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BANK OF CHINA

中國銀行股份有限公司
BANK OF CHINA LIMITED

(a joint stock company incorporated in the People's Republic of China with limited liability)
(the "Bank")

(Stock Code: 3988 and 4601 (Preference Shares))

ANNOUNCEMENT

Corporate Social Responsibility Report of Bank of China Limited for 2018

In accordance with the Chinese mainland and Hong Kong regulatory requirements, the meeting of the Board of Directors of the Bank held on 29 March 2019 considered and approved the *Corporate Social Responsibility Report of Bank of China Limited for 2018*. Set out below is a complete version of the report.

**The Board of Directors of
Bank of China Limited**

Beijing, PRC
29 March 2019

As at the date of this announcement, the directors of the Bank are: Chen Siqing, Liu Liange, Wu Fulin, Lin Jingzhen, Zhao Jie, Li Jucai*, Xiao Lihong*, Wang Xiaoya*, Liao Qiang*, Lu Zhengfei#, Leung Cheuk Yan#, Wang Changyun#, Angela Chao# and Jiang Guohua#.*

* *Non-executive Directors*

Independent Non-executive Directors

**Corporate Social Responsibility Report of
Bank of China Limited for 2018**

March 2019

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Message from the Chairman

The past year of 2018 was the first year of comprehensively implementing the spirit of the 19th CPC National Congress and the first year of BOC carrying out its new development strategy. Following the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Bank persistently enabled advancement through technology, drove development through innovation, delivered performance through transformation and enhanced strength through reform. Oriented by the values of “responsibility, integrity, professionalism, innovation, prudence and performance”, we further internalised our social responsibilities in the long-term transformation and development as well as everyday operation and management, and consistently created values for the stakeholders.

Creating more values for the nation by serving the implementation of major strategies. We proactively supported the national strategies for coordinated regional development. We set up the Xiongan Branch in Hebei province, strengthened the coordinated working mechanism in the Guangdong-Hong Kong-Macao Greater Bay Area, took the initiative in building the free trade account system in Hainan, and stepped up the support for Beijing-Tianjin-Hebei, Yangtze River Delta, Guangdong-Hong Kong-Macao and Hainan. We proactively served the new situation of all-round opening-up. We handled USD1.4 trillion of international trade settlements in 2018, supported several major projects along the Belt and Road routes, and provided comprehensive financial services for the first China International Import Expo. We proactively promoted rural revitalization through finance, set up 287 outlets in 184 national poor counties to solve the problem of the “last kilometer” for rural financial services.

Creating more values for shareholders by strongly boosting high-quality development. We reformed the mechanisms of incentive and restraint and resource allocation, intensified market benchmarking and long-term encouragement, and continuously improved the efficiency of capital use. In 2018, the Group realised stable growth in main indicators such as operating revenues and after-tax profits, and further enhanced its value creation capability. Our NPL ratio was lowered by 0.03 percentage points and the ratio of allowance for loan impairment losses to NPLs surged by 22.79 percentage points, resulting in better risk resistance. The cost-income ratio was kept at a low level across the Bank, and per capita and per outlet profits kept rising with better operating efficiency. Our management mechanisms for overseas business and integrated operation business were consistently improved, and differentiated competitive advantages were further consolidated.

Creating more values for customers by accelerating product and service innovation. To meet the needs of the changes of the time and the demand for mass finance, we accelerated the digitalisation of the Bank with mobile banking, transaction banking and smart outlet as carriers. The functions of mobile banking were notably improved with the all-year transaction volume exceeding RMB20 trillion. Architectural integration of transaction banking was completed. Smart counters were built in all outlets, at which the intelligent service system was gradually improved. The mobile smart counter was launched that significantly expanded the serving scope of the outlets. We innovatively launched the “BOC Intelligent Investment” (an intelligent investment advising product), “Smart Payment” (an aggregation payment product), and “Global Payment Innovation” (a cross-border remittance product) to persistently improve customer experience.

Creating more values for employees by carrying out caring programs. We held training programs for officials and employees on different levels to vigorously cultivate globalised and comprehensive talents. We built the online and offline sharing and study platforms to help the employees improve themselves and expand the space for their career growth. We perfected the incentive mechanisms and created new ones to stimulate the innovation passion of all officials and employees across the Bank and urge them to contribute to the Bank’s strategy implementation, development through transformation and business innovation. We formed nearly 400 young think-tank groups to promote the cultivation and development of young employees. Upholding “people centrism”, we guaranteed the employees’ legal rights and interests, gave more support to those in difficulties and in tough regions, and strove to enhance their sense of happiness and belonging. In 2018, BOC was “Best Employer in Financial Industry in the Opinion of Chinese University Students” for the 11th time according to a survey conducted by ChinaHR.

Creating more values for the public by actively conducting public welfare undertakings. We earnestly implemented the CPC Central Committee’s deployments for winning the tough battle against poverty and worked hard on poverty alleviation. In 2018, we invested RMB75.09 million for free in the “Four Counties” of Xianyang, a year-on-year increase of 36%, and helped 300 poor villages that had 43,784 poor residents to step out of poverty accumulatively. We vehemently supported education, undertook government-sponsored student loan business for 19 consecutive years, and accumulatively sponsored over 1.8 million college students from impoverished families to finish school. We also advocated environmental protection, consistently refined credit structure, promoted green finance and supported eco-environmental improvement projects, steadfastly practicing and promoting green development.

In 2019, BOC will continue to make unwavering efforts with firm resolve toward the strategic goal of building a world-class bank in the new era. We will deepen the strategy implementation, and comprehensively fulfill our responsibilities for the nation, shareholders, customers, employees and the general public. We strive to make greater contributions to building China into a great modern socialist country that is prosperous, strong, democratic, culturally advanced, harmonious, and beautiful, and to realizing the Chinese Dream of national rejuvenation.

Chen Siqing, Chairman of the Bank of China

Message from the President

In 2018, the global economic situation was complicated and versatile, but Chinese economy remained stable. BOC seized opportunities and actively dealt with challenges. It strongly promoted the implementation of the new development strategy and earnestly fulfilled its social responsibilities in order to support the sustainable economic, environmental and social development.

We took serving the real economy as our mission and improved the provision of financial services. We properly increased the credit provision in view of the demand of the real economy, with the loans granted to corporate customers increasing RMB922,714 million from the end of previous year. Focused on serving the supply-side structural reform, we continuously adjusted and improved the credit structure, and the new loans were mainly used to strengthen the weak links in infrastructure and support strategic emerging industries. We also improved the efficiency of capital use by means of re-lending of mature loans, assets securitisation, writing off NPLs and local debt replacement. We resolutely implemented the spirit of the symposium on private enterprises and released the 20 Rules on Supporting Private Enterprises. Our loan balance of inclusive finance grew 12.26%, higher than the average loan growth in the Bank. We intensified efforts in developing trade finance, supply chain financing and transaction banking, and kept pushing ahead with overseas M&A and syndicated loans.

We took building a globalised and integrated BOC as our mission and upgraded our products and services. We completed the transformation of its overseas systems and realised unified edition, centralised deployments and integrated operation worldwide. As our branches in Colombo, Turkey, Chile, Mexico and Auckland started business successively, our service ability was further enhanced thanks to globalisation. We strengthened the interaction between different businesses such as commercial banking, fund, securities, insurance and investment banking, actively cooperated in the launch of crude oil futures and iron ore futures in China, and scored several “firsts” in financial services for commodity trading, consolidating its advantages in integrated operation. We grasped the trend of two-way opening-up of the financial market, developed cross-border finance, and maintained market leadership in cross-border RMB business, offshore bond underwriting, foreign exchange trading and cross-border custodian service.

We took increasing people’s benefits as our mission and helped satisfy their aspirations for a good life. Focusing on sectors and scenarios closely related with people’s life, we provided financial resources for improving the public service system and people’s living standards. At the end of 2018, the balance of government-subsidised housing loans increased by 130.46% compared with a year ago to RMB123.8 billion. We made more innovations in such areas as social insurance, medical care, daily payment and agro-related services, promoted financial services in everyday life, and consistently increased their accessibility and coverage. We strongly supported cultural and sports causes, and made donations to help students obtain better educational opportunities. As the official partner of Beijing 2022 Olympic and Paralympic Winter Games, we served the development of ice and snow sports and financed the construction of multiple venues and traffic projects for the Games.

We took risk prevention and control as our mission and ensured safe and sound operation. We consistently strengthened the establishment of risk management system and improved the three lines of defence to further enhance its overall risk management capability. We worked out different management measures in view of the various features of primary-level outlets, overseas organizations, integrated operating subsidiaries and Head Office departments, and made internal control and risk prevention more institutionalised and standard. We specifically fortified risk management regarding global compliance and anti-money laundering, opened compliance files for all employees, and our anti-money laundering work had leading regulatory rating in the industry. We actively fostered the intelligent risk control system and reinforced risk identification and monitoring by virtue of such technologies as big data, AI and biometrics, enhancing the quality and efficiency of risk control.

2019 is a critical year for achieving the first Centenary Goal on the way to securing a decisive victory in building a moderately prosperous society in all respects, and for meeting our objectives in the first stage of BOC's new development strategy. We will continue to stay united around the CPC Central Committee with President Xi Jinping at the core, proactively improve financial supply with the market demand in mind, and advance the implementation of our strategy. We will fulfill the social responsibilities of a major state-owned bank across the board and celebrate the 70th anniversary of the founding of the People's Republic of China with exceptional performance.

Liu Liange, President of the Bank of China

Introduction

Bank of China is the Bank with the longest continuous operation among Chinese banks. The Bank was formally established in February 1912. From 1912 to 1949, the Bank served consecutively as the country's central bank, international exchange bank and specialised international trade bank. Fulfilling its commitment to serving the public and developing China's financial services sector, the Bank has endured many hardships and devoted great energy to blazing a new trail. After 1949, drawing on its long history as the state-designated specialised foreign exchange and trade bank, the Bank became responsible for managing China's foreign exchange operations and provided vital support to the nation's foreign trade development and economic infrastructure through its offering of international trade settlement, overseas fund transfer and other foreign exchange services. During China's reform and opening up period, the Bank seized the historic opportunity and became the country's key foreign financing channel by building up its competitive advantages. In 1994, the Bank was transformed into a wholly state-owned commercial bank. In August 2004, Bank of China Limited was incorporated. The Bank was listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange in June and July 2006 respectively, becoming the first commercial bank to launch an A-Share and H-Share initial public offering and achieve a dual listing in both markets. As the official partner of the Beijing 2008 Olympic Games and Beijing 2022 Winter Olympic Games, the Bank is the only bank in China to serve two Olympic Games. In 2018, Bank of China was again designated as a Global Systemically Important Bank, thus becoming the sole financial institution from an emerging economy to be designated as a Global Systemically Important Bank for eight consecutive years.

As China's most globalised and integrated bank, Bank of China has a well-established global service network with subsidiaries set up across the Chinese mainland as well as in 56 countries and regions outside the Chinese mainland. It has established an integrated service platform based on the pillars of its corporate banking, personal banking, financial markets and other commercial banking business, which covers investment banking, direct investment, securities, insurance, funds, aircraft leasing and other areas, thus providing its customers with a comprehensive range of financial services.

Bank of China has upheld the spirit of "pursuing excellence" throughout its history of over one century. 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 recognised. In face of the period of historic opportunities for great achievements, the Bank will follow Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, persistently enable advancement through technology, drive development through innovation, deliver performance through transformation and enhance strength through reform, in an effort to build BOC into a world-class bank in the new era. It will make a greater contribution to the efforts to realise the Chinese Dream of national rejuvenation.

Responsibility Performance

Economic Performance

Indicator	2018	2017	2016
Total assets (RMB million)	21,267,275	19,467,424	18,148,889
Operating income (RMB million)	503,806	483,761	485,656
Non-performing loan ratio (%)	1.42	1.45	1.46
Capital adequacy ratio (%)	14.97	14.19	14.28
Profit for the year (RMB million)	192,435	184,986	184,051
Income tax expense (RMB million)	37,208	37,917	38,361
Capital and reserves attributable to equity holders of the Bank (RMB million)	1,612,980	1,496,016	1,411,682

Social Performance

Indicator	2018	2017	2016
Number of employees	310,119	311,133	308,900
Percentage of female employees (%)	57.18	57.05	56.94
Employee satisfaction ration (%)	79	79	80
Customer satisfaction ratio (%)	91.7	94.7	92.6
Donations (RMB million)	87	64	61
Balance of government-sponsored student loans ¹ (RMB million)	2,698	2,965	3,348
Social contribution per share ² (RMB)	1.81	1.73	1.71

Environmental Performance

Indicator	2018	2017	2016
Balance of green credits (RMB million)	632,667	538,799	467,342

Notes: 1. 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.

2. 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.

Awards and Honors

International	
Award/Honor	Presented/Ranked by
3rd in Top 1,000 World Banks	<i>The Banker</i>
4th in Top 500 Global Banking Brands	
46th in Global 500	<i>FORTUNE</i>
9th in Global 2000	<i>Forbes</i>
13th in Top 200 Brands	Hurun Research Institute
7th in Most Valuable Chinese Brands	Interbrand
14th in Top 100 Valuable Chinese Brands	WPP
Global Systemically Important Bank	Financial Stability Board

Domestic	
Award/Honor	Presented/Ranked by
First Prize for Banking Technology Development	People's Bank of China
Top 50 Poverty Alleviation Cases among Enterprises in 2018	Social Welfare Department of the State Council Poverty Alleviation Office
Best Cash Management Bank	sinotf.com
Best Inclusive Finance Bank	sina.com
Best Employer in Financial Industry in the Opinion of Chinese University Students	ChinaHR
Most Socially Responsible Financial Institution	China Banking Association
Annual Best Social Responsibility Contribution Outlet	China Banking Association
Best Social Responsibility Manager	China Banking Association
2018 Socially Responsible Enterprise	<i>Southern Weekly</i>
Excellent Enterprise with Sustainable Public Welfare Project	Chinese Institute of Business Administration
Most Responsible List Enterprise with the Best Bonus	<i>Securities Daily</i>

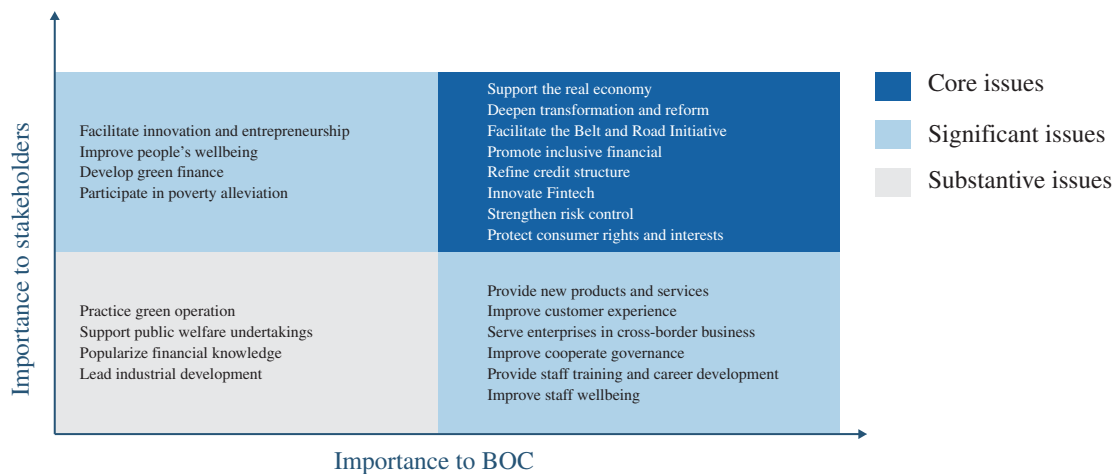
Social Responsibility Management

CSR Philosophy

Strategic goal	Build a world-class bank in the new era
Values	Responsibility, Integrity, Professionalism, Innovation, Prudence, Performance

CSR Issues

Guided by the strategic goal of “Build a World-class Bank in the New Era”, and in line with the operation and development strategies of the Group and industrial trend, BOC evaluated elements of the Group’s sustainable development in a systematic and comprehensive manner to set 22 material issues concerning social responsibility. Meanwhile, major information to be disclosed in this report was clarified in addition to the importance ranking of issues made based on evaluation of importance to BOC and stakeholders.



