

**Bank of China Limited**  
**2014 CSR Report**

**March 2015**

## **Preface**

### **Serving Society, Delivering Excellence**

- Shoulder significant responsibility for the nation's revival**
- Possess competitive edges in the globalization process**
- Lead lifestyle in technological innovations**
- Earn customer loyalty in market competition**
- Meet the expectations of shareholders, employees and society in the course of sustained development**

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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, BOC functioned successively as the country's central bank, international exchange bank and international trade bank. Fulfilling its commitment to serving the public and developing China's financial services sector, the Bank has maintained its leading position in the Chinese financial industry for a long term and developed a good standing in the international financial community, despite many hardships and setbacks. 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 became the country's key foreign financing channel by building up its unique advantages in foreign exchange operations. In August 2004, Bank of China Limited was listed. 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 four consecutive years.

As China's most internationalized and diversified bank, Bank of China provides a comprehensive range of financial services to customers in 41 countries and regions in addition to Chinese mainland. 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**

The year 2014 saw substantive progress of BOC towards its strategic goal of "Serving Society, Delivering Excellence". The whole bank integrated its own development into the overall landscape of economic development and social progress, and fulfilled its responsibility as a large state-owned bank and a global corporate citizen, playing an active role in such aspects as boosting economic growth, promoting social harmony and protecting ecological environments.

In 2014, centering upon the needs of the real economy, we stepped up financial innovation and improved financial services, striving to promote financial and economic symbiosis and prosperity. Keeping close pace with the country's opening-up strategy and diplomatic moves, we strived to offer quality and efficient financial services in support of "Going Global" and "Bringing in" projects, with a view to boosting economic and trade ties between China and the rest of the world. In supporting RMB internationalization, we improved our global RMB clearing network starting with monetary functions such as settlement, financing, trading and reserve, and stepped up RMB product innovation on a constant basis. In actively serving national strategies including China (Shanghai) Pilot Free Trade Zone, Yangtze River Economic Belt, and Beijing, Tianjin and Hebei Integration, we made strenuous efforts to build up a specialized comprehensive financial service platform by which to offer quality and efficient financial services. By keeping pace with fast-changing technology and thinking out of the box over service models, we stepped up IT application and internet finance development and moved faster towards a financial service model geared to the future.

In 2014, we stuck to our responsibility in the tide of social development, for the good of the country and the people. We provided stronger support to small and micro businesses, actively helping them address the financing problem involving accessibility and high cost. We successfully finished the changeover for employees under labor dispatching, which was highly welcomed and hailed as a "heart-warming project". In actively maintaining national solidarity, we ramped up support of minority regions such as Xinjiang and Tibet, and sent outstanding bank leaders there carrying out surveys and paying visits to locals. We have served as the provider of government-subsidized student loans for 15 consecutive years, which helped 1.6 million poverty-stricken students complete their studies; supported poverty alleviation efforts in four counties of Xianyang, Shaanxi - Yongshou, Changwu, Chunhua and Xunyi - for 14 years in a row; sponsored the Tan Kah Kee Science Award and the Tan Kah Kee Young Scientist Award, which are presented to excellent young scientists with original scientific and technological achievements in China, for 12 consecutive years; and for 3 consecutive years, supported the China Next Generation Education Foundation's Rainbow Bridge program, subsidizing 156 outstanding students from poor families to participate in cultural exchanges and studies. We have also actively supported such public-benefit programs as "Chinese Traditional Village Protection and Development" and "Mother Health Express", and sponsored the "Global Summit on Sustainable Finance" organized by UNEP as a "green sponsor".

2015 is an important year to step up coordinated efforts towards "comprehensively building a moderately prosperous society, deepening reform, governing the country according to law, and enforcing strict party discipline", and also the final year of the "12th Five-Year Plan" period. BOC will continue its development strategy of "Serving

Society, Delivering Excellence", and by actively integrating its own development into the country's historical process of deepening reform and broadening opening-up, further enhance awareness of responsibility and improve professional capacity, using the power of finance to contribute more to the Chinese Dream of great rejuvenation of the Chinese nation.

## Message from the President

In 2014, focusing on the strategic goal of "Serving Society, Delivering Excellence", BOC devoted itself to seeking growth that is driven by business development, risk management, reform and innovation, and team building, and actively fulfilled its responsibilities for stakeholders including shareholders, customers, employees and the society, playing an active role in keeping steady growth, promoting reform, adjusting the structure, benefiting the public and preventing risks.

Over the year, we made new progress in business management by actively seizing opportunities and effectively preventing risks. Our year-end total assets, total liabilities, and owners' equity attributable to the parent company reached RMB15.25 trillion, RMB14.07 trillion and RMB1.14 trillion, respectively, up 9.93%, 8.95% and 23.48% from the beginning of the year. After-tax profits for the year rose 8.22%, exceeding the target set by the Board of Directors at the beginning of the year. We successfully implemented a capital replenishing plan, increasing the capital adequacy ratio accumulatively by 1.35 percentage points. The cost-to-income ratio was controlled at 28.57%, down 2.04 percentage points from the previous year. The quality of credit assets was kept basically stable, with a NPL ratio controlled within a rational range. BOC ranked seventh among global top 1,000 banks in terms of the size of tier 1 capital, up 2 places from the previous year; and was for the fourth consecutive year recognized as a Global Systemically Important Bank for its leading after-tax profits and ROE. Its growing strength won recognition from capital markets, with the price of its A shares and H shares up by 70.73% and 31.00%, respectively; both Standard & Poor's and Moody's upgraded BOC to the highest credit rating of the banking industry within China.

Over the year, we actively assumed responsibility and made new progress in supporting the real economy and serving the society. Our new loans in local and foreign currencies provided in the year amounted to RMB875.5 billion, up 11.51%; which went primarily to projects under major strategies of the country, important fields that benefit the people, and key "Going Global" projects. In promoting industry transformation and upgrading, we actively supported strategic emerging industries such as energy conservation and environmental protection, equipment manufacturing, new-energy vehicles, and information consumption, and actively cut loans to industries with overcapacity. We made strenuous efforts in support of national strategies such as "One Belt and One Road", Yangtze River Economic Belt, China (Shanghai) Pilot Free Trade Zone, Beijing-Tianjin-Hebei Integration and new-type urbanization. We introduced seven measures in support of small and micro businesses; new loans to small and micro businesses for the year amounted to RMB144.5 billion, and "BOC Credit Factory" SME customers exceeded 60,000 in number. We made a loan commitment of USD121.9 billion, up 40% from a year earlier, to 1,590 "Go Global" projects of Chinese enterprises. We granted consumer loans of RMB154.39 billion, up 11.7% year on year, in an active effort to encourage residents to spend on improving living standards. We also adopted strict regulations on service charges, and canceled multiple charging items including financing fees on small and micro businesses, trying to lower their financing costs.

2015 is an important year for BOC to step up its effort towards the "best bank" goal. We will continue to move forward with our strategic goal of "Serving Society, Delivering Excellence". We will step up our internationalization effort by giving top priority to "Blue Oceans", business transformation, risk control and employee care,

while making strenuous efforts to boost development of BOC under the new normal with a strong sense of responsibility for our shareholders, employees and the society.



## Key Performance Indicators

Field	Indicator name	2014	2013	2012
Economic	Total assets (RMB million)	15,251,382	13,874,299	12,680,615
	Operating income (RMB million)	456,331	407,508	366,091
	Non-performing loan ratio (%)	1.18	0.96	0.95
	Capital adequacy ratio (%)	13.87	12.46	13.63
	After-tax profit (RMB million)	177,198	163,741	145,746
	Paid corporate income tax (RMB million)	54,280	49,036	41,927
	Equity attributable to equity holders of the Bank (RMB million)	1,140,859	923,916	824,677
	SME loan balance (RMB million)	1,038,200	918,604	822,520
	Balance of government-sponsored student loans (RMB million)	4,483	5,763	7,100
Social	Total number of employees	308,128	305,675	302,016
	Female employees (%)	56.87	56.7	56.53
	Employee satisfaction ratio (%)	76.01	76.20	76.80
	External customer satisfaction ratio (%)	92.50	94.30	90.10
	Donations (RMB million)	66	61	45
	Social contribution per share (RMB)	2.19	1.67	1.58
Environmental	Balance of green credits (RMB million)	301,043	258,759	227,480

1. Total assets, operating income, non-performing loan ratio, after-tax profit, paid corporate 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. Capital indicators were calculated according to the *Capital Rules for Commercial Banks (Provisional)* (Y.J.H.L. [2012] No. 1) and the compared data are not available.

2. SME loan: In 2014, the Bank followed the 2014 Guideline on Financial Services for Small and Micro Enterprises (Yingyinfa [2014] No. 7). Data for 2012 and 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: Data of 2012 were adjusted according to the new national standard classifications of industry. Data of 2013 and 2014 were sourced from China Banking Regulatory Commission (Yinjianbanfa) [2013] No. 185.

## Social Responsibility Management

BOC adhered to its mission of "promoting social welfare and contributing to a prosperous nation", carried out its development strategy of "serving society, delivering excellence", and vigorously promoted the tradition of "adoration of the nation, integrity as our paramount principle, constant reform and innovation, and a people first approach". It persisted in the core values of "pursuing excellence" and the corporate cultural spirit of "integrity, performance, responsibility, innovation and harmony". Being customer-centric, market-oriented and technology-led, it worked with stakeholders to make financial contribution to the sustainable development of economy, society and environment.

BOC further improved its social responsibility management system. The Bank improved the multi-tier and cross-region social responsibility contact mechanism consisting of the Head Office, branches and sub-branches at home and abroad. By the end of 2014, the Bank had 100 social responsibility contacts. It organized irregular special trainings for social responsibility contacts and communicated typical examples and experience summary to domestic and overseas branches via WeChat and other new media, to promote application of excellent practices across the bank.

The Bank kept furthering social responsibility system development. It revised and issued the *Management Measures for External Donation of Bank of China Limited (2014)* and at the same time formulated the supporting *Implementing Rules on External Donation Projects of Bank of China Limited* for the first time, which further specified the procedures of external donation and enhanced the quality and effectiveness of public welfare projects.

In addition, the Bank continued to enhance communication with stakeholders. It has released the CSR reports for 7 consecutive years, forming a set of complete and standardized report preparation and release procedures. The Bank promoted the transmission of its social responsibility fulfillment, offering smooth channels for stakeholders to know about, understand and recognize BOC.

## Involvement of Stakeholders

Stakeholders	Expectation	Response
Country	Implement national macroeconomic policies Promote transformation of economic growth mode	Promote RMB internationalization, One Belt and One Road and other strategies and support industrial structure upgrading and development of medium, small and micro enterprises
Supervisory authority	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 all kinds of financial crimes.
Shareholder	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
Customer	Protect consumers' rights Improve inclusiveness of financial services Enhance service quality	Safeguard the safety of customer information and assets, organize educational activities on consumer financial knowledge, strengthen internet finance innovation of banks and diversify service channels and products
Employees	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
Community	Give back to communities Fulfill global corporate citizenship responsibilities	Support the development of educational undertakings and jointly build communities
Environment	Protect environment and promote sustainable development	Specify and implement the green credit policy and persist in green office and green purchase

## Awards and Honors

<b>International</b>	
<b>Award/Honor</b>	<b>Presented/Ranked by</b>
59th in Fortune Global 500	<i>Fortune</i> (US)
7th in Top 1,000 World Banks 12th in 2014 Top 500 Global Bank Brands	<i>The Banker</i> (UK)
6 <sup>th</sup> in 2014 Most Valuable Brands in China	<i>Interbrand</i> (UK)
7 <sup>th</sup> in 2014 Most Valuable Chinese Brands in China	Hurun Research Institute
68th in Brandz 2014 Top 100 Most Valuable Global Brands	WPP (UK)
221st in 2014 Top 500 World Brand	World Brand Lab (US)
Top 100 Influential Chinese Brands of the Year	Asia Brand Association
2014 Best Corporate Payment Project of China Project Management Award for Best Treasury Operation of the Year Best Treasury Operation Project of the Year	<i>The Asian Banker</i> (Singapore)
10th in the Top 100 Influential Asian Enterprises	RolandBerger Strategy Consultants (Germany)
1st in the Ideal Employers of Chinese Graduates of Business	Universum of Sweden
Best Trade Finance Bank in China	<i>Global Finance</i> (US)
Silk Award for A Comprehensive Appraisal 62nd in Top 100 Annual Report in the Asia-Pacific Best Innovator Award in Asia-Pacific	League of American Communications Professionals

<b>Domestic</b>	
<b>Award/Honor</b>	<b>Presented/Ranked by</b>
Most Socially Responsible Financial Institution Award Best People's Livelihood Financial Award in Social Responsibilities	China Banking Association
9th in 2014 Top 500 Chinese Enterprises	China Enterprise Confederation China Enterprise Directors Association
Top Ten Caring Enterprises	China Next Generation Education Foundation
Most Responsible Enterprise	China News Service
Top 100 Listed State-owned Enterprises by Corporate Social Responsibility	<i>Southern Weekend</i>
Best Socially Responsible Listed Company	Sina.com.cn
Special Social Responsibility Contribution Award for Chinese Enterprises Chinese Brands with Most International Influence	Xinhuanet.com
Best Chinese Banks	JRJ.com
Most Well-known Financial Enterprises Overseas (Asia-Pacific) Top 50 Best Overseas Image of Chinese Enterprises (Asia-Pacific)	<i>China Report</i>
CCTV Financial 50 Index-Leading Corporate Governance	China Central Television
2014 Most Competitive Wealth Management Institutions	Hexun.com
1st in Best Financial Employers	ChinaHR.com
2013-2014 Best RQFII Custodian Bank Best Bank Capital Bond Award “Star of Tomorrow” Best Hong Kong Private Banking Award	<i>The Asset</i> (Hong Kong)
Most Professional Investment-level Financial Institution Issuers in Asia	<i>FinanceAsia</i> (Hong Kong)

## I. Abide by the State Development Strategy

BOC is willing to pioneer the state strategy to grasp the opportunity of the “One Belt and One Road”, Beijing-Tianjin-Hebei integration and the free trade zone development, support the reform with financial services and contribute to the economic transformation.

