CSR Report of
Bank of China for 2017

中国银行
BANK OF CHINA

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BUILD A WORLD-CLASS BANK IN THE NEW ERA

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Message from the Chairman

The year 2017 is ground-breaking. In this year, the 19th CPC National Congress drew a grand blueprint for socialism with Chinese characteristics in the new era, and started a new chapter of securing a decisive victory in building a moderately prosperous society in all respects and embarking on a journey to fully build a modern socialist China. The Party Committee of BOC led all the staff to uphold the leadership of the CPC Central Committee with Xi Jinping as the core, actively serve the real economy, practically prevent and control financial risks, deepen reform and innovation, earnestly participate in social welfare undertakings and wholeheartedly create values for customers, shareholders and the society.

Insist on serving the national strategy and boost high-quality economic development. We vigorously supported the supply-side structural reform and invested more financial resources in the key areas and important links in connection with national economy. The proportion of loans granted by the Bank to strategic emerging industries, advanced manufacturing industries, and environmental protection and energy conservation industries continued to increase, while that of loans to overcapacity industries kept declining. By continuously giving play to the advantages in the globalization, we promoted the construction of Belt and Road financial artery and enhanced global financial services. So far, our overseas institutions have covered 54 countries and regions in the world.

Insist on customer first, and accelerate product and service innovation and technological innovation. We actively conformed to the changes in the lifestyle of the general public and continuously increased investment in online channels, to constantly improve the functions of mobile banking and online banking. In positive response to technological changes, we vigorously promoted the utilization of technologies such as big data, artificial intelligence and biometrics, to improve the efficiency of financial services by use of modern technologies. Besides, we kept propelling the intelligentization of outlets and optimization of service processes, making the coverage of outlets with intelligent counters reach 80%, and further enhancing the efficiency of business processing.

Insist on serving the people's livelihood, and vigorously develop inclusive finance. We have established the Inclusive Finance Department and greatly intensified the financial support for the areas including "farmer, rural areas and agriculture", micro, small and medium-sized enterprises, and consumer spending. By highlighting key points and making up for deficiencies, we established the largest rural bank group in China, namely, BOC Fullerton Community Bank, to extend financial services to the underdeveloped areas in the central and western regions. In addition, we continuously improved the three-in-one SME service model of "cross-border matching + credit factory + investment and lending linkage", to financially prop up the vigorous development of SMEs.

Insist on poverty alleviation and aid for the poor, and make every effort to play a role in such work. For 15 consecutive years, we have implemented targeted poverty alleviation work in the four counties of Yongshou, Changwu, Xunyi, and Chunhua in Xianyang City, Shaanxi Province, helping more than 200,000 persons in poverty. We gave full play to the leading role of finance in the industrial development, integrated capital, technology and market by making advantage of local resources, and injected impetus to the economic development of poor regions by nurturing high-quality industrial projects. We also continuously facilitated the construction of a BOC poverty alleviation platform for the purpose of public welfare, to solve the problems of long sales chain, narrow sales channels and low 5 prices of agricultural and sideline products, and plug in the Internet wings for farmers to realize the dream of poverty alleviation.

The socialism with Chinese characteristics has come to a new era, which puts forward new missions and requirements. We will follow the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and adhere to technology and innovation-driven development, transformation through practical approaches and hard work in an effort to build BOC into a world-class bank in the new era.

The 19th CPC National Congress set the goals for different stages by the middle of this century. In response, the Bank put

forth the "Three-step Strategy" for achieving the strategic goal of becoming a world-class bank in the new era. By 2020 when China completes the building of a moderately prosperous society in all respects, the Bank will "further consolidate the development foundation, cement its unique advantages, improve its systems and mechanisms, and enhance its overall strength". By 2035 when China basically realizes modernization, the Bank will have grown from a world-class big bank to a world-class strong bank and become a world-class bank in the new era on all fronts. On that basis, the Bank will make strenuous efforts for another 15 years, so that by 2050, we will be a "financial treasure" for the socialist modern country and a paragon in the global financial industry.

To become a world-class bank in the new era, we shall give full play to the leading role of technology. We will take quicker steps to build a digitalized bank featuring excellent user experience, rich scenarios, online-offline coordination, innovative and flexible products, efficient operation and management, and intelligent risk control. With mobile banking as the carrier, we will cultivate an integrated mobile financial portal, so that customers can share anything anywhere with a touch on the phone.

To become a world-class bank in the new era, we shall adhere to innovation-driven development. We will keep a close eye on the market trend and customer demand, and make innovations in technology, product and business at a faster pace. By subverting the traditions and breaking new grounds, we will strive to be a provider of quality financial services, builder of connected platforms, creator of data values and pioneer of intelligent services on the global stage.

To become a world-class bank in the new era, we shall carry on the transformation through practical approaches. In view of the needs of the real economy and the requirement for high-quality development, we will work faster to promote digital technologies, globalized business, integrated services, light assets, and downsized organization. We will improve the supply of financial resources, actively serve the "fight of three critical battles", serve the development of the real economy, and foster a high-quality development model with great capability of value creation and market competition.

To become a world-class bank in the new era, we shall pursue development through reform. We shall be more mindful of the difficulties ahead, maintain our strategic resolve, and be more courageous in implementing the reform. We will promote reform of the mind, of the mechanism and of the organization across the Bank, and gather the momentum for our reform and development.

To become a world-class bank in the new era, we shall strengthen Party leadership and Party building, and ensure full and strict governance over the Party so as to drive full and strict governance over the Bank. We shall continuously improve our governance system, enhance our governance ability, and hence provide strong impetus and strategic support for the building of a world-class bank in the new era.

Culture is the soul of an enterprise and the most profound force that pushes its development. On the way to becoming a world-class bank in the new era, we shall advocate the value of "Responsibility, Honesty, Professionalism, Innovation, Prudence, Performance", carry forward our centenary culture, and forge the values and code of conduct for our employees in the new era.

2018 is the first year for the full implementation of the guiding principles of the 19th National Congress of the Communist Party of China, and also a crucial year for the comprehensive building of a well-off society. BOC will keep its mission in mind and consciously integrate its own development into the career of serving the country's overall development and the people's livelihood. In addition, we will serve the real economy with more specialized financial products, repay shareholders with more stable performance, support public welfare and contribute to the society with more sustained resource input, and make greater contribution to the new journey of the Bank in the new era.

Chen Siqing

Chairman of Bank of China

About BOC

Bank of China is the Bank with the longest continuous operation among Chinese banks. The Bank was formally established in February 1912 following the approval of Dr. Sun Yat-sen. 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 rose to a leading position in the Chinese financial industry and developed a good standing in the international financial community, despite many hardships and setbacks. 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 by its offering of international trade settlement, overseas fund transfer and other non-trade foreign exchange services. During China's reform and opening up period, the Bank seized the historic opportunity presented by the government's strategy of capitalising on foreign funds and advanced technologies to boost economic development, and became the country's key foreign financing channel by building up its competitive advantages in foreign exchange business. 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 Chinese commercial bank to launch an A-Share and H-Share initial public offering and achieve a dual listing in both markets. In 2017, 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 seven consecutive years. Having served the Beijing 2008 Olympic Games, the Bank became the official banking partner of the Beijing 2022 Olympic and Paralympic Winter Games in 2017, thus making it the only bank in China serving two Olympic Games.

As China's most globalised and integrated bank, Bank of China has a well-established global service network with institutions set up in the Chinese mainland as well as 54 countries and regions. 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. BOCHK and the Macau Branch serve as local note-issuing banks in their respective markets.

Bank of China has upheld the spirit of "pursuing excellence" throughout its history of over one century. With adoration of the nation and the people 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 within the industry and by its customers. In face of the period of historic opportunities for great achievements, as a large state-owned commercial bank, the Bank will follow Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully implement the spirit of the 19th National Congress of the Communist Party of China, 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 in developing a modernised economy and to the efforts to realise the Chinese Dream of national rejuvenation and the aspirations of the people to live a better life.

Achievements

Economic Performance

Indicator	2017	2016	2015
Total assets (RMB million)	19,467,424	18,148,889	16,815,597
Operating income (RMB million)	483,278	483,630	474,321
Non-performing loan ratio (%)	1.45	1.46	1.43
Capital adequacy ratio (%)	14.19	14.28	14.06
Profit for the year (RMB million)	184,986	184,051	179,417
Income tax (RMB million)	37,917	38,361	52,154
Capital and reserves attributable to equity holders of the Bank (RMB million)	1,496,016	1,411,682	1,304,946
Micro and small-sized enterprise loan balance (RMB million)	1,457,804	1,284,900	1,145,714
Balance of government-sponsored student loans1 (RMB million)	2,965	3,348	3,749

Social Performance

Indicator	2017	2016	2015
Headcount	311,133	308,900	310,042
Percentage of female employees (%)	57.05	56.94	56.80
Employee satisfaction ratio (%)	79	80	79
Customer satisfaction ratio (%)	94.7	92.6	92.9
Donations2 (RMB million)	64	61	59
Social contribution per share3 (RMB)	1.73	1.71	1.81

Environmental Performance

Indicator	2017	2016	2015
Balance of green credits (RMB million)	538,799	467,342	412,315

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

3. 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 Awards and Honors

4th in Top 1000 World Banks
5th in Top 500 Global Banking Brands
The Banker

42nd in Global 500
FORTUNE

8th in Global 2000
Forbes

12th in Top 200 Brands
Hurun Research Institute

13th in BrandZ Top 100 Most Valuable Chinese Brands
WPP Group

Best International Bank
Global Finance

Best Regional Cash Manager in Asia
Euromoney

Best Overall Chinese Bank for BRI
Asiamoney

Best Bond Adviser (Global)
The Asset

Gold Award in the overall category of the 2016 Annual Report Competition
League of American Communications Professionals

Awards and Honors

Domestic Awards and Honors

First Prize for Banking Technology Development

People's Bank of China

Outstanding Mobile Banking Award

JRJ.com

Best Global Cash Manager

Treasury China

Best Board of Directors

Dongshiju.com

Best Employers for University Students — Best Employer in Financial Industry

ChinaHR

Most Socially Responsible Financial Institution

China Banking Association

Most Socially Responsible Bank

Sina.com

Socially Responsible Enterprise of the Year

Southern Weekly

People's Choice Award

CYOL.com

Social Responsibility Practice Award

China Next Generation Education Fund

Strategy and Management

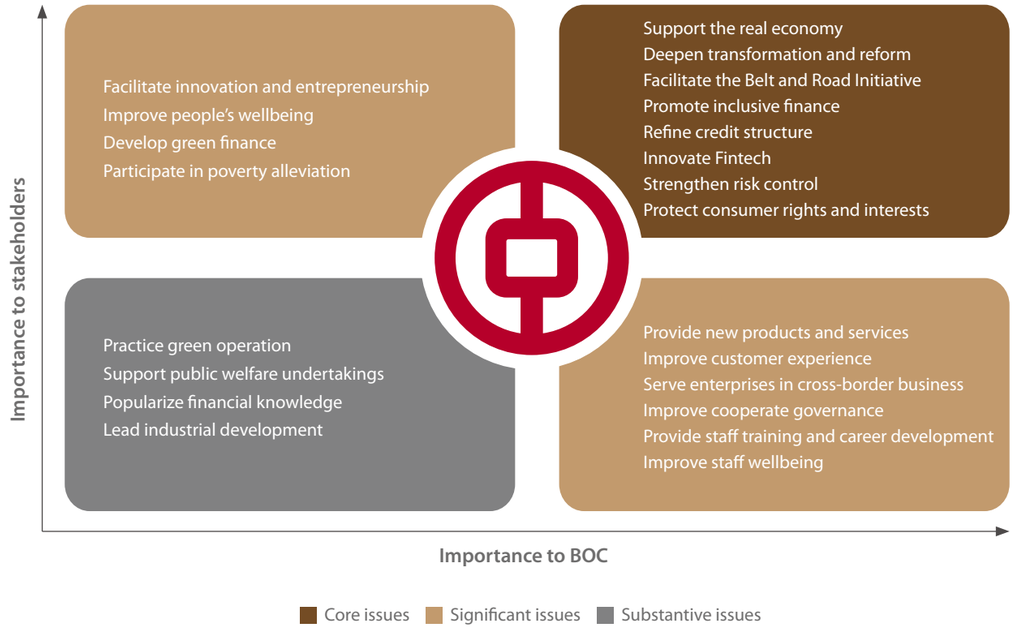
Philosophy

Strategic goal: Build a world-class bank in the new era

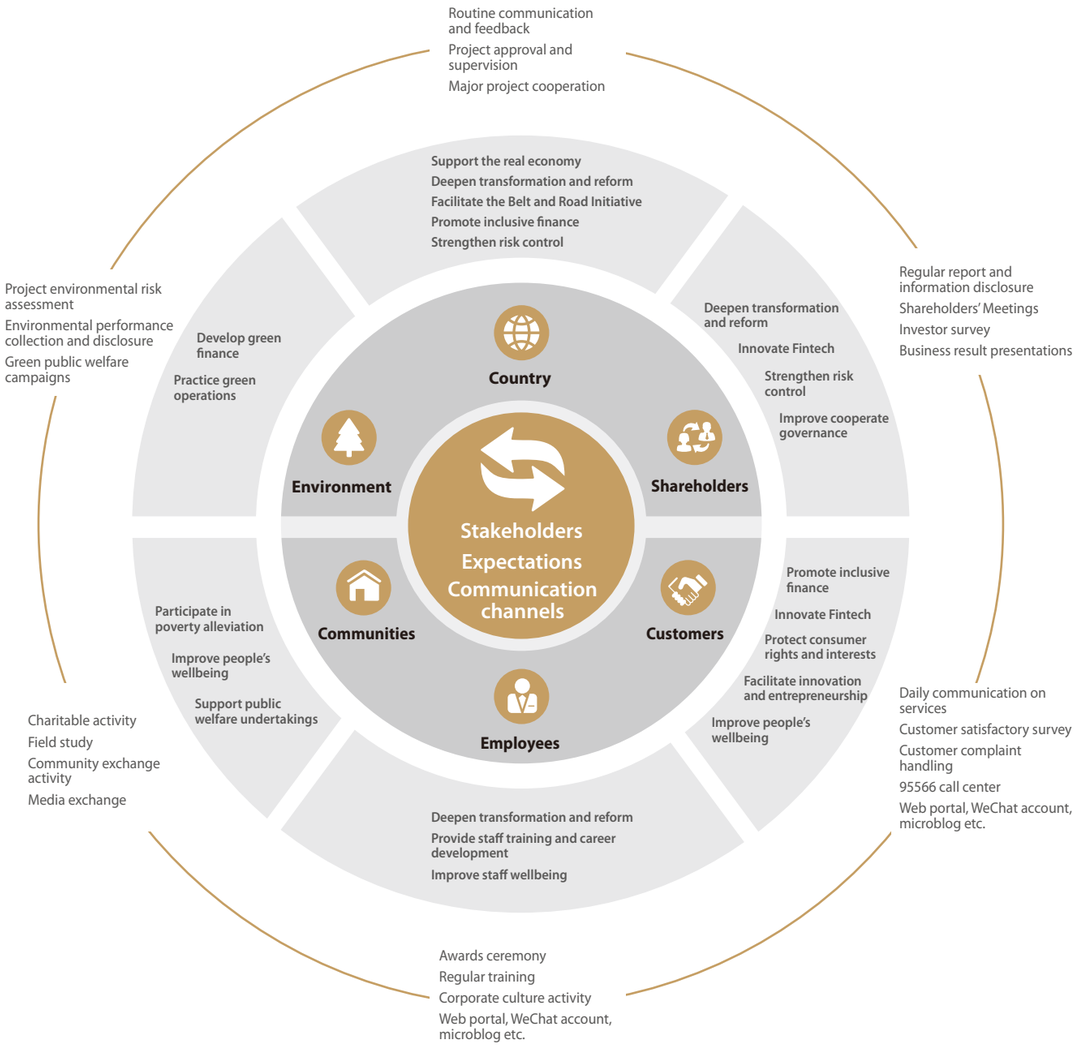
Values: Responsibility, Integrity, Professionalism, Innovation, Prudence, Performance

Management

According to the operation and development strategies of the Group, industrial hot spots and trend and the standards and requirements of sustainable development, BOC evaluated various aspects of sustainable development in a systematic and comprehensive manner to sort out and set 22 material issues. 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 "importance to stakeholders".



Stakeholder Engagement



01
Supporting National Strategies to Boost the Real Economy

Feature

Deepening the construction of Belt and Road financial artery

As the most internationalized Chinese bank, BOC actively responded to the Belt and Road Initiative by continuously improving the institutional network layout in the countries along the Belt and Road, expanded comprehensive and specialized financial products and services, and promoted the RMB internationalization business in countries along the Belt and Road, so as to become a truck line, major channel and artery for the financing business under the Belt and Road Initiative. It gave full support to the construction of major Belt and Road projects, helped enterprises to "go global" and "attract foreign investment", provided assistance for the development of local enterprises, and deepened the communication and cooperation with the countries along the Belt and Road, aiming to render a full range of services for the economic construction and industrial development in these countries.

As of the end of 2017, over 500 major projects regarding the Belt and Road were followed up by BOC, with the total investment of about USD450 billion and intentional credit support of over USD105 billion. From 2015 to 2017, various types of credit business towards the countries along the Belt and Road were completed, with the amount of about USD100 billion.

Optimizing institutional layout

• BOC's overseas institutions have covered 54 countries and regions, including 23 countries along the Belt and Road

• BOC takes full advantage of BOCHK's expertise in human resources, products and systems to promote the restructuring of ASEAN institutions and support the regional development of BOCHK

Innovating business mode

• BOC initiated a 3-year loan project with the amount of USD300 million for the Ministry of Finance of Pakistan, to assist Hungary in issuing the first sovereign Panda bond, hence creating a new mode of cooperation with sovereignty agencies in the countries along the Belt and Road

• The bonds with the theme of Belt and Road were issued several times by way of "multi-agency, multi-currency and multiproduct", to boost the construction of Belt and Road by raising global funds

Shoring up major projects

• BOC supported major "Going Global" projects such as the China- Laos Railway and the Jakarta-Bandung High-speed Railway Project; it also supported a number of major infrastructure projects overseas, such as investing in and undertaking the Attarat oil shale-fuelled power plant in Jordan and the Egypt state grid update and reconstruction, the first project launched under the China-Egypt Production Capacity Cooperation Framework

Bolstering business development

• BOC provides a wide range of financial products and services and tries to become the first choice of "Going Global" companies under the Belt and Road Initiative; by exerting its advantages in the risk management, BOC aims to provide escort for the "Going Global" and "Bringing in" of local enterprises and Chinese enterprises

Promoting exchange and cooperation

• Unofficial exchange trainings were carried out. Following Cambodia and the Philippines, the Bank held the Belt and Road international financial exchange and cooperation seminars successively for the Pacific island countries and four Latin American countries in 2017

Expanding institutional layout, and enriching trading products

In 2017, BOC successively established new branches in Serbia, Angola, Ireland, Pakistan and Qatar. Among them, the branches of Serbia, Pakistan and Qatar are located along the Belt and Road.

The Bank actively expanded its emerging market currency products by adding currency quotations for 13 emerging markets including Ghana Cedi, Sri Lankan Rupee and Bangladeshi Taka; hence, the number of non-renminbi currencies with quotations has reached 61, including 50 emerging market currencies and covering 28 countries and regions along the Belt and Road.

Assisting Hungary to issue the first sovereign Panda bond

In July 2017, BOC, as a co-lead underwriter and lead book runner, assisted Hungary to successfully issue RMB1 billion of bond (i.e. "Panda bond") in China's interbank bond market. This is the first time for Hungary to issue a RMB bond in China's interbank bond market; also, it is the first sovereign Panda bond earmarked for the cooperation under the Belt and Road Initiative. The bond has been subscribed by overseas investors actively, with the subscription size amounting to RMB1.96 billion.

Providing support for the construction of China-Laos Railway

The China-Laos Railway Project is the first overseas railway project under the Belt and Road Initiative, which is primarily invested in, constructed and operated by Chinese enterprise and directly connected to China's railway network. The entire railway conforms to Chinese technical standards, with the use of China-made equipment. The total length of the railway is 418 kilometers, the designed speed is 160 kilometers per hour, and the total investment is about RMB40 billion. It is estimated that the railway will be completed and opened to traffic in 2020. After the completion of the Project, it will greatly boost the economic and social development of Laos and improve the efficiency and level of local transportation.

During the construction of the Project, the branches of BOC in Beijing, Hunan and Sichuan provided a total of RMB1.63 billion performance guarantees for such companies as Sinohydro Corporation, Power Construction Corporation of China, China Railway No. 5 Group, China Railway No. 2 Group and China Railway No. 8 Group. And the prepayment guarantees issued for these companies totalled RMB297 million, thus effectively guaranteeing the smooth construction of China-Laos Railway Project.

Leading the Syndicated Loan Project of State Oil Company of Azerbaijan

Luxembourg Branch of BOC led the formation of a USD1.3 billion syndicated loan for Turkish oil and gas of State Oil Company of Azerbaijan as a lead bank and book runner. Luxembourg Branch participated in a tranche of USD500 million, which was used in full amount for the "Trans-Anatolia Natural Gas Pipeline" Project of State Oil Company of Azerbaijan.

1.1 Building an open economy

BOC gave full play to its collaborative advantages at home and abroad, continuously facilitated overseas business development, strengthened the global integrated operating capability by focusing on financing business, and kept strengthening its position as the main channel for cross-border RMB circulation. It also shored up the construction of free trade zones, provided services for the cross-border trade and investment of enterprises, and expanded personal cross-border RMB business, for the purpose of helping the country to build a new pattern of all-around opening up.

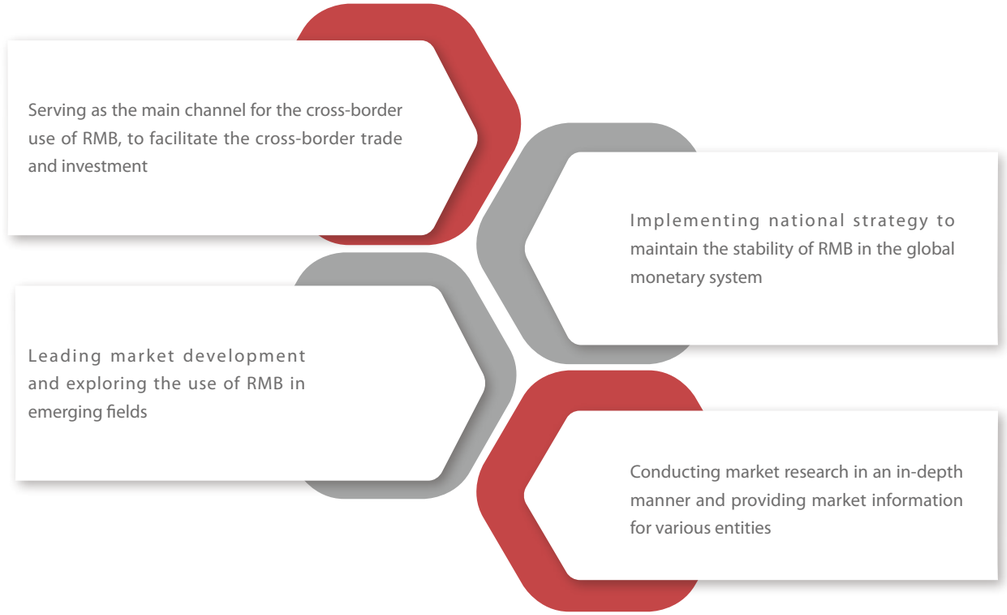
1.1.1 Promoting RMB internationalization

BOC continuously consolidated its position as the main channel for cross-border RMB circulation, provided services for the cross-border trade and investment of enterprises, and led the innovation of RMB internationalization products and services, to boost the function of RMB as an international currency and steadily raise the international status of RMB.

As of the end of 2017, the cross-border RMB clearing network of BOC covered the whole world. The Bank had 11 seats among 23 clearing banks designated by the People's Bank of China, and completed RMB349.68 trillion of cross-border RMB clearing transactions, with the settlement amount of RMB3.83 trillion, maintaining its first place in the world. As the lead underwriter, BOC assisted 12 issuers, including overseas sovereign and quasi-sovereign institutions, overseas non-financial enterprises and overseas financial institutions, to issue Panda bonds in the interbank market, with a total size of RMB37 billion.

Holding a seminar on Belt and Road international financial exchange and cooperation for four Latin American countries

On November 15, 2017, BOC held a seminar on Belt and Road international financial communication and cooperation for four Latin America countries. Senior financial officials from Panama, Ecuador, Costa Rica and Colombia as well as executives from large enterprises and financial institutions attended the seminar. Such interactive exchange and comprehensive understanding of the Belt and Road Initiative have laid a sound foundation for further cooperation.



Obtaining the qualification as one of the first crude oil futures margin depository banks

Shanghai International Energy Exchange Center, a wholly-owned subsidiary of Shanghai Futures Exchange, was established in the free trade zone in November 2013. Following the signing of strategic cooperation agreement with it in 2014, BOC obtained the qualification as the domestic futures margin depository bank of the Shanghai International Energy Exchange Center in May 2017 and became one of the first commercial banks to provide crude oil futures margin depository services to domestic members and customers.

Sharing the research results on RMB internationalization

BOC regularly releases the BOC Cross-border RMB Index (BCRI) and BOC Offshore RMB Index (ORI), and conducts research on global customers. It has compiled the White Paper on RMB Internationalization, to timely track the progress of RMB internationalization from the perspectives of customers and market. In 2017, about 70% of the respondents surveyed, in the BOC's research on 3,134 industrial and commercial enterprises and 118 financial institutions in 25 countries and regions, indicated that they were interested in participating in offshore or onshore RMB financial markets, an increase of 9 percentage points compared with the previous year.

1.1.2 Supporting the construction of free trade zones

The free trade zone is China's experimental field of opening up to the outside world and also an important channel for enterprises to go global. In April 2017, the third batch of free trade zones was approved, combining with the rest to form a "1 + 3 + 7" pattern nationwide. As a "forerunner" of free trade zone construction, BOC actively participates in the innovation of free trade zone system and gives full support to the free trade zone reform by relying on the close collaboration of the Head Office, branches, domestic and overseas institutions and diversified platforms.

Supporting Shanghai Free Trade Zone to play a bridgehead role

In early 2017, the State Council promulgated the Plan on Comprehensively Deepening the Reform and Opening-up of China (Shanghai) Pilot Free Trade Zone. As the first free trade zone in China, Shanghai Free Trade Zone will continue to play the bridgehead role in the national free trade zone. In the past four years, BOC made concerted efforts to allocate resources both at home and abroad and continuously increased its support for the construction of Shanghai Free Trade Zone. As of the end of 2017, Shanghai Branch of BOC opened more than 15,000 free trade accounts and granted RMB13 billion of cross-border RMB loans. It has provided integrated financial services to the world's top 500 enterprises, and helped thousands of enterprises to develop rapidly in the free trade zone.

Dalian Free Trade Zone Sub-branch took the lead in opening for business

On April 10, 2017, the Free Trade Zone Sub-branch of BOC Dalian Branch was established, becoming the first financial institution with business license and financial license that opens for business in the zone. On the opening day, the Sub-branch signed strategic cooperation agreements with 10 major customers in respect of the business operation in the free trade zone, and handled 45 transactions for the first time for nearly 30 enterprises, with the amount of nearly RMB700 million (equivalent), covering more than 20 kinds of products, such as cross-border settlement, cross-border guarantee, capital pool in domestic and foreign currencies, and option portfolio.

1.1.3 Providing services for cross-border development of enterprises

Relying on the advantages of integrated development both at home and abroad, BOC continuously expanded cross-border and overseas RMB products. It worked out individualized and specialized service solutions for different types of enterprises, to support their cross-border trade and investment.

As of the end of 2017, BOC supported about a total of 4,205 "Going Global" projects of Chinese-funded enterprises, with the offered loan commitments of over USD280.5 billion. Among them, the contracted overseas M&A loans reached USD91 billion, and the contracted overseas business loans amounted to USD173.3 billion.

Jointly sponsoring the "Guo Xin Guo Tong" Fund, to prop up the overseas development of Chinese-funded enterprises

BOC participated in the "Guo Xin Guo Tong" Equity Investment Fund sponsored and established by CNIC Corporation Limited, a sovereign investment institution in China, under the leadership of State-owned Assets Supervision and Administration Commission of the State Council. The Fund, with a size of RMB150 billion, is mainly used to support the participation of Chinese enterprises in the Belt and Road construction, "Going Global" of advantageous industries and international investment and M&A. With the Fund as an investment platform, BOC can make the best use of advantageous resources at home and abroad to meet all-round financial needs of customers.

- Participating in international capacity cooperation and major international engineering contracting projects, so as to drive the export of domestic equipment and related ancillary products, and promote enterprises to cut overcapacity and reduce excess inventory

- Participating in international mergers and acquisitions in the high-end manufacturing field, and making investment in and building factories in China, to realize high-tech application, promote domestic industry's transformation and upgrading, and push enterprises to make up for shortcomings

- Participating in the "Going Global" of China's advantageous industries such as high-speed railway, nuclear power, UHV and 4G communications

- Participating in overseas investment and M&A of central SOEs and large local state-owned enterprises

Upgrading cross-border financial service solutions for enterprises

In 2017, Guangdong Branch of BOC issued the Cross-border Financial Service Solutions for Enterprises (Version 2.0), focusing on "three connections", and aiming to provide enterprises with more efficient cross-border financial services with better quality.

• Domestic and overseas connection. Domestic and overseas markets, resources and rules are unitized in a planned manner, to help enterprises reduce financing cost

• On-balance sheet and off-balance sheet connection. Enterprises can be helped to broaden financing channels and optimize asset allocation

• Online and offline connection. The Bank has launched cross-border integrated RMB E-commerce services, Guangdong-Hong Kong E-Check and BOC E-Certificate, to enhance the effectiveness of business operations

In 2017, Guangdong Branch of BOC accumulatively settled cross-border RMB business of RMB366,123 million, and more than 551 customers in Guangdong Free Trade Zone were provided featured cross-border financial services including settlement and lending, with the amount exceeding RMB120 billion.

Supporting Midea Group to acquire KUKA Group

In early 2017, Midea Group, a leading household appliance enterprise in China, completed its tender offer for German KUKA Group, one of the world's top four robot manufacturers, with a transaction value of over EUR3.7 billion. BOC, as the lead arranger, global coordinating bank and text agency, took the lead in organizing the syndicated loans and completed syndicated over-subscription, contract signing and full-amount disbarment in a short period of time, and undertook a tranche of EUR787 million.

1.1.4 Providing services for personal cross-border consumption

BOC launched a featured product, i.e. "BOC Outbound Financial Services", to provide cross-border customers with convenient and thoughtful one-stop financial services. The Bank has actively optimized its global capital account management service for mobile banking and experimentally launched online reservation service for personal foreign currency cash in electronic channels.

Introducing the "BOC-GPI" product

In August 2017, BOC mobile banking introduced the global remittance service of BOC-GPI. Customers can enjoy intelligent services including preferential treatment, follow-up feedback and cost transparency in the foreign currency remittance with more than 10 currencies such as USD, EUR, GBP and AUD; besides, transaction information can be obtained on a real-time basis.

1.2 Supporting coordinated regional development

BOC actively responded to the national strategy of regional development and strongly shored up the development of key strategic areas such as Beijing-Tianjin-Hebei, Xiongan New Area, the Yangtze Economic Belt, and Guangdong-Hong Kong-Macau Greater Bay Area. It sped up the innovation of financial products and services, and built a cooperation platform and supported the construction of key regional projects based on the financial service demand in all regions, so as to facilitate regional economic development and people's livelihood improvement.

1.2.1 Coordinated development of the Beijing-Tianjin-Hebei region

With the focus on easing the non-capital function of Beijing, more resources have been input to boost up the sub-center construction in Beijing and key fields including industry and transportation in Beijing, Tianjin and Hebei, for the purpose of propelling inter-regional connectivity and industrial integration. A collaborative marketing and project connection mechanism has been established to share information on industrial layout adjustment, industrial gathering and migration etc. and serve the industrial transfer. Emphasis is laid on supporting sectors such sports, tourism, real estate and environmental protection which are closely related to the 2022 Beijing-Zhangjiakou Olympic and Winter Games, so as to support the development of the winter sports industry and serve the winter games.

As of the end of 2017, BOC had supported 418 Beijing-Tianjin-Hebei coordinated development projects, with the loan balance of RMB277.2 billion. A total of 241 projects were put into operation during the year, amounting to RMB119.6 billion.