Stakeholder Engagement

Stakeholders	Expectation	Communication channel
Country	<ul style="list-style-type: none"> • Support the real economy • Deepen transformation and reform • Facilitate the Belt and Road Initiative • Promote inclusive finance • Strengthen risk control 	<ul style="list-style-type: none"> • Routine communication and feedback • Project approval and supervision • Major project cooperation
Shareholders	<ul style="list-style-type: none"> • Innovate FinTech • Strengthen risk control • Improve cooperate governance • Lead industrial development 	<ul style="list-style-type: none"> • Regular report and information disclosure • Shareholders' Meeting • Investor survey • Business result presentation
Customers	<ul style="list-style-type: none"> • Provide new products and services • Protect consumer rights and interests • Improve customer experience • Serve enterprises in cross-border business • Facilitate innovation and entrepreneurship 	<ul style="list-style-type: none"> • Daily communication on services • Customer satisfactory survey • Customer complaint handling • 95566 call centre • Web portal, WeChat account, microblog etc.
Employees	<ul style="list-style-type: none"> • Improve corporate governance • Strengthen staff training • Improve staff wellbeing 	<ul style="list-style-type: none"> • Awards ceremony • Regular training • Corporate culture activity • Web portal, WeChat account, microblog etc.
Communities	<ul style="list-style-type: none"> • Participate in poverty alleviation • Improve people's wellbeing • Support public welfare undertakings • Popularize financial knowledge 	<ul style="list-style-type: none"> • Charitable activity • Field study • Community exchange activity • Media exchange
Environment	<ul style="list-style-type: none"> • Develop green finance • Improve credit structure • Practice green operation 	<ul style="list-style-type: none"> • Project environmental risk assessment • Environmental performance collection and disclosure • Green public welfare activity

I. Implementing National Strategy

Feature: BOC at the China International Import Expo

The First China International Import Expo (“CIIE”) was successfully held in Shanghai from November 5 to 10, 2018, which was the world’s first import expo held at the national level and a pioneering undertaking in the history of global trade.

With the advantages as a global and integrated bank, BOC became the “only integrated banking service provider” of the CIIE, and offered quality and efficient financial services to global exhibitors.

Actively engaged in attracting exhibitors. By thoroughly leveraging its advantages in the network of its overseas branches, BOC assisted in holding the CIIE promotion activities in 16 countries, covering over 1,400 overseas customers in 16 countries in total. Besides, its domestic branches actively engaged in attracting domestic purchasers through cooperating with promotion activities in provinces and cities targeted at purchasers in trade delegations, and offering integrated financial services for domestic purchasers in the CIIE.

Pulling all out for supply-demand matchmaking. The Bank cooperated with China International Import Expo Bureau and National Exhibition and Convention Centre (Shanghai) to successfully organize the Exhibitor-Businessman Supply-Demand Matchmaking Conference of the First CIIE. One-to-one negotiations were carried out by 1,178 overseas exhibitors and 2,462 Chinese purchasers from over 30 industries, on which 1,258 intents were reached on-site. As at the end of 2018, 50 cross-border matchmaking conferences were staged globally, attracting over 30,000 Chinese and overseas enterprise participants from 87 countries and regions in five continents.

Successfully holding themed activities. BOC successfully organized the Fifth Meeting of China-Italy Entrepreneur Committee and the Meeting of the China-Mexico High-Level Entrepreneur Working Group, and “RMB Boosts Cross-border Trade and Investment Facilitation” Theme Forum, etc.

Providing integrated financial services. BOC offered banking services such as remittance, multi-currency exchange, account opening, bank card and mobile banking, etc. to more than 3,500 person-times accumulatively.

“Extraordinary” financial services for the CIIE

As one of the leading institutions for the CIIE, Shanghai Branch of BOC assisted the Head Office in successfully building an integrated financial solution focusing on “matchmaking, remittance, insurance and financing”. It upgraded the “1+1+2+12” on-site financial service system, demonstrating a global and technological brand image, and established a service benchmark for the CIIE in terms of comprehensive coordination, exhibition services and security.

During the CIIE, 1,178 overseas exhibitors and 2,462 domestic purchasers were accurately matched, reaching 1,258 intents.

“100 companies + 100 translators” with full support for the CIIE

During the CIIE, BOC Hebei Branch dispatched 100 interpreters, prepared service schemes for financial exhibitions, and customised the *Financial Service and Product Manual for Hebei Purchasers at the CIIE*.

Customers in Hebei Province participated in more than 100 rounds of “one-to-one” negotiations, reaching 49 pairs of initial cooperation intentions and 29 pairs of on-site contracts, with an intentional amount of USD77.46 million.

Assisting Shaanxi enterprises to participate in the CIIE

BOC Shaanxi Branch collected information on exhibitors and contracted projects, and produced the *Financial Service and Product Manual for Shaanxi Purchasers* and *Manual for Purchasing Demands of Shaanxi Trade Delegation*, to customise a full range of financial service solutions for 1,389 participating enterprises in the province, covering various importing processes and the entire cross-border financial product line. Besides, it provided comprehensive services such as conference registration, agenda arrangement, translation, and transaction matchmaking. The branch successfully introduced 46 enterprises to participate in the “Exhibitor-Businessman Supply-Demand Matchmaking Conference” organised by the Head Office, and arranged more than 300 targeted on-site negotiations.

1.1 Services for the Belt and Road construction

In 2018, BOC actively responded to the Belt and Road Initiative, and continued to provide qualified financial services for the Belt and Road initiative. As at the end of 2018, BOC accumulatively followed more than 600 major Belt and Road projects involving total investments of more than USD455 billion, and accumulatively granted USD26.9 billion of loans for more than 260 Belt and Road projects.

<p>Strengthening layout</p>	<ul style="list-style-type: none"> Colombo Branch, BOC (Turkish), Chile Branch, BOC (Mexico) and Auckland Branch opened for business in succession, hence overseas institutions of BOC covered 56 countries and regions The branches in the ASEAN region were integrated with BOCHK as a platform, to build a regional bank that could prop up the construction of Belt and Road in Southeast Asia
<p>Shoring up major projects</p>	<ul style="list-style-type: none"> A loan agreement of EUR2 billion was signed with Gazprom BOC conducted China's largest investment project "Yanbu Refinery Project" in Saudi Arabia as the lead bank BOC set up a USD1.582 billion syndicated loan for the Atalat Oil Shale Power Plant, the largest power station project in Jordan BOC exclusively supported the key project between China and UAE "Capacity Cooperation Demonstration Park Project"
<p>Innovative financial services</p>	<ul style="list-style-type: none"> A "multi-agency, multi-currency and multi-type" mode was adopted to issue the Belt and Road-themed bond for the fourth time, with the total size reaching USD10 billion Poland, Hungary, the Philippines and the Emirate of Sharjah in the United Arab Emirates were assisted to successfully issue sovereign panda bonds
<p>Helping business development</p>	<ul style="list-style-type: none"> Focusing on the countries along the Belt and Road, BOC organised cross-border matchmaking activities and built a platform for the exchange between domestic and foreign enterprises
<p>Promoting exchange and cooperation</p>	<ul style="list-style-type: none"> The Belt and Road international financial exchange and cooperation seminars were held successively for nine African countries and four Central and Eastern European countries. BOC continued to deepen the cooperation with Asian Infrastructure Investment Bank, New Development Bank, Silk Road Fund, and multilateral institutions such as International Finance Corporation, European Bank for Reconstruction and Development, and Inter-American Development Bank BOC actively participated in the seminars and communications such as the Belt and Road Forum organised by the Hong Kong SAR Government, the Belt and Road Roundtable of the Boao Forum, and the Investing in Central Asia Summit

Holding seminars on Belt and Road international financial exchange and cooperation for four Central and East European countries and nine African countries

In May 2018, BOC successfully held a seminar for four Central and East European countries of Serbia, Montenegro, Romania and Bulgaria and 31 senior government officials from the four countries actively attended the seminar.

In October 2018, BOC held the first Belt and Road international financial exchange and cooperation seminar for Africa, and 34 senior government officials from Mauritius, Côte d'Ivoire, Angola, Zambia, Ghana, Namibia, South Africa, Tanzania and Nigeria attended the seminar. So far, attendees of the seminar have covered five continents: Asia, Europe, America, Oceania and Africa.

Promoting the first drawdown of syndicate for the Jordan Oil Shale Power Plant Project

Jordan's Atalat 2×277 MW Oil Shale Circulating Fluidised Bed Power Plant Project was the first oil shale power station project won by a Chinese enterprise in the Belt and Road construction. As the lead bank of syndicate, Guangdong Branch of BOC, in conjunction with domestic and overseas institutions, successfully promoted the first drawdown of syndicate for the Jordan Oil Shale Power Plant Project, with the total amount of syndicated loans reaching USD1.582 billion. As at the end of 2018, a total of USD60.5 million loans were granted to the project.

Supporting Conch Group's layout in countries along the Belt and Road

Anhui Conch Group is a state-owned large-scale building materials group with cement production as the primary business, which integrates new building materials, energy conservation and environmental protection, international trade and new logistics. In 2018, Anhui Branch of BOC actively cooperated with overseas institutions such as Bank of China (Thai) Public Company Limited and Ho Chi Minh City Branch. It issued a marketing commitment letter with an equivalent value of USD220 million for Thailand Nakhon Si Thammarat Project of Conch Venture, one of the member companies of Conch Group, and issued a loan commitment letter with the amount of RMB450 million for the "Bali Waste-to-Energy" Project built by China Haichuang Holdings (Hong Kong). Besides, a total of USD320 million loan commitment letters were issued for the "Pakistan Karachi Conch" project and the "Uzbekistan Karsh Conch" project of Conch Cement Company Limited.

1.2 Supporting the construction of free trade zone

Relying on the “1+3+7+1” gradient development pattern of pilot free trade zones, BOC actively provided support for Hainan, Xiongan and other 10 free trade zones, and built a pilot financial reform branch in the non-free trade zone by tapping into its domestic and overseas strengths. In 2018, the BOC published the *Financial Service Plan of Bank of China on Supporting the Construction of Free Trade Zones/Free Trade Ports*, so that the free trade zones in different places could be fully supported to build an open highland with higher openness level, better business environment and stronger radiation effect.

To support the development of Hainan Free Trade Zone, BOC has focused on three aspects of financing, intelligence and business integration, established a key credit project library, introduced a world-class think tank and promoted Hainan to customers on a global scale by making use of its global service network.

Successfully holding the “Free Trade Account Policy and Application Promotion Conference”

In December 2018, BOC and Hainan Provincial Department of Commerce jointly organised the “Free Trade Account Policy and Application Promotion Conference”, to help local enterprises in Hainan Province understand and use the free trade zone policy and further facilitate the construction of Hainan Free Trade Zone.

Building a “fast track” for the foreign exchange in capital accounts

In 2018, as Chongqing Free Trade Zone launched a pilot program to facilitate the settlement and payment of foreign exchange income in capital accounts, Chongqing Branch of BOC successfully handled the first business as one of the first batch of pilot banks. The pilot project constructed a “fast track” for the use of foreign exchange in capital accounts, and solved the thorny problem of “the last kilometre” in using capital account funds by enterprises. When applying for the settlement and payment of foreign exchange in capital accounts, enterprises in the Free Economic Zone can directly apply for payment in banks with the command order, increasing the fund use

1.3 Propelling RMB internationalisation

BOC grasped opportunity, adapted to changes in domestic and overseas markets, and gave play to the advantages of clearing channels, customer base, financial products, professional services and brand image in an active effort to promote RMB internationalisation. It played the role in the “National Foreign Exchange Market Self-Regulatory Mechanism” and the “Foreign Exchange and Cross-border RMB Business Development Working Group”, so as to contribute to the building of a foreign exchange market self-regulatory mechanism and the standardised development of RMB internationalisation market.

As at the end of 2018, BOC’s cross-border RMB clearing network covered the whole world, completing cross-border RMB clearing transactions of RMB389 trillion and settlement transactions of RMB5.95 trillion, thus maintaining the first place in the world.

Advancing the use of RMB in the emerging fields

BOC continuously promoted the use of RMB in the emerging fields, and leveraged its differentiated competitive advantages to become a leader in the financial product and service innovation.

<p>RMB-denominated commodities</p>	<ul style="list-style-type: none"> • Successfully obtaining the qualification of foreign currency margin depository bank of Dalian Commodity Exchange and Zhengzhou Commodity Exchange • Helping introduce foreign investors for crude oil futures, iron ore futures and PTA futures
<p>Personal cross-border RMB services</p>	<ul style="list-style-type: none"> • After the release of PBOC’s <i>Circular on Further Improving Cross-border Business Policy and Facilitating Trade and Investment</i>, Milan Branch of BOC took the lead in handling the first cross-border RMB remittance business under personal income and current transfer account for the staff of Chinese agency

Facilitating the development of RMB international business

By making use of its global network, BOC promoted the development of RMB internationalisation business and introduced supporting products and services in the areas of cross-border RMB settlement, overseas RMB loans and offshore RMB bonds.

In October 2018, BOC officially became the RMB clearing bank in Japan. So far, BOC has served as an RMB clearing bank in 12 countries and regions including Hong Kong, Macao, Taiwan, Germany, France, Australia, Malaysia, Hungary, South Africa, Zambia, the United States and Japan, and opened nearly 1,500 RMB clearing accounts for overseas peers.

<p>Cultivating offshore RMB market</p>	<ul style="list-style-type: none"> • Holding RMB promotion conferences in Kazakhstan, Hungary, Pakistan, Panama, and Cambodia • Strengthening the sales support of Hong Kong offshore RMB trading centre for the Asia Pacific region
<p>Strengthen market research and promotion</p>	<ul style="list-style-type: none"> • Continuously releasing BOC Cross-border RMB Index (CRI), BOC Offshore RMB Index (ORI) and the <i>White Paper on RMB Internationalisation</i>

Assisting Japanese issuers in issuing panda bonds in China’s interbank market

In January 2018, BOC successfully assisted Japan’s Bank of Tokyo-Mitsubishi UFJ Ltd. to issue panda bonds. This was the first time for a Japanese issuer to issue panda bonds in China’s capital market, and it was also the first privately-funded financial bond in China’s interbank market.

Launching Bond Connect to enrich RMB financial products

Bond Connect has provided more convenience and choices for foreign investors to invest in the Chinese bond market. Since the launch of Bond Connect, market participants have increased their demand for DVP (“Delivery versus Payment”) settlement. In August 2018, BOCHK as the RMB clearing bank provided a cross-border DVP settlement mode for Bond Connect, improving settlement efficiency and reducing settlement risks.

1.4 Expanding cross-border financial services

BOC continued to improve its cross-border financial services, and launched new cross-border financial products to form an innovative cross-border financial service mode that integrates commercial investment banking, financing and investment, which has provided personalised, comprehensive and globally integrated cross-border financial services for “Going Global” enterprises.

Innovative cross-border financial products

BOC continued to enrich its featured settlement products, strengthen product innovation under cross-border business and complete the formulation of business process development, to upgrade system functions.

Blockchain cross-border payment system

The blockchain cross-border payment system developed by BOC used blockchain distributed data storage, point-to-point transmission, consensus mechanism and other technologies to encrypt and share transaction information and complete the integration of internal application system and the blockchain platform. By accessing the blockchain cross-border payment system, a bank can quickly inquire about the payment transaction information between participants, master the status of transaction processing in real time, track fund dynamics, cancel account on a real-time basis, and obtain account position information, to improve the efficiency of liquidity management.

In 2018, BOC successfully completed the USD international remittance between customers in Xiongan of Hebei and Seoul through the blockchain cross-border payment system.

Foreign currency cash and coin purse reservation

BOC supported multi-channel foreign currency cash reservation and foreign exchange purchase to enhance customer experience at multiple levels, and provided a foreign currency coin purse mode to meet the needs of customers for small-amount foreign currency cash service.

Integrated cross-border RMB e-commerce services

BOC provided “global” online payment, cross-border clearing, payment and exchange, cash management and other financial services for cross-border e-commerce transactions, covering different business scenarios such as cross-border e-commerce import, export and service trade. It has also launched a global trade matchmaking platform for cross-border e-commerce companies.

Handling the first SWIFT Direct-link GPI cross-border remittance in China

SWIFT GPI (Global Payment Innovation) is a payment innovation program initiated by SWIFT and participated by main banks in the world. In January 2017, BOC launched GPI and handled the first global business. In 2018, BOC, together with Ping An Group, created the SWIFT Direct-link GPI cross-border remittance, which offered convenient cross-border remittance service for the large-scale multinational enterprises meeting the conditions for SWIFT Direct-link by taking advantages of SWIFT GPI, i.e., fast speed, traceability, transparent fees and complete transmission.

Serving the cross-border development of enterprises

BOC paid close attention to the cross-border development needs of enterprises, and promoted business linkages at home and abroad by relying on its overall advantages in the global networks, comprehensive platforms and specialised products, to create integrated cross-border financial service solutions for “Going Global” domestic enterprises and “brought in” overseas enterprises.

Helping China Telecom win the bid for the third telecom operator project in the Philippines

In 2018, BOC assisted China Telecom in bidding for the third telecom operator (PTO) project in the Philippines by preparing plan and bidding documents, with a tender guarantee. As a result, China Telecom and its consortium won the bid.

Participating in the project on Geely’s cross-border acquisition of Volvo Group equity

BOC’s domestic and overseas branches actively cooperated and successfully participated in the project on acquisition of Volvo Group equity by Geely Group with the amount of EUR3.1 billion, of which, BOC’s share reached EUR120 million.

Helping Jiangsu Yuwell to successfully acquire ESAOTE through an investment consortium

Jiangsu Yuwell Group takes the leading position in the several fields including domestic home medical apparatus, elderly-oriented products and medical imaging. In recent years, the company has accelerated its investment in M&A and gradually extended its business to overseas markets.

BOC Jiangsu Branch and Milan Branch joined hands and successfully led the formation of an investment consortium consisting of Jiangsu Yuwell Technology Development Co., Ltd. A syndicated loan of EUR191 million was granted to fully acquire ESAOTE s.a.p. in Italy and restructure its existing debts.