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

The “One Belt and One Road” is the breakthrough point of China’s overall opening in the new era, and is of decisive significance to creating the new open economic system and overall opening pattern. BOC will give play to its century-old advantages of global network and international operation, make innovations of its products, management and services, upgrade its global financial service capacity against the economic “new normal”, in order to build itself the financial artery of the “One Belt and One Road”. It will strive to provide no less than USD20 billion credit in 2015 and a total of USD100 billion in the following three years for constructions related to the “One Belt and One Road”.

#### Case: “Co-build the Modern Silk Road, Share the Chongqing-Xinjiang-Europe Railway”

The Chongqing-Xinjiang-Europe Railway is an important support for construction of the Silk Road Economic Belt and the Yangtze Economic Belt. The Bank in coordination with the Head Office, Chongqing Branch and ten overseas institutions in Frankfurt, Paris, Luxemburg, Milan, Kazakhstan, Hungary, Russia, Poland, Rotterdam and Brussels along the Railway built the “1+1+10” joint work team to provide financial services for the development along the Railway.

<p><b>Support development along the Railway</b></p> <p>Support operation preparation</p>	<p>The Bank kept close contact with Chongqing authority and the European liaison offices along the Railway, and helped set up the Dusseldorf General Liaison Office in Germany and Antwerp Office and Resource Distribution Station in Belgium.</p>
<p>Support business marketing</p>	<p>The Bank introduced the Railway to European governments, embassies and commercial institutions, helped seek for cargos such as automobile, auto parts, electronic and mechanical products back to China, in order to build up the international influence of the Railway.</p>
<p>Supporting financial services</p>	<p>The Bank reached cooperation intentions with Yuxin’ou (Chongqing) Logistics Company, Minsheng Logistics Company and overseas automobile manufacturers such as Mercedes Benz, BMW and Volkswagen, and proposed tailored financial service plans centering the supply chain finance, centralized foreign exchange payment and receipt, cross-border RMB business, etc.</p>



**Picture: BOC Chongqing Branch supported the Forum on Economic and Trade Cooperation in Silk Road Economic Zone” with financial services**

**Case: BOC Gansu Branch provided RMB1.85 billion loan for Lanzhou-Xinjiang High-speed Railway**

**Lanzhou-Xinjiang** High Speed Railway connects Lanzhou of Gansu and Urumchi of Xinjiang, and is a key project of the country to improve its railway network and build the Silk Road Economic Zone. After completion of the project, the trip between Beijing and Urumchi will be shortened from 40 hours to 20 hours.

BOC Gansu Branch actively followed up the project and had provided a total of RMB2 billion loan by the end of 2014.

**Case: Promoting industrial chain integration along the “One Belt and One Road”**

TLT is a wholly-owned subsidiary of Siemens, taking the second largest share in world blower market thanks to its strong R&D. On February 7, 2014, POWERCHINA acquired TLT with the EUR68 million loan from BOC Frankfurt Branch.

The acquisition made POWERCHINA the largest power plant blower supplier in the world, and brought important opportunities for the cooperation between Chinese and German enterprises and the industrial chain integration along the “One Belt and One Road”.

**Case: “One Belt and One Road” bank-enterprise communication meeting**

On December 12, 2014, BOC Shaanxi Branch and the Department of Commerce of Shaanxi Province co-organized a bank-enterprise communication meeting in Xi’an to bridge enterprises of the Province with banking products related to the “One Belt and One Road”. Representatives of the governments of Russia, Thailand, India and Indonesia, BOC overseas institutions and renowned Chinese economists and experts of financial products attended the meeting. They introduced that against the backdrop of the “One Belt and One Road” strategy of the country, Shaanxi enterprises must



try to go global to adapt to the economic transformation, and shared the experiences of BOC in supporting the “going global” enterprises.

### **Case: Building a platform for Chinese enterprises to invest in Malaysia**

On December 2, 2014, BOC and Malaysian Investment Development Authority (MIDA) signed the MoU on business cooperation. It is agreed that MIDA authorizes BOC to act the sole partner bank of Malaysian government to attract investment in the country by Chinese enterprises. It was the first time that Malaysian government reached such a partnership with a foreign commercial bank.



**Picture: BOC and MIDA signed the MoU on business cooperation.**

### **ii. Supporting implementation of major regional strategies of the country**

BOC keeps space with the major regional strategies of China and actively probes into new mechanisms to support regional economic cooperation. It adopted differentiated credit management, made comprehensive use of such financing plans as syndicated loans, project financing and M&A loans to back up transportation integration, industry relocation, people’s livelihood and other sectors. In 2014, the Bank granted a total RMB26 billion loan to support the Beijing-Tianjin-Hebei integrated development project, and provided credit support for 27 large project in such fields as railway, highway, power and water conservancy along the Yangtze Economic Belt.

### **Case: Supporting the integrated Beijing-Tianjin-Hebei customs clearing**

In December 2014, BOC Tianjin Branch concluded the first integrated Beijing-Tianjin-Hebei customs clearing business, helping the customer to record an electronic letter of guarantee valued RMB200 million. The Branch also helped exporters and importers with complete “online tax and fee payment” solution which allowed enterprises to use an electronic letter of guarantee in the entire region. This facilitated customs clearing and reduced trade cost, representing a breakthrough progress in the reform of integrated Beijing-Tianjin-Hebei customs clearing.

After that, BOC Beijing Branch helped Enics Electronics (Beijing) Co., Ltd. record an electronic letter of guarantee valued RMB4 million for customs clearing in the region. BOC Hebei Branch helped Tangshan Ocean Shipping Agency with the letter of guarantee valued RMB130 million.

**Case: Supporting Beijing-Tianjin-Hebei coordinated development with improved services**

Tangshan Branch of Hebei Province fostered the three “centers” and built the specialized service brand to be the first choice of customers during the coordinated development.

- The service center for Beijing and Tianjin enterprises: to serve enterprises invested in Tangshan and the upstream and downstream enterprises of Beijing and Tianjin enterprises with streamlined procedures and innovative products concerning account opening, financing and upstream and downstream settlement.
- The service center for Beijing and Tianjin employees in Tangshan: to help them with personal account opening, agency payroll, fund circulation and financing services in the forms of private bank and wealth center.
- The cooperation center for Beijing and Tianjin financial institutions: to communicate with Beijing and Tianjin peers for cooperation in syndicated loan, business agency and inter-bank deposit.

**Case: Supporting Beijing-Tianjin-Hebei transportation integration**

Transportation integration is the foundation for Beijing-Tianjin-Hebei coordinated development. BOC Zhangjiakou Branch of Hebei Province provided credit support for the Zhangjiakou Section Phase II of Zhangcheng Expressway, Jingxin Expressway Phase III and Zhangtang Railway to back up the transportation network in Beijing-Tianjin-Hebei. By the end of 2014, it had granted RMB1.6 billion loan to large transportation projects of Beijing-Tianjin-Hebei transportation integration.

**Case: BOC supported Yangtze Economic Belt with electronic letter of guarantee**

In December 2014, the integrated electronic letter of guarantee reform was piloted in the 12 customs within the Yangtze Economic Belt. BOC actively kept pace with the reform and at the first time launched the “online tax and fee payment” resolution for importers and exporters. On December 23, BOC Jiangsu Branch issued the first customs clearing guarantee in the Belt, which allowed customs clearing with one electronic letter of guarantee in the entire region, facilitated reform of customs clearing, helped enterprises with easy customs clearing and reduced trade cost.

**iii. Supporting construction of FTZs**

BOC paid close attention to the construction progress of China (Shanghai) Pilot Free Trade Zone as well as Guangdong, Tianjin and Fujian FTZs. It thoroughly examined its basic products and businesses and presented 122 products for enterprises in the FTZs. It intensified product R&D, innovated asset management and other financial market products and trade finance products such as global supply chain, so as to support FTZ reform with financial services and strive to be the first choice of FTZ business.

**Case: Cross-border RMB lending**

On February 21, 2014, the People’s Bank Shanghai Head Office released a notice to

approve overseas RMB borrowing conducted by enterprises in Shanghai FTZ. Also in February, BOC Shanghai Branch made rapid response. It provided the Shanghai FTZ United Development Co., Ltd. with RMB100 million in coordination with overseas institutions, the first cross-border RMB lending business supporting the construction of the FTZ. Later, the Branch together with BOCHK and BOC Singapore Branch provided RMB5.1 billion cross-border lending to Shanghai International Port (Group) Co., Ltd., the highest value of a single cross-border lending business in Shanghai FTZ in 2014.

**Case: Supporting the first transaction of SGE international board**

On September 18, 2014, Shanghai Gold Exchange (SGE) launched its international board in Shanghai FTZ. One of the first Class A members of the international board, BOC gave play to the Group’s cross-border service capacity and in coordination with London Branch and Shanghai Branch supported MKS Group succeeded the first transaction of the day.

MKS is a world-renowned gold manufacturer and trader headquartered in Switzerland. BOC is the sole Chinese bank partner of MKS, and served MKS with intensive and effective fund collection and distribution between London and Shanghai FTZ.

**Visual case:**



**Picture: Supporting the development of Shanghai Free Trade Zone (SHFTZ)**

**Case: Supporting the new policies on Tianjin FTZ**

As the construction of Tianjin Free Trade Zone deepened, BOC Tianjin Branch presented favorable policies to support the FTZ policies.

Noticing that Handtmann Light Metal Foundry (Tianjin) Co., Ltd. had bill problems in capital settlement, Tianjin Branch helped it with “intentional settlement” business at the first day of the launch of the new FTZ policy, which featured streamlined approval procedures and less exchange rate risk.

#### **iv. Supporting transformation of economic growth mode in an all-round manner**

BOC focused on supporting SMEs, industrial restructuring and infrastructures, to boost transformation of economic growth mode and stand out as the best bank.

##### **1. Fostering SMEs**

BOC highlighted the information flow, fund flow and material flow of SMEs, developed 300 financial products exclusively for SMEs, upgraded BOC Credit Factory with online services, built the “SME Cross-border Investment Bridge Platform”, established diverse service systems to help SMEs solve financing problems and improve competitiveness.

In 2014, BOC’s small and micro enterprise loan increased by RMB1,038.2 billion or RMB145.5 billion over 2013, representing a growth rate of 16.3%, successfully achieving the objective of the “two no less than”.

##### **Case: Innovative SME Cross-border Investment Bridge Platform**

In 2014, BOC set up the SME Cross-border Investment Bridge Platform, organized SME investment forums and enterprise communications in Italy, France and Germany, organized SMEs to visit foreign counterparts for cooperation opportunities, help Chinese SMEs introduce advanced foreign technologies, management experiences and funds to elevate technique and competitiveness.



**Picture: China-France SME Cooperation and Development Forum**

##### **Case: Wo Finance—an Internet channel between e-commerce and banks**

In August 2014, BOC and China Unicom piloted the “Wo Finance” service in Guangxi, which allowed online operation of the offline transactions between e-merchants and millions of small agents, and provided the latter with credit support free of collateral or guarantee.

Wo Finance marked reform of the conventional credit management mode of commercial banks—based on big data analysis and controllable risks, credit support is provided to protect the agents’ return, help SMEs with financing solutions, and achieve mutual benefits of BOC, China Unicom and agents.

By the end of 2014, Wo Finance had recorded 522 approved customers and a total

credit of RMB19 million.



**Picture: BOC Guangxi Branch launched the online Wo Finance system**

### **Case: financing solutions for SMEs**

In early 2014, BOC Ningbo Branch launched the “BOC Online Financing”, an online revolving loan for SMEs. SME customers after signing a revolving borrowing contract may use online banking to conduct self-service withdrawal and repayment within the term and limit, so that they would no longer seek high-cost external funds to renew the loans.

BOCI provided customers with seamless “commercial banking + investment banking” service to help quality enterprises launch IPO or to be listed on the “National Equities Exchange and Quotations”. Since 2014, it co-organized with Henan, Anhui and Sichuan branches several business promotions among SMEs, facilitated IPO of Safegreen, Zhishenglianfa, Guangdalingxi and other three enterprises on the “National Equities Exchange and Quotations”, and helped the directional equity increase of Safegreen and Huixinjiade.

### **Case: Supporting the development of technology-based SMEs**

After creation of the “Zhongguancun Mode” of financial services for technology-based SMEs, BOC in 2014 shaped the Zhangjiang Mode in Shanghai, Binhai Mode in Tianjin and Donghu Mode in Hubei by duplicating the successful experience.

Based on the needs of technology-based SMEs, BOC Suzhou Branch designed the SIP (Suzhou Industrial Park) Mode combining venture capital investment, scientific credit and scientific insurance, which featured eight innovative advantages including innovative product system, innovative guarantee conditions and innovative risk alleviation. In 2014, the SIP Mode recorded over RMB400 million approved credit and a credit balance of over RMB200 million.

## **2. Supporting the industrial restructuring**

Pursuant to the principle of “advancing, supporting and maintaining development in some areas while withdrawing from and limiting and suppressing the development in some other areas”, BOC consolidated its differentiated credit policy to support upgrading of conventional industries and constantly raise the percentage of loans to

emerging industries.

By the end of 2014, the loan balance of strategic emerging industries was RMB370.8 billion, or RMB61.1 billion over the year beginning, representing an increase of 19.73%; accounting for 8.21% of the total corporate loans, 0.81 percentage point higher than the year beginning.