Rendering full support to the Beijing-Tianjin-Hebei Integrated Transport Project

Tangshan Branch of BOC regards the construction of traffic network as a key area for financial support and actively facilitates the interconnection of Beijing, Tianjin and Hebei by providing specialized financial service solutions for key Beijing-Tianjin-Hebei transport projects. As of the end of 2017, the Branch granted loans of RMB194 million for the Niezhuang-Donggang Line II Railway Project, RMB320 million for the Tang Cao Railway Project (Tangshan-Caofeidian) and RMB200 million for the Chengde Section of Chengzhang Expressway.

1.2.2 Construction of Xiongan New Area

BOC established a decision-making committee for the Xiongan New Area. Major issues involving the new area were submitted directly to the committee for deliberation. To precisely meet the needs of Xiongan New Area, the Bank actively participated in the strategy of "Digital Xiongan" in line with the innovative financing modes of local government including real estate financing, industrial financing and green financing. It supported the construction of smart city and smart banking by adopting the blockchain technology. In addition, the Bank built a bridge for international cooperation to contribute financial strength to Xiongan New Area.

As of the end of 2017, BOC had achieved full outlet coverage of three counties in the Xiongan New Area, contracted 306 service points in 557 natural villages of Xiongan to help farmers and was formally approved the preparatory establishment of Xiongan Branch in Hebei Province.

Assisting the Xiongan New Area to complete the payment of the first compensation

On September 9, 2017, a high display screen was erected at the gate of Rongcheng County Mazhuang Village Committee, indicating that the first temporary land occupation compensation agreement of Xiongan New Area would be signed there. Villager Jiang Junming pressed his fingerprint on the agreement and completed the "first signing" between the Xiongan New Area and the local people. BOC staff handled a bank card for him on the site and transferred the compensation to his personal bank card.

In 2017, BOC rendered services in response to the construction and service needs of the Xiongan New Area. In just a few months, it became the first bank stationed in the new area, paid the first compensation as the agent of the new area and rendered a special loan of RMB22 billion for the relocation compensation.

1.2.3 Development of the Yangtze Economic Belt

Guided by the Outline for the Development Plan of the Yangtze Economic Belt, he Joint Working Group on Business Expansion of the Yangtze Economic Belt was established to promote the allocation of credit resources among branches in the region and set up a customer-list management system focused on the construction of an integrated three-dimensional traffic corridor, innovation-driven industrial restructuring, restoration of the Yangtze River's ecological environment, and new urbanization so as to jointly contribute to the construction of the Yangtze Economic Belt.

As of the end of 2017, BOC had provided RMB66.38 billion in credit for "Yangtze Economic Belt" projects in 11 provinces and municipalities along the Yangtze River, with an increase of RMB26.84 billion in credit balance during the year.

Signing a comprehensive strategic cooperation agreement of RMB120 billion with the Wuhan Municipal Government

In September 2017, Hubei Provincial Branch of BOC signed a comprehensive strategic cooperation agreement with the Wuhan Municipal Government, intending to provide no less than RMB120 billion of financial support to Wuhan in the next five years, for the purpose of supporting the construction of a modern, international and ecologically-oriented Wuhan and helping Wuhan play a central role in the construction of the Yangtze Economic Belt.

1.2.4 Construction of Guangdong-Hong Kong-Macau Greater Bay Area

In line with the state's Framework Agreement on Deepening Guangdong-Hong Kong-Macau Cooperation to Promote the Construction of Greater Bay Area, BOC established an organization mechanism to support the development of the Guangdong-Hong Kong-Macau Greater Bay Area, and established the Guangdong-Hong Kong-Macau Collaborative Development Committee consisting of major business executives of the Head Office and BOC institutions in Guangdong, Hong Kong, and Macau to promote the business cooperation among institutions in this area, push forward the interconnectivity of integrated customer services and information systems in different regions, prioritize city interconnectivity, and support regional industrial upgrading and transfer, thus boosting the development of the Guangdong-Hong Kong-Macau Greater Bay Area.

Supporting the construction of Hong Kong-Zhuhai-Macau Bridge Project

In 2017, the main part of Hong Kong-Zhuhai-Macau Bridge Project, which attracted worldwide attention, was completed with Hong Kong to the east and Zhuhai and Macau to the west. The Hong Kong-Zhuhai-Macau Bridge, with a span of 55 km, is the longest cross-sea bridge in the world and one of the most complex projects with the highest construction requirements and standards in China's transportation history.

In 2009, Guangdong Provincial Branch of BOC established a cooperative relationship with Hong Kong-Zhuhai-Macau Bridge Administration as the only lead bank and agent bank for the syndicate of Hong Kong-Zhuhai-Macau Main Bridge, to give full play to its professional advantages in cross-border business and provide sufficient low-cost funds by collaborating with domestic and overseas institutions. As of the end of 2017, the Hong Kong-Zhuhai- Macau Bridge Administration had accumulatively drawn RMB20,524 million from syndicated loans, of which RMB10,506 million was drawn from BOC, accounting for more than 51%.

Promoting the interoperability of financial services between Guangdong, Hong Kong and Macau

In line with the policies promulgated by the Hong Kong Monetary Authority, Hong Kong Interbank Clearing Limited and regulators in Guangdong and Shenzhen, BOCHK launched some cross-border convenience services including "Hong Kong-Guangdong Cross-Border E-Billing and Payment Service", "Shenzhen-Hong Kong Cross-border Tax Payment with RMB Electronic Checks", "Guangdong-Hong Kong Commercial Registration Bank- Government Connect" and "BOC Commercial Services Guangdong-Hong Kong Connect", to optimize the interoperability of financial infrastructure in the Guangdong-Hong Kong-Macau Greater Bay Area, and sustain the financial interconnectivity between Hong Kong and the Mainland.

1.3 Promoting economic restructuring and upgrading

BOC closely followed the national strategy and macroeconomic policies, gave full support to the supply-side structural reform, actively expanded key industries and fields such as advanced manufacturing, modern services and infrastructure, and strengthened the support for light-cycle industries and strategic emerging industries. It reduced the loans to overcapacity industries, facilitated the optimization and upgrading of traditional industries, and promoted the development of new economic and business forms, to prop up high-quality development of the real economy.

1.3.1 Improving the allocation of credit resources

BOC also formulated the guidelines on asset portfolio management plans and industrial credit allocation, to effectively guide the credit allocation to industries, continuously optimize credit structure and reduce credit input in key overcapacity industries under control. In this way, priority can be given to the directions and fields that are in line with the national policies and BOC's development strategies in the allocation of credit resources.

Overcapacity cut
Deleveraging
Reduction of excess inventory

• Accelerating the withdrawal of loans from inefficient sectors to prevent potential risks in the sectors with excess capacity such as the coal sector

• Resolutely withdrawing loans from "zombie enterprises" and prohibiting new exposure to such enterprises

• Reducing the loans to some low-end manufacturing industries, wholesale and retail industries with traditional business model, mining industry and industries with severe overcapacity, and preventing industry risks from spreading between upstream and downstream industry chains

Mitigation of real estate bubble

• Implementing the strategy of "strict gross control and differential treatment", and applying differential management to regions, customers and projects

• Actively supporting credit allocation in the areas such as shantytown reconstruction and urbanization that are in line with the national strategy, and controlling the size of development loans in the areas with high inventories

1.3.2 Shoring up the transformation of traditional industries

By adhering to the principle of "guarantee with reduction, and classified implementation of policies", BOC accelerated the optimization of customer structure and product structure, firmly withdrew from the enterprises with backward capacity and "zombie enterprises", and required that new loans could not be granted to new capacity projects. The Bank supported the technical transformation projects meeting the requirements on "energy conservation, environmental protection and recycling economy" and the projects with replacement of backward capacity; besides, it provided integrated services for the M&A and restructuring of advantageous enterprises, integration of excess capacity, transformation and change of the line of production, structural adjustment of products, technological transformation and international capacity cooperation.

Supporting centrally-administered enterprises to accelerate industrial restructuring

China Minmetals Corporation is a large enterprise group mainly engaged in the development, production, trading and integrated services of metals and mineral products. In 2016, China Metallurgical Group was merged into China Minmetals Corporation. After the reorganization, China Minmetals Corporation commenced diversified transformation, with emerging industries such as infrastructure and new urbanization, comprehensive real estate development and financial services as key areas.

In 2017, BOC successively supported some industrial transformation projects undertaken by China Minmetals Corporation, including the Underground Pipe Gallery Project in Gansu Lanzhou New Area, High-Speed PPP Project in Guizhou, "Qinghai Shenji Financial Plaza" Real Estate Project, Zhumadian Water Project and Wuxi Waste Incineration Power Generation BOT Project, and a total of RMB5.82 billion of credit funds were provided.

1.3.3 Supporting strategic emerging industries

In line with relevant industrial policies under the new situation in the country and the action plans such as the "Made in China 2025", "internet +" and "planning for a new generation of artificial intelligence", BOC enhanced support to strategic emerging industries to advance the improvement of industrial structure and the innovation-driven development. Grasping the opportunity of advanced manufacturing development, BOC focused on supporting aerospace, rail transport, power equipment, new materials, the new generation of information technology industry, bio-medicine and high-performance medical equipment. It also actively supported the deep integration of the internet, big data and artificial intelligence with traditional industries.

As of the end of 2017, the balance of loans granted by BOC to strategic emerging industries stood at RMB493.1 billion, a year-on-year increase of 10.96%, which accounted for 9.67% of total corporate credit balance.

Key areas for support

Supporting Chinese new energy companies to expand international market

Contemporary Amperex Technology Co., Ltd. is mainly engaged in the production and R&D of lithium batteries. The company has an annual output value of RMB10 billion, ranking third in the global market. Its rapid development and the need for global strategic layout have led to strong demand for financial services, especially overseas financial services. Therefore, Ningde Branch of BOC actively collaborated with Fujian Branch, the Head Office and relevant overseas branches to tailor-make an overall financial service plan for the company. By the end of 2017, BOC had approved a total credit line of RMB750 million for the company and accumulatively issued bank acceptance bills of RMB450 million and import L/C of RMB150 million; besides, the Bank handled bill discounting business of RMB500 million and foreign exchange purchase and payment business of RMB100 million for the company.

02
Building a Digital Bank by Adhering to Technology

Feature

BOC mobile banking always accompanies you

By adhering to technology-led development, BOC strives to build its mobile banking system into a comprehensive financial mobile portal. BOC mobile banking client fully integrates life, cross-border and investment service scenarios to address customers' urgent financial needs. By using mobile connection, artificial intelligence, biometrics and other new technologies in an in-depth manner, BOC can provide customers with one-stop online financial services and help customers get more convenient, efficient, safe and reliable mobile financial services, so as to achieve "Going global and sharing all with a mobile phone".

As of the end of 2017, the number of mobile banking customers of BOC reached 115 million, an increase of 22.17% compared with the previous year; both the number of customers and the amount of transactions increased by more than 60% year on year.

Improving functions and services

BOC also formulated the guidelines on asset portfolio management plans and industrial credit allocation, to effectively guide the credit allocation to industries, continuously optimize credit structure and reduce credit input in key overcapacity industries under control. In this way, priority can be given to the directions and fields that are in line with the national policies and BOC's development strategies in the allocation of credit resources.

Abundant functions

• BOC's mobile banking system has four channels of "Homepage, Investment, Life, and Mine" as well as three special sections of "Asset Management, Cross-border Finance and Consumer Finance", to provide customers with a full range of services based on "user + scene integration".

Featured services

• BOC has introduced a special section for cross-border finance and established a cross-border closed-loop ecosystem integrating products and services, to provide personal foreign currency cash reservation service, connect online and offline business processes, and meet the urgent demand of domestic customers for foreign currency exchange in foreign countries

• BOC has launched the "GPI" global remittance service. A global remittance could be credited to account within 2 minutes, so that a customer can know the whole process of remittance on a real-time basis

• BOC provides integrated cross-border services such as unified global account management, cross-border QR code payment, visa application and refund processing

Customized services

• BOC has realized the customization of functions, market quotations and products. According to customer preferences, the quotations of precious metals and foreign exchange can be customized, and webpage can also be customized in line with customer habits

• BOC recommends intelligent investment and wealth management product portfolios on a pilot basis, to realize customized wealth management services in the mobile banking system

Online and offline integration services

If a customer needs to handle business at the outlet of BOC, mobile banking can seamlessly connect services through online and offline integration. Before going to the outlet, the customer can make a reservation in the mobile banking system, and then arrive at the outlet at the reserved time, to enjoy the convenience of priority service, without queuing for a long time. If a customer is in urgent need of cash and does not carry his/her bank card, the customer can use mobile banking client to scan the ATM QR code, and then he/she can follow the instructions to select account, enter amount and password to withdraw cash.

Supporting the development of inclusive finance

By relying on mobile banking system, BOC is the first bank in the banking sector to launch the full-process online services for the state-sponsored student loans; it has also introduced the "Youth E-loan" product, offering convenient, fast and reasonably priced online lending services for students, to meet their microcredit needs.

Innovating technological application

BOC actively carried out the R&D and application of various technologies to promote mobile banking upgrade.

According to the 2017 Mobile Banking Review and User Experience Research Report (Nationwide Commercial Banks) published by China Financial Certification Authority (CFCA) in December 2017, BOC's mobile banking system ranked first in terms of comprehensive user experience evaluation scores.

Artificial intelligence

Based on big data analysis, intelligent services such as intelligent investment adviser, intelligent search, referral products, information and operations can be provided

QR code

Such functions as QR code-based receipt, payment and transfer are introduced in response to more financial scenes

OCR image recognition

Based on mobile phone camera and image recognition technology, card number and ID card information can be read, to reduce customer operations

Fingerprint authentication

BOC has introduced innovative fingerprint authentication service to further enhance operational convenience

Face recognition

Face recognition is applied to self-service account association, to achieve customer identification and secure transaction authentication

Constructing an intelligent risk control system for mobile banking

Using such technologies as big data, cloud computing and artificial intelligence, BOC has integrated and analysed multi-dimensional data such as transaction behaviour, to carry out proactive and real-time monitoring and disposal of high-risk transactions in the mobile banking system. At the same time, the application of biometric identification technologies including face recognition and fingerprinting as well as emerging authentication methods including SIM shield and intelligent challenge questions can provide customers with quicker and more convenient experience, on the premise of ensuring transaction security.

2.1 Deepening channel transformation

In line with the development trend of "internet +", BOC has further advanced the new service model of "internet + inclusive finance" and promoted the transformation and upgrading of outlets with the goal of transforming the outlets intelligently and creating differentiated and featured outlets, to provide customers with personalized services. Online and offline collaboration, domestic and overseas collaboration, and comprehensive collaboration have been achieved to better meet customer needs.

2.1.1 Pushing the intelligent upgrade of outlets

On the basis of continuously pushing forward the construction of online financial service channels, BOC has in recent years launched a pilot project to upgrade and reconstruct outlets intelligently through the optimization of processes, product innovation, equipment upgrade, and application of digital media and new technologies, providing customers with "one-stop" intelligent services.

As of the end of 2017, the total number of domestic outlets of BOC reached 10,674, including 8,526 outlets for the promotion of intelligent counters, to achieve the full coverage of tier-one branches.

Improving outlet layout, to enhance customer interaction

• BOC has re-adjusted the internal structure of its outlets in the order of self-service business, simple business and complex business, to re-design outlets internally and externally by different areas

• BOC fosters customers' habits of using online channels and self-service equipment to handle business, so as to create more opportunities for customers to communicate and experience

• Experience-based electronic equipment is used to strengthen customers' understanding of new banking products

Simplifying service process to improve the efficiency of services

• Intelligent counters are popularized to optimize customer service experience and improve business processing efficiency at outlets. The average operating time of each transaction by use of intelligent teller can be reduced by 5 to 10 minutes

• In addition to a few cash services such as large-value cash withdrawal and foreign currency deposit/withdrawal, most services can be completed on a self-service basis through intelligent equipment

• Staff are freed from part of the manual tasks at the counter and become available in the lobby to help customers with their needs

Promoting channel collaboration and strengthening customer care

• By seeking the combination of offline and online channels, the product and service processes are optimized, to seamlessly connect online and offline services, and reduce customers' operating procedures and trading time

2.1.2 Building specialized and featured outlets

BOC is committed to creating distinctive, differentiated, specialized and meticulous services for target customer groups. In 2017, the Bank commenced differentiated development of outlets in an all-around manner, to refine the structure of outlets and establish a service model with "flagship outlets as the example, integrated outlets as the foundation, specialized outlets as the characteristic, and light outlets as the supplement".

Specialized outlets

Based on the needs of surrounding customers, BOC built a product portfolio and marketing service model catering to customers' habits by selling specific products, serving specific customer groups and building cross-border scenarios. In 2017, BOC built 1,132 specialized outlets with consumer finance, personal loans, overseas finance, trade finance and SMEs as business features

Light outlets

Light outlets are expanded on a pilot basis in the communities, shopping malls, parks and other customer gathering areas, and customers are provided with convenient service experience by reducing lease area, streamlining staffing and simplifying cash business mode. In 2017, a total of 136 light outlets were built

Inclusive financial institutions

Inclusive financial customer groups including small and micro enterprises, "farmer, rural area and agriculture", innovation and business start-up, poverty alleviation and campus finance are regarded as key service targets, to speed up the construction of inclusive financial institutions with certain characteristics. As of the end of 2017, 255 outlets were established in 157 national-level poverty-stricken counties

Building a featured sub-branch for second-hand housing loans

Huaqiao Road Sub-branch of BOC Jiangsu Branch is located in the Xinjiekou Commercial Circle of Nanjing City, adjacent to the Nanjing Real Estate Trading Center. According to the characteristics of the location, the sub-branch is positioned as a specialized branch with the second-hand housing loans as the featured business. In order to improve service efficiency, Huaqiao Road Sub-branch added 5 professional retail loan managers and formed a core team consisting of 1 approver, 9 professional customer managers and 1 back-office management staff; due to the optimized approval process, the original one-week approval process was shortened to three working days.

At the same time, through communication with second-hand housing loan customers, Huaqiao Road Sub-branch has gradually mastered the increasing demand of customers for buying and selling houses; hence it continues to improve the maturity of housing mortgage and transfer and enhance customer satisfaction.

Door-to-door services

In October 2017, Qingyun Sub-branch of BOC Jiangxi Branch started the light-outlet reconstruction by adding intelligent counters. After improving the efficiency of outlets, customer managers can provide door-to-door services in Nanchang County and Xinjian District, receive the applications for debit cards, credit cards, online banking and mobile banking, and render more considerate and exclusive services.

2.2 Improving customer experience

BOC continuously paid attention to the changes of customer needs and provided customers with safer and more convenient financial services through technology innovation, process optimization and service upgrade, to create outstanding customer perception and experience.

2.2.1 Innovating Fintech

Driven by the wave of Fintech, BOC achieved a number of technological breakthroughs in 2017.

• BOC took the lead in piloting intelligent counter face recognition technology at four branches to assist customers in checking their identities

• BOC has innovated mobile payment products and cooperated with China Mobile to launch near-field payment products including "Quick Pass"; besides, it has taken the lead in supporting the use of NFC pay products such as Apple Pay and "swipe mobile phone" to take the subway

• In terms of mobile banking, BOC launched asset management services such as intelligent investment adviser, intelligent search and product recommendation for customers, to meet the needs of customers for asset value maintenance and increase.

Providing ATM cash withdrawal service by scanning QR code, to create new mobile banking experience

In 2017, BOC launched withdrawal service through QR code scanning on ATMs, to connect online mobile banking channel with offline ATM channel and provide mobile phone "wallet" services for customers.

With this function, a customer can select the "Cash Withdrawal by Scanning" button at any ATM machine of BOC, log into the "BOC Mobile Banking" APP, use "Scan" to scan the QR code on the ATM screen and input the amount to be withdrawn according to the phone prompt; after that, the customer can enter the withdrawal password at the ATM to withdraw cash.

2.2.2 Improving services constantly

In 2017, the manual connection rate of BOC 95566 Customer Service Center was 98.37% and the customer satisfaction rate was 98.62%. In December 2017, BOC ranked first in terms of the connection rate and service level indicators of each customer service line among 30 banks.

Listening to customers' comments

• BOC promptly and properly handles customer complaints and continuously improves the complaint management system to improve service response rate

• BOC has added the "contact customer service" option on each page of mobile banking system, to provide faster online service channels

Improving teller management

• To fully guarantee the service quality of outlets, BOC has clarified the division of duties and responsibilities for service posts, optimized staffing and sped up the supply of outlet marketing service staff

• For the purpose of strengthening staff management, BOC provides systematic trainings to outlet service staff and customer service staff by means of video training, mobile training and other platforms, to enhance their service awareness

Optimizing layout of lobby

• BOC has adjusted the layout of lobby to highlight signs, for customers to easily find corresponding functional areas without too much inquiry and guidance

• BOC has appropriately extended sales and service areas, for customers to experience new products and enjoy personalized services

2.3 Providing exclusive services

"I love being an account manager"

Zhou Chunming, 52 years old, is an account manager of Jingtang Port Sub-branch of BOC Tangshan Branch in Hebei. In 1993, he was transferred from the army to the Jingtang Port Sub-branch, where he has worked as a corporate account manager for 24 years, served more than 400 corporate customers and handled nearly RMB20 billion of credit transactions. In the past 24 years, no mistake could be found in the credit transactions handled by Zhou, no transaction was ever returned, and no NPL was detected.

"I have 24 years of work experience; the summary of my past 24 years could be described as: trying to be more efficient, working harder in the profession, and being more careful at work. I love being an account manager, and I love BOC!"

2.3.1 Serving special groups

BOC insists on providing barrier-free, customized and differentiated services for disabled customers, middle-aged and elderly customers and all kinds of customers with special difficulties and needs.

• **For disabled customers:** we provide green channels and auxiliary facilities such as accessible parking spaces, care seats and Braille keyboards at the outlets, and bring our services to the doorstep of people with severe disabilities.

• **For urban public service groups:** The "BOC Warm Corner" is set up at the outlets, to provide temporary rest place for sanitation workers, transportation coordinators, civilian police and volunteers, and render services such as drinking water, common drugs, umbrella rental and mobile phone charging.

Providing door-to-door services for hospitalized senior citizen

On August 13, 2017, Ms. Jiang, a 90-year-old woman living in Zhaoqing City, Guangdong Province, was hospitalized due to illness. However, Ms. Jiang only had an ordinary passbook account; she had no bank card, and couldn't apply to the Bank for a bank card.

Zhaoqing Branch immediately started extension services after being informed, and arranged two competent personnel to provide service in the hospital. Witnessed by doctors and customer's families, they verified the customer's identity information on the spot. After asking and confirming the customer's intention, BOC instructed her families to handle relevant formalities and successfully issued a pre-made card for the old lady.

2.3.2 Developing private banking business

In order to meet the wealth management needs of high-end customers, BOC has taken advantage of its global operations, established private banking service centers successively in Hong Kong, Macau, Singapore and London, and actively built a high-end service system, to provide customers with private, exclusive, wealth-creation and high-quality private banking services, and meet customers' needs for cross-border financial services.

In 2017, BOC was awarded the honorary titles of "Annual Wealth Management Brand Award" and "Annual Private Bank Excellence Award" for its private banking services.

2.4 Protecting customers' rights and interests

Successfully conducting the first domestic mixed property charitable trust

Many overseas Chinese from Quanzhou, Fujian Province are working hard and creating wealth in foreign countries, and meanwhile have always been deeply concerned about their hometown and enthusiastic about public welfare. Mr. Wu is one of them. For many years, he had had a sum of money entrusted with BOC, and used the proceeds to support the education in his hometown on a regular basis. As he was getting older, Mr. Wu hoped that such a good deed could be continued and inherited.

In August 2017, BOC joined forces with a trust company to establish a special work group to design and improve the trust structure and solutions according to the needs of customers like Mr. Wu. The work group innovatively adopted the "cash + financial product" model, and successfully conducted the first domestic mixed property charitable trust.

BOC carried out in-depth financial education for consumers, paid attention to the new financial trends in a timely manner and strengthened the protection of customers' rights and interests, to win trust from customers with actions.

In 2017, a total of 147,000 employees of BOC participated in the campaign of "Long March for Popularization of Financial Knowledge"; they sent 2.07 million promotional SMS and 1.36 million WeChat messages, reaching 19.54 million person-times.

2.4.1 Publicizing financial knowledge

• BOC has carried out a variety of educational publicity activities, including "Long March for Popularization of Financial Knowledge", "Financial Knowledge into Million Households", "Financial Knowledge Popularization", "Month of Combating Telecommunications Fraud" and "Week of Fintech", to enhance consumers' financial knowledge and safety consciousness

• An online library for publicity and education of consumer protection and financial knowledge has been established, to provide various promotional materials, magazines, books and lists, for all employees to download

• Business features, geographical features and publicity themes are organically combined through WeChat, SMS, and other channels, to carry out special publicity activities for consumers

• The "Financial Knowledge Publicity and Education Zone" has been set at the outlets, to post and place financial knowledge publicity and education materials and books, and fully play the role of outlets in the protection of consumer rights and the popularization of financial knowledge

Financial knowledge publicity on campus

In September 2017, Guizhou Branch of BOC came to Guizhou Provincial Economic School to carry out the activity of financial knowledge publicity on campus, hold financial knowledge seminars, demonstrate anti-counterfeit money skills in the forms of exhibition booth, physical comparison, case teaching and scenarios as well as leaflets, and explain the use of bank cards, credit card risk prevention and other related knowledge.

Financial knowledge publicity in the old revolutionary base areas

In September 2017, Hainan Branch of BOC, together with Haikou Central Sub-branch and Chengmai Sub-branch of the People's Bank of China, came to Longchang Village, Gaoshanlang County, to hold a face-to-face financial knowledge class for villagers, answer villagers' questions and teach financial knowledge.

2.4.2 Securing customers' fund safety

BOC kept strengthening financial safety trainings for employees, innovated financial security services, improved emergency response capabilities, and helped customers prevent telecommunications fraud and recover losses, to effectively protect customer information and property security. At the same time, BOC worked actively with public security units to carry out specialized campaigns to crack down on bank card crimes and telecommunications fraud to protect the rights and interests of financial consumers and jointly build a safe and stable financial environment.

• BOC actively guides employees to enhance their knowledge about financial security and improve their service awareness and sensitivity to risks, so as to enhance the identification of various telecommunications frauds and its emergency response capabilities

• The "BOC E-Credit" anti-fraud call program has been launched to provide customers with 7/24 services. In 2017, "anti-fraud" calls reached 97,442 times

• When receiving the same caller number linked to more than one customer and suspected to be a non-self call, the bank card customer service representative will promptly send "suspicious risk warning" to relevant branch and urge the latter for follow-up processing. In 2017, 3,380 sheets of suspicious risk warnings were sent

• The "Next-Generation Online Financial Event Risk Control System" has been put into use, which comprehensively uses advanced technologies such as big data, cloud computing and artificial intelligence to effectively monitor online financial services, realize the identification, warning and disposal of high-risk customers and transactions, and achieve efficient and intelligent financial risk management and control

Professional services played a major role in recovering a huge sum of money

On August 16, 2017, the commercial mailbox of one of the Bank's customers was hacked, and the customer's trade information was leaked. On September 12, the customer unknowingly remitted a large sum of money to the account of the suspect in a foreign bank. Afterwards, the trade partner said that it did not receive any payment and the customer knew that it had encountered a large cross-border cyber fraud.

On September 15, after receiving the materials submitted by the customer, the branch of BOC in Shaanxi Province immediately set up an "emergency handling group" to recover funds overnight. The group accurately worked out a recovery plan, promptly reported the case to the Head Office, and quickly contacted the representative office of the receiving foreign bank in Shanghai. Through repeated contact and communication, the foreign bank promptly controlled the capital account of fraudster. Most of the customer's cheated loan funds have been recovered.

03
Developing Inclusive Finance and Improving People's Livelihood

3.1 Supporting medium, small and micro enterprises

BOC established a three-in-one service model of "cross-border matchmaking, credit factory and investment-loan linkage", to provide professional, efficient and comprehensive financial services for medium, small and micro enterprises, and help these enterprises alleviate financing difficulties, get integrated into global fund chain, value chain and industrial chain and realize sustained and healthy development.

As of the end of 2017, BOC's balance of small and micro enterprise loans reached RMB1,457.8 billion, a year-on-year increase of 13.46%, and the Bank had 518,378 small and micro loan customers; the balance of small and medium enterprise loans stood at RMB3,196.1 billion.

3.1.1 Innovating Cross-border Matchmaking Model

In light of China's "Belt and Road" initiative, BOC took the lead in the world to initiate the BOC global SME cross-border matchmaking services, to help enterprises negotiate and contact with one another in a "one-to-one" or "one-to-many" manner, facilitate domestic SMEs to "Go Global" and "Bring in" overseas SMEs, and spark the development vitality of SMEs.

Meanwhile, BOC integrated innovative business with emerging science and technology to build and activate the "Cross-border Matchmaking GMS System for SMEs", transformed offline cross-border matchmaking into online one using modern IT, and realized full-process, automated and round-the-clock online financial services.

By the end of 2017, BOC had convened 41 SMEs cross-border matchmaking meetings in the world, which were attended by 30,000 business and political figures and over 20,000 domestic and foreign enterprises from nearly 80 countries and regions across five continents, covering such industries as high-end manufacturing, IT, electronic media, auto manufacturing, modern agriculture, education, healthcare, energy saving and environmental protection, cultural tourism, etc.

3.1.2 Upgrading Credit Factory Services

"BOC Credit Factory", a service brand specially designed for SME customers, can improve service efficiency by "end-to-end" factory-style assembly line work and specialized division of labor. According to the business characteristics and financing demands of SMEs, BOC enriched product portfolio and scheme design, providing SMEs customers with professional, efficient and comprehensive financial services.

In 2017, "BOC Credit Factory" continued to implement the green concept, support enterprises that are environmentally friendly and energy saving, focus on pollution preventive and use clean energy. At the same time, the Bank resolutely withdrew from enterprises with high pollution, high energy consumption and outdated capacity. It kept improving the credit structure and gradually transformed to such areas concerning people's livelihood as pension, education, and healthcare.

As of the end of 2017, BOC Credit Factory had financed 47,300 customers accumulatively, with a balance of credits of RMB295.6 billion.

Tackling "using new loans to repay old ones" difficulties

To effectively solve SMEs' problems of using high-cost external funds to repay bank loans and reduce their financing costs, BOC developed the "BOC Jieli Tongbao" product, allowing enterprises to repay outstanding loans with new loans of BOC, and continue to utilize BOC's loan funds. Besides, BOC developed and promoted such bank-tax cooperation products as "Tax-Loan Link", widened the channel of customer acquisition, and used big data technique to optimize small and micro enterprise credit access and approval procedures, and expanded the scope of services for the real economy.

3.1.3 Innovating in investment-loan linkage

As one of the large state-owned commercial banks first initiating investment-loan linkage, BOC conducted investment-loan linkage pilot projects widely, and further optimized the organizational framework and rules and regulations for investment-loan linkage. It worked with external investment institutions and gave full play to the force of Bank of China Investment Management Co., Ltd., BOC International Holdings Limited and other affiliated companies to support the development of growing small and medium technical enterprises.

BOC continuously optimized and innovated in "Zhongguancun Mode", innovated in business marketing, credit approval and risk management, and helped solve financing difficulties for small and medium technical enterprises with core technology and promising prospect. Furthermore, the Bank responded to market changes on its own initiative, innovated in "BOC Kedai Tongbao" and other products and services and improved product and service system for medium and small technical enterprises.

As of the end of 2017, BOC had established 64 institutions specializing in technical finance, recorded a balance of loans of RMB905 million and a balance of investment of RMB669 million under internal investment-loan linkage, and supported 40 technical innovation enterprises. Under the "Zhongguancun Mode", the balance of credits to small and medium technical enterprises reached RMB10,232 million, and the Bank had 873 credit customers; among its credit customers, 1,406 customers have been listed on the National Equities Exchange and Quotations, with total credits of RMB27.8 billion.

Building a sub-branch featuring financing to technical enterprises

Since its establishment in 2012, BOC Tian'an Technology Sub-branch in Panyu, Guangzhou, has undertaken the mission for the first pilot project of integrating technology with finance in Guangdong Province. According to the characteristics of small and medium technical enterprises such as light assets and financing difficulties, Tian'an Technology Subbranch joined forces with higher-level branches to develop innovative financing products, including intellectual property pledged loans and technical plan initiation loans, in which it has accumulated rich experience in serving technical finance. By the end of 2017, Tian'an Technology Sub-ranch had accumulatively served more than 600 small and medium technical enterprises, approved credits with amount of over RMB840 million for 83 of these customers.