II. Serving the Real Economy

Feature: Serving the Guangdong-Hong Kong-Macao Greater Bay Area

BOC actively responded to the national strategy of constructing the Guangdong-Hong Kong-Macao Greater Bay Area, and positively provided services for the integrated construction of Guangdong, Hong Kong and Macao, to accelerate the coordinated development of the three regions. BOC established the “Guangdong-Hong Kong-Macao Greater Bay Area Business Coordination Committee” to consolidate the inter-departmental and inter-agency working mechanism. It formulated the *Plan on the Integrated Development of Guangdong, Hong Kong and Macao*, to coordinate and promote the implementation of key projects, and actively facilitate the interconnection of capital, funds and financial markets in the Greater Bay Area. At the same time, the integrated service plan for Guangdong-Hong Kong-Macao Greater Bay Area with “Payment Connect”, “Financing Connect” and “Service Connect” as the core was released to provide comprehensive support for regional infrastructure interconnection, industrial transformation and upgrading, technological innovation and international cooperation.

“Payment Connect”	<ul style="list-style-type: none">• Abundant and diversified payment scenarios to create convenient and flexible payment products, thus allowing for smooth payment in Greater Bay Area• Building a cross-border capital pool and opening up the capital channels covering Guangdong, Hong Kong, Macao and even the whole world• Issuing the Greater Bay Area-themed bank cards to realise the connection with Guangzhou Metro and Macao Bus. E-wallet, QR code payment, Greater Bay Area cross-border easy charge payment and other payment tools could meet the needs of customers for small-amount and highly frequent mobile payment in the Greater Bay Area.
“Financing Connect”	<ul style="list-style-type: none">• Helping companies expand financing channels, and providing tailor-made integrated investment and financing services such as direct financing, equity and fund investment, financial advisory, mergers and acquisitions• Provide housing mortgage loans and personal consumer loans to personal customers. In Hong Kong, mortgage can also be used in conjunction with a loan wealth management plan, to help customers use their assets flexibly and increase liquidity.

<p>“Service Connect”</p>	<ul style="list-style-type: none"> • For corporate customers, realizing business registration of different places and opening of corporate accounts at the same time through the “Internet + Business Registration” mode for business registration in Guangdong, Hong Kong and Macao • For individual users, by taking advantage of the Group’s insurance services, BOC could provide accident protection including protection for personal accidents, credit card arrears and medical expenses as well as 24-hour emergency support; besides, it has launched cross-border vehicle license margin and cross-border vehicle insurance services
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Creating exclusive payment products for the Greater Bay Area

The Hong Kong-Zhuhai-Macao Bridge was officially opened to traffic on October 24, 2018, and Guangdong Branch of BOC launched the Hong Kong-Zhuhai-Macao Bridge Co-branded cards with the “BOC HZMB Credit Card” as the design element — “BOC HZMB Debit Card” and “BOC Hong Kong-Zhuhai-Macao Bridge Credit Card”, to facilitate payment of residents in the Greater Bay Area.

The “BOC HZMB Debit Card” supports deposit funds in 19 foreign currencies to make payment in the original currency, thus reducing the exchange rate conversion cost of customers’ overseas transactions. The “BOC HZMB Credit Card” provides the rights including consumption cashback and 5 times points for WeChat payment and Alipay in Hong Kong and Macao. It also supports payment on the Guangzhou-Shenzhen CRH train, Guangzhou-Foshan-Dongguan subway and buses in some areas of Guangdong Province, hence providing convenience for the trip of residents in the three places.

Supporting electronic charging for the Hong Kong-Zhuhai-Macao Bridge

BOC Guangdong Branch customised an integrated payment service plan covering card swiping, QR code scanning and other payment methods for the Hong Kong-Zhuhai-Macao Bridge. It also provided services such as recording by shift, multi-transaction currency, personalised reconciliation and fast charging. On October 24, 2018, the electronic payment service for the Hong Kong-Zhuhai-Macao Bridge was officially put into use.

Deepening the business cooperation between Guangzhou and Macao to build a convenient business environment

On July 3, 2018, Guangdong Branch and the Guangzhou Administration for Industry and Commerce jointly launched the commercial service “Guangdong-Macao Link” product, which could provide consultation, data transfer, certification and license receiving services for investors from Macao to make investment in Guangzhou, thereby greatly simplifying the registration process for investors to start business in Guangzhou.

2.1 Promoting regional coordinated development

BOC actively responded to the regional development strategy of the state. By focusing on regional financial service needs, it accelerated financial service and product innovation, rationally allocated financial resources and built a cooperation platform, to boost the coordinated development of key strategic areas such as Xiongan New Area, Beijing-Tianjin-Hebei, Yangtze Economic Belt, and Guangdong-Hong Kong-Macao Greater Bay Area with financial services.

Supporting the development of Xiongan New Area

In April 2018, Xiongan Branch of BOC in Hebei was officially opened for business. The branch would actively implement the strategy of BOC to “enable advancement through technology, drive development through innovation, deliver performance through transformation and enhance strength through reform”, and deeply participate in the construction of Xiongan New Area.

- Providing targeted financial services for the enterprises, administrative institutions, research institutes and colleges settled in Xiongan New Area according to the financial needs of the new area
- Facilitating the new area in attracting investment to actively participate in key fund projects, as well as blockchain platform project and free trade zone project
- Participating in the construction of “Digital Xiongan”, providing support for the construction of innovative fields such as new area land acquisition and relocation system, blockchain fund management system, builder information management platform, smart forest system and housing rental system
- Building a bridge of international cooperation, and leveraging the advantage in matchmaking globalised and cross-border resources, to promote the signing of strategic cooperation agreement on financial and technological city project of Xiongan New Area

Supporting the construction of Beijing-Xiongan high-speed railway

The Beijing-Xiongan Intercity Railway is the first new high-speed railway project in Xiongan New Area, with a total length of 92.78 kilometres and a total investment of approximately RMB33.5 billion. It was officially started for construction in February 2018. In April 2018, Xiongan Branch took the lead in approving a project loan of RMB16.6 billion for the Beijing-Xiongan high-speed rail project. As at the end of 2018, BOC Hebei Xiongan Branch and Beijing Branch jointly granted a total of RMB444 million loans to the Beijing-Xiongan high-speed railway project.

Building a new FinTech city in Xiongan New Area

In January 2018, BOC, China Xiongan Group Co., Ltd. and UK Canary Wharf Group signed the *Strategic Cooperation Agreement on the FinTech City Project of Xiongan New Area*, in a bid to contribute its financial wisdom concerning the planning of FinTech city project, development management, investment and financing plan, and industry introduction, and build Xiongan New Area into a world-class FinTech centre.

Supporting the coordinated development of Beijing, Tianjin and Hebei

BOC grasped the strategic opportunities brought about by the coordinated development of Beijing, Tianjin and Hebei and took the initiative to provide matchmaking services. Through information sharing, it collaboratively promoted the progress of major project, simplified the credit approval process and improved credit efficiency.

In 2018, BOC primarily supported the construction of Beijing Daxing International Airport and supporting infrastructure, key project on non-capital functional disintegration in Beijing, and construction of Tongzhou sub-centre in Beijing. As at the end of 2018, BOC supported 502 Beijing-Tianjin-Hebei coordinated development projects, with the loan balance of RMB261.8 billion. A total of 205 projects were put into operation during the year, amounting to RMB69.1 billion.

Shoring up the construction of Beijing sub-centre

Beijing sub-centre carries such important tasks as resolving the population and function of Beijing's central area, and promoting the coordinated development of regional economy and people's livelihood. Beijing Branch has increased its support for the construction of Beijing sub-centre, and provided credit support with the amount of RMB49.8 billion for the projects including Universal Studios, and Two Stations and One Street. The loans for Tongzhou Canal ONE, Canal No. 10 and Jingshang House have exceeded RMB16.9 billion accumulatively.

Supporting the construction of Yangtze Economic Belt

Taking the *Outline of Yangtze Economic Belt Development Plan* as the guide, BOC has leveraged diversified resource advantages at home and abroad, carried out policy research, set up the "Yangtze Economic Belt Business Development and Coordination Working Group", established the strategic key customer list management system, and actively participated in the strategic construction of the "Yangtze Economic Belt".

Supporting the construction of Guangdong-Hong Kong-Macao Greater Bay Area

Focusing on the objective of serving the overall development of Guangdong-Hong Kong-Macao Greater Bay Area, BOC has stepped up overall coordination by adopting the measures such as prior support for infrastructure construction, focus on people's livelihood and giving play to its financial advantages, so as to accelerate the business progress in Guangdong-Hong Kong-Macao Greater Bay Area and serve its construction.

Signing the Memorandum of Financial Cooperation between Guangdong-Hong Kong-Macao Greater Bay Area

In July 2018, BOC signed the *Memorandum of Financial Cooperation between Guangdong-Hong Kong-Macao Greater Bay Area* with 24 enterprises from Guangdong, Hong Kong and Macao, such as China Southern Airlines, Huawei Group and China Resources Group, with a viewing to jointly contributing to the building of a world-class greater bay area and an urban agglomeration.

Issuing the “Guangdong-Hong Kong-Macao Greater Bay Area” Theme Bond

In November 2018, Macau Branch of BOC, in conjunction with Hong Kong Branch, successfully issued the “Guangdong-Hong Kong-Macao Greater Bay Area” Theme Bond with the value equivalent of USD1.8 billion. The funds raised from the bond issue would be preferentially used for the major projects concerning the “Guangdong, Hong Kong, Macao and Greater Bay Area”. It is the world's first “Guangdong-Hong Kong-Macao Greater Bay Area” Theme Bond and also the world's first Pataca-denominated bond issued in accordance with international rules.

2.2 Propelling economic transformation and upgrading

According to national strategies, macroeconomic policies, and development requirements of strategic emerging industries, BOC further refined credit structure, gave more credit support for key industries and strategic emerging industries, promoted the upgrading and transformation of traditional industries, and boosted the supply-side structural reform, to facilitate the high-quality development of the real economy.

Supporting strategic emerging industries

BOC actively responded to the action plans such as “Made in China 2025”, “Mass Entrepreneurship and Innovation” and “Internet Plus”, positively participates in emerging industries including new energy, high-end equipment manufacturing, new materials and internet, and supports the cultivation and development of emerging industrial clusters.

As at the end of 2018, the balance of loans granted by BOC to strategic emerging industries stood at RMB447 billion, which accounted for 8.38% of total corporate credit balance.

<p>Internet industry</p>	<ul style="list-style-type: none"> • Serving leading internet companies, and carrying out overseas syndicate cooperation with Tencent, Alibaba, Baidu, Ctrip and Jingdong in succession • Expanding major enterprise customers in more than ten internet subsectors including online travel, live broadcast, O2O, web article, travel, online securities, online medical services and vertical e-commerce • Innovating integrated financial solutions for online industry chain, and providing comprehensive services concerning settlement, financing and other industrial chains for nearly 1,000 customers
<p>New energy vehicles</p>	<ul style="list-style-type: none"> • Implementing differentiated credit policies and further strengthening support for new energy auto companies with core technologies and reliable product quality • Providing credit products with the total amount of RMB16.6 billion to new energy auto companies, mainly including short-term working capital loans, acceptance bills and trade finance
<p>New materials</p>	<ul style="list-style-type: none"> • Including advanced energy storage materials, glass fibre, high-quality special steel and carbon fibre industries in the “active growth” or “selective growth” category • Granting cross-border M&A loans to the customers in relevant industries, to help Chinese emerging industry companies conduct cross-border mergers and acquisitions • Providing project financing services for the construction of key production lines and purchase of supporting production facilities of high-quality customers, so as to help them accelerate industrial layout and promote technological upgrade
<p>High-end equipment manufacturing</p>	<ul style="list-style-type: none"> • Including the manufacturing industries of railway equipment, communication equipment, urban rail transit equipment, aerospace equipment and facilities, special equipment and other high-end equipment in the “active growth of credit” category

Supporting the development of Yutong Bus

Yutong Bus is a large-scale modern manufacturing enterprise integrating R&D, manufacturing and sales. Its annual sales volume of new energy buses exceeds 24,000, accounting for more than 28% of the domestic market. In 2018, BOC continued to provide financial support for Yutong Bus. The Rong Xin Da export business towards overseas markets brought a financing of USD28.93 million for Yutong’s new energy bus business, with the customers covering more than 10 countries and regions such as Myanmar, Japan and Costa Rica. Besides, RMB570 million was financed for Yutong’s new energy bus business through Xiao Yi Da targeting domestic downstream customers.

Supporting Jiangsu Suvast to accelerate the development of core business

Jiangsu Suvast is a private enterprise operating in high-end equipment manufacturing. Its high-temperature alloy cooling blades are the core components of aero-engines and gas turbines, which are favoured by customers due to stable quality and strong durability.

With the company's rapid development, Jiangsu Suvast is gradually expanding its production scale; however, as its production capacity has not been fully released, financial pressure is inevitable. In face of the company's actual needs, Jiangsu Branch of BOC provided a credit support of RMB50 million, and duly increased the credit line of medium-term working capital for it.

Promoting the transformation of traditional industries

BOC actively adapted to the needs of traditional industrial structure upgrade by providing credit support and tailor-made financial service solutions for enterprises, to propel the transformation of new and old driving forces.

Supporting the transformative development of petrochemical enterprise

Zhong'an United Coal Chemical Co., Ltd. is a large-scale and integrated coalification enterprise jointly established by China Petroleum & Chemical Corporation (SINOPEC) and Anhui Wanbei Coal-Electricity Group Corporation, which invests in the construction of million-ton CTO and million-ton CTEG coal chemical project by use of abundant coal resources in Huainan, Anhui Province. The project will promote the establishment of Huainan Coal Chemical and New Chemical Materials Base. It is a demonstration project for the transformative development of SINOPEC and is of great significance to the industrial upgrading of the coal industry.

Anhui Branch of BOC actively coordinated with various financial institutions in the formation of syndicated loan for the project, and successfully served as the lead bank of the syndicate. As at the end of 2018, the syndicated loans for the project totalled RMB11.1 billion, of which, BOC granted RMB3.38 billion.

2.3 Supporting major projects

BOC has provided a wide range of comprehensive financial services for national key projects, major industrial projects and urbanization projects, to shore up the construction of major projects in key national areas.

By actively following up the list of special projects and fund projects released by the National Development and Reform Commission, BOC rendered services based on the list to meet the medium and long-term financing needs of major national projects. It also released supporting policies for "key support customers" with weak links in infrastructure.

Supporting the construction of Beijing Daxing International Airport

In 2018, BOC provided of a total of RMB965 million loans for the construction of Beijing Daxing International Airport. Meanwhile, it provided various financial services such as account services, payroll and POS receipts for related institutions to speed up construction of the airport.

2.4 Boosting the private economy with financial support

Private economy is vital to sustain the market economy. For this BOC deemed providing appropriate services for private enterprises as an effective means to achieve the goal of “stabilizing employment, finance, foreign trade, foreign investment, domestic investment and expectations”, and worked hard to stimulate the vitality and creativity of private enterprises.

In 2018, BOC increased credit support by raising the proportion of credit grant to private enterprises and reducing their credit costs. The *Measures for Management of Credit Grant to Enterprises in Temporary Operating Difficulties* was formulated to strengthen the trade finance service, cross-border financial service and diversified financial services for private enterprises, and set up platforms for them to integrate into the global value chain, industrial chain and funding chain.

<p>Strengthening top-level design</p>	<ul style="list-style-type: none"> • Publishing the <i>20-point Principles of Supporting Private Enterprises</i> • Establishing a long-term effective mechanism of serving private enterprises, improving the internal assessment mechanism of serving private enterprises, installing and refining the due diligence liability exempting, fault-tolerant and correcting mechanism in respect of private enterprises-related credit business, and developing a “white list” of private enterprises • Launching the “1120” project, i.e. questionnaire survey of 1,000 customers, off-site investigation of 100 customers and talk with 20 micro and small-sized private enterprises
<p>Offering innovative solutions to financing difficulties</p>	<ul style="list-style-type: none"> • Completing pre-placement of the first private enterprise debt financing instrument • Building the “Integrated Supply Chain Financial Services Platform under BOC Finance e Chain” to address financing difficulties • Issuing centralised tax payment e-guarantee to accelerate customs clearance of private enterprises
<p>Establishing a platform for cross-border activities of private enterprises</p>	<ul style="list-style-type: none"> • Drawing on strengths in trade finance to serve private enterprises, BOC domestic branches handled USD1.4 trillion of international trade settlements throughout 2018
<p>Preventing and mitigating risks</p>	<ul style="list-style-type: none"> • Providing private enterprises with targeted risk-hedging tools and risk management consulting services

Pursuing common development with Sany Group

Sany Group is a well-known private enterprise in China. It is China's largest and the world's fifth-largest heavy equipment manufacturer. BOC established a cross-border RMB and foreign currency two-way fund pool for Sany Group to help it centrally operate and manage the funds of domestic and overseas members and improve the overall fund management efficiency of the Group. New York Branch, Tokyo Branch and BOC (Brazil) financed overseas business of Sany Group, and promoted the business development of its overseas subsidiaries with a total credit of more than RMB3 billion; domestic institutions of BOC cooperated with BOCHK in provision of cumulatively USD7.0 billion treasury services to the overseas assets of Sany Group. In 2018, BOC approved a global unified credit of RMB16.3 billion for Sany Group.