### **Case: Supporting the development of strategic emerging industries**

#### **Biomedical**

Since 2014, BOC has formulated the credit policies for pharmaceutical manufacturing industry and allocated special loan limits to encourage branches to support biomedical and other projects in this sector. By the end of 2014, BOC's loan balance in pharmaceutical industry increased by RMB5 billion over the year beginning. BOC signed the overall strategic cooperation agreement with the largest Chinese medical and health group—China National Pharmaceutical Group Corporation to provide commercial banking, investment banking and insurance services, and actively support the development of its biological vaccine, TCM materials and medical circulation fragments.

#### **New energy**

Taishan Nuclear Power Plant is a China-France joint venture of clean energy. BOC Guangdong Branch, in coordination with home and overseas institutions, supported the low-carbon energy project of the plant. It followed up with the entire project process, designed the globalized and customized financial package services, and provided the customer with global credit, letter of guarantee and non-directional bond financing products.

### **Case: Supporting technical upgrading of local automobile industry**

In 2014, Korean Hyundai Motor and Sichuan Nanjun Auto Group jointly invested RMB1.9 billion and founded Sichuan Hyundai Motor Company, aiming to it a world-class commercial automobile manufacturing base with global competitiveness and independent development capability. It is the only commercial automobile manufacturing base in China.

As the sponsor bank of the project, BOC Sichuan Branch in coordination with Seoul Branch made innovative use of cross-border financing products to provide RMB200 million fixed asset loan with a term of five years through RMB overseas direct lending, which timely and effectively supported the project.





**Picture: A workshop of Sichuan Hyundai Motor Company**

**Case: Differentiated measures to support enterprises' resolving overcapacity**

In April 2014, BOC Hebei Branch provided financing service for Qinye Heavy Industry Co., Ltd. In the form of “project + finance”, it supported Qinye’s export of 700,000-800,000 tons of hot metal to Indonesian PT. Gunung Raja Paksi, which resolved its overcapacity.

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

**Diversified product types**

In recent years, BOC developed such credit products as “Yingshi Tongbao”, “Longquan Tongbao” and “Muyi Tongbao” exclusively for the cultural sector to support film and TV, artifact trade and redwood sculpture and other local cultural industries.

In 2014, BOC launched the IPR pledge loan “BOC IPR Loan” which standardized IPR asset business in terms of collateral valuation and collateral procedures, effectively facilitated the copyright pledge credit for cultural enterprises.

**Serving the “Oriental Hollywood”**

Hengdian World Studios in Dongyang of Zhejiang Province is the largest movie- and TV-making base in China and is known as the “Oriental Hollywood”. BOC Zhejiang Branch set Hengdian Sub-branch as a movie/TV specialized sub-branch where the first dedicated team of the Province was built to serve the movie and TV enterprises with credit financing and settlement green channel. By the end of 2014, the Branch had registered 400 customers including Qiansheng Film & TV and Talent Film & TV, with a total credit balance of over RMB1 billion.

**Supporting overseas M&A of Chinese publishers**

In July 2014, BOC supported Jiangsu Phoenix Publishing & Media Co., Ltd. with USD75 million loan to acquire PIL, a renowned US publisher of children’s book. It was a record high value of overseas M&A by Chinese publishers in recent years and the first case of its kind in the US.

**Case: Supporting the development of modern agriculture**

BOC Heilongjiang Branch, in line with the strategy for the pilot area of comprehensive reform supporting the modern agriculture in Songnen Plain and Sanjiang Plain in the Province, combined its agro-related business with the objectives to support standard agricultural production and promote modern agricultural development. In 2014, it provide financial support for 152 agriculture-related enterprises including Beidahuang Group, COFCO and Beifeng Group. In addition, it launched innovative credit products such as the “Huan Geng Dai Kuan” (loan for reclaim of farmland) and “Chu Liang Dai Kuan” (loan for food storage) for a total 30 farms.

### **3. Supporting the infrastructure construction**

BOC actively supports urban and rural infrastructures in the progress of new urbanization and transportation facilities such as high-speed railway and highway. By the end of 2014, the Bank’s credit balance in the railway sector totaled RMB179.464 billion and that in the highway sector RMB310.9 billion.

#### **Case: Supporting the construction of urban rail transit network**

Rail transit is the blood vein of urban public transportation system. BOC actively participates in construction of urban rail transit projects to make contribution to the urban and rural prosperity and urbanization.

##### **Shenzhen**

BOC Shenzhen Branch gave full support to the rail transit construction of the city. It was the leading bank of the syndicated loan for Subway Line 9, and also involved in syndicated loan for Subway Line 7 and Line 11; it actively followed up the “rail transit + property on the top” mode implemented by Shenzhen Metro Group and took the lead to provide credit support for the property projects.

##### **Ningbo**

Since 2010, BOC Ningbo Branch had actively involved in rail transit projects. It supported the land plot development of stations of rail transit line 1, realizing full coverage of land access to rail transit stations.

##### **Zhengzhou**

BOC Henan Branch granted a total of RMB5.505 billion to the Subway Line 1 from its commencement to its putting into operation. It is the largest loaner of the project and made Zhengzhou the first city with rail transit in the Central Plain region.

#### **Case: Supporting the construction of urban rail transit network**

BOC Guangdong Branch gave full support to the rail transit construction in the Pear Delta. It took the lead in financing the Sui-Guan-Shen Line, Guan-Hui Line, Fo-Zhao Line and Guang-Qing Line. After completion, the projects will play significant roles in promoting the transportation and economic integration, the overall competitiveness and radiation and driving forces of the Pear Delta.



## II. Enhancing Cross-border Financial Services

As the only financial institution enrolled as one of the global systemically important banks for four consecutive years in emerging economies, BOC has assumed its responsibility as a major bank and strived to be a “server” and “stabilizer” for global economic development.

### i. Supporting enterprises to “go global”

By setting up a “cross-border investment, financing, M&A platform”, BOC helped Chinese enterprises expand the “blue ocean” for their overseas operations. By the end of 2014, the Bank supported a total of 1,590 “going global” projects of Chinese enterprises, and granted USD121.9 billion loans, representing a year-on-year growth of 40%.

Indicator	2014	2013	2012
Number of “going global” projects financed by BOC	1,590	522	-
Number of overseas M&A projects financed by BOC	12	7	13

### **Case: Diverse financial services facilitated the transformation of “Shuanghui International” into “WH Group Limited”**

In 2014, following its support of Shuanghui International’s successful acquisition of Smithfield Foods Inc. with USD7.1 billion (of which its loan amounted to USD4 billion), BOC assisted the company in its impressive transformation into WH Group Limited and completed the whole process of “financing, acquisition, integration, listing and repayment” within merely one year, by leveraging its integrated, diversified and specialized advantages at home and abroad.

On August 5, 2014, BOC International (China) Limited helped WH Group Limited float its shares on the main board of the Hong Kong Stock Exchange, with proceeds from the IPO exceeding HKD15.92 billion, making it the world’s biggest IPO project in the retail & consumer industry of the year.

To lower the funding costs of the company, in September, BOC joined hands with 10 other mainstream international commercial banks and arranged an operating syndicated loan in the Asia-Pacific market for WH Group Limited, which was 1.8 times subscribed ultimately. On October 8, with all the syndicated loans in place, WH Group Limited settled in full the USD4 billion consideration for its acquisition of Smithfield.



**Picture: WH Group Limited Pulled off a Successful Listing**

**Case: “Cross-border investment, financing and M&A platform” – boosting the international influence of Chinese enterprises**

**Helping Dongfeng Motor buy into PSA Peugeot Citroen with EUR800 Million**

On the occasion of the 50<sup>th</sup> anniversary of the establishment of diplomatic relations between China and France, BOC participated in the biggest Chinese investment project in France by far by helping Dongfeng Motor buy into PSA Peugeot Citroen with EUR800 million. Through close collaboration, a number of BOC institutions including Hubei Branch, Shanghai Branch and BOCHK won the bid to serve as the lead arranger, correspondent bank, and exclusive depository bank in the China (Shanghai) Pilot Free Trade Zone of a Hong Kong bank consortium, and supported the Chinese automaker “going Global” by providing global financial services.

**Contributing to the closing of the biggest cross-border M&A deal in the chain department store sector**

By working with the London Branch and Macau Branch of BOC as well as many other domestic and overseas banks, its Jiangsu Branch supported the acquisition by Nanjing Xinjiekou Department Store Co., Ltd. of House of Fraser (HOF), an old-branded chain store in the UK, with GBP80 million in M&A funding and GBP300 million in debt refinancing arrangements, which set a new record by the transaction amount of cross-border M&As in the chain department store sector completed by Chinese enterprises.

**Case: Supporting China’s high-speed rail technology going global**

In March 2014, CSR Zhuzhou Electric Locomotive Co., Ltd. won the bid for the 459-set electric locomotives project of the state-owned railway group of South Africa, which amounted to USD2.1 billion in total and set a new record by the amount of infrastructure projects of the year in the country.

The Bank’s Johannesburg Branch cooperated with Hunan Branch, and set a precedent for letters of guarantee (L/G) directly issued by a Chinese bank but accepted by a South African proprietor. The Bank issued three letters of guarantee during the year, totaling ZAR5.82 billion, and helping CSR save counter L/G costs of ZAR11.64 million.

## ii. Building key channels for RMB internationalization

As a direct participant and witness of RMB internationalization, BOC fully supported the cause by turning itself into a major player in the RMB internationalization business, a key global RMB clearing bank, a principal service provider for offshore RMB business, and a major quotation bank and market maker for RMB exchange rates and interest rate products at a faster pace.

### 1. A major player in RMB internationalization business

By continuously improving the product system for RMB internationalization, the Bank focused on developing offshore RMB exchange, treasury trading, bond issuance and underwriting, among others, and gradually formed an offshore/ onshore integrated service model.

By the end of 2014, our overseas institutions have a total of 1.6 million personal customers and 100 thousand corporate customers opened RMB accounts with us; full-year cross-border RMB settlement volume reached RMB5.32 trillion, up 34% year on year; RMB settlement volume for foreign direct investment amounted to RMB2.55 billion, up 45% year on year.

Indicator	2014	2013	2012
Cross-border RMB settlement volume (Trillion Yuan) <sup>1</sup>	5.32	3.98	2.49

#### Case: Successfully issuing a number of offshore RMB bonds

##### Issuing the world's first foreign-sovereign RMB bonds

On October 9, 2014, BOC, as the lead underwriter, issued in London RMB3 billion RMB-denominated T-bonds with a tenor of 3 years for the British government, which were also the world's first RMB-denominated foreign-sovereign bonds.



Picture: London Branch of BOC underwrote RMB bonds for HM Treasury

##### Successfully issuing “Arc de Triomphe Bonds” and other bonds

On July 8, 2014, the Bank issued RMB2 billion “Arc de Triomphe Bonds” in Paris of France, which became the first RMB bonds issued in the French market by a Chinese institution. The issuance was actively responded to by local and international investors, and was 3.65 times subscribed, with European investors accounting for 34% of the total.

Furthermore, Sydney Branch of BOC issued RMB2 billion “Oceania Bonds” in Australia; its Luxembourg Branch issued RMB1.5 billion “Schengen Bonds” in Europe; its Canadian subsidiary issued RMB3 billion offshore RMB bonds for the government of British Columbia, Canada. Each set a precedent for RMB bond issuance in the three markets, respectively.

#### **Case: Setting double records – the first overseas RMB MTN Programme**

In April 2014, BOC helped China Unicom set up a RMB10 billion medium term note (MTN) programme, becoming the first of its kind established by a Chinese red-chip company in overseas markets. In addition, BOC also helped issue RMB4 billion RMB-denominated bonds under this programme, which became the largest offshore RMB corporate bonds by single issue size.

#### **Case: Launching direct allocation and transfer of RMB banknotes across the Strait**

As approved by the PBOC, Xiamen Branch of BOC officially launched the cross-Strait allocation and transfer of RMB banknotes with effect from January 20, 2014, under which Taipei Branch of the Bank would supply and collect RMB banknotes to and from banks in Taiwan, and a direct channel for the supply and collection of RMB banknotes would be established across the Strait.



**Picture: Launching ceremony for the cross-Strait allocation and transfer of RMB banknotes**

## **2. A key global RMB clearing bank**

BOC was successively authorized to serve as the RMB clearing bank in Hong Kong, Macau, Taiwan, Frankfurt, Paris, Sydney and Kuala Lumpur, shaping a global cross-border clearing network with two hubs based in Hong Kong and Shanghai, and opening over 1,300 personal RMB clearing accounts for financial institutions from over 90 countries worldwide.

By the end of 2014, our cross-border RMB clearing volume reached RMB240.8 trillion, up 86.6% year on year.

**Case: RMB clearing service time span extended to 20.5 hours**

Starting from October 1, 2014, the RMB clearing service time span of BOCHK extended from 8:30 am of the day to 5:00 am on October 2, with the system running time reaching up to 20.5 hours, which has made it the RMB clearing service system with the longest service time span worldwide, and covering all time zones across Europe, Americas and Asia. In addition, it has also offered the 24-hour inquiry service, and provided convenient clearing services to over 220 major financial institutions around the world.

### 3. A major market maker for RMB products

BOC has become one of the first market makers for direct transactions between RMB, and GBP/NZD/EUR/SGD, with its position as a major market maker for RMB products increasingly entrenched.

#### **Case: Becoming the first RMB futures contracts market maker on the Singapore Exchange (SGX)**

On September 19, 2014, BOC officially became a settlement bank and the first RMB futures contracts market maker on the SGX, and started to launch RMB futures products. Prior to that, the Bank had already become an RMB futures market maker on the Chicago Mercantile Exchange and the Hong Kong Stock Exchange. Hence, BOC is the only financial institution engaging in market making business on all the three exchanges that have already launched RMB futures.

