



北京 2022 年冬奥会官方合作伙伴
Official Partner of the Olympic Winter Games Beijing 2022

Invigorate, adapt to change and drive for major breakthroughs

Endeavor to Build a First-Class Global Banking Group

2020 Annual Results

2021.03.30



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This presentation and subsequent discussions may contain forward-looking statements that involve risks and uncertainties. Generally forward-looking terminologies, such as *believe, expect, anticipate, estimate, plan, project, target, may and will* are used in forward-looking statements. You should not place undue reliance on such forward-looking statements, which reflect our belief only as of the date of this presentation. These forward-looking statements are based on our own information and on information from other sources which we believe to be reliable. They relate to future events or our future financial, business or other performance and are subject to a number of factors and uncertainties that may cause our actual results to differ materially.

01


Main Performance Indicators

02

Progress in Operation and Management

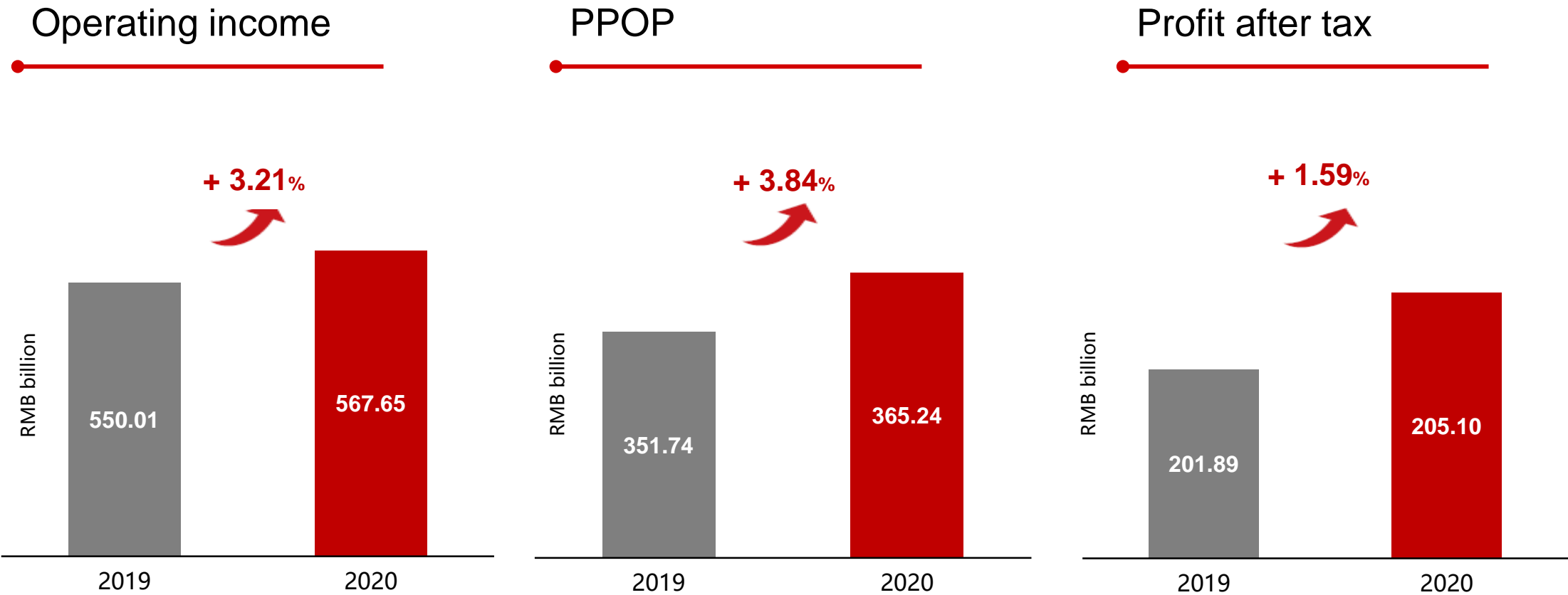
03

Subsequent Priorities

The background of the slide features a photograph of the Bank of China logo, a large red circular emblem with a white stylized 'C' and 'h' inside, mounted on a light-colored stone building facade. In the foreground, there are green, needle-like branches of a plant, possibly a cypress, partially obscuring the lower part of the logo. A large, semi-transparent white curved shape is on the left side of the image. A solid red rectangular box is positioned in the lower-left area, containing white text.

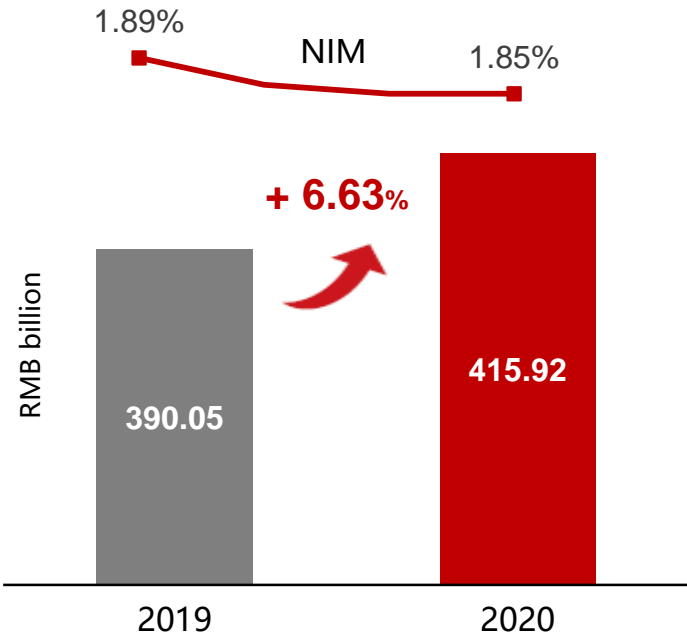
In 2020, by coordinating pandemic control with reform and development, BOC pushed forward its strategy implementation in face of many difficulties, recorded steady improvement in business and significantly enhanced comprehensive strength.

