taipei**

## **ii. Developing global e-finance**

BOC consistently accelerated the distribution of overseas outlets and platforms and realized 7×24 seamless continuous service in terms of time zone, country and currency; proactively practiced the "Internet Plus" Action Plan of the government, launched cross-border e-commerce direct connection, "Make It Easy" wealth management and other innovative products by effectively studying technological trends and customer demands, boosted the service capacity of its open platforms, and promoted BOC E Community at a faster pace. By the end of the year, the number of BOC E Community customers reached 37.77 million, up 24% year on year; new trading volumes of online merchants exceeded RMB1.4 trillion.

At the end of 2015, BOC's overseas institutions numbered more than 630, spreading across 46 countries and regions. Electronic channels covered over 95% of personal banking and 90% of corporate banking businesses; the number of mobile banking customers exceeded 78 million.

## **E-finance fueled the development of cross-border e-commerce**

<p><b>Cross-border e-commerce import-export service solution</b></p>	<p>Provided customs clearance and payment integrated services for cross-border e-commerce, which could realize whole-process electronic data interchange and transfer, automatic payment and cross-border fund clearing, and boost the processing efficiency of cross-border e-commerce business;</p> <p>The use of RMB in cross-border denomination and settlement helped enterprises save costs.</p>
<p><b>Cross-border e-commerce matchmaking service solution</b></p>	<p>Provided domestic and overseas enterprises with cross-border e-commerce matchmaking service, helped customers resolve cooperation obstacles in terms of environment, language, policy, legal issues and financing, and assisted domestic e-commerce enterprises tapping into international markets.</p>
<p><b>Cross-border e-commerce financing service solution</b></p>	<p>Analyzed cross-border e-commerce big data about transactions between importing/exporting enterprises and customers through corporate-level platform interconnection and system connection, and provided these importing/exporting enterprises with internet financing services along the whole industrial chain according to customs regulatory filings about cross-border e-commerce and the characteristics of the circulation of goods, and by exerting BOC's advantages in terms of cost and channel for domestic and overseas investment and financing.</p>

### **Case: E-finance boosted cross-border e-commerce**

#### **Being the first among peers to launch cross-border RMB e-commerce comprehensive service**

BOC Guangdong Branch launched the cross-border RMB e-commerce comprehensive service, the first among its domestic peers to do so, provided financial services ranging from "globalized" online payment, cross-border clearing, currency exchange and cash management for cross-border e-commerce transactions, and offered global trade matchmaking and supporting services for cross-border e-commerce by leveraging BOC's overseas networks.

#### **Setting up "matchmaking platforms" for cross-border e-commerce**



In November 2015, BOC (New Zealand) held a cross-border e-commerce seminar, which was attended by over 60 export manufacturers from New Zealand and 24 cross-border e-commerce platforms from China. Through one-on-one communication and product/service promotion, the event matched Chinese cross-border e-commerce platforms with New Zealand enterprises and facilitated bilateral cooperation.

**Visual Case: BOC Guangdong Jiangmen Branch launched "Overseas Chinese Financial Manager"**



**Case: Centralized management service for cross-border assets**

**Cross-border RMB two-way cash pooling settlement**

In March 2015, BOC Shanxi Branch handled a cross-border two-way RMB cash

pooling transaction for Taiyuan Iron & Steel (Group) Co., Ltd. ("TISCO") which was the first of its kind in Shanxi province. Through its global cash management platform, the Bank established a funding channel that connects the domestic and overseas members of TISCO, and realized interworking of cross-border RMB funds for the group.



#### **Centralized processing of cross-border collections and payments**

In November 2015, BOC Anhui Branch collected RMB63.766 million in export trade payments for Magang (Group) Holding Co., Ltd., helping it realize centralized processing of cross-border RMB collections and payments under current accounts among its domestic and overseas members.

#### **Online banking service for cross-border group customers**

BOC Xiamen Branch cooperated with Singapore Branch and Bangkok Branch in providing Xiamen Airlines with the BOCNET corporate online banking service dedicated to cross-border group customers so that the airline company could manage its global account in a centralized manner and carry out global remittance and cash management without any identity switch.

#### **Multi-currency "club" loans**

BOCHK worked with Singapore Branch, Manila Branch, Bangkok Branch and BOC (Malaysia) to launch the innovative "5+5+5" model, under which the five overseas institutions of BOC could provide "club" loans in five currencies to the borrowing entities of Shangri-La Group in five different regions and countries. This could further help enterprises with global operations reduce financing costs and raise funding efficiency.

#### **Case: Financial services in support of industrial chains**

BOC studied industry characteristics and developed online industrial chain financial



services by exerting its advantages in payment & settlement, financing & credit grant, and risk management.

<p><b>Online Financial Service for Shipping</b></p>	<p>BOC Ningbo Branch launched the "Online Financial Service for Shipping", providing the Ningbo Shipping Exchange with payment, settlement and other financial services in respect of the shipping logistics supply chain, and obtained the SAFE's approval of "payment first and review later" in carrying out foreign exchange business.</p>
<p><b>Online Financial Service for Car Dealers</b></p>	<p>BOC provided online financing service to the downstream dealers of the automobile industry by supervising and managing the certificates of conformity for the new cars of car dealers.</p>

**Case: Completing the first international-board transaction under the "Shanghai-Hong Kong Gold Connect" program**

On July 10, 2015, BOC SHFTZ Branch, as a member of the international board on the Shanghai Gold Exchange, cooperated with Buddha Financial Investment Services Co., Ltd. (a member of the Chinese Gold and Silver Exchange Society of Hong Kong) in completing the first international-board transaction under the "Shanghai-Hong Kong Gold Connect" program.

**iii. Serving enterprises' "going global" drive**

BOC worked to set up cross-border service platforms for enterprises and broaden channels for them to expand globally. At the end of 2015, the Bank supported accumulatively 2,201 "going global" projects, provided loan commitments worth USD148.6 billion and issued letters of guarantee to the amount of USD30.4 billion. It successfully completed a number of major cross-border M&A projects as the lead arranger and maintained a leading position in the market.

**Case: Diversified cross-border service platforms**

By leveraging its global network and diverse platforms, BOC provided enterprises with diversified cross-border services, holding the "Ningbo-Southeast Asia" Cross-border Investment Conference for Enterprises, China-Germany Investment and M&A Forum, Chicago Economic and Trade Investment Conference, and Malaysian Market Investment Conference, among others; and offered a package of services to domestic and foreign entrepreneurs including information consulting, customer matchmaking, business promotion, funding support and risk prevention.



**Picture: Holding the China-Germany Investment and M&A Forum**

### **Case: Supporting HNA Group's global layout**

Since BOC and HNA Group entered into a *Strategic Cooperation Framework Agreement* in 2013, the Bank's Hainan Branch issued 32 letters of guarantee for cross-border financing for the group and its affiliates in Paris, Singapore and Brussels, the balance of which totaled RMB11.145 billion. The scope of business cooperation includes middle and long-term loans, aircraft loans and other business areas. All this has strongly supported HNA Group's expansion in overseas markets.

### **Assisting Bohai Leasing in its pursuit of being a world-class enterprise**

In 2015, BOC provided Bohai Leasing Co., Ltd. with one-stop financial services from the design of a financing plan, opening of loan commitments to M&A financing, delivery of M&A funds and sweep of operating income, and helped it acquire the world's eighth biggest container leasing company Cronos at a price of around USD700 million.

### **Offering funding support to CCCC in its acquisition of an Australian industry leader**

In 2015, BOCHK, by collaborating with the Head Office, Sydney Branch and BOCI, provided China Communications Construction Company Limited ("CCCC") with a USD1.1 billion syndicated M&A loan, and helped it acquire 100% equity interest in John Holland, a major infrastructure construction company in Australia.

### **Completing the first project financing deal in Africa led by a Chinese bank**

In 2015, BOC organized an international syndication, and obtained USD150 million in funding for the Maamba thermal power station project undertaken by SEPCO Electric Power Construction Corporation, which became the first project financing deal in Africa led by a Chinese bank.