Different from other RMB futures contracts, the RMB futures on the SGX consist of two contracts: one priced at the offshore RMB exchange rate (CNH) and one at the onshore RMB exchange rates (CNY). The margin requirement for a single contract is relatively low, which thus provides new options for global investors in trading in RMB futures.



**Picture: BOC became a settlement bank and the first RMB futures contracts market maker on the SGX**

#### **Case: Convenient and efficient RMB market-making service widely acclaimed**

In 2014, by exerting its advantages in quotation and position-closing, the Russian subsidiary of BOC kept posting record-high single-day RMB transaction volumes, with the highest nearing RMB1 billion, which consolidated the Bank's leading position as a market maker in the local RMB market. The Russian central bank and stock exchanges recognized and commended the Bank for performing the duty of an RMB market maker, and recommended us to the local financial institutions as their RMB counterparty and clearing bank.



#### 4. Furthering the research on RMB internationalization

BOC continued to compile and release multiple research results, including the *Cross-border RMB Business White Paper* and the “Cross-border RMB Index” (CRI), and was the first in the industry to release the “Offshore RMB Index” (ORI), promptly tracking and reflecting the cross-border circulation and use of the currency.

##### **Case: Launching the global debut of “BOC ORI”**

On March 11, 2014, BOC debuted in Beijing the “BOC Offshore RMB Index” (ORI) worldwide, which was another index comprehensively reflecting the internationalization level of RMB, following its release of the CRI in 2013.

ORI mainly shows the existing size of RMB-denominated funds in offshore financial markets, utilization of such funds and the use of financial instruments. According to the index, Hong Kong remained the most critical offshore RMB center, with the offshore RMB markets in Southeast Asia and Europe becoming increasingly active, signaling a trend of RMB internationalization expanding from peripheral areas like Southeast Asia to other major economic areas all over the world.



**Picture: BOC RMB Internationalization Business White Paper**

##### **Visual Case:**



**Picture: BOC London Branch held an international forum on the “Rise of the Renminbi”**

##### iii. Expanding the global integrated service network

The Bank consistently strengthened the “soft power” of customer service, further

optimized overseas service channels and enhanced cross-border financial service levels in an all-round manner.

By the end of 2014, BOC’s overseas institutions numbered 628, of which 9 outlets were newly added during the year, covering China mainland and 41 countries and regions worldwide; the Bank established correspondent relationships with 1600 financial institutions in 179 countries and regions; its overseas online banking service scope expanded to cover 35 financial institutions in 31 countries and regions; its overseas telephone banking service was extended to 26 institutions in 24 countries and regions.

Indicator	2014	2013	2012
Number of overseas institutions	628	620	613
Balance of overseas trade finance (USD100 million)	475.19	425.19	337
International settlement volume (USD1 trillion)	3.92	3.41	2.85

**Case: “Five Most” – cross-border investment services supporting the “Shanghai-Hong Kong Stock Connect” program**

On November 17, 2014, the “Shanghai-Hong Kong Stock Connect” program was officially launched. By collaborating with its three subsidiaries (i.e. BOCHK, BOCI and BOCI China), the Bank provided customers with one-stop standard and all-round cross-border investment services featuring the “Five Most”. By the end of 2014, cross-border clearing business volume including the turnover under the “Shanghai-Hong Kong Stock Connect” program, risk control funds, bonuses and dividends totaled RMB73.7 billion.

<b>BOC’s “Five Most” services for “Shanghai-Hong Kong Stock Connect”</b> “Most inclusive” business qualifications	BOC obtained the qualifications to engage in all the businesses under the program, being the exclusive settlement bank for “Northbound Trading”, settlement bank and exclusively designated bank for “Southbound Trading”.
“Most professional” investment advisory services	BOCI and BOCHK provided personal consulting services to investors in “Southbound Trading”; and Mainland/Hong Kong “1+1” investment advisory services to customers with securities assets of RMB10 million or more.
“Most convenient” business channels	On “Southbound Trading”, customers can enable their trading rights via the service website and outlet counters of BOCI China; on “Northbound Trading”, customers can trade in stocks listed respectively on the Shanghai and Hong Kong markets without having to open another account.



<p>“Most preferential” prices</p>	<p>Based on the regulatory environment and market conditions, and targeting different types of customers, the Bank set commission standards that aligned with market levels.</p>
<p>“Most comprehensive” cross-border services</p>	<p>By including “BOC Shanghai-Hong Kong Stock Connect” into the comprehensive service system of “BOC Exclusive Cross-border Business”, the Bank generated portfolios with other cutting-edge products of the Group and offered more cross-border product options.</p>



**Picture: Chongqing Business Department of BOCI China launched a publicity activity for the “Shanghai-Hong Kong Stock Connect” program**

**Case: Global cash management boosting the fund utilization efficiency of multinational enterprises**

In March 2014, General Electric (GE) kicked off the bidding/tender procedures for its US dollar cash pooling project. The Head Office of BOC worked with 18 institutions (including Shanghai Branch and New York Branch) brainstorming on 298 questions raised by GE and solving them one by one, which demonstrated the Bank’s solid cash management service capabilities for multinational companies, and helped it win the bid to be a lead bank for GE’s US dollar cash pool in China.

In November 2014, PBOC issued the “policy on centralized operation of cross-border RMB funds of multinational enterprise groups”. Immediately following the release of the new policy, the Bank designed service solutions for a number of multinational corporate customers (including GE, LG, Huawei and Zoomlion Heavy Industry) and provided them global cash management services.

**Case: Completing a deal on centralized operation of foreign exchange funds of a multinational company, the first of its kind in Hunan**

On September 5, 2014, with a tap on the computer keyboard by a BOC clerk, a deal on the centralized operation of foreign exchange funds of a multinational company –

the first of its kind in Hunan province, was closed.

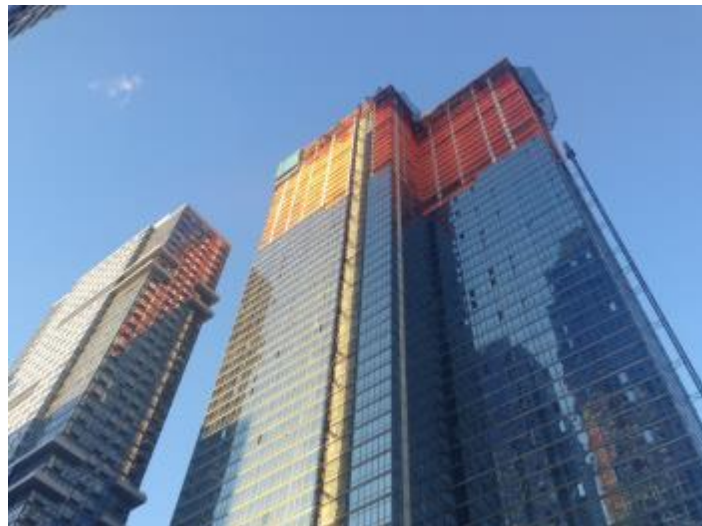
With the support of BOC Hunan Branch, the Bank completed the first deal in the centralized operation of foreign exchange funds of Hunan Valin Iron & Steel Group Co., Ltd. (Valin Group) through its global cash management platform, under which its overseas subsidiaries transferred in USD5 million and AUD6 million respectively from abroad. Since then, fund management of multinational enterprises in the province entered a globalized operation phase.

“The centralized operation and management of foreign exchange funds is instrumental to enhancing our cross-border capital operation capability, controlling exchange risks, boosting our comprehensive income, and hence benefiting enterprise in the long term.”

Rao Pu, General Manager of Hunan Valin Iron & Steel Group Finance Co., Ltd

### **Case: Making an entry into the financial service sector of American government housing bonds**

On July 31, 2014, as the lead arranger, BOC New York Branch completed the first housing bond issuance for the state government of New York, with the amount reaching USD545 million. This marked that BOC successfully entered the financial service sector for American government housing bonds, and became the first Chinese bank that supported the issue of housing development bonds by the housing finance agency of the state government.



**Picture: Affordable housing project supported by BOC New York Branch**

### **Case: Reinforcing system support and building a global unified payment platform**

On October 25, 2014, the Global Unified Payment Platform was officially launched in 16 overseas institutions of BOC; and had so far been rolled out in over 30 institutions worldwide.

➤ Interconnect the core systems of all institutions, and build a centralized and

unified payment processing & management platform;

- Unify the payment and clearing business process, realize the separation of front-and back-office operations, and standardized and centralized operation of the back-office;
- Boost the automatic processing ratio of systems, enhance the R&D capacity for payment products, innovate in and launch Group-wide cross-border real-time remittance and transfer products via the platform;
- Support strategic businesses of the Bank as an overseas RMB clearing house and settlement bank for stock exchanges.

### **Case: Bank of China Way**

The Canadian subsidiary of the Bank is located in the City of Markham, Toronto. In December 2014, the local municipal government approved through a resolution the setup of a “Bank of China Way” beside the office building of our Canadian subsidiary, which was the first road in the country named after a Chinese bank.



**Picture: Bank of China Way**

iv. Meeting the demand for personal cross-border financial services

By exerting the advantages of our international and diversified platforms, the Bank provided packaged financial service solutions to overseas study, labor export and business travels of Chinese citizens.

The Bank launched the personal foreign exchange settlement and sale business via mobile banking and telephone banking, and realized the handling of personal foreign exchange settlement and sale across all channels, which supported up to 9 foreign currencies. It also provided personal cash exchange service for BRL, VND, KHR and MNT, with the number of exchangeable foreign currencies reaching 25. Besides, the Bank innovatively rolled out such products as “Ben Bi Da” and “Personal Cross-border Settlement”, and provided more convenient and efficient RMB settlement services for cross-border trade.

**Supporting Personal Cross-border Financial Needs**

Area	Measures Taken
Overseas study	The Bank granted personal loans for overseas study worth RMB1.712 billion and supported around 6,000 students to study abroad. It promoted the “Online Overseas Finance” service, and provided overseas Chinese students with one-stop cross-border financial services (including online foreign exchange settlement and sale, telegraphic transfer, exchange rate quotation inquiry, agency payment of visa fees). The Bank also promoted the full-amount remittance products in USD and AUD across 31 domestic branches.
Labor export	BOC Shandong Branch issued the “Manual for Financial Services Abroad – Labor Export” to design exclusive financial service portfolios for overseas Chinese workers according to the three stages of preparation, working and living abroad and returning home after work’.
Cross-border business travels	By targeting Taiwanese customers, BOC Suzhou Branch launched a series of feature products, including “Taiwanese Business Card”, “Taiwanese Business Wealth Card”, and cross-border RMB remittances, and staged special activities like service salons for Taiwanese businessmen, to meet their financial needs.
Small-amount border trade	BOC Guangxi Branch exclusively launched the “BOC Dongxing Border Trade Card”, which was the first credit card specifically targeting inhabitants in border areas and having the functions of small-amount credit grant, border trade settlement, overdraft and revolving credit.

**Case: "Worldwide and one-stop services"**

In 2014, BOC held cross-border services summits under the theme of “worldwide and one-stop services” in Chengdu, Shenyang, Beijing and Tangshan successively, which were attended by its Macau Branch, Canadian subsidiary and many other overseas institutions. At the summits, the Bank explained its latest policies on investment, overseas study, migration and housing purchase, and provided overseas asset allocation plans and domestic/overseas asset-backed financing services.



**Picture: The Global Cross-border Services Summit**

**Case: Establishing a two-tier overseas financial service system**

To better meet increasingly diversified overseas financial demands, BOC Beijing Branch established a two-tier overseas financial service system (overseas financial service counter – overseas financial service center), consolidating all types of overseas financial service products and resources, and providing one-stop all-round financial services to customers. By the end of 2014, Beijing Branch already set up 21 overseas financial service centers and 118 overseas financial service counters.



**Picture: Overseas Financial Service Center of BOC Beijing Branch**

**Visual Case:**



**Picture: BOC Guangxi Branch completed the country's first VND cash exchange transaction**



### III. Contributing to Charity and Public Interest

BOC actively assumed its responsibilities as a global citizen and tapped into various platforms and its own strength to support poverty alleviation and cultural undertakings, help fight against natural disasters and devote itself into community public interest, so as to contribute to the harmonious social development.

#### i. Persisting in poverty alleviation

Pressing ahead with poverty alleviation by adjusting measures to local conditions, the Bank supported local infrastructure construction and developed related industries to create conditions for increasing income in poverty-stricken areas.

#### **Case: “Visiting people, benefiting livelihood and warming hearts”**

In September 2014, BOC launched the “Visiting people, benefiting livelihood and warming hearts” serial activities in Xinjiang.

- Handed out learning machines to 4,235 local students in poverty-stricken families.
- Granted special scholarship to the first group of 78 college freshmen that joined college in 2014.
- Donated RMB1 million to Baja Central Primary School of Yegawat and Middle School of Yegawat in Kashi Prefecture to improve school infrastructure.

“To promote ethnic minority children to learn Chinese in the form of education amid entertainment, thus enhancing ethnic integration. This is creative.”

--- Zhang Chunxian, member of Political Bureau of the CPC Central Committee and Party Secretary of Xinjiang Autonomous Region

“When I received your learning machine, I was surprised and so excited. The gift was so precious. I will surely cherish and fully use it in my study and try to become an excellent student in both morality and performance to better serve the country in the future!”

--- Saibinur Rouzi.Maimaiti, primary school student of Tuowanmaili Village, Ahu Town, Atushi City



**Picture: Visiting Uyghur elders in Xinjiang**



**Picture: Handing out learning machines as a gift to Uyghur students in Xinjiang**

**Case: Targeted poverty alleviation for 12 consecutive years**

Since 2002, BOC launched targeted poverty alleviation in four counties of Xianyang City of Shaanxi Province, namely Yongshou, Changwu, Xunyi and Chunhua, for 12 consecutive years. Over the past 12 years, the Bank made great efforts on poverty alleviation by donating RMB50.2360 million, which motivated investment of nearly RMB140 million from local government and the public, benefiting over 70,000 people. This promoted the steady increase of income in the four counties, greatly reduced the poverty-stricken population and distinctly improved infrastructure.