In November 2018, BOC and Sany Group signed an agreement to further expand bilateral cooperation in credit & investment, trade finance, cash management, personal banking and insurance.

Assisting SASSEUR REIT in “Going Global”

As the joint lead arranger of domestic syndication, Chongqing Branch of BOC supported SASSEUR REIT to get listed on the main board of the Singapore Exchange, and helped SASSEUR REIT successfully raise money of SGD396 million.

III. Preventing Financial Risks

Feature: Building an intelligent risk control system

BOC made comprehensive use of big data, cloud computing, artificial intelligence and other technologies to create a whole-process risk control system for online finance, supporting the smooth, healthy and orderly development of online financial business.

Developing the “Network Defense” project

In February 2018, BOC officially kicked off the “new-generation interim risk monitoring of e-finance” project (“Network Defense”). “Network Defense” has six functional modules — big data integration and analysis, risk monitoring and early warning, risk response and disposal, intelligent certification, risk map and operation management, and thus an interim risk control platform for enterprises was formed featuring fledged functions, thorough coverage, intelligent risk control and efficient operation.

3.1 Strengthening risk management and control

BOC actively established a risk management system compatible with the operating model, continued to improve the risk management mechanism, and optimised the risk measurement and control means.

- The Board of Directors, senior management and their special committees strictly performed their duties regarding internal control and supervision, and put in place the system of three defense lines for internal control on all fronts
- BOC strengthened credit asset quality management and continuously enhanced credit structure in alignment with changes in economic and financial conditions and regulatory requirements
- BOC conducted prospective analysis of risks in close track of the market movements, and improved the early warning mechanism on investment business and bond investment risks

3.2 Advancing compliance building

BOC takes excellent corporate governance as an important objective. In accordance with laws and regulations and regulatory requirements, BOC made constant efforts to improve its corporate governance framework and policy system, kept ameliorating corporate governance documents, enhanced corporate governance ability, ensured that shareholders are properly informed and able to participate and make decisions, and continued to refine the functioning mechanism, information disclosure mechanism and stakeholder mechanism of the Board of Directors.

Improving corporate governance

BOC actively strengthened the corporate governance framework consisting of the Shareholders’ Meeting, the Board of Directors, the Board of Supervisors and the Senior Management, refined the working process of the Board of Directors, and improved the operation of the Board of Directors, information disclosure and other corporate governance mechanisms.

At the end of 2018, the Board of Directors comprised 14 members. Besides the Chairman, there were 3 executive directors, 5 non-executive directors and 5 independent directors. In 2018, the Board of Directors reviewed and approved 75 proposals related to the Bank’s regular reports, the nomination of candidates for the directors, the development strategies, the issuance of bonds, the dividend distribution plan, the establishment of overseas branches and subsidiaries, and so on.

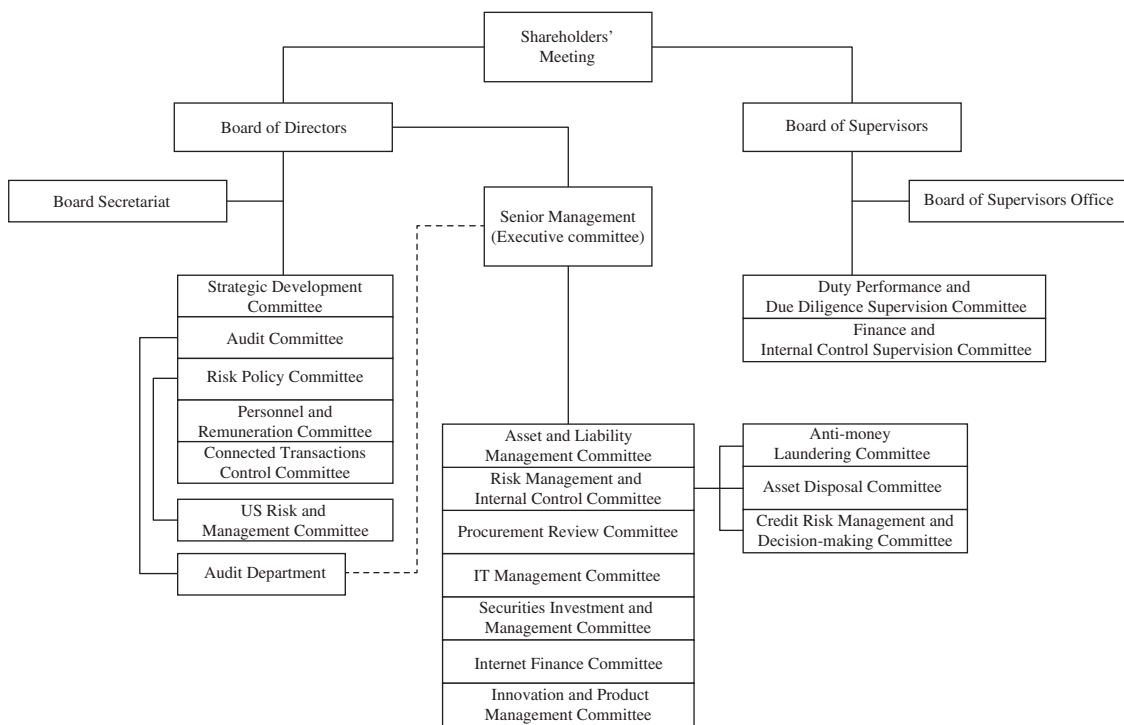


Chart of Corporate Governance Framework

Reinforcing information disclosure

BOC has established a comprehensive and complete information disclosure system, further collated and amended the information disclosure process, which increased the completeness of policies. It continuously enhanced the pertinence, effectiveness and transparency of information disclosure in order to guarantee investors’ access to relevant information and ensure that the investors in the Chinese mainland and Hong Kong are provided with equal opportunity to access relevant information. The Bank received “A”, the highest rating result, in the 2017–2018 appraisal and assessment of information disclosure of listed companies held by SSE.

Operating in compliance with laws and regulations

BOC continued to improve the compliance management mechanism and process, coordinated with regulatory authorities in their inspections, and rectified problems. It built the internal control & compliance assessment indicators system for domestic branches, standardised all the employees' compliance files, and created compliance “record of merits” and “record of demerits” for employees. BOC kept improving the internal control & case prevention system, exercised the special governance of internal control & case prevention, and inspected the compliant operation of all institutions.

Promoting compliance with new means

In May 2018, BOC Fuzhou Shizhong Sub-branch held serial debate competitions on internal control. And the final with the topic “whether our colleagues should fully trust each other” concluded the event, imperceptibly conveying the concept of compliance and strengthening the atmosphere of compliant operation.

Communicating with investors

In 2018, BOC further strengthened efforts to maintain good investor relations, enriched market communication approaches, and increased the level of market communication to make investor relation activities more proactive and effective. In the year, BOC successfully held presentations for its 2017 annual results and 2018 interim results, arranged telephone conference for its first quarter results ended 31 March 2018, and organised nearly 200 investor meetings in various forms.

3.3 Strengthening anti-money laundering

In 2018, BOC issued the *Administrative Measures for Anti-Money Laundering Work of Financial Institution Customers (Version 2018)*, and formulated the *Compilation of Questions and Answers on Anti-Money Laundering Work of Financial Institution Customers* to perform differentiated management over the access approval and due diligence processes for financial institutions. At the same time, the institutional risk assessment system was upgraded. Specifically, 150 suspicious transaction monitoring indicators and 50 monitoring models were designed and launched, covering all 16 types of money laundering crime types, which greatly improved the ability to automatically identify abnormal transactions and customers. In 2018, the timely rate of large-value transaction reporting reached 99%, and the compliance rate of suspicious transaction reporting increased to 96%.

IV. Assisting in the Battle Against Poverty

Feature: Exploring new modes concerning poverty alleviation

Since 2002, BOC carried out targeted poverty alleviation in the four counties in the north of Xianyang Shaanxi for 16 consecutive years. It developed a poverty alleviation model focusing on “one target”, relying on “synergy from two parties”, prioritising “three sectors” and leveraging “four forces”. Besides, it gave full play to its strengths in financial services for poverty alleviation, and set up BOC Fullerton community banks in the “Four Counties”, providing financial service for small and micro businesses and households in poverty and supporting development of local real economy.

One target	<ul style="list-style-type: none">• BOC formulated poverty alleviation plans, and defined tasks and road maps against the poverty alleviation targets of poor counties and villages
Synergy from two parties	<ul style="list-style-type: none">• Relying on the synergy of local Party committees and governments and people in poverty, BOC formed a coordinated mechanism with Party committees and governments driving the poverty alleviation, impoverished villagers pulling themselves out of poverty with their own efforts and social forces assisting in the fight against poverty
Three sectors	<ul style="list-style-type: none">• BOC focused on industrial poverty alleviation, supporting the development of advantageous industries in the region; focused on poverty alleviation in the sectors concerning people’s livelihood, ensuring students have access to education, patients to medical treatments, and elders to good care; focused on extremely impoverished areas, enhancing fund input, making great efforts to develop long-acting industries and strengthening collective economies in villages
Four forces	<ul style="list-style-type: none">• BOC formed strong synergy in the targeted poverty alleviation by putting into play the force of banks, employees, customers and the international community, and integrating the funds, technologies, talents from inside and outside the Bank and China and beyond for the fight against poverty

Innovating in “blood-making” poverty alleviation mode

BOC Fullerton Community Bank offered financing support to registered households, constantly innovated in industrialised, batch-based and continuous business modes, helped registered poor households improve independent ability in production and operation and offered preferential policies to local poverty alleviation with financial means.

By the end of 2018, BOC Fullerton Community Bank served over 20,000 customers by granting loans surpassing RMB650 million.

4.1 Persisting with targeted poverty alleviation

In 2018, BOC dispatched 18 managers to the four counties for poverty alleviation, input gratuitous poverty alleviation funds of RMB75.09 million, set up 4 branches of BOC Fullerton Community Bank, and helped introduce funds of RMB228 million. It trained over 4,400 persons, helped 1,626 impoverished persons to get jobs, assisted in lifting 300 villages and 43,784 persons in 13,119 households out of poverty, helping the four counties satisfactorily achieve the objective in the fight against poverty.

Focusing on industrial poverty alleviation

Based on its characteristics, BOC utilised varied methods such as resource integration, matchmaking and introduction, and consultation and training. It brought in international and domestic resources, facilitated local industry and urged high-quality industrial projects to develop in the “Four Counties”, giving full play to their role in driving poverty alleviation.

In 2018, the Bank input nearly RMB37 million to support 19 industrial poverty alleviation projects in PV power generation, farming and breeding, farm produce processing and three-industry integration. By doing so, it directly drove 12,179 people to get out of poverty.

- The Bank input RMB7.5 million into solar farm project in Changwu County, generating an annual income of RMB2.54 million. Each of the 3,254 households in poverty across the county secured over RMB400 dividend annually
- The Bank input RMB1.5 million into Zhengjia Baifu edible fungus project in Xunyi County, enabling the benign circulation of organic agriculture
- The Bank input RMB1 million into the mutton sheep breeding programme in Qiaoshang Village, Majia Center, Chunhua County

Focusing on the people’s livelihood

In the face of basic living difficulties of people in poverty-stricken areas, BOC made efforts to improve local education, health and elderly care conditions, guarantee the basic livelihood, promote livelihood improvement and give play to the role of targeted poverty alleviation.

<p>Education</p>	<ul style="list-style-type: none"> • BOC joint hands with Fudan University and Shanghai University to visit the “Four Counties” for promoting recruitment policies. It also organised 40 students from poverty-stricken households to visit Fudan University. • The Bank input RMB2.66 million to support renovation of dormitory sanitary facilities in 11 rural boarding schools in Chunhua County. 1,600 students benefited from the project • The Bank input RMB1.2 million to assist 300 orphan and disable students and 68 college students from impoverished families and award 80 excellent rural teachers
<p>Health</p>	<ul style="list-style-type: none"> • The Bank input RMB4.72 million to build the disabled home in Xunyi County and provided registered people with disabilities more than 200 person-times integrated home services annually such as nursing, rehabilitation, living skill exercise, vocational skill training and mental counseling • The Bank carried out “Loving BOC”, a public welfare project for two consecutive years, and input another RMB1.3 million in 2018 to renew casualty insurance products for all the registered people in poverty in the “Four Counties”

Giving play to the role of music in intellectual development

BOC cooperated with China Guanghua Foundation to organise music teachers in Chunhua County and Yongshou County for study tour in Germany, especially on music theories and teaching skills. Upon return, the teachers set up a choir mainly out of students from poor families. In July 2018, the choir was invited to the 14th China International Chorus Festival.

“Modern Bethune” helping with poverty alleviation

In November 2018, BOC (Canada) initiated the “Bethune into Xianyang” medical poverty alleviation project and invited eight top medical experts from Canada to visit the “Four Counties” for field training, diagnose for treatment and surgical guidance. Nearly 100 local cardiologists participated in the training.

Focusing on villages in extreme poverty

In line with the Four Counties’ annual target in poverty alleviation and focusing on villages in extreme poverty, BOC continued to dispatch poverty alleviation personnel to and invest in such villages.

- The Bank input RMB4.08 million to build the Quzi Town PV power station in Yongshou County, offering RMB3,000 dividend to each of the 146 poverty-stricken households in the two villages in extreme poverty annually
- The Bank input RMB3 million to construct the pig farm in extremely impoverished villages in Quzi Township, Yongshou County, assisting 146 impoverished households in Zhanghe and Hutou villages in increasing income
- The Bank dispatched major secretaries to all three villages in extreme poverty to enhance Party organization building at the grass-roots level and lead the masses out of poverty

4.2 Deepening poverty alleviation with financial means

Putting into play its own financial advantage, BOC actively promoted financial poverty alleviation by issuing credit plan, introducing due diligence and liability exemption guidelines on poverty alleviation and strengthening internal evaluation and incentive. It enriched the alleviation modes based on industrial features of poverty-stricken areas, promoted related work to progress, and helped the impoverished areas speed up in getting out of poverty.

Granting greater credit for poverty alleviation

BOC continued to step up support for small and micro businesses and individuals in poverty-stricken areas, enhanced credit input, offered financial trainings, established green credit channels for poverty alleviation, prioritised approval of poverty alleviation projects and size matching and provided preferential interest rates. At the end of 2018, the Bank's poverty alleviation loan balance reached RMB62.4 billion.

Addressing development difficulties in poverty-stricken areas

In 2018, BOC Sichuan Branch further stepped up support for industrial development in poverty-stricken areas, accumulatively granting over RMB1 billion industrial poverty alleviation loans and over RMB1.5 billion personal loans to registered households in poverty. Meanwhile, the Bank accumulatively input nearly RMB8.2 billion loans to poverty alleviation projects of Sichuan Expressway Construction & Development Group and Datang Sichuan Chuanbei Power Development Co., Ltd.

Innovating in financial products

BOC innovatively launched some featured financial products such as "Poverty Alleviation Express" and "Apple Loan", issued poverty alleviation bonds and explored new ideas and modes concerning targeted poverty alleviation. As at the end of 2018, the Bank has underwritten two poverty alleviation bonds with a total issuance amount of RMB4 billion.

Assisting Yunnan Energy Investment Group in issuing poverty alleviation bonds

In April 2018, as the exclusive lead underwriter, BOC Yunnan Branch assisted Yunnan Energy Investment Group to issue short-term financing bonds for poverty alleviation for 2018 in the interbank market. These were the first poverty alleviation bonds issued in Yunnan and they were issued for one year with the value of RMB1 billion at the rate of 4.98%.

The Bank joining hands with enterprises to support poverty alleviation with financial means

In December 2018, as lead underwriter, BOC issued RMB3 billion poverty alleviation bonds of China Three Gorges Corporation. Part of the funds raised was used for Baihetan Hydropower Station lying at the border of Yunnan and Sichuan. Once completed, the station will benefit 620,000 people in Yunnan.

4.3 Practicing global public welfare

As China's most globalised bank, BOC carried out diversified practice in public welfare worldwide, strived to be a responsible corporate citizen, and was dedicated to achieving social harmony and sustainable development.

Supporting the education undertaking

BOC attached great importance to the education undertaking, continuously supported its development, increased charity donation to education worldwide and helped poverty-stricken students obtain better education opportunities.

- Undertaking government-sponsored student loan business for 19 consecutive years, accumulatively providing RMB23.539 billion to help over 1.8 million students from impoverished families finish school
- Inviting tens of students of different nationalities from six higher education institutions in the western China to visit Beijing for exchange and study

Sponsoring the “Bank of China Scholarship” celebration concert

On February 10, 2018, the 4th “Bank of China Scholarship” Celebration Concert was held at Liszt Ferenc Academy of Music, Hungary. The “Bank of China Scholarship” has been set up by Bank of China (Hungary) Close Ltd. in 2015, to financially assist excellent students in need in Liszt Ferenc Academy of Music. By the end of 2018, more than 40 students were granted the scholarship.