## **iv. Developing cross-border personal banking business**

Leveraging its advantages in terms of brand, product and network distribution, BOC innovated in personal cross-border financial products, and provided "one-stop"

services in the areas of overseas study, labor service and business travel.

Sector	Measures
<b>Overseas study</b>	BOC (Canada) launched the deposit certification service for students studying abroad, which could enjoy a faster and more convenient visa application process by providing a security of CAD10,000.
<b>Overseas labor service</b>	BOC Shandong Branch launched the BOC "Visa Express", helping customers with visa applications to 28 countries and providing convenience to migrant workers abroad.
<b>Investment immigration</b>	BOC Chongqing Branch cooperated with the city's nine major immigration agencies in providing one-stop cross-border services to local citizens.
<b>Cross-border business travel</b>	BOC (Malaysia) worked with the Malaysian Ministry of Tourism to promote the "Malaysia My Second Home Programme (MM2H)", and provided MM2H applicants with all-round financial solutions.
<b>Small-scale border trade</b>	Guangxi Branch launched the "BOC Border Trade Card", the first co-branded credit card for border trade settlement ever issued in Guangxi Province.

**Case: Completing Beijing's first tax refund for purchases of overseas tourists leaving China**

On July 1, 2015 when the policy on tax refund for purchases of overseas tourists leaving China officially took effect in Beijing, BOC Beijing Branch completed the city's first tax refund transaction for a British tourist in the tax refund agency at Terminal 3 of the Beijing Capital International Airport.

**Visual Case: Handling Manzhouli's first ruble banknote conversion transaction for a Russian customer**



### III. Supporting Charity and Public Interest

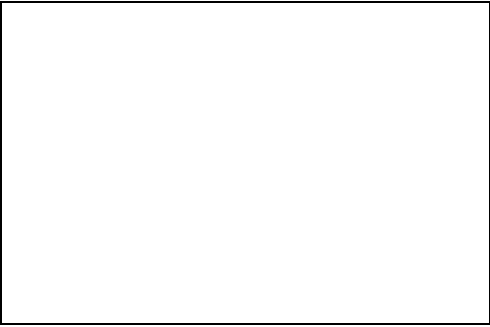
Committed to the development strategy of “Serving Society, Delivering Excellence”, BOC fully performed its responsibility as a state-owned large-sized bank and a global corporate citizen to serve, contribute to and repay the society. Actively contributing to charity and public interest, it made positive contribution in poverty alleviation and support for development of education, science, culture and art.

#### i. Pressing ahead with targeted poverty alleviation

Persisting in poverty alleviation in impoverished areas, BOC launched various projects of the kind by adjusting measures to local conditions in a bid to help local people shake off poverty and become prosperous as soon as possible. At the end of 2015, the Bank supported the four counties in Xianyang, Shaanxi, namely Yongshou, Changwu, Chunhua and Xunyi, for poverty alleviation for 13 consecutive years and sponsoring the “Visiting people, benefiting livelihood and warming hearts” program in Xinjiang for two years in a row.

**Case: “Visiting people, benefiting livelihood and warming hearts” for the second year**

In 2015, the work group of BOC Xinjiang Branch visited and stayed in Yegawat Town, Shule County, Kashi Prefecture for poverty alleviation and truly deepened the “Visiting people, benefiting livelihood and warming hearts” program.

<p><b>Industrial poverty alleviation</b></p>	<p>BOC helped villagers build 101 vegetable greenhouses and invited experts in greenhouse cultivation from Shule County and Kashi Prefecture to give related technical trainings.</p> 
<p><b>Intellectual poverty alleviation</b></p>	<p>After handing out learning machines to over 4,000 middle and primary school students in poverty-stricken families in Xinjiang in 2014, BOC handed out 400 learning machines again to local students in 2015. It also continued to grant scholarship to 185 local college students to help them finish college education.</p>

	
<p><b>Cultural development</b></p>	<p>BOC purchased sports and cultural facilities for local villagers, set up billboards for legal education and opened the Yegawat cultural center.</p> 

**Case: Targeted poverty alleviation for 13 consecutive years in four counties in Xianyang, Shaanxi**

In 2015, the 8<sup>th</sup> BOC poverty alleviation work group visited and stayed in the four counties of Xianyang City, Shaanxi Province, namely Yongshou, Changwu, Xunyi and Chunhua, for targeted poverty alleviation. 11 projects covering basic livelihood project construction, industrial poverty alleviation and off-the-job training were launched throughout the year.

**Case: Targeted poverty alleviation to nourish local areas with finance**

In 2015, BOC Shanxi Branch paired with Potou Town, Yonghe County to study poverty alleviation solutions by adjusting measures to local conditions and transform from “blood transfusion” to “blood making”, helping local villagers get better off.

<p><b>“Finance + industry” to drive “blood making</b></p>	<p>➤ Invested RMB40,000 to help local villagers enhance the scientific conservation of walnut economic forest. In 2015, actual income of the villagers increased by 10-15% year on year.</p>
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<b>machine”</b>	<ul style="list-style-type: none"> <li>➤ Input RMB50,000 to help repair local roads.</li> <li>➤ Invested RMB800,000 to build vegetable greenhouses.</li> </ul>
<b>“Finance + intellectual support” to enhance “motivating power”</b>	<ul style="list-style-type: none"> <li>➤ Donated RMB10,000 to help six poverty-stricken college students.</li> <li>➤ Organized volunteers to hand out learning supplies to children in impoverished areas, open fun PE class and offer quality extension training.</li> </ul>
<b>“Finance + care” to warm “new life”</b>	<ul style="list-style-type: none"> <li>➤ Condoled families with difficulties and extreme difficulties on major festivals</li> <li>➤ Provided financial subsidy for families with extreme difficulties</li> <li>➤ Re-identified a group of people living on subsistence allowances and subsidies families for renovation of dilapidated buildings according to national poverty alleviation policies</li> </ul>
<p><i>“With the plastic greenhouse sponsored by BOC, each greenhouse can bring at least RMB10,000 income one year and we can grow three seasons of vegetables in one greenhouse each year. Both yield and income was greatly increased thanks to the help of BOC.”</i></p> <p style="text-align: right;"><i>—Villager of Yonghe County</i></p>	

## ii. Participating in disaster relief

“When disaster struck, help came from all sides.” BOC actively participated in disaster relief and post-disaster reconstruction.

### **Case: Assisting the area hit by earthquake in Tibet**

At 14:11 on April 25, 2015, an 8.1 magnitude earthquake struck Nepal. BOC immediately launched the major emergency responding mechanism and donated RMB5 million to the earthquake-hit area in Tibet. Meanwhile, it organized the employees to provide various financial services needed in disaster relief.

BOC Tibet Branch promptly set up the disaster relief office and sent a work group to Zhangmu with emergency relief supplies at the night of the disaster outbreak. On April 29, it called upon cash donation and the employees donated a total of RMB294,500 to the victim area in Tibet.

BOC Beijing Branch provided emergency currency exchange service for the disaster relief task of Chinese International Search and Rescue Team at the night of the disaster outbreak.

BOC Yunnan Branch withdrew emergency readiness funds for a troop of the Chinese

People's Liberation Army stationed in Yunnan within two hours after being notified.

**Case: Supporting Chinese Medical Team in Africa to fight Ebola**

BOC Chongqing Branch donated RMB1 million to purchase medical supplies and life necessities for Chinese medical team in Africa and purchased overseas accident insurance for all the health care staff sent on the task. Meanwhile, it reached out to its partner Ecobank to provide all-round financial services for the medical team.

**iii. Supporting cultural and education undertakings**

BOC paid great attention to development of education and cultural undertakings and was committed to promoting education development and diversified cultural exchange with financial forces. As the sponsor bank of national student loans for higher education institutions for 16 consecutive years, it accumulatively granted over RMB20 billion student loans and supported over 1.6 million poverty-stricken students. The Bank also donated to Tan Kah Kee Science Award Foundation for 12 consecutive years to encourage the outstanding scientists with original scientific and technological achievements. It conducted strategic cooperation with National Center for the Performing Arts for 7 consecutive years to support art exchange between China and the outside and supported the “Rainbow Bridge” welfare project for 4 consecutive years to support 190 Chinese and American poverty-stricken exchange students to study in each other’s country.

