

## Business Review

Operating income for each line of business of the Group is set forth in the following table:

Unit: RMB million, except percentages

Items	For the six-month period ended 30 June 2020		For the six-month period ended 30 June 2019	
	Amount	% of total	Amount	% of total
Commercial banking business	259,236	90.33%	249,000	89.99%
Including: Corporate banking business	113,530	39.56%	112,719	40.74%
Personal banking business	111,467	38.84%	92,092	33.28%
Treasury operations	34,239	11.93%	44,189	15.97%
Investment banking and insurance	17,649	6.15%	17,856	6.46%
Others and elimination	10,098	3.52%	9,832	3.55%
<b>Total</b>	<b>286,983</b>	<b>100.00%</b>	<b>276,688</b>	<b>100.00%</b>

A detailed review of the Group's principal deposits and loans is summarised in the following table:

Unit: RMB million

Items	As at 30 June 2020	As at 31 December 2019	As at 31 December 2018
<b>Corporate deposits</b>			
Chinese mainland: RMB	6,464,898	6,027,076	5,884,433
Foreign currency	521,849	544,829	453,815
Hong Kong, Macao, Taiwan and other countries and regions	1,955,044	1,729,564	1,594,165
<b>Subtotal</b>	<b>8,941,791</b>	<b>8,301,469</b>	<b>7,932,413</b>
<b>Personal deposits</b>			
Chinese mainland: RMB	6,086,978	5,544,204	5,026,322
Foreign currency	306,762	288,793	302,256
Hong Kong, Macao, Taiwan and other countries and regions	1,215,084	1,156,651	1,093,892
<b>Subtotal</b>	<b>7,608,824</b>	<b>6,989,648</b>	<b>6,422,470</b>
<b>Corporate loans</b>			
Chinese mainland: RMB	5,945,203	5,591,228	5,057,654
Foreign currency	321,823	259,463	280,878
Hong Kong, Macao, Taiwan and other countries and regions	2,389,221	2,135,689	2,009,066
<b>Subtotal</b>	<b>8,656,247</b>	<b>7,986,380</b>	<b>7,347,598</b>
<b>Personal loans</b>			
Chinese mainland: RMB	4,715,805	4,450,464	3,933,840
Foreign currency	674	1,253	1,177
Hong Kong, Macao, Taiwan and other countries and regions	628,031	596,092	505,068
<b>Subtotal</b>	<b>5,344,510</b>	<b>5,047,809</b>	<b>4,440,085</b>

## Commercial Banking

### *Commercial Banking in the Chinese Mainland*

In the first half of 2020, the Bank's commercial banking business in the Chinese mainland recorded an operating income of RMB216.973 billion, an increase of RMB6.683 billion or 3.18% compared with the same period of the prior year. Details are set forth below:

Unit: RMB million, except percentages

Items	For the six-month period ended 30 June 2020		For the six-month period ended 30 June 2019	
	Amount	% of total	Amount	% of total
Corporate banking business	97,724	45.04%	98,115	46.66%
Personal banking business	100,202	46.18%	80,669	38.36%
Treasury operations	19,423	8.95%	30,563	14.53%
Others	(376)	(0.17%)	943	0.45%
<b>Total</b>	<b>216,973</b>	<b>100.00%</b>	210,290	100.00%

### **Corporate Banking**

The Bank accelerated the transformation of its corporate banking business. It further consolidated its corporate customer base, continuously optimised its customer and business structure and endeavoured to improve its global comprehensive service capabilities for corporate banking customers, thus achieving high-quality development in its corporate banking business. In the first half of 2020, the Bank's corporate banking business in the Chinese mainland realised an operating income of RMB97.724 billion, a decrease of RMB0.391 billion or 0.40% year-on-year.

#### *Corporate Deposits*

The Bank achieved stable growth in corporate deposits by seizing business opportunities arising from key industries and regions and improving its service capabilities for key projects. It accelerated the

upgrading of product functions, enhanced the role of settlement, cash management and other products in driving deposit-taking, and improved its liability structure. It upgraded service coordinately of both large customers and long-tail customers by improving multi-layered management. The Bank also managed to attract more administrative institution customers by closely cooperating with local governments at various levels as well as institutions engaged in education and public health, thus building a more solid foundation of deposits from such customers. In addition, the Bank enhanced the service functions of its outlets so as to improve their customer service capabilities. As at 30 June 2020, RMB corporate deposits of the Bank in the Chinese mainland totalled RMB6,464.898 billion, an increase of RMB437.822 billion or 7.26% compared with the prior year-end. Foreign currency corporate deposits amounted to USD73.713 billion, a decrease of USD4.385 billion or 5.61% compared with the prior year-end.