Supporting development of Lanzhou University

In September 2018, BOC Gansu Branch made charitable contributions to Lanzhou University to support educational development of the university. The two parties also jointly launched the “110th Anniversary Celebration of Lanzhou University” co-branded card and activated a “work-study” module at “BOC Philanthropy” APP. By resorting to internet, they provided students of the university with a public welfare platform and help more students finish school.

Carrying out the “Desk of Love” volunteer activity

As the new semester started in 2018, BOC Guangdong Branch joint hands with sina.com.cn to visit Shatian Town, Xinfeng County in Shaoguan and carry out the “One Student, One Desk” educational aid activity to improve the educational environment in impoverished countryside.

Making charitable contributions

“Love Knows No Border” international charity sales

The “Love Knows No Border” international charity sales campaign was a public welfare campaign held for ten years. The charity sales campaign in 2018 was themed “Hear Love of the World” and all the funds raised would be used to financially assist hearing-impaired children in poverty-stricken areas with artificial cochlear implant. As the sole financial institution partner designated by the Ministry of Foreign Affairs, BOC made donations and supported the charity sales by offering field financial service.

Offering disaster relief to flooded areas in Japan

In July 2018, the west of Japan was hit by the severest storms since 1982. The storms triggered floods, mudslides, landslides and other natural disasters, causing a death toll of over 200 people and damage to 14 railways. In order to help people in the disaster areas get through the difficulties, BOC Tokyo Branch acted immediately and donated JPY700,000 to the flooded areas.

“Charity into Lianshu” public welfare activity

Since 2017, BOC Jiangsu Branch has cooperated with Modern Express to plan and launch the “Charity into Lianshu” public welfare activity, providing charitable contributions for patients with difficulties that “were reduced to poverty or returned to poverty due to illness” in six poverty alleviation areas in Jiangsu for a period of three years.

Carrying forward excellent culture

Supporting “Zhangqian Program” summer internship program

BOCHK supported the “Zhangqian Program” summer internship program launched by Maritime Silk Road Society for three consecutive years, so as to broaden horizon of the youth in Hong Kong.

- Explaining the Belt and Road Initiative to college student participants
- Sponsoring 20 college students to travel to BOC subsidiaries in Beijing and Thailand for internship

V. Developing Inclusive Finance

Feature: Supporting the development of ice and snow sports

Beijing Winter Olympic Games is the second Olympic Games served by BOC. In March 2018, BOC published the “Winter Olympics Action Plan”. According to which, during the period of 2018–2024, it will provide RMB30 billion to popularize ice and snow sports and develop ice and snow industry, driving 100 million people from 30 million families nationwide to participate in ice and snow sports.

Popularizing Winter Olympic Games and ice and snow sports

BOC fully mobilised its internal and external resource advantage and integrated online and offline resources to fully popularise the Winter Olympic Games and mass ice and snow sports, attract the public to know about the Winter Olympic Games and get engaged in the sports.

- Organizing interactive experience events such as jogging, skiing and skating and Olympic culture activities in Beijing, Harbin and Shenzhen on June 23, 2018 and introducing ice and snow sports into “Olympic Day” activities for the first time
- Working with Beijing 2022 to launch the “Winter Olympic Games Inside Stories” micro-videos, which told stories on the Olympic facility construction, event organization and Winter Olympic events, and shared BOC’s financial services for the Winter Olympic Games
- Resorting to online and offline channels to sell precious metal franchised goods relating to the 2022 Olympic and Paralympic Winter Games
- Issuing BOC Ice and Snow Card (debit and credit cards)
- Holding the exhibition on Winter Olympic Games during the Beijing Olympic Expo 2018
- Holding Winter Olympic Games-timed exhibition during the World Winter Sports (Beijing) in 2018 and winning the Excellent Exhibition award

Supporting the preparations for Winter Olympic Games

The Bank actively support major projects in the host place of Winter Olympic events and development of ice and snow industry. It issued the *Guiding Opinions on Supporting the Development of Ice and Snow Industry of Bank of China* and approved a credit line of over RMB30 billion for projects related to the Winter Olympic Games. It mainly supported the construction of Winter Olympic venues such as National Speed Skating Oval, National Alpine Skiing Centre in Yanqing competition area, and traffic projects such as Beijing-Zhangjiakou high-speed railway and Yanqing-Chongli high-speed road.

Infrastructure construction in Yanqing competition area

The Yanqing competition zone construction project for the 2022 Olympic and Paralympic Winter Games is the key project in the construction of core venues and auxiliary facilities of the Games, including the National Snowmobile & Sled Centre and Winter Olympic Village. BOC provided financing service solutions for the project and offered professional advices and project service support. In 2018, as lead bank of the syndicated loan for the Yanqing construction project, BOC provided basic account service and correspondent bank service.

Service for the Winter Olympic Games getting on the “fast lane”

BOC Hebei Zhangjiakou Branch put into play its geographical advantage in sitting in the competition area and proactively provided service for preparations for the Winter Olympic Games. Since December 2017, it supported the Beijing-Zhangjiakou inter-city railway project by inputting RMB1.675 billion loans to the railway main line and RMB203 million loans to Chongli branch line. Meanwhile, it offered settlement, fund supervision and agency service for housing demolition compensation to local project headquarter, four construction bidding sections and six villages and towns nearby.

Serving the Winter Olympic Games with finance

The Bank offered exclusive financial services including account management, settlement and foreign exchange, exchange risk management, asset management, bond and personal finance to Beijing 2022 and related institutions. It also set up Beijing Winter Olympic Sub-branch to meet financial need in the preparation work.

Setting up BOC Beijing Winter Olympic Sub-branch

In December 2018, BOC Beijing Winter Olympic Sub-branch was officially opened for service in Shougang Park in Shijingshan District, where Beijing 2022 was located. Besides regular services, it directly offered various services to Financial Department of Beijing 2022 with one-point access.

Granting loans to support the construction of Shougang Park

BOC Beijing Branch actively strived to meet financial need of Beijing 2022. It supported development of the Southeast Zone of Shougang Park in the way of Syndicated loans and approved a total credit line of RMB8.8 billion.

Launching Winter Olympic Games themed bank cards

BOC launched Pyeongchang Winter Olympic themed credit card and BOC Ice and Snow card, with a view to promoting Winter Olympic sports by banks cards. Meanwhile, the cards were also intended to further enrich card rights, promote cooperation among ice and snow venues and enterprises selling related equipment and clothing, providing training and offering supporting services, expand ice and snow consumer groups and facilitate the Beijing Winter Olympic Games.

5.1 Serving the projects to improve people's livelihood

BOC was highly concerned about the improvement in people's livelihood and social progress, increasing support for public transportation and affordable housing, and providing financial support for improving the public service system and the quality of life of residents.

Supporting public transportation

BOC provided long-term and stable financial support for the construction of transportation infrastructure such as railways, highways and rail transit. In 2018, new loans of RMB169.4 billion were granted to various transportation sectors.

Supporting Guangzhou urban rail transit construction

BOC Guangzhou Zhujiang Sub-branch actively supported the metro construction of Guangzhou on a long-term basis. In 1996, it issued three concessional loans borrowed from foreign governments for the Guangzhou Metro Line 1 project. In 2005, it acted as the lead arranger in the syndication of RMB7.0 billion and solved 40% of the funding demand for the construction of Guangzhou Metro Line 5. In 2015, it offered the first overseas debt for Guangzhou Metro to help the latter expand financing channels to the overseas capital market. In 2018, it carried out innovative cooperation with Guangzhou Metro in multiple areas such as letters of guarantee, bonds, cash management and wealth management.

Assisting with the multifaceted transportation system building in Hunan Province

In 2018, BOC Hunan Branch increased loans of RMB20.9 billion to transportation construction in Hunan province, covering highways, railways, rail transit and airports. It participated in the syndicated loans to Changsha No. 6 Rail Transit with about RMB2 billion of credit support. It also provided credit support of approximately RMB100 million to the international corridor project of Hunan Airport Group.

Supporting government-subsidised housing projects

BOC formulated more preferential policies, increased credit grant, actively supported the construction of government-subsidised housing projects, and provided all-around financial services for run-down area re-development and housing rental.

As at the end of 2018, the balance of government-subsidised housing loans of BOC increased by 130.46% compared with a year ago to RMB123.8 billion. Of which, the balance of lending to run-down area re-development increased by 237.06% year on year to RMB105.6 billion.

<p>Rental housing</p>	<ul style="list-style-type: none"> Releasing the <i>Guidelines on Rental Housing Credit Business (Version 2018)</i>, offering a rental housing loan product for corporate customers, piloting the housing rental credit business among corporate customers, and financing for construction and purchase of rental housing, renovation and decoration of rental housing and rental payment to lessors
<p>Run-down area re-development</p>	<ul style="list-style-type: none"> Supporting an array of large-scale run-down area re-development projects, e.g. Beixin'an Run-down Area Re-development of Shijingshan District in Beijing by China State Construction Engineering Corporation and Shenzhen Longsheng New Village Urban Renovation Project of OCT Group

Supporting the first operational period loan of rental housing

According to the *Guidelines on Rental Housing Credit Business (Version 2018)*, BOC Xiamen Branch joint hands with Xiamen Housing Rental Development Co., Ltd., a subsidiary of Xiamen Affordable Housing Group Co., Ltd., and became the first lender of rental housing loan. It approved the first rental housing operational period loan of RMB50 million.

Building the new ecosystem of financial services for housing rental

BOC held the Housing Rental Financial Service Promotion Fair and joint hands with local governments and leading enterprises in housing rental to focus on the supply side and the talent apartment segment, shift from “purchase mainly through mortgage loans” to “equal importance to rental and purchase”, and build the new ecosystem of financial services for housing rental across the board. By virtue of the advantages in providing digital and intelligent services, BOC developed the “Zhongyuan” integrated financial services platform, and got connected with governments, enterprises & individuals, and bank peers to build the new ecosystem of housing finance to help people improve their living conditions.

5.2 Supporting micro and small-sized enterprises

Being customer-centric, BOC continued to innovate the product and service systems and provided comprehensive financial services for micro and small-sized enterprises to address their difficulties in accessing financing and reduce financing costs.

As at the end of 2018, loans granted to micro and small-sized enterprises¹ amounted to RMB304.2 billion, an increase of 12.26% over the prior year-end, and customers reached 380,000, higher than the figure in the same period of last year.

Note: 1. The data on loans granted to micro and small-sized enterprises is collected according to the *Notice on Advancing the High-quality Development of Banking Services to Micro and Small-sized Enterprises in 2018* (Yin Jian Ban Fa [2018] No. 29).

Improving cross-border matchmaking services

The “BOC Global SME Cross-border Matchmaking Services” was launched, the first of its kind worldwide, to support commercial cooperation of enterprises in trade, investment, technology introduction and other fields. So far, BOC had convened 50 cross-border matchmaking meetings, which were attended by 30,000 Chinese and foreign enterprises from 87 countries and regions across five continents.

Promoting the financial service model for IT companies

BOC launched the “Zhongguancun Model” and solved the financing difficulty of IT-based SMEs. As at the end of 2018, it promoted the model in Zhongguancun of Beijing, Zhangjiang of Shanghai, Binhai of Tianjin, Donghu of Wuhan, Suzhou of Jiangsu, Guangzhou of Guangdong and Nanjing of Jiangsu, etc., offering services for 47 million IT-based SMEs accumulatively and granting loans of RMB56,758 million to them.

Pushing ahead with investment-loan linkage

BOC provided diversified services for enterprises on its investment platforms of Bank of China Group Investment Limited, Bank of China Investment Management Co., Ltd., and BOC International (China) Co., Ltd., helping innovative start-ups widen financing channels. It organized the activity of “One-stop Service for Investment-loan Linkage” to build a comprehensive service platform for investment-loan linkage participated by commercial banks, investment companies and local governments.

Building role-modeling sub-branches characterised by serving IT-based SMEs

BOC Anhui Hefei Feicuilu Sub-branch endeavored to build itself into a “sub-branch characterised by serving IT-based SMEs”. It actively served the surrounded IT-based SMEs, consistently provided credit support to them through “BOC Credit Factory”, and launched “IT-based Loan” in cooperation with the Government of the Economic and Technological Development Zone of Hefei City, and made it possible to grant loans in batch to local IT-based SMEs. In 2018, it provided credit of nearly RMB50 million for IT-based SMEs.

5.3 Offering innovative finance to benefit people’s livelihood

BOC actively responded to the national policy call for improving people’s livelihood and strengthening social security, and was committed to providing convenient and efficient financial products to the people in the livelihood service fields closely related to daily life, such as social security, medical care, education, bill payment, daily spending and farmer-supporting services.

<p>Social security</p>	<ul style="list-style-type: none"> • Issuing “Social Security Financial IC Card”, “Evergreen Tree Card” and other social security co-branded cards • Providing services such as “fund payment of endowment insurance, medical insurance, unemployment insurance, industrial injury insurance and maternity insurance”, “deduction of the five insurances”, “inquiry of the five insurances” and “linked loss report of social security and financial accounts” • Issuing more than 30 million social security cards with financial functions in over 30 provinces and municipalities directly under the Central Government, e.g. Tianjin, Guangdong, Fujian, Chongqing, Shanxi, Shandong, Zhejiang, Hebei, Henan, Shaanxi and Ningbo
<p>Medical care</p>	<ul style="list-style-type: none"> • Launching cooperation with high-quality hospitals under “Yi Da Tong” to provide self-service registration, payment, report and bill inquiry, among other services • Issuing the “Great Wall Health Card”, the first card that could be used in many hospitals in China and allowed registration, doctor-seeing and payment • Issuing the “Resident Health Card” in some places that could be used in hospitals across China and offered treatment, health file, e-medical record and financial functions
<p>Supporting education</p>	<ul style="list-style-type: none"> • Engaging in the cooperation in “government-sponsored student loans” with 127 central government-administered colleges and over 300 local colleges, funding over 1.8 million students of 474 colleges to finish their study • Issuing the “Subsidy Card for Secondary Vocational School Students” and the “Subsidy Card for Regular Senior High School Students” for poor secondary vocational school students and regular senior high school students who are entitled to the student grants • Issuing the “Campus Card” for more than 150 colleges • Providing “Finance for Study Overseas” for overseas Chinese students and Chinese students who want to study abroad in the future
<p>Bill payment</p>	<ul style="list-style-type: none"> • Giving full play to the advantages of payment and settlement, BOC provided customers with fast and efficient bill payment services over the internet and many other channels, covering more than 50 items including water and electricity, communication, education & examination, top-up and people’s livelihood protection.

<p>Helping and serving farmers</p>	<ul style="list-style-type: none"> • Launching the fixed-line POS and mobile phone to help rural people withdraw money, as well as extended financial services such as transfer, water & electricity bill and coal payment, new rural cooperative medical insurance and new rural insurance premium payment and credit card repayment
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Signing the *Cooperation Agreement on Supporting the Development of Higher Education Cause*

BOC and the Ministry of Education signed the *Cooperation Agreement on Supporting the Development of Higher Education Cause* in Beijing in August 2018, and 17 central government-administrated colleges signed strategic cooperation agreements with 13 branches of BOC synchronously via video link in local venues. As at the end of 2018, BOC had served as the host bank of government-sponsored student loans for 19 consecutive years, granting financial aids of RMB23,539 million to 1.8 million students from impoverished families.

BOC facilitates subway ride with RMB1

Co-developed by BOC Tianjin Branch and Tianjin Rail Transit Co., Ltd., the “Integrated Payment and Settlement Platform” enables passengers to swipe the bank cards of BOC with the sign of “Quick Pay” or their mobile phones with the payment function to take the subway. The fees are directly deducted from their bank accounts. As at the end of 2018, more than 15 million people in Tianjin took the new choice.

5.4 Fueling rural vitalization

In 2018, BOC set up the SME Services Department, and joint hands with BOC Fullerton Community Banks established in 2011 to support “agriculture, farmers and rural areas” and micro and small-sized enterprises.

As at the end of 2018, BOC controlled 125 legal-person community banks in county areas, set up 142 sub-branches and outlets in townships and 380 farmer-assistance service stations in administrative villages via self-establishment and acquisition, forming a rural financial service network across 22 provinces (municipalities) of China and growing into the largest community banking group in terms of total institutions and business scope.

Supporting the real economy in county areas

Giving full play to its leading role in driving inclusive finance, BOC accelerated the expansion of outlets and construction of community banks to serve rural micro and small-sized enterprises, agro-related customers and other customer groups of inclusive finance in counties without or with merely limited financial services in Western and Central China. It actively advanced the construction of “farmer-assistance service stations”, solving the problem of the “last kilometer” for rural financial services. It conquered the difficulties in “agro-related” financing and financing for micro and small-sized enterprises, effectively supporting the development of local real economy.

As at the end of 2018, BOC established 287 outlets in 184 state-level poverty-stricken counties, with a rural loan balance of over RMB1.29 trillion.

Successfully acquiring 27 Jianxin Rural Banks

BOC and Singapore-based Fullerton Financial Holdings Pte. Ltd. signed a share transfer agreement with China Construction Bank to jointly buy the 27 Jianxin Rural Banks sold openly in August 2018.