Operating performance delivered solid results

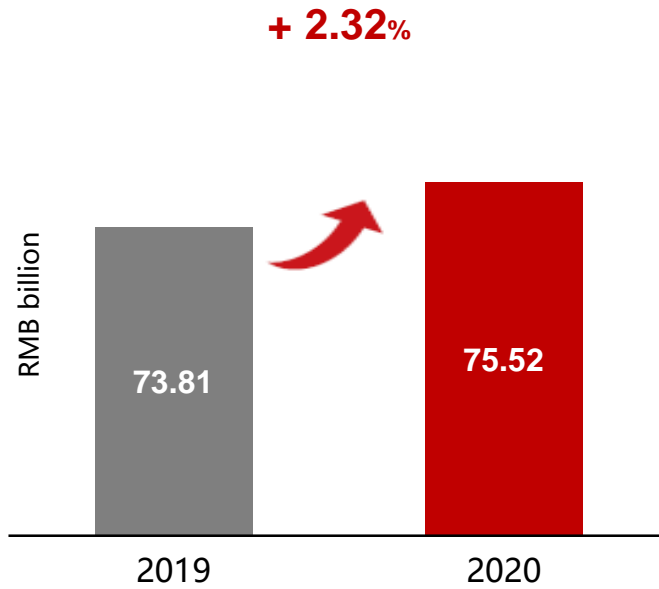


Financial indicators achieved steady progress

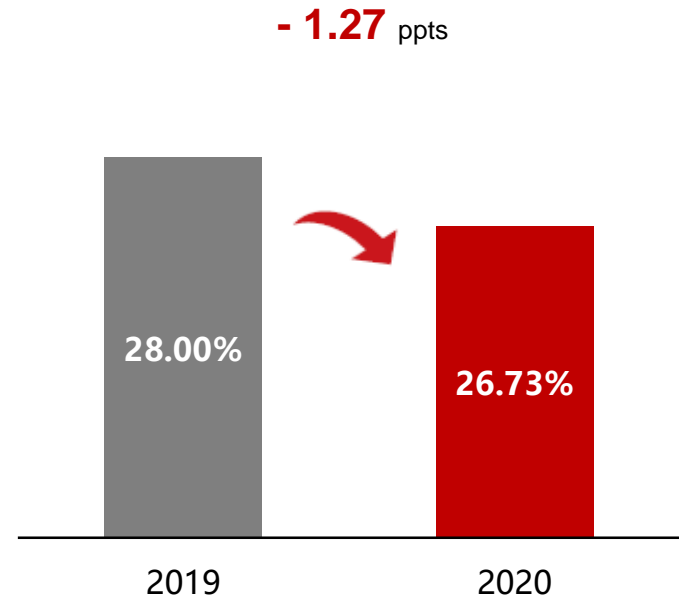
Net interest income



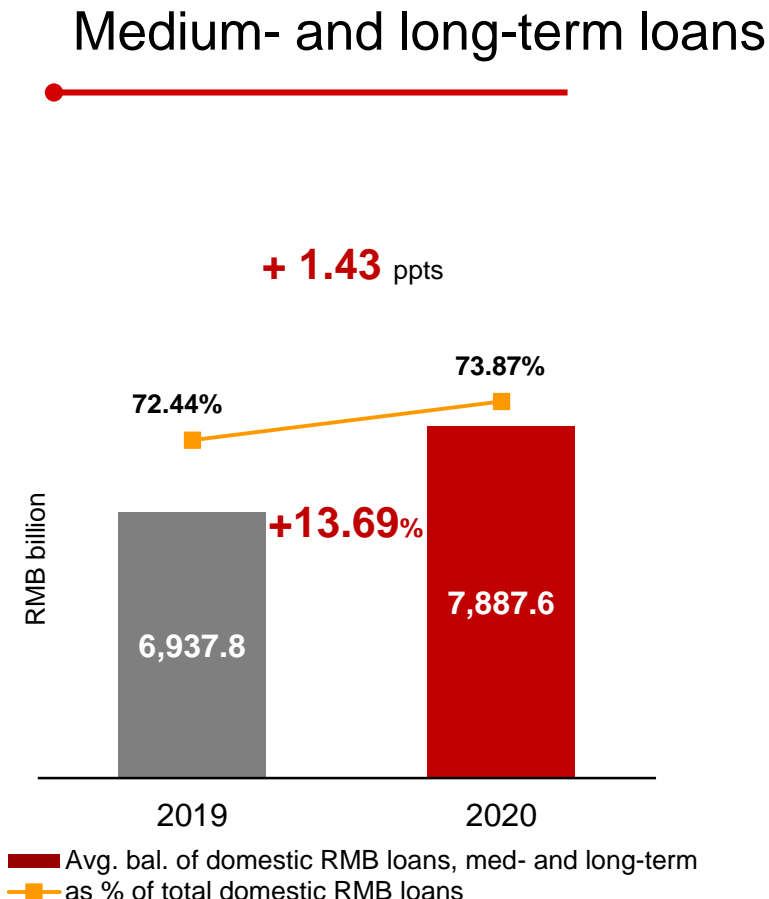
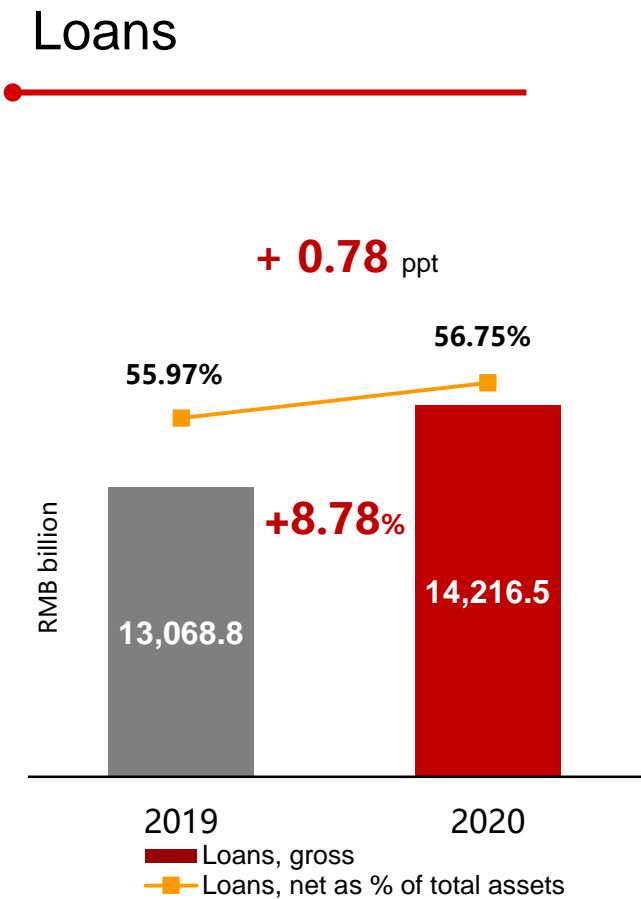
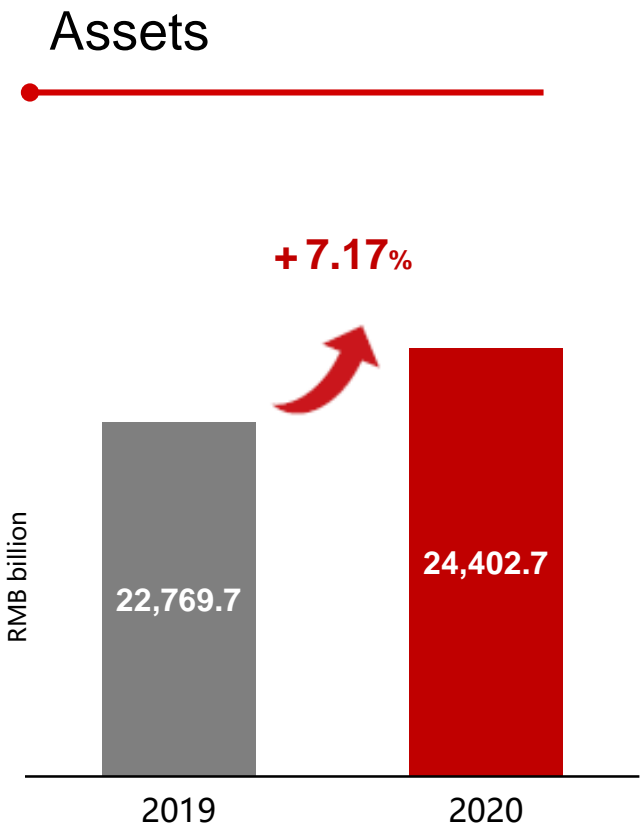
Net fee and commission income