### *Corporate Loans*

The Bank continued to step up efforts in serving the real economy, and actively supported key areas such as new infrastructure, new urbanization initiatives and major projects, thereby assisting in the transformation and upgrading of the domestic economy. It provided stronger support for the improvement of weaknesses in infrastructures, the high-quality development of the manufacturing industry, modern service industry and technologically innovative enterprises, as well as improving services for private enterprises, foreign investors and foreign trade. The Bank focused on supporting strategic regions such as the Beijing-Tianjin-Hebei region, the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta and the Hainan, and proactively pushed forward work in key sectors such as serving social welfare and people's livelihood, poverty alleviation, green finance, pensions, the Olympic Winter Games and winter sports. As at 30 June 2020, the Bank's RMB corporate loans in the Chinese mainland totalled RMB5,945.203 billion, an increase of RMB353.975 billion or 6.33% compared with the prior year-end. Foreign currency corporate loans totalled USD45.459 billion, an increase of USD8.266 billion or 22.22% compared with the prior year-end.

### *Financial Institutions Business*

The Bank continued its wide-ranging cooperation with various global financial institutions including domestic banks, overseas correspondent banks, non-bank financial institutions and multilateral financial institutions. It built its integrated financial service platform and maintained its market leadership in terms of customer coverage. The Bank has established correspondent relationships with around 1,400 institutions and opened 1,419 cross-border RMB

clearing accounts for correspondent banks from 115 countries and regions, thus carving out a leading position among domestic banks. It also promoted the Cross-border Inter-bank Payment System (CIPS) and signed cooperation agreements for CIPS indirect participants from 325 domestic and overseas financial institutions, seizing the largest market share among its peers. The Bank was among the top players in custodian services for Qualified Foreign Institutional Investors (QFII) and RMB Qualified Foreign Institutional Investors (RQFII), as well as in agency services for overseas central banks and other sovereign institutions, both in terms of customer base and business size. It actively participated in the comprehensive promotion of the "full circulation" of H Shares, and jointly launched the "Shanghai-Macao Gold Road" Project with the Shanghai Gold Exchange, thus enhancing the co-brand image of financial factors market. It strengthened cooperation with the Asian Infrastructure Investment Bank (AIIB), New Development Bank and Silk Road Fund. It successfully issued AIIB's first Panda Bond as the lead underwriter, as well as the New Development Bank's Coronavirus Combating Panda Bond and first overseas USD-denominated bond as a joint lead underwriter. By the end of June 2020, the Bank had the largest market share in foreign currency deposits from financial institutions, and had further increased its market share in terms of the number of existing third-party custody customers.

### *Transaction Banking*

Positively adapting to the trends of FinTech innovation and integrated customer financial needs, the Bank vigorously developed its transaction banking business and delivered more financial support to COVID-19 pandemic control and the resumption of work and production. It fully implemented the requirements of stabilising foreign trade, releasing several measures

for supporting stabilisation of foreign trade during the COVID-19 pandemic control, providing more financing support and lowering fees for foreign trade. The Bank also serviced the 127th Canton Fair, and continued to lead peers in market share of cross-border settlement. It actively participated in the Belt and Road Initiative, RMB internationalisation and the building of pilot free trade zones and free trade ports. Following the Bank's Shanghai and Hainan Branches, BOC Tianjin Branch successfully launched financial services under Free Trade Unit (FTU). The Bank continued to roll out products and services innovation and strengthened the development of application scenarios for transaction banking. It further improved service level of account, payment and settlement, and promoted innovation in supply chain financial solutions and expansion of key projects. The Bank stepped up the application of cash management products in strategic scenarios and expanded its cash management customer groups, with the aim of enhancing its global cash management service capabilities.