Indicator	2015	2014	2013
Balance of national student loans (RMB100 million)	37.49	44.83	57.63

**Case: “BOC Exclusive Pool of Love” supporting 100 students to finish education**

“BOC Exclusive Pool of Love” is a charity platform that BOC staged for its private banking customers. On November 5, 2015, “BOC Exclusive Pool of Love --- Spring Buds Program” donation campaign was held in Kunming Girls’ Middle School. The customers of BOC will support 100 poverty-stricken girls to finish three-year senior high school education (including 69 ethnic minorities) and donated sneakers worth RMB100,000 to girls in poverty.

**Case: “Hand in Hand between Anhui and Xinjiang” serial activities**

In May 2015, BOC Anhui Branch joint hands with University of Science and Technology of China and Urumqi High-tech Industrial Development Zone to launch the “Hand in Hand between Anhui and Xinjiang” serial activities, inviting eight Uyгур and Hui children from Urumqi Middle School No.110 to visit Anhui for a trip of technology and culture.





**Case: BOC (Hong Kong) supporting the 2016 Summer Internship Program**

In collaboration with the “Belt and Road” Initiative, BOC (Hong Kong) supported the “Zhang Qian Plan --- 2016 Summer Internship Program”. It organized 100 college students in Hong Kong to attend trainings on national situation during the summer vacation and arranged 24 students for internship in BOC branches in areas along the “Belt and Road”.

**Case: The 4<sup>th</sup> “Rainbow Bridge” cultural exchange program between Chinese and foreign students**

In 2012, BOC and China Next Generation Education Foundation jointly launched the “Rainbow Bridge” cultural exchange program between Chinese and foreign students. Around 50 Chinese and American students in poverty are selected every year to visit the other country for study and exchange for 20 days, which have deepened the friendship between youth of the two countries. At the end of 2015, the program had been held four times, benefiting 196 students in total.





**Case: Cultural exchange with DePaul University**

In 2015, BOC Chicago Branch and DePaul University established the university-enterprise exchange mechanism, inviting nearly 20 teachers and students from DePaul University to visit BOC and organizing discussions with the visiting group on similarity and difference between Chinese and American enterprise culture.



### **Case: Supporting the 4<sup>th</sup> Dragon Boat Race in Britain**

2015 was the year of China-Britain cultural exchange. BOC London Branch title-sponsored the 4<sup>th</sup> Dragon Boat Race in Britain, the largest dragon boat race in Europe, to promote cultural exchange between China and the west.



### **Case: Supporting the University of Sydney to set up “Social Integration Scholarship”**

BOC Sydney Branch donated to and supported the University of Sydney to set up “Social Integration Scholarship”, so that students from ethnic minority groups and poverty-stricken families but of merits can enter college for further study.

*“‘BOC Social Integration Scholarship’ is assisting the students of merits in need.  
BOC is changing the world with actions, giving everyone equal access to education.”*

*—The University of Sydney*

**Case: “China-Mongolia Cultural Education Fund” and “China-Mongolia Social Development Fund”**

BOC Ulaanbaatar Representative Office united Chinese enterprises in Mongolia to set up the “China-Mongolia Cultural Education Fund” and “China-Mongolia Social Development Fund”. China-Mongolia Cultural Education Fund initiated the “Star of Hope” scholarship and the “Baby Eagle” student grant program to support Mongolian students of merits in college, middle school and primary school to finish school. At the end of 2015, the Fund held two selections for winners of the scholarship and grant, benefiting 104 Mongolian students.

**Case: Sponsoring the performance of China Philharmonic Orchestra in Japan**

On November 4, 2015, BOC Tokyo Branch sponsored China Philharmonic Orchestra to perform in Tokyo, Japan, which was warmly welcome by local audience. The event promoted civil cultural exchange between Chinese and Japanese people and enhanced the friendship.

**iv. Participating in community public welfare activities**

BOC actively integrated into local communities and encouraged the employees to participate in various public welfare and charity activities, repaying the society with actual actions. At the end of 2015, 18 branches set up the Youth Volunteer Association.

<b>Indicator</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Participants of the volunteer activities</b>	29,070	28,200	27,300
<b>Accumulative hours of volunteer service</b>	220,800	203,000	170,000
<b>Donation to public welfare (RMB10,000)</b>	5,885.91	6,628.56	6,084.72

**Case: Innovatively expanding charity donation channels**

In February 2015, Shanghai Charity Foundation and BOC Shanghai Branch signed the strategic cooperation agreement and officially launched the “Love Express via BOC Online Banking” charity program, providing the “simple, convenient, expedited and transparent” donation mode for BOC customers.

Besides, BOC Shanghai Branch cooperated with the Red Cross Society of China Shanghai Branch and donated RMB500,000 to support the “Special Fund for Human Organ Donation”.

**Case: “Care Inn” campaign**

BOC Tai'an Branch Xinwen Sub-branch in Shandong actively participated in the “Care Inn” campaign and set aside special area equipped with water dispensers and rest facilities in its outlets to provide space of rest for sanitation workers.



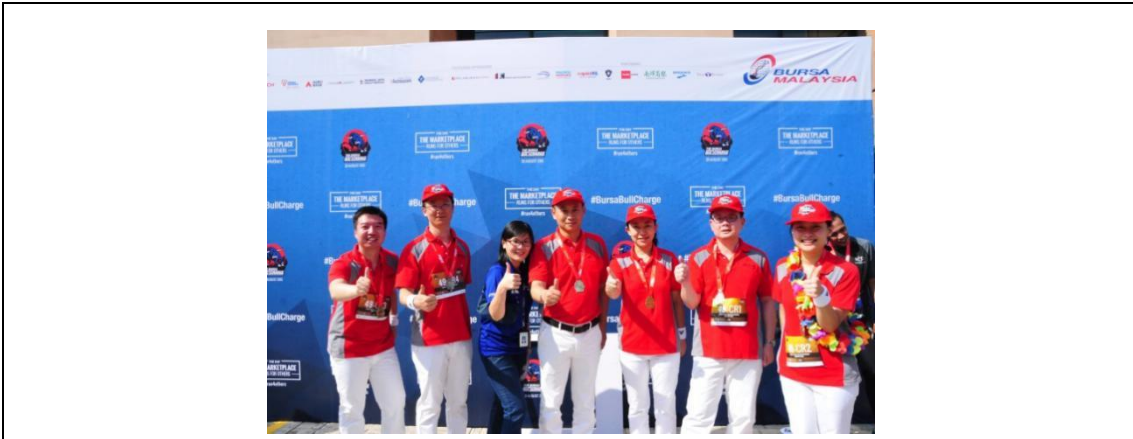
**Case: Actively participating in “City Giving Day”**

On September 30, 2015, BOC London Branch participated in the “City Giving Day” campaign initiated by Mayor of the City of London. BOC employees made delicate cakes by hand for charity sale and donation and raised more than GBP2,000 in total.



**Case: Participating in charity race**

In August 2015, BOC (Malaysia) participated in the charity race organized by Bursa Malaysia Berhad to improve the health awareness of local people, raise money for charity and help Malaysian aborigines and vulnerable groups learn survival skills and enhance social participation.



**Case: Care for the left-behind children**

As BOC has been paying close attention to the left-behind children, its branches organized colorful activities to get into the inner world of the group and help them grow up healthily and happily.

<p><b>Shandong Branch</b></p>	<p>It organized left-behind children to visit the BOC flagship outlet for smart banking in summer vacation and handed out learning supplies as a gift.</p>
<p><b>Fujian Branch</b></p>	<p>It joined hands with Tencent Love Alliance to invite 420 left-behind children to watch child movies, so as to enrich their vacation life.</p>
<p><b>Shenzhen Branch</b></p>	<p>It supported the “Dream Come True for Left-behind Children” program for three consecutive years. In 2015, it held the “Creative Bank Card Designed by Me” activity for left-behind children, inviting the children to depict the bank card in their mind with brush pencils.</p>

**Case: Continuing to support nursing of giant panda**

In 2015, BOC Macao Branch donated MOP800,000 to Giant Panda Foundation to support nursing of the animal. Meanwhile, the Branch cooperated with the Official Provisional Municipal Council of Macau to launch the “Friend of Civil Administration” member card with the function of UnionPay e-wallet to promote the public to pay attention to nursing of giant panda. During the past four years, the Branch accumulatively donated more than MOP3 million to the course.