Solving the problem of financing for “agriculture, farmers and rural areas”

BOC innovated financial services and credit processes, established a risk control model suitable for the characteristics of “agro-related” customers, researched and developed 14 categories of more than 60 micro and small-sized enterprise and agricultural loan products, accepting real estate, greenhouses, etc. on rural collective land as “quasi-collateral”, and providing flexible repayment methods, easy annual review process and differentiated pricing for “agro-related” customers.

By the end of 2018, BOC had granted loans of more than RMB100 billion accumulatively in county and rural areas, served 1.6 million customers, and provided loan services to 210,000 customers. The average loan per customer was about RMB230,000.

“Farming Loan” backing the development of dairy farming

Before 2012, dairy farming in Wuzhong City, Ningxia, was small in scale and backward in model. BOC assisted in the integration of local dairy farming industry. With the credit support of BOC, the local dairy farming industry was gradually transformed from a family-based model to a large-scale pasture model.

In 2018, the Bank accumulatively granted more than RMB200 million loans to 48 dairy farmers in Ningxia, with the year-end loan balance standing at RMB136 million. The assets of dairy farmers increased steadily, and some farmers’ assets have exceeded RMB10 million

Linking up the “last kilometer” of rural financial service provision

BOC Fullerton Community Bank has preliminarily established an IT system platform with Customer Relationship Management, Core Banking System and Credit Management System as its core, including dozens of peripheral systems. It has established a rural financial service ecosystem by putting in place “four service” systems covering agricultural services, convenient services, e-commercial services and financial services, and providing six major functions such as Buying and Selling Link and Money Withdrawal, Loan & Bill Payment, solving the “last kilometer” problem of rural financial service provision.

VI. Improving Customer Experience

Feature: Mobile banking redefining intelligent life

In 2018, BOC launched a new version of mobile banking, well poised to provide customers with one-stop, tailor-made online financial services with complete functions, outstanding features and advanced technologies, especially in the fields of payment, asset management and financing, by making full use of new technologies such as artificial intelligence, big data and biometrics.

As at the end of 2018, registered customers of BOC mobile banking numbered 145 million, an increase of 26% year on year; both the number of customers transacting over mobile banking and the transaction amount have increased greatly over the year. Mobile banking has grown to the online transaction channel with the most active customers.

“Share all resources with mobile phone in hand”

As the mobile portal of comprehensive financial services of BOC, the new version of mobile banking covers about 200 financial service items and can meet the diverse needs of customers.

Complete functions	<ul style="list-style-type: none">• Mobile banking has four channels “Home, Wealth Management, Life and My” and “Cross-border Finance, Asset Management and Mobile Payment”, providing customers with all-around services with “user + scenario integration”• “Comprehensive Financial Services of BOC Group” is launched on the homepage, enabling the offering of one-stop comprehensive financial services across funds, securities, life insurance and property insurance by linking with high-quality products and services of integrated operating subsidiaries and connecting mutual certification of users and information within the Group
Optimal experience	<ul style="list-style-type: none">• Mobile banking supports “face-scanning” for self-registration. Customers with or without cards of BOC can open accounts online without the need to wait in line at outlets• Mobile banking launched face recognition authentication, voice recognition search, gesture registration and other functions

Innovative services	<ul style="list-style-type: none"> • BOC applied technologies such as big data and artificial intelligence to offer the intelligent investment consulting product “BOC Intelligent Investment”, which could customise optimal asset allocation solutions for users in combination with their risk appetites and liquidity preferences • BOC innovated and upgraded the security certification methods, and cooperated with China Mobile and Huawei to promote SIM shields and mobile phone shields on a pilot basis to protect customers’ funds
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Offering customer-specific comprehensive service solutions

BOC applied new technologies such as artificial intelligence and big data, analyzed customer habits on all fronts, and intelligently selected the best and the most suitable transaction function mixes for customers in over one hundred mobile banking functions to enhance the experience.

BOC Live Broadcast, a novel model of expanding customer interaction

BOC is the first bank to use live broadcast. It has embedded the live broadcast platform in mobile banking, and organised employees and experts to introduce financial products and popularise financial knowledge, and explain to and exchange ideas with customers concerning the topics they are interested in, e.g. overseas study, tourism, education and medical care.

“Travel all around the world with mobile phone in hand”

Centering on globalized services and featuring mobile cross-border operations, BOC upgraded the international version of mobile banking, going-abroad finance and cross-border payment.

Upgrading the international version of mobile banking

In November 2018, the international version of mobile banking of BOC was updated in all respects, providing customers with a wide range of cross-border services such as unified management of global accounts, cross-border remittance and cross-border QR code payment. By the end of 2018, the international version had covered 18 foreign countries and regions and supported eight languages.

Upgrading financial services for going abroad

BOC mobile banking launched the “visa application” function, enabling the online application for visas of 48 countries and regions. With BOC mobile banking available around the clock, customers could complete a series of preparations for going abroad such as visa application, foreign exchange purchase and credit card application at one go.

First in the banking industry to allow overseas payment by scanning QR code

BOC was the first in the banking industry to offer the cross-border UnionPay QR code payment service, allowing Chinese customers to pay by scanning code with their mobile phones in 28 countries and regions, e.g. Hong Kong, Macau, Taiwan, South Korea, Singapore, Nepal, Vietnam, Kenya, and Djibouti, covering a variety of scenarios such as duty-free store, hotel, transportation, catering, shopping and tourism.

6.1 Building intelligent banking

BOC made great efforts to promote the digitalization strategy. Through building information platforms, refining business processes, integrating channels and resources, researching and developing innovative products, the Bank made it possible to deeply integrate business, technology and data, linked up domestic and overseas, online and offline channels, integrated products and services, and built a digital and intelligent bank that offers rich scenarios, online-offline coordination, excellent user experience, flexible product innovation, efficient operations management and intelligent risk control.

Intelligent outlet development

Digital platforms	<ul style="list-style-type: none">• BOC collected the operation information and service status of the hall in real time and presented the “panoramic view” such as customer flows, window services, smart counter transactions and ATM running status. In this way, customers could spend less time waiting, and enjoy better service and experience
Smart counter	<ul style="list-style-type: none">• BOC introduced the convenient “face scanning” service model and launched new forms of equipment such as mobile counters and smart cash counters, covering 29 major businesses such as account opening, remittance and transaction information printing. Such kinds of “one-stop” financial services could effectively enhance business processing efficiency• By the end of 2018, 26,044 smart counters of BOC covering all the 36 tier-1 branches were in place
Intelligent customer service	<ul style="list-style-type: none">• BOC built a cross-channel, cross-scenario and cross-platform intelligent contact centre to improve the level of intelligent services from customer access, agent service and operational support• BOC applied new technologies such as big data, artificial intelligence and biometrics to enable self-service signing of telephone banking, voice navigation, and map real-time search, etc.

<p>ATMs with upgraded technology</p>	<ul style="list-style-type: none"> • The pilot operation of withdrawal through face scanning for ATMs reduced the risk of swallowing cards and fake cards • The pilot project of “Remote Automatic Cash Check in ATMs” replaced the manual on-site account check with system remote automatic check
<p>Intelligent robot “Tiantian”</p> <p>In June 2018, Tiantian, an intelligent robot of BOC, made debut at the 16th Cross-Straits Technology and Projects Fair. As the commentator for the exhibition hall, she boasted a variety of functions including greeting guests, business navigation and interaction. Advanced cloud search engine technology enabled it to answer all kinds of questions from visitors.</p>	
<p>Establishing the first specialised bank of e-finance</p> <p>BOC Hunan Branch Changsha Meixi Lake Sub-branch, the first specialised bank of e-finance of BOC, officially opened for business in January 2018. It is dedicated to building intelligent, experiential and platform-based outlets, and exploring an operation mode integrating e-finance and outlets. The sub-branch is equipped with such high-tech facilities as intelligent robots, smart counters, smart large screens, and virtual greetings, and such convenient facilities as recharging stations, vending machines and personal credit printers. In the future, a series of intelligent facilities such as large deposit and withdrawal machines and small currency exchange machines will be launched.</p>	

Business and product innovation

BOC continued to deepen the research in and application of novel technologies including big data, artificial intelligence and blockchain, strengthened the integration of technology and business, and made products and services more comprehensive, intelligent and mobile-based.

<p>E-Credit</p>	<ul style="list-style-type: none"> • BOC’s first wholly-online consumer loan product featuring “online application, one-key approval in seconds, borrowing & repaying at anytime”
<p>Global Payment Innovation</p>	<ul style="list-style-type: none"> • Featuring quick crediting, transparent fee, tracking and complete information
<p>Digital Credit Card</p>	<ul style="list-style-type: none"> • Without the physical form, the Digital Credit Card has its application approved in minutes, digitalizing the whole process of application and activation, and slashing the card processing time
<p>E Rong Hui</p>	<ul style="list-style-type: none"> • This mobile APP of treasury transactions provides open, professional and fully-online mobile treasury transaction-related services for individuals

Smart Payment	<ul style="list-style-type: none"> • Providing merchants with comprehensive financial services through online and offline integrated payment products such as smart POS, aggregation code and smart wallet
<p>BOC’s first innovative R&D base in the world</p> <p>In November 2018, BOC unveiled its first innovative R&D base in the world in Singapore. Through the supporting mechanism allowing rapid execution of the entire process including R&D, incubation and launch, the base will focus on the cross-border customer investment and financing services, trade finance, cross-border settlement and RMB internationalisation, among other business fields, to embed such technological elements as blockchain, big data and artificial intelligence deeply into financial services.</p>	

6.2 Providing premium services

BOC utilised blockchain, artificial intelligence, big data and other technical means to refine service processes, improve service facilities and innovate technologies and products.

Refining customer services

Improving service processes	<ul style="list-style-type: none"> • Adjusting the layout of outlets, redirecting business and enhancing efficiency • Introducing concise logos and signs, improving the supporting facilities of outlets service functions
Promoting mobile counters	<ul style="list-style-type: none"> • Rolling out mobile smart counters to render more convenient services
Applying innovative technologies	<ul style="list-style-type: none"> • Using new technologies such as OCR, face recognition and speech recognition to meet the needs of customers applying online, and refine the account opening process
Developing specialized outlets	<ul style="list-style-type: none"> • In pursuing differentiated operation of outlets, BOC launched more than ten specialized outlet service modes focusing on specific products, customer groups and cross-industry scenarios • As at the end of 2018, 1,461 specialized outlets have been set up
<p>“Mobile counter” serving the campus</p> <p>On August 24, 2018, the staff of BOC Zhejiang Branch came to the Tennis stadium at the Zijingang Campus of Zhejiang University to issue cards for the freshmen. The “secret weapon” of BOC mobile smart counter made its debut, and it took less than two minutes to issue a card with this device.</p>	

Launching “Scholar Bank”

The office building of BOC Shanghai Branch Fudan University Sub-branch was previously an old bookstore on the campus of Fudan University. The branch made room for “Wealth Management Study” and “Green Book Corner” to keep the memory of Fudan faculty and students on the old bookstore

In the sub-branch, faculty and students can not only apply for co-signed debit cards of Fudan University, BOC E-Credit, student loan, finance for overseas study and other services, but also read all kinds of ancient and gift books, electronic books, and experience calligraphy, reproduction of ancient books and other cultural services. We also launched themed activities to enable the sub-branch to be “Professors’ Financial Assistant”, “Students’ Consultant for Overseas Study and Visits” and “Financial Internship Tutor”.

Building an outlet specializing in consumption installment payment

Nanjing Dongqi Road Sub-branch of BOC Jiangsu Branch is located at Nanjing Agricultural and Sideline Products Logistics Centre, adjacent to Jiangning Automobile Business Culture Park, the largest automobile 4S park in Nanjing. Taking into consideration its geographical advantage and customer characteristics, the sub-branch promoted the credit business with the surrounding 4S stores through its featured business of consumption installment payment, and deepened the strategic cooperation with large 4S store groups. Besides, the sub-branch classified customer groups, analysed their potential financial needs in a scientific manner, and customised fund allocation products for high-net-worth customers.

Improving customer experience

BOC established an experience specialist team, conducted extensive user experience surveys, and improved services based on analysis and feedback. At the same time, it strengthened outlet personnel management and training, defined the responsibilities, and guaranteed service quality.

“Warm-up Corner” in outlet

“Warm-up Corner” in outlet is a heartwarming project created by BOC. At the corner there are love seats, reading glasses, drinking water, common medical drugs, scissors, microwave ovens, baby carriages, wheelchairs, mobile phone chargers, umbrellas, sewing kits and other service facilities, providing thoughtful and considerate services to customers.

6.3 Protecting customers’ rights and interests

BOC regarded consumer rights and interests as the key of its service, promoted the construction of the network security protection system, launched financial knowledge education, innovated the modes of risk management, and protected legitimate rights and interests of consumers in multiple ways, from multiple perspectives and across multiple channels.

Providing financial knowledge education

In 2018, 129,000 employees participated in the campaign of “Financial Literacy Social Outreach”. The campaign launched 21,000 on-site activities in over 10,000 outlets, sent 4.95 million short messages and pushed 94,000 WeChat messages to 12.03 million customers.

- Lots of public promotion and education activities, mainly including a series of thematic promotional activities, e.g. “Financial Literacy Social Outreach”, “March 15 Financial Consumer Rights Day”, “Promoting Financial Knowledge, Protecting Personal Wealth”, “Financial Literacy Month, Financial Knowledge Publicity” and “Focus, Sharing and Inclusiveness”, were launched
- Financial knowledge promotion and education materials were pasted and laid out in the “Special Area of Financial Knowledge Promotion and Education” of outlets
- Promotion and education activities were launched via all the outlets, WeChat, network and newspaper
- Applying the BOC Live Broadcast platform to carry out live broadcasting with special topics, and invited internal and external experts to promote financial knowledge

“Little reporters visiting BOC”

In April 2018, Zibo Zichuan Sub-branch of BOC Shandong Branch organised a financial knowledge popularization activity “little reporters visiting BOC”. Nearly 30 little reporters from Zichuan District visited the smart counter service area, experienced the self-service card-issuing facility, ATM and smart counter. Then personnel of the sub-branch introduced such financial knowledge as origin of currency, anti-counterfeiting identification of RMB, anti-financial fraud and wealth management to the little reporters.

Introducing innovative ways to publicise financial security knowledge

BOC Yunnan Branch pushed the articles on financial knowledge in its official WeChat public account to increase the recipients of financial knowledge.

Protecting customer funds

By using technologies such as big data and cloud computing, BOC pushed forward the development of network security protection system, improved the real-time anti-fraud ability of e-finance, and strengthened the protection of customer funds, accounts and information.

As at the end of 2018, BOC effectively intercepted 1,083 transactions of RMB21.22 million involving telecommunications frauds.

- BOC comprehensively applied big data, cloud computing, artificial intelligence, biometrics and other technologies in innovating the organization forms of risk management, forming a full-process e-financial risk management and control system
- Relying on the fraud detection system, BOC screened out suspicious transactions 7*24 hours to contact customers at the earliest time possible if discovering anything unusual
- BOC strengthened financial security knowledge training of the employees to enhance their risk awareness and improve their ability to identify and respond to telecommunications frauds in emergencies

VII. Pursuing Green Development

Feature: Financial innovation to boost green economy

BOC actively carried out the green development strategy, formulated the *Development Plan for Green Finance of Bank of China*, deepened the innovation in green financial service, continued to extend more support for green industries, and worked hard to empower the shift of economic development approaches, economic structural optimization and green economy development.

As at the end of 2018, BOC accumulatively issued five tranches of green bonds and Sustainability bonds with an equivalent of USD6.4 billion. It also undertook 14 green bonds at home and abroad in 2018 valuing RMB84.1 billion.

Supporting the Pilot Zones for Green Finance Reform and Innovations

As an active participant in the reform and innovation work of the Pilot Zones for Green Finance Reform and Innovations, BOC tailor-made green financial services by developing such innovative models as establishing the Point of Contact for Promotion of Green Financial Work and the Issue Consultation Mechanism, piloting the specialised sub-branches for SME green finance and a full package of financial service solutions for green investment attraction of new districts. At the end of 2018, the Bank set up departments or institutions dedicated to green finance in Xinjiang and Guangdong.

Issuing Sustainability Bond in foreign markets

In May 2018, BOC offered HKD3.0 billion of Sustainability Bond and USD1.0 billion of Green Bond in the foreign markets. The Sustainability Bond marked the first ever HKD bond offering by BOC in the foreign markets and was also the first ever sustainability bond by a Chinese issuer. The money raised was mainly used to support green credit projects such as renewable energy and clean transportation, as well as inclusive financial projects such as the government's student loan and personal start-up secured loan.

The Sustainability Bond complied with the up-to-date standards of the *Sustainability Bond Guidelines 2017*. After getting listed on the Hong Kong Stock Exchange, it attracted the subscriptions of many well-known green investment agencies, and the final effective orders amounted to HKD4.5 billion, oversubscribing by 1.5 times. The Green Bond issued at the same time not only conformed to the latest standards of the *Green Bond Principles 2017* but was also certified by the Climate Bonds Initiative.