In January 2014, BOC was conferred the title of “Advanced Group for Targeted Poverty Alleviation among Central State Organs” by the State Council Steering Group of Poverty Alleviation and Development.

- Assisted with construction of 52 relocation projects and helping relocate 9,509



people in 2,013 households in need.

- Built 23 new schools with an area of 14,559 square meters.
- Built 21 countryside road and bridge projects and 32 roads totaling 40.49 kilometers.
- Assisted with construction of 20 human and livestock drinking water projects and 47.97 kilometers of water transmission pipelines.
- Held 55 trainings and survey classes of various types that covered 6,755 person-times.
- Developed 137 poverty alleviation projects in 14 categories, such as poverty-alleviation industries and industry-university-research institute collaboration.



**Picture: Assisting with building of Hongjia Hope Primary School**  
**Picture: Assisting with building of Changwu Nursing Home for the Aged**



**Picture: Voluntary activity of seeing patients by the donated “Express Bus for Health of Mother”**

### **Case: Ways to prosper --- Supporting infrastructure construction**

#### **Tushan Village in Sichuan**

In the support for Tushan Village of Tushan Town, Jiange County, Guangyuan City, Sichuan Province, BOC Sichuan Branch provided RMB1.1 million to install drinking water pipelines for farming households in 8 teams in severe need of water. It funded 5 drinking water towers and 3,000m main pipelines. This addressed the “difficulty in using water” for over 1,000 local people for agricultural production and irrigation and human and livestock drinking water. The branch also supported building of 5

kilometers of village cement roads to help lift the farmers out of poverty.



**Picture: Water storing pool and cement road built for local people**

### **Chun'an, Zhejiang**

Xiashan Village of Zhongzhou Town, Chun'an county, Zhejiang Province is located at the border of Zhejiang and Anhui Province. Surrounded by mountains, it suffers much inconvenience in transportation. Since 2011, BOC Zhejiang Branch confirmed the village as a target of poverty alleviation and helped build several roads successively. In 2014, Xiashan Village "BOC Bridge" was completed with the support of Zhejiang Branch, making new contribution to improvement of local transportation.



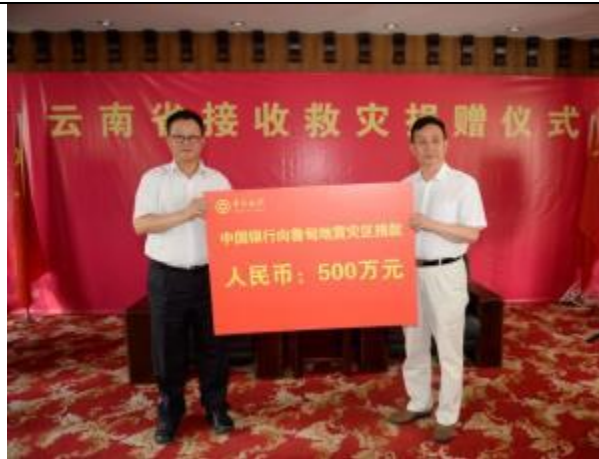
**Picture: "BOC Bridge" was completed**

### **ii. Participating in disaster relief**

"When disaster struck, help came from all sides." BOC actively participated in disaster relief and post-disaster reconstruction to support disaster-stricken areas to resume production and life as soon as possible.

### **Case: Assisting the area hit by earthquake in Ludian, Yunnan**

On August 3, 2014, a 6.5 magnitude earthquake struck Ludian County, Zhaotong City in Yunnan Province. BOC immediately organized earthquake relief and spared no effort in providing various financial services needed in disaster relief on the basis of ensuring safety of employees and institutions. On August 6, the Bank donated RMB5 million to the earthquake-hit area. Its domestic and overseas subsidiaries opened green channels for money donation free of charge, and allocated relief funds in time.



**Picture: BOC donated RMB5 million to earthquake-stricken areas in Ludian**

**Case: Supporting post-disaster reconstruction after typhoon Rammasun**

On July 18, 2014, Hainan was hit by typhoon Rammasun, the strongest over the past 41 years. Afterwards, BOC Hainan Branch organized its employees to participate in voluntary activities for home reconstruction and donated RMB3 million.

The bank leaders and staff personally donated RMB385,000, collected and distributed several batches of important living materials and delivered RMB181,900 to 84 college students in the disaster-stricken area.



**Picture: Cleaning up the typhoon-hit area Picture: Delivering living materials to the typhoon-hit victims**

**Case: Supporting the fight against Ebola**

In order to help African countries contain spread of the Ebola epidemic, the Third Military Medical University and its subsidiary hospital organized a medical team consisting of 200 staff, which traveled to Liberia at the end of 2014 on a mission to fight the Ebola virus. To support this initiative, BOC Chongqing Branch donated RMB1 million to the university for the medical team to purchase medical supplies and living necessities, grant special allowances and buy insurance.

**Case: Assisting air crash search in full wing**

In 2014, Malaysia Airlines suffered two crashes. Overseas institutions of BOC actively participated in searching the crashed airplanes. On April 16, BOC Singapore Branch got a call from the Chinese embassy in Singapore, which asked the branch to

provide emergency life supplies for Yongxing Island ocean-going life boat of Chinese navy that went to search the crashed airplane. The branch immediately acted. The employees purchased required materials despite the sweltering temperature and delivered them to Changi Naval Base on schedule, which was highly spoken of by Chinese navy officers and soldiers.

### iii. Supporting cultural and education undertakings

BOC made use of its financial advantage and greatly supported development of education and cultural & art undertakings. As the exclusive sponsor bank of national student loans for higher education institutions under ministries and commissions of the central government, from 2004 to the end of 2014, the Bank had accumulatively supported over 1.6 million poverty-stricken students in more than 400 universities and colleges and granted RMB19.729 billion student loans.

Since 2008, BOC has been the contracted strategic cooperation partner of National Centre for the Performing Arts for seven consecutive years, promoting the cultural and arts exchange between China and the world.

Index	2014	2013	2012
Balance of national student loans (RMB100 million)	44.83	57.63	71.00

### Case: Contributing to Tan Kah Kee Science Award Foundation for 12 years

Since 2003, BOC has donated to Tan Kah Kee Science Award Foundation for 12 consecutive years to encourage important original scientific technology achievements with Chinese independent intellectual property rights. At present, Tan Kah Kee Science Award has exerted profound influence in the science and technology field at home and abroad. Since 2014, the Bank and Chinese Academy of Sciences would respectively donate another RMB1.5 million to the foundation to encourage local scientists for independent innovation.







**Picture: Donation ceremony**

**Case: Carrying forward “Rainbow Bridge” and staging the platform for cultural exchange**

In 2014, BOC exclusively sponsored the “Rainbow Bridge” China-foreign student cultural exchange welfare project for the third consecutive year to send students onto a cross-border cultural exchange trip. In the past three years, the project has supported 156 Chinese and American exchange students to study in each other’ country.

In 2014, 28 Chinese students from 28 universities in 20 provinces, cities and autonomous regions traveled to America to visit Harvard University and Yale University as well as cultural venues such as National Gallery of Art and John F. Kennedy Arts Center. They also visited BOC New York Branch with a history of nearly 80 years. Meanwhile, 28 American senior high school students from New York, Washington and Seattle joint in a series of activities that helped them know more about Chinese history, culture and national situation.

“Joining in the Rainbow Bridge project this time gave me the chance to learn many useful things. I found a new self. I appreciate the project for painting the most beautiful rainbow in my life.”

--- Donghua University    Liu Kailin

“Amazing! Nothing more, just amazing! I’ll come back in two years. Wait for me, China.” ——Medgar Evers College Preparatory    Giselle Ashby



**Picture: Chinese and American students visited the Four Season Hall of BOC Head Office and took a group picture**



**Picture: American students visited the safe deposit box vault of BOC in Beijing**



**Picture: Chinese and American students learnt Tai Chi together**

**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 poverty-stricken families but of merits can enter college for further study.



**Picture: First group of Sydney University students receiving the “Social Integration Scholarship”**

**Case: Guiding customers to support the “Spring Buds Program”**

“BOC Exclusive Pool of Love” is a charity platform that BOC staged for its private banking customers. On November 6, 2014, “BOC Exclusive Pool of Love --- Spring Buds Program” educational donation campaign was launched in Yunnan Kunming Girls’ Middle School. 21 customers of BOC from 9 provinces and cities will financially support 50 poverty-ridden girls to finish senior high school.

“I’m glad to do whatever I can to support the students for study and help them realize their dreams. I’m grateful of BOC for staging such a public welfare platform, so that we can address their problems, talk to them face to face and know more about their school life.”

--- Letter from a customer in Guangdong to BOC

“The ‘Spring Buds Program’ gave hope to poverty-stricken girls, brought them care and warmth from the whole society and helped them turn more determined and powerful to study hard and repay the society. Sincerely thank you for your love and support. Best regards to you. Thank you!”

--- Letter of thanks from Kunming Girls’ Middle School to BOC



**Picture: Educational donation ceremony**

**Case: Donating to Nanjing University Education Development Foundation**

Since 2010, BOC Jiangsu Branch has been donating to Nanjing University Education Development Foundation for “BOC Award for Teachers”. The award has become an integral part of the university’s teacher incentive system. In 2014, the branch donated another RMB2 million.

**Visual cases:**



**Picture: Inauguration ceremony of University of Macau “BOC Centenary Memorial Building” built with the support of BOC Macau Branch**

**Case: “Beautiful Dream, Beautiful Future”**

BOC Seoul Branch and Seoul municipal government jointly launched the “Beautiful Dream, Beautiful Future” educational donation for students from families with financial difficulties. After opening a personal account with the branch, the beneficiary students will receive student grants provided by the branch for 12



consecutive months.



**Picture: Delivering the student grants**

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

BOC Ulaanbaatar Representative Office united Chinese and Mongolian enterprises to set up “China-Mongolia Cultural Education Fund” and “China-Mongolia Social Development Fund”. In 2014, the funds supported several cultural education events.

- Supported the “Chinese Bridge” Chinese competition, sponsored Mongolian students to study in China and promoted Chinese culture in Mongolia.
- Initiated the “Star of Hope” scholarship and the “Baby Eagle” student grant program to support Mongolian students in need to finish school and drive forward local education undertakings.
- Launched the “Warm Winter Program” to provide down jackets to primary school students from poverty-stricken families and care about health of children.



**Picture: Ceremony of scholarship presentation    Picture: Press conference of the “Warm Winter Program”**

**Case: Assisting teaching practice**

At the invitation of local school Hilton College, BOC Johannesburg Branch supported the school in organizing teaching practice and introduced to tens of senior high school students the operation of bank institutions, development of foreign banks in South

Africa and China-South Africa relationship.



**Picture: Gregory Campbell, who used to study and work for seven years in China, made a presentation to students**

**Case: “Pooling Love, Releasing Hope”**

In March 2014, BOC Shenyang Branch launched the “Pooling Love, Releasing Hope” educational donation activities and delivered over RMB40,000 cash and school supplies to 20 poverty-stricken students in three poor villages.



**Picture: Educational donation**

**Visual cases:**



**Picture: BOC Shanxi Branch made educational donation**

iv. Participating in community public welfare activities

BOC paid great attention to building of employee volunteer teams to support social public welfare undertakings. At the end of 2014, 17 branches set up the Youth Volunteer Association.

Index	2014	2013	2012
Number of participating volunteers (person-time)	28,200	27,300	21,470
Accumulative time of voluntary service (hour)	203,000	170,000	50,300
Donation to public welfare (RMB10,000)	6,628.56	6,084.72	4,457.9

**Case: Supporting renovation of Memorial Hall of Qiu Shaoyun**

In the commemoration of the 60<sup>th</sup> anniversary of the war of resisting US aggression and aiding Korea and of martyr Qiu Shaoyun, Chongqing decided to fully renovate the Memorial Hall of Qiu Shaoyun located in the martyr's home town, Tongliang District. BOC was invited to send teams to conduct field surveys in Chongqing for several times. It donated RMB5 million at the initial stage in the support of renovation survey and planning and the comprehensive renovation work is progressing steadily.



**Picture: Memorial Hall of Qiu Shaoyun**

**Case: “Red Scarf of Different Ethnic Groups Uniting in the Chinese Dream”**

BOC and All-China Youth Federation cooperated in launching the “Red Scarf of Different Ethnic Groups Uniting in the Chinese Dream” summer camp for Xinjiang youths in August 2014. 40 young pioneers from 26 middle and primary schools in Turpan area came to Tian'anmen Square in Beijing to watch the flag-raising ceremony, visited historic and cultural scenic spots such as Peking University, Forbidden City, National Museum and Juyongguan Great Wall and listened to lectures on traditional culture. The young pioneers deeply felt the pride as Chinese and recognized the inseparable relationship between national solidarity, social stability and economic growth and individual growth and family happiness.

“The motherland is great and prosperous. We are so proud! We, the little red scarves, will love the country as mother and protect national solidarity like protecting our eyes!”

--- Letter from the young pioneers to BOC



**Picture: Visiting the Great Wall    Picture: Learning how to play diabolo**



**Picture: Learning first aid knowledge**

**Case: Supporting construction of “City of Volunteers” with financial innovation**

BOC Shenzhen Branch cooperated with Shenzhen Municipal Youth League Committee and Shenzhen Volunteer Association to launch the “Volunteer Card” based on financial IC cards. The move realized electronic and paperless management over such information as attendance check for voluntary service, credit into households and



incentive. Besides, whenever the “Volunteer Card” is used for one transaction of consumption, Shenzhen Branch will donate RMB0.1 to Shenzhen Voluntary Service Foundation, in a bid to help volunteers with financial difficulties.



