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中国银行
BANK OF CHINA

BANK OF CHINA LIMITED

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

U.S.$40,000,000,000
Medium Term Note Programme

This Supplement (the "**Supplement**") to the offering circular dated 4 April 2019 (the "**Principal Offering Circular**", together with this Supplement, the "**Offering Circular**") is prepared in connection with the U.S.$40,000,000,000 Medium Term Note Programme (the "**Programme**") established by Bank of China Limited (the "**Bank**"). Terms defined in the Principal Offering Circular have the same meaning when used in this Supplement. This Supplement is supplemental to, forms part of and should be read in conjunction with, the Principal Offering Circular (a copy of which is attached as Annex I hereto), including the information incorporated by reference in the Principal Offering Circular as described therein.

The Programme has been listed on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on Hong Kong Stock Exchange and in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (together, "**Professional Investors**") only, effective from 4 April 2019 and for a period of 12-months. This document is for distribution to Professional Investors only. **Investors should not purchase the Notes in the primary or secondary markets unless they are Professional Investors and understand the risks involved. The Notes are only suitable for Professional Investors.**

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme and the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes, the Relevant Obligor(s) or the quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Relevant Obligor(s). The Relevant Obligor(s) each accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Moody's Investors Service, Inc. ("**Moody's**"), S&P Global Ratings ("**S&P**") and Fitch Ratings Ltd. ("**Fitch**") have assigned a rating of "A1", "A" and "A" to the Programme, respectively. The rating is only correct as at the date of this Supplement. Notes issued under the Programme may be rated or unrated. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency.

Investing in Notes issued under the Programme involves certain risks and may not be suitable for all investors. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in the Offering Circular and in the applicable Pricing Supplement and the merits and risks of investing in a particular issue of Notes in the context of their financial position and particular circumstances. Investors also should have the financial capacity to bear the risks associated with an investment in the Notes. Investors should not purchase the Notes unless they understand and are able to bear risks associated with the Notes. The principal risk factors that may affect the ability of the Relevant Obligor(s) to each fulfil its obligations in respect of the Notes are discussed under "*Risk Factors*" in this Supplement and in the Principal Offering Circular.

Certain facts and statistics in the Offering Circular relating to the PRC, its economy and its banking industry have been extracted from third party sources. The Relevant Obligor(s) each confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Such information however has not been independently verified by the Relevant Obligor(s), the Arrangers and the Dealers, the Trustee or the Agents or any of their respective directors, employees, representatives, affiliates or advisers and, therefore, none of them makes any representation as to the accuracy of such facts and statistics or information, which may not be consistent with other information compiled within or outside the PRC and may not be complete or up-to-date.

The Notes and the Guarantee of the Notes, if applicable, have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may include Bearer Notes that are subject to U.S. tax law requirements. Accordingly, the Notes are being offered and sold only (i) in the United States to QIBs as defined in Rule 144A and (ii) outside the United States to non-U.S. persons in offshore transactions in accordance with Regulation S. Subject to certain exceptions, the Notes may not be offered, sold, or, in the case of Bearer Notes, delivered within the United States or to, or for the account or benefit of, U.S. persons. Registered Notes are subject to certain restrictions on transfer. Any Series of Notes may be subject to additional selling restrictions. The applicable pricing supplement in respect of such Series of Notes will specify any such restrictions. See "*Subscription and Sale*", "*Transfer Restrictions*" in the Principal Offering Circular and the applicable Pricing Supplement.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Notes, the Relevant Obligor(s) each has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Arranger and Dealer

Bank of China

The date of this Supplement is 8 October 2019.

The Bank (as to itself and the Group) and each Subsidiary Issuer (as to itself) having made all reasonable enquiries confirms that to its best knowledge and belief (i) the Offering Circular contains all information with respect to the Relevant Subsidiary Group, the Group and the Notes and the Guarantee of the Notes, as applicable, which is material in the context of the issue and offering of the Notes; (ii) the statements contained herein relating to the Bank, the Group, the Subsidiary Issuer, the Relevant Subsidiary Group and the Notes are in every material respect true and accurate and not misleading and there are no other facts in relation to the Bank, the Group, the Subsidiary Issuer, the Relevant Subsidiary Group or the Notes, the omission of which would, in the context of the issue and offering of the Notes, make any statement in the Offering Circular misleading in any material respect; (iii) the statements of intention, opinion and belief or expectation contained in the Offering Circular with regard to the Bank, the Group, the Subsidiary Issuer and the Relevant Subsidiary Group are honestly and reasonably made or held, have been reached after considering all relevant circumstances; and (iv) all reasonable enquiries have been made by the Bank and each Subsidiary Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

Each Series of Notes will be issued on the terms set out in the Principal Offering Circular under "*Terms and Conditions of the Notes*" as amended and/or supplemented by the Pricing Supplement specific to such Series. The Offering Circular must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Series of Notes, must be read and construed together with the relevant Pricing Supplement.

The distribution of the Offering Circular and any Pricing Supplement and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession the Offering Circular comes are required by the Relevant Obligor(s), the Arrangers and the Dealers to inform themselves about and to observe any such restrictions. None of the Relevant Obligor(s), the Arrangers or the Dealers represents that the Offering Circular or any Pricing Supplement may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by any Relevant Obligor, the Arrangers or the Dealers, which would permit a public offering of any Notes or distribution of the Offering Circular or any Pricing Supplement in any jurisdiction where action for such purposes is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and none of the Offering Circular, any Pricing Supplement or any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

There are restrictions on the offer and sale of the Notes and the circulation of documents relating thereto, in certain jurisdictions including, but not limited to, the United States of America, the European Economic Area, the United Kingdom, the PRC, Hong Kong, Japan and Singapore, and to persons connected therewith.

The Notes may be offered or sold (i) in the United States only to QIBs in transactions exempt from registration under the Securities Act, in which case each such purchaser must be able to make, and will be deemed to have made, certain acknowledgments, representations, warranties and agreements as set forth in the Offering Circular in respect of such Series of Notes, and/or (ii) outside the United States, to non-U.S. persons in offshore transactions in reliance on Regulation S. Any Series of Notes may be subject to additional selling restrictions. Any additional restrictions on the sale or transfer of any Series of Notes will be specified in the applicable Pricing Supplement for such Notes.

If Notes are being offered or sold to U.S. persons or in the United States, prospective investors are hereby notified that sellers of such Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Arranger and Dealer, through their respective selling agents, may arrange for the offer and resale of such Notes to U.S. persons or persons in the United States who are QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements

of the Securities Act. For a description of certain restrictions on offers, sales and transfers of Notes and on the distribution of the Offering Circular, see "*Subscription and Sale*" in the Principal Offering Circular and the relevant Pricing Supplement.

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor has any of the foregoing authorities passed upon or endorsed the merits of the offering of Notes or the accuracy or the adequacy of the Offering Circular. Any representation to the contrary is a criminal offence in the United States.

The Offering Circular is being submitted on a confidential basis in the United States to a limited number of QIBs for informational use solely in connection with the consideration of the purchase of the Notes being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

MIFID II product governance/target market – The Pricing Supplement in respect of any Notes may include a legend entitled "**MiFID II Product Governance**" which will outline the target market in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration such target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

PRIIPs/IMPORTANT – EEA RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Notes, the Relevant Obligor(s) each has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The Offering Circular is to be read in conjunction with all documents, which are deemed to be incorporated in the Principal Offering Circular by reference (see "*Information Incorporated by Reference*" in the Principal Offering Circular). The Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of the Offering Circular. Hyperlinks included in the Offering Circular, or included in any documents incorporated by reference into the Offering Circular, and the websites and their content are not incorporated into, and do not form part of, the Offering Circular.

Listing of the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Bank, the Branch Issuer, the Subsidiary Issuer, the Group, the Relevant Subsidiary Group or the Notes. In making an investment decision, investors must rely on their own examination of the Bank, the Branch Issuer, the Subsidiary Issuer, the Group, the Relevant Subsidiary Group and the terms of the offering, including the merits and risks involved. See "*Risk Factors*" herein and in the Principal Offering Circular for a discussion of certain factors to be considered in connection with an investment in the Notes.

No person has been authorised by any Relevant Obligor, any Arranger or any Dealer to give any information or to make any representation not contained in or not consistent with the Offering Circular or any other document entered into in relation to the Programme and the sale of Notes and, if given or made, such information or representation should not be relied upon as having been authorised by any Relevant Obligor, any Arranger or any Dealer.

Neither the delivery of the Offering Circular or any Pricing Supplement nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in the Offering Circular is true subsequent to the date hereof or the date upon which the Offering Circular has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of any Relevant Obligor since the date hereof or, if later, the date upon which the Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme or the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither the Offering Circular nor any Pricing Supplement constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by any Relevant Obligor, the Arrangers, the Dealers, the Trustee, the Agents or any director, officer, employee, advisor, representative, agent or affiliate of any such person or any of them that any recipient of the Offering Circular or any Pricing Supplement should subscribe for or purchase any Notes. Each recipient of the Offering Circular or any Pricing Supplement shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of each Relevant Obligor.

In connection with the issue of the Notes, the Dealer or Dealers (if any) appointed and acting in its capacity as stabilisation manager (the "Stabilisation Manager(s)") (or persons acting on behalf of any Stabilisation Manager(s)) may over allot the Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail for a limited period after the Issue Date. However, there is no obligation on such Stabilisation Manager to do this. Such stabilisation, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Such stabilisation shall be in compliance with all applicable laws, regulations and rules.

None of the Arrangers, the Dealers, the Trustee or any Agents has separately verified the information contained in the Offering Circular. To the fullest extent permitted by law, none of the Arrangers, the Dealers, the Trustee or any Agent or any director, officer, employee, advisor, representative, agent or affiliate of any such person makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in the Offering Circular. To the fullest extent permitted by law, none of the Arrangers, the Dealers, the Trustee or any Agent or any director, officer, employee, advisor, representative, agent or affiliate of any such person accepts any responsibility for the contents of the Offering Circular or for any other statement made or purported to be made by the Arrangers, the Dealers, the

Trustee, any Agent, or any director, officer, employee, advisor, representative, agent or affiliate of any such person or on its behalf in connection with each Relevant Obligor, the Notes or the issue and offering of the Notes. The Arrangers, the Dealers, the Trustee and each Agent accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of the Offering Circular or any such statement.

The Offering Circular does not describe all of the risks and investment considerations (including those relating to each investor's particular circumstances) of an investment in Notes of a particular issue. Each potential purchaser of the Notes should refer to and consider carefully the relevant Pricing Supplement for each particular issue of Notes, which may describe additional risks and investment considerations associated with such Notes. The risks and investment considerations identified in the Offering Circular and the applicable Pricing Supplement are provided as general information only. Investors should consult their own financial and legal advisers as to the risks and investment considerations arising from an investment in an issue of Notes and should possess the appropriate resources to analyse such investment and the suitability of such investment in their particular circumstances.

Neither the Offering Circular nor any other information provided or incorporated by reference in connection with the Programme are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any Relevant Obligor or any of the Arrangers, the Dealers, the Trustee or the Agents or any director, officer, employee, agent or affiliate of any such person that any recipient, of the Offering Circular or of any such information, should purchase the Notes. Each potential purchaser of the Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Relevant Obligor(s), the Group and the Relevant Subsidiary Group. Each potential purchaser of Notes should determine for itself the relevance of the information contained in the Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Arrangers, the Dealers, the Trustee or the Agents or any director, officer, employee, adviser, representative, agent or affiliate of any such person undertakes to review the financial condition or affairs of the Relevant Obligor(s), the Group or the Relevant Subsidiary Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Arrangers, the Dealers, the Trustee, the Agents or any of them.

In the Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding.

PRESENTATION OF FINANCIAL INFORMATION

The financial information as at and for the years ended 31 December 2016, 2017 and 2018 in the Offering Circular has been derived from the audited consolidated financial statements of the Bank as at and for the years ended 31 December 2017 and 2018. The financial information as at and for the six months ended 30 June 2018 and 2019 in the Offering Circular has been derived from the unaudited but reviewed condensed consolidated interim financial statements of the Bank as at and for the six months ended 30 June 2019.

The Group has adopted the International Financial Reporting Standard No.16 since 1 January 2019 and applied the modified retrospective approach without restating comparative figures. The Group has not reassessed the existing contracts before 1 January 2019 (date of initial application) and has used practical expedients. As a lessee, the Group has elected to exercise the recognition exemption not to recognise the right-of-use assets and lease liabilities for leases of which the underlying assets are of low value or for which the contract would end within 12 months from the date of initial application and has recognised the profit or loss on a straight-line basis over the lease term. Therefore, the unaudited but reviewed condensed consolidated interim financial statements of the Bank for the six months ended 30 June 2019 related to leasing presented on the interim financial information is not comparable with the comparative audited consolidated financial statements as at and for the year ended 31 December 2018 in accordance with the former lease standards.

The audited and unaudited and reviewed consolidated financial statements of the Bank referred to above have been published on the Hong Kong Stock Exchange and are incorporated by reference into the Principal Offering Circular attached as Annex I to this Supplement (see the section of the Principal Offering Circular headed "*Information Incorporated by Reference*").

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SUMMARY FINANCIAL INFORMATION OF THE BANK

The summary financial information set forth below has been extracted from the Group's audited consolidated financial statements as at and for the years ended 31 December 2017 and 2018 and the Group's unaudited but reviewed condensed consolidated interim financial statements as at for the six months ended 30 June 2019. It should also be read in conjunction with any other information incorporated into the Offering Circular (see "Information Incorporated by Reference" in the Principal Offering Circular).

In accordance with the requirements of the Circular on Revising and Issuing 2018 Versions of Financial Statement Templates for Financial Enterprises (Cai Kuai [2018] No. 36), the Group has restated certain summary financial information for the six months ended 30 June 2018. The adjustments have no impact on the Group's profit and equity. There are also certain new accounting standards adopted by the Bank since 1 January 2019. Please refer to "Notes I. Basis of preparation and principal accounting policies – Standards, amendments and interpretations effective by the Group in 2019" on pages 95 to 97 of the Group's unaudited but reviewed condensed consolidated interim financial statements as at for the six months ended 30 June 2019 for details of such accounting standards.

As the unaudited but reviewed condensed consolidated interim financial information as at and for the six months ended 30 June 2018 and 2019 of the Group has not been audited by the Bank's auditors, such financial information should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. Investors should exercise caution when using such data to evaluate the Group's business, financial condition and results of operation. Such unaudited but reviewed condensed consolidated interim financial information as at and for the six months ended 30 June 2018 and 2019 of the Group should not be taken as an indication of the expected business, financial condition, results of operations and results of the Group for the full financial year ended 31 December 2019.

Consolidated Income Statement

	For the six months ended 30 June		For the year ended 31 December		
	2019	**2018**	**2018**	**2017**	**2016**
	(unaudited but reviewed)	*(unaudited but reviewed) (restated*)*	*(audited)*	*(audited)*	*(audited)*
	(Amount in millions of Renminbi, unless otherwise stated)				
Interest income	365,364	330,209*	687,900	622,616	566,139
Interest expense	(183,680)	(157,758)*	(328,194)	(284,227)	(260,091)
Net interest income	181,684	172,451*	359,706	338,389	306,048
Fee and commission income	57,465	53,641	99,997	100,800	98,319
Fee and commission expense	(6,901)	(5,453)	(12,789)	(12,109)	(9,655)
Net fee and commission income	50,564	48,188	87,208	88,691	88,664
Net trading gains	14,584	4,123*	6,719	1,686	8,496
Net gains on financial asset transfers	3,244	1,852*	2,817	2,406	12,524
Other operating income	26,612	24,868*	47,356	52,589	69,924

	For the six months ended 30 June		For the year ended 31 December		
	2019	**2018**	**2018**	**2017**	**2016**
	(unaudited but reviewed)	*(unaudited but reviewed) (restated*)*	*(audited)*	*(audited)*	*(audited)*
	(Amount in millions of Renminbi, unless otherwise stated)				
Operating income	276,688	251,482	503,806	483,761	485,656
Operating expenses	(91,130)	(82,132)	(176,979)	(173,859)	(175,069)
Impairment losses on assets	(33,670)	(28,270)	(99,294)	(88,161)	(89,072)
Operating profit	151,888	141,080	227,533	221,741	221,515
Share of results of associates and joint ventures	670	881	2,110	1,162	897
Profit before income tax	152,558	141,961	229,643	222,903	222,412
Income tax expense	(31,116)	(26,386)	(37,208)	(37,917)	(38,361)
Profit for the period/year	121,442	115,575	192,435	184,986	184,051
Attributable to:					
Equity holders of the Bank	114,048	109,088	180,086	172,407	164,578
Non-controlling interests	7,394	6,487	12,349	12,579	19,473
	121,442	115,575	192,435	184,986	184,051
Earnings per share for profit attributable to equity holders of the Bank during the year (Expressed in RMB per ordinary share)					
– Basic	0.38	0.37	0.59	0.56	0.54
– Diluted	0.38	0.37	0.59	0.56	0.54

Consolidated Statement of Financial Position

	As at 30 June	As at 31 December		
	2019	**2018**	**2017**	**2016**
	(unaudited but reviewed)	*(audited)*	*(audited)*	*(audited)*
	(Amount in millions of Renminbi, unless otherwise stated)			
Assets				
Cash and due from banks and other financial institutions	472,588	439,931	560,463	659,982
Balances with central banks	2,069,564	2,331,053	2,227,614	2,271,640
Placements with and loans to banks and other financial institutions	1,170,100	1,042,358	575,399	594,048
Government certificates of indebtedness for bank notes issued	152,617	145,010	129,350	117,421
Precious metals	202,358	181,203	172,763	161,417
Derivative financial assets	86,982	124,126	94,912	130,549
Loans and advances to customers, net	12,257,784	11,515,764	10,644,304	9,735,646
Financial investments	5,361,318	5,054,551	4,554,722	3,972,884
– financial assets at fair value through profit or loss	443,792	370,491	193,611	124,090
– financial assets at fair value through other comprehensive income	2,084,968	1,879,759	N/A	N/A
– financial assets at amortised cost	2,832,558	2,804,301	N/A	N/A
– available for sale	N/A	N/A	1,857,222	1,609,830
– held to maturity	N/A	N/A	2,089,864	1,843,043
– loans and receivables	N/A	N/A	414,025	395,921
Investments in associates and joint ventures	23,384	23,369	17,180	14,059
Property and equipment	232,579	227,394	205,614	194,897
Investment properties	22,788	22,086	21,026	21,659
Deferred income tax assets	37,115	38,204	46,487	34,341
Assets held for sale	–	–	–	50,371
Other assets	176,847	122,226	217,590	189,975
Total assets	22,266,024	21,267,275	19,467,424	18,148,889
Liabilities				
Due to banks and other financial institutions	1,784,482	1,731,209	1,425,262	1,420,527
Due to central banks	913,185	907,521	1,035,797	867,094
Bank notes in circulation	152,591	145,187	129,671	117,656
Placements from banks and other financial institutions	529,401	612,267	500,092	302,792

	As at 30 June	As at 31 December		
	2019	2018	2017	2016
	(unaudited but reviewed)	*(audited)*	*(audited)*	*(audited)*
	(Amount in millions of Renminbi, unless otherwise stated)			
Financial liabilities held for trading	18,273	14,327	20,327	N/A
Derivative financial liabilities	82,861	99,254	111,095	107,109
Due to customers	15,644,634	14,883,596	13,657,924	12,939,748
Bonds issued	827,575	782,127	499,128	362,318
Other borrowings	29,704	32,761	30,628	27,152
Current tax liabilities	36,737	27,894	34,521	28,055
Retirement benefit obligations	2,660	2,825	3,027	3,439
Deferred income tax liabilities	4,959	4,548	4,018	4,501
Liabilities classified as held for sale	–	–	–	42,488
Other liabilities	331,510	298,362	439,210	438,918
Total liabilities	20,358,572	19,541,878	17,890,745	16,661,797
Equity				
Capital and reserves attributable to equity holders of the Bank				
Share capital	294,388	294,388	294,388	294,388
Other equity instruments	212,685	99,714	99,714	99,714
Capital reserve	142,219	142,135	141,880	141,972
Treasury shares	(57)	(68)	(102)	(53)
Other comprehensive income	7,423	1,417	(35,573)	(3,854)
Statutory reserves	157,887	157,464	141,334	125,714
General and regulatory reserves	231,674	231,525	207,817	193,462
Undistributed profits	744,199	686,405	646,558	560,339
	1,790,418	1,612,980	1,496,016	1,411,682
Non-controlling interests	117,034	112,417	80,663	75,410
Total equity	1,907,452	1,725,397	1,576,679	1,487,092
Total equity and liabilities	22,266,024	21,267,275	19,467,424	18,148,889

RISK FACTORS

The principal risk factors that may affect the ability of each Relevant Obligor to fulfil its obligations in respect of the Notes are discussed under the section "Risk Factors" in the Principal Offering Circular.

The subsection "Risks relating to the PRC Banking Industry–The Group is subject to certain operational requirements as well as guidelines set by the PRC banking regulatory authorities, such as maintaining a capital adequacy ratio" shall be deleted in its entirety and replaced with the following:

The Group is subject to certain operational requirements as well as guidelines set by the PRC banking regulatory authorities, such as maintaining a capital adequacy ratio

The Group is subject to certain operational requirements and guidelines set by the PRC banking regulatory authorities. CBIRC requires all commercial banks in the PRC to maintain certain financial ratios throughout its operations.

In recent years, CBIRC has issued several regulations and guidelines governing capital adequacy requirements applicable to commercial banks in the PRC. In April 2011, CBIRC promulgated the Guideline Concerning the Implementation of New Regulatory Standards for the PRC Banking Industry to clarify the direction for future regulations and the requirement for prudent regulatory requirements. In June 2012, CBIRC promulgated the CBIRC Capital Regulations which sets out the new requirements for capital adequacy which became effective on 1 January 2013, the minimum capital adequacy ratio, tier 1 capital adequacy ratio and common equity tier 1 capital adequacy ratio for commercial banks to meet by the end of 2018 are 8 per cent., 6 per cent. and 5 per cent., respectively. On 30 November 2012, CBIRC issued the Notice of the China Banking Regulatory Commission on Issues concerning Transitional Arrangements for the Implementation of the Administrative Measures for the Capital of Commercial Banks (for Trial Implementation), which sets out the requirements for capital adequacy ratio during the phase-in period. As a domestic systematically important bank and a global systematically important bank, the Group is subject to additional capital requirements of the CBIRC and the Basel Committee. As at 30 June 2019, the Group's capital adequacy ratio, tier 1 capital adequacy ratio and common equity tier 1 capital adequacy ratio (calculated in accordance with the advanced approach under CBIRC Capital Regulations) were 15.33 per cent., 12.85 per cent. and 11.21 per cent., respectively.

Although the Group is currently in compliance with the capital adequacy requirements, there can be no assurance that CBIRC will not issue new regulations to heighten the capital adequacy ratios requirements, particularly in the light of the implementation of the new Basel III. Any change in calculation of capital adequacy ratios by CBIRC may also affect the Group's compliance with capital adequacy ratios. There can be no assurance that the Group will be able to meet these requirements in the future at all times. If the Bank fails to meet the capital adequacy requirements, CBIRC may require the Bank to take corrective measures, such as restricting the growth of its loans and other assets or restricting its declaration or distribution of dividends. These measures could materially and adversely affect the Bank's business, financial condition and results of operations.

In order to support its steady growth and development, the Group may need to raise more capital to ensure that its capital adequacy ratios comply with the regulatory requirements. In its capital raising plan in the future, the Group may issue any equity securities that can replenish the Tier 1 capital or any debt securities that can replenish the Tier 2 capital. The Group's capital-raising ability may be restricted by the Group's future business, financial condition and results of operations, the Group's credit rating, regulatory approvals and overall market conditions, including Chinese and global economic, political and other conditions at the time of capital raising.

The subsection "Risks relating to the Group's Business– If the Group is unable to effectively control and reduce the level of impaired loans and advances in its current loan portfolio and in new loans the Group extends in the future, or if the Group's allowance for loan impairment losses on loans and advances is insufficient to cover actual loan losses, its financial condition and results of operations may be materially and adversely affected" shall be deleted in its entirety and replaced with the following:

If the Group is unable to effectively control and reduce the level of impaired loans and advances in its current loan portfolio and in new loans the Group extends in the future, or if the Group's allowance for loan impairment losses on loans and advances is insufficient to cover actual loan losses, its financial condition and results of operations may be materially and adversely affected

The Group's results of operations have been and will continue to be negatively impacted by its impaired loans. According to International Financial Reporting Standards ("**IFRS**"), being the set of accounting principles that are applicable to the Group, loans are impaired if there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms of loans. As at 30 June 2019, the Group's non-performing loans under its five-category loan classification were RMB175.899 billion, representing an NPL ratio of 1.40 per cent. The Group seeks to continue to improve its credit risk management policies, procedures and systems, and has been able to effectively control the level of its impaired loans, despite the financial turmoil in global markets.

The amount of the Group's reported impaired loans and the ratio of the Group's impaired loans to its loans and advances to customers may increase in the future for a variety of reasons, including factors which are beyond the Group's control, such as a slowdown in economic growth and other adverse macroeconomic trends in the PRC or a deterioration in the financial condition or results of operations of the Group's borrowers, which could impair the ability of the Group's borrowers to service their debt. There can be no assurance that the Group will be able to maintain or lower its current impaired loan ratio in the future or that the quality of its existing or future loans and advances to borrowers will not deteriorate. As a result of the PRC Government's economic stimulus programmes, many PRC banks, including the Group, experienced high growth in their loan scale in the past. This increase in bank loans may lead to elevated impaired loan ratios and loan loss provisions as well as increasing strain on the Group's risk management resources, which may affect the quality of its loan portfolio.

As at 30 June 2019, the balance of the Group's allowance for loan impairment losses was RMB312.254 billion and the coverage ratio of allowance for loan impairment losses to NPLs was 177.52 per cent. The Group's allowance for loan impairment losses is affected by various factors, including the quality of the Group's loan portfolio, the Group's borrowers' financial condition, repayment ability and repayment intention, the realisable value of any collateral, the extent of any guarantees, the industry in which the borrower operates, as well as general economic and business conditions. Many of these factors are beyond the Group's control. Furthermore, the adequacy of the Group's allowance for loan impairment depends to a significant extent on the reliability of, and its skills in utilising, its model for determining the level of allowance, as well as its system of data collection. The limitations of the Group's model, its lack of experience in using the model and deficiencies in its data collection system may result in inaccurate and insufficient allowance for impairment losses. As a result, the Group's actual loan impairment losses could prove to be different from its estimates and could exceed its allowance. If the Group's allowance for impairment losses on loans and advances proves insufficient to cover actual losses, it may need to make additional allowance for losses, which could significantly reduce its profit and adversely affect its business, financial condition and results of operations.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the Group's unaudited but reviewed consolidated debt and capitalisation as at 30 June 2019. Please read this table in conjunction with the Group's unaudited but reviewed condensed consolidated interim financial information as at and for the six months ended 30 June 2019 which have been incorporated by reference into the Principal Offering Circular.