Cost to income ratio

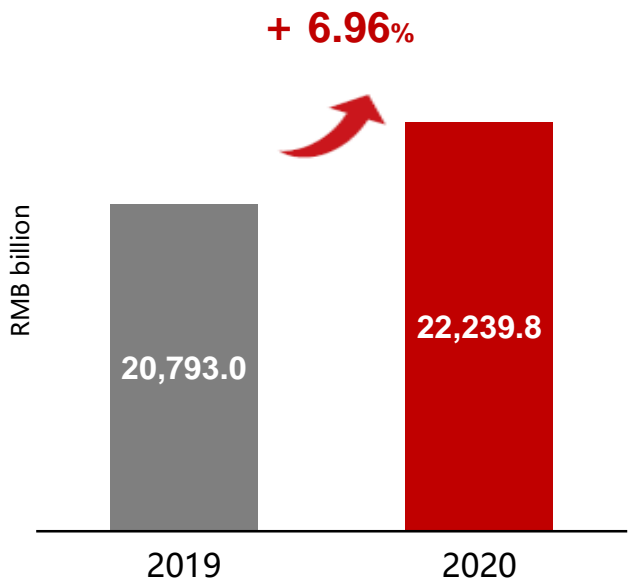


Asset structure steadily optimized

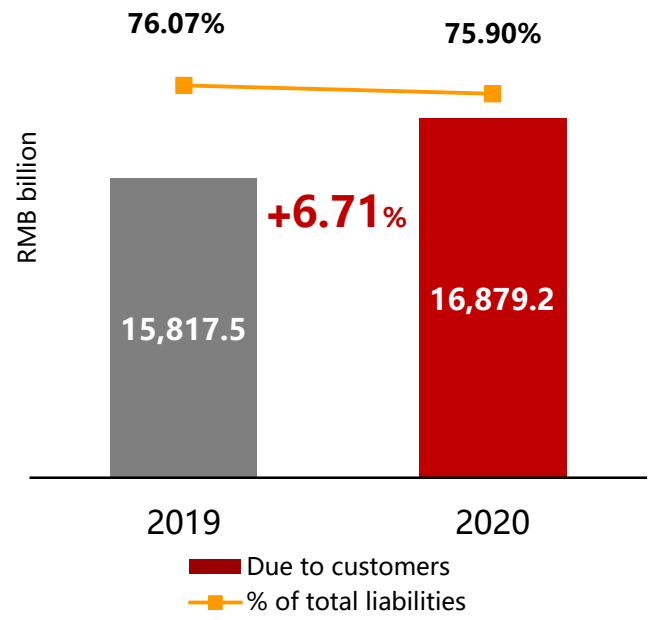


Liability quality consistently promoted

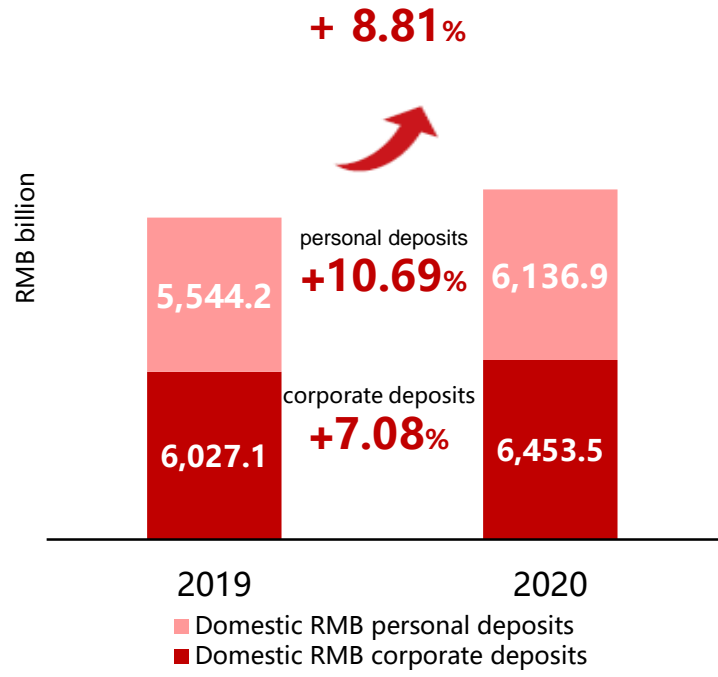
Liabilities



Due to customers

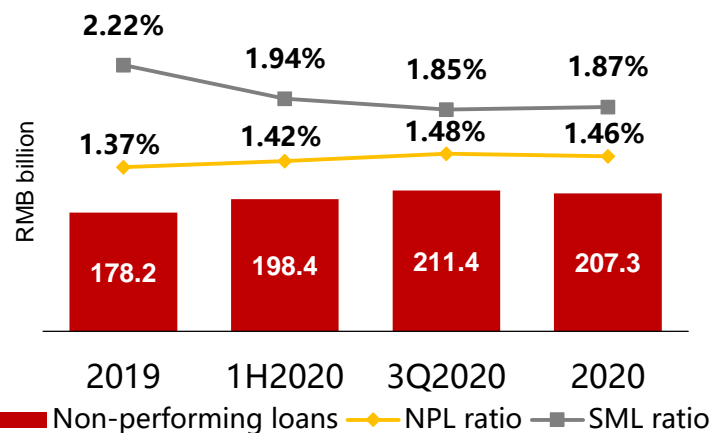


Domestic RMB deposits



Asset quality remained stable

Non-performing loans and special-mention loans



Provisions remained at a moderate level

2.96%

Allowance for loan impairment losses to total loans

177.84%

Allowance for loan impairment losses to NPLs

Asset quality by segment

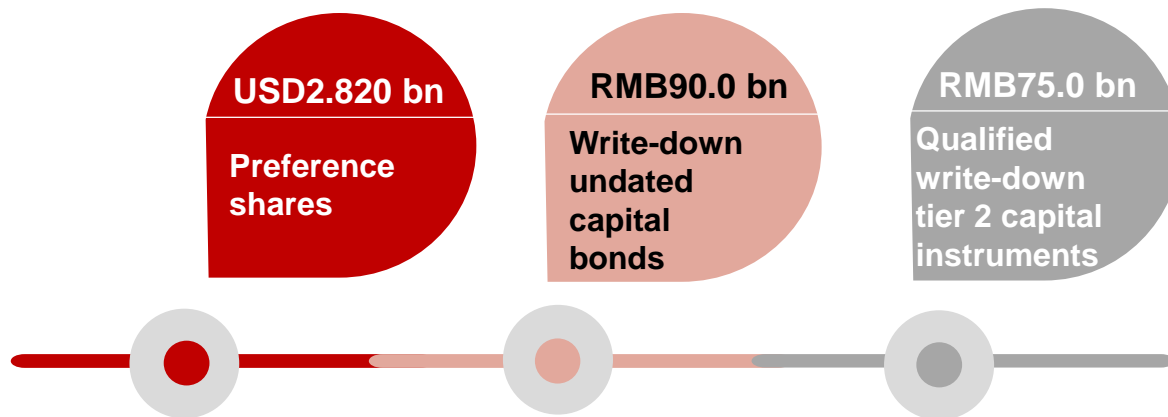
	Credit-impaired loans to total loans 31 Dec 2020	vs. 31 Dec 2019
Domestic corporate loans	2.42%	-0.01 ppt
Incl.: Commerce and services	3.01%	-0.54 ppt
Manufacturing	4.26%	-0.38 ppt
Transportation, storage and postal services	1.09%	0.36 ppt
Domestic personal loans	0.65%	0.02 ppt
Incl.: Mortgages	0.32%	0.03 ppt
Credit cards	2.50%	0.28 ppt
Total domestic loans	1.65%	-
Total overseas loans	0.64%	0.34 ppt
Total loans of the Group	1.46%	0.09 ppt

Capital foundation continuously consolidated

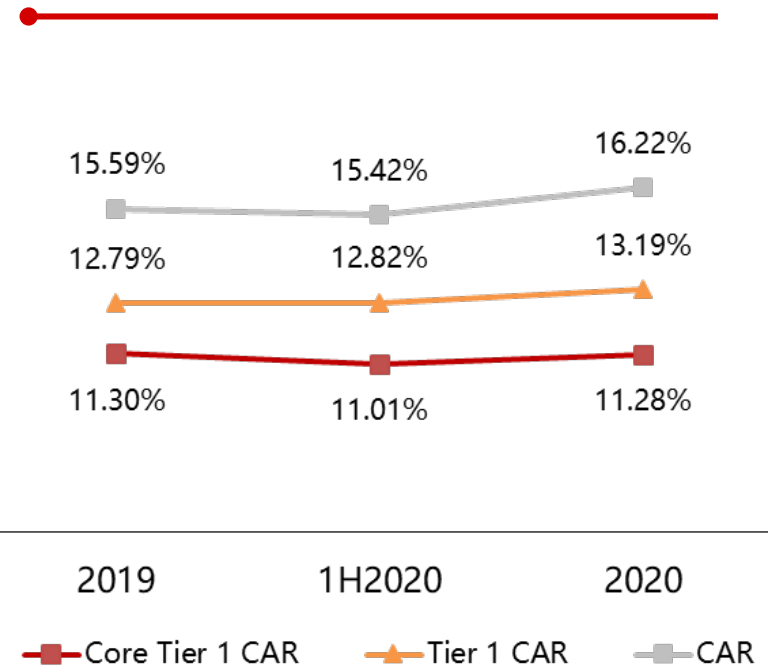
Internal optimization and saving

- ◆ Enhance the **awareness of capital saving and value creation**
- ◆ Improve the **economic capital budget and assessment mechanism**
- ◆ Strengthen the application of **value creation indicator** in resource allocation
- ◆ Intensify **capital-light development**, with RWA growing at a lower pace than the total assets

External capital replenishment



Capital adequacy level





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Subsequent Priorities



In the face of the new situation and new requirements, BOC followed the objectives of “Year of Enhanced Implementation”, stimulated vitality, made agile response, achieved breakthroughs in key areas, maintained a good momentum in operation and management, and fulfilled its goal for the 13th Five-Year Plan period.

Made new contributions in serving the real economy and national strategies

Integrated with the big picture and supported national reform and development
Focused on supporting the real economy

Domestic RMB loans grew by nearly

12%

Implemented the country's opening-up strategy
Focused on supporting the stability of foreign trade and foreign investment



Focused on key regions and business fields



Boosted the transformation and upgrading of manufacturing



Strengthened services for private enterprises



Facilitated inclusive finance



Leveraged advantages of cross-border financial services

- Strengthened business layout in key regions and cities, being the first bank to issue multiple comprehensive service programmes and **maintained a leading business position in the Guangdong-Hong Kong-Macao Greater Bay Area**. Outstanding loans granted to the Beijing-Tianjin-Hebei region, Yangtze River Delta and Greater Bay Area increased by **16.21%**