**Picture: “Volunteer Card” helps to build the “City of Volunteers”**

### **Case: Joining hands to promote happy growth**

Home of Angel is the first private public welfare institution dedicated to helping children with cerebral palsy in Guangxi. Volunteers of Nanning Chengbei Sub-branch of BOC Guangxi Branch often used their break time to visit and play games with children there and teach them singing, reading and painting.



**Picture: Children’s paintings given to BOC volunteers**



**Picture: BOC volunteers interacted with the children**

### **Case: BOCHK launched 29 public welfare activities**

In 2014, BOCHK launched 29 public welfare activities, such as “Joy of Green Campus Program”, “Badminton Development and Training Plan” and “Survey Trip over Hong Kong Geologic Coastal Eco-system”.



**Picture: Green and environmental experience activity of BOCHK**

**Case: Participating in charity events for treating and curing children with cleft lip in Vietnam**

In August 2014, BOC Ho Chi Minh Branch donated USD3,530 to Vietnam Charity Foundation and participated in the country's "2014 Surgery Program for Children with Cleft Lips". As a result, it successfully helped 15 children from poverty-stricken Vietnamese families.



**Picture: A beneficiary child that has recovered**

**Case: Participating in public welfare running race**

On December 6, 2014, BOC Tokyo Branch participated in the 20 km public welfare running relay race among financial institutions in Japan. As the representative of foreign financial institutions in Japan, the branch sent three teams of Chinese and Japanese employees to race and eventually won the second prize for male runners of foreign banks among 172 participating teams.

**Case: Donating to renovation of De Gaulle's former residence**

2014 was the 50<sup>th</sup> anniversary of establishment of China-France diplomatic ties. As the chairman unit of Chinese Enterprise Association in France, BOC Paris Branch donated to renovation of De Gaulle's former residence and sponsored a series of

events such as “2014 China-France Cultural Spring”, displaying the willingness of BOC to undertake its responsibilities for contributing to charity and promoting the relationship between China and France.



**Picture: Certificate of honor for donation**

**Visual cases:**



**Picture: Employees of BOC Malaysia Sub-branch made dumplings with children of a local orphanage**

## IV. Performing responsibilities for stakeholders

### i. Commitment to shareholders

The Bank continued to perfect its corporate governance structure, strengthened the comprehensive risk management system, paid great attention to maintaining its relations with investors and created long-term value return for shareholders.

#### 1. Perfecting corporate governance

In 2014, BOC promoted implementation of the *Guidance on Corporate Governance of Commercial Bank Companies* issued by China Banking Regulatory Commission (CBRC), pressed ahead with building of the corporate governance system and stroke a balance in business development, risk management and control, asset quality improvement and performance upgrading.

The Bank currently 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.

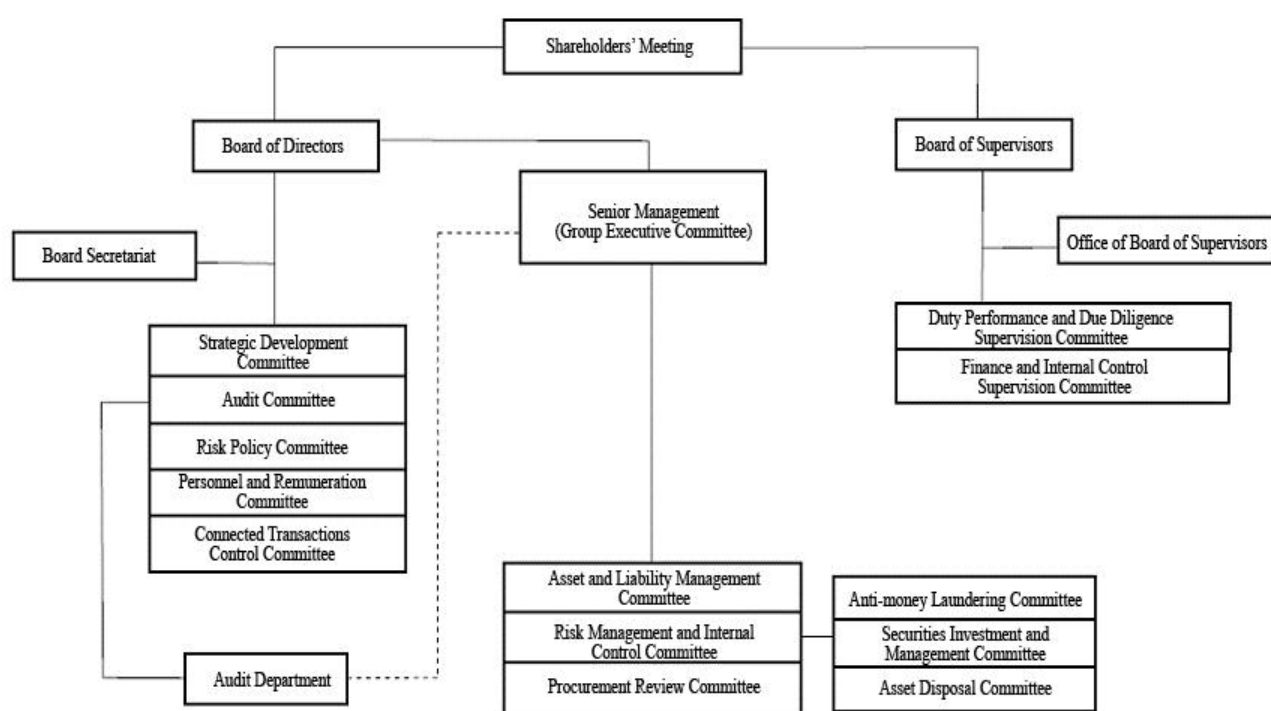


Figure: Organizational chart



## Latest progress of corporate governance

Shareholders' Meeting	3 shareholders' meetings were held and 19 decisions were made.
Board of Directors	The Bank held 6 regular meetings of the Board of Directors, 3 extraordinary meetings and 12 written proposal meetings, reviewed 84 agendas and made 72 resolutions.
Board of Supervisors	The Bank held 5 onsite meetings of the Board of Supervisors and 5 meetings of the special committees.

### Case: Surveys and inspections by non-executive directors

In August 2014, with the coming of the 100<sup>th</sup> anniversary of BOC Guangdong Branch, a team of eight BOC non-executive directors visited the branch for surveys and inspections. They visited the history museum of the branch, conducted surveys on Zhongshan Branch Office and Hengqin New Area in Zhuhai, paid a visit to Hong Kong-Zhuhai-Macao Bridge Authority and learnt in depth the development history of Guangdong Branch, progress in its smart outlet construction and innovative business development.



Picture: Non-executive directors conducted surveys at Zhongshan Branch Office

## 2. Improving shareholder value

Centered on profit-making efficiency, BOC strictly controlled asset quality and risk management, made great efforts to improve performance and repay shareholders and was rated by Fitch, Moody's and Standard & Poor's, the top three rating companies, with highest corporate level among Chinese banks.

In 2014, the Bank generated an after-tax profit of RMB177.2 billion, a year-on-year

increase of 8.22% and an after-tax profit attributable to shareholders of RMB169.6 billion, a year-on-year increase of 8.08%. Return on average assets was 1.22% and the return on net assets was 17.28%. Total equity attributable to the shareholders of parent company was RMB1,140.86 billion and net interest margin was 2.25%. Earnings per share were RMB0.61.

Fee-based businesses developed rapidly. The Bank reported a non-interest income of RMB135.23 billion, increased by 9.12% compared with the year before and accounting for 29.63% in its operating income. Cost-to-income ratio was 28.57%, a decrease of 2.04 percentage points, with operation efficiency further improved.

### 3. Risk management and compliance

The Bank continued to perfect its top-level design for risk management, further elevated risk measurement level, consolidated the foundation of information technology and enhanced services for domestic and overseas branches, business lines and risk management departments, so as to comprehensively improve its risk management ability.

Capital remained adequate and asset quality basically remained stable. By the end of 2014, capital adequacy ratio was 13.87%, core capital adequacy ratio 11.04% and non-performing loan ratio 1.18%.

#### Latest progress of management and control over major risks

Major risks	Latest progress
Market risk	Summarized the status quo of domestic interest rate derivatives market, analyzed risk features of various products and studied measures for effective utilization and auxiliary risk control
Wealth management risk	Perfected related systems and standardized risk management for wealth management business; formulated and implemented credit risk management plans for wealth management products, sent risk prompts for major risk incidents and conducted liquidity stress tests at critical time points
Case risk	Re-arranged “three defense lines” for internal control and promoted basic construction such as case prevention responsibility system and business continuity management; enhanced case risk analysis and monitoring through off-site monitoring, etc.

#### Case: Promoting compliance of the global systemically important banks

As the only financial institution listed as the global systemically important bank for four consecutive years in emerging economies, BOC strictly honored its responsibilities and earnestly implemented various international and domestic regulatory requirements.

- Completed the group’s Recovery and Resolution Plan (RRP) ahead of schedule and passing evaluation, guiding its four overseas institutions, including New York Branch, UK Subsidiary, BOCHK and BOC (Hungary), to formulate RRP
- Carried out requirements of CBRC, finished measurement and calculation of “index table for global systemic importance evaluation” twice at the frequency of half a year for the first time and released it in the annual report for the first time
- Strengthened regulatory communication, which was evidenced by attendance of 10 domestic and overseas major regulatory meetings by teams led by bank leaders.

**Case: BOC New York Branch graded as “Outstanding” in the inspection on community reinvestment**

In 2014, BOC New York Branch actively practiced its social responsibilities and earnestly implemented the provisions of the *Community Reinvestment Act* (CRA) of the United States. In August, in the CRA inspection organized by Office of Comptroller of Currency, the branch was graded “Outstanding”. This was the highest grading for CRA inspection and also the first time for New York Branch to be graded at this level.

**4. Investor relations management**

According to the requirements of regulators, the Bank steadily promoted information disclosure and finished annual and interim performance release as expected. It also stepped up efforts in investor communication and received visiting analysts and investors.

In 2014, BOC held nearly 150 investor meetings, met with investors and analysts from 450 institutions, answered more than 400 Investor Relation Hotline calls and handled 67 problems via Investor Relation Mailbox.

**Case: Exploring new media channels for investor relations management**

The Bank constantly explored new channels for maintaining investor relations and strengthened information disclosure through Internet methods. It tried Microblog, WeChat and other new media methods to enrich communication channels and disclose such information as business performance and competitive advantage. Through the "Shanghai Stock Exchange e-Interaction" network platform, it comprehensively answered inquiries of investors in time. The Bank also optimized the webpage of investor relations at the portal website, kept deepening and broadening information disclosure and made the interface more user-friendly and inquiry more convenient. Various communication channels such as investor hotline and email were all improved.

ii. Commitment to customers

In the face of the constantly changing demand of customers, BOC always put customers first and embodied the concept in every product, every business and every process, obtaining sustained development driven by customer satisfaction.

**1. Promoting innovation of product and service**

BOC closely followed the tide of the time and proactively promoted innovation of product and service, so as to meet the constantly upgraded need of customers for financial services.

**Benefiting people’s livelihood --- supporting resident consumption**

Field	Measures
Old-age security	BOC issued over 60 million social security financial IC cards and the service covered 236 cities. It launched the “Yang Lao Bao” balance wealth management product in a pilot program in Tianjin and signed 14,262 customers, and the product value reached RMB809 million. The Bank also connected with local social security systems and supported linkage report of card loss between social security card and bank account.
Medical healthcare	BOC accumulatively issued 7.9 million health-related debit cards. It expanded “Yi Da Tong” cooperation with nearly 400 hospitals throughout the country and activated such services as self-service registration, bill payment and reporting document inquiry. It also updated the BOC “Hospital Registration” mobile terminal and provided outpatient information on over 700 hospitals in more than 20 provinces in a real-time manner.
Bill payment	BOC developed the “easy bill payment” mobile terminal, which supported online bill payment for water, electricity and gas, and the service covered 663 cities. It also activated the “One-step Bill Payment” business via SMS. Customers may get water, electricity and gas bills via SMS and finish bill payment by just replying “Confirm”.

**Case: Building up “BOC e-Community”**

In 2014, BOC launched the “BOC e-Community” service mode and built up a smart community service system that integrated residents, community merchants and banks and connected both online and offline services (O2O).

“BOC e-Community” Extending service scope	By relying on physical outlets and using smart services, it extended the service scope to residential or working communities within the three-kilometer radius of outlets.
Serving small and micro businesses	It helped small and micro businesses in communities realize information-based management and online sales. With the help of big data technology, it optimized methods of risk evaluation, provided low-cost financing service and helped the businesses expand their business scale.
Supporting easy	In order to meet the need of paying bills for water, electricity,

bill payment	gas and heating, it integrated the daily service demand of community residents, “butler” service of property management companies, service of community merchants and financial service of BOC and enabled online bill payment for property management, catering and education.
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By the end of 2014, “BOC e-Community” had covered 31 provinces, cities and autonomous regions, established cooperation ties with nearly 4,000 property management companies, rendered service for nearly 8,000 communities and signed contracts with nearly 9,000 cooperative merchants.

**Case: Sail the dream boat --- special financial services for college graduates**

**Supporting improvement of work skills**

BOC Shaanxi Branch innovated in launching the “Jiu Ye Bao” loans for employment training for college students, so as to support the training need of the students before job hunting and improve their comprehensive quality and specialized skills.

**Promoting employment of specialized talents**

BOC cooperated with airlines and initiated pilot training loans in Fujian, Guangdong and Xinjiang, making due contribution to cultivating a group of qualified pilots.