	As at 30 June 2019
	(Unaudited but reviewed)
	(RMB million)
Debt[1]	
Bonds issued	827,575
Other borrowings	29,704
Total debt	857,279
Equity	
Capital and reserves attributable to equity holders of the Bank	
Share capital	294,388
Other equity instruments	212,685
Capital reserve	142,219
Treasury shares	(57)
Other comprehensive income	7,423
Statutory reserves	157,887
General and regulatory reserves	231,674
Undistributed profits	744,199
	1,790,418
Non-controlling interests	117,034
Total equity	1,907,452
Total equity and liabilities	22,266,024

Notes:

(1) In addition, as at 30 June 2019, the Group had borrowings from central banks, deposits and money market deposits from customers and other banks, certificates of deposits, securities sold under repurchase agreements, credit commitments, acceptances, issued letters of guarantee and letters of credit, financial lease commitments and other commitments and contingencies, including outstanding litigation, that arise from its ordinary course of business.

From time to time, the Bank and/or its various offshore branches may issue debt or other regulatory capital securities in various currencies and tenor depending on market conditions.

As at 30 June 2019, the total authorised share capital of the Bank was RMB294,387,791,241 divided into 294,387,791,241 ordinary shares of RMB1.00 par value each, all of which had been issued and were fully paid-up, including 210,765,514,846 A Shares and 83,622,276,395 H Shares.

On 8 July 2019, the Bank redeemed at face value all of the fixed-rate subordinated bonds issued in 2009 with a maturity of 15 years amounting to RMB24 billion. The redemption details have been set out in the Bank's announcement dated 9 July 2019. On 12 August 2019, the Bank redeemed at face value all of the fixed-rate tier 2 capital bonds issued in 2014 with a maturity of 10 years amounting to RMB30 billion. The redemption details have been set out in the Bank's announcement dated 12 August 2019.

Except as disclosed in this Supplement, there has been no material adverse change in the capitalisation and indebtedness of the Group since 30 June 2019.

DESCRIPTION OF THE BANK

The section "Description of the Bank" in the Principal Offering Circular shall be deleted in its entirety and replaced with the following:

Overview

The Group is one of the largest State-owned commercial banks in the PRC, which owns a comprehensive financial service platform. Besides the commercial banking business which includes corporate banking, personal banking and financial market business, the Group also operates an investment banking business through BOC International Holdings Limited ("**BOC International**") and BOC International (China) Company Limited ("**BOCI China**"), an insurance business through Bank of China Group Insurance Company Limited ("**BOCG Insurance**"), BOC Group Life Assurance Company Limited ("**BOC Life**") and Bank of China Insurance Company Limited ("**BOC Insurance**"), a fund management business through Bank of China Investment Management Co., Ltd. ("**BOCIM**"), direct investment and investment management business through the Bank of China Group Investment Limited ("**BOCG Investment**") and debt-for-equity conversion and related business in the Chinese Mainland through BOC Financial Asset Investment Co., Ltd. ("**BOC Asset Investment**"). In 2006, after successfully acquiring Singapore Aircraft Leasing Enterprise, a leading company in such business in Asia, the Group changed the acquired company's name to BOC Aviation Pte. Ltd. and became the first Chinese bank to enter the global aircraft leasing business. In connection with the global offering and the listing of its shares on the Hong Kong Stock Exchange, on 12 May 2016, BOC Aviation Pte. Ltd. was converted to a public company limited by shares and the name was changed to BOC Aviation Limited ("**BOC Aviation**"), which took effect on 19 May 2016. The combination of these businesses has created a universal banking platform that provides the Bank with the ability to offer a broad range of financial products and services and enables it to establish stronger relationships with strategically targeted customers and strengthen customer loyalty.

Established in 1912, the Bank is one of the best-known commercial banks in the PRC. During its more than 100 years of history, the Bank has built one of the most recognised brand names in the PRC through its contributions to the evolution of the PRC commercial banking industry. The Bank has many significant achievements in the PRC commercial banking sector. For example, in 1929 the Bank was the first PRC commercial bank to establish a foreign branch with the opening of its London branch. In addition, in 1985, the Bank offered the first bank card in the PRC. In 1994 and 1995, the Bank's Hong Kong subsidiary and Macau branch became bank note issuing banks in Hong Kong and Macau, respectively. Furthermore, in 1998, the Bank arranged the first U.S. dollar-denominated syndicated loan for a PRC bank as the lead manager and agent. In 2002, BOC Hong Kong (Holdings) Limited was listed on the Hong Kong Stock Exchange after a special restructuring of 12 banks in Hong Kong. The Bank was the sponsor of the 2008 Olympic Games held in Beijing and is the Official Commercial Banking Partner of the 2022 Beijing Olympic and Paralympic Winter Games. The Bank was converted into a joint stock company in the PRC in 2004. In 2006, the Bank became listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange. The Bank celebrated its 100th year anniversary in 2012.

On 4 November 2011, the Bank was included by the Financial Stability Board, the international organisation for financial supervision and consultation, in the list of the 29 global systemically important financial institutions, among which the Bank was the only bank from China and emerging economy countries and regions. From 2011 to 2018, the Bank was listed and designated each year as a global systemically important financial institution, making it the sole financial institution from emerging economies to be listed and designated as such for seven consecutive years.

As at 30 June 2019, the Group's NPLs totalled RMB175.899 billion, representing an increase of RMB8.958 billion compared with the prior year-end. The NPL ratio was 1.40 per cent., down by 0.02 percentage points compared with the prior year-end. The balance of the Group's allowance for loan impairment losses amounted to RMB312.254 billion, an increase of RMB8.473 billion compared with the prior year-end. The coverage ratio of allowance for loan impairment losses to NPLs was 177.52 per cent., down by 4.45 percentage points compared with the prior year-end and the credit cost was 0.59 per cent., an increase of 0.02 percentage points compared with the prior year-end. Domestic institutions' NPL ratio was 1.72 per cent., down by 0.04 percentage point compared with the prior year-end. The Group's outstanding special-mention loans stood at RMB342.158 billion, an decrease of RMB0.205 billion compared with the prior year-end, accounting for 2.73 per cent. of total loans and advances, down by 0.17 percentage point from the prior year-end.

For the six months ended 30 June 2019, the Group recorded a profit for the period of RMB121.442 billion, an increase of 5.08 per cent. compared with the six months ended 30 June 2018. It realised a profit attributable to equity holders of the Bank of RMB114.048 billion, an increase of 4.55 per cent. compared with the six months ended 30 June 2018. As at 30 June 2019, the Group's total loans and advances to customers amounted to RMB12,569.734 billion and the Group's total liabilities due to customers amounted to RMB15,644.634 billion, an increase of RMB750.462 billion or 6.35 per cent. and an increase of RMB761.038 billion or 5.11 per cent., respectively, compared with 30 June 2018. As at 30 June 2019, the Group's common equity tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio stood at 11.21 per cent., 12.85 per cent. and 15.33 per cent., respectively, calculated according to the advanced approach under the CBIRC Capital Regulations.

The Bank's Strengths

The Bank's principal strengths include:

Well-Recognised Brand Name

The Bank is one of the most well-known commercial banks in the PRC. In the Bank's over 100 years history, the Bank has successfully built one of the most recognised brand names in the PRC through its contributions to the evolution of the PRC commercial banking industry.

Largest and Rationally Distributed Overseas Network Complementing an Extensive Domestic Network

As at 30 June 2019, the Bank had a total of 11,752 institutions worldwide, including 11,199 institutions in the Chinese mainland and 553 institutions in Hong Kong, Macau, Taiwan and other countries and regions. Its domestic commercial banking business comprised 10,722 institutions, including 38 tier-1 and direct branches, 357 tier-2 branches and 10,326 outlets.

The Bank's extensive domestic and overseas network enables it to structure and deliver products and services to serve its customers on a global basis, and allows it to capture the business opportunities arising from the increasing integration of the PRC into the global economy.

Solid Customer Base and Strong Presence in Attractive Customer Segments

In the PRC, foreign exchange services tend to be utilised by large corporate customers and affluent individuals. Capitalising on the Bank's position as one of the most experienced foreign exchange banks in the PRC and its extensive global network, the Bank has established and continued to maintain strong relationships with leading domestic and international corporations and financial institutions. The Bank also has a strong presence in the retail customer segment.

Universal Banking Platform

In addition to commercial banking, the Bank provides investment banking, insurance and other services through the Bank's wholly-owned subsidiaries, namely, BOC Asset Investment, BOC International, BOCI China, BOCG Insurance, BOC Insurance, BOCG Investment and BOC Aviation and through the Bank's subsidiaries such as BOC Life and BOCIM.

The Bank fully utilises the advantages in its diversified business platform and its subsidiaries embrace the Group's overall strategy to focus on their specialised business areas, establish business linkage, promote cross-selling and product innovation to enhance the synergy across the Group and provide comprehensive and quality financial services to the customers.

Leader in Non-Interest Income and Treasury Businesses with Strong Product Innovation Capabilities

The Bank believes its diversified products and innovation capabilities have enabled it to generate a higher level of non-interest income, thus reducing its reliance on its traditional lending business. The Group's operating income comprises net interest income and non-interest income. In recent years, the Bank has further built upon its strengths in the trade finance business and co-ordinated the development of traditional businesses such as international settlement and issuance of letters of guarantee, and emerging businesses, such as cross-border Renminbi business and supply chain financing. The Bank has also experienced a steady growth in revenue from the letter of credit, letters of guarantee, factoring and trade finance-related businesses. In addition, the accelerated development of the domestic settlement business has promoted the income growth of settlement and clearing businesses. The Bank has also further developed its insurance agency and pension businesses, which resulted in a substantial increase in income related to agency commission fees. Leveraging its advantages in cross-border Renminbi business, the Bank's institutions now account for 12 of the world's 25 authorised Renminbi Clearing Banks, covering countries along the "Belt and Road" including Malaysia and Hungary. The Bank further improved its global Renminbi clearing network with the New York Branch authorised as a Renminbi Clearing Bank in the United States in September 2016. The Bank also serves as a Renminbi market maker in Russia. The Bank's global markets department offers a broad range of treasury products and services for different customer groups, as well as conducts settlement and related quotation, and 24-hour daily treasury activities through its five trading centres located in Hong Kong, London, New York, Beijing and Shanghai.

The Bank believes its ability to offer innovative financial solutions to its customers, which provides it with a competitive advantage over other PRC commercial banks.

Experienced Senior Management Team

The Bank's senior management team has extensive experience in the banking and financial services. In particular, the Bank's Chairman, Mr Chen Siqing, has more than 20 years of experience in the banking industry. He successively served as Assistant General Manager and Vice General Manager of the Fujian Branch of the Bank, General Manager of the Risk Management Department of the Bank's Head Office, General Manager of the Guangdong Branch of the Bank, and Executive Vice President of the Bank.

Principal Business Activities

The Group's principal lines of business consist of commercial banking, investment banking and insurance. The following table sets forth the profit before income tax by the Group's principal lines of business for the periods indicated:

Profit before Income Tax by Business Lines

	For the six months ended 30 June				For the year ended 31 December					
	2019		2018		2018		2017		2016	
	Amount	per cent. of total	Amount	per cent. of total	Amount	per cent. of total	Amount	per cent. of total	Amount	per cent. of total
	(RMB million, except percentages)									
Corporate banking business......................	57,536	37.71	53,399	37.62	63,507	27.66	74,011	33.20	80,346	36.12
Personal banking business......................	50,661	33.21	51,993	36.62	93,360	40.65	80,985	36.34	61,023	27.44
Treasury operations.....	34,657	22.72	28,270	19.91	58,658	25.54	52,876	23.72	41,314	18.57
Investment banking and insurance	2,182	1.43	2,419	1.70	3,326	1.45	4,768	2.14	3,951	1.78
Others and elimination	7,522	4.93	5,880	4.14	10,792	4.70	10,263	4.60	35,778	16.09
Total...........................	152,558	100.00	141,961	100.00	229,643	100.00	222,903	100.00	222,412	100.00

The Group conducts its business activities in the Chinese mainland as well as 57 countries and regions. The following table sets forth a geographical breakdown of the profit before income tax of the Group for the periods indicated:

Profit before Income Tax by Geographical Areas

	For the six months ended 30 June		For the year ended 31 December		
	2019	2018	2018	2017	2016
	(RMB million)				
Chinese mainland	114,687	106,331	162,224	159,067	143,008
Hong Kong, Macau and Taiwan	28,964	26,960	51,004	51,414	69,004
Other countries and regions	9,225	9,558	17,302	15,152	12,386
Elimination	(318)	(888)	(887)	(2,730)	(1,986)
Total	152,558	141,961	229,643	222,903	222,412

1 Domestic Commercial Banking

The Bank is dedicated to three missions: serving the real economy, preventing financial risks, and deepening financial reform. It continued to seek progress while maintaining stability in its business and pushed forward the implementation of its development strategy. Each business sector realised moderate growth, and the overall operating profit maintained its steady progress.

For the six months ended 30 June 2019, the Bank's domestic commercial banking business recorded an operating income of RMB210.290 billion, an increase of RMB15.791 billion or 8.12 per cent. compared with the six months ended 30 June 2018.

Corporate Banking

The Bank made great efforts to expedite the transformation of its corporate banking business. It further consolidated its corporate customer base, continuously optimised its customer and business structure and improved its global service capabilities for its corporate banking customers, thus achieving steady development in its corporate banking business. For six months ended 30 June 2019, the Bank's domestic corporate banking business realised an operating income of RMB98.115 billion, an increase of RMB5.304 billion or 5.71 per cent. compared with the six months ended 30 June 2018.

Corporate Deposits

The Bank achieved stable growth in corporate deposits by seizing business opportunities arising from key industries, continuously improving its product functions and strengthening marketing efforts for its settlement and cash management products. The Bank expanded its corporate customer base by improving the hierarchical management of its customers and refining its service system. It managed to attract more administrative institutional customers by improving its products and services for those engaged in industries relating to public finance and social security, education and public health, thus achieving rapid growth in deposits from such institutions. The Bank also actively sought out customers along the upstream and downstream of supply chains and industrial chains in order to achieve higher growth in potential customer deposits. In addition, the Bank enhanced the service functions of its outlets so as to improve their customer service capabilities and increase their contribution to the Bank's deposit.

As at 30 June 2019, RMB corporate deposits in the Bank's domestic operations totalled RMB6,060.613 billion, an increase of RMB176.180 billion or 2.99 per cent. compared with the prior year-end. As at 30 June 2019, foreign currency corporate deposits totalled USD70.938 billion, an increase of USD4.815 billion or 7.28 per cent. compared with the prior year-end.

Corporate Loans

The Bank continued to strengthen its support for the real economy. It deeply implemented the requirements on supply-side structural reform, actively supported key investment fields and assisted in the transformation and upgrading of the domestic economy. It provided stronger credit support for infrastructure projects and introduced innovative service models for the private economy and private enterprises. The Bank focused on addressing the demands of major projects concerning social welfare and people's livelihood, and allocated more resources to key regions such as the Beijing-Tianjin-Hebei region, the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze Economic Belt, and the Hainan Pilot Free Trade Zone (the "Hainan FTZ"). It also strengthened its support for the business development of key sectors, such as advanced manufacturing, Internet Plus, artificial intelligence (AI), rural revitalisation, and the Olympic Winter Games.

As at 30 June 2019, RMB corporate loans of the Bank's domestic operations totalled RMB5,413.939 billion, an increase of RMB356.285 billion or 7.04 per cent. compared with the prior year-end. As at 30 June 2019, foreign currency corporate loans totalled USD38.677 billion, a decrease of USD2.248 billion or 5.49 per cent. compared with the prior year-end.

Trade Finance and Services

The Bank fully leveraged its traditional advantages in trade finance, accelerated business model innovation and effectively managed its business risks, thus boosting the sound development of its trade finance business and continuously consolidating its market dominance. In 2018, the Group's international trade transaction volumes reached USD4.63 trillion. The Bank's domestic institutions retained the largest market share in international trade services and held the leading position among peers in cross-border guarantee business. The Bank actively followed the country's opening up strategy and provided all-round services for the first China International Import Expo ("**CIIE**").

The Bank pushed forward RMB internationalisation in an orderly manner. It acted as a leader in cross-border RMB-related product and service innovation, and as the main channel for RMB cross-border flows. In 2018, the Group's transaction volume of cross-border RMB payments reached RMB5.95 trillion, among which

RMB3.99 trillion was undertaken by the Bank's domestic institutions, thus maintaining the largest market share. The Bank promoted the use of RMB in emerging sectors. It supported the Shanghai International Energy Exchange, the Dalian Commodity Exchange and the Zhengzhou Commodity Exchange to successfully list crude oil futures and internationalise iron ore futures and Pure Terephthalic Acid (PTA) futures, respectively, while providing related financial services for domestic and foreign investors, thus helping RMB to enter the commodity trading and pricing system. The Bank launched RMB promotional events in countries such as Hungary, Pakistan and Cambodia, in a bid to expand the use of RMB in countries along the Belt and Road. The Bank also continued to publish the "BOC Cross-border RMB Index (CRI)", "BOC Offshore RMB Index (ORI)" and the White Paper on RMB Internationalisation, providing comprehensive and professional support to help global customers understand and use RMB.

The Bank made steady progress in expanding its Free Trade Zone ("**FTZ**") business. It exerted its best efforts to support the construction of Hainan FTZ, closely tracked the policy opportunities brought about by the deepening of FTZ reform and provided a full range of quality financial services for key projects and customers in FTZs, thus continuing to provide the industry-leading FTZ business. It was involved in the whole-process modelling of the financial services "Single Window", and developed such functions as tax payment, reservation for account opening and online letter of guarantee application. The Bank was the first domestic bank to introduce a centralised tax payment e-guarantee and realised the digitalised transmission of guarantee data with customs. With the solid foothold of its four commodity business centres in Shanghai, Singapore, London and New York, the Bank expanded the reach of its transactional and structured commodity financing businesses. The Bank pushed forward the digital transformation of its supply chain finance, thus its online financing business volume continued to grow. The Bank participated in the development and implementation of the "Blockchain Forfaiting Trading Platform" and the "Digital Bills Trading Platform", which effectively enhanced trading safety and efficiency. It researched and developed downstream supply chain financing solutions and made breakthroughs in such scenarios as financing for dealers on e-commerce platforms. The Bank successfully launched a project to connect with the Shanghai Commercial Paper Exchange Corporation Ltd., laying a systemic foundation for trading in commercial paper. In addition, it improved account opening efficiency and customer experience by streamlining the processes of making reservations for account opening and opening accounts with mobile applications.

The Bank was named "Best Transaction Bank" and "Best Trade Finance Bank" by FinanceAsia, and received the "Best Bank in Cross-border RMB Business" award from the China Banking Association for its expertise in the trade finance sector.

Cash Management

Drawing on the strength of its integrated global operations, the Bank continuously improved its global cash management service capability, won a number of bids for the cash management service contracts of multinational corporations and quickly expanded the group customer base for cash management. It sped up the promotion of cash management products and provided customers with integrated services such as centralised fund management and information classification and accounting. The Bank catered to "Going Global" enterprises' needs for global information sharing and fund operation, and supported administrative institutions in their financial management reform. It completed China's first SWIFT Direct Connection cross-border remittance business, "SWIFT-Global Payments Innovation (GPI)", and promoted Bank Host-to-Host Direct Connection abroad for the first time. To fulfil customers' needs for multi-channel, multi-segment and one-stop capital management services, the Bank carried out on-going improvements to its "Global Cash Management Platform+" integrated product system, which enabled greater connectivity of the Global Cash Management Platform, SWIFT Direct Connection, Bank Host-to-Host Direct Connection, Multi-Bank Cash Management System and trading data applications. The Bank was recognised as "Best Regional Cash Manager in Asia" by Euromoney for the third consecutive year and "Best Cross-border Cash Management Bank" by Asiamoney for the second straight year. As a result, "BOC Global Cash Management" has become an increasingly influential brand.

Financial Institutions Business

The Bank continued to deepen comprehensive cooperation with various global financial institutions, including domestic banks, overseas correspondent banks, non-bank financial institutions, overseas central banks, sovereign wealth funds and international financial organisations. It built its integrated financial services platform and maintained a leading position in terms of financial institution customer coverage. The Bank has established correspondent relationships with around 1,600 institutions in 178 countries and regions, thus providing multinational institutions and enterprises with financial services such as international settlement, bond financing, foreign exchange trading, investment custody and global cash management. Closely following the implementation of the Belt and Road Initiative, the Bank consolidated cooperation with key correspondent banks in countries and regions along the Belt and Road. The Bank continued to deepen its wide-reaching cooperation with organisations and development institutions such as Asian Infrastructure Investment Bank, New Development Bank and the Silk Road Fund, participated in the investment and financing projects of domestic policy financial institutions and provided extensive financial services. The Bank has been developing its cross-border RMB business and is the major RMB clearing channel and the main cooperating bank for overseas central banks and other sovereign institutions, commercial banks and exchange houses. To date, the Bank has opened 1,450 cross-border RMB clearing accounts for correspondent banks from 112 countries and regions, thus holding a leading position among domestic banks. It also promoted the RMB Cross-Border Interbank Payment System ("**CIPS**") and signed cooperation agreements for indirect participants with 260 domestic and overseas financial institutions, seizing the largest market share among its peers. The Bank's custodian service for Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors and its agency service for overseas central banks and other sovereign institutions ranked among the top in the industry terms of both customer base and business scale. The Bank signed a memorandum of strategic cooperation with the Astana International Financial Centre of Kazakhstan. It was one of the first banks designated by the Shanghai International Energy Exchange Co., Ltd. to act as a margin depository bank for crude oil futures, and by the Dalian Commodity Exchange and Zhengzhou Commodity Exchange to act as a margin depository bank for foreign currencies. It was also the only bank to participate in the pilot stage of the H shares "full circulation" programme. As at 30 June 2019, the Bank ranked first in terms of market share in foreign currency deposits from financial institutions, and had further increased its market share in terms of the number of third-party custody customers with outstanding balances.

Inclusive Finance

The Bank proactively explored solutions to the difficulties and high costs of financing for micro and small-sized enterprises. It endeavoured to increase inclusive finance loans with a focus on the relatively weak groups among micro and small-sized enterprises, thus further strengthening its financial support for the key areas of inclusive finance. The Bank implemented special resource allocation and provided comprehensive policy support for inclusive finance. It refined its inclusive finance structure, established a sound service system, promoted the launch of a bank-wide organisational structure for inclusive finance and built the "five specialised operating mechanisms".

As at 30 June 2019, the Bank's outstanding inclusive finance loans granted to micro and small-sized enterprises[1] reached RMB379.2 billion, up by 27.07 per cent. compared with the prior year-end, outpacing the overall loan growth of the Bank. The number of micro and small-sized customers stood at approximately 400,000, an

[1] Inclusive finance loans granted to micro and small-sized enterprises are measured in accordance with the Circular on Promoting the High-quality Development of Banks' Financial Services for Micro and Small-sized Enterprises in 2018 (Y.J.B.F. [2018] No. 29).

increase compared with the beginning of the year. The average interest rate of micro and small-sized enterprises' inclusive finance loans granted in the first half of 2019 was 4.59 per cent. The quality of loans granted to micro and small-sized enterprises remained at a stable and controllable level.

Focusing on the themes of the 16+1 Cooperation and the Belt and Road Initiative, the Bank expanded its cross-border matchmaking services by holding the 2019 China-CEEC SMEs Cross-Border Matchmaking Event in Croatia and the Belt and Road CEO Conference B2B Matchmaking Session of the Second Belt and Road Forum for International Cooperation in Beijing, so as to offer global SMEs a connectivity and cooperation platform and facilitate their integration into the global capital chain, value chain and industrial chain. It has held 55 cross-border matchmaking events since 2014, attracting the participation of 30,000 enterprises from 108 countries and regions across the globe.

Pension Business

Centred on the development of China's social security system, the Bank continuously extended its pension business coverage, promoted product innovation and developed a comprehensive service system with optimised functions. It provided a range of pension-related financial services including enterprise annuities, occupational annuities, employee benefit plans, employee stock ownership plans and pension security management products, thus enhancing customer satisfaction. Having already been designated to act as a custodian and account manager for enterprise annuities, the Bank became qualified to also act as a trustee of enterprise annuity funds and successfully signed its first trustee contract for enterprise annuities. As a result, the Bank's annuity service scope further expanded.

As at 30 June 2019, pension funds under custody reached RMB30.984 billion, and the total number of individual pension accounts held by the Bank reached 5.2508 million, an increase of 0.2389 million or 4.77 per cent. compared with the prior year-end. Assets under custody amounted to RMB255.471 billion, an increase of RMB34.313 billion or 15.52 per cent. compared with the prior year end, with the Bank serving more than 15,000 clients.

Personal Banking

The Bank always puts customers at the centre of its business. In 2018, the Bank innovated and improved its personal banking product and service system and endeavoured to enhance the capability of its online, scenario-based and smart services. It grasped development opportunities in cross-border business, consumer finance and wealth management so as to continuously enhance the market competitiveness of its personal banking business.

For the six months ended 30 June 2019, the Bank's domestic personal banking business realised an operating income of RMB80.669 billion, an increase of RMB4.107 billion or 5.36 per cent. compared with the same period of the prior year.

Personal Deposits

In response to the trend of interest rate liberalisation, the Bank intensified innovation in its personal deposit products, providing customers with products of different terms and types, thus of satisfying differentiated customers' needs. It further expanded its payment agency business by classifying its customer groups and improving the connectivity between corporate and personal businesses. It also provided payment agency customers with a package of integrated service solutions, including account opening, salary payment, consumption and investment. The Bank launched an online margin business embedded with multiple transaction scenarios. It also adopted the "BOC Wealth Accumulator" service model for micro and small-sized businesses, providing them with convenient services based on integrated payment, and thereby built a closed loop for fund flows. It further developed its foreign exchange services by increasing the number of foreign currencies offered by its personal deposit and withdrawal businesses to 25 and the number of convertible foreign currencies available to customers to 39, thus maintaining its leading position among its peers. Leveraging on its advantage in foreign currency business, the Bank provided services for a number of large events, including the first CIIE. It also launched cash exchange reservation service on all electronic channels including mobile banking and online banking to further improve customer experience.