- Focused on such areas as new infrastructure and new urbanization initiatives and major projects, high-end manufacturing, people's livelihood consumption, digital economy and green finance. The balance of **loans to the high-tech manufacturing industry** was RMB**277.9** billion, an increase of **20.0%**, accounting for 19.0% of manufacturing industry loans, up **1.9** ppts
- Delivered high-quality **financial services to Beijing Winter Olympic Games**. Made plans for Games-time financial services according to the characteristics of "three competition zones across Beijing and Zhangjiakou" of the event. Vigorously supported the construction of key ice and snow projects by granting a total of RMB**25.9** billion loans, and launched various forms of publicity and promotion activities for the event
- **Outstanding loans to private enterprises** reached RMB**1.76** trillion. New granted loans to private enterprises accounted for **37.79%** of corporate loans, up **1.02** ppts. Underwrote RMB**40,121** million debt financing instruments for private enterprises, up **19.45%**
- **Inclusive finance loans granted to SMEs** amounted to RMB**611.7** billion, up **48%**
- International settlement business recorded volume of USD**5.75** trillion, up **10.68%** yoy
- Institutions of Chinese mainland **retained the largest market share in the international trade settlement market**, and held the leading position among peers in cross-border guarantee business
- Increased financing support, fee reduction and interest concessions for foreign trade enterprises, and provided financial aid for nearly **one-quarter** of China's import and export trade
- Provided all-round quality services for the third **CIIE** and the 127th and 128th **Canton Fair**

Delivered new achievements in fulfilling social responsibilities

Defeating Covid-19



Green finance



Poverty alleviation



Supported pandemic containment and facilitated the resumption of work and production

- Granted RMB21.20 billion **preferential loans** to 834 national key pandemic prevention enterprises, and RMB11,693 million concessional loans to 485 local key enterprises
- **Strengthened product and service innovation**, launched the first "Work Resumption Loan" among peers, issued special interbank CDs for pandemic prevention and the first anti-pandemic theme bond in the international market, a dual-currency SME special social responsibility bond. Underwrote the issuance of 35 pandemic prevention and control bonds of RMB33,650 million for non-financial enterprises and international development institutions
- **Provided various financial services**, improved fund settlement, financing support and online services, opened a special account for pandemic-related donations, and upgraded mobile banking, online banking and other supporting services, so as to support the pandemic prevention as well as the resumption of work and production for enterprises
- **Based on its global presence**, provided anti-pandemic supplies and necessary living assistance for Chinese students stranded overseas, and donated more than 10 million pieces of anti-prevention supplies to the Chinese mainland and 57 countries and regions