Jointly releasing "Technology-Loan Link" APP

In November 2017, BOC Jiangxi Branch released "Technology-Loan Link" APP jointly with the Department of Science & Technology of Jiangxi Province and the state-level Ganjiang New Area. "Technology-Loan Link" is designed to support the real economy and small and medium technical enterprises in a way that Ganjiang New Area and the Department of Science & Technology of Jiangxi Province jointly build a risk compensation fund pool to provide services exclusively for small and medium technical enterprises. "Technology-Loan Link" provides strong support for the innovation of small and medium technical enterprises and promotes the commercialization of technical achievements.

3.2 Fueling rural vitalization

In June 2017, BOC set up the Inclusive Finance Department. So far it has established inclusive finance business sub-departments in 36 tier-1 branches and inclusive finance service centers in all tier-2 branches and sub-branches in China, and incorporated BOC Fullerton Community Bank as a promoter. More efforts have been made to strengthen financial services in rural areas, promote modern development of agriculture and give an impetus to rural vitalization.

BOC's outstanding agro-related loans increased steadily in 2017, and reached RMB1.3 trillion at the end of the year.

3.2.1 Supporting county economy

The Bank accelerated the expansion of outlets and construction of rural banks to fill in the gap of institution distribution in counties. Relying on Fintech, BOC actively developed "internet plus" inclusive finance services, enhanced innovation in county-level financial products and services, provided secure, economical and convenient modern payment services, and improved rural financial services.

By the end of 2017, BOC had established 255 outlets in 157 national-level poverty-stricken counties, with more than 10,000 agricultural service points in operation; it signed a strategic cooperation agreement with All-China Federation of Supply and Marketing Cooperatives to support the construction of GXYJ.COM e-commerce platform and drive the development of rural e-commerce.

Fueling county-level economic development

Since 2011, BOC has worked with Fullerton Financial Holdings Pte. Ltd., a subsidiary of Temasek Holdings (Private) Limited, to set up BOC Fullerton Community Bank in a batch, scale and intensive manner, and provide inclusive finance services in counties and rural areas. As of the end of 2017, BOC Fullerton Community Bank had nearly 200 outlets in 12 provinces and municipalities of China. About 78% of these outlets are located in the central and western regions of China, where financial services are relatively weak.

Due to the imperfection of credit system and lack of eligible collaterals, many county-level customers do not meet the credit standards of traditional commercial banks. In consideration of financing difficulties of county-level and rural customers, BOC Fullerton developed more than 50 credit products in 10 categories to meet credit demands of different customers in counties. Meanwhile, it expanded the scope of collaterals and granted loans to eligible customers in time, based on their operation and development.

By the end of 2017, BOC Fullerton had served more than 1.3 million county-level small and micro businesses and customers related to famers, agriculture and rural areas, including over 100,000 loan service customers; it granted credits of more than RMB60 billion in counties cumulatively, with agro-related and small and micro loans taking a major part.

Solving the problem of the "last mile" for rural financial services

A lobster farmer in Jianli County, Hubei Province contracted more than 50 mu farmland. In order to expand his farming scale, the farmer applied to BOC Fullerton Community Bank for an unsecured loan of RMB100,000. As there is no outlet of BOC in his location, he had to handle repayment formalities in a county 30 kilometers away.

To solve similar difficulties of rural customers, BOC Fullerton actively pushed forward construction of "farmer assistance service stations" and selected merchant partners or farmers in rural areas as its business agencies to install farmer assistance POS machine, cash registers, safe boxes and other facilities. With the "farmer assistance service stations", farmers can repay loans in their villages in a timely manner, and may enjoy such financial services as receipt of government subsidies, remittance and inquiry.

"Banking services have been available in remote rural areas". Such services benefit villagers remarkably.

By the end of 2017, BOC Fullerton had accumulatively set up nearly 200 "farmer assistance service stations" and deployed more than 8,600 third party POS terminals in 36 county-level rural areas in eight provinces and municipalities of China.

Signing a strategic partnership agreement with "GXYJ.COM"

In April 2017, BOC signed a strategic partnership agreement with China Supply and Marketing E-commerce Co., Ltd., to extend the reach of financial services in rural areas, build an agricultural ecosphere that integrates financial services and industrial services, and provide comprehensive and integrated financial services for GXYJ.COM, China CO-OP Group, supply and marketing cooperatives system and upstream and downstream enterprises of the industry chain, relying on the nationwide grass-root outlets of supply and marketing cooperatives and the GXYJ.COM e-commerce platform.

3.2.2 Fueling modern agriculture

BOC reasonably distributed its credit resources to boost agricultural production and the growth and development of processing enterprises, actively supported local land reclamation enterprises, and provided credits of more than RMB20 billion for Beidahuang Group, Xinjiang Production and Construction Corps, Guangdong Agribusiness Group and other land reclamation enterprises; it provided financial support for the full industry of large grain and oil processing enterprises, including procurement, warehousing, processing and distribution, boosted the agricultural industry integration and development, and provided more than RMB70 billion of credits for COFCO, Sinograin, Wilmar International Limited and other large agricultural enterprises.

In line with the market trend and changes in customer demands, BOC developed "BOC Xinnong Tongbao", "BOC Linquan Tongbao" series products to solve the difficulties of agricultural enterprises in mortgage and guarantee. BOC gave full play to its global advantages to help leading agricultural enterprises go global, introduce technologies and assets of international advanced enterprises, and improve agricultural modernization, including supporting Shuanghui Group's acquisition of Smithfield Foods and Guangdong Agribusiness Group's layout of natural rubber business in Southeast Asia.

Innovating in "BOC • Farmer Loan"

"BOC • Farmer Loan" is a loan launched by BOC for agriculture-related personal customers in 2010. Since 2017, BOC has been constantly improving innovation procedures for "BOC • Farmer Loan", and leveraged branches' understanding of local markets and customers to continuously strengthen support for leading enterprises, large producers, supply & marketing and production cooperatives and other operators in grain production areas, important agricultural production protection zones and regions with advantages in featured farm produce.

By the end of 2017, "BOC • Farmer Loan" had been launched in 28 provinces, municipalities and autonomous regions of China, accumulatively lending more than RMB40 billion to over 30 industries, such as grain, cotton, poultry, animal husbandry, nursery stock, aquaculture, edible fungus, tea and medicinal materials.

Serving agriculture, farmers and rural areas by "BOC Insurance + BOC Credit" mode

Starting with the agricultural entity loan guarantee business, BOC Insurance adopted the "BOC Insurance + BOC Credit" mode to drive agricultural development with focus on industrial property alleviation.

In 2017, BOC Insurance provided more than RMB200 million risk guarantee for farmers in 22 counties and cities of Heilongjiang Province, allowing over 5,500 farmers to enjoy insurance poverty alleviation policy and credit support in their counties and cities.

Supporting featured agriculture represented by chestnut industry

Kuancheng County of Hebei Province has a long history of cultivating chestnuts. 2017 was a bumper year for chestnuts in Kuancheng. A number of local chestnut cooperatives raised their acquisition targets, but deterred by the shortage of funds. BOC Chengde Branch in Hebei has been conducting in-depth onsite research in the chestnut fields since 2015 and has good understanding the needs of cooperatives. To support the chestnut industry, the Branch approved a credit totaling RMB25 million for chestnut cooperatives and granted credits of RMB40 million to 12 of them.

3.2.3 Building featured small towns

Construction of featured small towns is crucial for driving economic transformation and deepening balanced urban-rural development. BOC successively provided financing supports for the construction of Yuhang Dream Small Town, Lin'an Cloud Manufacturing Small Town and Anji Angel Small Town in Zhejiang Province by PPP (public-private partnership), bond, asset securitization, industrial funds and other modes. It also developed earmarked financial products for development of unique industries in featured small towns, in an effort to drive the healthy development of SMEs.

Setting up the first "BOC Featured Small Town Construction Fund" in China

In 2017, Bank of China Urban Development Fund under BOC Group Investment Co., Ltd. set up BOC Featured Small Town Construction Fund, the first fund in China that mainly invests in featured small towns. Targeting the demands of Zhejiang and other provinces for construction of small towns, the fund provides financing supports, with an initial amount of RMB10 billion. It has granted RMB600 million for construction of Luqiao Auto Small Town in Taizhou City.

3.3 Innovating in people-benefit financial services

Committed to serving the people's livelihood with financial services, BOC has enhanced innovation in people-benefit financial products and services focusing on social security, healthcare, education and agricultural assistance, and continuously improved people-benefit financial service system to provide people with convenient and flexible financial services.

3.3.1 Innovating in people-benefit service means

Social security

• Issue of social security financial IC card. By the end of 2017, BOC had issued 92.81 million social security financial IC cards in more than 200 regions and cities of China.

• It provides specialized wealth management products and services and special channels for the convenience of business handling for social security and endowment insurance customers; bearers of social security cards may enjoy such preferential services as fee reduction or exemption, consumption discounts, cash rebates, and multi-card integration.

Healthcare

• BOC cooperated with high-quality hospitals to render self-service registration, bill payment, report inquiry and other services via "Yi Da Tong" bank-hospital product.

• BOC issued the "Resident Health Card" in many regions, providing all-in-one card services such as hospital payment and health management across the country.

• BOC broadened the reserved registration service channel, enriched hospital number and functions, and developed mobile client terminal for the convenience of the people to register anytime and anywhere.

• BOC advanced the construction of mobile healthcare, and launched the functions such as registration, bill payment and waiting notice to facilitate customers' hospitalization and health management.

Education finance

• Government-sponsored student loans: BOC developed and optimized online payment functions, and advanced the migration of student loan process towards online process; it has accumulatively granted RMB22.8 billion student loans for over 1.8 million poor students in over 400 universities and colleges.

• Personal loans for overseas study: BOC integrated product policies, simplified approval procedures, launched unsecured loan mode and enriched loan currencies. It has accumulatively granted nearly RMB8 billion personal loans for overseas study.

• BOC launched the "BOC E-Credit • Campus Loan", a small-value unsecured revolving loan designed for college students in a formal and safe manner.

Serve the army

• BOC launched "Yong Jun Tong" product to meet the financial service demands of officers and soldiers in remote regions, and set up financial service stations within military camps to make its services available there.

• BOC launched "Yong Jun Card" product to provide a convenient channel for paying compensation fees.

• The second-generation servicemen security card was issued to provide military customers with exclusive wealth management, settlement preference, card swiping preference and BOC E-Credit.

BOC E-Credit, a quick loan product

In 2017, BOC launched the "BOC E-Credit", a quick loan product featuring rapid credit, real-time approval and online draw-down. The product applies internet and big data technology to integrate and analyze data of customer assets, transactions and credits, assess customer qualifications and extend credits quickly, thereby greatly improving customer experience. As of the end of 2017, the balance of "BOC E-Credit" loans reached RMB20,557 million, a year-on-year increase of 446%.

Launching the happiness and retirement credit project

In Xinxiang, Henan Province, some elderly persons invested their savings in enterprise financing or investment companies to make profits. But they will face the risk of losing principal once these enterprises' fund chain breaks. Therefore, BOC cooperated with Xinxiang City Elderly Service Center to launch the happiness and retirement credit project and jointly build the "12349 Retirement Credit System". The elderly or their children may obtain credit points when handling financial business with BOC, which can be used to exchange for the platform's retirement services, including laundering, haircut, rehabilitation nursing, learning, entertainment, medical assistance, housekeeping services, etc.

Supporting startup and employment

BOC made great efforts to support business startup and innovation, and worked with local governments to launch unsecured and interest-free or government-subsidized loan products, design customized "startup guarantee loans" for unemployed persons registered in urban areas, college and university graduates and other specific people, and provide high-quality financial services for business startup of laid-off people and college and university graduates.

3.4 Supporting livelihood projects

BOC attached great importance to the people's livelihood, and pooled financial force to support public traffic, indemnificatory housing, municipal services and other livelihood infrastructure construction, and continuously improve public services.

3.4.1 Supporting convenient travel

BOC gave play to the advantages of its integrated financing platform and domestic and overseas outlets to provide long-term stable fund support and financial services for construction of transportation infrastructure, including railway, expressway and rail transit. In 2017, it granted new loans of RMB200 billion for various transportation sectors, with priority given to expressway projects of Beijing Olympic Winter Games, renovation and expansion of state expressways, Beijing new airport, Inner Mongolia-Jiangxi Railway, Zhengzhou-Xi'an High-speed Railway, Beijing-Fuzhou and Fujian-Jiangxi Railway and other major projects.

Supporting rail transit projects in Beijing

In keeping with the construction of key projects in Beijing, BOC Beijing Branch promoted services for railway, expressway, rail transit and other projects, and worked closely with Beijing Infrastructure Investment Co., Ltd.

In July 2017, Beijing Infrastructure Investment Co., Ltd. organized relevant bids for metro, expressway and other transportation projects, including Beijing Metro Line 3, eastward extension of Metro Line 7, Metro Line 12, southward extension of Changping Line, second phase of Batong Line, and 26 bidding sections of six transportation projects of Beijing New Airport Expressway, with a total tender amount of RMB61.6 billion.

Beijing Branch developed competitive bid conditions and loan plans and successfully won the bid for Metro Line 3, Metro Line 7 and Metro Line 12, relying on its rich experience in rail transit financing fields and accurate understanding of customer demands.

3.4.2 Supporting housing programs

In response to China's call for shanty town renovation, combination of renting and sale and other indemnificatory housing construction, BOC took city-specific measures to support indemnificatory housing construction and provide comprehensive financing services for the housing rental market.

As of the end of 2017, the balance of indemnificatory housing loans reached RMB53.7 billion, a year-on-year increase of 23.74%. Among it, the balance of shanty town renovation loans amounted to RMB31.3 billion, up 63.88%.

Advancing construction of housing rental market

On December 15, 2017, BOC and the Association of Housing Rental Industry jointly held China Housing Rental Industry Innovation and Development Summit in Xiamen. As a branch of BOC located in the place where the summit was held, BOC Xiamen Branch signed the Strategic Cooperation Agreement on Financial Services for Housing Rental Market in Xiamen City with Xiamen Bureau of Land Resources and Real Estate Administration on November 2, 2017. Through cooperation with municipal government departments in the housing rental market, BOC would provide a full range of financial products and services for all participants in the market.

Promoting development of housing rental market

Actively responding to the positioning that "housing is for living in, not for speculation", the Bank leveraged its strength in internationalized, comprehensive and digitalized development, worked together with local governments and leading enterprises in housing rental market, focused on the supply side and the market segment of Talent Apartment, and addressed the weak points in the housing rental market to forge a new financial service ecosystem for housing rental in a comprehensive manner.

3.4.3 Supporting municipal construction

BOC actively supported the construction of infrastructure and livelihood projects and the upgrade and innovation of municipal facilities sponsored by each local government, to make contributions to local economic and social development.

Supporting construction of sponge cities (renovation of old sites and construction of new streets and moats)

Changde Urban Construction & Investment Co., Ltd. intended to invest RMB2.1 billion in renovation of Laoximen Shanty Town, the biggest shanty town with local characteristics in Changde City. BOC Hunan Branch leveraged the Head Office's overseas global bond service platform to hold an overseas bond issuance roadshow in Hong Kong, Singapore and London for the company, which successfully raised USD250 million abroad. It approved credits of RMB1.04 billion for two out of the renovation projects. RMB400 million were invested by government purchase. It is BOC's first earmarked loan for sponge city construction.

04

Supporting Public Welfare Undertakings and Sharing Development Achievements

Feature

Writing a New Chapter in Targeted Poverty Alleviation in Shaanxi

Yongshou County, Changwu County, Xunyi County and Chunhua County of Xianyang, Shaanxi Province (hereinafter referred to as the "Four Counties") are located in Weibei highland. It is a red land with vast ravines and the south gate of Shaanxi, Gansu and Ningxia border areas during the war period, with an area of approximately 1,054 square meters and a total population of about 880,000. Among the population, agricultural population is 690,000, including a registered poverty-stricken population of 124,000, all coming from the key poverty alleviation counties of the country.

Since 2002, BOC has conducted targeted poverty alleviation in the "Four Counties" for 15 consecutive years, while giving full play to the advantages of the financial industry to integrate various resources and effectively integrate poverty relief arrangements with local poverty reduction and alleviation plan. It kept a firm grasp on targeted poverty alleviation with focus on key fields, strengthened poverty alleviation, promoted local economic and social development and helped lift the poor people out of poverty.

By the end of 2017, BOC had accumulatively inputted gratuitous poverty alleviation funds of RMB200 million, and carried out more than 300 poverty alleviation projects, directly benefiting more than 200,000 poverty-stricken people.

Inputting various poverty alleviation funds of more than

RMB **50 million**

gratuitously

Purchasing more than

RMB **80 million**

agricultural and sideline products in the "Four Counties"

Funding nearly

9,000 students

Organizing **22** training courses with over

1,700 trainees

Directly benefiting **124,000** poverty-stricken people,

including **24,500** people lifted out of poverty

Focusing on industrial poverty alleviation and consolidating the real economy

According to its characteristics, BOC exerted its professional advantages to actively support and serve local enterprises, brought in international and domestic competitive enterprises and 52 urged high-quality industrial projects to develop in the "Four Counties", give play to their role in driving poverty alleviation and instill new vitality into local real economy.

• BOC introduced a new integrated pilot project of agricultural and animal husbandry industrialization of CP Group and established a new poverty alleviation model of "government + enterprise + bank + poor family" featuring cultivation integration.

• BOC held the "Xianyang-Yangtze River Delta (Jiangsu) Poverty Alleviation Industry Project Presentation" to publicize Xianyang advantages and poverty alleviation industry projects and signed a total of 36 industrial project contracts.

• According to the characteristics of local resources, BOC supported the development of featured agriculture, creatively launched such financial products as "Apple Loan" and "Fruit Farmer Loan" and facilitated local fruit processing enterprises to transform and upgrade.

• BOC held the "poverty alleviation village pacemaker tour training session" in Chunhua, Xunyi, Yongshou and Changwu counties respectively, and trained 1,300 persons, including the secretaries and first secretaries of Party branches of villages, bellwethers in creating wealth, and heads of rural collective economic cooperatives.

Signing contracts on new integrated demonstration projects of agricultural and animal husbandry industrialization

BOC is actively encouraging CP Group to invest in the "Four Counties", and signed the Framework Agreement on Strategic Cooperation in New Integrated Demonstration Projects of Agricultural and Animal Husbandry Industrialization and the Framework Agreement on Cooperation in Full Industry Chain Projects of Raising of 1 million Pigs with CP Group and Xianyang Municipal Government, to adopt the four-in-one industrial poverty alleviation innovation model of "government + enterprise + bank + farmer". With a designed investment of RMB10 billion, the project is expected to generate an annual integrated business income of RMB10 billion. The whole industry chain will create 20,000 jobs and lift 50,000 poor families out of poverty. As of the end of 2017, construction of a 300,000-pig raising base, as the first phase of the project, had been initiated in Yongshou County.

Focusing on the people's livelihood and benefiting the people

In the face of basic living difficulties of poverty-stricken population, BOC made efforts to improve education, health and elderly care conditions, guarantee the basic livelihood, promote employment transfer and give play to the role of targeted poverty alleviation.

Education

• BOC raised various charity funds and set up a HKD20 million "BOC Xianyang Four Counties Scholarship Fund" to subsidize disabled students and poverty-stricken students and reward excellent teachers.

• BOC earmarked RMB7.02 million to support 1,404 college students coming from poor families and 6,724 non-boarding primary and middle school students, and ease the economic burden of families driven into poverty by schooling.

• BOC worked with BNVS for two consecutive years to enroll 21 students from poor families, who will gratuitously study such specialties as oral care and hotel management in the school, and be recommended by the school to employers after graduation.

Healthcare

• BOC handled RMB12,000 insurance products for every one of the 124,000 registered people in poverty to reduce their burden of seeing a doctor.

• It built a health center in Yongping Town, Yongshou County to improve the basic medical services for villagers of the town and neighboring regions and solve the difficulties of seeing a doctor.

Elderly care

• BOC built rural happiness homes in Quzi Town, Yongshou County, including 15 happiness homes in the "Four Counties", to ease the problems of elderly care and housing for the poverty-stricken people relieved by the government.

Employment

• BOC's branches and subsidiaries recruited 64 poverty-stricken college students and contract workers in the "Four Counties".

Buying casualty insurance products for poverty-stricken people in the "Four Counties"

BOC donated RMB2 million to Xianyang Municipal Government, and invited open bidding from insurance companies via the bidding platform of Shanghai Insurance Exchange, to purchase casualty insurance products for poverty-stricken people in the "Four Counties".

The project covered all the 124,000 registered poverty-stricken people in the "Four Counties", providing every one of them with RMB12,000 accidental clinic and emergency treatment, accidental hospitalization, accidental injury, accidental death and other insurance products, with a total insurance amount of RMB1.5 billion.

Focusing on villages in extreme poverty and quickening the pace of poverty alleviation

BOC studied the main causes for extreme poverty based on the actual conditions, and made efforts to tackle the difficulties in the production and development of villages in extreme poverty.

• BOC reached out to villages in extreme poverty to jointly analyze the causes for poverty with town and village cadres and poverty-stricken people and find a way to lift them out of poverty and become prosperous.

• BOC appropriated RMB100,000 to each of the three villages in extreme poverty to renovate Party member recreation places and reinforce the leadership of grass-root Party branches in poverty alleviation.

• BOC appropriated RMB600,000 for extremely impoverished villages in Yongshou County to support its development of Chinese prickly ash planting industry and help poverty-stricken people increase income stably.

Supporting village-level collective economy and sparking the endogenous force of poverty-stricken people

Jutou Village and Zhanghe Village of Quzi Town, Yongshou County, located at the central area of highland in North Shaanxi Province, are still in extreme poverty as there is no industry or collective economy owing to their poor natural conditions.

According to the two villages' actual conditions, BOC developed a targeted poverty alleviation plan to appropriate RMB600,000 for construction of a 2,000-mu Chinese prickly ash planting base and diversion irrigation pipelines facilities, and supporting village-level collective industries in Zhanghe Village and Jutou Village. So far many Chinese prickly ash farms have been built in the vast loess tableland, and with painstaking cultivation, Chinese prickly ash seedlings will yield fruits and bring an average annual income of more than RMB20,000 for each of the 240 households in the two villages in three years.

Building the "BOC for Public Welfare" targeted poverty alleviation platform

According to the conditions of the "Four Counties" and the actual demands of poverty-stricken people, BOC innovated in working methods, leveraged on the internet thinking and developed the "BOC for Public Welfare" targeted poverty alleviation platform to sell agricultural and sideline products of the "Four Counties" to all employees and social caring people, provided a channel for direct sale of agricultural and sideline products of poverty-stricken people to cities and built a bridge with poor people. The platform was put into operation in October 2016 and formally launched on April 20, 2017.

Following the guidelines of "integration of poverty alleviation, ambition promotion and education improvement", the "BOC for Public Welfare" platform helped acquaint poverty-stricken people who did not know internet with internet knowledge by training, step-by-step instructions and poverty alleviation assistants, and encouraged poverty-stricken people to sell their agricultural and sideline products via the platform with the help of poverty alleviation assistants. It increased customer awareness of local agricultural and sideline products, and solved the difficulties of sales of agricultural and sideline products. It enhanced the enthusiasm of local poverty-stricken people for independent poverty alleviation, and helped them build the development confidence, cultivate self-reliance and increase income.

As of the end of 2017, more than 1,200 agricultural and sideline products of the "Four Counties" had been sold through the "BOC for Public Welfare" platform. 1.49 million BOC employees and social caring people had registered on the platform and purchased agricultural and sideline products with a total value of over RMB80 million.

BOC's care helped them overcome difficulties

Kou Shuxiang, 69 years old, is a poverty-stricken resident in Zhuanjiao Village, Malan Town, Xunyi County. In 2015, his son died at the age of 43. Shortly afterwards, Kou Shuxiang was diagnosed with lung cancer unfortunately. The expensive medical expenses made the life of this family very hard. In order to treat Kou Shuxiang, his daughter-in-law Xu Shuling borrowed more than RMB70,000 from her relatives.

After learning of this situation, BOC motivated employees to donate via the "BOC for Public Welfare" platform, with a total donation amount of RMB80,000. Among the donation amount, RMB40,000 was directly used to ease the family's difficulties, and the remaining RMB40,000 was invested in a local enterprise. The enterprise will regularly distribute dividends to the family to increase her family income and help the family gradually tide over difficulties.

"BOC for Public Welfare" made the family stronger

Qiu Miaomiao, a resident in Taoqu Village, Chunhua County, had her left hand severely disabled due to a fire during her childhood. Despite the disability of left hand, Qiu Miaomiao is optimistic and diligent. She raised 12 sheep and planted two-mu fruit trees. At each season when apples are ripe, owing to the restriction on activity capability of her left hand and care for her children, she had to entrust a neighbor to sell her apples to a small retailer at a low price.

In 2017, BOC appointed Ma Hui, the first secretary of Taoqu Village, to visit Qiu Miaomiao's family, recommend "BOC for Public Welfare" to her, help her register with the platform and patiently guide her to sell her homegrown apples via the "BOC for Public Welfare" platform. Through continuous learning, Qiu Miaomiao became skilled in using the platform. With merely several months, she found a market for her homegrown apples via the platform. Her family income increased considerably, bringing her fresh hopes for life.

4.1 Practice Global Public Welfare

Relying on its internationalized and integrated advantages and following its sustainable development objectives, BOC explored and innovated in public welfare and charity practice, created a harmonious and friendly community environment and acted as a responsible global citizen.

4.1.1 Supporting the education undertaking

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

By 2017, BOC had undertaken government-sponsored student loan business for 18 consecutive years, accumulatively providing RMB22.8 billion to help more than 1.8 million poor students finish school; it supported the "Rainbow Bridge" public welfare program for six consecutive years, financially assisting more than 290 excellent Chinese and American students to study in each other's country.

Holding "Rainbow Bridge" public welfare exchange program for Chinese and American students for six consecutive years

The sixth "Rainbow Bridge" Chinese and American students exchange program was successfully held in China and the US in 2017. 30 excellent Chinese college students and 20 American college students loving Chinese culture entered each other's country for a variety of cultural study and exchange activities. Since 2012, the program has provided learning and exchange opportunities for more than 290 excellent Chinese and American young students.

4.1.2 Charitable contributions

Letting smile bloom along the "Belt and Road"

BOC HoChiMinh City Branch contributed VND100 million to the smile campaign-

Vietnam Harelip Foundation, paying the operation and hospital costs for 20 hare-lipped infants of poverty-stricken families in Vietnam. Since 2014, BOC has provided treatment funds for 80 hare-lipped children, and organized employees to participate in harelip operation volunteer work.

"BOC for Public Welfare" moved on to the City of London

BOC London Branch integrated "BOC for Public Welfare" with the charity day activity of the City of London, and combined promotion of the public welfare undertaking with spread of China's traditional culture, sparking a wave of "Chinese characteristics". The branch not only set up a "BOC for Public Welfare" special area to guide employees to register and purchase, but also bought folk arts and crafts with national characteristics from Xunyi County, Xianyang, Shaanxi Province, one of the designated poverty alleviation regions of BOC, through the platform. These arts and crafts were sold for charity purpose on the spot, raising nearly GBP10,000, which had been respectively donated to "BOC for Public Welfare" and charity institutions in the city of London.

Supporting the "Love Knows No Border" international charity sales of the Ministry of Foreign Affairs

In October 2017, the ninth "Love Knows No Border" international charity sales campaign sponsored by Ms. Qian Wei, the wife of China's foreign minister Wang Yi, and hosted by the Ministry of Foreign Affairs was held in Beijing, with all proceeds to be used in construction of Yunnan Health Home. During the event, BOC, as the sole financial institution partner designated by the Ministry of Foreign Affairs, successfully completed various services, including admission ticket presale, onsite ticket sale, counterfeit currency identification, centralized collection and donation counting.

Disaster relief in Penang

In November 2017, Penang, Malaysia suffered the heaviest storm over the past century. More than 100 regions in the city were affected, and over 5,800 victims were evacuated. After the disaster, BOC (Malaysia), as the President of the Association of Chinese Enterprises, actively called on all member units to carry out donation activities, and took the lead to donate 30,000 Malaysian ringgit and raised 150,000 Malaysian ringgit within several days. Later on, BOC (Malaysia) organized employees to deliver mattresses, bedclothes, food, dry provisions, household goods and other materials to victims in Bigfoot Hill and Padang Lalang of Penang.

4.1.3 Carrying forward excellent culture

Supporting the renovation of Qiu Shaoyun Martyr's Memorial

September 30, 2017 was the fourth martyrs' memorial day in China. On the day, Qiu Shaoyun Martyr's Memorial whose renovation was funded by BOC was formally open to the public.

The memorial is the "National Revolutionary Martyrs' Memorial Building Key Protection Unit" and the "National Demonstration Bases for Patriotism Education". The system renovation not only renewed the display facilities, but also fully leveraged on modern technical exhibition means to vividly show revolutionary martyrs' firm belief and patriotism.

Supporting "China's Ming Dynasty and Qing Dynasty Walls" project's application for world cultural heritage

Ming Dynasty Wall with a history of more than 600 years links natural and cultural landscapes with the characteristics of Nanjing, making it the most influential and valuable cultural name card in the city. In 2016 and 2017, BOC Jiangsu Province worked with Nanjing Culture, Broadcast, TV, Press and Publication Bureau and Xinhua Daily Press Group to carry out the campaign of "hanging Spring Festival couplets on city gates to make a good start of Nanjing" and actively assist "China's Ming Dynasty and Qing Dynasty Walls" project to apply for the world cultural heritage.

Promoting cultural exchange between China and Singapore

In 2017, BOC Singapore Branch issued BOC Chinese Culture Debit Card, the first cultural themed card, in Singapore. With the jasper design on the front of the card symbolizing China's traditional culture, the card adds the bar code on the back that can be used as an ID to gratuitously borrow books from Singapore China Cultural Center Library with a collection of over 17,000 books.

BOC Singapore Branch also invited local middle school students to visit exhibition of the branch's development course and China-Singapore Financial Museum.

4.2 Advocating volunteer services

On May 4, 2017, "BOC Volunteer Association" was set up, becoming the major platform for the Bank's young employees to practice charity and make donations.

Organizational structure

• The members' representative assembly is the highest authority of the association, with a tenure of four years; it has a volunteer library to raise suggestions to the association; it has a council as the executive organ of the assembly; the association adopts the group membership system.

Group members

• All tier-1 branches, directly-controlled branches and affiliated companies established a branch of volunteer association; the associations at various levels independently designed their association logs and volunteer mascots, and quickened the construction of the volunteer service brand of "BOC for Public Welfare".

Online management

• The BOC Volunteer Association management platform of "BOC for Public Welfare" was rolled out to enhance technical application to the Bank's volunteer services; the Volunteer Platform Management Instructions were developed to manage BOC Volunteer Association, volunteers and volunteer activities.

By the end of 2017, BOC Volunteer Association had set up 570 volunteer associations at various levels, and carried out 662 volunteer activities which were attended by 15,559 volunteers.

Running for public welfare and love

BOC launched the "Running for Public Welfare" brand to carry out the global public welfare running campaign with the theme of "Running for Love", and invited employees, customers, governments and media representatives to take part in the campaign in a way of "we donate for your running". The campaign was successively held in 10 branches, including Tianjin, Hebei, Jiangsu, Suzhou and Yunnan branches, accumulatively donating more than RMB6 million to targeted poverty alleviation areas of each branch.

BOC exclusive art collection--volunteer service project in summer vacation

At the 10th anniversary of BOC Private Banking, BOC initiated the volunteer service project in summer vacation jointly with the National Center for the Performing Arts. In the course of volunteer services, volunteers divided their responsibilities on their own, gave full play to their respective strengths to undertake such tasks as photography and video recording, news writing, artist reception, ticket check, audience guide, order maintenance and audio device management. In 2017 summer vacation, BOC provided 130 person-times of onsite services in 26 phases for the art themed activities of the National Center for the Performing Arts, ensuring various performances were conducted smoothly.

"Volunteer services are heart-to-heart communication full of human touch, aiming to provide assistance to the people in need without expecting anything in return. We are ordinary but fortunate; the process is painstaking but joyful."

— Voice of volunteers

"BOC Consumer Finance • Raleigh China Expedition" public welfare campaign

BOC Consumer Finance Company worked with Raleigh China, an educational public welfare institution, to initiate the "BOC Consumer Finance • Raleigh China Expedition" campaign in 2012, which continues to today. In the expedition, young people aged 18-24 set up a diversified team to carry out a five-week field activity in remote areas.

In 2017, the campaign was themed "Rural Credibility Knowledge Popularization and Targeted Poverty Alleviation Survey", and expedition team members conducted surveys on credit and poverty alleviation in impoverished villages of Guizhou, prepared six survey reports, and got to learn about actual conditions of local financial poverty alleviation.