As at 30 June 2019, the Bank's domestic RMB personal deposits totalled RMB5,486.871 billion, an increase of RMB460.549 billion or 9.16 per cent. compared with the prior year-end. Personal foreign currency deposits amounted to USD42.375 billion, allowing the Bank to maintain a leading market share.

Personal Loans

The Bank implemented the national policies of supporting the real economy, expanding domestic demands and promoting consumption by steadily enhancing its personal loan business. It actively put into practice the state's regulatory policies on real estate and continued to implement a differentiated residential mortgage loan policy, with a particular focus on serving the needs of households seeking to buy owner-occupied homes for the first time, and thus maintained the sound development of its residential mortgage loan business. The Bank accelerated its consumer finance business through depending the application of internet and big data technologies, as well as improving its risk management and control models. It continued to promote its featured "BOC E-Credit" product, a whole-process online consumer loan service, realising a rapid growth rate. The Bank proactively developed inclusive finance services and refined its development strategies for personal business loans by providing specialised service models for customer segments, including private enterprises, micro and small-sized business owners, and customers targeted according to shopping districts or industry chains, those commonly engaged in agriculture-related businesses, start-up businesses or poverty alleviation efforts. It continued to grant government-sponsored student loans and enhanced its development-oriented student services, securing its leading market position in government-sponsored student loans. As at 30 June 2019, the total amount of RMB personal loans of the Bank's domestic operations stood at RMB4,213.390 billion, an increase of RMB279.550 billion or 7.11 per cent. compared with the prior year-end.

Wealth Management and Private Banking

The Bank enhanced its wealth management and private banking services by meeting customer demands and accelerating business innovation and transformation. To implement the strategy of enabling advancement through technology, the Bank developed the Investment Product Distribution Platform to integrate its investment product distribution architecture and effectively improve its integrated and intelligent distribution capabilities. It launched "BOC Robot Advisor", an intelligent investment advisory service, introduced an online assets diagnosis function and improved its asset allocation tools. Using big data, the Bank carried out targeted marketing campaigns with the help of growing customer information tags and further completed client marketing loops. In order to develop a professional asset allocation decision-making system, it constructed a market-wide product selection platform, established an Asset Allocation Committee and published asset allocation strategy reports. The Bank also transformed its marketing approach, continued to carry out customer group marketing campaigns by providing customised service packages for customer groups including staff of Chinese embassies and consulates stationed abroad, and promoted product and service integration. It further developed its differentiated customer service system by adjusting customer grading, constructing a unified customer benefits platform and increasing its customer loyalty rewards redemptions choices. As a result, customer loyalty was continuously enhanced. Moreover, the Bank continued to improve the management and incentive mechanisms for its relationship managers, thus achieving significant progress in cultivating teams of wealth management managers, private bankers and investment advisors, which in turn steadily improved its professional services. It made full use of the BOC Wealth and Investment Academy to build a multifaceted talent development system, and used both internal and external resources to expand its talent pool. The Bank further improved its cross-border customer marketing mechanism and achieved positive results in providing integrated cross-border services to personal customers in the Guangdong-Hong Kong-Macao Greater Bay Area. It promoted the development of its private banking business, improved the structure of its domestic private banking centres and refined the network of its domestic and overseas private banks, so as to create a global private banking service platform. The Bank strengthened innovation in products and services by introducing discretionary asset management with investment only in debt instruments and offshore family trust products to better serve the needs of its high-net-worth customers.

As at 30 June 2019, the Bank had set up 8,082 wealth management centres, 1,105 prestigious wealth management centres and 44 private banking centres in the Chinese mainland.

Bank Card

Closely following changes in markets and customer demand patterns, the Bank continuously refined its product and service system and endeavoured to create a preferred credit card brand targeting the medium-to-high end, cross-border, female and young customer segments. It took the lead in launching the BOC Greater Bay Area Credit Card to facilitate the interconnectivity of the Guangdong-Hong Kong-Macao Greater Bay Area. The Bank rolled out the Great Wall Ice and Snow Credit Card to promote winter sports and the nationwide fitness campaign. It also issued the BOC Better Life Credit Card to meet customers' need for quality family life. To satisfy the personalised demands of different customer groups, the Bank rolled out new products such as the BOC Lady Credit Card, BOC Zan Credit Card, BOC American Express Cross-border Alliance Credit Card, Great Wall Monet World Credit Card, UEFA Champions League-themed Credit Card, and World Cup-themed Credit Card. Following trends in online finance, it launched innovative BOC digital credit cards and promoted a "connected scenarios and FinTech" service mode in order to build internet-based customer acquisition scenarios. The Bank accelerated the innovation and upgrading of its instalments product system by promoting such products as "YiFenXiang" instalments (an automatic instalments plan), "Youke" instalments (a premium customer instalments plan) and an automobile-add-ons financial service, as well as a flexible repayment function. Moreover, the Bank continued with its pilot projects for applying instalment services to second-hand automobiles, auto financial lease, weddings, and maternity. In recognition of its achievements, the Bank won the title of "2018 Best Auto Credit Card Instalments Service Bank" at the China Auto Golden Engine Awards. The Bank integrated its payment service mode and built the "BOC Smart Payment" brand. It promoted the "aggregate payment" offline acquiring product and provided an online check-out product featuring "one-point access, overall acceptance". It improved the "BOC Smart Merchant" service platform by providing full-process, one-stop comprehensive financial services for merchants. To improve the merchant value-added service system, the Bank launched a platform with discounted merchants and electronic vouchers, carried out merchant online to offline ("**O2O**") precision marketing campaigns, and built a closed-loop consumption ecology. It continued to develop 360-degree customer life cycle maintenance, strengthened customer group analysis based on big data, and supported precision marketing and dynamic limit management.

In line with the PBOC's requirements on account reform and the mobile finance convenience project, the Bank pushed forward the online and offline issuance and use of debit cards, and expanded the application scope for Type II and Type III personal bank accounts. It continued to improve its customer experience by streamlining its business procedures for account opening and cancellation, loss reporting and replacement of debit cards. The Bank expanded the scenarios-based applications of mobile payment and promoted online financial services for segments, such as campuses, cross-border businesses, social security, medical treatments, and railway transportation. It strengthened its "BOC E-Campus" mobile application and formed a dual platform business model with Tencent WeiXiao to serve its customers on campuses. The Bank won the bid to issue credit cards for the government-sponsored studying abroad programme, and expanded the value-added services of the Great Wall Cross-border International Debt Card, thus providing its cardholders with more convenient and more secure cross-border services. It issued social security cards with financial functions in nearly 30 provinces (including municipalities directly under the Central Government) in cooperation with local Human Resources and Social Security Bureaux, and issued electronic social security cards as per the standards required by the

Ministry of Human Resources and Social Security. These products delivered diverse financial services, including collection and payment agency of social insurance (namely, pension insurance funds, medical insurance funds, unemployment insurance funds, work-related injury insurance funds and maternity insurance funds), exclusive wealth management products and fee discounts for customers, as well as non-financial value-added services such as doctor appointment booking, discount coupons and doctor lectures. It also issued a resident health card with financial functions in provinces such as Guangdong, Liaoning, Hebei, Guizhou, Sichuan and Jiangxi, offering cardholders medical treatment payment and health management services, both online and offline, across the country. In addition, the Bank launched the Changsha- Zhuzhou-Xiangtan Inter-city Railway e-Card in Hunan, with which customers can enter and exit stations and take trains simply by scanning a QR code using a mobile application.

As at 30 June 2019, the cumulative number of credit cards issued by the Bank reached 118.3296 million. For the six months ended 30 June 2019, the Bank's credit card transaction amount was RMB862.284 billion, while the instalment volume of credit cards was RMB166.338 billion.

2 Financial Markets Business

To further enhance its influence in financial markets, the Bank closely tracked market developments and actively aligned itself with trends towards interest rate and exchange rate liberalisation and RMB internationalisation. It leveraged its professional advantages, continued to deepen adjustments to its business structure, enhanced its efforts in financial market innovation and made steady progress in compliance with international regulatory requirements.

Securities Investment

The Bank strengthened its research and judgment regarding market interest rates while proactively seizing market opportunities. The Bank also rationally adjusted the duration of its investment portfolio and further optimised its investment structure. Consistent with national macroeconomic policies, the Bank supported the economic development of local governments and actively participated in local government bond investment. Following trends in global bond markets, the Bank optimised its foreign currency investment portfolio and managed to prevent interest rate risk and credit risk.

Trading

The Bank accelerated the construction of an integrated global financial markets business system founded on the three core product lines of interest rates, exchange rates and commodities. It endeavoured to build a new customer-centric, market-oriented and product-based service model and improved quantitative trading capabilities so as to serve the real economy. The Bank continued to outperform its peers in market share of foreign currency exchange against RMB business. It offered cash trading rates for six further foreign currencies, including the Czech Koruna and Hungarian Forint, thus bringing the number of currency pairs available for exchange up to 39. The Bank also consolidated its leading edge in emerging market trading products under the "Belt and Road" Initiative. It increased the total number of tradable foreign currencies to 63, among which 52 are currencies of emerging economies and 29 are currencies of countries along the "Belt and Road". It stepped up efforts in product innovation so as to further sharpen its market competitiveness. Together with the China Foreign Exchange Trading System & National Interbank Funding Centre, it introduced the "CFETS-BOC Traded Bond Index" and released it on the China Foreign Exchange Trade System and Singapore Exchange successively, thus vigorously pushing forward the opening up of China's bond market and RMB internationalisation.

Drawing strength from its integrated global trading, sales, risk management and system, the Bank further enhanced its integrated global service capacity by strengthening business support from the Head Office and its overseas trading centres to its regional branches. Leveraging its advantages in professional quotation and its priority focus on compliance, the Bank steadily met interbank customers' demands. In line with the financial demands of the real economy, the Bank consolidated its chain services in order to comprehensively satisfy customers' needs for hedging against risks relating to exchange rates, interest rates and commodity prices. It put equal emphasis on agent trading and market-making quotation services, and established an integrated marketing mechanism to allow foreign institutional investors to invest in the domestic interbank market, thereby enhancing the Bank's ability to provide quotation and services for foreign institutional investors. In addition, the Bank actively participated in the building of a foreign exchange self-regulatory mechanism, adopted the Foreign Exchange Code across the board, and successfully passed the annual assessment of its implementation of the foreign exchange self-regulatory mechanism.

Investment Bank and Asset Management

The Bank leveraged the competitive advantages of its international and diversified operations and focused on serving the real economy. It provided customers with comprehensive, professional and customised investment banking and asset management solutions, including professional financial products and services for bond underwriting and distribution, asset management, asset securitisation, mergers and acquisitions ("**M&A**") and restructuring advisory. To facilitate the construction of China's multi-layered capital markets system and to support customers' direct financing needs, the Bank underwrote debt financing instruments for non-financial institutions in the China interbank bond market of a total amount of RMB208.495 billion. The Bank's underwriting business for financial institutions was greatly boosted, with its financial bond underwriting volume and market share continuing to improve. It maintained the leading market share among all commercial banks in the interbank market in terms of asset securitisation underwriting. The Bank enhanced its cross-border competitiveness. It assisted offshore issuers such as the Republic of the Philippines, the Republic of Portugal and United Overseas Bank in issuing Panda Bonds and Asian Infrastructure Investment Bank in issuing its first USD2.5 billion bond. The Bank captured the leading market share as an underwriter of Chinese enterprises' offshore G3 currency (i.e. USD, EUR and JPY) bonds. The Bank also made efforts to develop green finance by participating as lead underwriter in a number of important green bond programmes, including the issuance of the first green building Panda Bond and the first quasi-sovereign Euro floating rate green bond. Proactively exploring financial solutions for poverty alleviation, the Bank acted as the lead underwriter for the first central state-owned enterprise special poverty alleviation notes, issued by China Three Gorges Corporation, with part of the proceeds being used for hydropower projects. Moreover, strongly supporting private enterprise financing, the Bank carried out the first batch of Bond-Financing Support Tools for Private Enterprises among Large State-owned Commercial Banks and providing boost for the private enterprises direct-financing.

As a result, the Bank was awarded "China Bond House" by IFR Asia, "China's Best Corporate and Investment Bank" and "China's Best CIB for Debt Capital Markets – Cross-Border" by Asiamoney, "Best China Onshore DCM Bank", "Best Panda Bond Underwriter" and "Best China International G3 Currency DCM Underwriter" by Caixin, and "Best Financial Institution Bond", "Best Panda Bond" and "Best Green Bond" by FinanceAsia. As such, the brand influence of the Bank's Debt Capital Markets was continuously enhanced.

The Bank steadily promoted the development and transformation of its asset management business. It increased its launch frequency and marketing efforts for Net Value products, offering various Net Value products such as "BOC Accumulated Asset Series – Le Xiang Everyday", "BOC Strategy – Steady Wealth Creation" and "BOC Wise Wealth Creation". The Bank explored new investment and operational methods to better suit the transformation and development of its Net Value products, strengthened its investment and trading capabilities, optimised asset allocation and effectively improved its investment yields. It developed innovative asset management informational system structures and improved system functions, so as to provide enhanced IT support for business development. As at 30 June 2019, the balance of the Bank's wealth management products amounted to RMB1,335.4 billion.

The Bank enhanced its financial advisory service system by further enriching its service content. Leveraging the advantages arising from coordination between the Head Office and branches and the integration of its domestic and overseas operations, the Bank provided customers with professional advisory services such as strategy advice, target recommendation, transaction structuring, valuation analysis and financing scheme design, as well as services covering the whole transaction process. The Bank steadily promoted its credit asset-backed securitisation business and optimised the structures of its existing assets. In the first half of 2019, the Bank issued four residential mortgage-backed securities with a total amount of RMB17.991 billion.

Custody Business

The Bank strived to enhance the overall competitiveness of its custody business by expanding mutual fund custody, strengthening pension fund custody, refining cross-border custody and optimising banking wealth management custody. Seizing opportunities arising from the two-way opening up of China's capital markets, the Bank became the first Chinese commercial bank to obtain the pilot depository qualifications for Chinese Depository Receipt ("**CDR**"). It pushed forward advancement through technology and system building, and led the market in launching a depository system alongside the CDR and Shanghai-London Stock Connect programmes. In addition, it improved the accounting, valuation and investment supervision functions of its global custody system and rolled out a non-securities custody business system and a new version of its online custody service, thus further enhancing its global custody service capabilities. The Bank won bids for occupational pension custody schemes in Xinjiang and Shandong, as well as for the issuance of the first local government debt exchange traded fund ("**ETF**") in the Chinese mainland. It was granted "Best QDII Mandate" and "Best QDII Custodian" by The Asset, securing its position as customers' preferred bank for cross-border investment.

As at 30 June 2019, the Group's assets under custody stood at RMB10.37 trillion, of which its cross-border custody business accounted for RMB288.2 billion, maintaining a leading position among Chinese banks.

Village Bank

BOC Fullerton Community Bank actively implemented the national strategy of rural revitalisation with the aim of "focusing on county area development, supporting farmers and small-sized enterprises, and growing together with communities". It is committed to providing modern financial services to county micro and small-sized enterprises, individual merchants, the wage-earning class and farmers, thus promoting the construction of a beautiful countryside with a pleasant living environment.

BOC Fullerton Community Bank expedited the construction of its institutional distribution network, thus supporting financial development in county areas. Having already acquired shares in village banks held by China Development Bank, it successfully acquired shares in 27 village banks held by China Construction Bank, further expanding its business scale and providing stronger support for the development of China's central and western regions and county economies. As at 30 June 2019, BOC Fullerton Community Bank controlled 125 village banks and had 157 sub-branches in 22 provinces (including municipalities directly under the Central Government) through self-establishment and acquisition. BOC Fullerton Community Bank has become the largest domestic village bank group in terms of total institutions and business scope. It also continuously improved its product and service system to further expand its customer base and business scale.

As at 30 June 2019, the registered capital of BOC Fullerton Community Bank amounted to RMB7.524 billion, with its total assets and net assets standing at RMB63.072 billion and RMB10.410 billion respectively. The balances of total deposits and loans of these banks were RMB41.808 billion and RMB42.109 billion respectively. The NPL ratio was 2.50 per cent. and the coverage ratio of allowance for loan impairment losses to NPLs stood at 211.36 per cent. It achieved a profit for the period of RMB378 million in the first half of 2019.

3 Overseas Commercial Banking

In the first half of 2019, the Bank continued to promote the establishment of overseas institutions and pushed forward the integrated development of its domestic and overseas operations, thus further enhancing its global service and support capabilities and sharpening its market competitiveness. As at 30 June 2019, the Bank's overseas commercial banking customer deposits and loans totalled USD449.230 billion and USD383.236 billion respectively, an increase of 3.64 per cent. and 4.92 per cent. compared with the prior year-end. In the first half of 2019, the Bank's overseas commercial banking operations achieved a profit before income tax of USD4.809 billion, accounting for 21.34 per cent. of the Group's total profit before income tax.

Regarding branch distribution, the Bank closely tracked customers' financial services needs around the globe, accelerated improvements in institutional network in countries along the "Belt and Road" and further increased outlets in countries with an existing BOC presence, thus further improving its global service. As at 30 June 2019, the overseas institutions of the Bank totalled 553, covering 57 countries and regions around the globe, with three new countries added in 2018.

For corporate banking business, by giving full play to the advantages arising from its integrated commercial and investment banking operations, the Bank provided a full spectrum of premium, efficient, tailor-made and comprehensive financial services for "Going Global" and "Bringing In" customers, "Fortune Global 500" enterprises and local corporate customers. It further improved its globalised customer service system and continually enhanced its middle and high-end products and services. Through core products including syndicated loans, project financing, cross-border M&A, export credit, global cash management and letters of guarantee, the Bank provided great support to key projects related to infrastructure construction, energy resource development and overseas industrial parks, with the aim of providing sound financial services for the Belt and Road Initiative, promoting international cooperation in production capacity and helping enterprises achieve sustainability in their foreign investments and operations.

For personal banking business, the Bank provided one-stop financial services for personal "Going Global" customers by leveraging its extensive overseas institutional network. It continued to expand its overseas account opening witness service, which now covers 18 countries and regions in North America, Europe, Asia and Oceania. The Bank enhanced its services for customers studying abroad by launching such brands as "Brilliant Tomorrow" in the US, "Golden Age" and "UK Manager" in the UK, "Home in Canada" in Canada, "Golden Years" in Australia, "Sail in Lion City" in Singapore and "Splendid Life" in Macao. It built up its cross-border marketing ecosystem, consolidated marketing resources across platforms, improved the availability of cross-border credit card services and established a star rating system for cross-border credit card customers, so as to provide customers with preferential, convenient and quality cross-border credit card services, thus enhancing the brand influence of its cross-border business. It expanded its overseas credit card issuance and acquiring business, developed new products such as BOC Qoo10 Credit Card and BOC Miles Credit Card in Singapore, and Greater Bay Area Credit Card in Macao, and supported its overseas branches in developing integrated online and offline merchant acquiring business, thus further enhancing its influence in local payment markets. It optimised the framework of its overseas debit cards and issued UnionPay, Visa and MasterCard debit cards in 19 countries and regions. In addition to withdrawal, consumption and other basic functions, it introduced new features including contactless payment, non-card payment and 3D secure payment, which can be used via multiple channels including domestic and overseas counters, online banking and mobile banking, thereby better satisfying the world-wide consumption demands of overseas customers.

For financial markets business, the Bank fully leveraged its advantages in integrated global operations and actively engaged in RMB futures market-making on the exchanges in Singapore, South Korea and Dubai, in line with the national opening up strategy. As a result, it enhanced its capacity for customer base expansion in Asia, Europe and Oceania, further optimised its product line structure for exchange rates, interest rates and commodities, and continuously improved its business scale and profitability. The Bank seized opportunities arising from the two-way opening up of capital markets and exerted every effort to market custody services to "Going Global" and "Bringing In" customers. It sped up efforts to shape its global customer service network and enhanced its global custody service capability, as well as the local and cross-border customer custody service capabilities of its key overseas institutions. It actively innovated its capital market connectivity service mechanisms and accomplished the integration of its cross-border custody service processes. The Bank successfully issued the fifth tranche of its Belt and Road-themed bonds with a total volume equivalent to approximately USD3.8 billion.

For clearing business, the Bank continuously improved its cross-border RMB clearing capabilities and consolidated its position at the leading edge of international payments. In the first half of 2019, the Group's cross-border RMB clearing transactions totalled RMB212.67 trillion, up by 22.64 per cent. compared with the same period of the prior year, maintaining first place in global markets. The Bank now accounts for 12 of the world's 26 authorised RMB clearing banks and continues to lead its peers. The Bank's Tokyo Branch launched its RMB clearing business as an RMB clearing bank in Japan. Moreover, the Bank also expanded its Cross-border Interbank Payment System (CIPS) indirect participant client bases, and maintained first place in terms of market share.

For e-banking, the Bank further expanded the coverage of its overseas corporate online banking and continued to enhance its global internet financial service capacity for enterprises. With its internet financial service platform actively integrating overseas and domestic operations, the Bank further enriched service functions such as overseas corporate online banking and overseas bank-enterprise connection channels, and therefore continued to lead its peers in global capital management services. As at 30 June 2019, the Bank offered overseas corporate online banking services in 46 countries and regions, with 13 available languages. The Bank continued to improve overseas personal e-banking services, and upgraded the mobile banking services of London Branch, Seoul Branch, Frankfurt Branch, Paris Branch and other institutions, taking active steps to explore new service modes of virtual banking. As at 30 June 2019, the Bank's overseas personal online banking services covered 41 countries and regions across the world, and its mobile banking services covered 18 countries and regions, with services available in 14 languages.

Bank of China (Hong Kong) Limited

In the first half of 2019, BOCHK remained committed to its strategy of building a top-class, full-service and internationalised regional bank, and adhered to its philosophy of stable, long-term and sustainable development. It fully leveraged its competitive advantages and steadily pushed forward its business priorities. Its core businesses realised satisfactory growth, with major financial indicators remaining at solid levels. It improved its integrated regional business model and promoted the integration of its Southeast Asian entities, achieving steady growth in its Southeast Asian business. BOCHK remained committed to expanding cross-border business development and drove forward the development of the Guangdong-Hong Kong-Macao Greater Bay Area with the aim of becoming the area's first-choice bank. In pursuit of full-service development, BOCHK accelerated the construction of its diversified business platforms. Moreover, it sped up FinTech innovations and product research so as to drive its digital development. As at 30 June 2019, BOCHK's issued share capital was HKD52.864 billion. Its total assets amounted to HKD2,988.440 billion and net assets reached HKD296.867 billion. In the first half of 2019, its profit for the period was HKD18.276 billion.

BOCHK continued to develop its core market in Hong Kong and outperformed its peers in key business areas. The growth of its total customer deposits and loans was above the market average. Its asset and liability structure was further optimised, with asset quality outperforming the local market. Moreover, it diversified its corporate finance business and successfully arranged a number of significant syndicated loans, project finance deals and debt issuances. As a result, BOCHK remained the top mandated arranger in the Hong Kong-Macao syndicated loan market for the 14th consecutive year. It also maintained its leading market position as the main receiving bank for initial public offerings ("**IPOs**") in Hong Kong for the eighth consecutive year. BOCHK deepened business relationships with commercial customers in Hong Kong and helped them to establish a convenient and effective financial service platform so as to mutually enhance market competitiveness and penetration. It further reinforced its business relationships with governmental and institutional customers and expedited the regional development of its cash pooling and treasury centre businesses. Adhering to its customer-centric philosophy, it enhanced the scenario-based and comprehensive application of its products and services to improve the competitiveness of its financial services. It catered to the different needs of individual clients and provided exclusive and premium services for its mid-to high-end clients, which led to continuous growth in the total number of mid-to high-end customers. In addition, BOCHK actively promoted the development of inclusive finance by accelerating the upgrading of its products and services to individual customers, thus establishing an all-round service capability to meet the basic necessities of customers' daily lives. It maintained its leadership in UnionPay card issuing and cardholder spending business in Hong Kong.

BOCHK integrated its Southeast Asian institutions entities and saw effective regional synergies begin to emerge.

Following the completion of the acquisition of Bank of China Vientiane Branch, BOCHK's Southeast Asian entities now operate in eight Southeast Asian countries. BOCHK steadily pushed forward the operation and implementation of its regional management model, adopting differentiated development strategies for each Southeast Asian entity and reinforcing resource support. It continuously enriched its product and service portfolios for these entities so as to expand into local mainstream markets. It focused on major clients and projects, actively developing business with institutional clients and promoting its RMB products, treasury, payment and settlement businesses, resulting in a continuous expansion of customer base and business scale. Bank of China (Malaysia) Berhad launched a wealth management service and Bank of China (Thai) Public Company Limited helped a Thai asset management company client to become an RMB Qualified Foreign Institutional Investor (RQFII). BOCHK Ho Chi Minh City Branch successfully handled the first cross-border RMB entrusted settlement business in Vietnam's non-border area and the payment function of BoC Pay was extended to Malaysia and Indonesia. The Southeast Asian entities comprehensively enhanced their capabilities in credit risk management, internal control and compliance, operating in accordance with more stringent standards stipulated by BOCHK, and ensure compliance with related regulatory requirements.

BOCHK strengthened collaboration within the Group and actively expanded its cross-border business. BOCHK continued to capitalise on its competitive edges in the Chinese mainland and Hong Kong, and strengthened its collaboration with other entities of the Group to gradually enrich its product range in the Greater Bay Area across four major aspects of cross-border activities: people flow, commodities flow, fund flow and information flow in order to further increase its market share and enhance its market influence. It promoted the construction of the Guangdong-Hong Kong-Macao Greater Bay Area. The organisation of the Guangdong-Hong Kong-Macao Greater Bay Area Financial Summit Forum further enhanced cross-border collaborations and elevated the Group's brand image in the Greater Bay Area. It also launched the "Guangdong-Hong Kong Business Registration and Banking Services Connect" to provide cross-border business registration for SMEs in Hong Kong to assist their development in the Greater Bay Area. By establishing branches and automated banking services in Hong Kong's major cross-border transportation termini, including Hong Kong International Airport, West Kowloon Rail Station of the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Hong Kong-Zhuhai-Macao Bridge, BOCHK fully expanded its service network for cross-border customers. It accelerated the mutual access of cross-border services and mutual brand recognition so as to meet the demand of customers from Guangdong, Hong Kong and Macao for financial services, including account opening, payment services, wealth management and financing, thus helping to build the Greater Bay Area into a high-quality lifestyle destination that is ideal for living, working and travelling. As a result, BOCHK achieved an encouraging increase in the number of cross-border customers.