Upheld the concept of green development and promoted the development of green finance

- **Continuously improved the management mechanism.** Established Steering Group for Green Finance and Industry Planning & Development to coordinate green finance management. Set up the Green Finance Management Committee under the Senior Management to arrange and promote various tasks
- **Steadily optimized green credit structure.** Actively supported industries such as clean energy, environmental protection & energy conservation, and green transportation. Domestic green credit reached RMB896,798 million, with a proportion up by 5 ppts. Balance of credit granted to coal, coal power and other high-carbon industries kept decreasing
- **Achieved remarkable results in green bond business.** Successfully issued the first commercial institution blue bond cross the world. Underwrote RMB14,587 million domestic green bonds, ranking first among peers. Underwrote overseas green bonds with total value equivalent to RMB37.0 billion, ranking first among Chinese lead underwriters in the Chinese offshore green bond market
- **Constantly made efforts in green finance cooperation.** Actively practiced responsibilities as Co-Chairman of the Task Force of Green Financial Product Innovation under the Green Investment Principles (GIP) for the Belt and Road Initiative, hosted the online international seminar of Green Financial Innovation Products. Became a supporter of the Task Force on Climate-related Financial Disclosures (TCFD)

Explored financial service for targeted poverty alleviation and supported rural revitalization

- **Continuously increased investments in poverty-stricken areas.** Helped the four counties in Xianyang, Shaanxi Province and 1,034 poor villages across the country liberate from poverty. Poverty alleviation loans increased by 26.61%, and poverty alleviation bonds underwritten amounted to RMB10.77 billion
- **Strengthened innovation of financial service modes for poverty alleviation.** Promoted agricultural products in designated poverty-stricken counties by CIIE, helped increase the income of poor people through the "BOC Philanthropy" platform, and adopted the debt-equity combination mode through industrial projects
- **Enriched the financial system for poverty alleviation and agriculture support.** Set up outlets and installed electronic equipment in poverty-stricken areas to increase the coverage and availability of financial services
- **Enhanced featured services of BOC Fullerton Community Bank.** With the largest number of institutions and the widest geographical distribution in China, BOC Fullerton Community Bank gave full play to its role in supporting agricultural enterprises and SMEs. Loans granted to these enterprises accounted for 91.6% of its loan book

Stimulated new vitality with comprehensively deepened reform

Focus on reform, promote transformation, optimize mechanism, and continuously stimulate business vitality



- Since strengthening strategic implementation and comprehensively deepening reform, more than **50** reform projects and more than **200** reform tasks have been implemented, and **systematic breakthroughs** have been made in many key areas and links
- **Major reforms** in personal banking, corporate banking, asset and liability management, globalized development, integrated operations and research system were successfully implemented
- **Key projects** such as enterprise-level architecture building, smart operation and outlet transformation, data governance and comprehensive risk management were implemented as scheduled
- Further enabled the Head Office to better exercise leadership and build up capacity, formulated overarching frameworks of reform in human resources management and other important areas, and **stimulated the vitalities** of all institutions at all levels
- Based on **BOC University**, deepened the integration of industry and education, and actively explored new models of vocational education reform and innovative talent training
- Strengthened the **corporate culture fostering**, and put forward a cultural concept system consisting of mission, vision, values, code of conduct of employees and action maxims

Achieved notable breakthroughs in business transformation and development



Made remarkable achievements through the structural reform of personal banking unit

- **Business scale grew rapidly and hit a record high.** The contribution of domestic personal banking business continued to increase, and operating income increased by 22.08% yoy, with the contribution proportion up 7 ppts. The number of valid customers exceeded 0.3 billion, and AUM exceeded RMB10 trillion, up 9.90%
- **Market share increased and competitiveness strengthened.** The market shares of overall personal customers, AUM, foreign currency personal deposits, agency sales of funds and insurance, off B/S WMPs etc. were further increased
- **Business quality was significantly improved, and development momentum was upgraded.** Wealth management income increased by 42%, of which income from agency sales of funds grew by more than 100%. Growth of medium and high-end customers was faster than that of mass-market customers, and growth rate of private banking customers and financial assets both exceeded 15%. Number of private banking customers exceeded 0.13 million, and the scale of financial assets reached RMB1.85 trillion
- **Consumer finance was transformed and upgraded and installment business grew rapidly.** Mortgage loan grew steadily, and the proportion of non-mortgage loans significantly increased. Balance of personal loans reached RMB4,979.2 billion, up 11.88%. Promoted BOC E-Credit online competitive products, improved customer experience and enhanced market competitiveness. Installment transaction volume of credit cards increased by 11.73% yoy, driving small-value&high-frequency transactions through scenarios and flash marketing, and creating new means to acquire customers and drive business development



- **China Banking Association** “Best Wealth Management Bank”
“Best Cross-border Financial Service Bank”
- **Asian Private Banker** “Best National Private Bank in China”
- **Asiamoney** “Overall Best State-owned Private Bank”
“Best Private Bank for International Network ”

Achieved notable breakthroughs in business transformation and development

Consolidated foundation of corporate banking and accelerated business transformation

- **Business foundation was consolidated.** Set up the Administrative Institutions Department, devoted greater marketing efforts by focusing on key customer groups, and properly conducted scenario building and product cross-selling. Number of basic customers was 0.34 million, representing an increase of 17%. Quality of deposits was steadily improved
- **Market share rose.** Maintained the first place in terms of market share of international settlement, cross-border RMB settlement and foreign currency deposits from financial institutions. Secured its leading position among peers in terms of incremental number and growth of outstanding market share of third-party custody customers
- **Accelerated transaction banking development.** Continuously diversified products on the iGTB platform, as bills, inclusive loans and digital wallet successively launched, more than 1 million corporate accounts opened through the platform. Deepened supply chain financial service innovations in key industries and fields, and improved the comprehensive product system of its “Global Cash Management Platform+”. Pushed forward the application and promotion of blockchain and other cutting-edge technologies, successfully processed the world’s first transaction using cross-border RMB trade finance transfer service platform of Shanghai Commercial Paper Exchange Corporation Ltd. and China’s first electronic L/C using the block chain-based cross-border trade platform
- **Intensified efforts in developing pension business.** Advanced scenario building for the silver economy and supported its development. Pension funds under custody increased by 94.76%, Assets under custody increased by 53.14%, and the total number of individual pension accounts held by the Bank increased by 12.42%



- **Asiamoney** “Best Bank for Leveraged Finance” “Best Transaction Bank”
“Best Transaction Bank for Trade Finance” “Asia Pacific Market Leader”
- **China Banking** “Best Performance Award” “Best Project Awards” for syndicated loans
- **The Asset** “Best Service Providers -Transaction Bank” “Best RMB Bank”
- **Euromoney** “China Market Leader”