**Case: Hainan Branch issuing the “Special Card”**

The “Debit IC Card for Hainan Volunteers” provided identification,

reduction/exemption of multiple debit card fees and free insurance protection for volunteers, so as to attract the public into the course of voluntarily serving the society. At the end of 2015, over 100,000 cards of the kind were issued.

The “Evergreen Tree Debit IC Card” provided elderly customers with convenient settlement and offered reduction or exemption of card issuing fee, annual fee, SMS notification service fee and deposit/withdrawal commission charge via ATM. The card holders could also make an appointment with a doctor in cooperating hospitals nationwide.

**Case: Helping the children with congenital heart disease for five consecutive years**

BOC Jiangsu Branch supported the “Call of Heart” charity campaign for five consecutive years since 2010 to help children with congenital heart disease in poverty-stricken families in Jiangsu to get treatment. At the end of 2015, 43 children successfully got treatment with the help of BOC.

**Case: Volunteer Team of Love and Energy**

BOCHK set up the “Volunteer Team of Love and Energy” in 2006 and had over 1,400 registered members at the end of 2015. Focused on the theme of “care, education, environment”, the Team continuously organized various public welfare activities such as education donation and poverty alleviation in a planned manner. In 2015, BOCHK organized more than 130 activities that lasted for 37,000 hours with over 3,000 participants.

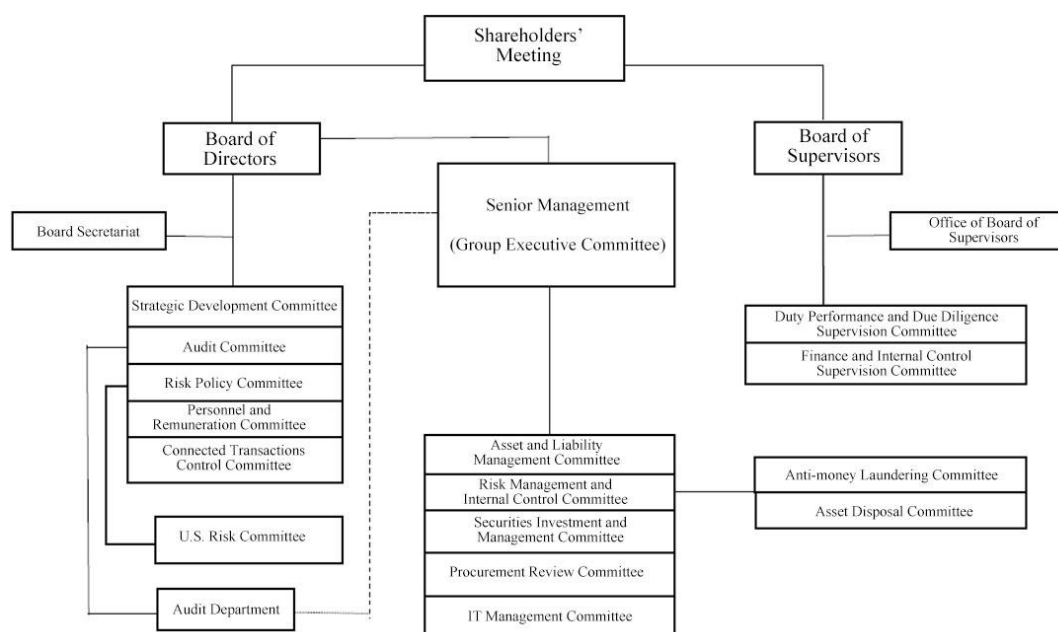
## IV. Performing Responsibilities for Stakeholders

### i. Commitment to shareholders

BOC continued to improve its corporate governance, strengthened the comprehensive risk management system, paid great attention to investor relations management and constantly increased the shareholder value.

#### 1. Improving corporate governance

In 2015, BOC promoted implementation of the *Guidance on Corporate Governance of Commercial Banks* issued by CBRC, pressed ahead with building of the corporate governance system, ameliorated the organizational structure of “Shareholders’ Meeting, Board of Directors, Board of Supervisors and Senior Management” and enhanced the risk control. Currently, the Bank has 14 directors, including Chairman of the Board of Directors, 2 executive directors, 6 non-executive directors and 5 independent directors. There are 7 supervisors, including Chairman of the Board of Supervisors, 2 shareholder representative supervisors, 3 employee representative supervisors and 1 external supervisors.



#### Latest progress of corporate governance practice

<b>Shareholders' Meeting</b>	2 shareholders' meetings were held, adopting 22 resolutions.
<b>Board of Directors</b>	The Board of Directors held 6 regular meetings, 3 extraordinary meetings and 9 meetings by circulation of written proposals, which reviewed 75 topics and made 67 resolutions.
<b>Board of</b>	The Board of Supervisors held 4 onsite meetings and 5



<b>Supervisors</b>	meetings of the special committees.
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## 2. Increasing shareholder value

BOC continued to strengthen its risk management ability, made great efforts to dispose of non-performing assets, improve performance and repay shareholders and was rated by Fitch, Moody's and Standard & Poor's, the top three rating companies, with the highest rating level in the industry. Its ranking in the "Top 1,000 World Banks" ascended from the 7<sup>th</sup> last year to the 4<sup>th</sup> and the ranking in the "Forbes Global 2000" rose from the 9<sup>th</sup> last year to the 4<sup>th</sup>.

In 2015, the Bank generated an after-tax profit of RMB179.4 billion, a year-on-year increase of 1.25% and an after-tax profit attributable to shareholders of RMB170.8 billion, a year-on-year increase of 0.74%. Return on average assets was 1.12% and the return on net assets was 14.53%. Total equity attributable to equity holders of the parent company was RMB1,304.9 billion and net interest margin was 2.12%. Basic earnings per share were RMB0.56.

## 3. Strengthening risk management ability

The Bank continued to perfect the organizational structure on risk management and coordinate the management of various risks. It improved the risk monitoring and early warning mechanism, conducted comprehensive risk investigation and stepped up efforts in proactive exit. Integrated solutions for corporate non-performing assets (NPA) were issued and the collection center of non-performing loans (NPL) was set up, with the value of NPAs disposed hitting a record high. Liquidity management was enhanced and breakthrough was made in overseas cash pooling. The Bank made great efforts to improve the system of three defense lines for internal control and released the *Three-year Plan on Anti-money Laundering*.

At the end of 2015, capital adequacy ratio was 14.06%, core capital adequacy ratio 11.10% and NPL ratio 1.43%. Asset quality remained stable.

### Latest progress of control over major risks

<b>Risk area</b>	<b>Latest progress</b>
<b>Wealth management business</b>	Innovated in initiating the risk investigation over on and off-balance sheet credit bonds of the Group, broke the restrictions of on and off-balance sheet and realized centralized risk management over on and off-balance sheet (including underwriting) credit bonds.
<b>Operations</b>	Organized several large-scale emergency drills across the Bank, made emergency plans and enhanced emergency response ability.
<b>Frauds</b>	Re-organized the three defense lines for internal control according to the <i>Guide for Internal Control of Commercial Banks</i> and in line with the regulatory requirements and overseas

Risk area	Latest progress
	experience and established the labor division and cooperation mechanism specifying responsibilities distinctly. Enhanced the front-line control, especially fraud risk control among tier-2 branches.

#### **Case: Promoting compliance as a G-SIB**

As the only financial institution from an emerging market that has been listed among the global systemically important banks for five consecutive years, BOC actively assumed the task of safeguarding global financial stability and earnestly implemented various regulatory requirements.