BOCHK elevated its competitive edge in financial markets and accelerated the development of its diversified business platforms. Actively responding to market changes, BOCHK promoted business diversification and conducted stringent risk management and control measures. It strengthened its trading system infrastructure and refined its electronic trading platform in order to improve its trading capability. It also enhanced the development of innovative treasury products and enriched its product and service portfolios, which led to continuous growth in market competitiveness and customer base, and a relatively rapid growth in customer-driven business. Leveraging its leading position in the banknote market, BOCHK actively developed its banknote business in the Asia Pacific region and further reinforced its competitive edge in the wholesale banknotes business. Its bond underwriting business was satisfactory as it assisted corporates and institutions to successfully issue a number of USD, EUR and RMB-denominated green bonds. Capitalising on the collaborative synergy of its diversified business platforms, BOCHK continued to boost the development of its business platforms, including life insurance, asset management, custody and trust services as well as securities and futures, to provide customers with whole-value-chain financial services and forge new competitive advantages.

BOCHK expedited digital development and promoted innovation in financial technology ("**FinTech**"). BOCHK strengthened O2O integration and remained committed to becoming a customer-centric digital bank. As a result, both the total number of customers using e-channels and the number of e-channel transactions continued to rise. BOCHK continued to enhance its cross-border payment and collection services with the launch of the BoC Pay, the first one-stop cross-border payment mobile application to support UnionPay QR code payment and added-value services for customers in both the Chinese mainland and Hong Kong. It also launched BoC Bill, the first comprehensive collection platform in Hong Kong to support UnionPay QR code payment, providing merchants with comprehensive collection services through different collection channels. In support of the Faster Payment System ("**FPS**") introduced by the Hong Kong Monetary Authority ("**HKMA**"), it provided HKD and RMB real-time interbank transfer and cross-platform merchant collection services for personal and corporate customers. It enhanced iService to support branch personnel and its cloud-based call centre with mobile terminals, leading to a notable improvement in the overall productivity of its service network. The promotion of finger vein authentication services provided customers with a more convenient identity authentication process. BOCHK also enhanced the development of a new smart branch model and launched a new customer service process. With the aim of building a green bank, it continued to enhance paperless business operations and digital information in order to reduce the adverse environmental impact.

BOCHK was awarded "Strongest Bank in Asia Pacific and Hong Kong", "Best Trade Finance Bank in Hong Kong" and "Best Corporate Trade Finance Deal in Hong Kong" from The Asian Banker, "Best Bank for CSR in Hong Kong" from Asiamoney, "Hong Kong Domestic Cash Management Bank of the Year", "Gold and Precious Metals Bank of the Year – Hong Kong", "Service Innovation of the Year – Hong Kong", "Mobile Banking Initiative of the Year – Hong Kong" and "Digital Banking Initiative of the Year – Hong Kong" from Asian Banking and Finance, "Best Hong Kong Deal" from FinanceAsia and "Best SME's Partner Gold Award" from the Hong Kong General Chamber of Small and Medium Business. Its issuance of additional tier 1 capital securities during the year also received the "Best Hong Kong Deal" award from FinanceAsia.

4 Comprehensive Operation Platforms

The Bank gave full play to the competitive advantages inherent in its integrated operations and actively seized opportunities arising from the "Belt and Road" initiative and the development of the PRC's multi-layered capital markets. By focusing on its specialised business areas, deepening business collaboration and promoting cross-selling and product innovation, it provided comprehensive and high quality financial services to customers.

Investment Banking Business

BOC International

The Bank is engaged in investment banking business through BOC International. As at 30 June 2019, BOC International had an issued share capital of HKD3.539 billion, total assets of HKD64.058 billion and net assets of HKD19.315 billion. BOC International's profit for the six months ended 30 June 2019 was HKD932 billion. BOC International holds leading positions in a number of its core businesses.

BOC International actively captured strategic opportunities arising from the "Belt and Road" initiative and Chinese enterprises "Going Global" efforts, mixed ownership reform of state-owned enterprises and the development of the Guangdong-Hong Kong-Macao Bay Area. It continuously strengthened its marketing efforts, reinforced internal controls and enhanced risk management practices. With the aims of serving the real economy and supporting private enterprises, BOC International strived to improve its core businesses and strengthened its integrated "investment banking + commercial banking" services.

BOC International made solid progress in providing integrated cross-border services for global clients. It actively explored opportunities in the Southeast Asian market, strengthened its development in M&A business and leveraged its structural advantages in government services and its financial solution expert panel to promote cross-border cooperation with the Group's branches and subsidiaries. In addition, it achieved steady progress in its equity underwriting and financial advisory businesses, including assisting on Qingdao Haier's IPO, which was the first Chinese D-share to be listed on the China Europe International Exchange in Frankfurt. BOC International's bond issuance and underwriting businesses continued to maintain leading positions in the market. Deeply rooted in Hong Kong and Macao, BOC International leveraged its competitive edges in the Chinese mainland and continued to expand its sales network globally. Keeping abreast of market changes, it further improved its value and influence as a "think tank" in terms of research capability.

BOC International steadily upgraded its brokerage and trading system with the aid of big data and artificial intelligence ("**AI**") technologies, thus strengthening its cross-selling and improving its targeted marketing and customer services. To keep ahead of market trends, BOC International launched callable bull/bear contracts, thereby solidifying its leading positions in terms of brokerage and equity derivatives business in Hong Kong. It improved its asset management business structure with a focus on providing differentiated investment products and services for its clients. Moreover, it offered a full range of comprehensive wealth management and inheritance solutions and private banking investment products, and continuously improved its service and system platforms in a bid to consolidate its leading position and competitive advantages among Chinese-funded private banks. BOCI-Prudential Asset Management Limited, a subsidiary of BOC International, maintained its position as a top-ranked service provider in the Hong Kong Mandatory Provident Fund and Macao Pension Fund businesses. BOC International further enriched its investment fund offering and actively participated in the Mainland-Hong Kong Mutual Recognition of Funds scheme to provide quality services to Chinese mainland investors.

BOC International seized opportunities arising from capital market developments in the Chinese mainland, strengthened cross-border business cooperation, explored high quality projects in line with industry development trends and increased RMB equity investment. In addition, BOC International established a new benchmark in the global commodities market by launching the "BOC International China Commodities Index" and boosted the internalisation of China's futures market by completing the first offshore trades of Chinese domestic crude oil and iron ore futures.

BOC International received a number of awards from respected media organisations, including "Best Corporate & Investment Bank", "Best Private Bank, Hong Kong – High Net Worth Individuals", "Best Overall Chinese Bank for BRI", "Best Bond House", "Base Metals House of the Year, Asia", "Innovation House of the Year, Asia” and “Mutual Funds – Equity-Hong Kong – Outstanding Performer”, and “MPFs (10 Years) – Equity – Global – Outstanding Performer”.

BOCI China

The Bank is engaged in securities-related business in the Chinese mainland through BOCI China. As at 30 June 2019, the registered capital, total assets and net assets of BOCI China were RMB2.500 billion, RMB51.307 billion and RMB12.467 billion, respectively. BOCI China’s profit for the year ended 31 December 2018 was RMB706 million.

BOCI China endeavoured to push forward business transformation and outperform its peers. Deepening the synergistic advantages of “investment bank + commercial bank”, “investment bank + investment” and “domestic + overseas” in its investment banking business. BOCI China shifted its investment banking focus towards transaction-driven comprehensive financial services, shifted its asset management business focus towards active management. BOCI China pushed forward its brokerage business transformation with a focus towards wealth management, while improving the versatility of its branches. As a result, BOCI China continually increased its service capability and market influence.

BOCI China was awarded “Top Ten Asset Securitisation Investment Banks”, “Excellent Emerging Investment Bank”, “Five-star Green Bond Programme”, “Excellent Asset Management Broker”, “Top Ten Innovative Asset Management/Fund Products” and “Excellent Fixed-income Investment Team” by Securities Times, “Avant-garde Customer Services Delivered by Chinese Institutions” by International Financial News and “Most Valuable Golden Bull Analyst” by China Securities Journal.

BOCIM

The Bank is engaged in fund management business in the Chinese mainland through BOCIM. As at 30 June 2019, BOCIM’s registered capital amounted to RMB100 million, its total assets stood at RMB4.622 billion and its net assets totalled RMB3.415 billion. It realised a profit for the period of RMB406 million in the first half of 2019.

By steadily expanding its asset management business and implementing sound internal controls and risk management, BOCIM achieved continuous growth in profitability, improved its brand and market reputation and further enhanced its comprehensive strengths.

As at 30 June 2019, BOCIM’s assets under management reached RMB692.1 billion. In particular, its public-offered funds reached RMB374.9 billion, and its nonmonetary public-offered funds reached RMB208.8 billion, ranking seventh among domestic fund management companies.

Insurance

BOCG Insurance

The Bank is engaged in general insurance business in Hong Kong through BOCG Insurance. As at 30 June 2019, BOCG Insurance reported issued share capital of HKD3.749 billion, total assets of HKD9.133 billion and net assets of HKD4.158 billion. In the first half of 2019, BOCG Insurance recorded gross written premiums of HKD1.521 billion and realised a profit for the period of HKD35 million, remaining at the forefront of the Hong Kong general insurance market in terms of gross written premium.

BOCG Insurance actively served the “Belt and Road” Initiative and the development of the Guangdong- Hong Kong-Macao Greater Bay Area. Through strengthened collaboration with the Group’s institutions, it secured a contract for all-risk property insurance with the Vientiane World Trade Centre in Laos and a contract for third-party liability insurance covering cars passing over the Hong Kong-Zhuhai-Macao Bridge, representing new breakthroughs in collaboration formats that have enhanced its integrated financial service capacity.

Upholding the strategic philosophy of "advancing development through technology, featured businesses, innovation and market-oriented approaches" and the market development strategy of "deepen services in Hong Kong, refine business approach in the Chinese mainland, reach out to overseas markets and widen brand awareness", BOCG Insurance continuously deepened cooperation with other insurance companies. It seized market opportunities through reinsurance channels, thus expanding its business coverage from regional to international. It also promoted the upgrade of its core business system and its new official website, and adopted membership management of customers, thus further improving customer experience.

Taking its strategy, market conditions, regulations and technology into consideration, BOCG Insurance continued to improve its organisational structure in accordance with the management principles governing customers, products and channels. It also made a concerted effort to establish a full-scale, whole-process and all-staff risk management system so as to ensure the sound function of the "three lines of defence" for internal control. BOCG Insurance strengthened its risk management early warning mechanism, which effectively reduced the impacts of natural disasters including Typhoon Mangkhut. Moreover, it reinforced its risk appetite management for insurance underwriting, reinsurance and investment, and efficiently enhanced risk compliance awareness, all of which led to more professional risk management.

BOC Life

The Bank is engaged in life insurance business in Hong Kong through BOC Life. As at 30 June 2019, BOC Life's issued share capital was HKD3.538 billion, total assets amounted to HKD146.269 billion and net assets amounted to HKD9.772 billion. In the first half of 2019, it realised a profit for the period of HKD493 million.

BOC Life proactively broadened its multiple distribution channels and developed innovative products and value-added services. Meeting differentiated customers' needs, BOC Life launched the revamped "SmartUp Plus Whole Life Insurance Plan" and the new "SmartGuard Critical Illness Plan" to increase the value of new business. It introduced a new annuity product "Smart Immediate Annuity Plan" to cater to customers' demands in annuity product and retirement protection. As part of its innovation in distribution platforms, BOC Life gained a foothold in the insurance product platforms of renowned internet companies so as to attract more customers from the mobile segment. It launched its first critical illness product "AlongPro Critical Illness Plan" on these online platforms as well as on the BOC Life official website.

BOC Life increased the application of innovative technology and effectively enhanced customer experience. It launched an innovative AI chatbot service to provide customers with information about insurance, payments, claims, etc. In an effort to develop the younger customer segment, BOC Life promoted its electronic policy services and launched "eClaims" to provide customers with convenient and efficient claim assessment services. In line with the FPS introduced by the HKMA, BOC Life was among the first batch of insurance companies in Hong Kong to apply its instant payment functions for premium collection and claims payment.

BOC Life achieved sound financial performance. Moody's Investors Service upgraded its insurance financial strength rating by one notch to A1, which reflects BOC Life's track record of solid profitability, solvency ratio and capital strength.

BOC Insurance

The Bank is engaged in property insurance business in the Chinese mainland through BOC Insurance. As at 30 June 2019, BOC Insurance reported registered capital of RMB4.535 billion, total assets of RMB13.659 billion and net assets of RMB4.093 billion. In the first half of 2019, it realised gross written premiums of RMB3.615 billion, and a profit for the period of RMB108 million.

Following national strategies, BOC Insurance paid attention to market trends and customer needs, remained committed to serving the real economy and continued to improve its comprehensive financial services. BOC Insurance actively responded to the "Belt and Road" Initiative by supporting large domestic enterprises in their "Going Global" efforts. It maintained a leading position in overseas insurance business, covering nearly 30 industries in more than 70 countries and regions including Asia, Africa and South America. It pioneered customs bond insurance to make customs clearance more convenient for import enterprises. BOC Insurance supported enterprises' technological innovations by being an authorized insurer in the pilot program of the insurance compensation mechanism for the first (set of) major technical equipment, so as to facilitate equipment improvement. It supported regional development strategies and assisted in the development of Guangdong-Hong Kong-Macao Greater Bay Area by providing insurance services for the Hong Kong-Zhuhai-Macao Bridge. In addition, it assumed its share of social responsibility by joining the single-purpose pre-paid card performance bond insurance pool and the China Urban and Rural Residential Building Earthquakes Catastrophe Insurance Pool for Chinese urban and rural residential buildings. BOC Insurance handled various insurance claims in an efficient and dedicated manner. BOC Insurance launched a timely emergency mechanism to deal with natural disasters and major accidents. It also ensured fast claim handling in order to effectively support customers in restoring production and continuously enhance the customer experience.

Due to a sound risk condition and steady operations, BOC Insurance received an "A" regulatory rating for the ninth consecutive quarter, and also maintained an "A" rating and a "stable" outlook from Standard & Poor's in recognition of the remarkable enhancement in its overall capabilities.

*BOC-Samsung Life Ins. Co., Ltd. ("**BOC-Samsung Life**")*

The Bank is engaged in life insurance business in the Chinese mainland through BOC-Samsung Life. As at 30 June 2019, BOC-Samsung Life's registered capital stood at RMB1.667 billion, total assets amounted to RMB16.814 billion and net assets amounted to RMB1.404 billion. In the first half of 2019, BOC-Samsung Life recorded written premiums and premium deposits of RMB4.795 billion, and a profit for the period of RMB23 million.

BOC-Samsung Life continued to enhance its cross-selling capabilities and provided personal security, long-term savings, pension, medical care, travel insurance and other diversified insurance services to individual and corporate customers within the Group. As a result, it realised a year-on-year increase of 39 per cent. in premiums brokered by the Bank. It expanded its customer service channels by launching a new branch in Shandong and new sub-branches in Zibo, Wuxi and Jinhua.

BOC-Samsung Life also constructed a comprehensive life insurance service portal on the BOC mobile banking platform and provided a physical examination service at the Samsung Medical Centre for high-end clients. It upgraded its mobile sales system and service platforms and launched a new core system for group insurance, improving its automatic underwriting efficiency by nearly 60 per cent. and increasing the proportion of after-sale service processes conducted via the WeChat official account by nearly 20 per cent. Moreover, BOC-Samsung Life strengthened its product development capability and introduced a specific illness insurance product "AiJiaBao", which strengthened the protection function of its product line.

Investment Business

BOCG Investment

The Bank is engaged in direct investment and investment management business through BOCG Investment. BOCG Investment's business scope includes private equity investment, fund investment and management, real estate investment and management and NPA investment. As at 30 June 2019, BOCG Investment recorded issued share capital of HKD34.052 billion, total assets of HKD123.192 billion and net assets of HKD63.818 billion. In the first half of 2019, it recorded a profit for the period of HKD2.293 billion.

In 2018, BOCG Investment effectively implemented the Group's overall development strategies and steadily pushed forward its business transformation from "investment" to "investment + investment management". It focused on opportunities arising from new industries and new business types and formats, and completed investments in a number of major projects. It actively participated in the development of the Guangdong-Hong Kong-Macao Greater Bay Area, and initiated the establishment of the Greater Bay Area Homeland Development Fund. In the course of diversifying its financing channels, BOCG Investment issued RMB1.0 billion and RMB2.0 billion of Panda Bonds on the Shanghai Stock Exchange and domestic interbank bond market respectively in 2018. In line with the Group's targeted poverty alleviation initiatives, it completed the initial stage of capital injection in the Xianyang City – CP Group Pig-Farming Project. BOCG Investment achieved sustainable development through strengthening post-investment management and exit management.

BOC Asset Investment

The Bank is engaged in debt-for-equity conversion and related business in the Chinese mainland through BOC Asset Investment. As at 30 June 2019, the registered capital of BOC Asset Investment was RMB10.000 billion, with its total assets and net assets standing at RMB36.620 billion and RMB10.335 billion respectively. In the first half of 2019, it realised a profit for the period of RMB225 million.

BOC Asset Investment actively implemented the national strategy of deepening supply-side structural reform. It conducted debt-for-equity conversions based on both market-oriented and law-based principles, with the aim of improving enterprises' business operations and helping them to reduce leverage ratios and improve market value. As at 30 June 2019, the market-oriented debt-for-equity conversion business of BOC Asset Investment reached RMB79.159 billion. Seventeen director-supervisors were appointed to participate in the corporate governance of the enterprises conducting the conversion. BOC Asset Investment established a subsidiary company engaged in private equity investment funds and successfully launched its first debt-to-equity private equity investment fund. The company also explored a new approach to market-oriented debt-for-equity conversion business by completing the first project in China to convert non-listed non-public joint-stock companies into preferred shares.

Leasing Business

BOC Aviation

The Bank is engaged in the aircraft leasing business through BOC Aviation. BOC Aviation is one of the world's leading aircraft operating leasing companies and is the largest aircraft operating leasing company headquartered in Asia, as measured by the value of owned aircraft. As at 30 June 2019, BOC Aviation recorded issued share capital of USD1.158 billion, total assets of USD19.162 billion and net assets of USD4.292 billion. In the first half of 2019, it recorded a profit for the period of USD321 million.

Committed to pursuing sustainable growth, BOC Aviation continued to implement its proactive business strategy and steadily promoted its standing in the aircraft leasing industry. As at 30 June 2019, actively supporting the Belt and Road Initiative, it had leased more than 68 per cent. of its aircraft to airlines of the Belt and Road countries and regions as well as airlines based in the Chinese mainland, Hong Kong, Macao and Taiwan, thus supporting the "Belt and Road" Initiative. Actively targeting customer demand, it took delivery of 25 aircraft, including five aircraft that airline customers purchased at delivery, all of which have been placed on long-term leases, as its owned fleet continued to expand. During the first half 2019, BOC Aviation signed 39 leases for future deliveries and added six new customers. It consistently sought to optimise its asset structure and improve its sustainable development. It sold nine owned and one managed aircraft in the first half of 2019, leaving it with an average owned fleet age of 3.1 years (weighted by net book value) as at 30 June 2019, one of the youngest aircraft portfolios in the aircraft leasing industry.

5 Service Channels

The Bank has established professional and diversified service channels and provides comprehensive financial services to customers in the Chinese mainland and many other countries and regions. Centred on enhancing customer experience, the Bank pushed forward its service channel integration and outlet transformation so as to attract more customers and drive stronger economies of scale. As a result, it cultivated an ecosystem wherein online and offline channels are integrated and financial and non-financial scenarios are seamlessly connected.

Outlet Development

The Bank pushed forward the construction of its next-generation intelligent outlets, featuring smart counters. Led by the popularisation and upgrading of smart counters, it endeavoured to transform its outlets' service model from "transaction-processing" to "value-creating". In the first half of 2019, the Bank completed eight smart counter upgrades to further refine its service system, making the smart counter a major channel of customer services, business processing and product sales. The Bank installed smart counters in all of its banking outlets in the Chinese mainland, further increasing the Bank's smart service capability and coverage. Mobile counters covers 36 tier-1 branches in the Chinese mainland with the aim of encouraging a proactive approach to acquiring customers beyond the boundary of the outlet hall, thus expanding the Bank's financial service coverage and transforming its operation model. The Bank piloted corporate account opening via mobile counters. It extended its services, including corporate account opening, product enabling and online services, to off-premises marketing scenarios for the first time. As a result, the launch of mobile counters further improved the Bank's basic customer and account service capabilities. The Bank also piloted a cash version of smart counters. Taking RMB banknotes as the starting point, these smart counters provide a one-stop smart cash service integrating multiple mediums, denominations and transaction options for customers. The cash-based smart counters represented a breakthrough in solving the "last mile" problem in the migration of counter-based services.

The Bank continued to optimise its outlet performance assessment system and carried forward the classification and differentiated development of its outlets. It also extended its service channels and improved financial services in county areas. The Bank consistently refined the operational management of its outlets and adjusted the authority and responsibilities of outlet employee positions. It improved outlets' marketing service approaches to improve customer experience and strengthened the risk management of each outlet business line, thus enhancing comprehensive operational efficiency.

As at 30 June 2019, the Bank's domestic commercial banking network (including Head Office, tier-1 branches, tier-2 branches and outlets) comprised 10,722 branches and outlets. Its domestic non-commercial banking institutions totalled 477, and the number of its institutions in Hong Kong, Macao, Taiwan and other countries and regions totalled 553.

Internet Finance

Pursuing innovation-driven development in internet finance business, the Bank realised rapid growth in its mobile banking business with enriched functions and improved user experience. In the first half of 2019, the Bank's substitution ratio of e-banking channels for outlet-based business transactions reached 93.73 per cent. Its e-channel transaction amount reached RMB115.48 trillion, among which, mobile banking transaction volume reached RMB13.65 trillion, an increase of 64.14 per cent. compared with the same period of the prior year.

	As at 30 June	As at 31 December		
	2019	2018	2017	2016
		(in millions)		
Number of Corporate Online Banking Customers	4.2503	3.8905	3.4169	3.1408
Number of Personal Online Banking Customers	174.1907	166.2361	147.9722	133.7110
Number of Mobile Banking Customers	162.9251	145.3118	115.3257	94.3995
Number of Telephone Banking Customers	113.9211	113.7678	113.3691	111.2993

Following a "Mobile First" strategy, the Bank built a mobile portal for its integrated financial services. The Bank's new mobile banking offers approximately 200 types of financial services, further improving its functions and user experience. The Bank's mobile banking portal also created customised services by leveraging new technologies such as AI, big data and biometric identification. The Bank introduced new features to its mobile banking service including facial recognition and authentication, speech recognition search, gesture login, and rolled out intelligent investment advisor and smart customer service functions, etc. As a result, it improved the intelligent service levels of its mobile banking. The Bank provided featured services such as cross-border finance, integrated finance, mobile payment and asset management, as well as functions including digital credit cards, Visa Express and reservation of foreign currency banknotes. To increase customer interactions and customer stickiness, the Bank utilised webcasting for mobile banking by building BOC Live Platform. It also created more security authentication methods for its mobile banking services, promoting SIM Key and Mobile Key on a pilot basis. The Bank further improved the service functions of its online banking, telephone banking, WeChat banking and SMS banking, thus creating better customer experience.

The Bank continuously enriched its internet finance products. Based on market and customer demand, the Bank offered leading products such as online payment, financial supermarket, "BOC E-Credit", "BOC E Rong Hui" and "BOC Easy-trade Cyber-tariff". It promoted the development of online payments, and became the first bank to connect to, conduct transactions on, and switch directly-connected transactions to the online clearing platform. It also introduced the pioneering cross-border UnionPay QR code payment product. The Bank has built a one-stop financial supermarket to integrate Group-wide resources. It offers 18 categories of investment and wealth management products covering bank wealth management, funds distribution, precious metals, foreign exchange, etc. Focusing on data and scenarios, the Bank endeavoured to expand the customer base and enrich the customer acquisition scenarios of "BOC E-Credit". It established an innovation and incubation mechanism for online financing, and developed a credit risk assessment model for personal customers based on consumer behaviours and scenario data. The Bank maintained its competitive advantages in tariff business. Cooperating with the General Administration of Customs and PBOC, it became the first bank in the industry to pilot and launch the "Single Window" model for tax payment and electronic letter of guarantee for tariff payments services nation-wide. The "BOC Easy-trade Cyber-tariff" business continued to lead its peers in market share.

The Bank enriched its service scenarios to improve customer stickiness. Using mobile banking as a unified portal, the Bank reinforced external scenario cooperation, attracted more quality merchants to its "Life Channel" and provided more cross-border services, branch-featured services as well as other value-added services. The Bank launched the E-BOC scenario expansion platform. It embedded its products into internet scenarios to deliver public services such as online account opening, inter-bank transfer, and risk evaluation. It also released scenario-based financial services, including Precious Metals Savings and reservation of foreign currency banknotes, together with partners.

In 2018, the Bank further leveraged FinTech to enhance the fundamental service capacity of its internet finance business. It established an enterprise-level concurrent risk control system and a whole-process internet finance risk management and control system that covers pre-event, concurrent and post-event risk control. The Bank further enhanced its big data analysis capabilities by building a customer tag service system. This system covers both corporate and personal customers and has allowed the Bank to construct targeted service of data mining, data analysis, marketing strategy and outcome feedback. The Bank also rolled out the main functions of its new-generation customer service programme, building a cross-channel, cross-scenario and cross-platform intelligent customer contact centre. It also introduced a video-based online global expert service, thus constantly improving its smart customer service capability. The Bank upgraded its corporate mobile banking by adding biometric identification, account management, electronic reconciliation and comprehensive transfer functions, and by launching online corporate account opening, corporate group insurance and proactive marketing for wealth management products.