#### *Inclusive Finance*

Implementing national policies and measures conscientiously to support the development of micro and small-sized enterprises and following relevant regulatory requirements, the Bank promoted the development of inclusive financial services as well as COVID-19 pandemic prevention and containment as a whole. It further deepened its "five specialised operating" mechanisms, developed more key outlets for inclusive finance credit launch, and successfully issued RMB10.0 billion of special senior bonds for micro and small business loans. The Bank also launched online "non-contact financing services" for "BOC Corporate E Loan • Unsecured Loan", allowed enterprises affected by the pandemic to postpone the repayment of

principal and interest on loans, and helped micro and small-sized enterprises resume work and production. As at 30 June 2020, the Bank's outstanding inclusive finance loans granted to micro and small-sized enterprises reached RMB525.4 billion, up by 39% year-on-year, and up by 27% compared with the prior year-end, outpacing the growth of any other loan type of the Bank. The number of micro and small-sized customers stood at over 440,000, higher than that of the beginning of the year. The annualised interest rate of the Bank's cumulative inclusive finance loans granted to micro and small-sized enterprises in the first half of 2020 was 4.04%. The quality of loans granted to micro and small-sized enterprises remained at a stable and controllable level.

#### *Pension Business*

Focusing on the construction of China's social security system, the Bank continuously extended its pension business coverage, promoted product innovation and improved system functions. It provided a range of products including enterprise annuities, occupational annuities, employee benefit plans and pension security management products. It accelerated the strategic layout of its pension business, and actively promoted scenario building for the silver economy, thereby vigorously supporting its development. As at 30 June 2020, pension funds under custody reached RMB65.722 billion, and the total number of enterprise annuity individual accounts held by the Bank reached 3.2218 million, an increase of 0.1855 million or 6.12% compared with the prior year-end. Assets under custody amounted to RMB475.129 billion, an increase of RMB87.984 billion or 22.73% compared with the prior year-end, with more than 17,000 clients served by the Bank.

### ***Personal Banking***

Taking a customer-centric approach, the Bank pushed forward innovation and transformation in its personal banking business, making every effort to build an online, digital, scenario-based and smart personal banking product and service system. It continuously enhanced the market competitiveness of its personal banking business by focusing on featured brands such as cross-border business, private banking, consumer finance and credit cards. In the first half of 2020, the Bank's personal banking business in the Chinese mainland realised an operating income of RMB100.202 billion, an increase of RMB19.533 billion or 24.21% compared with the same period of the prior year.

#### *Personal Deposits*

In response to the trend of interest rate liberalisation, the Bank leveraged its advantages in comprehensive personal financial services, made progress in deposit products innovation and smart accounts construction, and rolled out the "Cai Shen" ("God of Wealth") version of annual bank statements for personal customers. It further expanded its payment agency business by constructing its customer groups and improving the synergy between its corporate and personal businesses, and provided customers with a package of integrated service solutions, including account opening, payroll service, consumption and investment. It further developed its foreign exchange services by increasing the number of currencies available in its personal deposit and cash withdrawal business to 25 and the number of convertible foreign currencies available to customers to 39, thus maintaining a leading position among peers. The Bank improved customer experience by launching a foreign exchange cash reservation service for 23 currencies via e-channels such as mobile banking, online banking

and WeChat banking in major cities in the Chinese mainland. As at 30 June 2020, the Bank's RMB personal deposits in the Chinese mainland totalled RMB6,086.978 billion, an increase of RMB542.774 billion or 9.79% compared with the prior year-end. Personal foreign currency deposits amounted to USD43.331 billion, maintaining a leading market share.

#### *Personal Loans*

The Bank stepped up efforts to serve the real economy and steadily expanded its personal loan business. It put into practice the national 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. The Bank earnestly implemented reform requirements regarding interest rate liberalisation, and actively promoted LPR conversion for existing personal loans. It actively expanded its consumer finance business, continued to promote the transformation and upgrading of "BOC E-Credit", an online consumer loan service, and refined the online application function for government-sponsored student loans. The Bank ensured uninterrupted financial services for COVID-19 pandemic control, provided special preferential policies for medical workers, and took the lead in extending Work Resumption Loans. As at 30 June 2020, the total amount of RMB personal loans of the Bank in the Chinese mainland stood at RMB4,715.805 billion, an increase of RMB265.341 billion or 5.96% compared with the prior year-end.