➤ Completed the Group’s Recovery and Resolution Plan (RRP) ahead of schedule and passed evaluation according to the latest regulatory requirements and the newly promulgated *Deposit Insurance Regulations*; assisted regulators in completing the first resolution assessment and the assessment report was recognized by Hong Kong Monetary Authority and Monetary Authority of Macao.

Finished the information disclosure on G-SIBs evaluation indicators for commercial banks in the annual report and quantitative measurement and calculation for international identification and pressed ahead with revision of the *Principles of Effective Risk Data Aggregation and Risk Report*.

#### **Case: Promoting the work on anti-money laundering**

In 2015, BOC made the three-year plan on anti-money laundering for 2015-2017, formulated the anti-laundrying guide according to characteristics and nature of different lines, confirmed differentiated training methods and stepped up efforts in anti-money laundering training and talent team building, with great attention paid to related qualification certification. It was predicted that by 2015-2017, the anti-money laundering training would realize full coverage among the 300,000 employees of the entire Bank.

#### **4. Improving investor relations management**

BOC paid great attention to communication with investors, continued to expand the channels for information communication and steadily pressed ahead with information disclosure work.

BOC successfully held the press conferences on the business results in 2014 and the interim business results in 2015 and launched the road shows of the senior management. About 200 meetings and talks in various forms were held with Chinese and foreign institutional investors and analysts. Through a variety of communication channels like the investor hotline, email and the “Shanghai Stock Exchange

e-Interaction" network platform, BOC comprehensively replied to doubts of investors in time. It answered about 850 calls from the investor relations hotline and addressed 136 inquiries sent by investors to the investor relations mailbox and the "Shanghai Stock Exchange e-Interaction" network platform.

**ii. Commitment to customers**

BOC continued to improve its customer service channels and promote innovation in products and services to comprehensively enhance customer experience.

**1. Perfecting customer service channels**

BOC made periodical achievement in intelligent outlets. A total of 2,598 outlets completed intellectual reconstruction throughout the year and the replacement ratio of electronic channels reached 87.97%. It actively promoted the electronic channels abroad and the corporate online banking was extended to 41 overseas institutions.

**Case: An intelligent banking flagship store held media open day**

Intelligent flagship banks integrated traditional banking service modes with innovative technology, so that customers could handle most of the businesses by themselves via intelligent equipment. It considerably shortened the duration of business transactions and improved customer experience. On November 6, 2015, the intelligent banking flagship store of BOC Inner Mongolia Branch held media open day, helping more customers learn about intelligent bank through media publicity.



<b>Quick</b>	Several sets of new-type intelligent equipment were set at the area of self-service transaction and pre-treatment, which cut the waiting time of customers and improved the transaction efficiency and accuracy.
<b>Green</b>	Customers could enjoy paperless transactions to support environmental protection.
<b>Intelligent</b>	Customers could finish information reading just by swiping their ID card or bank card at the intelligent pre-treatment equipment near the gate. The equipment integrated business

	distribution, customer identification, queuing and calling, well deserving the title of “five-star teller”.
<b>Fun</b>	Information on various financial products and services was vividly displayed on the screens of walls, desktops and mobile phones, which realized real-time interaction with customers and provided individualized services.
<b>Mobile</b>	Rapid transfer could be realized through novel payment forms such as WeChat at mobile phone.
<b>Fashionable</b>	A QR code wall was set up in the experience area. Customers could follow the APP “BOC Online Banking” by scanning the QR code to learn about product information via the mobile phone.

**Case: “Mobile banking” continuing to improve customer experience**

In 2015, BOC launched a series of innovative services such as transfer via mobile phone number and certificate of deposit and continued to upgrade its mobile-banking terminal on the basis of mobile technologies. At present, BOC mobile banking, covering deposit, loan, remittance, bill payment, investment and wealth management and mobile payment, provides customers with comprehensive and assorted banking services.

**Case: “Cheaper Car Wash” App officially launched**

In 2015, BOC Shanxi Branch cooperated with Shanxi Ka Er Car Club Service Co., Ltd and successfully launched the App “Cheaper Car Wash”, which activated various functions including rapid inquiry of car washers, B2C online payment via a mobile App platform and online payment discount and provided customers with 24-hour one-stop individualized services.

**Case: BOC Fullerton “rooted in county areas to support agriculture and small businesses”** BOC Fullerton Community Bank is a county-level financial service institution jointly founded by BOC and Fullerton Financial Holdings, which is affiliated to Singapore-based Temasek Holdings. It is dedicated to providing small and middle-sized enterprises, micro businesses, the salariat and agricultural customers with localized high-level financial products and services. At the end of 2015, it had set up institutions in 12 provinces and cities nationwide, becoming the community bank group with the largest number of institutions and the broadest business scope.




<b>Improving service</b>	It had well-developed clearing network and e-payment channels and developed various IT tools such as mobile banking, online
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<b>facilities</b>	banking, mobile phone-based bank card opening and agriculture-assisted service stations, connecting the various payment & clearing channels including the Bulk Electronic Payment System, the Rural Credit Banks Funds Clearing System and the Local Clearing System.
<b>Developing agriculture-related products</b>	It developed eight categories of agriculture-related products and 46 related sub-products. At the end of 2015, agriculture-related and small/micro loans accounted for 91% of all the loans and balance of loans granted to farmers accounted for 43.4% of the total.
<b>Filling up the service blank</b>	The outlets were mainly distributed in the central and western areas without or without adequate financial service. Central and western counties accounted for 78% and national poverty-stricken counties accounted for 33%.

## 2. Promoting innovation in products and services

### Case: 30<sup>th</sup> anniversary of card issuance

China's first RMB credit card was issued by BOC in 1985, so the year 2015 marked the 30<sup>th</sup> anniversary of its card issuance. Over the past three decades, BOC credit card constantly promoted innovation in products and services, established a diversified product system predominated by featured cross-border payment products and was dedicated to providing card holders with premier services.

<b>Outbound travel</b>	<b>Overseas study</b>	<b>Shopping on foreign websites</b>
<ul style="list-style-type: none"> <li>➤ All-currency international chip card</li> <li>➤ Great Wall Global Free Travel Card</li> </ul> 	<ul style="list-style-type: none"> <li>➤ Great Wall International Excellence Card</li> </ul> 	<ul style="list-style-type: none"> <li>➤ All-currency international chip card</li> </ul> 
<ul style="list-style-type: none"> <li>➤ Comprehensively reducing the risk of identity theft on the card overseas</li> <li>➤ Realizing RMB unified repayment</li> <li>➤ Multiple rebates in cash</li> </ul>	<ul style="list-style-type: none"> <li>➤ Safe payment for consumption</li> <li>➤ Convenient repayment</li> </ul>	<ul style="list-style-type: none"> <li>➤ Shopping all over the world at home</li> <li>➤ Preferential price and guaranteed quality</li> </ul>

**“Finance benefiting people’s livelihood”**

<p><b>Social security</b></p>	<ul style="list-style-type: none"> <li>➤ “Social security financial IC card” is both a debit card supporting deposit and withdrawal and a social security card that allows inquiry of endowment insurance, medical insurance, unemployment insurance, industrial injury insurance, maternity insurance and housing accumulation funds.</li> <li>➤ At the end of 2015, around 70 million BOC social security cards were issued accumulatively, covering nearly 240 prefectures and cities across the country.</li> </ul>
<p><b>Health</b></p>	<ul style="list-style-type: none"> <li>➤ Bank-hospital cooperation. By cooperating with more than 470 hospitals nationwide, the Bank provided one-stop services integrating self-service registration, bill payment and inquiry for reports and documents.</li> <li>➤ Optimized registration service. It developed the “Hospital Registration” mobile phone terminal and realized “getting registered without going to hospital.” So far, the service has covered over 800 hospitals in more than 20 provinces and cities.</li> <li>➤ Mobile medical care. Mobile medical care via WeChat was realized in Guangdong, which allowed registration appointment, inside and outside-hospital navigation, bill payment and inquiry for reports and documents.</li> </ul>
<p><b>Education</b></p>	<ul style="list-style-type: none"> <li>➤ BOC launched multiple education-related products and services such as “national student loans”, “Campus Card”, “Subsidy Card for Regular Senior High School Students”, “Subsidy Card for Secondary Vocational School Students” and “finance for study overseas”.</li> </ul>
<p><b>Bill payment</b></p>	<ul style="list-style-type: none"> <li>➤ It allowed customers to pay daily bills through multiple channels conveniently, including over 50 items under nine categories such as water, power and gas, communication and education and exams.</li> </ul>
<p><b>Consumption</b></p>	<ul style="list-style-type: none"> <li>➤ NFC “mobile payment” provided such value added services as bill inquiry via mobile phone and preferential treatment from merchants.</li> <li>➤ Financial IC card Supported ETC and buses in many areas.</li> </ul>
<p><b>Agricultural assistance</b></p>	<ul style="list-style-type: none"> <li>➤ It launched landline POS agriculture-assisted withdrawal and mobile phone withdrawal in rural areas.</li> <li>➤ It customized the “Funong Card” for migrant workers, so that they could withdraw cash free of charge.</li> </ul>