Information Technology Development

Following a technology and innovation-driven strategy, the Bank continuously improved its IT governance and promoted the integrated development of the Group's information technology. These improvements actively facilitated the implementation of the Group's strategy.

The Bank successfully completed its overseas information system integration and transformation project, an effort which lasted for six years and covered 50 countries and regions on six continents. Through this system, the Bank realises global coverage with one core system, information system version unification, centralised deployment and integrated operation and management.

The Bank launched key projects including mobile banking, smart counters, transaction banking, smart customer service, intelligent investment advisor, intelligent customer management, consumer finance, a quantitative trading platform, a smart risk control system and a scenario-based financial ecosystem, thus supporting its business development and promoting the Group's digital transformation.

The Bank followed a technical development route that gives equal emphasis to centralised and distributed architectures, so as to push forward the strategic transformation of its technical architecture. It established three new technology platforms: cloud computing, big data and AI. These platforms are the foundations for the network-based, intelligent and ecological management of the Bank's business and operations. It also made substantial breakthroughs in disaster-recovery backup and high availability architecture, laying a foundation for the long-term development of the Bank's IT capacity. Adapting to development trends in the digital era, the Bank boosted the transformation of its IT systems and mechanisms by establishing its first global innovation and research and development base in Singapore and launching an international version of its mobile banking service.

The Bank conducted research into the applications of such novel technologies as AI, biometric identification, and blockchain technology. The research focused on applying such technologies to prevent and control risks, enhance customer experience, strengthen business transactions, and improve security operations, etc. Adhering to the principle that FinTech innovation should essentially serve business development, the Bank closely tracked developments in core FinTech applications, explored scenario-based applications, and pushed forward the integration of innovative technologies within its businesses. It launched a forfaiting trading platform designed and developed jointly with other banks based on blockchain technology. The Bank deepened the application of AI technologies to conduct research and development of its foreign exchange price forecast model and intelligent SWIFT routing model. It also explored the application of deep learning technology to improve its modelling result, in order to enhance the reliability of its forecasting.

Major Contracts

Material Custody, Sub-contracts and Leases

In the first half of 2019, the Bank did not take, or allow to subsist any significant custody of, subcontract or lease assets from other companies, or allow its material business assets to be subject to such arrangements, in each case that is required to be disclosed.

Material Guarantee Business

As approved by PBOC and CBIRC, the Bank's guarantee business is an off-balance-sheet item in the ordinary course of its business. The Bank operates the guarantee business in a prudent manner and has formulated specific management measures, operational processes and approval procedures in respect of the risks of guarantee business and carried out this business accordingly. In the first half of 2019, save as disclosed above, the Bank did not enter into or allow to subsist any material guarantee business that is required to be disclosed.

Employees

As at 30 June 2019, the Bank had a total of 305,823 employees. There were 281,417 employees in the Bank's operations of the Chinese mainland, of which 269,357 worked in the Bank's domestic commercial banking operations. There were 24,406 employees in the Bank's operations in Hong Kong, Macao, Taiwan and other countries and regions. As at 30 June 2019, the Bank bore costs for a total of 5,408 retirees.

The following table sets forth the total number of employees by geographic distribution as at 30 June 2019:

	Number of employees	**per cent. of total**
Northern China	61,451	20.09
Northeastern China	24,475	8.00
Eastern China	91,171	29.81
Central and Southern China	67,085	21.94
Western China	37,235	12.18
Hong Kong, Macau and Taiwan	18,479	6.04
Other countries and regions	5,927	1.94
Total	305,823	100.00

Intellectual Property

The Bank owns various intellectual property rights including trademarks, patents, domain names, and copyrights. The Bank conducts business under the "Bank of China", "BOC", "中國銀行", "中銀", "中行" and "", and other brand names and logos.

RISK MANAGEMENT

The section "Risk Management" in the Principal Offering Circular shall be deleted in its entirety and replaced with the following:

The Group's primary risk management objectives are to maximise value for equity holders while maintaining risk within acceptable parameters, optimising capital allocation and satisfying the requirements of the regulatory authorities, the Group's depositors and other stakeholders for the Group's prudent and stable development.

The Group has designed a series of risk management policies and has set up risk controls to identify, analyse, monitor and report risks by means of relevant and up-to-date information systems. The Group regularly reviews and revises its risk management policies and systems to reflect changes in markets, products and emerging best practices.

The most significant types of risk to the Group are credit risk, market risk and liquidity risk. Market risk includes interest rate risk, currency risk, and other price risk.

Risk Management Framework

The Board of Directors is responsible for establishing the overall risk appetite of the Group and reviewing and approving the risk management objectives and strategies.

Within this framework, the Group's senior management has overall responsibility for managing all aspects of risks, including implementing risk management strategies, initiatives and credit policies and approving internal policies, measures and procedures related to risk management. The Risk Management Department, the Credit Management Department, the Financial Management Department and other relevant functional departments are responsible for monitoring financial risks.

The Group manages the risks at the branch level through direct reporting from the branches to the relevant departments responsible for risk management at the Head Office. Business line related risks are monitored through establishing specific risk management teams within the business departments. The Group monitors and controls risk management at subsidiaries by appointing members of their Board of Directors and risk management committees as appropriate.

Credit Risk Management

The Group takes on exposure to credit risk, which is the risk that a customer or counterparty will cause a financial loss for the Group by failing to discharge an obligation. Credit risk is one of the most significant risks for the Group's business.

Credit risk exposures arise principally in lending activities and debt securities investment activities. There is also credit risk in off-balance sheet financial instruments, such as derivatives, loan commitments, bill acceptance, letters of guarantee and letters of credit.

Closely tracking changes in macroeconomic and financial conditions as well as regulatory requirements, the Bank improved its management mechanisms, adjusted its structure, and controlled and mitigated credit risks. In addition, the Bank strengthened credit asset quality management, further improved its credit risk management policies and pushed forward the optimisation of its credit structure. It also held fast to the risk compliance bottom line and took a proactive and forward-looking stance towards the continual improvement of its credit risk management.

Taking a customer-centric approach, the Bank further strengthened its unified credit granting management and enhanced full-scope centralised credit risk management. The Bank further improved its long-acting credit management mechanism and asset quality monitoring system and further enhanced potential risk identification, control and mitigation mechanisms by intensifying post-lending management and reinforcing customer concentration management and control. The Bank enhanced the supervision of risk analysis and asset quality control in key regions and strengthened window guidance on all business lines. In order to effectively strengthen the management and control of customer concentration risk, the Bank constructed the management policies of large exposures, which specified the management structure, working process and measurement rules, etc.

The Bank continuously adjusted and optimised its credit structure. With the aim of advancing strategic implementation and balancing risk, capital and return, it stepped up the application of the New Basel Capital Accord and improved the management plans of its credit portfolios. In line with the government's macro-control measures and the direction of industrial policy, the Bank enacted guidelines for industrial lending and continued to push forward the building of an industrial policy system so as to optimise its credit structure.

In terms of corporate banking, the Bank further strengthened risk identification and control, proactively reduced and exited credit relationships in key fields, strictly controlled the gross outstanding amount and use of loans through limit management and prevented and mitigated risk from overcapacity industries. It intensified the management of loans to LGFVs and strictly controlled the outstanding balances. In addition, the Bank implemented the government's macro-control policies and regulatory measures in the real estate sector so as to strengthen the risk management of real estate loans. In terms of personal banking, the Bank improved unified credit granting management for personal customers and revised management policies for unsecured start-up loans, small-amount loans for poverty alleviation, and loans mortgaged against rural contracted land management rights or farmers' housing property rights, thus supporting the development of its inclusive finance business. It kept improving management policies for personal online loans and credit card overdrafts, in order to prevent the risks of excessive credit and cross-infection. The Bank enforced regulatory requirements and continued to strictly implement differentiated policies on residential mortgages. It also strengthened the risk control of key products and regions.

The Bank strengthened country risk management. It performed an annual review of country risk ratings and implemented limit management and control of country risk exposures. It pushed forward the production and launch of the new Country Risk System, realised timely tally of country risk exposure at the Group level and assess, monitor, analyse and report its exposures on a regular basis. The Bank also established a country risk monitoring and reporting system covering "yearly reporting and the timely reporting of material risk events", which made it possible to regularly publish country risk analysis reports within the Group and make timely assessments of the impact of material country risk events. In addition, the Bank adopted differentiated management of potentially high-risk and sensitive countries and regions. By concentrating its net exposures to country risk in countries and regions that are relatively low or low, the Bank contained its overall country risk at a reasonable level.

The Bank further stepped up the collection of non-performing assets ("**NPAs**"). It re-allocated internal and external collection resources and continued to adopt centralised and tiered management of NPA projects. It reinforced the supervision of key regions and key projects, in order to improve the quality and efficiency of disposals. The Bank proactively explored the application of "Internet Plus" in NPA collection, and diversified its disposal channels. In addition, it adopted policies based on the actual conditions of individual enterprises and took multiple measures where necessary. It gave full play to the role of creditor committee and enhanced the application of debt-for-equity swaps and restructuring efforts to help enterprises get out of difficulties, with the aim of realising mutual benefit for the Bank and the enterprises, and to support the real economy.

The Bank scientifically measured and managed the quality of credit assets based on the Guidelines for Loan Credit Risk Classification issued by CBIRC, which requires Chinese commercial banks to classify loans into the following five categories: pass, special-mention, substandard, doubtful and loss, among which loans classified as substandard, doubtful and loss are recognised as NPLs. In order to further refine its credit asset risk management, the Bank used a 13-tier risk classification criteria scheme for corporate loans to domestic companies, covering on-balance sheet and off-balance sheet credit assets. In addition, the Bank strengthened risk classification management of key industries, regions and material risk events, and dynamically adjusted classification results. It strengthened the management of loan terms, managed overdue loans by the name list system and made timely adjustments to risk classification results, so as to truly reflect asset quality. The overseas institutions of the Bank operated in line with the Guidelines for Loan Credit Risk Classification or the local applicable rules and requirements on credit risk classification, whichever is stricter.

As at 30 June 2019, the Group's NPLs[2] totalled RMB175.899 billion, an increase of RMB8.958 billion compared with the prior year-end. The NPL ratio was 1.40 per cent., down by 0.02 percentage point compared with the prior year-end. The Group's allowance for loan impairment losses amounted to RMB312.254 billion, an increase of RMB8.473 billion compared with the prior year-end. The coverage ratio of allowance for loan impairment losses to NPLs was 177.52 per cent. The NPLs of domestic institutions totalled RMB170.645 billion, an increase of RMB7.867 billion compared with the prior year-end.

The Group identifies credit risk collectively based on industry, geography and customer type. This information is monitored regularly by the management.

The following table sets forth, at the dates indicated, the Group's loans and advances to customers categorised by geographical area:

	As at 30 June		As at 31 December					
	2019		2018		2017		2016	
	Amount	per cent. of total	Amount	per cent. of total	Amount	per cent. of total	Amount	per cent. of total
	(RMB million, except percentages)							
Chinese mainland	9,894,443	78.93	9,273,549	78.67	8,583,185	78.77	7,818,508	78.40
Hong Kong, Macau and Taiwan	1,606,792	12.82	1,515,844	12.86	1,339,149	12.29	1,220,962	12.24
Other countries and regions	1,033,745	8.25	998,290	8.47	974,224	8.94	933,892	9.36
Total loans and advances to customers	12,534,980	100.00	11,787,683	100.00	10,896,558	100.00	9,973,362	100.00

The following table sets forth, at the dates indicated, the Group's loans and advances to customers categorised by industry sectors of the borrowers:

	As at 30 June		As at 31 December					
	2019		2018		2017		2016	
	Amount	per cent. of total	Amount	per cent. of total	Amount	per cent. of total	Amount	per cent. of total
	(RMB million, except percentages)							
Corporate loans and advances								
Manufacturing	1,686,705	13.47	1,674,340	14.21	1,685,179	15.46	1,632,912	16.37

[2] The loans and advances to customers in this section are exclusive of accrued interest.

	As at 30 June		As at 31 December					
	2019		2018		2017		2016	
	Amount	**per cent. of total**	**Amount**	**per cent. of total**	**Amount**	**per cent. of total**	**Amount**	**per cent. of total**
	(RMB million, except percentages)							
Commerce and services	1,632,680	13.02	1,516,354	12.86	1,557,095	14.29	1,313,693	13.17
Transportation, storage and postal services	1,234,110	9.85	1,182,411	10.03	1,056,755	9.70	988,773	9.91
Real estate	997,200	7.96	915,793	7.77	820,922	7.53	751,035	7.53
Production and supply of electricity, heating, gas and water	661,803	5.28	648,849	5.50	599,896	5.51	519,161	5.21
Mining	310,138	2.47	320,369	2.72	338,316	3.10	352,706	3.54
Financial services	538,959	4.30	398,478	3.38	285,598	2.62	426,023	4.27
Construction	267,662	2.14	239,397	2.03	207,201	1.90	193,318	1.94
Water, environment and public utility management	172,592	1.37	167,811	1.42	160,941	1.48	159,660	1.60
Public utilities	143,658	1.15	125,917	1.07	117,419	1.08	107,372	1.08
Other	136,092	1.08	157,879	1.34	143,379	1.32	124,316	1.25
Subtotal	7,781,599	62.09	7,347,598	62.33	6,972,701	63.99	6,568,969	65.87
Personal loans								
Mortgages	3,754,833	29.95	3,503,563	29.72	3,061,553	28.10	2,635,960	26.43
Credit cards	457,676	3.65	426,338	3.62	374,297	3.43	302,302	3.03
Other	540,872	4.31	510,184	4.33	488,007	4.48	466,131	4.67
Subtotal	4,753,381	37.91	4,440,085	37.67	3,923,857	36.01	3,404,393	34.13
Total loans and advances to customers	12,534,980	100.00	11,787,683	100.00	10,896,558	100.00	9,973,362	100.00

The table below sets forth, as at the dates indicated, the Group's loan concentration by asset quality categories.

	As at 30 June		As at 31 December					
	2019		2018		2017		2016	
	Amount	**per cent. of total**	**Amount**	**per cent. of total**	**Amount**	**per cent. of total**	**Amount**	**per cent. of total**
	(RMB million, except percentages)							
Pass	12,016,923	95.87	11,278,379	95.68	10,421,064	95.64	9,516,729	95.43
Special-mention	342,158	2.73	342,363	2.90	317,025	2.91	310,630	3.11
Substandard	71,652	0.57	49,788	0.42	59,265	0.54	61,247	0.61
Doubtful	42,159	0.34	49,341	0.42	45,404	0.42	36,817	0.37
Loss	62,088	0.49	67,812	0.58	53,800	0.49	47,939	0.48
Total	12,534,980	100.00	11,787,683	100.00	10,896,558	100.00	9,973,362	100.00
Non-performing Loans(1)	175,899	1.40	166,941	1.42	158,469	1.45	146,003	1.46

Note:

(1) Non-performing loans refer to loans classified as substandard, doubtful and loss.

In accordance with IFRS 9, the Bank assesses expected credit losses ("**ECL**") with forward-looking information and makes relevant allowances. In particular, it makes allowances for assets classified into stage 1 and assets classified into stage 2 & 3 according to ECL of 12 months and ECL of the entire lifetime respectively. As at 30 June 2019, the Group's stage 1, stage 2 and stage 3 loans totalled RMB11,939.782 billion, RMB415.739 billion and RMB175.899 billion respectively, accounting for 95.28 per cent., 3.32 per cent. and 1.40 per cent. of total loans. In the first half of 2019, the Group's impairment losses on loans amounted to RMB35.721 billion, an increase of RMB3.864 billion compared with the same period of the prior year. Credit cost accounted for 0.59 per cent., an increase of 0.02 percentage point compared with the same period of the prior year.

The Bank continued to focus on controlling borrower concentration risk and was in full compliance with regulatory requirements on borrower concentration. The following table sets forth, as at the dates indicated, the impaired loans and advances of the Group categorised by geographical area:

	As at 30 June			As at 31 December								
	2019			2018			2017			2016		
	Amount	per cent. of total	Impaired loan ratio	Amount	per cent. of total	Impaired loan ratio	Amount	per cent. of total	Impaired loan ratio	Amount	per cent. of total	Impaired loan ratio
	(RMB million, except percentages and ratios)											
Chinese mainland	170,645	97.01	1.72	162,778	97.50	1.76	154,208	97.67	1.80	141,458	97.35	1.81
Hong Kong, Macau and Taiwan	3,097	1.76	0.19	2,720	1.63	0.18	1,813	1.15	0.14	1,630	1.12	0.13
Other countries and regions	2,157	1.23	0.21	1,454	0.87	0.15	1,861	1.18	0.19	2,223	1.53	0.24
Total	175,899	100.00	1.40	166,952	100.00	1.42	157,882	100.00	1.45	145,311	100.00	1.46

The following table sets forth, as at the dates indicated, the impaired loans and advances of the Group categorised by customer type:

	As at 30 June			As at 31 December								
	2019			2018			2017			2016		
	Amount	per cent. of total	Impaired loan ratio	Amount	per cent. of total	Impaired loan ratio	Amount	per cent. of total	Impaired loan ratio	Amount	per cent. of total	Impaired loan ratio
	(RMB million, except percentages and ratios)											
Corporate loans and advances	147,655	83.94	1.90	139,108	83.32	1.89	129,959	82.31	1.86	116,314	80.04	1.77
Personal loans	28,244	16.06	0.59	27,844	16.68	0.63	27,923	17.69	0.71	28,997	19.96	0.85
Total	175,899	100.00	1.40	166,952	100.00	1.42	157,882	100.00	1.45	145,311	100.00	1.46

Market Risk Management

The Group is exposed to market risks from its on-balance and off-balance business, that may cause losses to the Group as a result of adverse changes in market prices of interest rate, exchange rate, equities and commodities. Market risk arises from open positions in the trading and banking books. Both the Group's trading book and banking book face market risks. The trading book consists of positions in financial instruments and commodities that are held with trading intent or in order to hedge other elements of the trading book. The banking book consists of financial instruments not included in the trading book (including those financial instruments purchased with surplus funds and managed in the investment book).

The Board of Directors of the Group takes ultimate responsibility for the oversight of market risk management, including the approval of market risk management policies and procedures and the determination of market risk tolerance. Senior management is responsible for execution of such policies and ensuring that the level of market risk is within the risk appetite determined by the Board, while meeting the Group's business objectives.

Market risk management departments are responsible for the identification, measurement, monitoring, control and reporting of market risks on a Group basis. Business units are responsible for monitoring and reporting of market risk within their respective business lines.

In response to changes in the market environment, business development and management requirements, the Bank continued to refine its market risk management system in order to strictly control market risk.

The Bank actively adapted to changes in its business and the market by improving its market risk appetite transmission mechanism and refining its model for the market risk limit management of the Group. To further improve counterparty credit risk management procedures of counterparties and improve its risk warning and mitigation capabilities, the Bank conducted forward-looking research and judgement regarding market risks and cross-financial risks. The Bank enhanced the accuracy of its risk management and improved its risk quantification capability by continuously advancing the construction of its market risk data mart and management system, and by studying and applying advanced risk measurement approaches.

The Bank strengthened risk management of the Group's bond investments by closely tracking market volatility and changes in regulatory policy. Based on the market and business needs, it has shortened its response time to risks and made timely adjustments and refinements to its investment policies. In response to high default rates in the bond market, the Bank has improved the effectiveness of risk inspections and strengthened risk management and control in major areas.

The Bank assessed the interest rate risk in its banking book mainly through analysis of interest rate re-pricing gaps, made timely adjustments to the structure of its assets and liabilities based on changes in the market situation, and controlled the fluctuation of net interest income within an acceptable level.

For the purpose of market risk management in the trading book, the Group monitors trading book Value at Risk ("**VaR**") limits, stress testing results and exposure limits and tracks each trading desk and dealer's observance of each limit on a daily basis.

VaR is used to estimate the largest potential loss arising from adverse market movements in a specific holding period and within a certain confidence level.

VaR is performed separately by the Bank and its major subsidiaries that are exposed to market risk, BOCHK (Holdings) and BOC International. The Bank, BOCHK (Holdings) and BOC International used a 99 per cent. level of confidence (therefore 1 per cent. statistical probability that actual losses could be greater than the VaR estimate) and a historical simulation model to calculate the VaR estimate. The holding period of the VaR calculations is one day. To enhance the Group's market risk management, the Group has established the market risk data mart, which enabled a group level trading book VaR calculation on a daily basis.

Accuracy and reliability of the VaR model is verified by daily back-testing on the VaR results in the trading book. The back-testing results are regularly reported to senior management.

The Group utilises stress testing as an effective supplement to the trading book VaR analysis. Stress testing scenarios are performed based on the characteristics of trading transactions to simulate and estimate losses in adverse and exceptional market conditions. To address changes in the financial markets, the Group enhances its market risk identification capabilities by continuously modifying and improving the trading book stress testing scenarios and measurement methodologies in order to capture the potential impact on transaction market prices stemming from changes in market prices and volatility.

For the years ended 31 December 2018, 2017 and 2016 and six months ended 30 June 2019, the VaR of the Bank's trading book by type of risk was as follows:

The Bank's VAR for Trading Book

	For the six months ended 30 June			For the year ended 31 December								
	2019			2018			2017			2016		
	Average	High	Low	Average	High	Low	Average	High	Low	Average	High	Low
	(U.S.$ million)											
Interest rate risk	17.68	21.46	13.24	17.26	23.85	12.24	14.54	17.58	9.61	10.24	16.45	6.59
Foreign exchange risk	14.77	20.84	9.80	10.19	17.66	4.99	10.67	17.70	6.12	5.24	9.75	2.62
Volatility risk......................	0.43	0.78	0.17	0.38	0.71	0.11	0.35	1.21	0.11	0.69	1.55	0.29
Commodity risk	1.12	1.54	0.75	1.14	5.55	0.13	1.25	3.92	0.14	0.93	1.56	0.01
Total of the Bank's trading VaR	20.76	26.64	17.11	19.87	26.28	13.92	17.44	23.89	12.43	10.31	17.45	6.75

The banking book is exposed to interest rate risk arising from mismatches in maturities, repricing periods and inconsistent adjustments between the benchmark interest rates of assets and liabilities. The Group assesses interest rate risk in the banking book primarily through an interest rate repricing gap analysis.

The Group conducts a substantial portion of its business in RMB, with certain transactions denominated in USD, HKD and, to a much lesser extent, other currencies. The major subsidiary, BOCHK Group, conducts the majority of its business in HKD, RMB and USD. The Group endeavours to manage its sources and uses of foreign currencies to minimise potential mismatches in accordance with management directives.

The Bank manages its exposure to currency exchange risk through management of its net foreign currency position and monitors its foreign currency risk on trading books using VaR.