7.1 Developing green finance

BOC supported the economic activities including improving the environment, tackling climate change and conserving and efficiently utilizing resources, practiced the green development philosophy throughout the whole process and in all aspects, and expanded the breadth and depth of green financial services. Through these efforts, it boosted the sustainable and sound development of green credit, green bonds and other green finance business.

Continuously refining credit structure

BOC issued the *Guidelines on Industry Allocation of Credit (Version 2018)* to comprehensively strengthen environmental and social risk management, and pay close attention to heightening the environmental protection, energy consumption, safety, quality and other standards, and how the elimination of backward production capacity would affect industrial transformation & upgrade and overcapacity industries. Meanwhile, it increased support for green industries such as pollution control, clean energy, green transportation, water supply and water conservation, imposed a strict requirement of prohibiting any forms of new credit support for projects that fail to pass energy technology evaluation and environmental impact assessment.

As at the end of 2018, BOC reported a balance of green credit at RMB632.667 billion, up 17.42% over the same period of last year; and a NPL ratio of green credit of 0.52%.

Innovating green products

Following the national green credit policy, BOC accelerated the innovation of financial products for green industries such as energy conservation, environmental protection and new energy, and promoted the improvement and adjustment of energy structure.

- BOC offered close to RMB10 billion of RMB bonds for such hydropower enterprises as China Three Gorges Corporation, China Yangtze Power Co., Ltd., Huaneng Lancang River Hydropower Inc. and Yunnan Huadian Jinsha River Hydropower Development Co., Ltd. in the mainland market as a lead underwriter;
- BOC assisted China General Nuclear Power Group Corporation in exploiting offshore new energy markets, and offered bi-currency green bonds for the group for two straight years;
- BOC became the sole lead underwriter for offering of RMB5.0 billion ultra-short-term green panda bonds by Beijing Enterprises Clean Energy Group Limited, and thus provided the lead underwriting service for the Bank's first ever green energy panda bond.

Engaging actively in foreign green energy projects

While making the investment and financing decisions, BOC took the potential environmental impact of relevant projects into consideration and integrated the potential returns, risks and costs associated with environmental conditions into its daily operations. It strictly evaluated international projects in accordance with international environmental standards, and wrapped up a number of renewable energy projects in 2018.

Supporting the use of coal bed methane

In 2018, BOC Shanxi Branch approved a credit of RMB1.65 billion for Shanxi Guohua Energy Co., Ltd. to support the clean energy pipeline project. After the completion of the project, it is estimated that every 100 million cubic meters of coal bed methane can replace 340,000 tons of standard coal and 90,000 tons of crude oil, and reduce sulfur dioxide emissions by 24,500 tons and smoke (dust) emissions by 14,500 tons.

Supporting the improvement of ecological environment

BOC realised that lucid waters and lush mountains are invaluable assets and acted on this understanding, increased financial support for lake & wetland protection and restoration, watershed management, ecological restoration and other ecological projects, and empowered ecological civilization development.

Financing the power generation from waste incineration project in Xiamen

In 2018, BOC Xiamen Branch approved a credit of RMB730 million to support the second phase of the Waste Incineration Power Plant. After the project is completed, the domestic waste disposal in Xiamen will basically achieve the goal of “zero landfill”.

7.2 Advancing green operation

BOC placed premium on the environmental impact of its service and office work. It set energy consumption management goal and promoted the application of energy-saving technologies to deepen green operation and facilitate green development.

Offering green services

BOC vigorously propelled the construction of digital channels, expanded mobile finance, and promoted the use of intelligent service equipment to encourage outlets to provide intelligent and paperless services, and reduce the dependence on paper documents.

Promoting paperless counter service

BOC accelerated the transformation to digital banking, improved the development of offline intelligent service system. It also promoted paperless counter service through mobile banking and intelligent counters, thereby shortening business processing time, improving service efficiency, and reducing energy consumption.

- **Electronic statements:** In 2018, BOC sent a total of 16.06 million bank-enterprise balance statements, among which the electronic statement rate reached 95.97%, with 15.42 million fewer paper statements and reducing costs by RMB308.44 million.
- **Intelligent counter:** Paperless intelligent counters were designed. After the completion of business, the system would automatically save the transaction records and business images in the electronic form. Except for the customer service voucher, zero printing, zero subpoena, zero paper retention and zero storage cost were realized.

Building intelligent green data centre

In 2018, BOC Data Centre (Shanghai) independently designed and developed the “Energy Saving Control System for Green Computer Room of Intelligent Data Centre”, which can automatically adjust the running power of IT equipment and reduce power consumption during the idle period of business by monitoring and analyzing the real load of the server in real time. At the same time, with the use of closed cold channels, local airflow optimization and other measures, the system, featuring the function of “on-demand cooling”, can control the equipment temperature within a safe range, saving electricity of nearly 1.2 million kWh per year.

Promoting green office

As a strong advocate of the “green office” idea, BOC cultivated an energy-saving working environment and reduced consumption of resources and impact on the environment at the same time of raising the office efficiency, thereby achieving green and low-carbon operation.

Energy management

- Improving the energy management system, further implementing the *Energy Management Policy of the Head Office Building*, and strengthening the monitoring and management of key energy-consuming equipment such as lighting facilities, air-conditioners and computer rooms to effectively reduce energy consumption

Energy-saving renovation

- Organising and launching energy-saving technological transformation and energy-saving innovation projects, including replacement of light sources and utilization of new water-saving appliances, to improve heat exchange efficiency and operating efficiency of equipment

Waste disposal

- Comprehensively forcing waste sorting to ensure the legal recycling and disposal of various types of waste and resource recycling

Green office

- Advocating the concepts of saving paper and recycling water, regularly turning off the lights of bathrooms and tea rooms every day, and recycling the cleaning water
- Actively participating in energy-saving public welfare activities such as the Earth Hour

7.3 Advocating the awareness of protecting the environment

BOC made great efforts to launch environmental activities for the public good, guided the employees and customers around the globe to actively participate in the endeavor of environmental protection and informed the public of the awareness of the need to protect our ecology.

Joining the Charity Bazaar for Wildlife Protection in South Africa

On March 3–4, 2018, BOC Johannesburg Branch attended the Celebration of the 20th Anniversary Marking the Establishment of Diplomatic Relations between China and South Africa & Charity Bazaar for Wildlife Protection organised by the Embassy of the People's Republic of China in the Republic of South Africa. All the proceeds from the charity bazaar were donated by the Chinese Embassy to the Kruger National Park in South Africa for wildlife conservation.

Planting trees for public welfare

In April 2018, Xixia Sub-branch of BOC Ningxia Branch and Ningxia Fuwa Disabled Persons Caring Service Centre co-launched a public welfare tree planting activity, during which local BOC employees planted 100 seedlings in Helanshan Pasture in Xixia District. For long, kindly people from all walks of life have lent their helping hands to change the originally barren place to a green vegetable and fruit picking base for non-profit operation, and the revenue has been used to aid the disabled.

VIII. Caring for Growth of Employees

Feature: Emphasizing the cultivation of youth of BOC

The Bank always pays attention to the cultivation and development of young employees. It listens to needs and suggestions of young employees, pools their wisdom and stimulates their awareness of innovation. Training, contests and cultural and sports activities in various forms are organised to offer them the stage of displaying themselves and the opportunities of refining abilities, thus contributing the power of youth to growing into a world-class bank in the new era.

<p>Facilitating career development</p>	<ul style="list-style-type: none"> • The Bank regularly launched BOC University Class events to develop an online + offline sharing and learning platform for employees. In 2018, the Bank organised six sessions of Class in total, attracting over 12,000 person-times • The Bank held the “Challenging 18” mobile banking skill contest and the “Credit Card Tik Tok Challenge” to stimulate the innovation awareness of young employees
<p>Enhancing communication and exchange</p>	<ul style="list-style-type: none"> • The Bank enhanced communication among young employees through outward bound training and exchange and sharing activities • The Bank held meetings for conversation with young employees to listen to their voices and understand their appeals
<p>Showing the charm of youth</p>	<ul style="list-style-type: none"> • The Bank launched the “Youth Charm Exhibition”, the “Poems for You” poem composing competition and the online speech contest by the youth

Global Youth Gala

In May 2018, more than 300 youth representatives from BOC domestic and overseas institutions gathered in Beijing to commend excellent youth employees, share career development stories and exhibit the charm of the youth via rich activities such as speech, short act and interview. Young employees from overseas subsidiaries watched the event real-time via live streaming.

Youth think tank

BOC youth employees set up nearly 400 youth think tank groups and composed 314 study reports. Among the 24 subject achievements that won awards, 14 projects were already landed.

8.1 Caring for development of employees

The Bank paid close attention to the growth of employees, continued to refine the training system, strengthened professional teams and provided forceful support for development of employees.

Expanding professional teams

In 2018, the Bank provided over 13,000 posts for society through campus and social recruitment, and launched a training program for students major in minority languages, and a recruitment program targeted at poor college students. Based on these efforts, the Bank was named the “Best Employer in Financial Industry” for 11 years, and won the “Best Recruitment Strategy” and “HR Selection Awards in Greater China”, etc.

BOC recruiting Taiwan college graduates for the first time

As the first mainland-based state-owned bank to recruit Taiwan college graduates, BOC issued a Recruitment Program in 2018. Five branches in Shanghai, Jiangsu, Fujian, Shenzhen and Suzhou have recruited Taiwanese college graduates studying in Chinese mainland.

Besides, the Bank held several sessions of Summer Internship Trainings for college students from Hong Kong and Taiwan to deepen their understanding on the mainland and BOC. Since 2015, four sessions of the trainings have been organised, attracting 235 persons to participate.

Refining the training system

The Bank implemented the 1581 Program to improve leadership. For medium and high-level management personnel, and focused on cultivating 100 senior executives, 500 deputy executives, 8,000 intermediate managers and 10,000 outlet managers.

The Bank improved functions at the M-Learning platform, realized the full coverage of the platform among domestic branches. The platform was registered by 267,153 employees, with the activation rate reaching 90.04%.

8.2 Caring for the living conditions of employees

Committed to the principle of “people first”, the Bank fully protected employees’ legitimate rights and interests and respected cultural differences. Besides, it advocated happiness at work for healthy life, cared for employees’ living conditions, created diversified recreational activities, and established a platform for employees to communicate with their family members to enhance their sense of happiness and belonging.

Protecting the basic rights and interests of employees

- Paying for endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing provident fund in full sum and on time and buying critical illness insurance for employees.
- Adhering to equal pay for equal work and signing labor contracts with all the employees.
- Safeguarding employees’ right to rest and leave of absence and balancing their work pressure.
- Practicing democratic management, opening multiple communication channels and establishing communication mechanisms and platforms.
- Protecting the rights and interests of female employees and paying attention to their needs.

Caring for the healthy life of employees

- Organizing physical examinations, giving lectures on health information and providing consultation on mental health.
- Constructing activity rooms and reading rooms, and renovating canteens for employees.
- Regularly visiting employees with difficulties and those with critical diseases, caring for employees at outlets and paying attention to employees’ difficulties and problems at work and life.
- Organizing collective birthday parties and group activities.

Practicing the culture of caring

As Tibet was short of medical staff and resources, treatment of difficult and complicated diseases and special diseases on the plateau was restricted. BOC Tibet Branch and branch office of West China Hospital, Sichuan University signed the health management service agreement to provide employees with healthcare services. In order to help employees with difficulties in housing and child education, Tibet Branch built relocation houses for employees and communicated with several schools in Lhasa, thus ensuring its employees' children with access to education.

Vacation day care of children freeing employees of worries

School winter vacation happened to be the busiest marketing time at banking work. In order to help employees with attention to both work and family, BOC Sichuan Branch Chengdu Jinjiang Sub-branch resorted to the "Home of Employees" and set up a day care centre during winter vacation for employees' children. It hired professional teachers, purchased extracurricular books and toys and offered multiple courses such as homework help, English, handwork and table tennis. Its canteen for employees also provided nutritional food for the day care.

Staging the "Open Day" to spread the culture of "home"

In September 2018, BOC Anhui Branch staged an "Open Day" activity for the families of young employees, inviting representatives of young employees and parents to visit BOC for experience. The visitors felt the clean and tidy working environment, learnt about the development history of BOC, experienced the convenient smart equipment and felt in person the rich culture of "home" in BOC.

8.3 Encouraging volunteer services

BOC worked hard to develop a long-term volunteer service mechanism, and launched the "Volunteer Together" platform at "BOC for Public Welfare". By doing so, it staged a platform of exchange for BOC employees to participate in volunteer activities and for social organizations to attract volunteers, and promoted information-based delicate management of volunteer service.

By the end of 2018, the Bank registered 580 volunteer associations at various levels at the "Volunteer Together" platform and published 197 volunteer activities, which accumulatively attracted 947 person-times of volunteers that served for 4,735 hours. Meanwhile, the "Volunteer Platform of Employees' Children" was launched.

Sectors of volunteer services

Assistance to the poor Respect and help the elderly

Environmental protection Cultural activities

Care for children Convenience for communities

Help for people with disabilities Service for traffic and security

“Walk for the Children” public welfare activity

“Walk for the Children” was a public welfare program of providing one-on-one support for primary and middle school students from poor families through fund raising. BOC New York Branch supported the “Walk for the Children” activity and actively encouraged its employees to get engaged in public welfare. On the day of the activity, the employees of New York Branch walked for five kilometers in Brooklyn Park, New York to raise funds for the children.

“Plank for Charity” activity

Employees of BOC Sydney Branch launched the “Plank for Charity” fund-raising activity to raise funds for “Save the Children” foundation. Employees actively participated in plank challenge during work intervals and off time, uploaded the activity photos and fund-raising information to social platforms and invited their colleagues, families and friends to join and donate to the foundation. So far, a total of AUD3,300 had been raised for the foundation.

Performance Briefing

Economic Performance

Values Created

Indicator	2018	2017	2016
Total assets (RMB million)	21,267,275	19,467,424	18,148,889
Operating income (RMB million)	503,806	483,761	485,656
Operating expenses (RMB million)	176,979	173,859	175,069
Profit for the year (RMB million)	229,643	222,903	222,412
Net profit (RMB million)	192,435	184,986	184,051
Return on average total assets (%)	0.94	0.98	1.05
Return on average equity (%)	12.06	12.24	12.58
Capital adequacy ratio (%)	14.97	14.19	14.28

Remuneration and welfare

In 2018, the Bank distributed more benefits to outlets, and adopted reasonable control measures to narrow internal remuneration gap, thus making outlet posts more attractive, improving its employees' sense of fulfillment, happiness, and security, and implementing in earnest the requirements for caring for employees.

Service channels

Closely following the financial services demand of global customers, the Bank steadily pushed forward outlet and e-channel construction. At the end of 2018, the Bank had extended the reach of its overseas institutions into 56 countries and regions, and had 10,726 operating outlets in the mainland of China.

Indicator	2018	2017	2016
Number of operating outlets in the mainland	10,726	10,674	10,651
Number of intelligent outlets	10,660	8,526	5,281
Number of ATMs	41,723	42,507	46,810
Number of intelligent counters	26,044	16,235	253
Number of mobile banking customers (in 10,000)	14,500	11,533	9,440

Procurement practice

The Bank formulated the Code of Conduct for Practice Integrity of Procurement Personnel and the Code of Conduct for Practice Integrity of Suppliers to ensure the openness, fairness, compliance and integrity of procurement and improved the procurement management effectiveness by upgrading the centralised procurement management system and improving the procurement services.

The Bank is dedicated to actively safeguarding the equal participation of micro and small enterprise suppliers. It combined open online invitation for bids and competitive talk so that qualified micro and small enterprise suppliers can participate in the competition. While proposing requirements on the basic eligibilities of qualified suppliers, the Bank did not have any other requirement on the registered capital or scale of the enterprises except for a few projects with special requirement.

Indicator	2018	2017	2016
Total number of centralised procurement projects	14,227	12,818	13,634
Budget amount involved in centralised procurements (RMB 100 million)	249.25	217.13	283.83

Clean BOC

The Bank deepened the construction of the long-effective mechanism for combating corruption and upholding integrity by adhering to the principle of “having no forbidden area, full coverage and zero tolerance”, and solemnly investigating any kinds of violation. It implemented the *Accountability Regulation*, and organised all officials and employees to study laws, regulations and disciplines earnestly. The Bank vigorously promoted the information about combating corruption and upholding integrity over intranet, WeChat official platform, and H5, and raised the employees’ awareness of being responsible for anti-corruption.

Against unfair competition

The Bank strictly complied with the *Anti-unfair Competition Law*, the *Convention of Chinese Banking Industry on Combating Unfair Competition* and other laws and regulations. It established a self-discipline mechanism to manage and restrict own behaviors according to law. Saying no to all kinds of unfair competitions, the Bank made efforts to maintain a fair, orderly financial market environment, and protect the rights and interests of consumers.

Environmental performance

Material reduction

The Bank encouraged customers to use e-services such as mobile banking and online banking, and vigorously promoted e-seal, paperless application and e-agreement, among other services, at outlets to reduce energy consumption of any kinds.