Over the past six years, more than 390 young people in the country have successively participated in the campaign, accumulatively helped build 706 cubic meters of water cellars and completed 3,890-square meter road hardening in poverty-stricken mountain areas of Guizhou.

Public welfare campaigns of youth safety self-help class and care for children with leukemia

BOC Fujian Branch joined hands with Fujian Blue Leopard Rescue Team to conduct the public welfare campaign with the theme of "Caring for the Children — Youth Safety Self-help Class", in which volunteers disseminated the self-help and mutual help safety knowledge about earthquake, fire and anti-trafficking to children by games. The branch organized the charity donation activities for children with leukemia, accumulatively raising nearly RMB40,000 for helping children with leukemia recover. It also cosponsored the public welfare cycling activity of caring for children with leukemia.

Carrying out diversified volunteer activities

BOC Beijing Branch set up a volunteer association to conduct online and offline public welfare volunteer activities.

• It set up a "family financial volunteer service team" to help the disabled and those in difficulty and care for the elderly in communities in their spare time.

• It set up a "pilot volunteer service team" to jointly maintain the order of using the shared bikes at weekends.

• The team cared for boarding orphans and impaired children in "Caring School".

• The branch set up the "Aoxiang Volunteer Team" to guide the routes and provide venue information inquiry for tourists based on "Lei Feng Station" in the Olympic Park.

"We are honored to participate in the volunteer activity and make our contributions to the society!"

-- BOC volunteers

Yingshanhong volunteer team's public welfare crowdfunding

Yingshanhong volunteer team of BOC Anhui Branch initiated the public welfare crowdfunding project with the theme of "call from poor children in the mountain areas" via the "BOC for Public Welfare" platform, to help 50 children of Shedi Village Kindergarten in Liangshan Prefecture, Anhui Province to improve education and living conditions, receiving donations from 569 people. Volunteers purchased more than 3,000 pieces of materials, including books, stationery, and clothing, and sent these materials to children in remote areas in person.

05
Helping to Develop Green Economy, Building a Beautiful China

5.1 Making innovations in green finance

In 2017, the Bank formulated an implementation program of "Green Plus" plan to conduct green rating of financing projects and mark them with green plus, green, yellow and red, aimed at partnering with the customers that are willing to shoulder social responsibilities and pursue green operation, and jointly protecting the environment for sustainable development.

5.1.1 Optimizing the credit structure in depth

Commanding the credit resources comprehensively, the Bank increased credit supports for projects relating to clean energy, energy conservation & emission reduction, ecological protection and circular economy, strictly controlled the credit business with the "highly polluting and highly energy consuming industries as well as industries with surplus capacity", mainly supported the government's key projects in relation to energy conservation & emission reduction, key environmental protection projects and other industries concerning advanced environmental technologies, and also backed the replacements of backward production capacity.

In 2017, the Bank registered a balance of green credit at RMB538,799 million, up 15.29% compared with the previous year.

Assisting in the improvement of Erhai Lake

In active response to the construction demand of Erhai Lake Ecological Management Project, Yunnan Branch created a unique model of "Dali Erhai Lake Protection & Management and Watershed Ecological Development Project", providing high-quality credit projects for the enterprises that met the SME access criteria and joined the initiative of "Erhai Lake Management". At the end of 2017, the Bank provided accumulative credit supports of RMB188 million for the ecological management project of Erhai Lake.

Lending to the demonstration project of agricultural circular economy in Zhangye

In March 2017, Gansu Branch provided credit support for the agricultural circular economy demonstration and supporting facility project for the first time. Zhangye Branch signed a credit agreement involving a total amount of RMB500 million with Gansu Heihe Hydropower Industry Investment Co., Ltd., with RMB280 million supporting the raw milk processing project of Sanyuan Dairy Gansu branch which could process 500 tons of milk each day and had an output of 180 thousand tons every year, and RMB220 million supporting the agriculture and animal husbandry technology & eco-agricultural circular economy demonstration park project of Beijing Capital Agribusiness Group Gansu Branch in Heihe.

Financing for the wind power generation project

In 2017, Shanxi Branch approved a credit line of RMB568 million for Sineng Wind Power Co., Ltd. in Pinglu District of Shuozhou City in support of the wind power generation project. When the environment-friendly project is completed, the yield of 10,000 kWh electricity is expected to reduce 184,800 tons of carbon dioxide emissions and 83,400 tons of sulfur dioxide and nitrogen oxide emissions.

5.1.2 Diversifying green financial products

Closely following the development trend of green finance, the Bank continued to diversify green financial products, e.g. green bond and financing for energy conservation & emission reduction, built a worldwide and all-around green financial system, and supported the construction of green projects including energy conservation & emission reduction and pollution prevention & control.

Successfully issuing climate bonds denominated in three currencies abroad

On 15 November 2017, Paris Branch successfully completed the pricing of to-be-issued climate bonds in about USD1.5 billion equivalent. The bonds, the Bank's third overseas issuance of green bonds following that of senior green bonds and green asset-backed bonds in 2016, were issued in three trenches, i.e. USD500 million, EUR700 million and RMB1 billion. They not only conformed to the latest standards of the Green Bond Principles (2017) but were also certified by the Climate Bonds Initiative.

Funds raised from the bond issuance will be used to finance the two wind power projects and 15 subway projects. And when the projects are finally put into operation, they can reduce approximately 2.74 million tons of carbon dioxide emissions each year.

Helping Three Gorges Corporation issue the first-ever EUR green bonds

In June 2017, BOC acted as the sole global coordinator from China and supported China Three Gorges Corporation, the world's largest hydropower developer and also a leader in the sector of offshore wind power, to complete the inaugural issuance of seven-year green bonds at an amount of EUR650 million. The green bonds won the "2017 Best Green Bond" award from The Asset. The raised funds are mainly used in the Project Meerwind in Germany (an offshore wind power project) and the Project ENEOP in Portugal (an onshore wind power project), which will reduce approximately 2.21 million tons of carbon dioxide emissions each year.

5.2 Advancing green operations

The Bank paid due attention to resource consumption and environmental impact of enterprise operation, continued to strengthen environmental management, advocated the idea of green office, saved energies and reduced emissions to advance low-carbon operation.

Energy management

• The Bank developed an energy management system, specifying the consuming standard and goal of electricity and water, etc., and performed intensive management according to the Energy Management Policy of Bank of China Building.

• The Bank attached importance to office building energy efficiency, and took building energy efficiency as a key benchmark of self-building, purchasing and leasing office space. The office building energy efficiency has reached the country's advanced level.

• The Bank added the list of Grade-II & III energies for equipment at each energy using point, developed, regularly assessed and adjusted the energy use indicators to instruct each department how to use energy reasonably.

• The Bank engaged in carbon emissions permit trading as a key discharger. In 2017, it purchased 23,000 tons of carbon emission quota in the Beijing carbon trading market at an average price of RMB37.30 per ton, totaling a transaction cost of around RMB860,000

• Energies were saved with technological application and efficient management, e.g. increase of frequency conversion, redevelopment of light sources, replacement of old-dated equipment, adjustment of air conditioner running time and parameters.

Energy-saving renovation

• LED lighting products were installed in some public areas to reduce power consumption.

• Substitution tests of sanitary wares were launched in lieu of all old-typed ones gradually.

Waste disposal

• The Bank monitored smoke extraction, water drainage and noise emission regularly. Each year, it invites a third party to test and timely takes actions to avoid excessive discharge. So far, the test results have been satisfactory.

• To realize garbage classification, the Bank entrusted a third party to dispose of kitchen waste and toxic waste, recycle waste paper, used batteries, used lightening products and old furniture, etc. Waste disposal aggregated to 5.53 tons at the Head Office in 2017.

Green office

• Promoting the green concept, the Bank pasted environmental protection proposals at the entrances & exits and in all dining halls of the Bank of China Building.

• In support of the Earth Hour, unnecessary places of the Bank of China Building lighted off for one hour.

• The Bank asked employees to turn off the lights whenever they left the computer rooms, offices, washing rooms and tea rooms.

5.3 Carrying out environment-friendly public welfare activities

For years, the Bank has committed itself to launching environment-friendly public welfare activities, and encouraged the employees and the public to take part in the green initiatives.

Voluntary forestation

In April 2017, Gansu Branch organized more than 40 young members of the Party and the League to plant trees at a tree farm in Lanzhou. Themed "Beautiful Youth, Best BOC", this voluntary activity saw over 60 poplar trees and apple trees planted in over two hours.

Coast protection

In June 2017, volunteers of Singapore Branch and their family members launched a public welfare activity in the theme of "Keeping Coast Clean, Guarding the Earth" at the locally famous East Coast Park.

06
Cultivating Professionals, Working for a Better Life

6.1 Protecting the rights and interests of employees

The Bank fully protected the legitimate rights and interests of employees and their democratic rights, respected the cultural discrepancies of foreign and minority ethnic employees, helped employees get over the difficulties in work and life, and ensured that employees have sufficient sense of safety and belonging. In November 2017, the Bank held the First Workers' Congress, encouraging employees to give advice and suggestions on BOC development, and it also launched an extensive employee dedication investigation in order to know their understanding of and comments on work, post and corporate culture.

Innovative care for employees

The Bank actively solved work and life difficulties for employees, promoted their physical and mental health, and made pragmatic efforts to care for employees:

- Regularly visiting extremely poor employees and those in hospital
- Setting up mother-and-baby rooms in the workplace to address the requirement of female employees
- Building "Home of Employees" and "Home of Party Members" in innovative ways
- Giving lectures on health knowledge, providing consultation on mental health, organizing physical examination of employees, and buying critical illness insurance for employees

Building of "Home of Employees"

Chongqing Branch took initiatives to listen to the appeals of employees, and actively pushed forward the building of "Home of Employees" to improve the working environment of employees at outlets. 41 "homes" were built in 2017.

There were canteens, activity rooms, reading rooms, tea break rooms and locker rooms which were all small-sized at such homes. Occasionally during work, employees could write or draw pictures, learn new skills, have lunch, take a noon nap, read books and take exercises.

6.2 Supporting career growth

The Bank fully supported the career growth of employees, expanded professional teams innovatively, optimized the occupational training and growth system, and helped employees to realize their career goals.

6.2.1 Expanding professional teams

To improve personnel structure and attract more professionals, the Bank offered a variety of posts, e.g. management trainees, IT professionals, marketing personnel and minor language training scheme, to recruit professionals from all over the world. In 2017, the Bank provided close to 13,000 jobs to the society across such diversified channels as campus recruitment and social recruitment, and enabled the online application at the mobile terminal for the first time, optimizing the recruitment experience via mobile internet. Written testing centers for recruitment were set up in Hong Kong, Macau, New York, Los Angeles and London to attract applicants worldwide.

To further promote just, fair and open recruitment, the Bank released by batches the names of graduates recruited from overseas and domestic colleges through campus recruitment on its official website.

6.2.2 Improving the training system

To cater to the demand in the financial market, the Bank, centering at corporate strategy innovation and professional cultivation, mainly provided employees with trainings on risk & internal control, RMB internationalization, coordinated development in the Beijing-Tianjin-Hebei region, internet finance, interest rate liberalization and green credit.

It continued to improve the international professional cultivation system, rolled out a series of international professional cultivation projects such as reserve of expatriates and BOC information updating for overseas employees, and built an advanced international professional team through foreign language study and cross-cultural communication and management capability building.

BOC Information Updating for Local Excellent Employees of Overseas Institutions

In 2017, the Bank held a training class for local excellent employees of overseas institutions concerning BOC information updates. There were three modules, namely "Inheriting the Culture of One-century BOC", "Forging ahead Diversely", and "Tapping Growth Potential Innovatively". While enhancing the trainees' recognition of corporate culture, they also deepened loyalty and sense of belonging, and developed a more clear understanding of how to seek further career growth.

6.3 Balancing work and life

6.2.3 Putting in place smooth channels of promotion

The Bank put in place diverse channels of career growth for employees at different posts, guided them to understand the business operation and management system comprehensively and systematically, promoted the growth of employees and helped them realize career ideals by means of special professional cultivation, secondment and field practice, etc. Highlighting the grassroots & frontline orientation, the Bank encouraged high-caliber personnel to be trained and grow at the grassroots & frontline operations, areas with harsh conditions and places where work was difficult.

The Bank continued to help employees balance work and life by launching colorful recreational and sports activities.

Singapore Branch holding the first "talk show" contest

On 23 June 2017, Singapore Branch successfully held the first corporate culture-themed talk show contest. 12 teams representing different departments took part in the contest, which consisted of three parts-team show, single lecture and team Q&A. Fascinating talents show, humorous language and cool performing style fully exhibited the glamor of BOC employees.

Jiangmen Branch holding a fun sports event

In July 2017, Guangdong Jiangmen Branch held a fun sports event themed "Striving Hard together to Create Good Results", attracting more than 300 employees. They competed in many different items, did sports in exchange for health and fun, and enhanced communication and exchange.

07
Strictly Defending the Risk Bottom Line, Increasing the Return to Shareholders

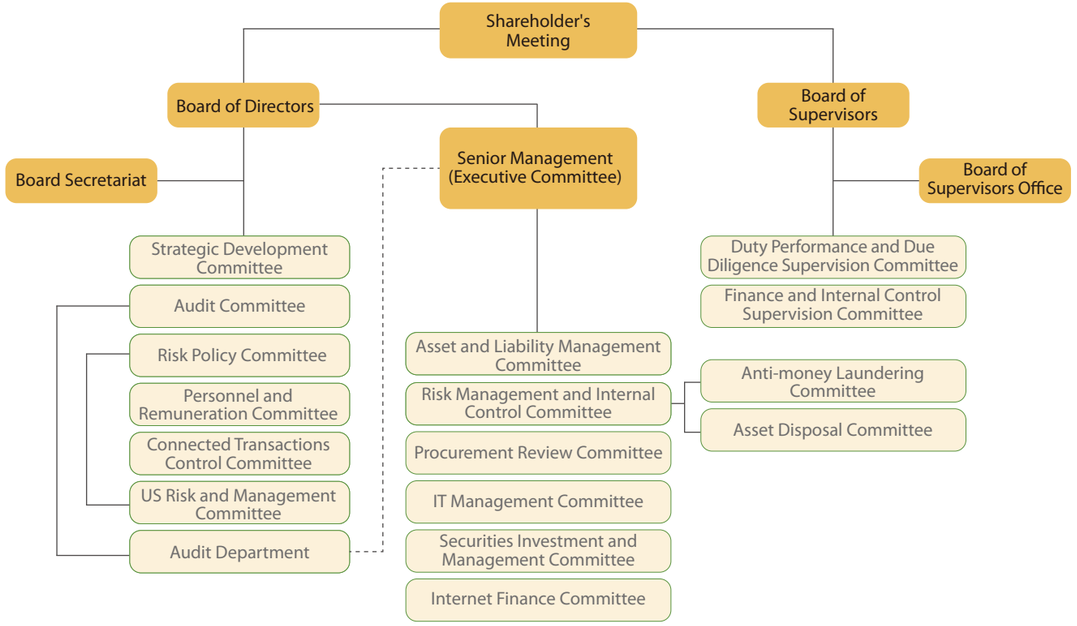
7.1 Improving corporate governance

The Bank takes excellent corporate governance as an important objective. In accordance with laws and regulations and regulatory requirements, the Bank made constant efforts to improve its corporate governance framework and policy system, ensured well-defined functions & powers of the decision makers and the management and the smooth operation, and kept ameliorating corporate governance documents. At the same time, the Bank continued to enhance corporate governance ability, ensured that shareholders are properly informed and able to participate and make decisions, continued to optimize the functioning mechanism, information disclosure mechanism and stakeholder mechanism of the Board of Directors.

7.1.1 Corporate governance framework

The Board of Directors, which is responsible to the shareholders' meeting, is the Bank's decision-making body. At the end of 2017, the Board of Directors comprised 13 members. Besides the Chairman, there were two executive directors, five non-executive directors and five independent directors.

The Bank kept amending and improving corporate governance policies and working processes, and steadily pushed forward the practice of corporate governance. The Board of Directors met 10 times in 2017, reviewing and approving 46 proposals and debriefing nine reports.



Corporate Governance Framework

7.1.2 Information disclosure

The Bank has established a comprehensive and complete information disclosure system, further collated and amended the information disclosure process in 2017, which increased the completeness of policies and standardization of management. The Bank practicably protected the investors' right to know by providing them with more comprehensive and effective information. In 2017, it published over 310 information disclosure documents in total on the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

7.1.3 Communication with investors

On the basis of protecting the investors' fundamental right to know, the Bank further increased its market communications, actively updated the investors with BOC development strategies and business progress, timely answered to the market's concerns, and carefully listened to the market's feedbacks. The Bank held nearly 200 investor meetings in 2017.

In addition, the Bank continued to improve the e-communication channels with the market and update the investor relations webpage on the portal website, timely answered the phone calls on investor relations, and earnestly replied to mails of shareholders and inquiries on the online platform of SSE e-Interaction.

The Bank's external credit ratings remained the highest among domestic peers.

7.2 Strengthening Risk Prevention and Control

As a G-SIB, the Bank should live up to its mission of risk prevention. It maintained a moderate risk appetite and balanced risk and return according to the principles of being rational, sound and prudent for the purpose of maximizing shareholder benefits. It also effectively kept nonperforming assets in check, made more efforts to dispose of them, reinforced compliance management, and kept launching special campaigns against money laundering.

7.2.1 Stronger risk management

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

Risk management policies

• The Board of Directors, senior management and their special committees performed their duties regarding internal control and supervision, and continued to put in place the system of three defense lines for internal control.

• The Bank strengthened credit asset quality management and continuously enhanced credit structure in alignment with changes in economic and financial conditions and regulatory requirements.

• The Bank conducted prospective analysis of risks in close track of the market movements, and optimized the early warning mechanism on investment business and bond investment risks.

7.2.2 Compliance operations management

The Bank continued to improve the compliance management mechanism and process, actively coordinated with regulatory authorities in their inspections, and rectified problems in line with regulatory requirements in addition to strengthening of internal control management. It kept improving the internal control & case prevention system, actively exercised the special governance of internal control & case prevention, thoroughly monitored the compliance operations of all institutions, advanced the anti-money laundering work on all fronts, stepped up system monitoring, and put in place the management and control of sanctions compliance.

Developing the new-generation interim risk monitoring system of e-finance with Tencent

The "New-generation Interim Risk Monitoring System of E-finance" jointly developed by the Bank and Tencent went alive officially in December 2017. This system is based on the Bank's internet finance risk control system, and has fully drawn on the advanced technical capacity of Tencent in big data, cloud computing, and machine learning, etc. It provides all-directional, whole-process, real-time and highly-efficient anti-fraud services with interim monitoring at the core, and offers more reliable fund and account safety guarantee for the users while they have easy access to internet financial services, thereby improving risk prevention & control and customer experience.

Performance Briefing

Economic Performance

Values created

Indicator	2017	2016	2015
Total assets (RMB million)	19,467,424	18,148,889	16,815,597
Operating income (RMB million)	483,278	483,630	474,321
Operating expenses (RMB million)	261,049	263,619	243,945
Profit for the year (RMB million)	222,903	222,412	231,571
Net profit (RMB million)	184,986	184,051	179,417
Return on average total assets (%)	0.98	1.05	1.12
Return on average equity (%)	12.24	12.58	14.53
Capital adequacy ratio (%)	14.19	14.28	14.06

Remuneration and welfare

Observing the remuneration management principle of "position-based remuneration, capacity-based level and performance-related bonus", the Bank continued to improve the incentive and constraint mechanism. It optimized the employee remuneration structure and skewed remuneration resources to the grassroots.

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 2017, the Bank had extended the reach of its overseas institutions into 54 countries and regions, and had 10,674 operating outlets in the mainland of China.

Indicator	2017	2016	2015
Operating outlets in the mainland	10,674	10,651	10,687
Intelligent outlets in the mainland	8,526	5,281	2,598
Number of Automatic Teller Machines	42,507	46,810	45,506
Number of intelligent counters	16,235	253	0
Number of mobile banking customers (in 10,000)	11,533	9,440	7,999
Transaction amount of mobile banking (RMB trillion)	10.97	6.84	5.18

The Bank sponsored BOC Fullerton Community Banks in cooperation with Fullerton Financial Holdings Pte. Ltd., which is controlled by Temasek Holdings (Private) Limited. These community banks provided inclusive financial services in rural and county areas.

Procurement practice

The Bank continued to strengthen the standardization of procurement management in 2017. It formulated the Codes of Conduct of Bank of China Limited for Purchasing Staff to Keep Clean (2017) and the Codes of Conduct of Bank of China Limited for Suppliers to Keep Clean (2017). The Bank erected the project oversight mechanism to enhance the efficiency of procurement and enable e-review of procurement results; with the supplier communication mechanism in place, the Bank organized a meeting with 94 shortlisted suppliers, explaining the procurement process and work management requirements to step up contract performance management of suppliers.

To support the growth of micro and small enterprise suppliers and cultivate a procurement environment that encourages fair competition, the Bank practices open invitation for bids or posting of procurement announcement on the internet in combination with competitive talk as much as possible concerning the procurements that can introduce competition so that qualified micro and small enterprise suppliers have the equal opportunity. While proposing requirements on the basic eligibilities of qualified suppliers, the Bank did not have any requirement on the registered capital or company scale except for a few projects with special requirement.

Indicator	2017	2016	2015
Total number of centralized procurement projects	12,818	13,634	9,913
Budget amount involved in centralized procurements (RMB 100 million)	217.13	283.83	210.04

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 violation. It implemented the Accountability Regulation, and organized 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 and the Convention of Chinese Banking Industry on Combating Unfair Competition. 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. 19,600 tons of paper for provision of service were saved in 2017. In the meanwhile, the Bank strongly advocated the green office concept at day-to-day work, promoted e-review of procurement and paperless office, and cut office-related resource consumption.

Indicator	2017	2016	2015
Office paper used (tons)	43.2	60.5	61.9
Paper saved (tons)	17.3	1.4	-13.7

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

Energy conservation

The Bank strictly enforced such laws and regulations as the Energy Conservation Management Regulation and the Green Building Assessment Standards, attached importance to office building energy efficiency, and took building energy efficiency as a key benchmark of self-building, purchasing and leasing office space. The Bank tried its best to save electricity and water in the office space. Energies were saved with technological application and efficient management, e.g. increase of frequency conversion, redevelopment of light sources, replacement of old-dated equipment, adjustment of air conditioner running time and parameters, and appropriate use of central ventilation system.

Indicator	2017	2016	2015
Diesel oil consumption (liters)	22,344	19,886	31,423
Natural gas consumption (cubic meters)	977,679	1,071,935	1,062,400
Gasoline consumption (liters)	81,733	91,810	99,275
Electrical power consumption (MWh)	123,447	119,500	115,036
Total quantity of heat purchased (GJ)	100,820	122,029	199,838
Number of video meetings held	3,849	2,743	2,485

Note: Gasoline consumption referred to the gasoline used by the vehicles of BOC 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 BOC Head Office.

Water saving

Stronger promotion and education in relation to water saving helped employees raise the awareness of saving water. The Bank checked water-using equipment regularly, and changed old parts timely. It formulated the Management Measures for Water Conservation, setting the consumption standard and quantitative control target of water resource use, as well as the post-assessment mechanism of such target.

Indicator	2017	2016	2015
Total water consumption (cubic meters)	384,529	362,707	377,276
Total cycling use of water (cubic meters)	64,341	71,259	65,518
Cycling use of water as a percentage of total water consumption (%)	16.73	19.65	17.37

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

Emission reduction

The Bank voluntarily worked in line with the government's requirement on energy conservation and emission reduction. In 2017, the Bank submitted the carbon emission inspection report to the Beijing Municipal Commission of Development and Reform, and purchased 23,000 tons of carbon emission quota in the Beijing carbon trading market. At the same time, the Bank actively developed green finance, and provided support for green sectors like clean energy, environmental protection & energy conservation and green transport, helping the whole society save energies and reduce emissions.

Indicator	2017	2016	2015
Total discharge of toxic waste (tons)	5.53	2.54	2.52
Total discharge of non-toxic waste (tons)	1,172	1,095	1,053
Greenhouse gas emissions (tons)	76,736	74,549	71,850
Direct greenhouse gas emissions (tons)	2,174	2,371	2,374
Indirect greenhouse gas emissions (tons)	74,562	72,178	69,476

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

Sewage and waste management

A third-party testing agency was engaged each year to regularly monitor sewage discharge. Waste from daily office work and equipment replacement, e.g. waste paper, used batteries, and old furniture, were classified and recycled, while kitchen waste and toxic waste were handled by a third party which had such qualification.

In 2017, sewage discharge of the Head Office fully met related discharge standard; professional third parties were entrusted to dispose of 3.36 tons of used tubes and oily waste.

Work to secure environmental compliance

The Bank did not receive any punishment for violation of environmental laws and regulations or environmental complaint in 2017.

Suppliers' environmental performance assessment

The Bank paid attention to related product's adverse environmental impact and related supplier's environmental performance in the course of procurement, and set forth clearly that "the supplier shall not be involved in any illegal activity that pollutes the environment or triggers the environmental risk" in all procurement documents. During supplier investigation and project review, the Bank highlighted checking the supplier's undertaking to environmental protection and its practice in environmental equipment and measures. The Bank also strengthened communication with suppliers, and actively conveyed BOC's support for green procurement.

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	2017	2016	2015
Number of employees	311,133	308,900	310,042
Execution of employment contracts (%)	100	100	100
Number of male employees	133,628	133,018	133,938
Number of female employees	177,505	175,882	176,104
Number of employees in the mainland of China	288,206	286,391	285,059
Number of expatriates	1,337	1,200	1,068
Number of employees in Hong Kong, Macau and Taiwan	17,665	17,270	20,021
Number of local employees at overseas institutions	21,590	21,309	23,915
Number of new employees	12,488	11,088	10,218

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. In 2017, the Bank held the First Workers' Congress & also the Labor Union Members' Congress.

Indicator	2017	2016	2015
Percentage of female employees (%)	57.1	56.9	56.8
Number of minority employees	12,924	12,766	12,755

Caring of occupational health

The Bank cared for employees' physical and mental health, and advocated healthy lifestyles. It organized 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. Critical illness insurance was bought for employees at the Head Office for the first time in 2017, and this will be gradually promoted bank-wide.

Indicator	2017	2016	2015
Coverage of social insurances (%)	100	100	100
Number of employees receiving physical examination in the Head Office	5,843	5,600	4,596

Employee education and training

To give full play to the role of education and training to its development strategy, the Bank set up the system of training projects of different types and levels according to the requirements of systematized, standardized 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	2017	2016	2015
Investments into employee training (in RMB10,000)	**56,605**	53,091	52,797
Employees trained (person-times)	**2,851,047**	2,725,361	2,741,209

Enhanced security management

Great efforts were made to raise all employees' safety awareness in the way that "I am responsible for my own safety, I am partially responsible for my colleagues, and I will try my best to protect the safety of customers". The Bank strengthened the education and training of security personnel and the building of security personnel team, enhanced their ability of performing security duty, and worked hard to protect the personal and fund safety of employees and customers. The WeChat public account of "safety at BOC" was opened to release typical cases and other information. The account is now followed by 147 thousand users and viewed by a total of 1.91 million person-times. In 2017, the whole bank organized and provided 11,745 safety and education trainings, involving 607 thousand person-times.

Suppliers' social performance assessment

The Bank set forth 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 highlighted checking the supplier's undertaking to social responsibilities, signing of employment contracts and purchase of social insurance, among other labor use information, health and safety of working environment, and implementation of labor protection measures.

Customers' health and safety

While researching and developing products and services, the Bank attached great importance to the customer requirement in medical care and health, and continued to diversify the application scenarios of finance in the health sector. The bank-hospital cooperative project was further expanded in 2017, including the Bank becoming the successful bidder for the innovative residents' e-health card of the National Health and Family Planning Commission of the PRC, and purveying the one-card-based payment for seeing doctor and health management service that can be used across China. The Bank vigorously developed mobile healthcare. It broadened the service channels of making hospital appointment, and successively supported the appointment with more than 800 hospitals of over 20 Chinese provinces and municipalities. This greatly facilitated appointment, doctor-seeing and health management of customers.

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 synchronized 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 system of customer information protection, standardized 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 holders and online banking users, and raised the level of risk prevention. Regular safety checks were performed over customer information storage system and archives to eliminate 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 compliance operations, 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

2018 is the first year of fully implementing the requirements of the 19th National Congress of the CPC, the year marking the 40th anniversary of China's reform and opening-up, and also the in-between year of carrying out the 13th Five-year Plan. Bank of China will follow the guidance of the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, be technology-led and innovation-driven, make concrete efforts in transformation and reform to grow the Bank into a world-class bank in the new era, and contribute even bigger to the overall coordinated development of economy, society and environment.

Serving the real economy

Serving the country's major strategies, the Bank will continue to provide strong support to key regions, key projects and key constructions. In line with the green finance philosophy, it will give priority to expanding in such key industries and sectors as advanced manufacturing, modern services, infrastructure and energy conservation & environmental protection, seek further development in the industries which do not show many cyclical features and also strategic emerging industries, cut lending to overcapacity industries, help traditional industries optimize and upgrade, promote the development of new economy and new business formats, keep growing inclusive finance, and establish a professional, efficient inclusive financial services system. The Bank will further improve the cross-border matchmaking service and the credit factory model to support the development of SMEs.

Improving customer services

The Bank will deepen technological innovation and build a digital bank on all fronts. It will build mobile banking into BOC Group's mobile portal of comprehensive finance, steadily move forward intelligent transformation and specialization enhancement of outlets, deepen the integration of and coordinated development among all channels, and provide customers with premier service experience.

Advancing prudent operations

More efforts will be made to establish and improve the modern financial enterprise system. In accordance with regulatory requirements, the Bank will nourish an all-employee risk culture, and heighten the thinking of defending the bottom line to secure compliance operations. It will further improve the comprehensiveness and effectiveness of risk management and internal control, solidly carry out risk prevention and disposal in key fields, effectively prevent and control non-performing assets, and step up disposals.

Shouldering anti-poverty responsibility

In line with the requirement of the central government on using finance to lift people out of poverty, the Bank will diversify the financial anti-poverty models, and carry out targeted poverty reduction and alleviation specific to the local conditions of poor areas and the characteristics of their local industries. The fight against poverty will be continued in the designated four northern counties of Shaanxi Province by focusing on industry-backed poverty elimination, and people's livelihood fields such as education, medical care and pension, as well as extremely poor villages. What's more, the Bank will actively bring the role of the "BOC Philanthropy" platform in alleviating poverty through stimulating spending into play, pool anti-poverty resources and increase the assistance efforts.

The Bank will always stay true to its founding mission, continue to support the prosperity, economic growth, social progress and life standards improvement of China, and serve the national rejuvenation and the creation of better life for the people.

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.

Reporting Scope

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

Reporting period: from January 1 to December 31, 2017, with some exceptions.

Reporting cycle: annual report. The 2016 CSR Report was released in March 2017.

Reporting Standards

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

Data Disclosure

The financial data contained in the report is based on the financial reports of 2017 audited by Ernst & Young Hua Ming LLP. Other data is based on the reports of 2017 and the reports of previous years as well. The monetary amount mentioned herein is denominated in Renminbi unless otherwise specified.

Report Assurance

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.

Reporting 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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Social Responsibility Report

Independent Assurance Report

安永华明（2018）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 perform a limited assurance engagement on the selected key data in the Corporate Social Responsibility Report of Bank of China for 2017 ("the Social Responsibility Report").

We have also been engaged to gain an understanding of Bank of China's application of the AA1000 AccountAbility Principles Standard (AA1000APS (2008)) of inclusivity, materiality and responsiveness ("the AccountAbility 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 take responsibility for Bank of China's adherence to the AccountAbility Principles.

II. Practitioner's 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 2017 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.

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III. Work performed

The selected key data of Bank of China in the Social Responsibility Report of Bank of China for 2017 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

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and 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.

IV. Approach, limitation and scope of work

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) and Other procedures deemed necessary

Our work was limited to the selected key data as of 31 December 2017 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 2017, nor have we performed any procedures on other data or data for 2016 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.

V. 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 2017 and for the year the ended has not been prepared, in all material respects, in accordance with the basis of reporting.

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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 and objective stakeholder engagement strategies, plans and methods; and provide various channels 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 policies, 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 responsibilities 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, PRC

March 28, 2018

A member firm of Ernst & Young Global Limited

Feedback

We appreciate your reading the 2017 Corporate Social Responsibility Report of Bank of China. This is the tenth 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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Mailing address: Executive Office, Bank of China, 1 Fuxingmen Nei Dajie, Xicheng District, Beijing, China
Postal code: 100818

1. 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!