The tables below summarise the Group's exposure to foreign currency exchange rate risk as at 31 December 2018, 2017 and 2016 and the six months ended 30 June 2019:

As at 30 June 2019

	RMB	USD	HKD	EURO	JPY	GBP	Other	Total
	(RMB million)							
Assets								
Cash and due from banks and other financial institutions	289,518	137,561	15,760	6,425	9,106	1,389	12,829	472,588
Balances with central banks	1,611,220	271,369	43,706	37,280	31,691	45,687	28,611	2,069,564
Placements with and loans to banks and other financial institutions	873,792	181,198	39,769	9,633	–	2,198	63,510	1,170,100
Derivative financial assets..	38,275	15,686	24,101	491	23	5,196	3,210	86,982
Loans and advances to customers, net	9,464,817	1,165,430	978,976	240,481	11,553	68,959	327,568	12,257,784
Financial investments.........								
• at fair value through profit or loss.......................	281,640	78,686	82,186	1,128	–	29	123	443,792
• at fair value through other comprehensive income.......	1,243,380	474,231	143,331	32,787	104,370	2,743	84,126	2,084,968
• at amortised cost.............	2,589,007	215,814	3,597	4,345	768	1,360	17,667	2,832,558

As at 30 June 2019

	RMB	USD	HKD	EURO	JPY	GBP	Other	Total
				(RMB million)				
Other	246,837	168,359	189,071	1,395	1,600	2,642	237,784	847,688
Total assets	16,638,486	2,708,334	1,520,497	333,965	159,111	130,203	775,428	22,266,024
Liabilities								
Due to banks and other financial institutions	1,065,156	423,073	29,932	45,342	18,493	7,056	195,430	1,784,482
Due to central banks	646,312	238,380	21,663	4,884	–	122	1,824	913,185
Placements from banks and other financial institutions	172,621	275,512	48,393	14,741	5,935	5,690	5,690	529,401
Derivative financial liabilities	30,699	21,665	22,000	704	57	4,478	3,258	82,861
Due to customers	11,892,454	1,726,813	1,279,750	205,888	55,735	50,801	433,193	15,644,634
Bonds issued	481,518	271,561	11,504	43,005	1,911	2,176	15,900	827,575
Other	210,672	99,767	244,419	2,626	947	1,555	16,448	576,434
Total liabilities	14,499,432	3,056,771	1,657,661	317,190	83,078	71,878	672,562	20,358,572
Net on-balance sheet position	2,139,054	(348,437)	(137,164)	16,775	76,033	58,325	102,866	1,907,452
Net off-balance sheet position	(511,075)	340,069	355,645	(8,052)	(76,145)	(54,921)	(32,460)	13,061
Credit commitments	2,789,809	809,034	240,990	118,125	9,703	50,310	109,747	4,127,718

As at 31 December 2018

	RMB	USD	HKD	EURO	JPY	GBP	Other	Total
				(RMB million)				
Assets								
Cash and due from banks and other financial institutions	308,697	79,058	17,818	6,442	5,694	1,575	20,647	439,931
Balances with central banks	1,855,438	280,029	40,625	39,770	36,838	47,950	30,403	2,331,053
Placements with and loans to banks and other financial institutions	878,861	93,903	30,994	7,636	3,094	283	27,587	1,042,358
Derivative financial assets	67,601	17,913	29,945	621	37	5,237	2,772	124,126
Loans and advances to customers, net	8,830,692	1,146,207	923,070	201,731	12,637	65,563	335,864	11,515,764
Financial investments								
• at fair value through profit or loss	238,495	56,988	72,981	2,011	–	16	–	370,491
• at fair value through other comprehensive income	1,191,739	453,918	116,376	30,629	8,573	3,023	75,501	1,879,759
• at amortised cost	2,548,402	229,300	3,496	3,450	746	1,456	17,451	2,804,301
Other	213,438	148,481	185,113	568	1,244	2,097	208,551	759,492
Total assets	16,133,363	2,505,797	1,420,418	292,858	68,863	127,200	718,776	21,267,275
Liabilities								

As at 31 December 2018

	RMB	USD	HKD	EURO	JPY	GBP	Other	Total
				(RMB million)				
Due to banks and other financial institutions..........	1,060,308	404,757	34,551	40,090	14,270	7,049	170,184	1,731,209
Due to central banks..........	628,327	246,540	26,758	5,461	–	434	1	907,521
Placements from banks and other financial institutions..	266,692	271,303	39,642	12,669	11,242	5,411	5,308	612,267
Derivative financial liabilities...........................	50,554	14,104	26,366	678	46	5,059	2,447	99,254
Due to customers	11,256,454	1,716,821	1,202,357	194,439	58,478	46,334	408,713	14,883,596
Bonds issued......................	447,679	252,059	6,682	48,465	1,852	9,793	15,597	782,127
Other.................................	191,501	84,330	230,918	2,327	480	1,323	15,025	525,904
Total liabilities..................	13,901,515	2,989,914	1,567,274	304,129	86,368	75,403	617,275	19,541,878
Net on-balance sheet position	2,231,848	(484,117)	(146,856)	(11,271)	(17,505)	51,797	101,501	1,725,397
Net off-balance sheet position	(795,575)	520,806	355,983	21,144	19,415	(49,526)	(40,626)	31,621
Credit commitments..........	2,715,693	794,823	223,494	111,092	10,425	44,054	93,430	3,993,011

As at 31 December 2017

	RMB	USD	HKD	EURO	JPY	GBP	Other	Total
				(RMB million)				
Assets								
Cash and due from banks and other financial institutions	368,772	142,024	13,599	7,326	5,961	6,074	16,707	560,463
Balances with central banks	1,810,377	248,995	4,357	31,240	49,485	50,286	32,874	2,227,614
Placements with and loans to banks and other financial institutions	388,211	114,812	23,750	9,034	2,462	90	37,040	575,399
Financial assets at fair value through profit or loss	109,406	55,073	26,513	1,133	1,043	429	14	193,611
Derivative financial assets..	44,950	8,065	31,285	749	40	4,895	4,928	94,912
Loans and advances to customers, net	8,101,830	1,157,714	794,625	217,660	7,962	50,856	313,657	10,644,304
Financial investments.........								
• available for sale.............	1,080,354	449,628	154,809	33,545	63,946	5,944	68,996	1,857,222
• held to maturity	1,935,833	138,678	3,627	1,693	696	1,196	8,141	2,089,864
• loans and receivables.......	405,080	1,960	419	–	–	–	6,566	414,025
Other.................................	298,863	135,600	175,535	1,354	1,102	1,546	196,010	810,010
Total assets	14,543,676	2,452,549	1,228,519	303,734	132,697	121,316	684,933	19,467,424
Liabilities								
Due to banks and other financial institutions..........	855,661	329,466	30,276	35,616	12,779	7,301	154,163	1,425,262
Due to central banks..........	779,483	231,585	16,865	4,514	–	571	2,779	1,035,797

As at 31 December 2017

	RMB	USD	HKD	EURO	JPY	GBP	Other	Total
				(RMB million)				
Placements from banks and other financial institutions..	290,531	150,748	6,974	10,720	17,110	16,789	7,220	500,092
Derivative financial liabilities	70,458	1,690	30,131	800	35	4,932	3,049	111,095
Due to customers	10,236,329	1,614,422	1,079,702	192,313	64,989	55,956	414,213	13,657,924
Bonds issued	222,119	208,402	786	38,006	–	20,318	9,497	499,128
Other.................................	347,577	82,908	213,516	1,497	445	1,261	14,243	661,447
Total liabilities	12,802,158	2,619,221	1,378,250	283,466	95,358	107,128	605,164	17,890,745
Net on-balance sheet position	1,741,518	(166,672)	(149,731)	20,268	37,339	14,188	79,769	1,576,679
Net off-balance sheet position	(420,313)	195,069	319,073	(11,672)	(36,371)	(12,165)	(40,135)	(6,514)
Credit commitments..........	2,556,398	811,938	245,575	107,154	10,050	44,472	95,045	3,870,632

As at 31 December 2016

	RMB	USD	HKD	EURO	JPY	GBP	Other	Total
				(RMB million)				
Assets								
Cash and due from banks and other financial institutions	498,095	107,735	14,324	6,477	15,944	1,700	15,707	659,982
Balances with central banks	1,807,526	340,513	4,510	32,245	21,640	33,772	31,434	2,271,640
Placements with and loans to banks and other financial institutions	379,735	123,994	36,454	2,286	3,886	255	47,438	594,048
Financial assets at fair value through profit or loss	50,702	47,475	23,527	1,540	360	475	11	124,090
Derivative financial assets..	56,291	4,507	52,945	695	286	12,085	3,740	130,549
Loans and advances to customers, net	7,399,294	1,167,127	722,240	190,822	11,866	31,372	212,925	9,735,646
Financial investments.........								
• available for sale.............	894,034	416,315	125,060	22,604	87,159	7,609	57,049	1,609,830
• held to maturity	1,676,845	153,896	4,035	1,941	720	516	5,090	1,843,043
• loans and receivables.......	379,354	1,734	838	–	–	–	13,995	395,921
Assets held for sale	10,556	8,860	29,185	229	78	224	1,239	50,371
Other.................................	263,114	125,563	160,709	2,472	1,213	1,415	179,283	733,769
Total assets	13,415,546	2,497,719	1,173,827	261,311	143,152	89,423	567,911	18,148,889
Liabilities								
Due to banks and other financial institutions..........	785,818	394,408	31,258	41,011	15,053	6,685	146,294	1,420,527
Due to central banks..........	610,339	242,546	9,931	2,448	–	1,830	–	867,094
Placements from banks and other financial institutions..	115,806	146,285	3,816	21,877	4,815	7,215	2,978	302,792

	As at 31 December 2016							
	RMB	USD	HKD	EURO	JPY	GBP	Other	Total
				(RMB million)				
Derivative financial liabilities	33,338	3,299	50,653	771	204	12,118	6,726	107,109
Due to customers	9,744,207	1,538,408	1,000,075	178,965	56,706	60,916	360,471	12,939,748
Bonds issued	202,744	137,355	1,287	14,709	–	2,034	4,189	362,318
Liabilities classified as held for sale	5,044	7,278	28,398	253	76	215	1,224	42,488
Other	341,041	71,241	186,466	2,482	1,398	1,415	15,678	619,721
Total liabilities	11,838,337	2,540,820	1,311,884	262,516	78,252	92,428	537,560	16,661,797
Net on-balance sheet position	1,577,209	(43,101)	(138,057)	(1,205)	64,900	(3,005)	30,351	1,487,092
Net off-balance sheet position	(313,211)	84,443	298,500	10,334	(64,129)	4,699	2,668	23,304
Credit commitments	2,249,059	861,382	255,971	94,639	7,432	39,121	82,004	3,589,608

Liquidity Risk Management

Liquidity risk is the risk that the Bank fails to timely acquire adequate funds at a reasonable cost to deal with repayments of debts at maturity, perform other payment obligations and meet other fund needs for normal business operation.

The Bank continued to develop and improve its liquidity risk management system with the aim of effectively identifying, measuring, monitoring and controlling liquidity risk at the institution and the group level, including that of branches, subsidiaries and business lines, thus ensuring that liquidity demand is met in a timely manner and at a reasonable cost.

The Bank considers liquidity risk management a significant component of asset-liability management, and determines the size, structure and duration of assets and liabilities consistent with the principle of overall balance between assets and liabilities. The Bank establishes its liquidity portfolio to mitigate liquidity risk, and to minimise the gaps in the amount and duration between the funding sources and the uses of funds. The Group refines its financing strategy, taking into consideration various factors including customer risk sensitivity, financing cost and concentration of funding sources. In addition, the Group prioritises the development of customer deposits, dynamically adjusts the structure of fund sources by market-oriented financing modes, including due to banks and other financial institutions, inter-bank borrowings and improves the diversity and stability of financing sources.

Seeking at all times to balance safety, liquidity and profitability, and following regulatory requirements, the Bank has improved its liquidity risk management system and upgraded its liquidity management function in a forward-looking and scientific manner. The Bank enhanced liquidity risk management at both Group and branch levels. It formulated sound liquidity risk management policies and contingency plans, periodically re-examined the liquidity risk limit, upgraded the early warning system for liquidity risk and strengthened the management of high-quality liquid assets, such as bond investments, in order to strike a balance between risk and return. In addition, the Bank regularly improved the liquidity stress-testing plan and performed stress tests on a quarterly basis. The results of stress testing showed that the Bank had adequate payment capability to address distressed scenarios.

The tables below analyse the Group's assets and liabilities into relevant maturity groupings based on the remaining period at the financial reporting date to the contractual maturity date:

As at 30 June 2019

	Overdue/ Undated	On demand	Less than 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
				(RMB million)				
Assets								
Cash and due from banks and other financial institutions	20	212,532	114,412	44,641	98,147	2,836	–	472,588
Balances with central banks	1,551,422	482,084	9,335	4,739	21,295	689	–	2,069,564
Placements with and loans to banks and other financial institutions	–	–	677,592	167,814	293,662	31,032	–	1,170,100
Derivative financial assets..	–	10,094	17,652	10,750	27,877	15,965	4,644	86,982
Loans and advances to customers, net	41,237	189,532	501,462	1,142,340	2,831,110	3,058,564	4,493,539	12,257,784
Financial investments.........								
• financial assets at fair value through profit or loss	124,714	–	22,111	28,132	89,364	56,726	122,745	443,792
• financial assets at fair value through other comprehensive income.......	18,395	–	106,168	173,973	496,625	852,269	437,538	2,084,968
• financial assets at amortised cost	2,009	–	60,634	73,443	408,641	1,449,570	838,261	2,832,558
Other.................................	344,798	380,227	24,033	6,533	15,328	53,155	23,614	847,688
Total assets	2,082,595	1,274,469	1,533,399	1,652,365	4,282,049	5,520,806	5,920,341	22,266,024
Liabilities								
Due to banks and other financial institutions..........	–	1,090,857	153,697	263,556	272,968	3,404	–	1,784,482
Due to central banks..........	–	192,304	180,827	112,108	421,281	6,665	–	913,185
Placements from banks and other financial institutions..	–	–	391,912	63,546	72,351	1,592	–	529,401
Derivative financial liabilities	–	8,832	13,460	9,230	25,545	19,342	6,452	82,861
Due to customers	–	7,855,770	1,478,365	1,279,826	2,823,825	2,187,229	19,619	15,644,634
Bonds issued	–	–	108,160	109,628	218,535	346,420	44,832	827,575
Other.................................	–	271,733	55,916	10,294	80,486	95,546	62,459	576,434
Total liabilities	–	9,419,496	2,382,337	1,848,188	3,914,991	2,660,198	133,362	20,358,572
Net liquidity gap	2,082,595	(8,145,027)	(848,938)	(195,823)	367,058	2,860,608	5,786,979	1,907,452

As at 31 December 2018

	Overdue/ Undated	On demand	Less than 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
				(RMB million)				
Assets								
Cash and due from banks and other financial institutions	21	178,645	110,908	30,365	116,636	3,356	–	439,931
Balances with central banks	1,588,770	511,244	216,281	2,087	12,329	342	–	2,331,053
Placements with and loans to banks and other financial institutions	44	–	659,399	92,855	231,633	58,427	–	1,042,358
Derivative financial assets	–	10,055	22,259	30,528	38,686	18,634	3,964	124,126
Loans and advances to customers, net	69,539	154,707	397,574	1,086,838	2,478,055	3,036,778	4,292,273	11,515,764
Financial investments								
• financial assets at fair value through profit or loss	93,524	–	16,772	32,788	71,133	52,863	103,411	370,491
• financial assets at fair value through other comprehensive income	16,456	–	71,630	120,021	428,041	870,105	373,506	1,879,759
• financial assets at amortised cost	2,001	–	15,328	78,810	306,782	1,623,516	777,864	2,804,301
Other	301,633	338,223	22,683	7,554	18,968	50,792	19,639	759,492
Total assets	2,071,988	1,192,874	1,532,834	1,481,846	3,702,263	5,714,813	5,570,657	21,267,275
Liabilities								
Due to banks and other financial institutions	–	1,038,168	143,392	314,126	186,252	49,271	–	1,731,209
Due to central banks	–	172,280	104,114	157,466	465,590	8,071	–	907,521
Placements from banks and other financial institutions	–	–	429,492	123,223	58,135	1,417	–	612,267
Derivative financial liabilities	–	7,314	19,861	18,267	33,305	17,434	3,073	99,254
Due to customers	–	7,368,721	1,405,144	1,349,078	2,740,128	2,010,860	9,665	14,883,596
Bonds issued	–	–	45,983	99,061	196,535	323,057	117,491	782,127
Other	–	276,288	36,307	12,145	76,623	66,329	58,212	525,904
Total liabilities	–	8,862,771	2,184,293	2,073,366	3,756,568	2,476,439	188,441	19,541,878
Net liquidity gap	2,071,988	(7,669,897)	(651,459)	(591,520)	(54,305)	3,238,374	5,382,216	1,725,397

As at 31 December 2017

	Overdue/ Undated	On demand	Less than 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
				(RMB million)				
Assets								
Cash and due from banks and other financial institutions	21	167,943	168,678	74,565	147,376	1,880	–	560,463
Balances with central banks	1,754,965	429,424	15,003	6,735	21,487	–	–	2,227,614
Placements with and loans to banks and other financial institutions	–	–	186,151	90,770	213,567	84,854	57	575,399
Derivative financial assets..	–	8,791	16,222	19,854	36,575	10,449	3,021	94,912
Loans and advances to customers, net	75,194	109,153	356,974	1,042,606	2,569,551	2,797,082	3,693,744	10,644,304
Financial investments.........								
• Financial assets at fair value through profit or loss	19.853	–	18,738	42,528	54,336	25,002	33,154	193,611
• available for sale.............	85,346	–	74,857	117,797	314,233	839,773	425,216	1,857,222
• held to maturity	–	–	26,361	43,894	189,622	1,242,694	587,293	2,089,864
• loans and receivables.......	2,399	–	4,659	2,981	10,749	252,602	140,635	414,025
Other.................................	276,194	301,560	46,920	42,772	65,593	58,666	18,305	810,010
Total assets	2,213,972	1,016,871	914,563	1,484,502	3,623,089	5,313,002	4,901,425	19,467,424
Liabilities								
Due to banks and other financial institutions...........	–	804,976	188,365	204,621	156,040	71,260	–	1,425,262
Due to central banks...........	–	180,088	205,278	131,064	510,280	9,087	–	1,035,797
Placements from banks and other financial institutions..	–	–	375,004	74,776	49,871	441	–	500,092
Derivative financial liabilities	–	5,574	19,442	25,130	49,274	9,323	2,352	111,095
Due to customers	–	6,664,703	1,413,948	1,287,316	2,493,635	1,758,935	39,387	13,657,924
Bonds issued......................	–	–	45,773	41,671	42,755	333,211	35,718	499,128
Other.................................	–	241,472	95,985	32,134	157,326	79,793	54,737	661,447
Total liabilities..................	–	7,896,813	2,343,795	1,796,712	3,459,181	2,262,050	132,194	17,890,745
Net liquidity gap	2,213,972	(6,879,942)	(1,429,232)	(312,210)	163,908	3,050,952	4,769,231	1,576,679

As at 31 December 2016

	Overdue/ Undated	On demand	Less than 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
				(RMB million)				
Assets								
Cash and due from banks and other financial institutions	22	171,837	84,034	223,847	178,222	2,020	–	659,982

								As at 31 December 2016
	Overdue/ Undated	On demand	Less than 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
				(RMB million)				
Balances with central banks	1,743,459	448,607	16,841	15,383	46,569	781	–	2,271,640
Placements with and loans to banks and other financial institutions	–	–	229,651	106,802	229,002	28,593	–	594,048
Derivative financial assets	–	13,239	15,745	23,369	62,855	12,310	3,031	130,549
Loans and advances to customers, net	52,413	82,783	410,546	1,002,740	2,208,527	2,555,287	3,423,350	9,735,646
Financial investments								
• Financial assets at fair value through profit or loss	11,896	–	8,783	18,065	28,217	25,495	31,634	124,090
• available for sale	56,897	–	45,239	131,697	256,484	718,220	401,293	1,609,830
• held to maturity	–	–	10,623	45,020	212,939	983,275	591,186	1,843,043
• loans and receivables	1,378	–	4,291	14,221	14,073	234,830	127,128	395,921
Assets held for sale	6,652	4,144	5,432	4,143	8,722	16,193	5,085	50,371
Other	259,332	301,848	36,294	30,690	45,714	42,247	17,644	733,769
Total assets	2,132,049	1,022,458	867,479	1,615,977	3,291,324	4,619,251	4,600,351	18,148,889
Liabilities								
Due to banks and other financial institutions	–	891,046	166,691	96,552	180,941	85,297	–	1,420,527
Due to central banks	–	170,646	172,626	131,312	380,647	11,863	–	867,094
Placements from banks and other financial institutions	–	–	178,624	62,562	61,150	149	307	302,792
Derivative financial liabilities	–	9,443	11,081	21,432	49,358	12,953	2,842	107,109
Due to customers	–	6,208,198	1,355,804	1,319,746	2,380,204	1,652,646	23,150	12,939,748
Bonds issued	–	–	19,669	16,851	57,014	214,169	54,615	362,318
Liabilities classified as held for sale	–	21,680	6,882	6,679	6,428	819	–	42,488
Other	–	223,724	87,018	34,244	136,457	80,010	58,268	619,721
Total liabilities	–	7,524,737	1,998,395	1,689,378	3,252,199	2,057,906	139,182	16,661,797
Net liquidity gap	2,132,049	(6,502,279)	(1,130,916)	(73,401)	39,125	2,561,345	4,461,169	1,487,092

Regulatory Ratios on Liquidity

As at 30 June 2019, the Group's liquidity risk indicator met regulatory requirements. The Group's liquidity ratio as at 31 December 2018, 2017 and 2016 is shown in the table below (in accordance with relevant provisions of domestic regulatory authorities):

			As at 30 June	As at 31 December		
Indicator		Regulatory standard	2019	2018	2017	2016
Liquidity ratio[(1)(2)]	RMB	≥25	52.4	58.7	47.1	45.6

Indicator		Regulatory standard	As at 30 June 2019	As at 31 December 2018	2017	2016
	Foreign Currency	≥25	60.0	54.8	56.9	52.7

Notes:

(2) Liquidity ratio is the indicator of the Group's liquidity; excess reserve ratio and inter-bank ratio are the indicators of liquidity for the Bank's domestic operations.

(3) Liquidity ratio = current assets/current liabilities. Liquidity ratio is calculated in accordance with the relevant provisions PBOC and CBIRC.

Reputational Risk Management

The Bank fully implemented regulatory requirements on reputational risk management, continued to enhance its reputational risk management system and mechanism and strengthened the consolidated management of reputational risk, so as to enhance the reputational risk management level of the Group. It attached greater importance to the investigation and pre-warning of potential reputational risk factors and further strengthened routine public opinion monitoring, conducted reputational risk identification, assessment and reporting, established a coordination mechanism between reputational risk management departments and liable departments and dealt appropriately with reputational risk events, thus effectively maintaining the brand reputation of the Group. In addition, the Bank continued to roll out training sessions on reputational risk, so as to enhance employees' awareness of reputational risk and foster the Group's culture of reputational risk management.

Internal Control and Operational Risk Management

Internal Control

The Bank's Board of Directors, senior management and their special committees earnestly performed their duties regarding internal control and supervision, emphasising early risk warning and prevention so as to improve the compliance management of the Group.

The Bank continued to implement the "three lines of defence" mechanism for internal control. The first line of defence consists of business departments and all banking outlets. They are the owners of, and are accountable for, local risks and controls. They undertake self-control risk management functions in the course of their business operations, including the formulation and implementation of policies, business examination, the reporting of control deficiencies and the organisation of rectification measures.

The internal control and risk management departments of the Bank's institutions at all levels form the second line of defence. They are responsible for overall planning, implementing, examining and assessing risk management and internal control. They are also responsible for identifying, measuring, monitoring and controlling risks. They led the first line of defence to enhance the use of the Group's operational risk monitoring and analysis platform. Through regular monitoring of material risks, the Bank identified and mitigated risks in a timely manner and promoted the optimisation of business processes and systems.

The third line of defence rests with the audit and inspection departments of the Bank. The audit department is responsible for performing internal audit of the Bank's internal control and risk management in respect of its adequacy and effectiveness. The inspection department is responsible for staff non-compliance sanction, investigation of cases and management accountability. The Bank continuously strengthened education and raised employees' awareness of moral hazards. It reinforced employee behaviour management, seriously investigated internal fraud cases and strictly pursued accountability according to the basic principles of "inquiry of four accountable subjects into one case", "both institutional and business-line management accountability" and "management two levels higher than the branch-outlet accountable where serious fraud occurs". The Bank continued to push forward the implementation of the reform of its human resource management system for the audit line, and further intensified the vertical management of its audit function. It enhanced team building and deepened IT application in audit and the use of IT-based audit approaches. Taking an issue-oriented approach, the Bank focused on the comprehensive audit of institutions and special audits of businesses, strengthened audits and inspections of the high-risk institutions and businesses, as well as on fields under the Group's control priorities and those of special concern to regulators. The Bank concentrated attention on matters of systemic importance, emerging trends and concerning tendencies, so as to practically perform its internal audit function. It re-examined and optimised rectification procedures in order to improve rectification quality and efficiency, urged the effective rectification of audit findings, and thereby continually improved the Bank's internal governance and control mechanism.

Rigorously implementing the requirements of the CBIRC regarding further rectification of market disruption in the banking sector, the Bank organised bank-wide risk inspections to actively identify and mitigate risks. It launched a staff compliance archive system to reinforce behaviour management and foster a compliance culture. In addition, the Bank developed an internal control and compliance management evaluation system so as to enhance the routine management and control of its branches.

The Bank continued to implement the Basic Standard for Enterprise Internal Control and its supporting guidelines, adhering to the primary goal of ensuring the effectiveness of its internal control over financial reporting and the accuracy of its financial information. The Bank also implemented the Guidelines for Internal Control of Commercial Banks by following the basic principles of "complete coverage, checks and balances, prudence and correspondence", so as to promote internal control governance and an organisational structure characterised by a reasonable division of work, well-defined responsibilities and clear reporting relationships.

The Bank established and implemented a systematic financial accounting policy system in accordance with the relevant accounting laws and regulations. Accordingly, the level of standardisation and refinement of its financial accounting management was further improved. The Bank has endeavoured to further the qualification of accounting groundwork and establish the long-term accounting management mechanism since 2018. It continuously strengthened the quality management of its accounting information, so as to ensure the internal control effectiveness over financial reporting. The financial statements of the Bank were prepared in accordance with the applicable accounting standards and related accounting regulations, and the financial position, operational performance and cash flows of the Bank were fairly presented in all material respects.

The Bank paid close attention to fraud risk prevention and control, proactively identifying, assessing, controlling and mitigating risks. In the first half of 2019, the Bank successfully prevented 131 external cases involving RMB90.5811 million.

Operational Risk Management

The Bank continuously improved its operational risk management system. It promoted the application of operational risk management tools, including Risk and Control Assessment (RACA), Key Risk Indicators (KRI) and Loss Data Collection (LDC), etc., to identify, assess and monitor operational risks, thus continuously improving its risk management measures. The Bank enhanced its system support capability by optimising its operational risk management information system. It strengthened its business continuity management system, optimised its operating mechanism to enhance its business operating sustainability, carried out disaster recovery drills and improved the Group's capacity for continuous business operation.

Compliance Management

The Bank continuously improved its compliance risk governance mechanism and management process to ensure the stable and sound development and sustainable operation of the Group. It strengthened the construction of the anti-money-laundering ("**AML**") system, integrated resources for monitoring and analysis, and refined the AML policies and rules system. It pushed forward system and model building and improved the system functions. The Bank reinforced sanction compliance management. It made timely amendments to sanction compliance policies, improved sanction procedures and standardised list maintenance, due diligence, judgment, handling and strengthened sanctions compliance monitoring and management. It drove forward overseas compliance management and improved its cross-border compliance management system by tracking global regulatory trends, regulatory inspection and evaluation as well as other compliance risk information in a timely manner, by implementing the requirements of regulators, and by improving its overseas compliance management capabilities. It delivered the All Employee AML Training Plan by conducting various forms of AML training, so as to enhance all employees' compliance awareness and abilities.

The Bank enhanced the management of its connected transactions and internal transactions. It stepped up efforts in the management of connected parties and consolidated the foundation of its connected transaction management. It strengthened the routine monitoring and examination of connected transactions and strictly controlled their risks. In addition, it continuously implemented internal transaction monitoring and reporting, guided and standardised the operation mechanism for internal transaction verification, and initiated the construction of an internal transaction management system, thereby improving the technological capabilities of its internal transaction management.

Capital Management

Adhering to the principle of value creation, the Bank formulated the 2017-2020 Capital Management Plan of Bank of China, which was approved at the 2017 Annual General Meeting of the Bank. It consistently strengthened its capital management to ensure bank-wide capital sufficiency and a relatively strong risk mitigation capability, thus further improving its capital efficiencies and value creation capabilities.

The Bank implemented the concepts of capital constraint and value creation, optimised its assessment on capital budget implementation, promoted differentiated capital management, improved its assessment mechanism and reinforced the construction of its capital management system, so as to refine its overall capital management. The Bank accelerated its external capital replenishment. In the first half of 2019, it successfully issued RMB40.0 billion of its debut undated capital bonds in the domestic market, as well as completing the issuance of RMB73.0 billion of domestic preference shares. During the reporting period, the capital efficiency was further enhanced, the Group's capital adequacy ratio reached 15.33 per cent. at the end of June 2019, an increase of 0.36 percentage point compared with the prior year-end.