	<p>➤ It provided agriculture-related loans and auxiliary financial services for farmers from production and processing to circulation and more than 300,000 customers have been benefited so far.</p>
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**Case: “Make It Easy” enriching the product types**

BOC “Make It Easy”, focused on market changes and customer demand, launched various products while perfecting the BOC e-Community functions, so as to provide all-round quality services.

<b>BOC e-Community</b>	An online-to-offline intelligent community service system that integrated various service entities including residents, community merchants and banks.
<b>BOC e-Campus</b>	Palm finance and campus information inquiry were provided for teachers and students through bank-college cooperation.
<b>Yang Lao Bao</b>	By cooperating with fund companies, it launched balance wealth management and provided money market fund buying and T+0 quick selling, which realized instant transfer and improved the use efficiency of customers’ capital.
<b>Outbound finance</b>	It provided all-round financial services for overseas study, international business trip, investment immigration, expatriates and visit to China.
<b>Car Dealer Online</b>	It provided customers of the car industry with various services such as online financing application, loan extension and B2B payment. Customers could inquire certificates, use of credit line and car inventory anywhere anytime.
<b>Wangluo Tongbao</b>	The Bank provided customers with online financing service based on the new mode of SME Credit Factory.



Picture: “Caravan” for e Community service



Picture: Launch the BOC e-Campus project with Cooperating with South-central University For Nationalities

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Picture: Yang Lao Bao



Picture: Personal loan for overseas study

### 3. Improving customer service

The Bank continuously optimized the business process, promoted standardization of outlets' business operation procedures and was dedicated to improving customer experience. 15 outlets were listed among the 100 Demonstrative Units for Civilized and Standardized Service in Chinese Banking Industry, ranking among the top amid the peers.

#### Outlets listed among “100 Demonstrative Units for Civilized and Standardized Service in Chinese Banking Industry”

Beijing Branch Banking Department	Liaoning Yingkou Branch Banking Department
Shanghai Branch Banking Department	Jiangsu Branch Banking Department
Fujian Branch Banking Department	Henan Branch Banking Department
Hunan Changsha Lugu Sub-branch Banking Department	Hainan Haikou Haidian Sub-branch Banking Department
Sichuan Chengdu Chenghua Sub-branch Banking Department	Guizhou Branch Banking Department
Shaanxi Branch Banking Department	Qinghai Xining Guchengtai Sub-branch

Ningxia Yinchuan Dongcheng Sub-branch Banking Department	Ningbo Branch Banking Department
Xiamen Branch Banking Department	

**Case: “100 Outlets Into Community”**

BOC Shenzhen Branch launched the “100 Outlets Into Community” activity by following the concept of “rooted in community, serving community, blending into community”. Proactively entering communities, it provided residents with financial services at door and gave lectures on financial knowledge and anti-financial frauds. At the end of 2015, it accumulatively conducted over 4,500 community activities, with more than 700,000 participants.



**Case: Learning sign language proactively**

In July 2015, BOC Ningbo Branch invited teachers from Ningbo Special Education Central School to give sign language training, so as to better serve the special group.



#### **Case: Overseas telephone banking providing 24-hour service globally**

At the end of 2015, BOC overseas telephone banking covered 23 countries worldwide and realized 24-hour service provision, offering service to customers in 16 languages such as Chinese Mandarin, Chinese Cantonese, English and French.

#### **4. Protecting customers' rights and interests in an all-round way**

The Bank paid great attention to protecting the rights and interests of customers, stepped up anti-counterfeit money and anti-fraud efforts, kept a close eye on case prevention and control and actively inspected on and rectified various safety hazards. At the end of 2015, it successfully stopped 267 online banking frauds, helping customers reduce over RMB20 million of loss.

#### **Case: Anti-counterfeit money promotion**

In order to coordinate with the issuance of the new-edition RMB, in 2015, BOC Hubei Branch launched the anti-counterfeit money promotion campaign, offering over 40 lectures to large business and trade groups and large medical institutions, which attracted more than 1,800 persons.

#### **Visual Case: Anti-counterfeit money promotion**



**Case: Cooperating to combat telecommunication frauds**

In August 2015, BOC Guangdong Branch and Anti-telecommunication Fraud Center of Guangzhou Municipal Public Security Bureau jointly established the green express mechanism for rapid inquiry and temporary freezing of suspicious bank accounts. Public security authorities could directly contact the customer service center point to point anytime, which reduced the middle communication links and could help recover capital loss in time. In less than half a year after its establishment, the mechanism recovered nearly RMB20 million of financial loss for customers.

**Visual Case: BOC Shanghai Branch launching the “rectifying online buying/selling of bank cards” promotion campaign**



**(3) Promoting financial education among the public**

Riding on the location advantage of its outlets, the Bank organized different forms of financial knowledge promotions for varied customer groups.

In 2015, the Bank accumulatively held 23,743 “Long March to Popularize Financial Knowledge” activities with 204,195 person-times of employees participating, benefiting 19,433,100 customers and handing out 6,700,100 copies of publicity materials. It also accumulatively launched 7,877 “Financial Knowledge Into Everyone’s Home” activities, benefiting 16,499,400 consumers and handing out 2,515,900 copies of publicity materials.

**Case: Sending financial knowledge into the countryside**

In 2015, BOC Xiamen Branch and CBRC Xiamen Office jointly launched the “Volunteer Service in the Countryside” program in Fujian. By handing out foldouts, answering questions on site, guiding customers to participate in quiz with award and playing the advertising video, the program introduced financial knowledge such as capital safety and personal information safety to local villagers, helped them improve the economic, financial and risk awareness and safeguarded their personal property safety.



### iii. Commitment to employees

Always putting people first, BOC paid attention to appeal of its employees, safeguarded their legitimate rights and interests and made great efforts to help the employees realize physical and mental health and strike a balance between life and work.

Indicator <sup>1</sup>	2015	2014	2013
Total employees	310,042	308,128	305,675
Newly recruited employees	10,218 (3.3%)	10,112 (3.28%)	13,279 (4.34%)
Female employees	176,104 (56.80%)	175,232 (56.87%)	173,348 (56.71%)
Employees of ethnic minorities	12,755 (4.11%)	12,633 (4.10%)	12,338 (4.04%)
Overseas employees	24,983 (8.06%)	22,589 (7.33%)	21,699 (7.10%)

#### 1. Safeguarding rights and interests, advocating fairness

The Bank strictly abided by the *Labor Contract Law* and related laws and regulations and continued to optimize the post determination and management after the identity transformation of external contractual staff. It pursued and perfected the democratic management system with the employee delegates' meeting as the basic form, strived to explore and practice diversified ways of democratic participation and organized activities to solicit advices on rationalization and listen to the voice of employees. At the end of 2015, 100% of the proposals in the meetings were implemented.

##### **Case: Optimizing post determination and management after identity transformation of external contractual staff**

In 2014, BOC transformed all of its 58,000 external contractual staff to contractual staff, which was highly recognized by the society. In 2015, the Bank continued to pay attention to career development of the staff after the transformation and identified the career development paths of the employees.