#### *Wealth Management and Private Banking*

The Bank accelerated the development of its wealth management and private banking services by focusing on customers' needs, and established a market-wide

product selection platform to enhance its asset allocation capacity continuously. The Bank intensified efforts in product and service innovation and continued to upgrade its personal customer marketing modes and service systems, which resulted in rapid growth in the number of customers and the scale of customer financial assets. As at 30 June 2020, the “BOC Robot Advisor”, an intelligent investment advisory service, generated sales of RMB15.7 billion and attracted more than 130,000 customers, winning the “Gold Award for Technological Innovation and Application” in the “2020 China FinTech Innovation Contest”. The Bank intensified efforts in constructing its professional private banking system, built up its private banking service brand, and accelerated the development of family trust services. It regularly published the BOC White Paper on Personal Banking Global Asset Allocation, the BOC Guangdong-Hong Kong-Macao Greater Bay Area Wealth Index Report and the BOC Private Banking Selected Private Placement Product Series Index. The Bank continuously improved the professional capability of its private banking team, strengthened asset allocation services for private banking customers, and invested more than one third of customer assets in net-worth products. Leveraging the Group’s advantages in internationalisation, the Bank also promoted the development of its Asia-Pacific private banking platform. As at 30 June 2020, the Bank had set up 8,159 wealth management centres, 1,091 prestigious wealth management centres and 49 private banking centres in the Chinese mainland. It once again won the “Best National Private Banking in China” award from *Asian Private Banker*.

#### *Bank Card*

Closely following changes in market trends and customer demand, and aiming to support COVID-19 pandemic prevention and control with financial

services, the Bank launched a QR code for charitable donations to more than 170 charitable medical institutions throughout the country, and took the lead in launching an exclusive instalment service, “BOC Youke • Yihuzhuanshu” for medical staff. It actively assisted in the resumption of work, production and market activity, participated in the allocation and distribution of consumer coupons issued jointly by the Ministry of Commerce and local governments, introduced special offers for online payments via “Head Office to Headquarters” e-commerce platforms, and promoted the “Thousand Stores in a Hundred Cities” campaign and other themed marketing activities, so as to facilitate the recovery of the consumer market. The Bank continuously improved its products and rights service system with a specific focus on the needs of key customers such as young customers, car owners and business card holders, launching distinctive credit card products such as Traditional Chinese Style Credit Card series, Platinum Car Credit Card and Platinum Business Card. The Bank devoted great efforts to boosting the digital transformation of its bank card business. It enriched application scenarios of digital credit card products. Through light-touch and convenient customer acquisition tools, it optimised customer handling and user experience. It decided on a big push into the electronic channels of credit card instalment payment, and expanded living consumption scenarios layout for merchant POS instalment. It also continuously upgraded digital acquiring products and released a new version of the “BOC Smart Merchant” app, which offered a new mode of online application service for merchants and improved the overall merchant experience. The Bank pursued the effective control of credit card risk, and implemented evaluation based on activation ratio, active customer ratio, credit line use ratio, risk-adjusted return on capital (RAROC) and NPL ratio. As at 30 June 2020, the cumulative number of credit cards issued by the Bank reached 129.5823 million. The credit card

transaction amount stood at RMB802.080 billion for the first half of 2020, while the credit card instalment volume amounted to RMB178.273 billion.

The Bank accelerated the innovative development of its debit card business and expanded scenario-based applications for mobile payment, thus continuing to improve customer experience. It accelerated the promotion of its fast payment business through online and offline channels. Leveraging its advantages in higher education institution services, the Bank made efforts to expand its service scope to primary and high schools, kindergartens, training institutions and other markets. It enriched its integrated “online + offline” and “financial + non-financial” services, issued social security cards equipped with financial functions in cooperation with local Human Resources and Social Security Bureaux, and launched an e-voucher service for medical insurance in addition to electronic social security cards and electronic health cards. It developed railway travel scenarios and promoted the application of its “Railway e-Card” on 13 railway lines.

### **Financial Markets Business**

The Bank actively aligned itself with trends towards interest rate and exchange rate liberalisation and RMB internationalisation. By closely tracking financial market trends and fully leveraging its professional advantages, the Bank continuously adjusted its business structure, and strengthened efforts to participate in financial market innovation and achieve compliance with international regulatory requirements, thus increasing its business influence in financial markets.