The capital adequacy ratios as at 31 December 2018, 2017 and 2016 and 30 June 2019 separately calculated in accordance with the Capital Rules for Commercial Banks (Provisional) and the Regulation Governing Capital Adequacy of Commercial Banks are listed below:

Items	Group				Bank			
	As at 30 June	As at 31 December			As at 30 June	As at 31 December		
	2019	2018	2017	2016	2019	2018	2017	2016
	(RMB million, except percentages)							
Calculated in accordance with the Capital Rules for Commercial Banks (Provisional)								
Net common equity tier 1 capital	1,526,628	1,465,769	1,356,088	1,280,841	1,302,655	1,251,056	1,180,299	1,106,112
Net tier 1 capital	1,749,305	1,575,293	1,461,090	1,384,364	1,515,341	1,350,770	1,280,013	1,205,826
Net capital	2,087,358	1,922,350	1,725,330	1,609,537	1,837,530	1,683,893	1,526,537	1,414,052
Common equity tier 1 capital adequacy ratio......	11.21%	11.41%	11.15%	11.37%	10.97%	11.08%	10.85%	10.98%
Tier 1 capital adequacy ratio	12.85%	12.27%	12.02%	12.28%	12.77%	11.96%	11.77%	11.96%
Capital adequacy ratio	15.33%	14.97%	14.19%	14.28%	15.48%	14.92%	14.04%	14.03%
Calculated in accordance with the Regulation Governing Capital Adequacy of Commercial Banks								
Core capital adequacy ratio (1)	-	11.63%	11.69%	11.77%	-	10.96%	11.39%	11.65%
Capital adequacy ratio (1) .	-	15.01%	14.56%	14.67%	-	14.53%	14.36%	14.50%

Note: (1) Since January 2019, these ratios are no longer published.

Corporate Social Responsibilities

The Bank assumed its responsibilities as a state-owned commercial bank for serving the real economy, developing inclusive finance, improving people’s livelihood and supporting poverty alleviation. The Bank continually expanded and deepened its practices in fulfilling social responsibilities, devoted itself to win-win cooperation with stakeholders and created lasting value for the economy, society and environment.

Responsibility to the country

The Bank actively assumed its responsibilities as a state-owned commercial bank. Leveraging the competitive advantages arising from its global and integrated operations, it continually expanded and deepened its practices in fulfilling social responsibilities, devoted itself to win-win cooperation with stakeholders and created lasting value for the economy, society and environment.

Following the requirements on reducing poverty through financial measures and pursuing objectives of the national major tasks, including building a moderately prosperous society in all respects and poverty alleviation, the Bank refined its allocation of financial resources and increased resource input in certain areas, with focus on the five essential needs of food, clothing, compulsory education, medical care and safe housing for those living in poverty, and concentrated on severely impoverished areas and those industries that benefit the impoverished. It made innovations in financial products and services, introduced high-quality industrial poverty alleviation entities for poverty-stricken areas, and stimulated the internal growth drivers in these areas. In addition, the Bank granted small-amount loans for poverty alleviation and government-sponsored student loans to satisfy the funding needs of the registered poverty-stricken population.

The Bank has supported poverty alleviation in the Yongshou, Changwu, Xunyi and Chunhua counties of Xianyang, Shaanxi Province for 17 consecutive years. It continued to make every effort to fight against extreme poverty, consolidate and enhance the quality of poverty alleviation, and strengthen both poverty alleviation and rural revitalisation. With precision input and precision plans, the Bank fully supported targeted counties in completing poverty alleviation tasks to a high standard and pushed forward the economic and social development and living standards improvement. In the first half of 2019, the Bank provided more than RMB14 million of cost-free capital to the four targeted counties, gave training to more than 500 officials and technicians at the primary level, and purchased and helped to sell over RMB60 million worth of agricultural products from poverty-stricken areas.

The Bank continued to provide government-sponsored student loans to support education. As at 30 June 2019, it had granted student loans of RMB23.734 billion to sponsor 1.80 million financially underprivileged students to complete their studies. It has sponsored the Tan Kah Kee Science Award for 16 consecutive years, in order to honour scientists who have made original scientific and technological achievements. The Bank has also carried out strategic cooperation with the National Centre for the Performing Arts for 11 consecutive years, with the aim of popularising the arts through financial channels. Moreover, as the official banking partner of the Beijing 2022 Olympic and Paralympic Winter Games, the Bank vigorously pushed forward financial service for winter sports industry by carrying out Olympics-themed publicity campaigns such as “Olympic Day” and “1,000-day Countdown to the Beijing 2022 Games”, issuing the first Winter Sports-themed Visa Credit Cards and Debit Cards in the world, and serving as the first rotating chair of the Beijing 2022 Olympic Winter Games Partner Club, jointly supporting the development of winter sports and related industries with other relevant sectors of the community.

The Bank earnestly implemented national policies on green credit and promoted innovation in green finance, so as to provide impetus for the transformation of the economic development model, the improvement of the economic structure and the development of the green economy. It increased support for green industries such as clean energy, environmental protection, energy-saving and green transportation. It advocated “green operation” and “green office” concepts across the Bank, promoted paperless counter-based services, and encouraged environmental awareness among employees and customers.

The Bank’s fulfilment of its social responsibilities was widely recognised by society. It received awards including “2018 Achievements in Assisting with the Fight against ‘Three Critical Battles’”, “2018 Achievements in Belt and Road Initiative” and “2018 Best Social Responsibility Manager” from the China Banking Association.

DESCRIPTION OF THE GROUP'S ASSETS AND LIABILITIES

The section "Description of the Group's Assets and Liabilities" in the Principal Offering Circular shall be deleted in its entirety and replaced with the following:

The following discussions and analysis should be read in conjunction with the Bank's audited consolidated financial statements as at and for the years ended 31 December 2017 and 2018, and the Bank's unaudited but reviewed condensed consolidated interim financial statements as at and for the six months ended 30 June 2019, which have been incorporated by reference into the Principal Offering Circular. The Bank's consolidated financial statements have been prepared in accordance with IFRS. Unless otherwise stated, all financial data discussed in this section are consolidated financial data.

Analysis of Loans and Advances to Customers

The following table sets forth an analysis of the Group's loans and advances to customers as at 30 June 2019 and 31 December 2018, respectively.

	As at 30 June	As at 31 December
	2019	2018
	(RMB million)	
Measured at amortised cost		
– Corporate loans and advances	7,499,515	7,117,954
– Personal loans	4,753,381	4,440,085
– Discounted bills	1,599	2,001
Measured at fair value through other comprehensive income		
– Discounted bills	276,925	224,113
Subtotal	12,531,420	11,784,153
Measured at fair value through profit or loss		
– Corporate loans and advances	3,560	3,530
Total	12,534,980	11,787,683
Accrued Interest	34,754	31,589
Total loans and advances	12,569,734	11,819,272
Allowance for loans at amortised cost	(311,950)	(303,508)
Loans and advances to customers, net	12,257,784	11,515,764

The following table sets forth analysis of the Group's loans and advances to customers as at 31 December 2017 and 31 December 2016, respectively.

	As at 31 December	
	2017	2016
	(RMB million)	
Corporate loans and advances		
– Loans and advances	6,792,502	6,270,728
– Discounted bills	180,199	298,241
Subtotal	6,972,701	6,568,969
Personal loans		
– Mortgages	3,061,553	2,635,960
– Credit cards	374,297	302,302
– Other	488,007	466,131
Subtotal	3,923,857	3,404,393
Total loans and advances	10,896,558	9,973,362
Allowance for impairment losses		
– Individually assessed	(79,316)	(70,093)
– Collectively assessed	(172,938)	(167,623)
Total impairment allowance for loans and advances	(252,254)	(237,716)
Loans and advances to customers, net	10,644,304	9,735,646

Loans and Advances to Customers by Industry

The following table sets forth, as at the dates indicated, an analysis of the Group's loans and advances to customers by industry:

	As at 30 June		As at 31 December					
	2019		2018		2017		2016	
	Amount	per cent. of total	Amount	per cent. of total	Amount	per cent. of total	Amount	per cent. of total
	(RMB million, except percentages)							
Corporate loans and advances								
Manufacturing	1,686,705	13.47	1,674,340	14.21	1,685,179	15.46	1,632,912	16.37
Commerce and services	1,632,680	13.02	1,516,354	12.86	1,557,095	14.29	1,313,693	13.17
Transportation, storage and postal services	1,234,110	9.85	1,182,411	10.03	1,056,755	9.70	988,773	9.91
Real estate	997,200	7.96	915,793	7.77	820,922	7.53	751,035	7.53
Production and supply of electricity, heating, gas and water	661,803	5.28	648,849	5.50	599,896	5.51	519,161	5.21
Mining	310,138	2.47	320,369	2.72	338,316	3.10	352,706	3.54

	As at 30 June		As at 31 December					
	2019		2018		2017		2016	
	Amount	per cent. of total	Amount	per cent. of total	Amount	per cent. of total	Amount	per cent. of total
	(RMB million, except percentages)							
Water, environment and public utility management..	172,592	1.37	167,811	1.42	160,941	1.48	159,660	1.60
Financial services..............	538,959	4.30	398,478	3.38	285,598	2.62	426,023	4.27
Construction......................	267,662	2.14	239,397	2.03	207,201	1.90	193,318	1.94
Public utilities....................	143,658	1.15	125,917	1.07	117,419	1.08	107,372	1.08
Other.................................	136,092	1.08	157,879	1.34	143,379	1.32	124,316	1.25
Subtotal.............................	7,781,599	62.09	7,347,598	62.33	6,972,701	63.99	6,568,969	65.87
Personal loans								
Mortgages..........................	3,754,833	29.95	3,503,563	29.72	3,061,553	28.10	2,635,960	26.43
Credit cards.......................	457,676	3.65	426,338	3.62	374,297	3.43	302,302	3.03
Other.................................	540,872	4.31	510,184	4.33	488,007	4.48	466,131	4.67
Subtotal.............................	4,753,381	37.91	4,440,085	37.67	3,923,857	36.01	3,404,393	34.13
Total loans and advances to customers..........................	12,534,980	100.00	11,787,683	100.00	10,896,558	100.00	9,973,362	100.00

Loans and Advances to Customers by Geographical Area

The following table sets forth, as at the dates indicated, an analysis of the Group's loans and advances to customers by geographical area:

Group

	As at 30 June		As at 31 December					
	2019		2018		2017		2016	
	Amount	per cent. of total	Amount	per cent. of total	Amount	per cent. of total	Amount	per cent. of total
	(RMB million, except percentages)							
Chinese mainland...............	9,894,443	78.93	9,273,549	78.67	8,583,185	78.77	7,818,508	78.40
Hong Kong, Macau and Taiwan..............................	1,606,792	12.82	1,515,844	12.86	1,339,149	12.29	1,220,962	12.24
Other countries and regions	1,033,745	8.25	998,290	8.47	974,224	8.94	933,892	9.36
Total..................................	12,534,980	100.00	11,787,683	100.00	10,896,558	100.00	9,973,362	100.00

Chinese Mainland

	As at 30 June		As at 31 December					
	2019		2018		2017		2016	
	Amount	per cent. of total	Amount	per cent. of total	Amount	per cent. of total	Amount	per cent. of total
	(RMB million, except percentages)							
Northern China	1,538,858	15.55	1,456,249	15.70	1,364,869	15.90	1,254,192	16.04

	As at 30 June		As at 31 December					
	2019		2018		2017		2016	
	Amount	per cent. of total	Amount	per cent. of total	Amount	per cent. of total	Amount	per cent. of total
	(RMB million, except percentages)							
North Eastern China...........	505,749	5.11	501,420	5.41	517,581	6.03	494,595	6.33
Eastern China.....................	3,833,492	38.75	3,622,159	39.06	3,362,753	39.18	3,096,019	39.60
Central and Southern China	2,713,116	27.42	2,499,434	26.95	2,242,985	26.13	1,979,793	25.32
Western China	1,303,228	13.17	1,194,287	12.88	1,094,997	12.76	993,909	12.71
Total...................................	9,894,443	100.00	9,273,549	100.00	8,583,185	100.00	7,818,508	100.00

The following table sets forth, as at the dates indicated, an analysis of the Group's impaired loans and advances by geographical area:

Group

	As at 30 June			As at 31 December								
	2019			2018			2017			2016		
	Amount	per cent. of total	Impaired loan ratio	Amount	per cent. of total	Impaired loan ratio	Amount	per cent. of total	Impaired loan ratio	Amount	per cent. of total	Impaired loan ratio
	(RMB million, except percentages and ratios)											
Chinese mainland................	170,645	97.01	1.72	162,778	97.50	1.76	154,208	97.67	1.80	141,458	97.35	1.81
Hong Kong, Macau and Taiwan................................	3,097	1.76	0.19	2,720	1.63	0.18	1,813	1.15	0.14	1,630	1.12	0.13
Other countries and regions.	2,157	1.23	0.21	1,454	0.87	0.15	1,861	1.18	0.19	2,223	1.53	0.24
Total	175,899	100.00	1.40	166,952	100.00	1.42	157,882	100.00	1.45	145,311	100.00	1.46

Chinese mainland

	As at 30 June			As at 31 December								
	2019			2018			2017			2016		
	Amount	per cent. of total	Impaired loan ratio	Amount	per cent. of total	Impaired loan ratio	Amount	per cent. of total	Impaired loan ratio	Amount	per cent. of total	Impaired loan ratio
	(RMB million, except percentages and ratios)											
Northern China	33,753	19.78	2.19	23,053	14.16	1.58	28,244	18.31	2.07	15,863	11.22	1.26
North Eastern China............	41,150	24.11	8.14	40,580	24.93	8.09	32,565	21.12	6.29	26,342	18.62	5.33
Eastern China......................	52,528	30.79	1.37	56,423	34.66	1.56	55,365	35.90	1.65	54,521	38.54	1.76
Central and Southern China.	26,559	15.56	0.98	28,114	17.28	1.12	24,948	16.18	1.11	28,774	20.34	1.45
Western China	16,655	9.76	1.28	14,608	8.97	1.22	13,086	8.49	1.20	15,958	11.28	1.61
Total	170,645	100.00	1.72	162,778	100.00	1.76	154,208	100.00	1.80	141,458	100.00	1.81

Loans and Advances to Customers by Customer Type

The following table sets forth, as at the dates indicated, an analysis of the impaired loans and advances of the Group categorised by customer type:

Group

	As at 30 June			As at 31 December								
	2019			2018			2017			2016		
	Amount	per cent. of total	Impaired loan ratio	Amount	per cent. of total	Impaired loan ratio	Amount	per cent. of total	Impaired loan ratio	Amount	per cent. of total	Impaired loan ratio
	(RMB million, except percentages and ratios)											
Corporate loans and advances	147,655	83.94	1.90	139,108	83.32	1.89	129,959	82.31	1.86	116,314	80.04	1.77
Personal loans	28,244	16.06	0.59	27,844	16.68	0.63	27,923	17.69	0.71	28,997	19.96	0.85
Total	175,899	100.00	1.40	166,952	100.00	1.42	157,882	100.00	1.45	145,311	100.00	1.46

Chinese mainland

	As at 30 June			As at 31 December								
	2019			2018			2017			2016		
	Amount	per cent. of total	Impaired loan ratio	Amount	per cent. of total	Impaired loan ratio	Amount	per cent. of total	Impaired loan ratio	Amount	per cent. of total	Impaired loan ratio
	(RMB million, except percentages and ratios)											
Corporate loans and advances	143,150	83.89	2.52	135,421	83.19	2.54	126,588	82.09	2.48	112,763	79.71	2.33
Personal loans	27,495	16.11	0.65	27,357	16.81	0.70	27,620	17.91	0.79	28,695	20.29	0.96
Total	170,645	100.00	1.72	162,778	100.00	1.76	154,208	100.00	1.80	141,458	100.00	1.81

Reconciliation of Allowance for Impairment Losses

The following table sets out reconciliation of allowance of impairment losses on loans and advances to customers measured at amortised cost for the six months ended 30 June 2019:

	For the six months ended 30 June 2019			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
	(RMB million)			
As at 1 January	95,789	76,603	131,116	303,508
Impairment losses for the period.................	31,603	23,650	18,957	74,210
Reversal	(25,482)	(17,293)	(15,428)	(58,023)
Transfers to Stage 1	3,347	(2,934)	(413)	-
Transfers to Stage 2	(802)	2,381	(1,579)	-
Transfers to Stage 3	(146)	(14,350)	14,496	-
Impairment losses/(reversal) due to stage transformation...	(2,978)	5,697	17,103	19,822
Changes to contractual cash flows due to modifications not resulting in derecognition	(102)	(216)	-	(318)
Write-off and transfer out	(90)	-	(30,329)	(30,329)
Recovery of loans and advances written off	-	-	3,697	3,697
Unwinding of discount on allowance...........	-	-	(790)	(790)
Exchange differences and other..................	50	43	80	173

	For the six months ended 30 June 2019			
	Stage 1 (12-month ECL)	**Stage 2 (Lifetime ECL)**	**Stage 3 (Lifetime ECL)**	**Total**
		(RMB million)		
As at 30 June	101,189	73,581	137,180	311,950

The following table sets out reconciliation of allowance of impairment losses on loans and advances to customers measured at amortised cost for the year ended 31 December 2018:

	For the year ended 31 December 2018			
	Stage 1 (12-month ECL)	**Stage 2 (Lifetime ECL)**	**Stage 3 (Lifetime ECL)**	**Total**
		(RMB million)		
As at 1 January	87,094	76,050	117,419	280,563
Impairment losses for the year	44,537	36,901	45,952	127,390
Reversal	(39,519)	(20,181)	(13,102)	(72,802)
Transfers to Stage 1	10,301	(9,636)	(665)	–
Transfers to Stage 2	(1,481)	1,929	(448)	–
Transfers to Stage 3	(350)	(25,985)	26,335	–
Impairment losses/(reversal) due to stage transformation	(9,674)	17,487	41,136	48,949
Changes to contractual cash flows due to modifications not resulting in derecognition	(29)	2,018	(587)	1,402
Model/risk parameters adjustment	3,929	(199)	–	3,730
Write-off and transfer out	(192)	(1,969)	(89,497)	(91,658)
Recovery of loans and advances written off	–	–	5,413	5,413
Unwinding of discount on allowance	–	–	(1,652)	(1,652)
Acquisition of subsidiaries	359	29	296	684
Exchange differences and other	814	159	516	1,489
As at 31 December	95,789	76,603	131,116	303,508

The following table sets out reconciliation of allowance for impairment losses on loans and advances to customers measured at fair value through other comprehensive income for the six months ended 30 June 2019:

	For the six months ended 30 June 2019			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
		(RMB million)		
As at 1 January	234	39	-	273
Impairment losses for the period	151	14	-	165
Reversal	(133)	(2)	-	(135)
Exchange differences and other	1	-	-	1
As at 30 June	253	51	-	304

The following table sets out reconciliation of allowance for impairment losses on loans and advances to customers measured at fair value through other comprehensive income for the year ended 31 December 2018:

	For the year ended 31 December 2018			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
		(RMB million)		
As at 1 January	829	204	-	1,033
Impairment losses for the year	255	39	-	294
Reversal	(854)	(204)	-	(1,058)
Exchange differences and other	4	-	-	4
As at 31 December	234	39	-	273

Starting on 1 January 2018, the Bank has applied IFRS 9, and differences arising from the adoption of IFRS 9 have been recognised directly in shareholders' equity as at 1 January 2018. The comparative data of the previous reporting periods was not restated accordingly. IFRS 9 requires that the measurement of impairment of a financial asset be changed from "incurred loss model" to "ECL model". In accordance with IFRS 9, the Bank assesses ECL with forward-looking information and makes relevant allowances. In particular, it makes allowances for assets classified into stage 1 and assets classified into stage 2 & 3 according to ECL of 12 months and ECL of the entire lifetime respectively.

DIRECTORS, MANAGEMENT AND SUPERVISORS

The section "Directors, Management and Supervisors" in the Principal Offering Circular shall be deleted in its entirety and replaced with the following:

General

The Bank's Board of Directors currently comprises 12 members. Other than the Chairman, there are two executive directors and executive vice presidents, four independent directors and five non-executive directors. The Bank's directors are elected at its shareholder meetings for a term of three years, which is renewable upon re-election. The Chairman of the Bank's Board of Directors is elected by simple majority of its directors.

The business address of each of the directors, supervisors and senior management named below is Bank of China Limited, No. 1 Fuxingmen Nei Dajie, Beijing 100818, People's Republic of China.

Directors

The following table sets forth certain information concerning the Bank's directors.

Board of Directors

Name	Position
Liu Liange	Chairman
Wu Fulin	Executive Director and Executive Vice President
Lin Jingzhen	Executive Director and Executive Vice President
Zhao Jie	Non-executive Director
Xiao Lihong	Non-executive Director
Wang Xiaoya	Non-executive Director
Liao Qiang	Non-executive Director
Zhang Jiangang	Non-executive Director
Leung Cheuk Yan	Independent Director
Wang Changyun	Independent Director
Angela Chao	Independent Director
Jiang Guohua	Independent Director

Liu Liange, has served as Chairman of the Board of Directors since July 2019. Mr. Liu joined the Bank in 2018. He served as Vice Chairman of the Board of Directors from October 2018 to July 2019 and President of the Bank from August 2018 to June 2019. Mr. Liu served as Vice Chairman and President of the Export-Import Bank of China from July 2015 to June 2018. Mr. Liu served as Vice President of the Export-Import Bank of China from March 2007 to February 2015. He also served as Director of the African Export-Import Bank from September 2007 to February 2015, Chairman of the Board of Supervisors of Sino-Italian Mandarin Capital Partners from March 2009 to June 2015, and Chairman of the Board of Directors of Regional Credit Guarantee and Investment Facility (Asia) from March 2014 to May 2015. Mr. Liu worked in the People's Bank of China for many years, successively serving as Deputy Director – General of the International Department of the People's Bank of China, President of the Fuzhou Central Sub-branch of the People's Bank of China and Director of the Fujian Branch of the State Administration of Foreign Exchange, Director General of the Anti-Money Laundering Bureau (the Security Bureau) of the People's Bank of China. Mr. Liu has been serving as President of Shanghai RMB Trading Unit since October 2018. He served as Vice Chairman of the Board of Directors of BOC Hong Kong (Holdings) Limited from December 2018 to July 2019 and has been serving as Chairman of the Board of Directors of BOC Hong Kong (Holdings) Limited since July 2019. Mr. Liu graduated from Graduate School of the People's Bank of China with a Master's Degree in Economics in 1987. He holds the title of Senior Economist.

Wu Fulin, has served as Executive Director of the Bank since February 2019 and Executive Vice President of the Bank since December 2018. Mr. Wu joined the Bank in 2018. He served as Deputy General Manager of China Everbright Group Limited from March 2015 to October 2018. Mr. Wu also served as Chief Economist of China Everbright Group Limited (and its predecessor) from April 2013 to October 2018, Chairman of Sun Life Everbright Life Insurance Company Limited from July 2015 to October 2018. From September 2009 to March 2017, Mr. Wu served as General Manager of Strategies Management Department of China Everbright Group Limited (and its predecessor) and also served as Equity Director of Everbright Financial Holding Asset Management Company Limited from April 2010 to June 2017. He worked in China Everbright Bank for many years, and successively served as General Manager of Planning and Treasury Department and the Treasury Department of China Everbright Bank, General Manager of Kunming Branch of China Everbright Bank, General Manager of Shenzhen Branch of China Everbright Bank, General Manager of the Strategies Management Department of China Everbright Bank. He graduated from Fudan University with a Doctor's Degree in Economics in 1995. He has qualification of associate researcher.

Lin Jingzhen, has served as Executive Director of the Bank since February 2019 and Executive Vice President of the Bank since March 2018. Mr. Lin joined the Bank in 1987. He served as Deputy Chief Executive of BOC Hong Kong (Holdings) Limited and Bank of China (Hong Kong) Limited from May 2015 to January 2018 and served as General Manager of the Corporate Banking Department of the Bank from March 2014 to May 2015. He served as General Manager (Corporate Banking) of the Corporate Banking Unit of the Bank from October 2010 to March 2014. Mr. Lin served as Deputy General Manager of Corporate Banking Department and Corporate Banking Unit of the Bank. Mr. Lin has also been serving as Chairman of BOC International Holdings Limited since April 2018, as Chairman of BOC International (China) Co., Ltd. since May 2018, and as a Non-executive Director of BOC Hong Kong (Holdings) Limited since August 2018. He graduated from Xiamen University with a Bachelor's Degree in Economics in 1987, and obtained a Master of Business Administration degree from Xiamen University in 2000.

Zhao Jie, has served as the Bank's Non-executive Director since August 2017. Mr. Zhao served as Inspector of the Agricultural Department of the Ministry of Finance from August 2014 to August 2017. He was an Inspector of the Office of Countryside Comprehensive Reform of the State Council from September 2008 to August 2014. From December 1991 to September 2008, Mr. Zhao served successively as Chief of Division of Taxation and Chief of Comprehensive Division of the Department of Taxation, Deputy Chief of the Department of Taxation, Deputy Chief of the Department of Tax System and Regulations of the Ministry of Finance, Chief of Office of Panel of Countryside Taxation Reform of the State Council, and Deputy Chief and Inspector of Office of Countryside Comprehensive Reform of the State Council. He graduated from Jiangxi University of Finance and Economics and Public Institute of the Ministry of Finance in August 1982 and July 2005, respectively, with a Bachelor's Degree and a Doctor's Degree.

Xiao Lihong, has served as the Bank's Non-executive Director of the Bank since August 2017. Ms. Xiao has been serving as Non-executive Director of China Galaxy Securities Company Limited since February 2019, and as Director of China Galaxy Financial Holdings Company Limited since October 2018. From April 2014 to August 2017, she served as Inspector of the Current Account Management Department of the SAFE. She was Deputy Director-General of the Current Account Management Department of the SAFE from September

2004 to April 2014, and concurrently as Vice General Manager and Party Committee Member of the Beijing Branch of China Construction Bank from July 2011 to July 2012. She served successively as Deputy Chief of the Current Account Division and the Non-trade Foreign Exchange Management Division of the Supervision and Inspection Department, and Chief of the Business Supervision Division of the Current Account Management Department of the SAFE from October 1996 to September 2004. She graduated from the China Central University of Finance and Economics in August 1988 with a Bachelor's Degree, and from the Central University of Finance and Economics and Peking University in September 2003 and July 2012, respectively, both with a Master's Degree.