BUILD A WORLD-CLASS BANK IN THE NEW ERA

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Message from the Chairman

The year 2017 is ground-breaking. In this year, the 19th CPC National Congress drew a grand blueprint for socialism with Chinese characteristics in the new era, and started a new chapter of securing a decisive victory in building a moderately prosperous society in all respects and embarking on a journey to fully build a modern socialist China. The Party Committee of BOC led all the staff to uphold the leadership of the CPC Central Committee with Xi Jinping as the core, actively serve the real economy, practically prevent and control financial risks, deepen reform and innovation, earnestly participate in social welfare undertakings and wholeheartedly create values for customers, shareholders and the society.

Insist on serving the national strategy and boost high-quality economic development. We vigorously supported the supply-side structural reform and invested more financial resources in the key areas and important links in connection with national economy. The proportion of loans granted by the Bank to strategic emerging industries, advanced manufacturing industries, and environmental protection and energy conservation industries continued to increase, while that of loans to overcapacity industries kept declining. By continuously giving play to the advantages in the globalization, we promoted the construction of Belt and Road financial artery and enhanced global financial services. So far, our overseas institutions have covered 54 countries and regions in the world.

Insist on customer first, and accelerate product and service innovation and technological innovation. We actively conformed to the changes in the lifestyle of the general public and continuously increased investment in online channels, to constantly improve the functions of mobile banking and online banking. In positive response to technological changes, we vigorously promoted the utilization of technologies such as big data, artificial intelligence and biometrics, to improve the efficiency of financial services by use of modern technologies. Besides, we kept propelling the intelligentization of outlets and optimization of service processes, making the coverage of outlets with intelligent counters reach 80%, and further enhancing the efficiency of business processing.

Insist on serving the people's livelihood, and vigorously develop inclusive finance. We have established the Inclusive Finance Department and greatly intensified the financial support for the areas including "farmer, rural areas and agriculture", micro, small and medium-sized enterprises, and consumer spending. By highlighting key points and making up for deficiencies, we established the largest rural bank group in China, namely, BOC Fullerton Community Bank, to extend financial services to the underdeveloped areas in the central and western regions. In addition, we continuously improved the three-in-one SME service model of "cross-border matching + credit factory + investment and lending linkage", to financially prop up the vigorous development of SMEs.

Insist on poverty alleviation and aid for the poor, and make every effort to play a role in such work. For 15 consecutive years, we have implemented targeted poverty alleviation work in the four counties of Yongshou, Changwu, Xunyi, and Chunhua in Xianyang City, Shaanxi Province, helping more than 200,000 persons in poverty. We gave full play to the leading role of finance in the industrial development, integrated capital, technology and market by making advantage of local resources, and injected impetus to the economic development of poor regions by nurturing high-quality industrial projects. We also continuously facilitated the construction of a BOC poverty alleviation platform for the purpose of public welfare, to solve the problems of long sales chain, narrow sales channels and low 5 prices of agricultural and sideline products, and plug in the Internet wings for farmers to realize the dream of poverty alleviation.

The socialism with Chinese characteristics has come to a new era, which puts forward new missions and requirements. We will follow the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and adhere to technology and innovation-driven development, transformation through practical approaches and hard work in an effort to build BOC into a world-class bank in the new era.

The 19th CPC National Congress set the goals for different stages by the middle of this century. In response, the Bank put

forth the "Three-step Strategy" for achieving the strategic goal of becoming a world-class bank in the new era. By 2020 when China completes the building of a moderately prosperous society in all respects, the Bank will "further consolidate the development foundation, cement its unique advantages, improve its systems and mechanisms, and enhance its overall strength". By 2035 when China basically realizes modernization, the Bank will have grown from a world-class big bank to a world-class strong bank and become a world-class bank in the new era on all fronts. On that basis, the Bank will make strenuous efforts for another 15 years, so that by 2050, we will be a "financial treasure" for the socialist modern country and a paragon in the global financial industry.

To become a world-class bank in the new era, we shall give full play to the leading role of technology. We will take quicker steps to build a digitalized bank featuring excellent user experience, rich scenarios, online-offline coordination, innovative and flexible products, efficient operation and management, and intelligent risk control. With mobile banking as the carrier, we will cultivate an integrated mobile financial portal, so that customers can share anything anywhere with a touch on the phone.

To become a world-class bank in the new era, we shall adhere to innovation-driven development. We will keep a close eye on the market trend and customer demand, and make innovations in technology, product and business at a faster pace. By subverting the traditions and breaking new grounds, we will strive to be a provider of quality financial services, builder of connected platforms, creator of data values and pioneer of intelligent services on the global stage.

To become a world-class bank in the new era, we shall carry on the transformation through practical approaches. In view of the needs of the real economy and the requirement for high-quality development, we will work faster to promote digital technologies, globalized business, integrated services, light assets, and downsized organization. We will improve the supply of financial resources, actively serve the "fight of three critical battles", serve the development of the real economy, and foster a high-quality development model with great capability of value creation and market competition.

To become a world-class bank in the new era, we shall pursue development through reform. We shall be more mindful of the difficulties ahead, maintain our strategic resolve, and be more courageous in implementing the reform. We will promote reform of the mind, of the mechanism and of the organization across the Bank, and gather the momentum for our reform and development.

To become a world-class bank in the new era, we shall strengthen Party leadership and Party building, and ensure full and strict governance over the Party so as to drive full and strict governance over the Bank. We shall continuously improve our governance system, enhance our governance ability, and hence provide strong impetus and strategic support for the building of a world-class bank in the new era.

Culture is the soul of an enterprise and the most profound force that pushes its development. On the way to becoming a world-class bank in the new era, we shall advocate the value of "Responsibility, Honesty, Professionalism, Innovation, Prudence, Performance", carry forward our centenary culture, and forge the values and code of conduct for our employees in the new era.

2018 is the first year for the full implementation of the guiding principles of the 19th National Congress of the Communist Party of China, and also a crucial year for the comprehensive building of a well-off society. BOC will keep its mission in mind and consciously integrate its own development into the career of serving the country's overall development and the people's livelihood. In addition, we will serve the real economy with more specialized financial products, repay shareholders with more stable performance, support public welfare and contribute to the society with more sustained resource input, and make greater contribution to the new journey of the Bank in the new era.

Chen Siqing

Chairman of Bank of China

About BOC

Bank of China is the Bank with the longest continuous operation among Chinese banks. The Bank was formally established in February 1912 following the approval of Dr. Sun Yat-sen. 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 rose to a leading position in the Chinese financial industry and developed a good standing in the international financial community, despite many hardships and setbacks. 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 by its offering of international trade settlement, overseas fund transfer and other non-trade foreign exchange services. During China's reform and opening up period, the Bank seized the historic opportunity presented by the government's strategy of capitalising on foreign funds and advanced technologies to boost economic development, and became the country's key foreign financing channel by building up its competitive advantages in foreign exchange business. 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 Chinese commercial bank to launch an A-Share and H-Share initial public offering and achieve a dual listing in both markets. In 2017, 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 seven consecutive years. Having served the Beijing 2008 Olympic Games, the Bank became the official banking partner of the Beijing 2022 Olympic and Paralympic Winter Games in 2017, thus making it the only bank in China serving two Olympic Games.

As China's most globalised and integrated bank, Bank of China has a well-established global service network with institutions set up in the Chinese mainland as well as 54 countries and regions. 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. BOCHK and the Macau Branch serve as local note-issuing banks in their respective markets.

Bank of China has upheld the spirit of "pursuing excellence" throughout its history of over one century. With adoration of the nation and the people 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 within the industry and by its customers. In face of the period of historic opportunities for great achievements, as a large state-owned commercial bank, the Bank will follow Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully implement the spirit of the 19th National Congress of the Communist Party of China, 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 in developing a modernised economy and to the efforts to realise the Chinese Dream of national rejuvenation and the aspirations of the people to live a better life.

Achievements

Economic Performance

Indicator	2017	2016	2015
Total assets (RMB million)	19,467,424	18,148,889	16,815,597
Operating income (RMB million)	483,278	483,630	474,321
Non-performing loan ratio (%)	1.45	1.46	1.43
Capital adequacy ratio (%)	14.19	14.28	14.06
Profit for the year (RMB million)	184,986	184,051	179,417
Income tax (RMB million)	37,917	38,361	52,154
Capital and reserves attributable to equity holders of the Bank (RMB million)	1,496,016	1,411,682	1,304,946
Micro and small-sized enterprise loan balance (RMB million)	1,457,804	1,284,900	1,145,714
Balance of government-sponsored student loans1 (RMB million)	2,965	3,348	3,749

Social Performance

Indicator	2017	2016	2015
Headcount	311,133	308,900	310,042
Percentage of female employees (%)	57.05	56.94	56.80
Employee satisfaction ratio (%)	79	80	79
Customer satisfaction ratio (%)	94.7	92.6	92.9
Donations2 (RMB million)	64	61	59
Social contribution per share3 (RMB)	1.73	1.71	1.81

Environmental Performance

Indicator	2017	2016	2015
Balance of green credits (RMB million)	538,799	467,342	412,315

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

3. 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 Awards and Honors

4th in Top 1000 World Banks
5th in Top 500 Global Banking Brands
The Banker

42nd in Global 500
FORTUNE

8th in Global 2000
Forbes

12th in Top 200 Brands
Hurun Research Institute

13th in BrandZ Top 100 Most Valuable Chinese Brands
WPP Group

Best International Bank
Global Finance

Best Regional Cash Manager in Asia
Euromoney

Best Overall Chinese Bank for BRI
Asiamoney

Best Bond Adviser (Global)
The Asset

Gold Award in the overall category of the 2016 Annual Report Competition
League of American Communications Professionals

Awards and Honors

Domestic Awards and Honors

First Prize for Banking Technology Development

People's Bank of China

Outstanding Mobile Banking Award

JRJ.com

Best Global Cash Manager

Treasury China

Best Board of Directors

Dongshiju.com

Best Employers for University Students — Best Employer in Financial Industry

ChinaHR

Most Socially Responsible Financial Institution

China Banking Association

Most Socially Responsible Bank

Sina.com

Socially Responsible Enterprise of the Year

Southern Weekly

People's Choice Award

CYOL.com

Social Responsibility Practice Award

China Next Generation Education Fund

Strategy and Management

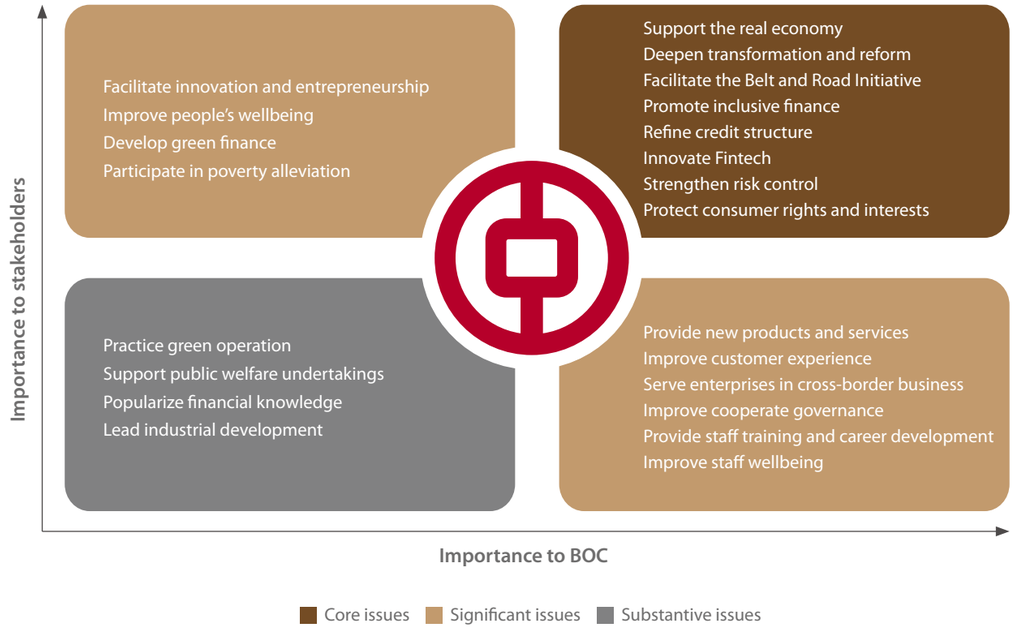
Philosophy

Strategic goal: Build a world-class bank in the new era

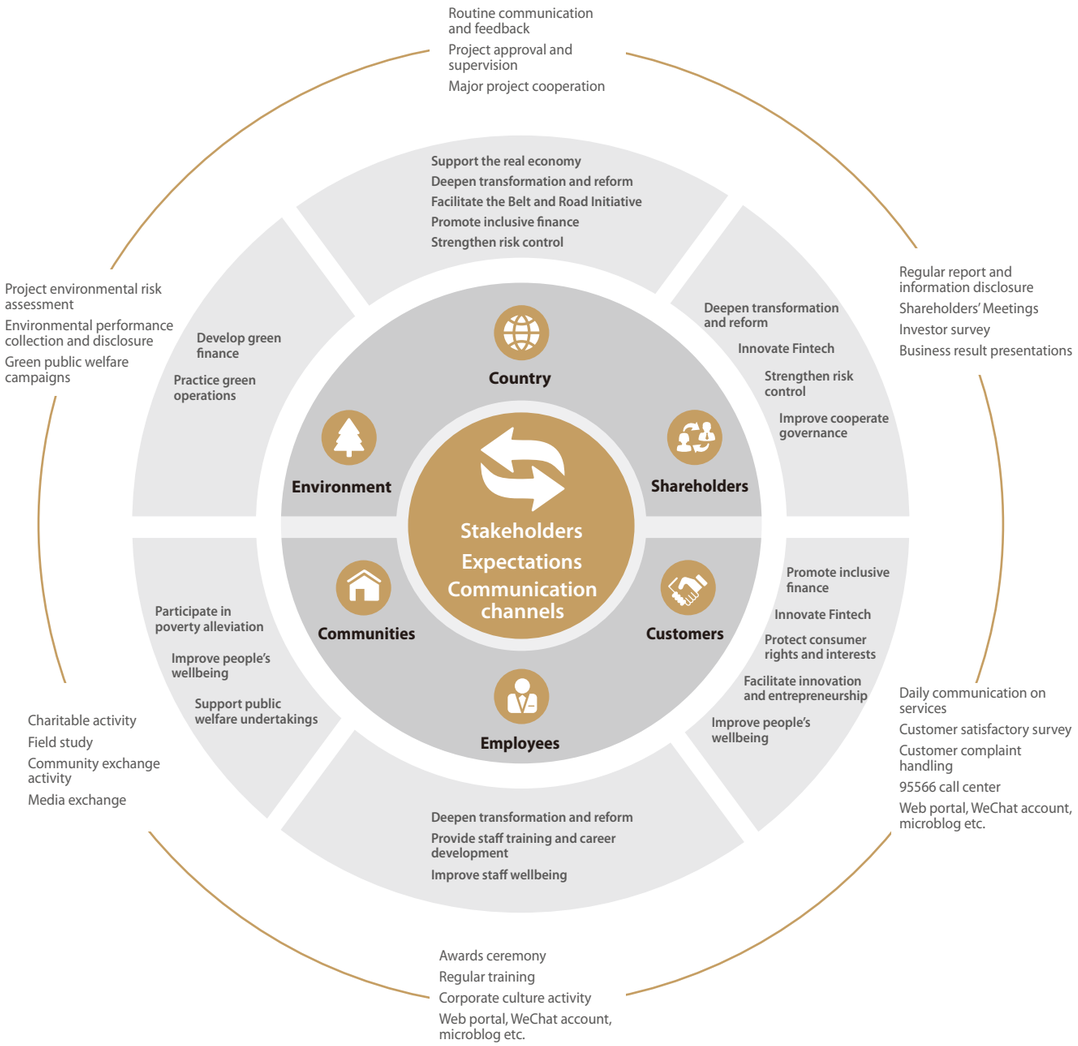
Values: Responsibility, Integrity, Professionalism, Innovation, Prudence, Performance

Management

According to the operation and development strategies of the Group, industrial hot spots and trend and the standards and requirements of sustainable development, BOC evaluated various aspects of sustainable development in a systematic and comprehensive manner to sort out and set 22 material issues. 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 "importance to stakeholders".



Stakeholder Engagement



01
Supporting National Strategies to Boost the Real Economy

Feature

Deepening the construction of Belt and Road financial artery

As the most internationalized Chinese bank, BOC actively responded to the Belt and Road Initiative by continuously improving the institutional network layout in the countries along the Belt and Road, expanded comprehensive and specialized financial products and services, and promoted the RMB internationalization business in countries along the Belt and Road, so as to become a truck line, major channel and artery for the financing business under the Belt and Road Initiative. It gave full support to the construction of major Belt and Road projects, helped enterprises to "go global" and "attract foreign investment", provided assistance for the development of local enterprises, and deepened the communication and cooperation with the countries along the Belt and Road, aiming to render a full range of services for the economic construction and industrial development in these countries.

As of the end of 2017, over 500 major projects regarding the Belt and Road were followed up by BOC, with the total investment of about USD450 billion and intentional credit support of over USD105 billion. From 2015 to 2017, various types of credit business towards the countries along the Belt and Road were completed, with the amount of about USD100 billion.

Optimizing institutional layout

• BOC's overseas institutions have covered 54 countries and regions, including 23 countries along the Belt and Road

• BOC takes full advantage of BOCHK's expertise in human resources, products and systems to promote the restructuring of ASEAN institutions and support the regional development of BOCHK

Innovating business mode

• BOC initiated a 3-year loan project with the amount of USD300 million for the Ministry of Finance of Pakistan, to assist Hungary in issuing the first sovereign Panda bond, hence creating a new mode of cooperation with sovereignty agencies in the countries along the Belt and Road

• The bonds with the theme of Belt and Road were issued several times by way of "multi-agency, multi-currency and multiproduct", to boost the construction of Belt and Road by raising global funds

Shoring up major projects

• BOC supported major "Going Global" projects such as the China- Laos Railway and the Jakarta-Bandung High-speed Railway Project; it also supported a number of major infrastructure projects overseas, such as investing in and undertaking the Attarat oil shale-fuelled power plant in Jordan and the Egypt state grid update and reconstruction, the first project launched under the China-Egypt Production Capacity Cooperation Framework

Bolstering business development

• BOC provides a wide range of financial products and services and tries to become the first choice of "Going Global" companies under the Belt and Road Initiative; by exerting its advantages in the risk management, BOC aims to provide escort for the "Going Global" and "Bringing in" of local enterprises and Chinese enterprises

Promoting exchange and cooperation

• Unofficial exchange trainings were carried out. Following Cambodia and the Philippines, the Bank held the Belt and Road international financial exchange and cooperation seminars successively for the Pacific island countries and four Latin American countries in 2017

Expanding institutional layout, and enriching trading products

In 2017, BOC successively established new branches in Serbia, Angola, Ireland, Pakistan and Qatar. Among them, the branches of Serbia, Pakistan and Qatar are located along the Belt and Road.

The Bank actively expanded its emerging market currency products by adding currency quotations for 13 emerging markets including Ghana Cedi, Sri Lankan Rupee and Bangladeshi Taka; hence, the number of non-renminbi currencies with quotations has reached 61, including 50 emerging market currencies and covering 28 countries and regions along the Belt and Road.

Assisting Hungary to issue the first sovereign Panda bond

In July 2017, BOC, as a co-lead underwriter and lead book runner, assisted Hungary to successfully issue RMB1 billion of bond (i.e. "Panda bond") in China's interbank bond market. This is the first time for Hungary to issue a RMB bond in China's interbank bond market; also, it is the first sovereign Panda bond earmarked for the cooperation under the Belt and Road Initiative. The bond has been subscribed by overseas investors actively, with the subscription size amounting to RMB1.96 billion.

Providing support for the construction of China-Laos Railway

The China-Laos Railway Project is the first overseas railway project under the Belt and Road Initiative, which is primarily invested in, constructed and operated by Chinese enterprise and directly connected to China's railway network. The entire railway conforms to Chinese technical standards, with the use of China-made equipment. The total length of the railway is 418 kilometers, the designed speed is 160 kilometers per hour, and the total investment is about RMB40 billion. It is estimated that the railway will be completed and opened to traffic in 2020. After the completion of the Project, it will greatly boost the economic and social development of Laos and improve the efficiency and level of local transportation.

During the construction of the Project, the branches of BOC in Beijing, Hunan and Sichuan provided a total of RMB1.63 billion performance guarantees for such companies as Sinohydro Corporation, Power Construction Corporation of China, China Railway No. 5 Group, China Railway No. 2 Group and China Railway No. 8 Group. And the prepayment guarantees issued for these companies totalled RMB297 million, thus effectively guaranteeing the smooth construction of China-Laos Railway Project.

Leading the Syndicated Loan Project of State Oil Company of Azerbaijan

Luxembourg Branch of BOC led the formation of a USD1.3 billion syndicated loan for Turkish oil and gas of State Oil Company of Azerbaijan as a lead bank and book runner. Luxembourg Branch participated in a tranche of USD500 million, which was used in full amount for the "Trans-Anatolia Natural Gas Pipeline" Project of State Oil Company of Azerbaijan.

1.1 Building an open economy

BOC gave full play to its collaborative advantages at home and abroad, continuously facilitated overseas business development, strengthened the global integrated operating capability by focusing on financing business, and kept strengthening its position as the main channel for cross-border RMB circulation. It also shored up the construction of free trade zones, provided services for the cross-border trade and investment of enterprises, and expanded personal cross-border RMB business, for the purpose of helping the country to build a new pattern of all-around opening up.

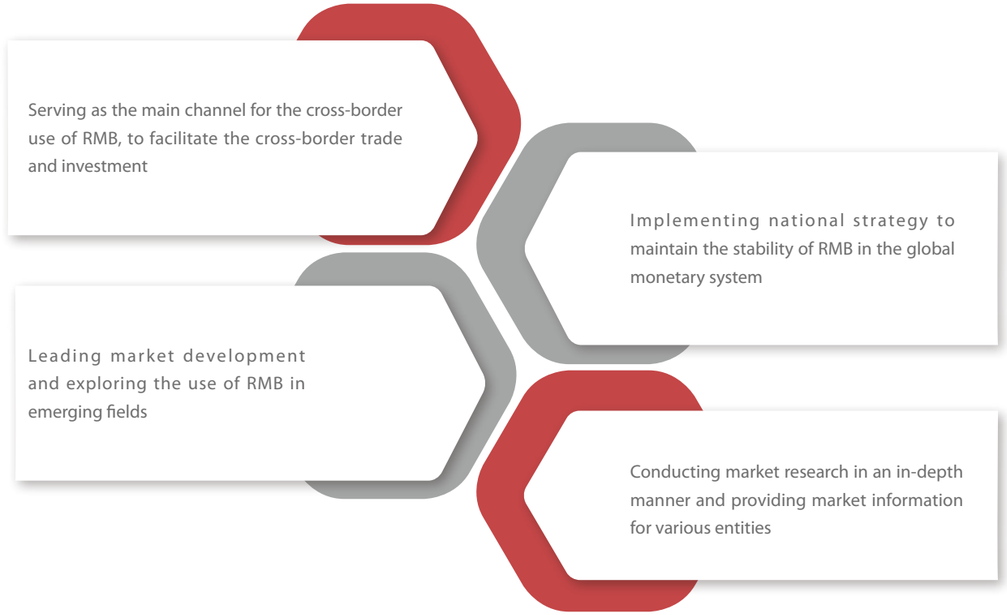
1.1.1 Promoting RMB internationalization

BOC continuously consolidated its position as the main channel for cross-border RMB circulation, provided services for the cross-border trade and investment of enterprises, and led the innovation of RMB internationalization products and services, to boost the function of RMB as an international currency and steadily raise the international status of RMB.

As of the end of 2017, the cross-border RMB clearing network of BOC covered the whole world. The Bank had 11 seats among 23 clearing banks designated by the People's Bank of China, and completed RMB349.68 trillion of cross-border RMB clearing transactions, with the settlement amount of RMB3.83 trillion, maintaining its first place in the world. As the lead underwriter, BOC assisted 12 issuers, including overseas sovereign and quasi-sovereign institutions, overseas non-financial enterprises and overseas financial institutions, to issue Panda bonds in the interbank market, with a total size of RMB37 billion.

Holding a seminar on Belt and Road international financial exchange and cooperation for four Latin American countries

On November 15, 2017, BOC held a seminar on Belt and Road international financial communication and cooperation for four Latin America countries. Senior financial officials from Panama, Ecuador, Costa Rica and Colombia as well as executives from large enterprises and financial institutions attended the seminar. Such interactive exchange and comprehensive understanding of the Belt and Road Initiative have laid a sound foundation for further cooperation.



Obtaining the qualification as one of the first crude oil futures margin depository banks

Shanghai International Energy Exchange Center, a wholly-owned subsidiary of Shanghai Futures Exchange, was established in the free trade zone in November 2013. Following the signing of strategic cooperation agreement with it in 2014, BOC obtained the qualification as the domestic futures margin depository bank of the Shanghai International Energy Exchange Center in May 2017 and became one of the first commercial banks to provide crude oil futures margin depository services to domestic members and customers.

Sharing the research results on RMB internationalization

BOC regularly releases the BOC Cross-border RMB Index (BCRI) and BOC Offshore RMB Index (ORI), and conducts research on global customers. It has compiled the White Paper on RMB Internationalization, to timely track the progress of RMB internationalization from the perspectives of customers and market. In 2017, about 70% of the respondents surveyed, in the BOC's research on 3,134 industrial and commercial enterprises and 118 financial institutions in 25 countries and regions, indicated that they were interested in participating in offshore or onshore RMB financial markets, an increase of 9 percentage points compared with the previous year.

1.1.2 Supporting the construction of free trade zones

The free trade zone is China's experimental field of opening up to the outside world and also an important channel for enterprises to go global. In April 2017, the third batch of free trade zones was approved, combining with the rest to form a "1 + 3 + 7" pattern nationwide. As a "forerunner" of free trade zone construction, BOC actively participates in the innovation of free trade zone system and gives full support to the free trade zone reform by relying on the close collaboration of the Head Office, branches, domestic and overseas institutions and diversified platforms.

Supporting Shanghai Free Trade Zone to play a bridgehead role

In early 2017, the State Council promulgated the Plan on Comprehensively Deepening the Reform and Opening-up of China (Shanghai) Pilot Free Trade Zone. As the first free trade zone in China, Shanghai Free Trade Zone will continue to play the bridgehead role in the national free trade zone. In the past four years, BOC made concerted efforts to allocate resources both at home and abroad and continuously increased its support for the construction of Shanghai Free Trade Zone. As of the end of 2017, Shanghai Branch of BOC opened more than 15,000 free trade accounts and granted RMB13 billion of cross-border RMB loans. It has provided integrated financial services to the world's top 500 enterprises, and helped thousands of enterprises to develop rapidly in the free trade zone.

Dalian Free Trade Zone Sub-branch took the lead in opening for business

On April 10, 2017, the Free Trade Zone Sub-branch of BOC Dalian Branch was established, becoming the first financial institution with business license and financial license that opens for business in the zone. On the opening day, the Sub-branch signed strategic cooperation agreements with 10 major customers in respect of the business operation in the free trade zone, and handled 45 transactions for the first time for nearly 30 enterprises, with the amount of nearly RMB700 million (equivalent), covering more than 20 kinds of products, such as cross-border settlement, cross-border guarantee, capital pool in domestic and foreign currencies, and option portfolio.

1.1.3 Providing services for cross-border development of enterprises

Relying on the advantages of integrated development both at home and abroad, BOC continuously expanded cross-border and overseas RMB products. It worked out individualized and specialized service solutions for different types of enterprises, to support their cross-border trade and investment.

As of the end of 2017, BOC supported about a total of 4,205 "Going Global" projects of Chinese-funded enterprises, with the offered loan commitments of over USD280.5 billion. Among them, the contracted overseas M&A loans reached USD91 billion, and the contracted overseas business loans amounted to USD173.3 billion.

Jointly sponsoring the "Guo Xin Guo Tong" Fund, to prop up the overseas development of Chinese-funded enterprises

BOC participated in the "Guo Xin Guo Tong" Equity Investment Fund sponsored and established by CNIC Corporation Limited, a sovereign investment institution in China, under the leadership of State-owned Assets Supervision and Administration Commission of the State Council. The Fund, with a size of RMB150 billion, is mainly used to support the participation of Chinese enterprises in the Belt and Road construction, "Going Global" of advantageous industries and international investment and M&A. With the Fund as an investment platform, BOC can make the best use of advantageous resources at home and abroad to meet all-round financial needs of customers.

- Participating in international capacity cooperation and major international engineering contracting projects, so as to drive the export of domestic equipment and related ancillary products, and promote enterprises to cut overcapacity and reduce excess inventory

- Participating in international mergers and acquisitions in the high-end manufacturing field, and making investment in and building factories in China, to realize high-tech application, promote domestic industry's transformation and upgrading, and push enterprises to make up for shortcomings

- Participating in the "Going Global" of China's advantageous industries such as high-speed railway, nuclear power, UHV and 4G communications

- Participating in overseas investment and M&A of central SOEs and large local state-owned enterprises

Upgrading cross-border financial service solutions for enterprises

In 2017, Guangdong Branch of BOC issued the Cross-border Financial Service Solutions for Enterprises (Version 2.0), focusing on "three connections", and aiming to provide enterprises with more efficient cross-border financial services with better quality.

• Domestic and overseas connection. Domestic and overseas markets, resources and rules are unitized in a planned manner, to help enterprises reduce financing cost

• On-balance sheet and off-balance sheet connection. Enterprises can be helped to broaden financing channels and optimize asset allocation

• Online and offline connection. The Bank has launched cross-border integrated RMB E-commerce services, Guangdong-Hong Kong E-Check and BOC E-Certificate, to enhance the effectiveness of business operations

In 2017, Guangdong Branch of BOC accumulatively settled cross-border RMB business of RMB366,123 million, and more than 551 customers in Guangdong Free Trade Zone were provided featured cross-border financial services including settlement and lending, with the amount exceeding RMB120 billion.

Supporting Midea Group to acquire KUKA Group

In early 2017, Midea Group, a leading household appliance enterprise in China, completed its tender offer for German KUKA Group, one of the world's top four robot manufacturers, with a transaction value of over EUR3.7 billion. BOC, as the lead arranger, global coordinating bank and text agency, took the lead in organizing the syndicated loans and completed syndicated over-subscription, contract signing and full-amount disbarment in a short period of time, and undertook a tranche of EUR787 million.

1.1.4 Providing services for personal cross-border consumption

BOC launched a featured product, i.e. "BOC Outbound Financial Services", to provide cross-border customers with convenient and thoughtful one-stop financial services. The Bank has actively optimized its global capital account management service for mobile banking and experimentally launched online reservation service for personal foreign currency cash in electronic channels.

Introducing the "BOC-GPI" product

In August 2017, BOC mobile banking introduced the global remittance service of BOC-GPI. Customers can enjoy intelligent services including preferential treatment, follow-up feedback and cost transparency in the foreign currency remittance with more than 10 currencies such as USD, EUR, GBP and AUD; besides, transaction information can be obtained on a real-time basis.

1.2 Supporting coordinated regional development

BOC actively responded to the national strategy of regional development and strongly shored up the development of key strategic areas such as Beijing-Tianjin-Hebei, Xiongan New Area, the Yangtze Economic Belt, and Guangdong-Hong Kong-Macau Greater Bay Area. It sped up the innovation of financial products and services, and built a cooperation platform and supported the construction of key regional projects based on the financial service demand in all regions, so as to facilitate regional economic development and people's livelihood improvement.

1.2.1 Coordinated development of the Beijing-Tianjin-Hebei region

With the focus on easing the non-capital function of Beijing, more resources have been input to boost up the sub-center construction in Beijing and key fields including industry and transportation in Beijing, Tianjin and Hebei, for the purpose of propelling inter-regional connectivity and industrial integration. A collaborative marketing and project connection mechanism has been established to share information on industrial layout adjustment, industrial gathering and migration etc. and serve the industrial transfer. Emphasis is laid on supporting sectors such sports, tourism, real estate and environmental protection which are closely related to the 2022 Beijing-Zhangjiakou Olympic and Winter Games, so as to support the development of the winter sports industry and serve the winter games.

As of the end of 2017, BOC had supported 418 Beijing-Tianjin-Hebei coordinated development projects, with the loan balance of RMB277.2 billion. A total of 241 projects were put into operation during the year, amounting to RMB119.6 billion.