Achieved notable breakthroughs in business transformation and development

Expanded
financial market
business
with leading
advantages

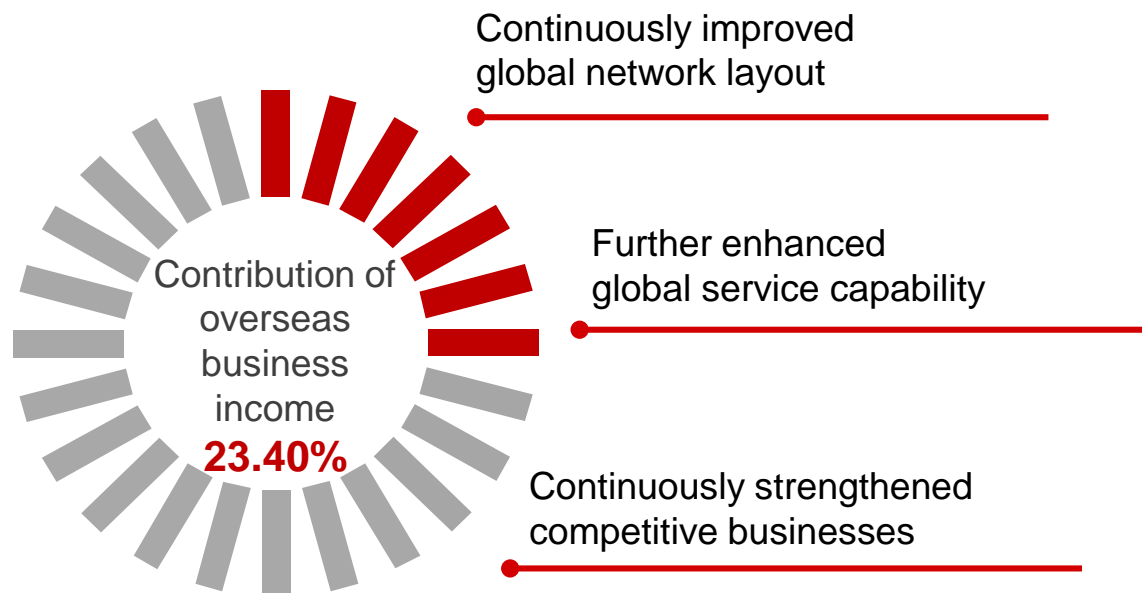
- **Market share increased and business advantages consolidated.** Led the market in foreign exchange settlement and sales, and ranked first among Chinese banks in terms of number of foreign currencies traded. Secured a leading position in terms of bonds underwritten in the domestic market, ranked first among banking underwriters in terms of financial bond and underwriting share of Panda Bond and Chinese offshore bonds for consecutive years. Ranked at top among major peers regarding the growth rates of both custody scale and income of mutual funds, and maintained at the first echelon in the industry in terms of the number and scale of newly issued mutual funds under custody. Maintained a leading position among Chinese banks by the scale and growth rate of cross-border custody
- **Accurately seized market opportunities and dynamically optimized investment portfolios.** Seized market opportunities to adjust investments in due course, adjusted the structure of investment portfolios in a dynamic manner to reduce the portfolio risk. Seized the opportunities to sold bonds and realized capital gains. Actively invested RMB423.2 billion local government bonds, accounting for 6.6% of the market share, and supported the development of real economy
- **Steadily advanced rectification of existing WMPs.** Advanced the rectification and reduction of existing WMPs, properly disposed assets under existing WMPs. Transferred net-value WMPs that satisfy the "New Asset Management Regulation" to BOC Wealth Management
- **Strengthened risk management and control, improved infrastructure construction**



- **Finance Asia** "Best DCM House"
- **Asiamoney** "Best for Cross Border Debt Capital Markets"
"Green Deal of the Year" "Best firm for ABN"
- **The Asset** "Best Bond Adviser-Global" "Best Anti-COVID-19 Deal"
"Best Sovereign Bond" "Best Social Bond" "Best Sustainability Bond"

Reached a new level in globalized and integrated operations

Created a new pattern of global development and built itself a financial channel facilitating domestic and international circulations



- Overseas service network covered **61** countries and regions, rivalling international leading peers
- The contribution of overseas business maintained the **first place among Chinese peers**
- Pushed forward with reform of **regional management** and **intensive operations** of overseas institutions
- Upgraded the BOC Global Matchmaking System across the board to provide services for 30,000 Chinese and foreign enterprises from **125** countries and regions, and facilitated enterprises' business cooperation on trade, investment and technology introduction
- Consolidated the leading position among Chinese peers in overseas corporate online banking services, with **14** available languages and covering **51** countries and regions
- Optimized overseas services for personal customers, expanded the coverage of overseas mobile banking to **30** countries and regions, and issued debit cards in **19** countries and regions
- From 2015 to 2020, accumulatively followed up with more than 600 major overseas projects along the Belt and Road, and granted a variety of credits exceeding USD**185.1** billion to countries and regions along the route
- Cross-border RMB settlement volume stood at RMB**9.20** trillion, up **25.75%** yoy. Cross-border RMB clearing volume stood at RMB**471** trillion, up **8%** yoy. The volume of cross-border RMB business led the peers
- Ranked **first** in the syndicated loan market in the Asia-Pacific region (excluding Japan), and **first** among Chinese banks in the European-African and American syndicated loan markets
- Continued to **lead Chinese peers** in terms of the scale and growth rate of cross-border custody, further consolidated its dominant position

Reached a new level in globalized and integrated operations

Achieved remarkable results in integrated business layout and improved its comprehensive financial service capacities

Built a comprehensive management framework at the Group level

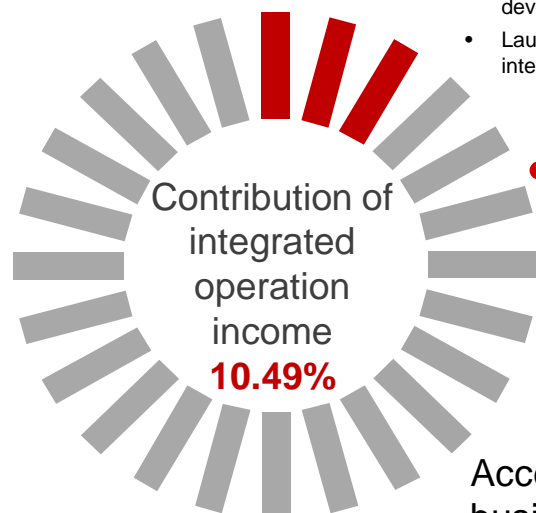
- Established a steering group for the Group's comprehensive operation and development, as well as coordination committee
- Launched policies and regulations to strengthen the management of integrated operations

Continuously improved the integrated operation layout

- BOC Financial Leasing was registered in Chongqing, being the first financial leasing company of large state owned commercial banks in western China
- BOC Fullerton Community Bank opened business in Xiongan New Area, which is the first investment management village bank in China
- Amundi BOC Wealth Management, the first Sino-foreign joint venture engaged in wealth management, was established in Lingang New Area, Shanghai
- BOCI China was successively listed