**Easing financial pressure at the initial stage of employment**

The Bank developed a consumption credit product for college graduates that just started to work to help them pay rental and other consumption expenses at the beginning of employment. Amount and term of the loans could be flexibly decided according to expected income of the customers.

**Case: “Cocoon trader loans” to promote silkworm and cocoon business**

BOC Guangxi Branch innovated in launching “cocoon trader loans” and financially supported cocoon traders and silkworm raisers throughout the entire industrial chain such as cocoon production, processing and storage. Over the past two years, since the product was launched, beneficiary enterprises and their upstream and downstream enterprises have generated an annual fund settlement of RMB200 million and many silkworm raisers have reaped higher income.



**Picture: BOC Guangxi Branch conducted a survey in cocoon filament processing enterprises**

## 2. Improving customer service

The Bank continuously optimized business process, strengthened customer complaint management, improved services for special groups and was dedicated to improving customer experience.

In 2014, approval time for single VIP customers was 14.46 working days, decreased by 1.24 working days from 2013, and customer satisfaction rate was 92.50%.

### Case: Service for a century

In 2014, BOC Hainan Branch welcomed its 100<sup>th</sup> anniversary of serving Hainan. Its development mirrored the ups and downs of modern financial services in the province and witnessed the history of financial business of the island developing out of scratch and growing stronger.



Picture: BOC Hainan Branch organized “Couplets Distribution for Spring Festival”.

### Case: “One minute less of waiting for customers”

In 2014, BOC Beijing Branch implemented the “One Minute Program” of “One minute less of waiting for customers and one minute earlier of going home for employees” in order to tackle excessively prolonged business transactions for customers.

It conducted questionnaire surveys among outlet customers, improved process, discovered and summarized five categories of problems, formulated specific measures for improvement and proposed 737 rectification tasks. Such tasks included integrating business forms, reducing times for customers to repeatedly fill up personal information and sign, shortening waiting time and transaction time.

By the end of 2014, transaction time for simple business of personal customers that was less than 20 minutes accounted for nearly 90%, up over 10 percentage points compared with that before the program started. Average business transaction time was shortened to less than 10 minutes, down nearly 4 minutes. Service satisfaction rate

reached 96% or above.

**Case: Aiming at “expedited service”**

Given that review of exchange for foreign currency takes longer, BOC Hunan Branch separated the exchange and its review in different transactions and specially opened two review windows and special small-sum exchange windows at peak hours. Transaction time for single customers was shortened from 10-15 minutes to 5 minutes.

**Case: Perfecting customer complaint management**

BOC Shanxi Branch formulated the *Detailed Rules for Implementation of Management Methods for Customer Complaint Handling*, which clarified the principles and process of the handling. It placed complaint books in outlet halls, set seats with dedicated employees and basically realized 24-hour availability of the 95566 customer service compliant hotline.

BOC Jinan Branch followed the principles of “liability system upon the first asking” and “taking responsibility for one’s own customers” to guide handling of customer complaints. It paid attention to time effectiveness of the handling, required the employees that were first to receive complaints to immediately handle issues and follow up for the entire process without delay or shirking responsibility, and strived for feedback given on the same day of complaint filing.

**3. Protecting customer rights and interests in an all-round way**

In 2014, BOC compiled and issued to outlets *Certificate Anti-counterfeiting Handbook* and *Collection of Typical Cases* and take fraud case prevention measures at an earlier stage. It inspected on and rectified various safety hazards and the rectification rate reached 97.6%. 1,642 invasion incidents of various types were stopped, helping customers reduce RMB360 million of loss.

**(1) Protecting asset safety of customers**

**Case: Successfully stopping an international remittance fraud**

On April 1, 2014, BOC Chongqing Branch was approached by a Hangzhou-based company, saying that its payee information was changed by a hacker and a USD40,000 payment for goods that was supposed to be remitted to its company account was remitted to Chongqing Branch instead.

The branch immediately activated the emergency response mechanism, froze the suspicious account, suggested the company making contact with the remitter to apply for bank refund right away and eventually stopped the international remittance fraud.





**Picture: A customer gave an award banner saying “Financial guardian, people’s servant”**

**Case: Deposit receipt from 25 years ago**

25 years ago, customer Mr. Tu deposited RMB1,000 in a fixed term at BOC Ningbo Branch Zhongshan Road Office. On September 29, 2014, Mr. Tu called the Bank’s 95566 customer service hotline, wondering where he should cash the deposit receipt from so many years ago. The customer service center immediately contacted several outlets and found the answer. It promptly notified Mr. Tu, addressed his problem and avoided his property loss.



**Picture: BOC Ningbo Branch Customer Service Center**

**(2) Anti-counterfeit money and worn banknotes collection**

**Case: Assisting Longxiang Bus Company to turn in false coins**

On August 28, 2014, BOC Hunan Branch Chigang Botanical Garden Sub-branch assisted Hunan Longxiang Bus Company to turn in 190 boxes false coins with the face value of RMB1 to the People’s BOC. There were 2,000 false coins in each box



and they weighed 2.8 tons in total. Total face value was RMB380,000.



**Picture: BOC Hunan Branch Chigang Botanical Garden Sub-branch assisting Longxiang Bus Company to turn in false coins**

**Visual cases:**



**Picture: BOC Shandong Branch employees counted change and worn banknotes for customers**

**Case: Counting 100,000 coins for a customer**

In June 2014, Mr. Xu carried six plastic buckets filled with RMB0.1 and RMB0.5 coins into BOC Suzhou Branch Wujiang North Gate Sub-branch, asking to change the changes into banknotes of larger value. The hall manager immediately organized employees to count the coins. Eventually, it turned out that there were over 100,000 pieces of coins and total face value was RMB8,000.



**Picture: Coins counted by BOC employees for customers**

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

#### **Case: Organizing the “Month of Popularizing Financial Knowledge” activities**

In September 2014, BOC launched the “Month of Popularizing Financial Knowledge” public education campaign by combining online and offline channels.

Online: Pushing financial knowledge such as financial safety, RMB, personal credit and anti-money laundering via official Microblog and WeChat;

Offline: Handling out publicity materials, setting up display boards and playing promotion videos at business outlets to centralize education in multiple forms.

#### **Visual cases:**



**Picture: BOC Shandong Branch employees popularized financial knowledge among the public**

#### **Case : Participating in the “broadcast and television viewer festival”**

From October 17 to 19, 2014, BOC Ningxia Branch participated in the first Ningxia Broadcast and Television Viewer Festival. It handed out flyers to citizens, offered onsite financial consulting and staged a zero-distance platform with citizens.

#### **Case: Financial knowledge into communities**

In September 2014, BOC Chongqing Branch initiated the “Financial Knowledge Accessible in Communities” campaign. Its employees introduced such financial knowledge as personal loans, wealth management products and personal credit to local residents and demonstrated how to distinguish authentic and counterfeit RMB banknote on the site.



Picture: Anti-counterfeit money education

**Visual cases:**



Picture: BOC Tibet Branch conducted anti-counterfeit money education

**4. Improving customer**

In 2014, BOC set the target of building smart, Internet-based, interactive and comprehensive outlets, promoted innovation in electronic channels and filled up the blank in financial services. By the end of 2014, the Bank's subsidiaries totaled 10,693 in number and there were more than 15,000 agriculture aid points and points to draw money with mobile phone. It launched the major project of upgrading outlets into smart ones and built three smart flagship stores and 333 smart outlets throughout the year.

### Case: Building up a pioneering “smart bank”




On September 18, 2014, BOC Guizhou Branch’s first new-generation retail bank outlet, a “smart bank” with “four news”, Guiyang Shengfu Road Sub-branch, was officially opened for business. It improved the efficiency of business transaction and brought customers better financial service experience.

“Smart bank” with “four news” New layout	Turning from an outlet with simple business transaction as the core function into a multi-function composite outlet focused on product experience and consultation
New equipment	Using Virtual Teller Machines (VTM) and “three into one” self-service terminals to shorten customers’ waiting time at outlets
New service	Arranging three hall managers, who assisted customers at the smart experience zone except for conventional guidance; introducing specially-built medium and high-end customer service zone
New process	Guiding customers to smart equipment first for business transaction and shortening waiting time



Picture: “Smart outlet” of BOC Guizhou Branch



<p><b>Case: E-banking upgrade</b></p> <p>Mobile terminal</p>	<p>Launching the corporate online-banking iPad terminal and corporate cell-banking terminal to construct the basic framework for mobile services for corporate customers; launching iPad private banking terminal and developing asset management and value added services to provide private banking customers with proprietary service</p>	
<p>WeChat banking</p>	<p>Finishing channel upgrade and enriching product functions of WeChat banking by following the three themes of micro-finance, micro-life and micro-service</p>	
<p>Home banking</p>	<p>Completing optimization and improvement of several functions such as transfer &amp; remittance, China UnionPay card-free self-service consumption, regular deposit receipt inquiry and debit card information inquiry</p>	

**Visual cases:**



**Picture: BOC Suzhou Branch enabling ATM withdrawal of RMB10 banknotes**

**Picture: BOC Shenzhen Branch launching CTM (Cheque Teller Machine) service**

**Case: Filling up the blank in rural financial service**

In 2014, BOC conducted “rural financial service pilot programs” in major agricultural provinces such as Henan and Shandong to expand channels for rural financial services and fill up the blank in related financial services.

Region	Work progress
Cili County, Hunan Province	Confirming the “development strategy of building the new-type rural self-service financial service mode”, promoting finance into countryside, supporting rural loans for education and realizing 100% coverage of financial service among villages and towns of the county
Shuozhou City, Shanxi Province	Setting 1,054 landline POS machines in 977 administrative villages of the city, building 68 rural agency points for mobile banking withdrawal, setting 15 stand-alone ATMs in major mining areas and villages and towns and basically covering the service demand of farmers for daily withdrawal, transfer and inquiry
Hebei Province	Adding 2,210 new agriculture-aid points, which were distributed among over 3,000 administrative villages. Starting from large breeding and planting households to extend credit to support rural economic growth; handling RMB540 million agriculture-aid credit card installments and extending RMB10.5 billion agriculture-related loans
Zhangzhou City, Fujian Province	Setting 2,500 agriculture-aid POS service points in 1,703 administrative villages of the city and enabling over 4 million farmers to enjoy financial services such as small-sum withdrawal, fee payment, inquiry and annual personal payment for “new rural cooperative medical system” and “new system of agricultural insurance” without leaving their village



**Picture: Rural customers in Zhangzhou drawing money at a financial service point**



**Picture: A farmer drawing pension with a POS machine**

iii. Commitment to employees

Always putting people first, BOC paid attention to protecting legitimate rights and interests of employees, optimized the incentive mechanism and cared about their personal life, striving to create a favorable environment for work, growth and life for employees.

**1. Protecting employees' legitimate rights and interests**

In 2014, the Bank earnestly practiced the *Labor Contract Law* and transformed all of its 58,000 external contractual staff to contractual staff, which was highly recognized by the society. Meanwhile, it continued to strengthen democratic management and enhanced guidance over all of its subsidiaries for the system of employee delegates' meetings. As a result, all of its institutions above tier two set up trade unions.

**Case: Entirely transforming external contractual staff**

In recent years, problems with "external contract" were frequently exposed, attracting wide attention from all walks of life. BOC proactively implemented the *Plan on Practicing the Labor Contract Law and Adjusting Management Policies on External Contractual Staff* and steadily transformed all the external contractual staff to contractual staff by law. In the face of the roaring capital cost, BOC said: "no matter how much it costs, we need pay whatever we should pay and cannot push the contradiction to the society." "Zero complaint, zero dispute, zero visit to superiors and zero lawsuit" was realized in the whole transformation process, which was highly spoken of by the entire BOC staff and the public.

By the end of 2014, the original 58,000 external contractual staff, which accounted for 20% of BOC's total staff, was all transformed, making BOC China's only state-owned enterprise that realized entire transformation of external contractual staff.

"BOC set up an example. This fully reflected BOC's care about external contractual

staff and its willingness to assume the social responsibility of regulating labor use by law and was demonstrative to other enterprises.” ”

--- Related principal of Ministry of Human Resources and Social Security

“When I stepped into the outlet again, I was so proud of being a member of the BOC family. When difficulties arose at work, I used to address them with a provisional attitude. But now, it’s my job and obligations. I must finish whatever should be done and spare no effort to finish whatever is difficult to be done.” ”

--- Liu Yuping, Comprehensive Customer Manager at BOC Chongqing Fengtian Road Sub-branch

### Case: Promoting maintenance of employees’ legal rights

BOC Sichuan Branch Trade Union adhered to the principle of “speaking up, running business, tackling problems and taking responsibilities for employees” and drove forward implementation of the “trade union election system” at grass-roots trade unions. It elected the first Provincial Branch Trade Union Committee, Trade Union Fee Review Committee and Trade Union Female Employees Committee to maintain legal rights and interests of employees and became the only institution to be named “National Demonstrative Trade Union for Legal Aid and Rights Maintenance for Employees” by All-China Federation of Trade Unions in the financial system.



**Picture: BOC Sichuan Branch being named “National Demonstrative Trade Union for Legal Aid and Rights Maintenance for Employees”**

## 2. Facilitating comprehensive development of employees

BOC stressed building of grassroots teams, continuously strengthened education and training and encouraged it employees to exercise themselves at grassroots level and overseas, so as to cultivate composite, internationalized and specialized talents.

Index	2014	2013	2012
Input into employee training (RMB10,000)	55,406.6	60,417.36	67,588.37
Number of employee training projects (session)	76,099	68,755	58,844
Employees that were trained (person-time)	2,553,405	2,209,789	2,167,487



**Case: Going to work at the grassroots level and at difficult places**

2014, BOC continued to allocate more resources in budget, personnel, post and training to the grassroots level and further increased remuneration of grassroots employees.