Rendering full support to the Beijing-Tianjin-Hebei Integrated Transport Project

Tangshan Branch of BOC regards the construction of traffic network as a key area for financial support and actively facilitates the interconnection of Beijing, Tianjin and Hebei by providing specialized financial service solutions for key Beijing-Tianjin-Hebei transport projects. As of the end of 2017, the Branch granted loans of RMB194 million for the Niezhuang-Donggang Line II Railway Project, RMB320 million for the Tang Cao Railway Project (Tangshan-Caofeidian) and RMB200 million for the Chengde Section of Chengzhang Expressway.

1.2.2 Construction of Xiongan New Area

BOC established a decision-making committee for the Xiongan New Area. Major issues involving the new area were submitted directly to the committee for deliberation. To precisely meet the needs of Xiongan New Area, the Bank actively participated in the strategy of "Digital Xiongan" in line with the innovative financing modes of local government including real estate financing, industrial financing and green financing. It supported the construction of smart city and smart banking by adopting the blockchain technology. In addition, the Bank built a bridge for international cooperation to contribute financial strength to Xiongan New Area.

As of the end of 2017, BOC had achieved full outlet coverage of three counties in the Xiongan New Area, contracted 306 service points in 557 natural villages of Xiongan to help farmers and was formally approved the preparatory establishment of Xiongan Branch in Hebei Province.

Assisting the Xiongan New Area to complete the payment of the first compensation

On September 9, 2017, a high display screen was erected at the gate of Rongcheng County Mazhuang Village Committee, indicating that the first temporary land occupation compensation agreement of Xiongan New Area would be signed there. Villager Jiang Junming pressed his fingerprint on the agreement and completed the "first signing" between the Xiongan New Area and the local people. BOC staff handled a bank card for him on the site and transferred the compensation to his personal bank card.

In 2017, BOC rendered services in response to the construction and service needs of the Xiongan New Area. In just a few months, it became the first bank stationed in the new area, paid the first compensation as the agent of the new area and rendered a special loan of RMB22 billion for the relocation compensation.

1.2.3 Development of the Yangtze Economic Belt

Guided by the Outline for the Development Plan of the Yangtze Economic Belt, he Joint Working Group on Business Expansion of the Yangtze Economic Belt was established to promote the allocation of credit resources among branches in the region and set up a customer-list management system focused on the construction of an integrated three-dimensional traffic corridor, innovation-driven industrial restructuring, restoration of the Yangtze River's ecological environment, and new urbanization so as to jointly contribute to the construction of the Yangtze Economic Belt.

As of the end of 2017, BOC had provided RMB66.38 billion in credit for "Yangtze Economic Belt" projects in 11 provinces and municipalities along the Yangtze River, with an increase of RMB26.84 billion in credit balance during the year.

Signing a comprehensive strategic cooperation agreement of RMB120 billion with the Wuhan Municipal Government

In September 2017, Hubei Provincial Branch of BOC signed a comprehensive strategic cooperation agreement with the Wuhan Municipal Government, intending to provide no less than RMB120 billion of financial support to Wuhan in the next five years, for the purpose of supporting the construction of a modern, international and ecologically-oriented Wuhan and helping Wuhan play a central role in the construction of the Yangtze Economic Belt.

1.2.4 Construction of Guangdong-Hong Kong-Macau Greater Bay Area

In line with the state's Framework Agreement on Deepening Guangdong-Hong Kong-Macau Cooperation to Promote the Construction of Greater Bay Area, BOC established an organization mechanism to support the development of the Guangdong-Hong Kong-Macau Greater Bay Area, and established the Guangdong-Hong Kong-Macau Collaborative Development Committee consisting of major business executives of the Head Office and BOC institutions in Guangdong, Hong Kong, and Macau to promote the business cooperation among institutions in this area, push forward the interconnectivity of integrated customer services and information systems in different regions, prioritize city interconnectivity, and support regional industrial upgrading and transfer, thus boosting the development of the Guangdong-Hong Kong-Macau Greater Bay Area.

Supporting the construction of Hong Kong-Zhuhai-Macau Bridge Project

In 2017, the main part of Hong Kong-Zhuhai-Macau Bridge Project, which attracted worldwide attention, was completed with Hong Kong to the east and Zhuhai and Macau to the west. The Hong Kong-Zhuhai-Macau Bridge, with a span of 55 km, is the longest cross-sea bridge in the world and one of the most complex projects with the highest construction requirements and standards in China's transportation history.

In 2009, Guangdong Provincial Branch of BOC established a cooperative relationship with Hong Kong-Zhuhai-Macau Bridge Administration as the only lead bank and agent bank for the syndicate of Hong Kong-Zhuhai-Macau Main Bridge, to give full play to its professional advantages in cross-border business and provide sufficient low-cost funds by collaborating with domestic and overseas institutions. As of the end of 2017, the Hong Kong-Zhuhai- Macau Bridge Administration had accumulatively drawn RMB20,524 million from syndicated loans, of which RMB10,506 million was drawn from BOC, accounting for more than 51%.

Promoting the interoperability of financial services between Guangdong, Hong Kong and Macau

In line with the policies promulgated by the Hong Kong Monetary Authority, Hong Kong Interbank Clearing Limited and regulators in Guangdong and Shenzhen, BOCHK launched some cross-border convenience services including "Hong Kong-Guangdong Cross-Border E-Billing and Payment Service", "Shenzhen-Hong Kong Cross-border Tax Payment with RMB Electronic Checks", "Guangdong-Hong Kong Commercial Registration Bank- Government Connect" and "BOC Commercial Services Guangdong-Hong Kong Connect", to optimize the interoperability of financial infrastructure in the Guangdong-Hong Kong-Macau Greater Bay Area, and sustain the financial interconnectivity between Hong Kong and the Mainland.

1.3 Promoting economic restructuring and upgrading

BOC closely followed the national strategy and macroeconomic policies, gave full support to the supply-side structural reform, actively expanded key industries and fields such as advanced manufacturing, modern services and infrastructure, and strengthened the support for light-cycle industries and strategic emerging industries. It reduced the loans to overcapacity industries, facilitated the optimization and upgrading of traditional industries, and promoted the development of new economic and business forms, to prop up high-quality development of the real economy.

1.3.1 Improving the allocation of credit resources

BOC also formulated the guidelines on asset portfolio management plans and industrial credit allocation, to effectively guide the credit allocation to industries, continuously optimize credit structure and reduce credit input in key overcapacity industries under control. In this way, priority can be given to the directions and fields that are in line with the national policies and BOC's development strategies in the allocation of credit resources.

Overcapacity cut
Deleveraging
Reduction of excess inventory

• Accelerating the withdrawal of loans from inefficient sectors to prevent potential risks in the sectors with excess capacity such as the coal sector

• Resolutely withdrawing loans from "zombie enterprises" and prohibiting new exposure to such enterprises

• Reducing the loans to some low-end manufacturing industries, wholesale and retail industries with traditional business model, mining industry and industries with severe overcapacity, and preventing industry risks from spreading between upstream and downstream industry chains

Mitigation of real estate bubble

• Implementing the strategy of "strict gross control and differential treatment", and applying differential management to regions, customers and projects

• Actively supporting credit allocation in the areas such as shantytown reconstruction and urbanization that are in line with the national strategy, and controlling the size of development loans in the areas with high inventories

1.3.2 Shoring up the transformation of traditional industries

By adhering to the principle of "guarantee with reduction, and classified implementation of policies", BOC accelerated the optimization of customer structure and product structure, firmly withdrew from the enterprises with backward capacity and "zombie enterprises", and required that new loans could not be granted to new capacity projects. The Bank supported the technical transformation projects meeting the requirements on "energy conservation, environmental protection and recycling economy" and the projects with replacement of backward capacity; besides, it provided integrated services for the M&A and restructuring of advantageous enterprises, integration of excess capacity, transformation and change of the line of production, structural adjustment of products, technological transformation and international capacity cooperation.

Supporting centrally-administered enterprises to accelerate industrial restructuring

China Minmetals Corporation is a large enterprise group mainly engaged in the development, production, trading and integrated services of metals and mineral products. In 2016, China Metallurgical Group was merged into China Minmetals Corporation. After the reorganization, China Minmetals Corporation commenced diversified transformation, with emerging industries such as infrastructure and new urbanization, comprehensive real estate development and financial services as key areas.

In 2017, BOC successively supported some industrial transformation projects undertaken by China Minmetals Corporation, including the Underground Pipe Gallery Project in Gansu Lanzhou New Area, High-Speed PPP Project in Guizhou, "Qinghai Shenji Financial Plaza" Real Estate Project, Zhumadian Water Project and Wuxi Waste Incineration Power Generation BOT Project, and a total of RMB5.82 billion of credit funds were provided.

1.3.3 Supporting strategic emerging industries

In line with relevant industrial policies under the new situation in the country and the action plans such as the "Made in China 2025", "internet +" and "planning for a new generation of artificial intelligence", BOC enhanced support to strategic emerging industries to advance the improvement of industrial structure and the innovation-driven development. Grasping the opportunity of advanced manufacturing development, BOC focused on supporting aerospace, rail transport, power equipment, new materials, the new generation of information technology industry, bio-medicine and high-performance medical equipment. It also actively supported the deep integration of the internet, big data and artificial intelligence with traditional industries.

As of the end of 2017, the balance of loans granted by BOC to strategic emerging industries stood at RMB493.1 billion, a year-on-year increase of 10.96%, which accounted for 9.67% of total corporate credit balance.

Key areas for support

Supporting Chinese new energy companies to expand international market

Contemporary Amperex Technology Co., Ltd. is mainly engaged in the production and R&D of lithium batteries. The company has an annual output value of RMB10 billion, ranking third in the global market. Its rapid development and the need for global strategic layout have led to strong demand for financial services, especially overseas financial services. Therefore, Ningde Branch of BOC actively collaborated with Fujian Branch, the Head Office and relevant overseas branches to tailor-make an overall financial service plan for the company. By the end of 2017, BOC had approved a total credit line of RMB750 million for the company and accumulatively issued bank acceptance bills of RMB450 million and import L/C of RMB150 million; besides, the Bank handled bill discounting business of RMB500 million and foreign exchange purchase and payment business of RMB100 million for the company.

02
Building a Digital Bank by Adhering to Technology

Feature

BOC mobile banking always accompanies you

By adhering to technology-led development, BOC strives to build its mobile banking system into a comprehensive financial mobile portal. BOC mobile banking client fully integrates life, cross-border and investment service scenarios to address customers' urgent financial needs. By using mobile connection, artificial intelligence, biometrics and other new technologies in an in-depth manner, BOC can provide customers with one-stop online financial services and help customers get more convenient, efficient, safe and reliable mobile financial services, so as to achieve "Going global and sharing all with a mobile phone".

As of the end of 2017, the number of mobile banking customers of BOC reached 115 million, an increase of 22.17% compared with the previous year; both the number of customers and the amount of transactions increased by more than 60% year on year.

Improving functions and services

BOC also formulated the guidelines on asset portfolio management plans and industrial credit allocation, to effectively guide the credit allocation to industries, continuously optimize credit structure and reduce credit input in key overcapacity industries under control. In this way, priority can be given to the directions and fields that are in line with the national policies and BOC's development strategies in the allocation of credit resources.

Abundant functions

• BOC's mobile banking system has four channels of "Homepage, Investment, Life, and Mine" as well as three special sections of "Asset Management, Cross-border Finance and Consumer Finance", to provide customers with a full range of services based on "user + scene integration".

Featured services

• BOC has introduced a special section for cross-border finance and established a cross-border closed-loop ecosystem integrating products and services, to provide personal foreign currency cash reservation service, connect online and offline business processes, and meet the urgent demand of domestic customers for foreign currency exchange in foreign countries

• BOC has launched the "GPI" global remittance service. A global remittance could be credited to account within 2 minutes, so that a customer can know the whole process of remittance on a real-time basis

• BOC provides integrated cross-border services such as unified global account management, cross-border QR code payment, visa application and refund processing

Customized services

• BOC has realized the customization of functions, market quotations and products. According to customer preferences, the quotations of precious metals and foreign exchange can be customized, and webpage can also be customized in line with customer habits

• BOC recommends intelligent investment and wealth management product portfolios on a pilot basis, to realize customized wealth management services in the mobile banking system

Online and offline integration services

If a customer needs to handle business at the outlet of BOC, mobile banking can seamlessly connect services through online and offline integration. Before going to the outlet, the customer can make a reservation in the mobile banking system, and then arrive at the outlet at the reserved time, to enjoy the convenience of priority service, without queuing for a long time. If a customer is in urgent need of cash and does not carry his/her bank card, the customer can use mobile banking client to scan the ATM QR code, and then he/she can follow the instructions to select account, enter amount and password to withdraw cash.

Supporting the development of inclusive finance

By relying on mobile banking system, BOC is the first bank in the banking sector to launch the full-process online services for the state-sponsored student loans; it has also introduced the "Youth E-loan" product, offering convenient, fast and reasonably priced online lending services for students, to meet their microcredit needs.

Innovating technological application

BOC actively carried out the R&D and application of various technologies to promote mobile banking upgrade.

According to the 2017 Mobile Banking Review and User Experience Research Report (Nationwide Commercial Banks) published by China Financial Certification Authority (CFCA) in December 2017, BOC's mobile banking system ranked first in terms of comprehensive user experience evaluation scores.

Artificial intelligence

Based on big data analysis, intelligent services such as intelligent investment adviser, intelligent search, referral products, information and operations can be provided

QR code

Such functions as QR code-based receipt, payment and transfer are introduced in response to more financial scenes

OCR image recognition

Based on mobile phone camera and image recognition technology, card number and ID card information can be read, to reduce customer operations

Fingerprint authentication

BOC has introduced innovative fingerprint authentication service to further enhance operational convenience

Face recognition

Face recognition is applied to self-service account association, to achieve customer identification and secure transaction authentication

Constructing an intelligent risk control system for mobile banking

Using such technologies as big data, cloud computing and artificial intelligence, BOC has integrated and analysed multi-dimensional data such as transaction behaviour, to carry out proactive and real-time monitoring and disposal of high-risk transactions in the mobile banking system. At the same time, the application of biometric identification technologies including face recognition and fingerprinting as well as emerging authentication methods including SIM shield and intelligent challenge questions can provide customers with quicker and more convenient experience, on the premise of ensuring transaction security.

2.1 Deepening channel transformation

In line with the development trend of "internet +", BOC has further advanced the new service model of "internet + inclusive finance" and promoted the transformation and upgrading of outlets with the goal of transforming the outlets intelligently and creating differentiated and featured outlets, to provide customers with personalized services. Online and offline collaboration, domestic and overseas collaboration, and comprehensive collaboration have been achieved to better meet customer needs.

2.1.1 Pushing the intelligent upgrade of outlets

On the basis of continuously pushing forward the construction of online financial service channels, BOC has in recent years launched a pilot project to upgrade and reconstruct outlets intelligently through the optimization of processes, product innovation, equipment upgrade, and application of digital media and new technologies, providing customers with "one-stop" intelligent services.

As of the end of 2017, the total number of domestic outlets of BOC reached 10,674, including 8,526 outlets for the promotion of intelligent counters, to achieve the full coverage of tier-one branches.

Improving outlet layout, to enhance customer interaction

• BOC has re-adjusted the internal structure of its outlets in the order of self-service business, simple business and complex business, to re-design outlets internally and externally by different areas

• BOC fosters customers' habits of using online channels and self-service equipment to handle business, so as to create more opportunities for customers to communicate and experience

• Experience-based electronic equipment is used to strengthen customers' understanding of new banking products

Simplifying service process to improve the efficiency of services

• Intelligent counters are popularized to optimize customer service experience and improve business processing efficiency at outlets. The average operating time of each transaction by use of intelligent teller can be reduced by 5 to 10 minutes

• In addition to a few cash services such as large-value cash withdrawal and foreign currency deposit/withdrawal, most services can be completed on a self-service basis through intelligent equipment

• Staff are freed from part of the manual tasks at the counter and become available in the lobby to help customers with their needs

Promoting channel collaboration and strengthening customer care

• By seeking the combination of offline and online channels, the product and service processes are optimized, to seamlessly connect online and offline services, and reduce customers' operating procedures and trading time

2.1.2 Building specialized and featured outlets

BOC is committed to creating distinctive, differentiated, specialized and meticulous services for target customer groups. In 2017, the Bank commenced differentiated development of outlets in an all-around manner, to refine the structure of outlets and establish a service model with "flagship outlets as the example, integrated outlets as the foundation, specialized outlets as the characteristic, and light outlets as the supplement".

Specialized outlets

Based on the needs of surrounding customers, BOC built a product portfolio and marketing service model catering to customers' habits by selling specific products, serving specific customer groups and building cross-border scenarios. In 2017, BOC built 1,132 specialized outlets with consumer finance, personal loans, overseas finance, trade finance and SMEs as business features

Light outlets

Light outlets are expanded on a pilot basis in the communities, shopping malls, parks and other customer gathering areas, and customers are provided with convenient service experience by reducing lease area, streamlining staffing and simplifying cash business mode. In 2017, a total of 136 light outlets were built

Inclusive financial institutions

Inclusive financial customer groups including small and micro enterprises, "farmer, rural area and agriculture", innovation and business start-up, poverty alleviation and campus finance are regarded as key service targets, to speed up the construction of inclusive financial institutions with certain characteristics. As of the end of 2017, 255 outlets were established in 157 national-level poverty-stricken counties

Building a featured sub-branch for second-hand housing loans

Huaqiao Road Sub-branch of BOC Jiangsu Branch is located in the Xinjiekou Commercial Circle of Nanjing City, adjacent to the Nanjing Real Estate Trading Center. According to the characteristics of the location, the sub-branch is positioned as a specialized branch with the second-hand housing loans as the featured business. In order to improve service efficiency, Huaqiao Road Sub-branch added 5 professional retail loan managers and formed a core team consisting of 1 approver, 9 professional customer managers and 1 back-office management staff; due to the optimized approval process, the original one-week approval process was shortened to three working days.

At the same time, through communication with second-hand housing loan customers, Huaqiao Road Sub-branch has gradually mastered the increasing demand of customers for buying and selling houses; hence it continues to improve the maturity of housing mortgage and transfer and enhance customer satisfaction.

Door-to-door services

In October 2017, Qingyun Sub-branch of BOC Jiangxi Branch started the light-outlet reconstruction by adding intelligent counters. After improving the efficiency of outlets, customer managers can provide door-to-door services in Nanchang County and Xinjian District, receive the applications for debit cards, credit cards, online banking and mobile banking, and render more considerate and exclusive services.

2.2 Improving customer experience

BOC continuously paid attention to the changes of customer needs and provided customers with safer and more convenient financial services through technology innovation, process optimization and service upgrade, to create outstanding customer perception and experience.

2.2.1 Innovating Fintech

Driven by the wave of Fintech, BOC achieved a number of technological breakthroughs in 2017.

• BOC took the lead in piloting intelligent counter face recognition technology at four branches to assist customers in checking their identities

• BOC has innovated mobile payment products and cooperated with China Mobile to launch near-field payment products including "Quick Pass"; besides, it has taken the lead in supporting the use of NFC pay products such as Apple Pay and "swipe mobile phone" to take the subway

• In terms of mobile banking, BOC launched asset management services such as intelligent investment adviser, intelligent search and product recommendation for customers, to meet the needs of customers for asset value maintenance and increase.

Providing ATM cash withdrawal service by scanning QR code, to create new mobile banking experience

In 2017, BOC launched withdrawal service through QR code scanning on ATMs, to connect online mobile banking channel with offline ATM channel and provide mobile phone "wallet" services for customers.

With this function, a customer can select the "Cash Withdrawal by Scanning" button at any ATM machine of BOC, log into the "BOC Mobile Banking" APP, use "Scan" to scan the QR code on the ATM screen and input the amount to be withdrawn according to the phone prompt; after that, the customer can enter the withdrawal password at the ATM to withdraw cash.

2.2.2 Improving services constantly

In 2017, the manual connection rate of BOC 95566 Customer Service Center was 98.37% and the customer satisfaction rate was 98.62%. In December 2017, BOC ranked first in terms of the connection rate and service level indicators of each customer service line among 30 banks.

Listening to customers' comments

• BOC promptly and properly handles customer complaints and continuously improves the complaint management system to improve service response rate

• BOC has added the "contact customer service" option on each page of mobile banking system, to provide faster online service channels

Improving teller management

• To fully guarantee the service quality of outlets, BOC has clarified the division of duties and responsibilities for service posts, optimized staffing and sped up the supply of outlet marketing service staff

• For the purpose of strengthening staff management, BOC provides systematic trainings to outlet service staff and customer service staff by means of video training, mobile training and other platforms, to enhance their service awareness

Optimizing layout of lobby

• BOC has adjusted the layout of lobby to highlight signs, for customers to easily find corresponding functional areas without too much inquiry and guidance

• BOC has appropriately extended sales and service areas, for customers to experience new products and enjoy personalized services

2.3 Providing exclusive services

"I love being an account manager"

Zhou Chunming, 52 years old, is an account manager of Jingtang Port Sub-branch of BOC Tangshan Branch in Hebei. In 1993, he was transferred from the army to the Jingtang Port Sub-branch, where he has worked as a corporate account manager for 24 years, served more than 400 corporate customers and handled nearly RMB20 billion of credit transactions. In the past 24 years, no mistake could be found in the credit transactions handled by Zhou, no transaction was ever returned, and no NPL was detected.

"I have 24 years of work experience; the summary of my past 24 years could be described as: trying to be more efficient, working harder in the profession, and being more careful at work. I love being an account manager, and I love BOC!"

2.3.1 Serving special groups

BOC insists on providing barrier-free, customized and differentiated services for disabled customers, middle-aged and elderly customers and all kinds of customers with special difficulties and needs.

• **For disabled customers:** we provide green channels and auxiliary facilities such as accessible parking spaces, care seats and Braille keyboards at the outlets, and bring our services to the doorstep of people with severe disabilities.

• **For urban public service groups:** The "BOC Warm Corner" is set up at the outlets, to provide temporary rest place for sanitation workers, transportation coordinators, civilian police and volunteers, and render services such as drinking water, common drugs, umbrella rental and mobile phone charging.

Providing door-to-door services for hospitalized senior citizen

On August 13, 2017, Ms. Jiang, a 90-year-old woman living in Zhaoqing City, Guangdong Province, was hospitalized due to illness. However, Ms. Jiang only had an ordinary passbook account; she had no bank card, and couldn't apply to the Bank for a bank card.

Zhaoqing Branch immediately started extension services after being informed, and arranged two competent personnel to provide service in the hospital. Witnessed by doctors and customer's families, they verified the customer's identity information on the spot. After asking and confirming the customer's intention, BOC instructed her families to handle relevant formalities and successfully issued a pre-made card for the old lady.

2.3.2 Developing private banking business

In order to meet the wealth management needs of high-end customers, BOC has taken advantage of its global operations, established private banking service centers successively in Hong Kong, Macau, Singapore and London, and actively built a high-end service system, to provide customers with private, exclusive, wealth-creation and high-quality private banking services, and meet customers' needs for cross-border financial services.

In 2017, BOC was awarded the honorary titles of "Annual Wealth Management Brand Award" and "Annual Private Bank Excellence Award" for its private banking services.

2.4 Protecting customers' rights and interests

Successfully conducting the first domestic mixed property charitable trust

Many overseas Chinese from Quanzhou, Fujian Province are working hard and creating wealth in foreign countries, and meanwhile have always been deeply concerned about their hometown and enthusiastic about public welfare. Mr. Wu is one of them. For many years, he had had a sum of money entrusted with BOC, and used the proceeds to support the education in his hometown on a regular basis. As he was getting older, Mr. Wu hoped that such a good deed could be continued and inherited.

In August 2017, BOC joined forces with a trust company to establish a special work group to design and improve the trust structure and solutions according to the needs of customers like Mr. Wu. The work group innovatively adopted the "cash + financial product" model, and successfully conducted the first domestic mixed property charitable trust.

BOC carried out in-depth financial education for consumers, paid attention to the new financial trends in a timely manner and strengthened the protection of customers' rights and interests, to win trust from customers with actions.

In 2017, a total of 147,000 employees of BOC participated in the campaign of "Long March for Popularization of Financial Knowledge"; they sent 2.07 million promotional SMS and 1.36 million WeChat messages, reaching 19.54 million person-times.

2.4.1 Publicizing financial knowledge

• BOC has carried out a variety of educational publicity activities, including "Long March for Popularization of Financial Knowledge", "Financial Knowledge into Million Households", "Financial Knowledge Popularization", "Month of Combating Telecommunications Fraud" and "Week of Fintech", to enhance consumers' financial knowledge and safety consciousness

• An online library for publicity and education of consumer protection and financial knowledge has been established, to provide various promotional materials, magazines, books and lists, for all employees to download

• Business features, geographical features and publicity themes are organically combined through WeChat, SMS, and other channels, to carry out special publicity activities for consumers

• The "Financial Knowledge Publicity and Education Zone" has been set at the outlets, to post and place financial knowledge publicity and education materials and books, and fully play the role of outlets in the protection of consumer rights and the popularization of financial knowledge

Financial knowledge publicity on campus

In September 2017, Guizhou Branch of BOC came to Guizhou Provincial Economic School to carry out the activity of financial knowledge publicity on campus, hold financial knowledge seminars, demonstrate anti-counterfeit money skills in the forms of exhibition booth, physical comparison, case teaching and scenarios as well as leaflets, and explain the use of bank cards, credit card risk prevention and other related knowledge.

Financial knowledge publicity in the old revolutionary base areas

In September 2017, Hainan Branch of BOC, together with Haikou Central Sub-branch and Chengmai Sub-branch of the People's Bank of China, came to Longchang Village, Gaoshanlang County, to hold a face-to-face financial knowledge class for villagers, answer villagers' questions and teach financial knowledge.

2.4.2 Securing customers' fund safety

BOC kept strengthening financial safety trainings for employees, innovated financial security services, improved emergency response capabilities, and helped customers prevent telecommunications fraud and recover losses, to effectively protect customer information and property security. At the same time, BOC worked actively with public security units to carry out specialized campaigns to crack down on bank card crimes and telecommunications fraud to protect the rights and interests of financial consumers and jointly build a safe and stable financial environment.

• BOC actively guides employees to enhance their knowledge about financial security and improve their service awareness and sensitivity to risks, so as to enhance the identification of various telecommunications frauds and its emergency response capabilities

• The "BOC E-Credit" anti-fraud call program has been launched to provide customers with 7/24 services. In 2017, "anti-fraud" calls reached 97,442 times

• When receiving the same caller number linked to more than one customer and suspected to be a non-self call, the bank card customer service representative will promptly send "suspicious risk warning" to relevant branch and urge the latter for follow-up processing. In 2017, 3,380 sheets of suspicious risk warnings were sent

• The "Next-Generation Online Financial Event Risk Control System" has been put into use, which comprehensively uses advanced technologies such as big data, cloud computing and artificial intelligence to effectively monitor online financial services, realize the identification, warning and disposal of high-risk customers and transactions, and achieve efficient and intelligent financial risk management and control

Professional services played a major role in recovering a huge sum of money

On August 16, 2017, the commercial mailbox of one of the Bank's customers was hacked, and the customer's trade information was leaked. On September 12, the customer unknowingly remitted a large sum of money to the account of the suspect in a foreign bank. Afterwards, the trade partner said that it did not receive any payment and the customer knew that it had encountered a large cross-border cyber fraud.

On September 15, after receiving the materials submitted by the customer, the branch of BOC in Shaanxi Province immediately set up an "emergency handling group" to recover funds overnight. The group accurately worked out a recovery plan, promptly reported the case to the Head Office, and quickly contacted the representative office of the receiving foreign bank in Shanghai. Through repeated contact and communication, the foreign bank promptly controlled the capital account of fraudster. Most of the customer's cheated loan funds have been recovered.

03
Developing Inclusive Finance and Improving People's Livelihood

3.1 Supporting medium, small and micro enterprises

BOC established a three-in-one service model of "cross-border matchmaking, credit factory and investment-loan linkage", to provide professional, efficient and comprehensive financial services for medium, small and micro enterprises, and help these enterprises alleviate financing difficulties, get integrated into global fund chain, value chain and industrial chain and realize sustained and healthy development.

As of the end of 2017, BOC's balance of small and micro enterprise loans reached RMB1,457.8 billion, a year-on-year increase of 13.46%, and the Bank had 518,378 small and micro loan customers; the balance of small and medium enterprise loans stood at RMB3,196.1 billion.

3.1.1 Innovating Cross-border Matchmaking Model

In light of China's "Belt and Road" initiative, BOC took the lead in the world to initiate the BOC global SME cross-border matchmaking services, to help enterprises negotiate and contact with one another in a "one-to-one" or "one-to-many" manner, facilitate domestic SMEs to "Go Global" and "Bring in" overseas SMEs, and spark the development vitality of SMEs.

Meanwhile, BOC integrated innovative business with emerging science and technology to build and activate the "Cross-border Matchmaking GMS System for SMEs", transformed offline cross-border matchmaking into online one using modern IT, and realized full-process, automated and round-the-clock online financial services.

By the end of 2017, BOC had convened 41 SMEs cross-border matchmaking meetings in the world, which were attended by 30,000 business and political figures and over 20,000 domestic and foreign enterprises from nearly 80 countries and regions across five continents, covering such industries as high-end manufacturing, IT, electronic media, auto manufacturing, modern agriculture, education, healthcare, energy saving and environmental protection, cultural tourism, etc.

3.1.2 Upgrading Credit Factory Services

"BOC Credit Factory", a service brand specially designed for SME customers, can improve service efficiency by "end-to-end" factory-style assembly line work and specialized division of labor. According to the business characteristics and financing demands of SMEs, BOC enriched product portfolio and scheme design, providing SMEs customers with professional, efficient and comprehensive financial services.

In 2017, "BOC Credit Factory" continued to implement the green concept, support enterprises that are environmentally friendly and energy saving, focus on pollution preventive and use clean energy. At the same time, the Bank resolutely withdrew from enterprises with high pollution, high energy consumption and outdated capacity. It kept improving the credit structure and gradually transformed to such areas concerning people's livelihood as pension, education, and healthcare.

As of the end of 2017, BOC Credit Factory had financed 47,300 customers accumulatively, with a balance of credits of RMB295.6 billion.

Tackling "using new loans to repay old ones" difficulties

To effectively solve SMEs' problems of using high-cost external funds to repay bank loans and reduce their financing costs, BOC developed the "BOC Jieli Tongbao" product, allowing enterprises to repay outstanding loans with new loans of BOC, and continue to utilize BOC's loan funds. Besides, BOC developed and promoted such bank-tax cooperation products as "Tax-Loan Link", widened the channel of customer acquisition, and used big data technique to optimize small and micro enterprise credit access and approval procedures, and expanded the scope of services for the real economy.

3.1.3 Innovating in investment-loan linkage

As one of the large state-owned commercial banks first initiating investment-loan linkage, BOC conducted investment-loan linkage pilot projects widely, and further optimized the organizational framework and rules and regulations for investment-loan linkage. It worked with external investment institutions and gave full play to the force of Bank of China Investment Management Co., Ltd., BOC International Holdings Limited and other affiliated companies to support the development of growing small and medium technical enterprises.

BOC continuously optimized and innovated in "Zhongguancun Mode", innovated in business marketing, credit approval and risk management, and helped solve financing difficulties for small and medium technical enterprises with core technology and promising prospect. Furthermore, the Bank responded to market changes on its own initiative, innovated in "BOC Kedai Tongbao" and other products and services and improved product and service system for medium and small technical enterprises.

As of the end of 2017, BOC had established 64 institutions specializing in technical finance, recorded a balance of loans of RMB905 million and a balance of investment of RMB669 million under internal investment-loan linkage, and supported 40 technical innovation enterprises. Under the "Zhongguancun Mode", the balance of credits to small and medium technical enterprises reached RMB10,232 million, and the Bank had 873 credit customers; among its credit customers, 1,406 customers have been listed on the National Equities Exchange and Quotations, with total credits of RMB27.8 billion.

Building a sub-branch featuring financing to technical enterprises

Since its establishment in 2012, BOC Tian'an Technology Sub-branch in Panyu, Guangzhou, has undertaken the mission for the first pilot project of integrating technology with finance in Guangdong Province. According to the characteristics of small and medium technical enterprises such as light assets and financing difficulties, Tian'an Technology Subbranch joined forces with higher-level branches to develop innovative financing products, including intellectual property pledged loans and technical plan initiation loans, in which it has accumulated rich experience in serving technical finance. By the end of 2017, Tian'an Technology Sub-ranch had accumulatively served more than 600 small and medium technical enterprises, approved credits with amount of over RMB840 million for 83 of these customers.