Accelerated the improvement of business collaboration system

- Applied regional joint meeting mechanism in 40 domestic and overseas branches, and took multiple measures to support the coordinated marketing of major projects
- Built demonstration zones for comprehensive financial services, set up an operation office in Suzhou as the integrated service platform for Yangtze River Delta, and explored a new mode of investment-lending financial services for technological innovation enterprises in Shenzhen



Highlights of comprehensive operations

Building market brand

- **BOCI China.** Market value has doubled since its IPO. Ranked 10th for the scale of bond underwriting, and 5th for assets under management
- **BOCI Aviation.** Recorded the highest market value among global listed peers. Owned one of the youngest aircraft portfolios in industry and the largest fleet in Asia

Serving real economy

- **BOCI.** Assisted with the secondary listing of a number of enterprises on the HKEX and overseas bonds issuance for many large central enterprises, SOEs and private enterprises
- **BOCG Investment.** Focus on national key strategic regions and industries, set up Shanghai Yangtze River Delta Fund and Shenzhen Science and Technology Innovation Fund
- **BOC Asset Investment.** Established a special fund for debt-for-equity swaps in Hubei province, to facilitate resumption of work and production. Succeeded in launching the first debt-for-preference-share swaps for listed companies, to support development of high-quality private enterprises

Enrich product series

- **BOCIM.** The management assets of non-monetary public-offered fund increased 14%, and the scale of bond fund ranked 2nd in the industry
- **BOC Wealth Management.** AUM grew rapidly, scale of products increased 864%
- **BOCG Insurance** actively developed business in the Greater Bay Area. **BOCG Insurance** supported customs clearance facilitation reform by moving online the full process of tariff guarantee insurance and cargo transportation insurance. **BOC-Samsung Life** realized a yoy increase of 40% in written premiums and premium deposits, lifted its market rank by 5 notches, and developed its long-term savings and protection business with a yoy increase of 27% in first year premiums. Insurance companies within the Group provided medical workers with exclusive insurance services and customized products for pandemic control

Financial technology layout

- **BOC Financial Technology.** Served the Group's development strategy, undertook key projects of deepening reform, and realized export of FinTech capability. "BOC Robot Advisor" won the "Gold Award for Technology Innovation and Application" in the 2020 China FinTech Innovation Contest held by CFCA

Showed new progress in technological innovation

Strategic position

Digital BOC +

- **Digital transformation** as the core
- **Enterprise-level business architecture** and **enterprise-level IT architecture** as the two pillars
- **Business digitalization, scenario ecosystem** and **platform-oriented technology** as key elements
- **New technology-based system and mechanism** as the foundation

Financial input

IT investment
RMB **16,707** million



+ 43.36% yoy
2.94% of operating income

Personnel input

IT personnel of the Group
10,580



3.42% of total employees

Strategic scenarios continued to be diversified

Based on the national macro policies and its own advantages, launched strategic scenarios for **cross-border**, **education**, **sports** and **silver economy**, and explored the "finance + scenario" ecosystem mode, to provide better, more considerate and more professional services for **G (governments)**, **B (institutions)** and **C (customers)**

Cross-border

- Carried out product innovation for sub-scenarios such as cross-border e-commerce, non-resident, overseas study and tourism; continued to improve cross-border e-commerce collection and payment products, expanded the ecosystem, and launched services plans for overseas experts and international middle school customers

Educational

- Based on the G-end tuition supervision, K12 smart campus, universities smart campus, alumni platform, education section and other platforms, built an "on/off-line" comprehensive education service ecosystem, and provided non-financial services such as administrative & educational affairs and alumni donation as well as financial services such as One-Code Express and campus fee payment for teachers, students and alumni

Sports

- Served Beijing Winter Olympic Games as the official banking partner. Promoted mass sports, and launched a series of ice and snow activities such as "Winter Sports with BOC"; improved the "BOC Smart Sports Platform", and promoted sports merchants ERP and sports consumption coupons to enhance brand image of "BOC Sports +" and increased the number of scenario users

Silver economy

- Launched a silver economy section on mobile banking that covers wealth management, quality life, BOC University for the Elderly and other featured modules to provide financial and non-financial services. Set up featured outlets for pension finance, and provided financial services in communities. Launched special financial plans in multiple places to support the resumption of work and production in the old-age care industry

Effect of technology empowerment unveiled



- Improved over 200 features of **Mobile Banking**, increased the efficiency of customer access. Registered users reached **211** million, and the transaction amount totaled RMB**32.28** trillion, a yoy increase of **16.44%** and **14.14%** respectively

- Moved faster in embedding and standardizing the "**open banking**" concept, covering 13 categories of financial services such as account, cross-border, financing and payment to connect with such institutions as the national government affairs platform and the 12306 platform etc. Formed an online closed-loop marketing system

- Strengthened the building of application scenarios for **transaction banking** business, launched multi-channel account services such as door-to-door account opening service and online reservation for account opening at mobile intelligent counters, reshaped the corporate account opening process at outlets, and improved account opening efficiency, shortening average elapsed time by **67%**



- Upgraded the **Intelligent Investment Advisory Service**, intelligently allocated investment portfolios for different scenarios and customer groups. The "BOC Robot Advisor" has accumulatively generated sales of RMB**20.7** billion, realized an average yield of **34.91%** since rollout. Won the "Gold Award for Technology Innovation and Application" in CFCA 2020 China FinTech Innovation Competition

- Upgraded the **BOC Global Matchmaking System** to provide full-process services including cloud negotiation, cloud contracting and cloud live broadcasting, so as to help enterprises achieve "zero-distance" negotiation

- **Digital risk control** achieved remarkable results, as the cumulative transactions monitored through the "Cyber Defence" smart risk control and prevention system in 2020 increased by **67.38%**. BOC Intelligent Risk Control Platform received a "Top Ten Award for Smart Risk Control Innovations" from *The Banker*



- Conducted FinTech innovation, software development, platform operation and technical consulting through **BOC Financial Technology**. Supported services in key regions, pushed forward the integrated business synergy of the Yangtze River Delta with IT support, and spared no effort to boosted the construction of Smart Hainan and Digital Xiongan. Exported fintech products and services out of the Group

Made new improvement in risk and compliance Management

Credit risk	Market risk	Liquidity risk	Internal control and operational risk
<ul style="list-style-type: none"> Continued to push forward the building of an industrial policy system and optimized credit structure Strengthened customer concentration control, and constantly identified, measured and monitored large risk exposures Strengthened risk identification and control in key fields and proactively reduced and exited credit relationships in such fields Made great efforts to collect and resolve NPAs, and made breakthroughs in the resolution of key projects Improved intelligent risk control on all fronts, and promoted the digital transformation of risk management 	<ul style="list-style-type: none"> Strengthened the Group-level overall risk management of securities and asset management business continued to carry out risk investigation on bond issuers and strengthened early warning on risk events Timely adjusted asset and liability structure based on market changes, improved internal and external pricing strategies or implemented risk hedging, and controlled interest rate risk at a moderate level Endeavored to realize currency matching between fund sources and application regarding exchange rate risk management, and controlled foreign exchange exposures through currency exchange and hedging, and maintained exchange rate risk at a reasonable level 	<ul style="list-style-type: none"> Daily average liquidity coverage ratio (LCR) was 139.79% in Q4 Net stable funding ratio (NSFR) was 123.50% Liquidity ratios (LR) of RMB and foreign currencies were 54.50% and 58.57% respectively Quota management Risk warning Stress test 	<ul style="list-style-type: none"> Continued to refine the compliance risk governance mechanism and management process, cultivated the compliance culture, and assured the prudential development of the Group Continuously carried out internal control governance, and strengthened operational risk management and business continuity management Intensified AML and sanctions compliance management, increased resource input and personnel training, improved the internal control policy system, constantly upgraded the AML system, and cemented the foundation for AML work in an all-round manner