Wang Xiaoya, has served as the Bank's Non-executive Director of the Bank since August 2017. Ms. Wang served as Non-executive Director of Industrial and Commercial Bank of China Limited from January 2012 to June 2017. From May 2007 to December 2011, she was Deputy Director-General of the Research Bureau of the People's Bank of China. She taught at the Central China Normal University where she served as Assistant Lecturer and Lecturer from July 1985 to January 1995. She served as Deputy Chief and Chief of the Macroeconomic Analysis Division of the Research Bureau of the People's Bank of China from July 1997 to May 2007, and concurrently as Deputy Mayor of Tongliao City in the Inner Mongolia Autonomous Region from October 2005 to February 2007. She received a professional title of research fellow in 2005. Ms. Wang was a member of the Post-Doctoral Academic Committee and a Post-Doctoral Co-mentor at the Institute of Finance of the People's Bank of China. Currently, she is a member of the Academic Committee of the China Institute for Rural Studies of Tsinghua University, Invited Researcher of the National Institute of Financial Research of Tsinghua University, Doctoral Supervisor of Southwestern University of Finance and Economics and Invited Professor at the Graduate School of Chinese Academy of Social Sciences. Ms. Wang graduated from the Economics Faculty of Central China Normal University and the Graduate School of Chinese Academy of Social Sciences in January 1990 and June 1997 with a Master's Degree and a Doctor's Degree, respectively.

Liao Qiang, has served as Non-executive Director of the Bank since September 2018. Mr. Liao has worked at S&P Global Ratings from 2005 to 2018, successively serving as an associate, associate director, director, and senior director for the rating agency's financial institution ratings group. He was also the Sector Lead and Chief Rating Officer for S&P's Financial Institution Ratings in Greater China, a designated Global Voter on S&P's Banking Industry Country Risk Assessment Committees, and a member of S&P's Global Industry Focus Team on government related entity ratings. From 1998 to 2005, he successively served in the General Division and Institution Management Division of the Non-bank Financial Institution Supervision Department of the People's Bank of China and the Market Access Division of the Non-bank Financial Institution Supervision Department of former China Banking Regulatory Commission. He is also a nonpractice member of Chinese Institute of Certified Public Accountants and a member of the academic board of Hongfan Institute of Legal and Economic Studies. Mr. Liao received a Doctor's Degree in Economics from the Graduate School of the Chinese Academy of Social Science in 2010, a Master's Degree in Monetary Banking from the Institute of Finance of the People's Bank of China in 1998, and a Bachelor's Degree in Sociology from Renmin University of China in 1995.

Zhang Jiangang, has served as Non-executive Director of the Bank since July 2019. Mr. Zhang served as member of the Party Committee, Secretary of Party Discipline Committee, Deputy Secretary-General, and Chairman of the Financial Evaluation Committee of the China Appraisal Society from May 2016 to July 2019. From August 2014 to May 2016, Mr. Zhang served as Deputy Secretary-General of the China Appraisal Society. From September 2000 to August 2014, he worked in the Department of Personnel and Education of the Ministry of Finance, successively serving as the Principal Staff Member, Deputy Director and Secretary of the Department of Personnel and Education (Director of a Division), and Director of the Department of Cadre Education. From November 1998 to September 2000, Mr. Zhang served as a cadre of the editorial office of the State Assets Management of the Ministry of Finance. From July 1995 to November 1998, he served as a cadre of the Research Institute of the former State State-owned Assets Administration Bureau. Mr. Zhang graduated from the China Youth University of Political Studies in July 1995 with a Bachelor's Degree in Law, and obtained a Master's Degree in Management from the Graduate School of the Chinese Academy of Fiscal Sciences of the Ministry of Finance in December 2002. He holds the title of Senior Economist.

Leung Cheuk Yan, has served as Independent Director of the Bank since September 2013. He is a former partner of Baker & McKenzie, which he joined in July 1987 and from which he retired in June 2011. During 2009 and 2010, he served as a part-time member of the Central Policy Unit of The Hong Kong Special Administrative Region Government. Mr. Leung has been an Independent Non-executive Director of MMG Limited, which is listed on the Hong Kong Stock Exchange, since July 2012. Mr. Leung graduated from The Chinese University of Hong Kong with a Bachelor of Social Science degree (First Class Honours) in 1976, obtained a Master of Philosophy degree from The University of Oxford in 1981 and completed his legal study at The College of Law in England in 1982. He was admitted to practice as a solicitor in Hong Kong in 1985, in England and Wales in 1988, in the Australian Capital Territory in 1989 and in Victoria, Australia in 1991. He is a Senior Associate Member of St. Antony's College, Oxford.

Wang Changyun, has served as Independent Director of the Bank since August 2016. Mr. Wang currently serves as professor and doctoral supervisor in finance at Renmin University of China ("**RUC**"), and the dean of Hanqing Advanced Institute of Economics and Finance, RUC. He served as a lecturer at RUC from 1989 to 1995 and as a lecturer at Business School, National University of Singapore from 1999 to 2005. He served successively as the Chair of Applied Finance Department of RUC, Director of China Financial Policy Research Center (a key research base of Ministry of Education) and Executive Vice Dean of Hanqing Advanced Institute of Economics and Finance at RUC from 2006 to 2016. Mr. Wang is currently also the Vice Chairman of China Investment Specialty Construction Association, Director of China Finance Annual Meeting Committee, Director of China Finance Association, Deputy Editor of Finance Research Quarterly, Deputy Editor of China Finance Research, and Deputy Editor of China Financial Review. He also serves as the standing committee member of Beijing Haidian District People's Political Consultative Conference, the Central Committee member of China Democratic League, the special auditor of State Auditing Administration, the independent non-executive director of Sunway Co., Ltd. (originally named as Sichuan Star Cable Co., Ltd.) and Beijing Haohua Energy Resource Co., Ltd. Mr. Wang has received social recognition and prizes including the Special Government Allowance of State Council, Best Paper Award of Chicago Board of Trade in 2001, and the "Middle Age Experts with National Outstanding Contribution", membership of "the Program for New Century Excellent Talents" of Ministry of Education in 2004, "Financial Support of National Science Fund for Distinguished Young Scholars" in 2007, a member of the "New Century National Hundred, Thousand and Ten Thousand Talent Program" in 2013, and the "Cheung Kong Distinguished Professor" of Ministry of Education in 2014. He obtained his Master degree in economics from RUC in July 1989 and Doctorate in Financial Economics from the University of London in January 1999.

Angela Chao, has served as Independent Director of the Bank since January 2017. Ms. Chao serves as Chairman andCEO of Foremost Group, an international shipping company. From 1994 to 1996, Ms. Chao worked in the mergers and acquisitions department of Smith Barney, which is now Morgan Stanley Smith Barney. From 1996 to 1999, Ms. Chao served as deputy general manager of Foremost Group, and from 2001 to 2017, Ms. Chao had successively served as vice president, senior vice president and Deputy Chairmanof Foremost Group. Since 2018, she has served as Chairman and CEO of Foremost Group. In May 2005, Ms. Chao was unanimously voted to be BIMCO39's (The Baltic and International Maritime Council 39) Counsellor. In September 2005, she was selected as "Eminent Young Overseas Chinese" by the Overseas Chinese Affairs Office of the State Council of China. In November 2007, she was invited as speaker of World Shipping (China) Summit. In April 2011, she became a Founding Member of the Wall Street Journal's Task Force on Women in the Economy. Ms. Chao currently serves on the Boards of The Metropolitan Opera, Museum of Modern Art PS1, the UK P&I Marine Insurance Mutual, Foremost Foundation, Shanghai Mulan Education Foundation, and she also serves on the Harvard Business School's Board of Dean's Advisors, Carnegie-Tsinghua Center for Global Policy Board of Advisors, Lincoln Center Global's China Advisory Council, the Chairman's Council of the Metropolitan Museum of Art and American Bureau of Shipping Council. In addition, she is also a member of the Council on Foreign Relations, serves on the Young Leaders Forum of the National Committee on US-China Relations and serves as the member of Shanghai Jiao Tong University's Antai College of Economics and Management Advisory Board, and honorary chairperson of the Jiao Tong University Alumni Association in America. Ms. Chao graduated from Harvard College in three years in 1994 with a Bachelor's degree in economics (Magna Cum Laude), and received her Master of Business Administration degree from Harvard Business School in 2001.

Jiang Guohua, has served as Independent Director of the Bank since December 2018 and serves as Professor of Accounting at the Guanghua School of Management, Peking University. Currently he also serves as a member of China National MPAcc Education Steering Committee and Associate Dean of Peking University Graduate School. Mr. Jiang has successively served as Assistant Professor, Associate Professor and Professor of the Accounting Department of Guanghua School of Management, Peking University since 2002, during which he successively served as Director of the Yenching Academy, Executive Associate Dean and Director of the Yenching Academy from 2013 to 2017. From 2007 to 2010, he was a senior investment consultant at Bosera Fund Management Company. From 2010 to 2016, he served as independent director of Datang International Power Generation Co. Ltd. From 2011 to 2014, he was an academic advisor to the Global Valuation Institute of KPMG International. From 2014 to 2015, he was a member of the Global Agenda Council of the World Economic Forum. Currently he also serves as independent director of ZRF Fund Management Company Ltd. and China Merchants Life Insurance Company Ltd. Mr. Jiang was named National Leading Talent in Accounting by China Ministry of Finance (2012). He was an Elsevier Chinese Most Cited Researcher consecutively from 2014 to 2017. He was a member of the 17th Stock Issuance Review Committee of China Securities Regulatory Commission. Mr. Jiang graduated from Peking University in 1995 with a Bachelor's degree in Economics, received his Master's degree in Accounting from Hong Kong University of Science and Technology in 1997, and obtained his Doctor's degree in Accounting from the University of California, Berkeley in 2002.

There are no potential conflicts of interest between any duties to the Bank of the Directors listed above and their private interests or other duties.

Board of Supervisors

The following table sets forth certain information concerning members of the Bank's Supervisors.

Name	**Position**
Wang Xiquan	Chairman of the Board of Supervisors
Wang Zhiheng	Employee Supervisor
Li Changlin	Employee Supervisor
Leng Jie	Employee Supervisor
Jia Xiangsen	External Supervisor
Zheng Zhiguang	External Supervisor

Wang Xiquan, has served as the Chairman of the Board of Supervisors of the Bank since November 2016 and Vice Party Secretary of the Bank since June 2016. Mr. Wang joined the Bank in 2016. Mr. Wang previously served in several positions at Industrial and Commercial Bank of China Limited ("**ICBC**") for many years. He served as the Senior Executive Vice President of ICBC from September 2012 to July 2016 and Executive Director from June 2015 to July 2016. Mr. Wang served as a member of the senior management of ICBC from April 2010 to September 2012. Between September 1999 and April 2010, he successively served as Deputy Head of the Hebei Branch of ICBC, General Manager of Risk Management Department, General Manager of Internal Audit Bureau, and General Manager of Human Resource Department. Mr. Wang graduated from Shanxi Institute of Finance and Economics in 1983 and received a Doctorate degree in Management from Nanjing University in 2009. He holds the title of senior economist.

Wang Zhiheng, has served as Employee Supervisor of the Bank since December 2018. Mr. Wang currently serves as General Manager of the Human Resources Department of the Head Office of the Bank and Director of BOC Aviation Limited, BOC International Holdings Limited and Bank of China Gorup Insurance Company Limited. He joined the Bank in July 1999, and used to serve as Deputy General Manager of the Human Resources Department of the Head Office, Deputy General Manager of Guangdong Branch and General Manager of Qinghai Branch of the Bank. He graduated and obtained a Master's degree in Finance from Nankai University in 1999.

Li Changlin, has served as Employee Supervisor of the Bank since December 2018. Mr. Li currently serves as General Manager of the Credit Approval Department of the Head Office of the Bank and Director of Bank of China Group Investment Limited. He joined the Bank in September 1984, and used to serve as Deputy General Manager of the Risk Management Department of the Head Office and General Manager of the Credit Approval Division of the Risk Management Unit of the Head Office of the Bank. He graduated from the finance major of Central University of Finance and Economics in 1984.

Leng Jie, has served as Employee Supervisor of the Bank since December 2018. Mr. Leng currently serves as General Manager of Hebei Branch of the Bank. He started working in November 1981 and joined the Bank in September 1988. He used to serve as Deputy General Manager of Shandong Branch, Deputy General Manager of Shanxi Branch, General Manager of Ningxia Branch and General Manager of Chongqing Branch of the Bank. He graduated from the economics administration major of Shandong Institute of Light Industry in 1999 and the accounting major of University of Jinan in 2009.

Jia Xiangsen, has served as External Supervisor of the Bank since May 2019. Mr. Jia had successively worked for the People's Bank Of China and the Agricultural Bank of China. From December 1983 to April 2008, Mr. Jia was vice president of the Fengtai District sub-branch of PBOC Beijing Branch, and held various positions at ABC Beijing Branch, including, among others, deputy head of Fengtai District sub-branch, deputy division chief at the branch, president of Dongcheng District sub-branch, and vice president of the branch. He was also general manager of the corporate banking department of ABC Head Office and president of ABC Guangdong Provincial Branch. From April 2008 to March 2010, Mr. Jia served as Head of Audit Bureau of the ABC Head Office. From March 2010 to March 2014, Mr. Jia was concurrently chief audit executive and head of the audit bureau at the ABC Head Office. Mr. Jia has been an external supervisor of the China CITIC Bank and an independent director of China Life Insurance Company Limited. He obtained his master's degree in monetary banking from the Chinese Academy of Social Sciences. Mr. Jia holds the title of Senior Economist.

Zheng Zhiguang, has served as External Supervisor of the Bank since May 2019. Mr. Zheng had successively worked for the People's Bank Of China and Industrial and Commercial Bank of China Limited. From March 1979 to August 2004, Mr. Zheng served as deputy section chief of the Luwan District sub-branch of PBOC Shanghai Branch, and held various positions at ICBC, including deputy division chief of Luwan District sub-branch of Shanghai Branch, division chief and vice president at the Shanghai Branch. From September 2004 to August 2009, Mr. Zheng served as Head of Internal Audit Bureau of the ICBC Shanghai Branch. From September 2009 to January 2013, Mr. Zheng served as head of the precious metals business department of ICBC. From 2013 to 2014 Mr. Zheng served as a director of ICBC International Holdings Limited and a

Chairman of the Board of Supervisors of ICBC AXA Life Insurance Co., Ltd. He obtained a Master of Business Administration degree from Fudan University. Mr. Zheng has qualification of senior economist.

Senior Management

The following table sets forth certain information concerning members of the Bank's senior management.

Name	Position
Wu Fulin	Executive Director and Executive Vice President
Lin Jingzhen.....................................	Executive Director and Executive Vice President
Sun Yu..	Executive Vice President
Zheng Guoyu	Executive Vice President
Xiao Wei...	Chief Audit Officer
Liu Qiuwan	Chief Information Officer
Liu Jiandong.....................................	Chief Risk Officer
Mei Feiqi	Secretary to the Board of Directors and Company Secretary

For information on ***Wu Fulin***, please see "*Directors, Management and Supervisors–Board of Directors*".

For information on ***Lin Jingzhen***, please see "*Directors, Management and Supervisors–Board of Directors*".

Sun Yu, has served as Executive Vice President of the Bank since February 2019. Mr. Sun joined the Bank in 1998 and has served as Chief Overseas Business Officer from September 2018 to February 2019. From March 2015 to November 2018, Mr. Sun served as General Manager of London Branch of the Bank, CEO of Bank of China (UK) Limited, and also served as General Manager of London Trading Center of the Bank from December 2015 to November 2018. Mr. Sun previously served as Director of Global Financial Markets Department, Director of Financial Markets Unit (Client Business), Director of Financial Markets Unit (Securities Investment), Deputy General Manager of Shanghai Branch and General Manager of Global Markets Department of Bank of China (Hong Kong) Limited. Mr. SUN has concurrently served as a Director of Bank of China (UK) Limited since March 2015, and has served as Chairman of the Board of Directors of Bank of China (UK) Limited since December 2018. He graduated from Nankai University with a Master's Degree in Economics in 1998.

Zheng Guoyu, has served as Executive Vice President of the Bank since May 2019. Mr. Zheng joined the Bank in 1988. From June 2015 to March 2019, he served as General Manager of Sichuan Branch of the Bank. Mr. Zheng served as General Manager of Shanxi Branch of the Bank from January 2012 to June 2015. Previously, Mr. Zheng successively served as Assistant General Manager and Deputy General Manager of Hubei Branch. He graduated from Wuhan Institute of Water Transportation Engineering with a Bachelor's Degree in Engineering in 1988, and obtained a Master's Degree in business administration from Huazhong University of Science & Technology in 2000. He holds the title of Senior Economist.

Xiao Wei, has served as Chief Audit Officer of the Bank since November 2014. Mr. Xiao joined the Bank in 1994, and served as General Manager of Financial Management Department of the Bank's Head Office from November 2009 to November 2014. Mr. Xiao served as Deputy General Manager of the Beijing Branch of the Bank from May 2004 to November 2009, and also concurrently served as Chief Financial Officer of the Beijing Branch of the Bank from January 2007 to November 2009. He successively served as the Assistant General Manager and the Deputy General Manager of the Asset-and-Liability Management Department of the Bank's Head Office from December 1999 to May 2004, and also served as temporary Deputy General Manager of the

Beijing Branch of the Bank from November 2002 to May 2004. Mr. Xiao obtained a Doctor's Degree in Economics from Renmin University of China in 1994. He has the qualification of Senior Accountant.

Liu Qiuwan, has served as Chief Information Officer of the Bank since June 2017. Mr. Liu joined the Bank in 1994. He served as General Manager of Information Technology Department of the Bank since December 2014. From September 2009 to December 2014, he served as General Manager of the Software Center of the Bank. Mr. Liu previously served as Deputy General Manager of Ningxia Branch and CEO of BOCSOFT Information Industrial (Shenzhen) Co., Ltd. He graduated from Xi'an Mining College with a Bachelor's Degree in Engineering in 1982. He holds the title of Senior Engineer.

Liu Jiandong, has served as Chief Risk Officer of the Bank since February 2019. Mr. Liu joined the Bank in 1991. Since March 2014, he has served as General Manager of the Credit Management Department of the Bank. Mr. Liu served as General Manager (Investment Banking) of the Corporate Banking Unit of the Bank from February 2011 to March 2014. Mr. Liu previously served as Deputy General Manager of the Corporate Banking Department and Corporate Banking Unit of the Bank. He graduated from Renmin University of China in 1991 with a Bachelor's Degree in Economics, and obtained a Master's Degree in Economics from Renmin University of China in 2000.

Mei Feiqi, has served as Secretary to the Board of Directors of the Bank since April 2018 and concurrently serves as Company Secretary of the Bank. Mr. Mei joined the Bank in 1998. He served as Vice President of the Beijing Branch of the Bank, General Manager of the Wealth Management and Personal Banking Department under the Personal Banking Unit of the Bank, and General Manager of the Executive Office (Spokesman) of the Bank. Prior to joining the Bank, he worked at the Ministry of Geology and Mineral Resources and the General Office of the State Council. He graduated from Chengdu College of Geology with a Bachelor's Degree, and had on-the-job postgraduate education. He holds the title of senior economist.

Board Committees

The Bank's Board of Directors delegates certain responsibilities to various committees. The Bank's Board of Directors has set up the Strategic Development Committee, Audit Committee, Risk Policy Committee, Personnel and Remuneration Committee, and Connected Transactions Control Committee. These committees are constituted by certain Directors and report to the Board of Directors. In March 2015, the Board of Directors established the U.S. Risk Committee under its Risk Policy Committee to supervise risk management of the U.S. operations of the Bank. As required by the Bank's Articles of Association, each committee must have at least three Directors.

SUBSTANTIAL SHAREHOLDERS

The section "Substantial Shareholders" in the Principal Offering Circular shall be deleted in its entirety and replaced with the following:

Disclosure of Shareholding under H-Share Regulation Substantial Shareholder Interests

The register maintained by the Bank pursuant to section 336 of the Securities and Futures Ordinance (the "**SFO**"), recorded that, as at 30 June 2019, the shareholders indicated in the following table were substantial shareholders (as defined in the SFO) having the following interests in shares of the Bank:

Name of shareholder	Capacity (types of interest)	Number of shares held/Number of underlying shares	Type of shares	Per cent. of total issued A-Shares capital	Per cent. of total issued H-Shares capital	Per cent. of total issued ordinary share capital
		(unit: share)[3]				
Central Huijin Investment Ltd.	Beneficial owner	188,461,533,607	A	89.42%	–	64.02%
	Interest of controlled corporations	1,810,024,500	A	0.86%	–	0.61%
	Total	190,271,558,107	A	90.28%	–	64.63%
National Council for Social Security Fund	Beneficial owner	6,684,735,907	H	–	7.99%	2.27%
BlackRock, Inc.[1]	Interest of controlled corporations	6,067,202,180	H	–	7.26%	2.06%
		1,808,000 (S)	H	–	0.002%	0.001%
Citigroup Inc.[2]	Person having a security interest in shares	528,800	H	–	0.0006%	0.0002%
	Interest of controlled corporations	550,405,706	H	–	0.66%	0.19%
		143,817,331 (S)	H	–	0.17%	0.05%
	Approved Lending Agent	4,470,821,170 (P)	H	–	5.35%	1.52%
	Total	5,021,755,676	H	–	6.01%	1.71%
		143,817,331 (S)	H	–	0.17%	0.05%
		4,470,821,170 (P)	H	–	5.35%	1.52%

Notes:

(4) BlackRock, Inc. holds the entire issued share capital of BlackRock Holdco 2 Inc., while BlackRock Holdco 2 Inc. holds the entire issued share capital of BlackRock Financial Management, Inc. Thus BlackRock, Inc. and BlackRock Holdco 2 Inc. are deemed to have equal interests in shares of the Bank as BlackRock Financial Management, Inc. under the SFO. BlackRock, Inc. holds a long position of 6,067,202,180 H Shares and a short position of 1,808,000 H Shares of the Bank through BlackRock Financial Management, Inc. and other corporations controlled by it. In the long position of 6,067,202,180 H Shares, 5,030,000 H Shares are held through derivatives. The total 1,808,000 H Shares in the short position are held through derivatives.

(5) Citigroup Inc. holds the entire issued share capital of Citicorp LLC, while Citicorp LLC holds the entire issued share capital of Citibank, N.A. Thus Citigroup Inc. and Citicorp LLC are deemed to have equal interests in shares of the Bank as Citibank, N.A. under the SFO. Citigroup Inc. holds a long position of 5,021,755,676 H Shares and a short position of 143,817,331 H Shares of the Bank through Citibank, N.A. and other corporations controlled by it. In the long position of 5,021,755,676 H Shares, 4,470,821,170 H Shares are held in the lending pool and 257,525,840 H Shares are held through derivatives. The total 143,817,331 H Shares in the short position are held through derivatives.

(6) "S" denotes short position, "P" denotes lending pool.

Unless stated otherwise, all interests stated above represented long positions. Save as disclosed above, as at 30 June 2019, no other interests (including derivative interests) or short positions were recorded in the register maintained by the Bank under section 336 of the SFO.

Controlling Shareholder of the Bank

Central Huijin Investment Ltd. ("**Huijin**") is a state-owned company established under the Company Law of the PRC. Huijin was established on 16 December 2003. The current legal representative is Mr. Ding Xuedong. Huijin's Unified Social Credit Code is 911000007109329615. Wholly-owned by China Investment Corporation, Huijin makes equity investments in major state-owned financial institutions, as authorised by the State Council. To the extent of its capital contribution, Huijin exercises the rights and fulfils the obligations as an investor on behalf of the State, in accordance with applicable laws aimed at preserving and enhancing the value of state-owned financial assets. Huijin neither engages in other business activities nor intervenes in the daily operation of the key state-owned financial institutions of which it is the controlling shareholder.

As at 30 June 2019, the Bank does not have any other institutional shareholders holding at least 10 per cent. of the total voting shares of the Bank (excluding HKSCC Nominees Limited).

CONNECTED TRANSACTIONS

The Bank currently engages in, and expects from time to time in the future to engage in, financial and commercial transactions with its connected parties. All such transactions are conducted on an arm's length and commercial basis and in accordance with the applicable listing rules. For the six months ended 30 June 2019, the Bank had no significant connected transactions.

SUBSCRIPTION AND SALE

The selling restriction for European Economic Area set forth in the section entitled "Subscription and Sale" in the Principal Offering Circular shall be deleted in its entirety and replaced with the following:

Unless the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area.

For the purposes of this provision,

(a) the expression "retail investor" means a person who is one (or more) of the following:

   (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

   (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

   (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"); and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the relevant Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

(a) if the Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, **provided that** any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129.

The selling restriction for Singapore set forth in the section entitled "Subscription and Sale" in the Principal Offering Circular shall be deleted in its entirety and replaced with the following:

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that the Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed that, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase and has not circulated or distributed, nor will it circulate or distribute, the Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore), as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

*Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289 of Singapore), as modified or amended from time to time (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Notes, the Relevant Obligor(s) each has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).*

GENERAL INFORMATION

1 Listing

The Programme has been listed on the Hong Kong Stock Exchange by way of debt issues to Professional Investors only, effective from 4 April 2019 and for a period of 12-months. The issue price of Notes listed on the Hong Kong Stock Exchange will be expressed as a percentage of their nominal amount. Transactions will normally be effected for settlement in the relevant specified currency and for delivery by the end of the second trading day after the date of the transaction. It is expected that dealings will, if permission is granted to deal in and for the listing of such Notes, commence on or about the next business day following the date of listing of the relevant Notes. Notes to be listed on the Hong Kong Stock Exchange are required to be traded with a board lot size of at least HK$500,000 (or equivalent in other currencies).

2 Legal Entity Identifier

The Legal Entity Identifier (LEI) code of the Bank is 54930053HGCFWVHYZX42.

3 Authorisation

The Bank and each Relevant Obligor have obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of their respective obligations under the Notes.

4 Legal and Arbitration Proceedings

None of the Relevant Obligor(s), the Relevant Group, the Bank nor the Group is or has been involved in any governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which any Relevant Obligor or the Bank is aware), which may have, or have had, during the 12 months prior to the date of this Supplement, a significant effect on the financial position or profitability of any Relevant Obligor, the Relevant Group, the Bank or the Group.

5 Significant/Material Change

Since 31 December 2018, there has been no material adverse change in the financial position or prospects of any Relevant Obligor, the Bank, or the Group, other than the adoption of IFRS 16. Since 30 June 2019, there has been no significant change in the financial or trading position or prospects of any Relevant Obligor, the Bank, or the Group.

ANNEX I - PRINCIPAL OFFERING CIRCULAR DATED 4 APRIL 2019

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PRINCIPAL PAYING AGENT, PAYING AGENT IN RESPECT OF DTC NOTES

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