Jointly releasing "Technology-Loan Link" APP

In November 2017, BOC Jiangxi Branch released "Technology-Loan Link" APP jointly with the Department of Science & Technology of Jiangxi Province and the state-level Ganjiang New Area. "Technology-Loan Link" is designed to support the real economy and small and medium technical enterprises in a way that Ganjiang New Area and the Department of Science & Technology of Jiangxi Province jointly build a risk compensation fund pool to provide services exclusively for small and medium technical enterprises. "Technology-Loan Link" provides strong support for the innovation of small and medium technical enterprises and promotes the commercialization of technical achievements.

3.2 Fueling rural vitalization

In June 2017, BOC set up the Inclusive Finance Department. So far it has established inclusive finance business sub-departments in 36 tier-1 branches and inclusive finance service centers in all tier-2 branches and sub-branches in China, and incorporated BOC Fullerton Community Bank as a promoter. More efforts have been made to strengthen financial services in rural areas, promote modern development of agriculture and give an impetus to rural vitalization.

BOC's outstanding agro-related loans increased steadily in 2017, and reached RMB1.3 trillion at the end of the year.

3.2.1 Supporting county economy

The Bank accelerated the expansion of outlets and construction of rural banks to fill in the gap of institution distribution in counties. Relying on Fintech, BOC actively developed "internet plus" inclusive finance services, enhanced innovation in county-level financial products and services, provided secure, economical and convenient modern payment services, and improved rural financial services.

By the end of 2017, BOC had established 255 outlets in 157 national-level poverty-stricken counties, with more than 10,000 agricultural service points in operation; it signed a strategic cooperation agreement with All-China Federation of Supply and Marketing Cooperatives to support the construction of GXYJ.COM e-commerce platform and drive the development of rural e-commerce.

Fueling county-level economic development

Since 2011, BOC has worked with Fullerton Financial Holdings Pte. Ltd., a subsidiary of Temasek Holdings (Private) Limited, to set up BOC Fullerton Community Bank in a batch, scale and intensive manner, and provide inclusive finance services in counties and rural areas. As of the end of 2017, BOC Fullerton Community Bank had nearly 200 outlets in 12 provinces and municipalities of China. About 78% of these outlets are located in the central and western regions of China, where financial services are relatively weak.

Due to the imperfection of credit system and lack of eligible collaterals, many county-level customers do not meet the credit standards of traditional commercial banks. In consideration of financing difficulties of county-level and rural customers, BOC Fullerton developed more than 50 credit products in 10 categories to meet credit demands of different customers in counties. Meanwhile, it expanded the scope of collaterals and granted loans to eligible customers in time, based on their operation and development.

By the end of 2017, BOC Fullerton had served more than 1.3 million county-level small and micro businesses and customers related to famers, agriculture and rural areas, including over 100,000 loan service customers; it granted credits of more than RMB60 billion in counties cumulatively, with agro-related and small and micro loans taking a major part.

Solving the problem of the "last mile" for rural financial services

A lobster farmer in Jianli County, Hubei Province contracted more than 50 mu farmland. In order to expand his farming scale, the farmer applied to BOC Fullerton Community Bank for an unsecured loan of RMB100,000. As there is no outlet of BOC in his location, he had to handle repayment formalities in a county 30 kilometers away.

To solve similar difficulties of rural customers, BOC Fullerton actively pushed forward construction of "farmer assistance service stations" and selected merchant partners or farmers in rural areas as its business agencies to install farmer assistance POS machine, cash registers, safe boxes and other facilities. With the "farmer assistance service stations", farmers can repay loans in their villages in a timely manner, and may enjoy such financial services as receipt of government subsidies, remittance and inquiry.

"Banking services have been available in remote rural areas". Such services benefit villagers remarkably.

By the end of 2017, BOC Fullerton had accumulatively set up nearly 200 "farmer assistance service stations" and deployed more than 8,600 third party POS terminals in 36 county-level rural areas in eight provinces and municipalities of China.

Signing a strategic partnership agreement with "GXYJ.COM"

In April 2017, BOC signed a strategic partnership agreement with China Supply and Marketing E-commerce Co., Ltd., to extend the reach of financial services in rural areas, build an agricultural ecosphere that integrates financial services and industrial services, and provide comprehensive and integrated financial services for GXYJ.COM, China CO-OP Group, supply and marketing cooperatives system and upstream and downstream enterprises of the industry chain, relying on the nationwide grass-root outlets of supply and marketing cooperatives and the GXYJ.COM e-commerce platform.

3.2.2 Fueling modern agriculture

BOC reasonably distributed its credit resources to boost agricultural production and the growth and development of processing enterprises, actively supported local land reclamation enterprises, and provided credits of more than RMB20 billion for Beidahuang Group, Xinjiang Production and Construction Corps, Guangdong Agribusiness Group and other land reclamation enterprises; it provided financial support for the full industry of large grain and oil processing enterprises, including procurement, warehousing, processing and distribution, boosted the agricultural industry integration and development, and provided more than RMB70 billion of credits for COFCO, Sinograin, Wilmar International Limited and other large agricultural enterprises.

In line with the market trend and changes in customer demands, BOC developed "BOC Xinnong Tongbao", "BOC Linquan Tongbao" series products to solve the difficulties of agricultural enterprises in mortgage and guarantee. BOC gave full play to its global advantages to help leading agricultural enterprises go global, introduce technologies and assets of international advanced enterprises, and improve agricultural modernization, including supporting Shuanghui Group's acquisition of Smithfield Foods and Guangdong Agribusiness Group's layout of natural rubber business in Southeast Asia.

Innovating in "BOC • Farmer Loan"

"BOC • Farmer Loan" is a loan launched by BOC for agriculture-related personal customers in 2010. Since 2017, BOC has been constantly improving innovation procedures for "BOC • Farmer Loan", and leveraged branches' understanding of local markets and customers to continuously strengthen support for leading enterprises, large producers, supply & marketing and production cooperatives and other operators in grain production areas, important agricultural production protection zones and regions with advantages in featured farm produce.

By the end of 2017, "BOC • Farmer Loan" had been launched in 28 provinces, municipalities and autonomous regions of China, accumulatively lending more than RMB40 billion to over 30 industries, such as grain, cotton, poultry, animal husbandry, nursery stock, aquaculture, edible fungus, tea and medicinal materials.

Serving agriculture, farmers and rural areas by "BOC Insurance + BOC Credit" mode

Starting with the agricultural entity loan guarantee business, BOC Insurance adopted the "BOC Insurance + BOC Credit" mode to drive agricultural development with focus on industrial property alleviation.

In 2017, BOC Insurance provided more than RMB200 million risk guarantee for farmers in 22 counties and cities of Heilongjiang Province, allowing over 5,500 farmers to enjoy insurance poverty alleviation policy and credit support in their counties and cities.

Supporting featured agriculture represented by chestnut industry

Kuancheng County of Hebei Province has a long history of cultivating chestnuts. 2017 was a bumper year for chestnuts in Kuancheng. A number of local chestnut cooperatives raised their acquisition targets, but deterred by the shortage of funds. BOC Chengde Branch in Hebei has been conducting in-depth onsite research in the chestnut fields since 2015 and has good understanding the needs of cooperatives. To support the chestnut industry, the Branch approved a credit totaling RMB25 million for chestnut cooperatives and granted credits of RMB40 million to 12 of them.

3.2.3 Building featured small towns

Construction of featured small towns is crucial for driving economic transformation and deepening balanced urban-rural development. BOC successively provided financing supports for the construction of Yuhang Dream Small Town, Lin'an Cloud Manufacturing Small Town and Anji Angel Small Town in Zhejiang Province by PPP (public-private partnership), bond, asset securitization, industrial funds and other modes. It also developed earmarked financial products for development of unique industries in featured small towns, in an effort to drive the healthy development of SMEs.

Setting up the first "BOC Featured Small Town Construction Fund" in China

In 2017, Bank of China Urban Development Fund under BOC Group Investment Co., Ltd. set up BOC Featured Small Town Construction Fund, the first fund in China that mainly invests in featured small towns. Targeting the demands of Zhejiang and other provinces for construction of small towns, the fund provides financing supports, with an initial amount of RMB10 billion. It has granted RMB600 million for construction of Luqiao Auto Small Town in Taizhou City.

3.3 Innovating in people-benefit financial services

Committed to serving the people's livelihood with financial services, BOC has enhanced innovation in people-benefit financial products and services focusing on social security, healthcare, education and agricultural assistance, and continuously improved people-benefit financial service system to provide people with convenient and flexible financial services.

3.3.1 Innovating in people-benefit service means

Social security

• Issue of social security financial IC card. By the end of 2017, BOC had issued 92.81 million social security financial IC cards in more than 200 regions and cities of China.

• It provides specialized wealth management products and services and special channels for the convenience of business handling for social security and endowment insurance customers; bearers of social security cards may enjoy such preferential services as fee reduction or exemption, consumption discounts, cash rebates, and multi-card integration.

Healthcare

• BOC cooperated with high-quality hospitals to render self-service registration, bill payment, report inquiry and other services via "Yi Da Tong" bank-hospital product.

• BOC issued the "Resident Health Card" in many regions, providing all-in-one card services such as hospital payment and health management across the country.

• BOC broadened the reserved registration service channel, enriched hospital number and functions, and developed mobile client terminal for the convenience of the people to register anytime and anywhere.

• BOC advanced the construction of mobile healthcare, and launched the functions such as registration, bill payment and waiting notice to facilitate customers' hospitalization and health management.

Education finance

• Government-sponsored student loans: BOC developed and optimized online payment functions, and advanced the migration of student loan process towards online process; it has accumulatively granted RMB22.8 billion student loans for over 1.8 million poor students in over 400 universities and colleges.

• Personal loans for overseas study: BOC integrated product policies, simplified approval procedures, launched unsecured loan mode and enriched loan currencies. It has accumulatively granted nearly RMB8 billion personal loans for overseas study.

• BOC launched the "BOC E-Credit • Campus Loan", a small-value unsecured revolving loan designed for college students in a formal and safe manner.

Serve the army

• BOC launched "Yong Jun Tong" product to meet the financial service demands of officers and soldiers in remote regions, and set up financial service stations within military camps to make its services available there.

• BOC launched "Yong Jun Card" product to provide a convenient channel for paying compensation fees.

• The second-generation servicemen security card was issued to provide military customers with exclusive wealth management, settlement preference, card swiping preference and BOC E-Credit.

BOC E-Credit, a quick loan product

In 2017, BOC launched the "BOC E-Credit", a quick loan product featuring rapid credit, real-time approval and online draw-down. The product applies internet and big data technology to integrate and analyze data of customer assets, transactions and credits, assess customer qualifications and extend credits quickly, thereby greatly improving customer experience. As of the end of 2017, the balance of "BOC E-Credit" loans reached RMB20,557 million, a year-on-year increase of 446%.

Launching the happiness and retirement credit project

In Xinxiang, Henan Province, some elderly persons invested their savings in enterprise financing or investment companies to make profits. But they will face the risk of losing principal once these enterprises' fund chain breaks. Therefore, BOC cooperated with Xinxiang City Elderly Service Center to launch the happiness and retirement credit project and jointly build the "12349 Retirement Credit System". The elderly or their children may obtain credit points when handling financial business with BOC, which can be used to exchange for the platform's retirement services, including laundering, haircut, rehabilitation nursing, learning, entertainment, medical assistance, housekeeping services, etc.

Supporting startup and employment

BOC made great efforts to support business startup and innovation, and worked with local governments to launch unsecured and interest-free or government-subsidized loan products, design customized "startup guarantee loans" for unemployed persons registered in urban areas, college and university graduates and other specific people, and provide high-quality financial services for business startup of laid-off people and college and university graduates.

3.4 Supporting livelihood projects

BOC attached great importance to the people's livelihood, and pooled financial force to support public traffic, indemnificatory housing, municipal services and other livelihood infrastructure construction, and continuously improve public services.

3.4.1 Supporting convenient travel

BOC gave play to the advantages of its integrated financing platform and domestic and overseas outlets to provide long-term stable fund support and financial services for construction of transportation infrastructure, including railway, expressway and rail transit. In 2017, it granted new loans of RMB200 billion for various transportation sectors, with priority given to expressway projects of Beijing Olympic Winter Games, renovation and expansion of state expressways, Beijing new airport, Inner Mongolia-Jiangxi Railway, Zhengzhou-Xi'an High-speed Railway, Beijing-Fuzhou and Fujian-Jiangxi Railway and other major projects.

Supporting rail transit projects in Beijing

In keeping with the construction of key projects in Beijing, BOC Beijing Branch promoted services for railway, expressway, rail transit and other projects, and worked closely with Beijing Infrastructure Investment Co., Ltd.

In July 2017, Beijing Infrastructure Investment Co., Ltd. organized relevant bids for metro, expressway and other transportation projects, including Beijing Metro Line 3, eastward extension of Metro Line 7, Metro Line 12, southward extension of Changping Line, second phase of Batong Line, and 26 bidding sections of six transportation projects of Beijing New Airport Expressway, with a total tender amount of RMB61.6 billion.

Beijing Branch developed competitive bid conditions and loan plans and successfully won the bid for Metro Line 3, Metro Line 7 and Metro Line 12, relying on its rich experience in rail transit financing fields and accurate understanding of customer demands.

3.4.2 Supporting housing programs

In response to China's call for shanty town renovation, combination of renting and sale and other indemnificatory housing construction, BOC took city-specific measures to support indemnificatory housing construction and provide comprehensive financing services for the housing rental market.

As of the end of 2017, the balance of indemnificatory housing loans reached RMB53.7 billion, a year-on-year increase of 23.74%. Among it, the balance of shanty town renovation loans amounted to RMB31.3 billion, up 63.88%.

Advancing construction of housing rental market

On December 15, 2017, BOC and the Association of Housing Rental Industry jointly held China Housing Rental Industry Innovation and Development Summit in Xiamen. As a branch of BOC located in the place where the summit was held, BOC Xiamen Branch signed the Strategic Cooperation Agreement on Financial Services for Housing Rental Market in Xiamen City with Xiamen Bureau of Land Resources and Real Estate Administration on November 2, 2017. Through cooperation with municipal government departments in the housing rental market, BOC would provide a full range of financial products and services for all participants in the market.

Promoting development of housing rental market

Actively responding to the positioning that "housing is for living in, not for speculation", the Bank leveraged its strength in internationalized, comprehensive and digitalized development, worked together with local governments and leading enterprises in housing rental market, focused on the supply side and the market segment of Talent Apartment, and addressed the weak points in the housing rental market to forge a new financial service ecosystem for housing rental in a comprehensive manner.

3.4.3 Supporting municipal construction

BOC actively supported the construction of infrastructure and livelihood projects and the upgrade and innovation of municipal facilities sponsored by each local government, to make contributions to local economic and social development.

Supporting construction of sponge cities (renovation of old sites and construction of new streets and moats)

Changde Urban Construction & Investment Co., Ltd. intended to invest RMB2.1 billion in renovation of Laoximen Shanty Town, the biggest shanty town with local characteristics in Changde City. BOC Hunan Branch leveraged the Head Office's overseas global bond service platform to hold an overseas bond issuance roadshow in Hong Kong, Singapore and London for the company, which successfully raised USD250 million abroad. It approved credits of RMB1.04 billion for two out of the renovation projects. RMB400 million were invested by government purchase. It is BOC's first earmarked loan for sponge city construction.

04

Supporting Public Welfare Undertakings and Sharing Development Achievements

Feature

Writing a New Chapter in Targeted Poverty Alleviation in Shaanxi

Yongshou County, Changwu County, Xunyi County and Chunhua County of Xianyang, Shaanxi Province (hereinafter referred to as the "Four Counties") are located in Weibei highland. It is a red land with vast ravines and the south gate of Shaanxi, Gansu and Ningxia border areas during the war period, with an area of approximately 1,054 square meters and a total population of about 880,000. Among the population, agricultural population is 690,000, including a registered poverty-stricken population of 124,000, all coming from the key poverty alleviation counties of the country.

Since 2002, BOC has conducted targeted poverty alleviation in the "Four Counties" for 15 consecutive years, while giving full play to the advantages of the financial industry to integrate various resources and effectively integrate poverty relief arrangements with local poverty reduction and alleviation plan. It kept a firm grasp on targeted poverty alleviation with focus on key fields, strengthened poverty alleviation, promoted local economic and social development and helped lift the poor people out of poverty.

By the end of 2017, BOC had accumulatively inputted gratuitous poverty alleviation funds of RMB200 million, and carried out more than 300 poverty alleviation projects, directly benefiting more than 200,000 poverty-stricken people.

Inputting various poverty alleviation funds of more than

RMB **50 million**

gratuitously

Purchasing more than

RMB **80 million**

agricultural and sideline products in the "Four Counties"

Funding nearly

9,000 students

Organizing **22** training courses with over

1,700 trainees

Directly benefiting **124,000** poverty-stricken people,

including **24,500** people lifted out of poverty

Focusing on industrial poverty alleviation and consolidating the real economy

According to its characteristics, BOC exerted its professional advantages to actively support and serve local enterprises, brought in international and domestic competitive enterprises and 52 urged high-quality industrial projects to develop in the "Four Counties", give play to their role in driving poverty alleviation and instill new vitality into local real economy.

• BOC introduced a new integrated pilot project of agricultural and animal husbandry industrialization of CP Group and established a new poverty alleviation model of "government + enterprise + bank + poor family" featuring cultivation integration.

• BOC held the "Xianyang-Yangtze River Delta (Jiangsu) Poverty Alleviation Industry Project Presentation" to publicize Xianyang advantages and poverty alleviation industry projects and signed a total of 36 industrial project contracts.

• According to the characteristics of local resources, BOC supported the development of featured agriculture, creatively launched such financial products as "Apple Loan" and "Fruit Farmer Loan" and facilitated local fruit processing enterprises to transform and upgrade.

• BOC held the "poverty alleviation village pacemaker tour training session" in Chunhua, Xunyi, Yongshou and Changwu counties respectively, and trained 1,300 persons, including the secretaries and first secretaries of Party branches of villages, bellwethers in creating wealth, and heads of rural collective economic cooperatives.

Signing contracts on new integrated demonstration projects of agricultural and animal husbandry industrialization

BOC is actively encouraging CP Group to invest in the "Four Counties", and signed the Framework Agreement on Strategic Cooperation in New Integrated Demonstration Projects of Agricultural and Animal Husbandry Industrialization and the Framework Agreement on Cooperation in Full Industry Chain Projects of Raising of 1 million Pigs with CP Group and Xianyang Municipal Government, to adopt the four-in-one industrial poverty alleviation innovation model of "government + enterprise + bank + farmer". With a designed investment of RMB10 billion, the project is expected to generate an annual integrated business income of RMB10 billion. The whole industry chain will create 20,000 jobs and lift 50,000 poor families out of poverty. As of the end of 2017, construction of a 300,000-pig raising base, as the first phase of the project, had been initiated in Yongshou County.

Focusing on the people's livelihood and benefiting the people

In the face of basic living difficulties of poverty-stricken population, BOC made efforts to improve education, health and elderly care conditions, guarantee the basic livelihood, promote employment transfer and give play to the role of targeted poverty alleviation.

Education

• BOC raised various charity funds and set up a HKD20 million "BOC Xianyang Four Counties Scholarship Fund" to subsidize disabled students and poverty-stricken students and reward excellent teachers.

• BOC earmarked RMB7.02 million to support 1,404 college students coming from poor families and 6,724 non-boarding primary and middle school students, and ease the economic burden of families driven into poverty by schooling.

• BOC worked with BNVS for two consecutive years to enroll 21 students from poor families, who will gratuitously study such specialties as oral care and hotel management in the school, and be recommended by the school to employers after graduation.

Healthcare

• BOC handled RMB12,000 insurance products for every one of the 124,000 registered people in poverty to reduce their burden of seeing a doctor.

• It built a health center in Yongping Town, Yongshou County to improve the basic medical services for villagers of the town and neighboring regions and solve the difficulties of seeing a doctor.

Elderly care

• BOC built rural happiness homes in Quzi Town, Yongshou County, including 15 happiness homes in the "Four Counties", to ease the problems of elderly care and housing for the poverty-stricken people relieved by the government.

Employment

• BOC's branches and subsidiaries recruited 64 poverty-stricken college students and contract workers in the "Four Counties".

Buying casualty insurance products for poverty-stricken people in the "Four Counties"

BOC donated RMB2 million to Xianyang Municipal Government, and invited open bidding from insurance companies via the bidding platform of Shanghai Insurance Exchange, to purchase casualty insurance products for poverty-stricken people in the "Four Counties".

The project covered all the 124,000 registered poverty-stricken people in the "Four Counties", providing every one of them with RMB12,000 accidental clinic and emergency treatment, accidental hospitalization, accidental injury, accidental death and other insurance products, with a total insurance amount of RMB1.5 billion.

Focusing on villages in extreme poverty and quickening the pace of poverty alleviation

BOC studied the main causes for extreme poverty based on the actual conditions, and made efforts to tackle the difficulties in the production and development of villages in extreme poverty.

• BOC reached out to villages in extreme poverty to jointly analyze the causes for poverty with town and village cadres and poverty-stricken people and find a way to lift them out of poverty and become prosperous.

• BOC appropriated RMB100,000 to each of the three villages in extreme poverty to renovate Party member recreation places and reinforce the leadership of grass-root Party branches in poverty alleviation.

• BOC appropriated RMB600,000 for extremely impoverished villages in Yongshou County to support its development of Chinese prickly ash planting industry and help poverty-stricken people increase income stably.

Supporting village-level collective economy and sparking the endogenous force of poverty-stricken people

Jutou Village and Zhanghe Village of Quzi Town, Yongshou County, located at the central area of highland in North Shaanxi Province, are still in extreme poverty as there is no industry or collective economy owing to their poor natural conditions.

According to the two villages' actual conditions, BOC developed a targeted poverty alleviation plan to appropriate RMB600,000 for construction of a 2,000-mu Chinese prickly ash planting base and diversion irrigation pipelines facilities, and supporting village-level collective industries in Zhanghe Village and Jutou Village. So far many Chinese prickly ash farms have been built in the vast loess tableland, and with painstaking cultivation, Chinese prickly ash seedlings will yield fruits and bring an average annual income of more than RMB20,000 for each of the 240 households in the two villages in three years.

Building the "BOC for Public Welfare" targeted poverty alleviation platform

According to the conditions of the "Four Counties" and the actual demands of poverty-stricken people, BOC innovated in working methods, leveraged on the internet thinking and developed the "BOC for Public Welfare" targeted poverty alleviation platform to sell agricultural and sideline products of the "Four Counties" to all employees and social caring people, provided a channel for direct sale of agricultural and sideline products of poverty-stricken people to cities and built a bridge with poor people. The platform was put into operation in October 2016 and formally launched on April 20, 2017.

Following the guidelines of "integration of poverty alleviation, ambition promotion and education improvement", the "BOC for Public Welfare" platform helped acquaint poverty-stricken people who did not know internet with internet knowledge by training, step-by-step instructions and poverty alleviation assistants, and encouraged poverty-stricken people to sell their agricultural and sideline products via the platform with the help of poverty alleviation assistants. It increased customer awareness of local agricultural and sideline products, and solved the difficulties of sales of agricultural and sideline products. It enhanced the enthusiasm of local poverty-stricken people for independent poverty alleviation, and helped them build the development confidence, cultivate self-reliance and increase income.

As of the end of 2017, more than 1,200 agricultural and sideline products of the "Four Counties" had been sold through the "BOC for Public Welfare" platform. 1.49 million BOC employees and social caring people had registered on the platform and purchased agricultural and sideline products with a total value of over RMB80 million.

BOC's care helped them overcome difficulties

Kou Shuxiang, 69 years old, is a poverty-stricken resident in Zhuanjiao Village, Malan Town, Xunyi County. In 2015, his son died at the age of 43. Shortly afterwards, Kou Shuxiang was diagnosed with lung cancer unfortunately. The expensive medical expenses made the life of this family very hard. In order to treat Kou Shuxiang, his daughter-in-law Xu Shuling borrowed more than RMB70,000 from her relatives.

After learning of this situation, BOC motivated employees to donate via the "BOC for Public Welfare" platform, with a total donation amount of RMB80,000. Among the donation amount, RMB40,000 was directly used to ease the family's difficulties, and the remaining RMB40,000 was invested in a local enterprise. The enterprise will regularly distribute dividends to the family to increase her family income and help the family gradually tide over difficulties.

"BOC for Public Welfare" made the family stronger

Qiu Miaomiao, a resident in Taoqu Village, Chunhua County, had her left hand severely disabled due to a fire during her childhood. Despite the disability of left hand, Qiu Miaomiao is optimistic and diligent. She raised 12 sheep and planted two-mu fruit trees. At each season when apples are ripe, owing to the restriction on activity capability of her left hand and care for her children, she had to entrust a neighbor to sell her apples to a small retailer at a low price.

In 2017, BOC appointed Ma Hui, the first secretary of Taoqu Village, to visit Qiu Miaomiao's family, recommend "BOC for Public Welfare" to her, help her register with the platform and patiently guide her to sell her homegrown apples via the "BOC for Public Welfare" platform. Through continuous learning, Qiu Miaomiao became skilled in using the platform. With merely several months, she found a market for her homegrown apples via the platform. Her family income increased considerably, bringing her fresh hopes for life.

4.1 Practice Global Public Welfare

Relying on its internationalized and integrated advantages and following its sustainable development objectives, BOC explored and innovated in public welfare and charity practice, created a harmonious and friendly community environment and acted as a responsible global citizen.

4.1.1 Supporting the education undertaking

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

By 2017, BOC had undertaken government-sponsored student loan business for 18 consecutive years, accumulatively providing RMB22.8 billion to help more than 1.8 million poor students finish school; it supported the "Rainbow Bridge" public welfare program for six consecutive years, financially assisting more than 290 excellent Chinese and American students to study in each other's country.

Holding "Rainbow Bridge" public welfare exchange program for Chinese and American students for six consecutive years

The sixth "Rainbow Bridge" Chinese and American students exchange program was successfully held in China and the US in 2017. 30 excellent Chinese college students and 20 American college students loving Chinese culture entered each other's country for a variety of cultural study and exchange activities. Since 2012, the program has provided learning and exchange opportunities for more than 290 excellent Chinese and American young students.

4.1.2 Charitable contributions

Letting smile bloom along the "Belt and Road"

BOC HoChiMinh City Branch contributed VND100 million to the smile campaign-

Vietnam Harelip Foundation, paying the operation and hospital costs for 20 hare-lipped infants of poverty-stricken families in Vietnam. Since 2014, BOC has provided treatment funds for 80 hare-lipped children, and organized employees to participate in harelip operation volunteer work.

"BOC for Public Welfare" moved on to the City of London

BOC London Branch integrated "BOC for Public Welfare" with the charity day activity of the City of London, and combined promotion of the public welfare undertaking with spread of China's traditional culture, sparking a wave of "Chinese characteristics". The branch not only set up a "BOC for Public Welfare" special area to guide employees to register and purchase, but also bought folk arts and crafts with national characteristics from Xunyi County, Xianyang, Shaanxi Province, one of the designated poverty alleviation regions of BOC, through the platform. These arts and crafts were sold for charity purpose on the spot, raising nearly GBP10,000, which had been respectively donated to "BOC for Public Welfare" and charity institutions in the city of London.

Supporting the "Love Knows No Border" international charity sales of the Ministry of Foreign Affairs

In October 2017, the ninth "Love Knows No Border" international charity sales campaign sponsored by Ms. Qian Wei, the wife of China's foreign minister Wang Yi, and hosted by the Ministry of Foreign Affairs was held in Beijing, with all proceeds to be used in construction of Yunnan Health Home. During the event, BOC, as the sole financial institution partner designated by the Ministry of Foreign Affairs, successfully completed various services, including admission ticket presale, onsite ticket sale, counterfeit currency identification, centralized collection and donation counting.

Disaster relief in Penang

In November 2017, Penang, Malaysia suffered the heaviest storm over the past century. More than 100 regions in the city were affected, and over 5,800 victims were evacuated. After the disaster, BOC (Malaysia), as the President of the Association of Chinese Enterprises, actively called on all member units to carry out donation activities, and took the lead to donate 30,000 Malaysian ringgit and raised 150,000 Malaysian ringgit within several days. Later on, BOC (Malaysia) organized employees to deliver mattresses, bedclothes, food, dry provisions, household goods and other materials to victims in Bigfoot Hill and Padang Lalang of Penang.

4.1.3 Carrying forward excellent culture

Supporting the renovation of Qiu Shaoyun Martyr's Memorial

September 30, 2017 was the fourth martyrs' memorial day in China. On the day, Qiu Shaoyun Martyr's Memorial whose renovation was funded by BOC was formally open to the public.

The memorial is the "National Revolutionary Martyrs' Memorial Building Key Protection Unit" and the "National Demonstration Bases for Patriotism Education". The system renovation not only renewed the display facilities, but also fully leveraged on modern technical exhibition means to vividly show revolutionary martyrs' firm belief and patriotism.

Supporting "China's Ming Dynasty and Qing Dynasty Walls" project's application for world cultural heritage

Ming Dynasty Wall with a history of more than 600 years links natural and cultural landscapes with the characteristics of Nanjing, making it the most influential and valuable cultural name card in the city. In 2016 and 2017, BOC Jiangsu Province worked with Nanjing Culture, Broadcast, TV, Press and Publication Bureau and Xinhua Daily Press Group to carry out the campaign of "hanging Spring Festival couplets on city gates to make a good start of Nanjing" and actively assist "China's Ming Dynasty and Qing Dynasty Walls" project to apply for the world cultural heritage.

Promoting cultural exchange between China and Singapore

In 2017, BOC Singapore Branch issued BOC Chinese Culture Debit Card, the first cultural themed card, in Singapore. With the jasper design on the front of the card symbolizing China's traditional culture, the card adds the bar code on the back that can be used as an ID to gratuitously borrow books from Singapore China Cultural Center Library with a collection of over 17,000 books.

BOC Singapore Branch also invited local middle school students to visit exhibition of the branch's development course and China-Singapore Financial Museum.

4.2 Advocating volunteer services

On May 4, 2017, "BOC Volunteer Association" was set up, becoming the major platform for the Bank's young employees to practice charity and make donations.

Organizational structure

• The members' representative assembly is the highest authority of the association, with a tenure of four years; it has a volunteer library to raise suggestions to the association; it has a council as the executive organ of the assembly; the association adopts the group membership system.

Group members

• All tier-1 branches, directly-controlled branches and affiliated companies established a branch of volunteer association; the associations at various levels independently designed their association logs and volunteer mascots, and quickened the construction of the volunteer service brand of "BOC for Public Welfare".

Online management

• The BOC Volunteer Association management platform of "BOC for Public Welfare" was rolled out to enhance technical application to the Bank's volunteer services; the Volunteer Platform Management Instructions were developed to manage BOC Volunteer Association, volunteers and volunteer activities.

By the end of 2017, BOC Volunteer Association had set up 570 volunteer associations at various levels, and carried out 662 volunteer activities which were attended by 15,559 volunteers.

Running for public welfare and love

BOC launched the "Running for Public Welfare" brand to carry out the global public welfare running campaign with the theme of "Running for Love", and invited employees, customers, governments and media representatives to take part in the campaign in a way of "we donate for your running". The campaign was successively held in 10 branches, including Tianjin, Hebei, Jiangsu, Suzhou and Yunnan branches, accumulatively donating more than RMB6 million to targeted poverty alleviation areas of each branch.

BOC exclusive art collection--volunteer service project in summer vacation

At the 10th anniversary of BOC Private Banking, BOC initiated the volunteer service project in summer vacation jointly with the National Center for the Performing Arts. In the course of volunteer services, volunteers divided their responsibilities on their own, gave full play to their respective strengths to undertake such tasks as photography and video recording, news writing, artist reception, ticket check, audience guide, order maintenance and audio device management. In 2017 summer vacation, BOC provided 130 person-times of onsite services in 26 phases for the art themed activities of the National Center for the Performing Arts, ensuring various performances were conducted smoothly.

"Volunteer services are heart-to-heart communication full of human touch, aiming to provide assistance to the people in need without expecting anything in return. We are ordinary but fortunate; the process is painstaking but joyful."

— Voice of volunteers

"BOC Consumer Finance • Raleigh China Expedition" public welfare campaign

BOC Consumer Finance Company worked with Raleigh China, an educational public welfare institution, to initiate the "BOC Consumer Finance • Raleigh China Expedition" campaign in 2012, which continues to today. In the expedition, young people aged 18-24 set up a diversified team to carry out a five-week field activity in remote areas.

In 2017, the campaign was themed "Rural Credibility Knowledge Popularization and Targeted Poverty Alleviation Survey", and expedition team members conducted surveys on credit and poverty alleviation in impoverished villages of Guizhou, prepared six survey reports, and got to learn about actual conditions of local financial poverty alleviation.