It formulated and practiced the *Several Measures for Further Encouraging Excellent Employees to Work and Start up in Difficult Areas*. A total of 246 employees took a temporary post in Xinjiang, Tibet, Gansu and other hard western areas and working at the grassroots level and at hard places became the spontaneous pursuit of young employees.

Meanwhile, the Bank fully analyzed the current status of over 1,000 employees speaking minority languages, devised auxiliary measures for building of the team and encouraged domestic employees to work in hard places overseas.

**Case: “I’m going to always work here”**

When BOC Johannesburg Branch was founded in October 2000, Xenia Motilana worked there as a cleaning lady. As business rapidly developed, the branch wanted her as a full-time operator at reception to take calls and receive visiting customers for business inquiry. She was worried that she was not competent enough to do the job at first, but her colleagues encouraged and supported her and provided systematic training.

In 2014, as an employee that had been working for many years at the branch, Xenia was granted the “Award of Special Contribution.” Speaking of work, she was so proud and content, repeatedly saying “I’m happy here every day and going to always work here.” ”



**Picture:** Xenia Motilana at BOC Johannesburg Branch won the “Award of Special Contribution”

**Case: Winning at the “red starting line”**

Taking local reality into consideration, BOC Sichuan Branch designed the “Red

Starting Line” orientation program, including “pre-post watch and learn”, “centralized training” and “post internship”, for new employees to help them adapt to the new role and learn work skills.

<p><b>“Red Starting Line” orientation program</b> Pre-post watch and learn</p>	<p>BOC organized watch and learn for no less than two weeks for new employees, so that they could understand BOC’s organizational structure, felt the enterprise culture, experience the work atmosphere at outlet and know better about the Bank. It also arranged online training courses and peer surveys for new employees.</p>
<p>Centralized training</p>	<p>BOC set up 16 courses in total to teach basic business knowledge at counter, compiled and handed out the <i>Basic Business ABC for Orientation of New Employees</i>, organized two-hour centralized training tutorship and established the “one-on-one” support mechanism.</p>
<p>Post internship</p>	<p>BOC adopted the “tutor system,” under which competent and experienced senior employees acted as the business tutors of newcomers. It also innovated in “dual tutors”, where outlet leaders of new employees acted as “growth tutors” to help newcomers adapt to the post as soon as possible.</p>



**Picture: “Red Starting Line” orientation**

**Visual cases:**



**Picture: Young employees of BOC Macau Branch finishing their training**

### 3. Creating the atmosphere of diversified cultures

In 2014, BOC issued the Plan on Enterprise Culture Building (2014-2016), opened the course of “*Hundred-year History and Culture Heritage*” for employees and organized various practice activities that promoted cultural integration between domestic and overseas employees from different ethnic groups, so as to create a harmonious and diversified cultural atmosphere.

Index	2014	2013	2012
Number of total staff	308,128	305,675	302,016
Number of new employees	10,112 (3.28%)	13,279 (4.34%)	20,449 (6.77%)
Number of female employees	175,232 (56.87%)	173,348 (56.71%)	170,730 (56.53%)
Number of employees from ethnic minorities	12,633 (4.10%)	12,338 (4.04%)	11,947 (3.96%)
Number of overseas employees	22,589 (7.33%)	21,699 (7.10%)	21,327 (7.06%)

#### **Case: Fulfilling the “mission impossible”**

In September 2014, BOC Malaysia Sub-branch organized the Night of “Mission Impossible.” In the game of breaking an arrow with throat, most employees overcame the psychological block and finished the game in the heated and moving atmosphere. By collaborating in pairs, the employees turned the “impossible” to the “possible” and cohesion of the entire staff was further improved.



**Picture: Employees of BOC Malaysia Sub-branch playing a game**

**Case: Colorful activities for female employees**

In 2014, in celebration of the March 8 International Women's Day, BOC organized the first calligraphy and painting competition for women and received 187 calligraphy works and 104 paintings in total. Besides, it initiated the women-themed commemorative activity to display wisdom and charm of female employees.

**Case: Organizing parties for employees and their families**

At every year end, BOC Russia Sub-branch organized parties for its employees and their families to enhance their cohesion and the sense of belonging.

**Visual case: BOC Luxembourg Branch organizing enterprise culture-related activities**





**Case: BOC Insurance Hebei Branch setting up the “corner of library”**

In 2014, in order to enrich the cultural life of its employees, BOC Insurance Hebei Branch built the “home of employees” and set up the “corner of library”.

“I like borrowing books here. Not only my professional skills and knowledge were enriched, but I felt relieved and fuller with my spare-time life.” ”

--- Employee of BOC Insurance



**Picture: Borrowing books at the “corner of library”**

**4. Driving to strike the work-life balance**

<b>Index</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Disaster subsidy (RMB10,000)	226.2	290.1	129.75
Health subsidy (RMB10,000)	835.74	708.06	653.25
Life support (RMB10,000)	1,572.69	1,286.45	1,170.93
Number of employees in need that were helped (person-time)	7,966	6,032	5,814

**Picture: Lending a helping hand to an “employee-to-be”**

In April 2014, the “employee-to-be” Xiang Tianguang, who was about to work at



BOC Shandong Branch soon, was hit by the disaster that his mother had leukemia but the family could not stand the high expense for treatment. Having heard this, BOC employees lent the helping hand to this “colleague-to-be” that they never met before. Within one afternoon, 557 employees raised RMB146,600. They also sent their best wishes via WeChat: “Wish your mom recover soon!”



**Picture: Xiang Tianguang taking care of his sick mother**

iv. Commitment to environment

BOC earnestly carried out national green credit policies, proactively launched green public welfare activities and comprehensively promoted green office to boost sustainable ecological development.

**1. Carrying out green credit policies**

In 2014, BOC enhanced risk control over industries with over capacity, supported cross-border transfer of excessive capacity and guided the real economy for green transformation.

Index	2014	2013	2012
Balance of green credit (RMB100 million)	3010.43	2,587.59	2,274.80
Balance of loans to industries of high pollution, high energy consumption and over-capacity (RMB100 million)	4,983.22	5,142.46	5,231.91

Index	Amount (RMB100 million)
Loan balance to green agricultural development projects	7.04
Loan balance to green forestry development projects	3.89
Loan balance to energy/water-saving and environmental-friendly industrial projects	137.92
Loan balance to projects of natural conservation, eco-recovery and disaster prevention	23.72
Loan balance to projects of resource recycling	77.08
Loan balance to projects of garbage disposal and pollution prevention and treatment	131.81
Loan balance to projects of renewable energy and clean energy	941.21
Loan balance to rural and urban water projects	55.58
Loan balance to architecture energy saving and green buildings	29.55
Loan balance to green transportation projects	1,393.85
Loan balance to energy-saving and environmental protection services	18.76

**Case: Signing the first environmental-friendly project financing agreement between China and Sweden**

BOC and Swedish Export Credit Corporation (SEK) signed the *Overall Agreement on Innovative Export Credit Financing for Environmental Protection* worth EUR100 million. This was the first financing agreement dedicated to green environmental protection projects between China and Sweden and inaugurated a new financing mode for cooperation between China and North Europe on environmental protection. According to the agreement, BOC and SEK would jointly support Chinese enterprises to import green environmental-friendly technologies and equipment from Sweden.

**Case: Helping solve photovoltaic over-capacity**

Suzhou-based Canadian Solar is a globally important PV module manufacturer. BOC Suzhou Branch proactively supported its overseas PV power station projects. Through “overseas loans under domestic guarantee”, it opened three financing bank guarantees worth over CAD60 million for the group. In 2014, Canadian Solar led its domestic



peers in most indices and its overseas development made admirable achievements.

**Case: Supporting technical renovation of environmental cables**

BOC Zhejiang Branch extended RMB600 million credit to Hangzhou Cable Co., Ltd. and supported the company to introduce advanced equipment from Finland Malillefer, Germany Siemens and US Hubbell, phase out energy-gobbling production equipment, realize process upgrade and provide State Grid with new-type environmental cables, which yielded noticeable environmental protection results.

**Case: Supporting construction of hazardous waste disposal center**

BOC Yunnan Branch ratified RMB25 million fixed asset loans for a term of five years for Yunnan Dadi Fengyuan Environmental Protection Co., Ltd. to support construction of Kunming hazardous waste disposal center. The center is the only one of the kind in southwestern area of China and also a major environmental protection infrastructure project for public welfare financially supported by national debts. It will effectively reduce the influence of discharge of hazardous waste by local industrial enterprises on the environment.

**Visual cases:**



**Picture: BOC Inner Mongolia Branch supporting development of specialized greening enterprises**

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

BOC fully promoted green office and green purchase and actively participated in carbon emission registration to reduce the impact of its operation on the environment.

<b>Index</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Total water consumption at office (ton)	172,322	169,809	173,310
Total power consumption at office (kWh)	31,540,560	30,923,160	30,639,000
Total gas consumption for state-financed vehicles (10,000 liters)	64.18	84.89	95.97
Total paper consumption at office (ton)	4.3146	5.4971	7.5652

Time of video conferences that were held	1,153	849	515
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**Case: Promoting application of energy-saving equipment**

In order to promote green office, BOC Head Office at Beijing Xidan Building proposed a series of measures, such as adjusting air conditioning according to change of temperature outdoors and adjusting lighting in different work areas. It installed 126 energy-saving lamps and saved 7,884 kWh of electricity every year.

**Case: Fulfilling registration for carbon emission trading in Beijing**

BOC actively implemented the *Notice on Pilot Program of Carbon Emission Trading* of Beijing Municipal Commission of Development and Reform and carried out carbon emission trading as required. By the end of 2014, it had fulfilled registration of the carbon emission quota account and opened the carbon emission trading account.

**Case: BOC Aviation popularizing environmental-friendly office**

BOC Aviation decreased the number of bottled water provided to employees and customers by installing drinking water filters and handing out mugs with brand logo. In 2014, it saved over 30,000 bottled water. Besides, the company CD-recorded its annual report instead of releasing paper report as usual and reduced consumption of printed paper by 17%.



**Picture: Printed report on the left vs. electronic report on the right**

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

BOC organized colorful environmental-friendly activities for public welfare to drive its employees to live a green life and spread the low-carbon environmental life concept to the public.

**Case: Issuing the “green account debit card”**

Shanghai initiated the “green account” program to advocate classification and reduction of domestic waste. BOC Shanghai Branch, as the only financial partner,

innovated in issuing the “BOC green account debit card.” With the points accumulated by using the card to participate in various green public-welfare activities, citizens could change them for designated financial products or enjoy preferential change offered by cooperating merchants.

In October 2014, Shanghai Branch launched the “Green account --- RMB50 discount at NGS supermarket” activity. Every Saturday morning, when shopping at NGS supermarket with the debit card, customers could change 500 green points for RMB50 discount. By the end of 2014, more than 6,000 had participated.

**Case: Participating in “Planting trees in green Chongqing”**

In March 2014, BOC Chongqing Branch Youth Federation conducted the “Planting trees in green Chongqing” activity in local Haishi Park. The young employees shoveled earth to dig pits, filled it up after planting the seedlings and watered them, making quite a view for the park.



**Picture: “BOC Youth Forest” of BOC Chongqing Branch**

**Visual cases:**



**Picture: BOC Shandong Branch voluntarily planted trees**



**Picture: “Green vest” volunteers of BOC Ningbo Branch organized green mountain climbing activity**



**Picture: BOC Hainan Branch launched a high-profile tree planting campaign**

## **Outlook**

In 2015, adhering to its strategy of “Serving Society, Delivering Excellence”, the Bank will integrate its development into China’s overall economic growth and social progress and make its development plans from the national perspective. It will bring into full play its international and diversified strengths, upgrade its global service capability, support the “going global” enterprises’ and industrial restructuring, help build the “One Belt And One Road” financial artery, and advance RMB internationalization, to better serve the real economy.

In 2015, BOC will make more efforts to adapt to the development trend of internationalization and information technology, be more open to the world, grasp the opportunities brought by the rapid development of internet and information technologies, and strive to become a leading bank in the process of globalization and technical innovation. In 2015, the Bank will continue to balance innovation, development and risk. Specifically, it will plan for its development and innovation from a forward-looking and scientific perspective, and take profits as the premise and objective of development and stable operation as the basis of innovation.

In 2015, the Bank will pay greater attention to its responsibilities for its shareholders, employees and the society, making shareholders feel lucky to have invested in BOC, employees feel proud of working for BOC, the public and regulatory authorities feel worry-free and satisfied, and the society feel the positive energy brought by BOC. It will build the foundation for its long success, speed up its globalization process, and make new contribution to the Chinese Dream of state prosperity, people’s affluence, and national rejuvenation.

## **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, 2014, with some exceptions.

Reporting cycle: annual report. The 2013 CSR Report was released on March 26, 2014.

### **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)* and the *Sustainability Reporting Guidelines of Global Reporting Initiative (GRI4.0)*.

### **Data basis**

The financial data contained in the report is based on the financial reports of 2014 audited by Ernst & Young Hua Ming LLP. Other data is based on the reports of 2014 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.

### **Format**

The report will be issued in printed and electronic formats. The electronic version is available at the website of BOC (website: <http://www.boc.cn>).

## Feedback

We appreciate your reading the *2014 Corporate Social Responsibility Report of Bank of China Limited*. This is the seventh 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. Our contact information is as below:

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### **1. What's your overall impression of this report?**

Very good  Good  So so

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

Very good  Good  So so

### **3. What do you think of the Bank's performance of the social responsibility in supporting the development of the real economy?**

Very good  Good  So so

### **4. What do you think of the Bank's performance of the social responsibility in stakeholders' interests?**

Very good  Good  So so

### **5. What do you think of the Bank's performance of the social responsibility in promoting ecological and environmental protection?**

Very good  Good  So so

### **6. Do you have any comment or opinion regarding the Social Responsibility Report and social responsibility work of the Bank?**

Sincerely thank you for your support!