Indicator	2018	2017	2016
Office paper used (tons)	48.0	43.2	60.5
Paper saved (tons)	4.8	17.3	1.4

Note: Statistics covered the Beijing-based institutions of the Head Office.

Energy conservation

Indicator	2018	2017	2016
Diesel oil consumption (liters)	8,708	22,344	19,886
Natural gas consumption (cubic meters)	962,409	977,679	1,071,935
Gasoline consumption (liters)	43,279	81,733	91,810
Electrical power consumption (MWh)	126,635	123,447	119,500
Total quantity of heat purchased (GJ)	85,008	100,820	122,029
Number of video meetings held	4,378	3,849	2,743

Note: Gasoline consumption referred to the gasoline used by the vehicles of the Head Office. Statistics about diesel oil consumption, natural gas consumption, electrical power consumption, total quantity of heat purchased and number of video meetings held covered the Beijing-based institutions of the Head Office.

Water saving

Indicator	2018	2017	2016
Total water consumption (m ³)	401,581	384,529	362,707
Total cycling use of water (m ³)	74,687	64,341	71,259

Note: Statistics covered the Beijing-based institutions of the Head Office.

Emission reduction

Indicator	2018	2017	2016
Total discharge of toxic waste (tons)	3.87	5.53	2.54
Total discharge of non-toxic waste (tons)	286	1,172	1,095
Greenhouse gas emissions (tons)	78,568	76,736	74,549
Direct greenhouse gas emissions (tons)	2,081	2,174	2,371
Indirect greenhouse gas emissions (tons)	76,488	74,562	72,178

Note: Statistics covered the Beijing-based institutions of the Head Office.

Sewage and waste management

A third-party testing agency was engaged to regularly monitor sewage discharge. Waste from daily office work and operation, e.g. domestic waste, kitchen waste and toxic waste, were classified and recycled, while kitchen waste and toxic waste were handled by a third party which had such qualification.

Work to secure environmental compliance

The Bank did not receive any punishment for violation of environmental laws and regulations or environmental complaint in 2018.

Suppliers' environmental performance assessment

During supplier inspection and project review, the Bank evaluated the suppliers' undertaking to environmental protection and social responsibilities. In addition to suppliers' written commitment, the Bank also comprehensively inspected their environment-friendly equipment and related measures, healthy and safe office and labor protection measures in specific projects, and took the above-mentioned factors into consideration during the project review.

Social Performance

Human resources structure

In strict accordance with the *Labor Law*, the Bank persisted in the open and equal principle and the anti-discrimination principle during employment, and worked hard to protect the rights and interests of employees.

Indicator	2018	2017	2016
Number of employees	310,119	311,133	308,900
Execution of employment contracts (%)	100	100	100
Number of male employees	132,781	133,628	133,018
Number of female employees	177,338	177,505	175,882
Number of employees in the mainland of China	285,797	288,206	286,391
Number of expatriates	1,391	1,337	1,200
Number of employees in Hong Kong, Macau and Taiwan	18,047	17,665	17,270
Number of local employees at overseas institutions	22,931	21,590	21,309
Number of new employees of the year	10,685	12,488	11,088

Employee protection

Always abiding by the “open, fair and equal” employment policy, the Bank set no discriminative condition for employee recruitment, remuneration and welfare, and career growth. It fully respected and protected the legitimate rights and interests of employees through signing employment contracts, launching collective consultation and holding workers’ congress.

Indicator	2018	2017	2016
Percentage of female employees (%)	57.18	57.1	56.9
Number of minority employees	12,899	12,924	12,766

Caring of occupational health

The Bank cared for employees’ physical and mental health, and advocated healthy lifestyles. It regularly organised health examinations of employees, bought medical insurance, held health lectures, provided consultation on mental health, and offered an array of medical care safeguards for employees, e.g. social insurance, supplementary medical insurance, dental treatment and psychological counseling.

Indicator	2018	2017	2016
Coverage of social insurances (%)	100	100	100
Number of employees receiving physical examination in the Head Office	4,019	5,843	5,600

Note: The number of employees receiving physical examination in the Head Office does not include employees at the Software Center and some persons dispatched by the Head Office.

Employee education and training

The Bank set up the system of training projects of different types and levels according to the requirements of systematised, standardised and refined development based on the different characteristics and needs of management, professional and technical staff to constantly strengthen the long-term mechanism of staff cultivation.

Indicator	2018	2017	2016
Investments into employee training (in RMB10,000)	64,170	56,605	53,091
Employees trained	2,966,118	2,851,047	2,725,361

Enhanced security management

The Bank established a security management platform featured by unified management and internal internet availability to significantly improve its capabilities of security management and control. The timely detection rate of external cases increased from 70% to over 95%. Relying on the platform, the Bank developed mobile clients and enabled more than 28,000 mobile phone clients for outlets and personnel in charge of vault, therefore timely observing the security risks of the venues and further enhancing the mass prevention and control of internal and external cases.

Suppliers' social performance assessment

The Bank required clearly that “the supplier shall not be involved in any illegal activity that triggers the social risk, e.g. illegal employment” in all procurement documents. During supplier investigation and project review, the Bank evaluated the supplier’s undertaking to social responsibilities, and taking into consideration the signing of employment contracts, purchase of social insurance, health and safety of working environment, and implementation of labor protection measures during the procurement project review.

Standardization of marketing

The Consumer Protection Office was established. In full compliance with regulatory requirements, the Bank set up special sales areas equipped with the e-system to take synchronised audio-video recording of the sales of wealth management products, and also developed a uniform product information inquiry platform. The Bank handled customer complaints timely and properly, made efforts to enhance customer satisfaction, and continued to make complaint management more standard, leaner and more systematic.

Customer privacy protection

The Bank improved the internal control policy for customer information protection, standardised the scope of posts having access to customer information and the inquiring authorities, and strengthened non-disclosure management of personnel having access to and using customer information by asking them to sign confidentiality undertakings before sitting on the posts and taking privacy measures when they would leave in order to strictly prohibit leaking customer information. Network isolation and other technical measures were used to strictly monitor any link that might give rise to information leakage for the purpose of warding off such risk. The Bank heightened information protection of credit card and online banking users, and raised the level of risk prevention. Regular safety checks were performed over customer information storage system and archives to eradicate any possibility of leakage.

Social and economic compliance

The Bank strictly complied with international, Chinese and local laws and regulations, continued to strengthen risk prevention & control and compliant operation, put in place the “system of three defense lines” for internal control, timely followed the regulatory updates around the world, regulatory inspection findings, regulatory assessment results and other compliance risk information, and earnestly acted upon the requirements of Chinese and foreign regulators.

Outlook

In 2019, BOC will focus on serving the supply-side structural reform, continue to do well in serving the real economy, forestalling and defusing risks and advancing reform and innovation, and break a new ground in the economic, social and environmental sectors at the same time of sustaining its healthy development.

Support the national strategies and shoulder due responsibilities. While China is seeking opening-up on all fronts, BOC will take initiatives to integrate into this endeavor, perfect its global service system, further innovate in the Belt and Road-related financial services, and speed up the RMB internationalization business. In addition to supporting major regional development strategies, BOC will in particular promote the coordinated development of the Beijing-Tianjin-Hebei region, and the Yangtze Economic Belt, as well as the construction of Xiongan New Area and Hainan Free Trade Zone. BOC will mobilise and channel superior resources into the Guangdong-Hong Kong-Macau Greater Bay Area and provide the Area with first-class financial services. It will facilitate the prudent development of rural banks in a bid to serve the rural vitalization strategy. BOC will provide more support for the Beijing 2022 Olympic and Paralympic Winter Games and assist the development of winter sports industry.

Serve the real economy and improve the quality and efficiency of development. BOC will accelerate loan grant appropriately, continue to refine the asset structure, and increase the support for the projects in connection with infrastructure connectivity, transformation and upgrade of manufacturing, strategic emerging industries and modern service industry development. In backing the development of private economy and inclusive finance, BOC will render sound financial services for private enterprises and micro and small-sized enterprises. On the strength of globalization and diversification, BOC will support trade finance and cross-border development of enterprises.

Prevent financial risks and defend the bottom line of development. BOC will implement the regulatory and audit requirements across the board. Further efforts will be made to strengthen the management of credit risk, overseas compliance risk, money-laundering risk, internal control & operational risk, market risk, liquidity risk and reputational risk. Keeping the global compliance philosophy firmly in mind, BOC will improve the long-term effective mechanism for global compliance management. And it will further strengthen the protection of consumers.

Enable advancement through technology and improve customer services. BOC will pick up speed in developing and promoting mobile banking, make further headway in the improvement of intelligent transaction banking, and install an intelligent corporate banking service portal with a broad range of scenarios, premier user experience and flexible product mixes. In addition, BOC will build an intelligent ecology on the basis of smart counters and improve the intelligent customer service system. It will quicken the progress of key projects and go deeper towards digitalization.

Work harder in the cause of shaking off poverty and help to win the victory of fighting against poverty. BOC will take more targeted poverty alleviation actions, arrange well the financial anti-poverty work and the support of lifting people in designated areas out of poverty, place greater focus on relevant industry projects, people's well-being projects and poverty-stricken villages, strengthen the financial support and the poverty alleviation through consumption, and help to win the victory of fighting against poverty.

Put green finance into practice and support ecological civilization. BOC will vigorously develop green finance, steadily raise the percentage of green credit, pick up pace in innovation of green financial products, and empower the optimization of economic structure and green development of real economy.

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, 2018, with some exceptions.

Reporting cycle: annual report. The 2017 CSR Report was released on March 2018.

Preparation basis

This report is prepared in accordance with the *Opinions on Strengthening the Corporate Social Responsibility of Banking Institutions* of the China Banking and Insurance Regulatory Commission (the former China Banking Regulatory Commission), the *Guidelines of China Banking Association on the Corporate Social Responsibility of Banking Institutions of China*, the *Guidelines of Shanghai Stock Exchange on Environmental Information Disclosure of Listed Companies* and the *Environmental, Social and Governance Reporting Guide* of the Stock Exchange of Hong Kong Limited as well as the *Guidance of International Organization for Standardization on Social Responsibility (ISO26000)*, the *Sustainability Reporting Guidelines (GRI Standards)* of the Global Reporting Initiative and the *Account Ability1000 Assurance Standard (2008)*.

Data basis

The financial data contained in the report is based on the 2018 financial report audited by Ernst & Young Hua Ming LLP. Other data is based on the reports of 2018 and the reports of previous years as well. The monetary amount mentioned herein is denominated in Renminbi unless otherwise specified.

Guarantee

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

Disclosure format

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

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A1 Emissions	General disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and nonhazardous waste.	To be disclosed in the future as planned
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Social Responsibility Report Independent Assurance Report

安永华明（2019）专字第 60100080_A04 号

To the Board of Directors of Bank of China Limited:

We have been engaged by the Board of Directors of Bank of China Limited ("Bank of China") to express a limited assurance opinion on the selected key data in the Corporate Social Responsibility Report of Bank of China for 2018 (the "Social Responsibility Report").

We have also been engaged to gain an understanding of Bank of China's application of the *AA1000 Assurance Standard (AA1000AS, 2008)* of inclusivity, materiality and responsiveness (the "principles") with respect to stakeholder dialogue.

I. The board of directors' responsibilities

The Board of Directors of Bank of China are responsible for the preparation and presentation of the selected key data in accordance with the note to the table of key data of the Social Responsibility Report (the "basis of reporting"). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the selected key data; and making estimates that are reasonable in the circumstances.

In addition, the Board of Directors of Bank of China take responsibility for compliance with the *AA1000 Assurance Standard (AA1000AS, 2008)* and the principles.

II. Our responsibilities

Our responsibility is to express a conclusion on the selected key data in the Social Responsibility Report based on our work performed. We report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our work on the selected key data in accordance with the *International Standard on Assurance Engagements 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance as to whether any matters have come to our attention that causes us to believe that the selected key data as at 31 December 2018 and for the year then ended in the Social Responsibility Report is not prepared in all material respects in accordance with the basis of reporting.





III. Scope of work, approach, and limitation

The selected key data of Bank of China in the Social Responsibility Report of Bank of China for 2018 that is covered by this report is as follows:

- Total assets
- Operating income
- Non-performing loan ratio
- Capital adequacy ratio
- Profit for the year
- Income tax expense
- Capital and reserves attributable to equity holders of the Bank
- Number of employees
- Employee satisfaction ratio
- Investments into employee training
- Employees trained
- Balance of government-sponsored student loans
- Donations
- Balance of green credits
- Total water consumption
- Electrical power consumption
- Gasoline consumption
- Number of video meetings held
- Social contribution per share

Our work was performed at the Head Office of Bank of China, which includes:

- 1) Interviews with management and personnel in the departments involved in providing information for inclusion in the Social Responsibility Report in relation to the selected key data;
- 2) Analytical procedures;
- 3) Examination, on a test basis, of documentary evidence relating to the selected key data on which we report;
- 4) Recalculation;
- 5) Other procedures deemed necessary.



In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and the therefore less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the practitioner's judgment, including the assessment of the risks of material non-compliance of the selected key data prepared in accordance with the basis of reporting.

Our work was limited to the selected key data as of 31 December 2018 and for the year then ended in the Social Responsibility Report. We have not performed any procedures over other data included in the Social Responsibility Report for 2018, nor have we performed any procedures on other data or data for 2017 and years before. In addition, our work performed was not for the purpose of expressing an opinion on the effectiveness of Bank of China's Internal controls.

IV. Conclusion

Based on the limited assurance work which we have performed, nothing has come to our attention that causes us to believe that the selected key data as at 31 December 2018 and for the year then ended has not been prepared, in all material respects, in accordance with the basis of reporting.

V. Our independence, quality control and assurance team

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants. We have complied with the quality control requirements of the *International Standard on Quality Control 1*. Our team has required competencies and experience for this assurance engagement.

VI. Supplementary observations

We have also gained an understanding of Bank of China's application of the AccountAbility Principles with respect to stakeholder dialogue by making inquiries and holding interviews with management representing the different functions in Bank of China in respect of Bank of China's application of the principles of inclusivity, materiality and responsiveness in the preparation of the Social Sustainability Report. Our work was restricted to gaining an understanding of Bank of China's application of the AccountAbility principles and hence we do not express any assurance opinion as to whether Bank of China has adhered to the AccountAbility principles.

We have the following observations:

Inclusiveness

Bank of China identified key stakeholders and understood their needs and concerns. Bank of China also considered stakeholders expectations and their impact while developing corporate strategy, action plan and business policy as well as daily operation. We suggested that Bank of China should further establish and improve corporate social responsibility management system; strengthen stakeholder identification process; develop and implement an appropriate effective, comprehensive



安永华明（2019）专字第 60100080_A04 号

an objective stakeholder engagement strategy, plans and methods; and provide various channels for stakeholders to participate in the decision for stakeholders to participate in the decision of Bank of China's long-term sustainability performance improvement.

Materiality

For the information disclosed in the Social Responsibility Report, Bank of China considered factors of stakeholders' needs and concerns, financial performance, industry characteristics, policy requirements and social impact, etc. Bank of China qualitatively and quantitatively disclosed key issues and key performance in the Social Responsibility Report. We suggest that Bank of China may consider to make relevant policies and guidelines, and to develop standards and procedures for guiding the management and staff to identify, evaluate report and prioritize the key issues which are relevant to the social responsibility report and is important to the stakeholders.

Responsiveness

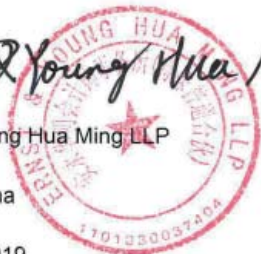
Bank of China developed relevant polices, objectives and action plans in accordance with its business characteristics. Bank of China improved its governance structure, management systems and processes, established various communication channels, strengthened the communication with stakeholders, and responded to the main needs of stakeholders. We suggest that Bank of China should further clarify and improve the responsibility and processes responding to stakeholders for timely and appropriately implementing the pre-committed responses.

Ernst & Young Hua Ming LLP

Ernst & Young Hua Ming LLP

Beijing, China

28 March 2019



Feedback

We appreciate your reading the *2018 Corporate Social Responsibility Report of Bank of China*. This is the eleventh year the Bank has released the social responsibility report. In order to better meet your demands, provide you with more valuable information and enhance social responsibility performance of the Bank, please kindly give us your comments on this report and feed back to us in any of the following ways:

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E-mail: CSR@bankofchina.com
Mailing address: Executive Office, Bank of China, 1 Fuxingmen Nei Dajie, Xicheng District, Beijing, China
Postal code: 100818

What's your overall impression of this report?

Excellent Good Acceptable

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

Excellent Good Acceptable

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

Excellent Good Acceptable

4. What do you think of the Bank's performance of the social responsibility in providing quality services to customers?

Excellent Good Acceptable

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

Excellent Good Acceptable

6. What do you think of the Bank's performance of the social responsibility in improving supply chain management?

Excellent Good Acceptable

7. What do you think of the Bank's performance of the social responsibility in dedicating to green finance and low-carbon operation?
- Excellent Good Acceptable
8. Do you have any comment or suggestion on the Social Responsibility Report and social responsibility work of the Bank?
-

Sincerely thank you for your support!