Over the past six years, more than 390 young people in the country have successively participated in the campaign, accumulatively helped build 706 cubic meters of water cellars and completed 3,890-square meter road hardening in poverty-stricken mountain areas of Guizhou.

Public welfare campaigns of youth safety self-help class and care for children with leukemia

BOC Fujian Branch joined hands with Fujian Blue Leopard Rescue Team to conduct the public welfare campaign with the theme of "Caring for the Children — Youth Safety Self-help Class", in which volunteers disseminated the self-help and mutual help safety knowledge about earthquake, fire and anti-trafficking to children by games. The branch organized the charity donation activities for children with leukemia, accumulatively raising nearly RMB40,000 for helping children with leukemia recover. It also cosponsored the public welfare cycling activity of caring for children with leukemia.

Carrying out diversified volunteer activities

BOC Beijing Branch set up a volunteer association to conduct online and offline public welfare volunteer activities.

• It set up a "family financial volunteer service team" to help the disabled and those in difficulty and care for the elderly in communities in their spare time.

• It set up a "pilot volunteer service team" to jointly maintain the order of using the shared bikes at weekends.

• The team cared for boarding orphans and impaired children in "Caring School".

• The branch set up the "Aoxiang Volunteer Team" to guide the routes and provide venue information inquiry for tourists based on "Lei Feng Station" in the Olympic Park.

"We are honored to participate in the volunteer activity and make our contributions to the society!"

-- BOC volunteers

Yingshanhong volunteer team's public welfare crowdfunding

Yingshanhong volunteer team of BOC Anhui Branch initiated the public welfare crowdfunding project with the theme of "call from poor children in the mountain areas" via the "BOC for Public Welfare" platform, to help 50 children of Shedi Village Kindergarten in Liangshan Prefecture, Anhui Province to improve education and living conditions, receiving donations from 569 people. Volunteers purchased more than 3,000 pieces of materials, including books, stationery, and clothing, and sent these materials to children in remote areas in person.

05
Helping to Develop Green Economy, Building a Beautiful China

5.1 Making innovations in green finance

In 2017, the Bank formulated an implementation program of "Green Plus" plan to conduct green rating of financing projects and mark them with green plus, green, yellow and red, aimed at partnering with the customers that are willing to shoulder social responsibilities and pursue green operation, and jointly protecting the environment for sustainable development.

5.1.1 Optimizing the credit structure in depth

Commanding the credit resources comprehensively, the Bank increased credit supports for projects relating to clean energy, energy conservation & emission reduction, ecological protection and circular economy, strictly controlled the credit business with the "highly polluting and highly energy consuming industries as well as industries with surplus capacity", mainly supported the government's key projects in relation to energy conservation & emission reduction, key environmental protection projects and other industries concerning advanced environmental technologies, and also backed the replacements of backward production capacity.

In 2017, the Bank registered a balance of green credit at RMB538,799 million, up 15.29% compared with the previous year.

Assisting in the improvement of Erhai Lake

In active response to the construction demand of Erhai Lake Ecological Management Project, Yunnan Branch created a unique model of "Dali Erhai Lake Protection & Management and Watershed Ecological Development Project", providing high-quality credit projects for the enterprises that met the SME access criteria and joined the initiative of "Erhai Lake Management". At the end of 2017, the Bank provided accumulative credit supports of RMB188 million for the ecological management project of Erhai Lake.

Lending to the demonstration project of agricultural circular economy in Zhangye

In March 2017, Gansu Branch provided credit support for the agricultural circular economy demonstration and supporting facility project for the first time. Zhangye Branch signed a credit agreement involving a total amount of RMB500 million with Gansu Heihe Hydropower Industry Investment Co., Ltd., with RMB280 million supporting the raw milk processing project of Sanyuan Dairy Gansu branch which could process 500 tons of milk each day and had an output of 180 thousand tons every year, and RMB220 million supporting the agriculture and animal husbandry technology & eco-agricultural circular economy demonstration park project of Beijing Capital Agribusiness Group Gansu Branch in Heihe.

Financing for the wind power generation project

In 2017, Shanxi Branch approved a credit line of RMB568 million for Sineng Wind Power Co., Ltd. in Pinglu District of Shuozhou City in support of the wind power generation project. When the environment-friendly project is completed, the yield of 10,000 kWh electricity is expected to reduce 184,800 tons of carbon dioxide emissions and 83,400 tons of sulfur dioxide and nitrogen oxide emissions.

5.1.2 Diversifying green financial products

Closely following the development trend of green finance, the Bank continued to diversify green financial products, e.g. green bond and financing for energy conservation & emission reduction, built a worldwide and all-around green financial system, and supported the construction of green projects including energy conservation & emission reduction and pollution prevention & control.

Successfully issuing climate bonds denominated in three currencies abroad

On 15 November 2017, Paris Branch successfully completed the pricing of to-be-issued climate bonds in about USD1.5 billion equivalent. The bonds, the Bank's third overseas issuance of green bonds following that of senior green bonds and green asset-backed bonds in 2016, were issued in three trenches, i.e. USD500 million, EUR700 million and RMB1 billion. They not only conformed to the latest standards of the Green Bond Principles (2017) but were also certified by the Climate Bonds Initiative.

Funds raised from the bond issuance will be used to finance the two wind power projects and 15 subway projects. And when the projects are finally put into operation, they can reduce approximately 2.74 million tons of carbon dioxide emissions each year.

Helping Three Gorges Corporation issue the first-ever EUR green bonds

In June 2017, BOC acted as the sole global coordinator from China and supported China Three Gorges Corporation, the world's largest hydropower developer and also a leader in the sector of offshore wind power, to complete the inaugural issuance of seven-year green bonds at an amount of EUR650 million. The green bonds won the "2017 Best Green Bond" award from The Asset. The raised funds are mainly used in the Project Meerwind in Germany (an offshore wind power project) and the Project ENEOP in Portugal (an onshore wind power project), which will reduce approximately 2.21 million tons of carbon dioxide emissions each year.

5.2 Advancing green operations

The Bank paid due attention to resource consumption and environmental impact of enterprise operation, continued to strengthen environmental management, advocated the idea of green office, saved energies and reduced emissions to advance low-carbon operation.

Energy management

• The Bank developed an energy management system, specifying the consuming standard and goal of electricity and water, etc., and performed intensive management according to the Energy Management Policy of Bank of China Building.

• The Bank attached importance to office building energy efficiency, and took building energy efficiency as a key benchmark of self-building, purchasing and leasing office space. The office building energy efficiency has reached the country's advanced level.

• The Bank added the list of Grade-II & III energies for equipment at each energy using point, developed, regularly assessed and adjusted the energy use indicators to instruct each department how to use energy reasonably.

• The Bank engaged in carbon emissions permit trading as a key discharger. In 2017, it purchased 23,000 tons of carbon emission quota in the Beijing carbon trading market at an average price of RMB37.30 per ton, totaling a transaction cost of around RMB860,000

• Energies were saved with technological application and efficient management, e.g. increase of frequency conversion, redevelopment of light sources, replacement of old-dated equipment, adjustment of air conditioner running time and parameters.

Energy-saving renovation

• LED lighting products were installed in some public areas to reduce power consumption.

• Substitution tests of sanitary wares were launched in lieu of all old-typed ones gradually.

Waste disposal

• The Bank monitored smoke extraction, water drainage and noise emission regularly. Each year, it invites a third party to test and timely takes actions to avoid excessive discharge. So far, the test results have been satisfactory.

• To realize garbage classification, the Bank entrusted a third party to dispose of kitchen waste and toxic waste, recycle waste paper, used batteries, used lightening products and old furniture, etc. Waste disposal aggregated to 5.53 tons at the Head Office in 2017.

Green office

• Promoting the green concept, the Bank pasted environmental protection proposals at the entrances & exits and in all dining halls of the Bank of China Building.

• In support of the Earth Hour, unnecessary places of the Bank of China Building lighted off for one hour.

• The Bank asked employees to turn off the lights whenever they left the computer rooms, offices, washing rooms and tea rooms.

5.3 Carrying out environment-friendly public welfare activities

For years, the Bank has committed itself to launching environment-friendly public welfare activities, and encouraged the employees and the public to take part in the green initiatives.

Voluntary forestation

In April 2017, Gansu Branch organized more than 40 young members of the Party and the League to plant trees at a tree farm in Lanzhou. Themed "Beautiful Youth, Best BOC", this voluntary activity saw over 60 poplar trees and apple trees planted in over two hours.

Coast protection

In June 2017, volunteers of Singapore Branch and their family members launched a public welfare activity in the theme of "Keeping Coast Clean, Guarding the Earth" at the locally famous East Coast Park.

06
Cultivating Professionals, Working for a Better Life

6.1 Protecting the rights and interests of employees

The Bank fully protected the legitimate rights and interests of employees and their democratic rights, respected the cultural discrepancies of foreign and minority ethnic employees, helped employees get over the difficulties in work and life, and ensured that employees have sufficient sense of safety and belonging. In November 2017, the Bank held the First Workers' Congress, encouraging employees to give advice and suggestions on BOC development, and it also launched an extensive employee dedication investigation in order to know their understanding of and comments on work, post and corporate culture.

Innovative care for employees

The Bank actively solved work and life difficulties for employees, promoted their physical and mental health, and made pragmatic efforts to care for employees:

- Regularly visiting extremely poor employees and those in hospital
- Setting up mother-and-baby rooms in the workplace to address the requirement of female employees
- Building "Home of Employees" and "Home of Party Members" in innovative ways
- Giving lectures on health knowledge, providing consultation on mental health, organizing physical examination of employees, and buying critical illness insurance for employees

Building of "Home of Employees"

Chongqing Branch took initiatives to listen to the appeals of employees, and actively pushed forward the building of "Home of Employees" to improve the working environment of employees at outlets. 41 "homes" were built in 2017.

There were canteens, activity rooms, reading rooms, tea break rooms and locker rooms which were all small-sized at such homes. Occasionally during work, employees could write or draw pictures, learn new skills, have lunch, take a noon nap, read books and take exercises.

6.2 Supporting career growth

The Bank fully supported the career growth of employees, expanded professional teams innovatively, optimized the occupational training and growth system, and helped employees to realize their career goals.

6.2.1 Expanding professional teams

To improve personnel structure and attract more professionals, the Bank offered a variety of posts, e.g. management trainees, IT professionals, marketing personnel and minor language training scheme, to recruit professionals from all over the world. In 2017, the Bank provided close to 13,000 jobs to the society across such diversified channels as campus recruitment and social recruitment, and enabled the online application at the mobile terminal for the first time, optimizing the recruitment experience via mobile internet. Written testing centers for recruitment were set up in Hong Kong, Macau, New York, Los Angeles and London to attract applicants worldwide.

To further promote just, fair and open recruitment, the Bank released by batches the names of graduates recruited from overseas and domestic colleges through campus recruitment on its official website.

6.2.2 Improving the training system

To cater to the demand in the financial market, the Bank, centering at corporate strategy innovation and professional cultivation, mainly provided employees with trainings on risk & internal control, RMB internationalization, coordinated development in the Beijing-Tianjin-Hebei region, internet finance, interest rate liberalization and green credit.

It continued to improve the international professional cultivation system, rolled out a series of international professional cultivation projects such as reserve of expatriates and BOC information updating for overseas employees, and built an advanced international professional team through foreign language study and cross-cultural communication and management capability building.

BOC Information Updating for Local Excellent Employees of Overseas Institutions

In 2017, the Bank held a training class for local excellent employees of overseas institutions concerning BOC information updates. There were three modules, namely "Inheriting the Culture of One-century BOC", "Forging ahead Diversely", and "Tapping Growth Potential Innovatively". While enhancing the trainees' recognition of corporate culture, they also deepened loyalty and sense of belonging, and developed a more clear understanding of how to seek further career growth.

6.3 Balancing work and life

6.2.3 Putting in place smooth channels of promotion

The Bank put in place diverse channels of career growth for employees at different posts, guided them to understand the business operation and management system comprehensively and systematically, promoted the growth of employees and helped them realize career ideals by means of special professional cultivation, secondment and field practice, etc. Highlighting the grassroots & frontline orientation, the Bank encouraged high-caliber personnel to be trained and grow at the grassroots & frontline operations, areas with harsh conditions and places where work was difficult.

The Bank continued to help employees balance work and life by launching colorful recreational and sports activities.

Singapore Branch holding the first "talk show" contest

On 23 June 2017, Singapore Branch successfully held the first corporate culture-themed talk show contest. 12 teams representing different departments took part in the contest, which consisted of three parts-team show, single lecture and team Q&A. Fascinating talents show, humorous language and cool performing style fully exhibited the glamor of BOC employees.

Jiangmen Branch holding a fun sports event

In July 2017, Guangdong Jiangmen Branch held a fun sports event themed "Striving Hard together to Create Good Results", attracting more than 300 employees. They competed in many different items, did sports in exchange for health and fun, and enhanced communication and exchange.

07
Strictly Defending the Risk Bottom Line, Increasing the Return to Shareholders

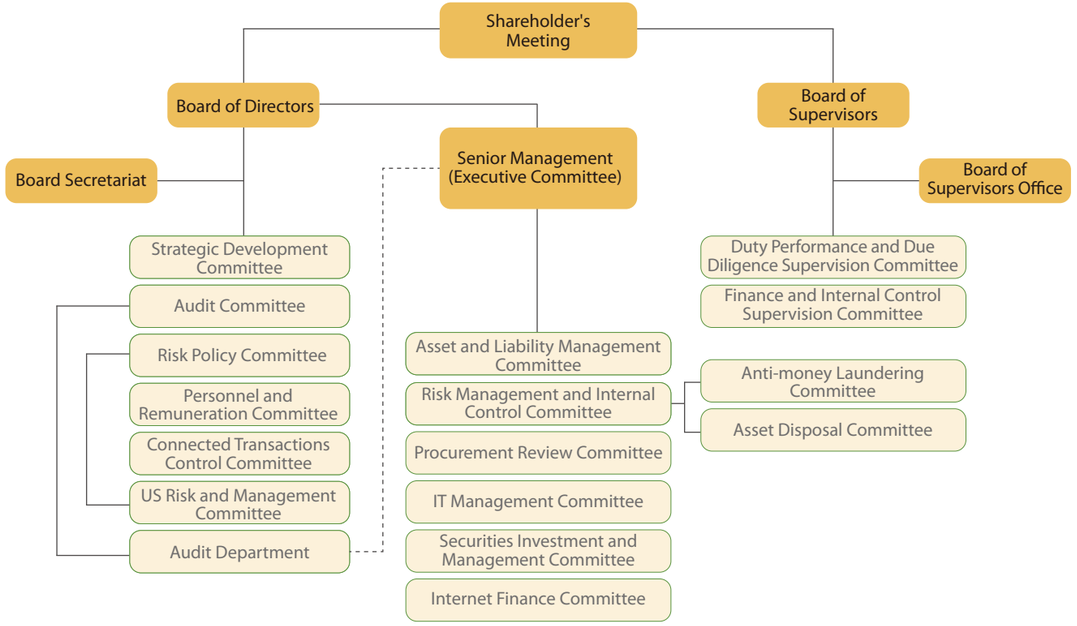
7.1 Improving corporate governance

The Bank takes excellent corporate governance as an important objective. In accordance with laws and regulations and regulatory requirements, the Bank made constant efforts to improve its corporate governance framework and policy system, ensured well-defined functions & powers of the decision makers and the management and the smooth operation, and kept ameliorating corporate governance documents. At the same time, the Bank continued to enhance corporate governance ability, ensured that shareholders are properly informed and able to participate and make decisions, continued to optimize the functioning mechanism, information disclosure mechanism and stakeholder mechanism of the Board of Directors.

7.1.1 Corporate governance framework

The Board of Directors, which is responsible to the shareholders' meeting, is the Bank's decision-making body. At the end of 2017, the Board of Directors comprised 13 members. Besides the Chairman, there were two executive directors, five non-executive directors and five independent directors.

The Bank kept amending and improving corporate governance policies and working processes, and steadily pushed forward the practice of corporate governance. The Board of Directors met 10 times in 2017, reviewing and approving 46 proposals and debriefing nine reports.



Corporate Governance Framework

7.1.2 Information disclosure

The Bank has established a comprehensive and complete information disclosure system, further collated and amended the information disclosure process in 2017, which increased the completeness of policies and standardization of management. The Bank practicably protected the investors' right to know by providing them with more comprehensive and effective information. In 2017, it published over 310 information disclosure documents in total on the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

7.1.3 Communication with investors

On the basis of protecting the investors' fundamental right to know, the Bank further increased its market communications, actively updated the investors with BOC development strategies and business progress, timely answered to the market's concerns, and carefully listened to the market's feedbacks. The Bank held nearly 200 investor meetings in 2017.

In addition, the Bank continued to improve the e-communication channels with the market and update the investor relations webpage on the portal website, timely answered the phone calls on investor relations, and earnestly replied to mails of shareholders and inquiries on the online platform of SSE e-Interaction.

The Bank's external credit ratings remained the highest among domestic peers.

7.2 Strengthening Risk Prevention and Control

As a G-SIB, the Bank should live up to its mission of risk prevention. It maintained a moderate risk appetite and balanced risk and return according to the principles of being rational, sound and prudent for the purpose of maximizing shareholder benefits. It also effectively kept nonperforming assets in check, made more efforts to dispose of them, reinforced compliance management, and kept launching special campaigns against money laundering.

7.2.1 Stronger risk management

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

Risk management policies

• The Board of Directors, senior management and their special committees performed their duties regarding internal control and supervision, and continued to put in place the system of three defense lines for internal control.

• The Bank strengthened credit asset quality management and continuously enhanced credit structure in alignment with changes in economic and financial conditions and regulatory requirements.

• The Bank conducted prospective analysis of risks in close track of the market movements, and optimized the early warning mechanism on investment business and bond investment risks.

7.2.2 Compliance operations management

The Bank continued to improve the compliance management mechanism and process, actively coordinated with regulatory authorities in their inspections, and rectified problems in line with regulatory requirements in addition to strengthening of internal control management. It kept improving the internal control & case prevention system, actively exercised the special governance of internal control & case prevention, thoroughly monitored the compliance operations of all institutions, advanced the anti-money laundering work on all fronts, stepped up system monitoring, and put in place the management and control of sanctions compliance.

Developing the new-generation interim risk monitoring system of e-finance with Tencent

The "New-generation Interim Risk Monitoring System of E-finance" jointly developed by the Bank and Tencent went alive officially in December 2017. This system is based on the Bank's internet finance risk control system, and has fully drawn on the advanced technical capacity of Tencent in big data, cloud computing, and machine learning, etc. It provides all-directional, whole-process, real-time and highly-efficient anti-fraud services with interim monitoring at the core, and offers more reliable fund and account safety guarantee for the users while they have easy access to internet financial services, thereby improving risk prevention & control and customer experience.

Performance Briefing

Economic Performance

Values created

Indicator	2017	2016	2015
Total assets (RMB million)	19,467,424	18,148,889	16,815,597
Operating income (RMB million)	483,278	483,630	474,321
Operating expenses (RMB million)	261,049	263,619	243,945
Profit for the year (RMB million)	222,903	222,412	231,571
Net profit (RMB million)	184,986	184,051	179,417
Return on average total assets (%)	0.98	1.05	1.12
Return on average equity (%)	12.24	12.58	14.53
Capital adequacy ratio (%)	14.19	14.28	14.06

Remuneration and welfare

Observing the remuneration management principle of "position-based remuneration, capacity-based level and performance-related bonus", the Bank continued to improve the incentive and constraint mechanism. It optimized the employee remuneration structure and skewed remuneration resources to the grassroots.

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 2017, the Bank had extended the reach of its overseas institutions into 54 countries and regions, and had 10,674 operating outlets in the mainland of China.

Indicator	2017	2016	2015
Operating outlets in the mainland	10,674	10,651	10,687
Intelligent outlets in the mainland	8,526	5,281	2,598
Number of Automatic Teller Machines	42,507	46,810	45,506
Number of intelligent counters	16,235	253	0
Number of mobile banking customers (in 10,000)	11,533	9,440	7,999
Transaction amount of mobile banking (RMB trillion)	10.97	6.84	5.18

The Bank sponsored BOC Fullerton Community Banks in cooperation with Fullerton Financial Holdings Pte. Ltd., which is controlled by Temasek Holdings (Private) Limited. These community banks provided inclusive financial services in rural and county areas.

Procurement practice

The Bank continued to strengthen the standardization of procurement management in 2017. It formulated the Codes of Conduct of Bank of China Limited for Purchasing Staff to Keep Clean (2017) and the Codes of Conduct of Bank of China Limited for Suppliers to Keep Clean (2017). The Bank erected the project oversight mechanism to enhance the efficiency of procurement and enable e-review of procurement results; with the supplier communication mechanism in place, the Bank organized a meeting with 94 shortlisted suppliers, explaining the procurement process and work management requirements to step up contract performance management of suppliers.

To support the growth of micro and small enterprise suppliers and cultivate a procurement environment that encourages fair competition, the Bank practices open invitation for bids or posting of procurement announcement on the internet in combination with competitive talk as much as possible concerning the procurements that can introduce competition so that qualified micro and small enterprise suppliers have the equal opportunity. While proposing requirements on the basic eligibilities of qualified suppliers, the Bank did not have any requirement on the registered capital or company scale except for a few projects with special requirement.

Indicator	2017	2016	2015
Total number of centralized procurement projects	12,818	13,634	9,913
Budget amount involved in centralized procurements (RMB 100 million)	217.13	283.83	210.04

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 violation. It implemented the Accountability Regulation, and organized 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 and the Convention of Chinese Banking Industry on Combating Unfair Competition. 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. 19,600 tons of paper for provision of service were saved in 2017. In the meanwhile, the Bank strongly advocated the green office concept at day-to-day work, promoted e-review of procurement and paperless office, and cut office-related resource consumption.

Indicator	2017	2016	2015
Office paper used (tons)	43.2	60.5	61.9
Paper saved (tons)	17.3	1.4	-13.7

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

Energy conservation

The Bank strictly enforced such laws and regulations as the Energy Conservation Management Regulation and the Green Building Assessment Standards, attached importance to office building energy efficiency, and took building energy efficiency as a key benchmark of self-building, purchasing and leasing office space. The Bank tried its best to save electricity and water in the office space. Energies were saved with technological application and efficient management, e.g. increase of frequency conversion, redevelopment of light sources, replacement of old-dated equipment, adjustment of air conditioner running time and parameters, and appropriate use of central ventilation system.

Indicator	2017	2016	2015
Diesel oil consumption (liters)	22,344	19,886	31,423
Natural gas consumption (cubic meters)	977,679	1,071,935	1,062,400
Gasoline consumption (liters)	81,733	91,810	99,275
Electrical power consumption (MWh)	123,447	119,500	115,036
Total quantity of heat purchased (GJ)	100,820	122,029	199,838
Number of video meetings held	3,849	2,743	2,485

Note: Gasoline consumption referred to the gasoline used by the vehicles of BOC 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 BOC Head Office.

Water saving

Stronger promotion and education in relation to water saving helped employees raise the awareness of saving water. The Bank checked water-using equipment regularly, and changed old parts timely. It formulated the Management Measures for Water Conservation, setting the consumption standard and quantitative control target of water resource use, as well as the post-assessment mechanism of such target.

Indicator	2017	2016	2015
Total water consumption (cubic meters)	384,529	362,707	377,276
Total cycling use of water (cubic meters)	64,341	71,259	65,518
Cycling use of water as a percentage of total water consumption (%)	16.73	19.65	17.37

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

Emission reduction

The Bank voluntarily worked in line with the government's requirement on energy conservation and emission reduction. In 2017, the Bank submitted the carbon emission inspection report to the Beijing Municipal Commission of Development and Reform, and purchased 23,000 tons of carbon emission quota in the Beijing carbon trading market. At the same time, the Bank actively developed green finance, and provided support for green sectors like clean energy, environmental protection & energy conservation and green transport, helping the whole society save energies and reduce emissions.

Indicator	2017	2016	2015
Total discharge of toxic waste (tons)	5.53	2.54	2.52
Total discharge of non-toxic waste (tons)	1,172	1,095	1,053
Greenhouse gas emissions (tons)	76,736	74,549	71,850
Direct greenhouse gas emissions (tons)	2,174	2,371	2,374
Indirect greenhouse gas emissions (tons)	74,562	72,178	69,476

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

Sewage and waste management

A third-party testing agency was engaged each year to regularly monitor sewage discharge. Waste from daily office work and equipment replacement, e.g. waste paper, used batteries, and old furniture, were classified and recycled, while kitchen waste and toxic waste were handled by a third party which had such qualification.

In 2017, sewage discharge of the Head Office fully met related discharge standard; professional third parties were entrusted to dispose of 3.36 tons of used tubes and oily waste.

Work to secure environmental compliance

The Bank did not receive any punishment for violation of environmental laws and regulations or environmental complaint in 2017.

Suppliers' environmental performance assessment

The Bank paid attention to related product's adverse environmental impact and related supplier's environmental performance in the course of procurement, and set forth clearly that "the supplier shall not be involved in any illegal activity that pollutes the environment or triggers the environmental risk" in all procurement documents. During supplier investigation and project review, the Bank highlighted checking the supplier's undertaking to environmental protection and its practice in environmental equipment and measures. The Bank also strengthened communication with suppliers, and actively conveyed BOC's support for green procurement.

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	2017	2016	2015
Number of employees	311,133	308,900	310,042
Execution of employment contracts (%)	100	100	100
Number of male employees	133,628	133,018	133,938
Number of female employees	177,505	175,882	176,104
Number of employees in the mainland of China	288,206	286,391	285,059
Number of expatriates	1,337	1,200	1,068
Number of employees in Hong Kong, Macau and Taiwan	17,665	17,270	20,021
Number of local employees at overseas institutions	21,590	21,309	23,915
Number of new employees	12,488	11,088	10,218

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. In 2017, the Bank held the First Workers' Congress & also the Labor Union Members' Congress.

Indicator	2017	2016	2015
Percentage of female employees (%)	57.1	56.9	56.8
Number of minority employees	12,924	12,766	12,755

Caring of occupational health

The Bank cared for employees' physical and mental health, and advocated healthy lifestyles. It organized 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. Critical illness insurance was bought for employees at the Head Office for the first time in 2017, and this will be gradually promoted bank-wide.

Indicator	2017	2016	2015
Coverage of social insurances (%)	100	100	100
Number of employees receiving physical examination in the Head Office	5,843	5,600	4,596

Employee education and training

To give full play to the role of education and training to its development strategy, the Bank set up the system of training projects of different types and levels according to the requirements of systematized, standardized 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	2017	2016	2015
Investments into employee training (in RMB10,000)	**56,605**	53,091	52,797
Employees trained (person-times)	**2,851,047**	2,725,361	2,741,209

Enhanced security management

Great efforts were made to raise all employees' safety awareness in the way that "I am responsible for my own safety, I am partially responsible for my colleagues, and I will try my best to protect the safety of customers". The Bank strengthened the education and training of security personnel and the building of security personnel team, enhanced their ability of performing security duty, and worked hard to protect the personal and fund safety of employees and customers. The WeChat public account of "safety at BOC" was opened to release typical cases and other information. The account is now followed by 147 thousand users and viewed by a total of 1.91 million person-times. In 2017, the whole bank organized and provided 11,745 safety and education trainings, involving 607 thousand person-times.

Suppliers' social performance assessment

The Bank set forth 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 highlighted checking the supplier's undertaking to social responsibilities, signing of employment contracts and purchase of social insurance, among other labor use information, health and safety of working environment, and implementation of labor protection measures.

Customers' health and safety

While researching and developing products and services, the Bank attached great importance to the customer requirement in medical care and health, and continued to diversify the application scenarios of finance in the health sector. The bank-hospital cooperative project was further expanded in 2017, including the Bank becoming the successful bidder for the innovative residents' e-health card of the National Health and Family Planning Commission of the PRC, and purveying the one-card-based payment for seeing doctor and health management service that can be used across China. The Bank vigorously developed mobile healthcare. It broadened the service channels of making hospital appointment, and successively supported the appointment with more than 800 hospitals of over 20 Chinese provinces and municipalities. This greatly facilitated appointment, doctor-seeing and health management of customers.

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 synchronized 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 system of customer information protection, standardized 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 holders and online banking users, and raised the level of risk prevention. Regular safety checks were performed over customer information storage system and archives to eliminate 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 compliance operations, 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

2018 is the first year of fully implementing the requirements of the 19th National Congress of the CPC, the year marking the 40th anniversary of China's reform and opening-up, and also the in-between year of carrying out the 13th Five-year Plan. Bank of China will follow the guidance of the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, be technology-led and innovation-driven, make concrete efforts in transformation and reform to grow the Bank into a world-class bank in the new era, and contribute even bigger to the overall coordinated development of economy, society and environment.

Serving the real economy

Serving the country's major strategies, the Bank will continue to provide strong support to key regions, key projects and key constructions. In line with the green finance philosophy, it will give priority to expanding in such key industries and sectors as advanced manufacturing, modern services, infrastructure and energy conservation & environmental protection, seek further development in the industries which do not show many cyclical features and also strategic emerging industries, cut lending to overcapacity industries, help traditional industries optimize and upgrade, promote the development of new economy and new business formats, keep growing inclusive finance, and establish a professional, efficient inclusive financial services system. The Bank will further improve the cross-border matchmaking service and the credit factory model to support the development of SMEs.

Improving customer services

The Bank will deepen technological innovation and build a digital bank on all fronts. It will build mobile banking into BOC Group's mobile portal of comprehensive finance, steadily move forward intelligent transformation and specialization enhancement of outlets, deepen the integration of and coordinated development among all channels, and provide customers with premier service experience.

Advancing prudent operations

More efforts will be made to establish and improve the modern financial enterprise system. In accordance with regulatory requirements, the Bank will nourish an all-employee risk culture, and heighten the thinking of defending the bottom line to secure compliance operations. It will further improve the comprehensiveness and effectiveness of risk management and internal control, solidly carry out risk prevention and disposal in key fields, effectively prevent and control non-performing assets, and step up disposals.

Shouldering anti-poverty responsibility

In line with the requirement of the central government on using finance to lift people out of poverty, the Bank will diversify the financial anti-poverty models, and carry out targeted poverty reduction and alleviation specific to the local conditions of poor areas and the characteristics of their local industries. The fight against poverty will be continued in the designated four northern counties of Shaanxi Province by focusing on industry-backed poverty elimination, and people's livelihood fields such as education, medical care and pension, as well as extremely poor villages. What's more, the Bank will actively bring the role of the "BOC Philanthropy" platform in alleviating poverty through stimulating spending into play, pool anti-poverty resources and increase the assistance efforts.

The Bank will always stay true to its founding mission, continue to support the prosperity, economic growth, social progress and life standards improvement of China, and serve the national rejuvenation and the creation of better life for the people.

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.

Reporting Scope

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

Reporting period: from January 1 to December 31, 2017, with some exceptions.

Reporting cycle: annual report. The 2016 CSR Report was released in March 2017.

Reporting Standards

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

Data Disclosure

The financial data contained in the report is based on the financial reports of 2017 audited by Ernst & Young Hua Ming LLP. Other data is based on the reports of 2017 and the reports of previous years as well. The monetary amount mentioned herein is denominated in Renminbi unless otherwise specified.

Report Assurance

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.

Reporting 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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Social Responsibility Report

Independent Assurance Report

安永华明（2018）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 perform a limited assurance engagement on the selected key data in the Corporate Social Responsibility Report of Bank of China for 2017 ("the Social Responsibility Report").

We have also been engaged to gain an understanding of Bank of China's application of the AA1000 AccountAbility Principles Standard (AA1000APS (2008)) of inclusivity, materiality and responsiveness ("the AccountAbility 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 take responsibility for Bank of China's adherence to the AccountAbility Principles.

II. Practitioner's 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 2017 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.

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III. Work performed

The selected key data of Bank of China in the Social Responsibility Report of Bank of China for 2017 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

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and 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.

IV. Approach, limitation and scope of work

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) and Other procedures deemed necessary

Our work was limited to the selected key data as of 31 December 2017 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 2017, nor have we performed any procedures on other data or data for 2016 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.

V. 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 2017 and for the year the ended has not been prepared, in all material respects, in accordance with the basis of reporting.

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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 and objective stakeholder engagement strategies, plans and methods; and provide various channels 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 policies, 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 responsibilities 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, PRC

March 28, 2018

A member firm of Ernst & Young Global Limited

Feedback

We appreciate your reading the 2017 Corporate Social Responsibility Report of Bank of China. This is the tenth 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

1. 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!