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In 2021, under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, BOC will focus on the new development stage, apply the new development philosophy and serve the new development paradigm. We will foster a development pattern in which the Bank's business is centered on domestic commercial banking and bolstered by our global reach and integrated operation arms. We will stick to our strategic approach of “invigorate, adapt to change and drive for major breakthroughs”, and thus strive to build a first-class global banking group.

Gain in-depth insight of new developments
Accurately seize opportunities and rise to challenges

Uphold systematic philosophy
Strike a balance among development quality, structure, scale, speed, benefit and security

Focus on the vision of “Building a First-Class Global Banking Group”
Continue diligent work in operation and management

Challenges

The world has entered a period of turbulence and transformation

Growth of traditional banks has hit a bottleneck

Pressure on risk control and compliance has increased



Opportunities

China's long term sound economic trend provides solid foundation for **high-quality development**

China's fostering a new development paradigm offers valuable opportunities for **business growth**

China's commitment to further opening-up provides vast space for **globalization development**

The new round of technology revolution and industrial chain reconstruction provides strong impetus for **faster business transformation**

Gain in-depth insight of new developments
Accurately seize opportunities and rise to challenges

Uphold systematic philosophy
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Focus on the vision of “Building a First-Class Global Banking Group”
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Rationally and accurately analyze while properly handle relationship between

- **Development and Security**
- **Short-term and Long-term Objectives**
- **Partial and Overall Situations**
- **Domestic and International Coordinated Development**
- **Undertaking Social Responsibilities and Pursuing Sustainable Development**

Adhere to making progress while maintaining stability, enhance sustainable development

Adhere to new development concept, enhance policy implementation

Adhere to high-quality development, enhance value creativity

Adhere to serving the real economy, enhance comprehensive customer service capability

Adhere to digital transformation, enhance innovation driving force

Gain in-depth insight of new developments
Accurately seize opportunities and rise to challenges

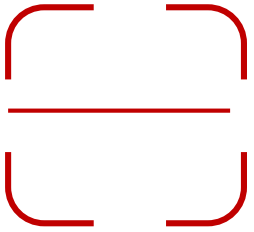
Uphold systematic philosophy
Strike a balance among development quality, structure, scale, speed, benefit and security

Focus on the vision of “Building a First-Class Global Banking Group”
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Focus on serving the real economy, actively integrate into the national reform and development	Focus on enhancing market competitiveness, expand and strengthen domestic commercial banking business	Focus on integrated services, consolidating advantages in globalized and integrated operations	Focus on digital transformation and make solid progress with all the tasks	Focus on risk prevention and mitigation, enhance comprehensive risk management
<ul style="list-style-type: none"> • Support the deepening of supply-side structural reform • Dedicate further efforts to Technology finance Inclusive finance Green finance Wealth finance Cross-border finance Consumer finance County-level finance 	<ul style="list-style-type: none"> • Improve the ability of value creation • Enhance the marketing and service capabilities of corporate banking business • Enhance the market competitiveness and contribution of personal banking business • Focus on primary business and specialty of financial markets business • Increase inputs to key regional markets and promote coordinated growth across regions 	<ul style="list-style-type: none"> • Globalized business Expand the customer base of enterprises and institutions “Going Global”, “Brought in” and investing in China Make great efforts to expand key businesses such as cross-border investment and financing, cross-boarder RMB business Dynamically optimize layout and differentiate resource allocation • Integrated operations Promote business and optimize platform management Enhance differentiated management for subsidiaries Open cooperation channels among all platforms 	<ul style="list-style-type: none"> • Push forward the project of enterprise-level architecture building • Accelerate the strategic project of scenario building • Strengthen data governance and empowerment • Advance smart operation and outlet transformation • Deepen the reform of technology mechanism and management 	<ul style="list-style-type: none"> • Improve the effectiveness of comprehensive risk management • Improve credit risk management in a more forward-looking manner • Strengthen the management of internal control and case prevention • Consolidate the management foundation for anti-money laundering and sanctions compliance • Effectively carry out mechanism building and improve the ability to cope with extreme scenarios • Attach high importance to non-traditional risk management

Continuously generate greater value for shareholders, customers, employees and society 27

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2020 Annual Report



Report on Capital Adequacy
Ratio for 2020



Corporate Social Responsibility
Report for 2020

Thanks!

Financial Highlights

Income Statement Summary

(RMB million)	2020	2019	Change
Net interest income	415,918	390,050	6.63%
Non-interest income	151,729	159,960	(5.15%)
Incl.: Net fee and commission income	75,522	73,812	2.32%
Operating income	567,647	550,010	3.21%
Operating expenses	(202,411)	(198,269)	2.09%
Pre-provision operating profit	365,236	351,741	3.84%
Impairment losses on assets	(119,016)	(102,153)	16.51%
Profit before income tax	246,378	250,645	(1.70%)
Profit for the year	205,096	201,891	1.59%
Profit attributable to equity holders of the Bank	192,870	187,405	2.92%
Dividend per ten shares (RMB Yuan)	1.97	1.91	3.14%
Key financial ratios(%)			
ROA	0.87	0.92	-5bps
ROE	10.61	11.45	-84bps
Net interest margin	1.85	1.89	-4bps
Cost to income ratio ¹	26.73	28.00	-1.27ppts
Credit cost	0.76	0.80	-4bps

Financial Position Summary

(RMB million)	2020.12.31	2019.12.31	Change
Total assets	24,402,659	22,769,744	7.17%
Loans, gross	14,216,477	13,068,785	8.78%
Investments	5,591,117	5,514,062	1.40%
Total liabilities	22,239,822	20,793,048	6.96%
Due to customers	16,879,171	15,817,548	6.71%
Capital and reserves attributable to equity holders of the Bank	2,038,419	1,851,701	10.08%
Net assets per share (RMB Yuan)	5.98	5.61	6.60%
Key financial ratios(%)			
Common equity tier 1 CAR ²	11.28	11.30	-2bps
Tier 1 CAR ²	13.19	12.79	40bps
CAR ²	16.22	15.59	63bps
NPL ratio	1.46	1.37	9bps
Allowance for loan impairment losses to NPLs	177.84	182.86	-5.02ppts

Notes : 1. Cost to income ratio is calculated under regulations in the Chinese mainland.

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