#### 2. Expanding channels to facilitate comprehensive development

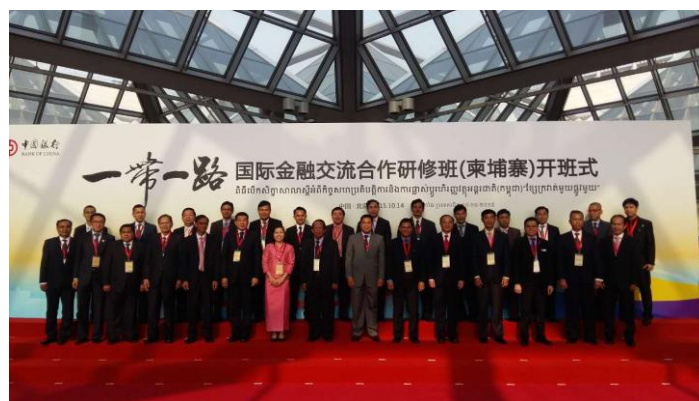
The Bank constantly enlarged input into education and training, continued with international cooperation and successfully held the "Belt and Road" international financial exchange and cooperation workshop. It formulated the master plan on professional team building, put into effect policy measures on retaining talents and ranked first in the "Best Employer in Financial Industry in the Opinion of Chinese University Students" for eight consecutive years.

Indicator	2015	2014	2013
Input into employee training (RMB10,000)	52,797.2	55,406.6	60,417.36
Number of employee training projects (session)	111,904	76,099	68,755
Trained employees (person-time)	2,741,209	2,553,405	2,209,789

<sup>1</sup>Percentage in the brackets refers to the proportion in the total employees.

**Case: Successfully holding the “Belt and Road” international financial exchange and cooperation workshop**

In October 2015, BOC successfully held the “Belt and Road” international financial exchange and cooperation workshop for Cambodia. It was the first high-level workshop held by Chinese financial institutions for countries along the “Belt and Road” and also a new attempt made in international financial exchange and cooperation. The workshop proceeded in two stages and was held in Beijing and Shanghai respectively. Focused on implementation of the “Belt and Road” Initiative, poverty eradication, rural reform and agricultural industrialization, building of industrial parks and development of small and medium-sized enterprises, it organized 15 lectures and field visits to 16 agricultural and industrial parks, major infrastructure projects, manufacturing enterprises and financial institutions. The workshop enhanced the exchange of financial talents between China and Cambodia.



**Case: Paying attention to training of overseas employees**

In 2015, BOC held a training class for excellent local financial talents overseas in London for the first time and meanwhile, organized two training sessions on national situation in Shanghai. The purpose was to help local employees of overseas institutions learn more about the economic development status in China, better understand BOC corporate culture and group development strategy and improve their sense of identity, loyalty and sense of belonging.

**Case: Encouraging officials to “work and start up” at the grassroots level**

In 2015, BOC continued to allocate more resources in budget, personnel, post and training to the grassroots level and formulated related policy measures to guide and encourage excellent employees at the Head Office to exercise and grow at the grassroots level and in hard places. In 2015, it accumulatively sent 81 employees to take a temporary post in over 20 branches in Tibet, Gansu, Guizhou, Beijing, Shanghai, Guangzhou, Tianjin and Chongqing, 2.5 times the number in 2014.

For hard areas abroad, the Bank stepped up policy support and especially organized the exam for expatriate reserve. In 2015, a total of 1,176 people applied for expatriate post in hard places and 63 were eventually selected to take a post.

**Visual Case: Outward bound for newly recruited employees of BOC Xiamen Branch**



**Case: Training by category**

BOC Ningbo Branch established the categorized training mechanism to improve efficiency and pertinence of the employee training.

<b>Management</b>	Held the Party school training for the grassroots management personnel and training classes for mid/senior management and provided courses on economy and finance-related hotspot issues.
<b>Business line employees</b>	Actively held various certification trainings for post qualification within the Bank and external professional qualifications to improve expertise and skill reserve.
<b>Newly recruited college graduates</b>	Organized orientation programs by post and hired professional institutions to select talents with high potential among marketing-related college graduates to learn about their career character and evaluate their capability potential, so as to provide basis for further cultivation. Organized activities for outstanding employees to share their development experience.
<b>Complaint management principals</b>	Organized training courses on complaint handling and 163 complaint management principals from BOC outlets attended the training.



### 3. Caring for the employees, lending a helping hand to those in need

BOC paid great attention to life of its employees, thinking what they worry about and offering what they need.

Indicator	2015	2014	2013
Disaster subsidy (RMB10,000)	49.70	226.2	290.1
Health subsidy (RMB10,000)	928.74	835.74	708.06
Life support fund (RMB10,000)	1,864.4	1,572.69	1,286.45
Number of employees in need that were helped (person-time)	8,466	7,966	6,032

#### Case: Launching the “Care for Employees” App

BOC launched the App platform that integrated multiple functions such as child education, fitness and entertainment, health consultation and cultural publicity for the purpose of understanding the need of grassroots employees in time, helping them solve daily life difficulties and enhancing exchange and interaction among the staff.

#### Case: BOCHK organized the carnival event for employees and their families

In September 2015, BOCHK held the “Grand Carnival for Employees of BOC institutions in Hong Kong and Their Families”. Over 28,000 employees and their family members participated, which boosted the employee cohesion and their sense of belonging.



### 4. Professional work, happy life

BOC attached importance to physical and mental health of its employees and organized various forms of cultural and sports activities while highlighting “professional work” to enrich their spare-time life and promote balance between their life and work.

#### Case: “Integration Program” for young employees

In July 2015, BOC Shandong Branch took the lead to launch the pilot “Integration Program” in Qingdao, so as to stage a platform for young employees to communicate,

share and grow up together. Team building was conducted in different forms such as training and outward bound and the young employees in different institutions and various lines were promoted to integrate rapidly.



### **Case: “Care for Staff Program”**

In January 2015, BOC Shenzhen Branch initiated the “Care for Staff Program”, hiring professional psychological counseling companies to provide counseling service and organizing various psychological counseling lectures, salons in marriage and parenting and cultural and entertainment activities. The purpose was to help the employees ease pressure in family and personal growth and improve their ability in self-adjustment.



### **Case: Organizing colorful activities for retired employees**

Paying attention to the life of the retired employees, BOC organized colorful activities in various forms for the group in 2015. It organized more than 450 retired employees to visit Beijing International Flower Port in three batches for the Double Ninth Festival. It also held a chess & card team event and an individual event for the retired, with 50 players from 10 teams participating in the team event and 228 people participating in the individual event. The Bank organized a team to participate in the Chinese Chess Competition for retired officials and the tennis game for the elderly

held by Working Committee of Central State Organs.

### **Case: Actively participating in the industrial sports game**

In 2015, BOC (Russia) sponsored and sent a team to the sports game of Russian financial industry for the first time to enrich the employees' life and enhance exchange with local peers.



### **Visual Case: BOC (Frankfurt) participating in the “Running Enterprises” event**



## **iv. Commitment to environment**

BOC earnestly carried out national green credit policies to promote innovation in green finance. It proactively launched green public welfare activities, comprehensively implemented green office, and used the force of finance to boost sustainable ecological development.

### **1. Carrying out green credit policy**

The Bank facilitated enterprise transformation and industrial renovation and supported development of eco-friendly industries and green technology projects in a bid to explore internationalized and diversified “green economy”.

Indicator	2015	2014	2013
Balance of green credit (RMB100 million)	4,123	3,010	2,588
Balance of loans to industries of high pollution, high energy consumption and over-capacity (RMB100 million)	5,118	4,983	5,142

**Case: Supporting promotion of energy-saving and environmental-friendly technologies**

In 2015, BOC Anhui Branch supported the Tongling Conch Cement Rotary Kiln MSW Incineration Demonstration Project. It also joined hands with BOC Guizhou Branch to ratify a credit line of RMB83 million for the urban domestic garbage disposal lines in Yuping and Xishui, Guizhou invested by Conch to support promotion and application of Conch garbage disposal technologies.



**Case: The first PPP project in the ecological and environmental protection industry**

In 2015, BOC Ningbo Branch ratified a credit line of RMB1 billion for a Public-Private-Partnership (PPP) domestic garbage incineration project for power generation in Yinzhou District, Ningbo. This was the first loan to PPP projects in Ningbo, making positive contribution to local environmental and ecological construction.

**Case: Promoting circular economic development in Tianjin Eco-city**

In 2015, BOC Singapore Branch successfully issued RMB1 billion bonds for Tianjin Eco-city Investment & Development Co., Ltd, getting quite popular in the market. There were nearly 40 investment institutions and the subscription ratio reached 3.1x.

The funds raised were used in environmental protection projects in the Eco-city and its pipeline construction, which would make full use of water resource to promote circular economic development in the Eco-city.

**Case: Successfully issuing the first green bond for Chinese enterprises**

Goldwind Science & Technology is a globally leading enterprise in research & development and manufacturing of wind power equipment. On July 17, 2015, BOC Macao Branch cooperated with BOC Xinjiang Branch to issue USD300 million overseas bonds for Goldwind Science & Technology, the first green bond among Chinese enterprises. The bond was rated A1 by Moody's and favored by international investors. During its issuance and subscription, the oversubscription ratio from 66 institutional investors worldwide approached 5x.

**2. Organizing green public-welfare activities**

BOC organized green volunteer activities among its employees, using actions to popularize the environmental-protection concept and drive people to live a new green life.

**Case: Practicing a green life with “green account”**

In 2015, BOC Shanghai Branch cooperated with Shanghai Municipal Investment (Group) Corporation to issue “green account card” among the citizens. The card was the exclusive green credibility record of citizens participating in domestic waste classification and also an electronic account for depositing and withdrawing bonus points (green points) for the classification. Citizens could use the points accumulated by participating in green environmental-protection activities for consumption discount, preferential service, change for gifts and lottery draw.

**Case: Classifying garbage for green recycling**

In 2015, BOCI China (Shanghai) regularly held activities of garbage collection and classification, calling upon its staff to participate in urban environmental treatment. During the activities, the employees classified garbage into beverage package, bottles and cans, electronic waste and harmful waste in a scientific way and delivered them to recycling centers.

**Visual Case: BOC Tianjin Branch organizing garbage-picking public welfare activity**



**Case: Planting mangroves to protect the marine ecosystem**

In 2015, BOC Xiamen Branch organized employees and their children and young volunteers to plant mangroves in Eyu Island, Xiamen, using actions to protect the marine eco-environment and cultivate the environmental-protection awareness of the children.



**3. Adhering to green low-carbon operation**

BOC comprehensively promoted green office, striving to minimize the impact of its operation on the environment.

Indicator (Head Office level)	2015	2014	2013
Total water consumption at office (ton)	179,714	172,322	169,809
Total power consumption at office (kWh)	31,982,760	31,540,560	30,923,160
Total gas consumption for state-financed vehicles (10,000 liters)	27.53	64.18	84.89

<b>Total paper consumption at office (ton)</b>	4.1762	4.3146	5.4971
<b>Video conferences held</b>	1,356	1,153	849

**Case: Completing the purchase of carbon emission quota**

BOC actively implemented the requirement of Beijing Municipal Commission of Development and Reform and hired a third party to check and verify the carbon emission in four office buildings in Xidan, Haiying, Heishanhu and Shangdi and submit the carbon emission verification report. The Bank purchased corresponding carbon emission quota to try to eliminate the carbon emission from its operations.

**Case: “Paperless” purchase review**

The Centralized Procurement Center of the Head Office comprehensively adopted the “electronic” review, realizing the “paperless” work. In 2015, it realized low-carbon and environmental-friendly review over 825 projects, saving more than 400kg paper throughout the year.

**Case: Promoting green office**

BOC Aviation encouraged its employees to use recyclable products, instead of disposable cups or bottles. Besides, it persisted with simplified annual report mainly in the digital form to reduce paper waste.

BOC (Malaysia) realized electronic bills for the entire staff and customers of trade finance and gradually reduced paper approval in the process of credit business, which effectively cut use of paper.

## **Outlook**

In 2016, BOC will fully implement the decisions made by the 5th plenary session of the 18th CPC Central Committee and the Central Economic Work Conference, continue to steer its financial services to serve the real economy, fully support the supply-side structural reform, vigorously advance the implementation of key national strategies, strive to prevent all sorts of risks, keep improving the coverage, accessibility and customer satisfaction of its products and services, and play a more active role in the sustained, healthy economic development.

It will continue to seize opportunities brought by the gradual opening of the financial market and the advancement of information technology, pursue innovation-driven development, make cross-border economic and financial cooperation more convenient by vigorously developing cross-border financial services and actively promoting RMB as an international currency, continue to optimize its financial products and upgrade its service mode by stepping up business transformation, platform building and the application of big data, and provide more convenient, efficient and considerate financial services to customers.

It will also value the demands of all stakeholders as always, strengthen communication with the government, shareholders, customers, employees and local communities, share its development fruits with the general public, increase support for public-interest undertakings including education, science, culture, public health and sports, continue to practice the idea of sustainable development and work hard to maximize economic, social and environmental benefits.



## **About the Report**

The Board of Directors and all the directors of the Company hereby guarantee that the report does not contain any false presentation, misleading statement or material omissions and shall assume individual and joint liability for the authenticity, truthfulness and completeness of the contents hereof.

### **Coverage**

Organization: focusing on Bank of China Limited (“BOC”), the report covers the Head Office, domestic branches, overseas branches, subsidiaries, representative offices and affiliates.

Time: from January 1 to December 31, 2015, with some exceptions.

Reporting cycle: annual report. The 2014 CSR Report was released on March 24, 2015.

### **Preparation basis**

This report is prepared in accordance with the *Opinions of China Banking Regulatory Commission on Strengthening the Corporate Social Responsibility of Banking Institutions*, the *Guidelines of China Banking Association on the Corporate Social Responsibility of Banking Institutions of China*, the *Guidelines of Shanghai Stock Exchange on Environmental Information Disclosure of Listed Companies* and the *Environmental, Social and Governance Reporting Guide of The Stock Exchange of Hong Kong Limited* as well as the *Guidance of International Organization for Standardization on Social Responsibility (ISO26000)*, the *Sustainability Reporting Guidelines of Global Reporting Initiative (GRI4.0)* and the *AccountAbility1000 Assurance Standard (2008)*.

### **Data basis**

The financial data contained in the report is based on the financial reports of 2015 audited by Ernst & Young Hua Ming LLP. Other data is based on the reports of 2015 and the reports of previous years as well. The monetary amount mentioned herein is denominated in Renminbi unless otherwise specified.

### **Guarantee**

Ernst & Young Hua Ming LLP assumes the liability for qualified assurance services on selected key data disclosed in the report and issues an independent assurance report.

### **Disclosure format**

The report will be issued in printed and electronic formats. The electronic version is available at the website of BOC (<http://www.boc.cn>). The report is disclosed in Chinese and English. In case of any discrepancy, the Chinese version shall prevail.

## Feedback

We appreciate your reading the *2015 Corporate Social Responsibility Report of Bank of China Limited*. This is the eighth year the Bank has released the social responsibility report. In order to better meet your demands, provide you with more valuable information and enhance social responsibility performance of the Bank, please kindly give us your comments on this report and feed back to us in any of the following contact ways:

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Mailing address: Executive Office, Bank of China, 1 Fuxingmen Nei Dajie, Xicheng District, Beijing, China

Postal code: 100818

What's your overall impression of this report?

Excellent Good Acceptable

2. What do you think of the Bank's performance of the social responsibility in implementing China's major development strategies?

Excellent Good Acceptable

3. What do you think of the Bank's performance of the social responsibility in enhancing global financial services?

Excellent Good Acceptable

4. What do you think of the Bank's performance of the social responsibility in supporting charity and public interest?

Excellent Good Acceptable

5. What do you think of the Bank's performance of the social responsibility in taking responsibilities for stakeholders?

Excellent Good Acceptable

6. Do you have any comment or suggestion on the Social Responsibility Report and social responsibility work of the Bank?

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Sincerely thank you for your support!