#### *Securities Investment*

By strengthening its analysis and judgment regarding the macroeconomic situation and the trend of

market interest rates, the Bank proactively seized market opportunities, rationally adjusted the duration of its investment portfolio and further optimised its investment structure. It actively supported the development of the real economy, and 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 ramped up efforts to improve its integrated global financial market business systems, underpinned by the three core product lines of interest rates, exchange rates and commodities, in order to continuously enhance its comprehensive customer service capabilities. It endeavoured to improve its quantitative trading capabilities by promoting the construction of its quantitative trading platform and optimising its quantitative strategies. It strengthened infrastructure construction, thus building a more solid foundation for business development. The Bank continued to outperform peers in terms of market share of foreign currency exchange against RMB business, and brought the number of currency pairs available for exchange up to 39. The total number of tradable foreign currencies reached 110, among which 99 were currencies of emerging economies and 46 were currencies of countries along the Belt and Road. Seizing opportunities arising from the two-way opening-up of financial markets, the Bank took steps to expand its overseas institutional investor customer base, relying on a multi-tier service system integrating “research, trading and sales”. It also leveraged big data schemes to facilitate targeted marketing among corporate customers. It also increased support for private enterprises and small and medium-sized enterprises (SMEs) by offering expedient and effective hedging



services under the precondition of compliance. Owing to its advantage of integrated global structure, the Bank was able to ensure stable global operations. It continued to improve its online service capabilities and realised rapid growth in its corporate banking electronic channels in terms of transaction volume and customer scale.

#### *Investment Banking and Asset Management*

The Bank leveraged the competitive advantages of its international and diversified operations, focused on serving the real economy, vigorously expanded its investment banking and asset management business and strived to deliver an integrated “commercial banking + investment banking” service system. Following national strategies, the Bank intensified efforts in coordinated operations, made greater efforts to develop direct financing and investment advisory business including domestic and overseas bond underwriting and distribution as well as asset securitisation, and managed to meet customers’ all-round needs for comprehensive financial services based on the concepts of “domestic + overseas” and “financing + intelligent”. To facilitate the construction of China’s capital market system, the Bank underwrote bonds in the domestic interbank market with a total amount of RMB833.362 billion. It actively supported COVID-19 pandemic prevention and control work by underwriting a total amount of RMB33.85 billion of pandemic prevention and control bonds for non-financial enterprises and international development institutions. The Bank’s underwriting business for financial institutions was greatly boosted, and its financial bond underwriting volume and market share continued to improve steadily. Thanks to increased efforts to promote its asset-backed securitisation (ABS) underwriting business, the Bank’s market share of asset securitisation underwriting maintained the leading position in the interbank bond market. The Bank enhanced the cross-border competitiveness of its

underwriting business, maintained the largest market share in China offshore bond underwriting market, and consecutively led the market share in Panda Bond underwriting. As a result, the brand influence of “BOC Debt Capital Markets” was continuously enhanced. The Bank continued to implement regulatory requirements, strengthened the transformation and development of its wealth management business and promoted the net value transformation of its wealth management products in an orderly manner. It effectively supported the real economy by launching various themed wealth management products based on guidance of national strategy, such as pensions and health care, technological innovation, and key regions, etc. As at 30 June 2020, the total balance of wealth management products issued by the Bank and BOC Wealth Management amounted to RMB1,484.6 billion, with RMB1,060.7 billion attributable to the Bank and RMB423.9 billion to BOC Wealth Management.

#### *Custody Business*

Taking support for economic and social development as its main task, the Bank continued to provide high-quality custody services. It provided custody service for the “China Merchants Hubei Theme Bond Fund”, the first mutual fund in the custody market for COVID-19 pandemic prevention and control in Hubei and economic development. The Bank increased the custody volume of its credit asset securitisation business by RMB50.0 billion, ranking first in the market. It also advanced its technology and intelligent operations construction, launching a multi-tier custody service mode in the interbank market. As at 30 June 2020, the Group’s assets under custody stood at RMB11.78 trillion, of which cross-border custody business accounted for RMB455.6 billion, maintaining a leading position among Chinese peers. Mutual funds under its custody reached RMB1.4 trillion, an increase of 25.58% year-on-year, outperforming major peers in terms of growth rate.



### **Village Bank**

BOC Fullerton Community Bank actively implemented the national strategy of rural revitalisation with the development concept of “focusing on county area development, supporting farmers and small-sized enterprises, and growing together with communities”. It was committed to providing modern financial services for rural customers, micro and small-sized enterprises, individual merchants, and wage earners, and developed inclusive finance services to support poverty alleviation.

BOC Fullerton Community Bank expedited the institution layout to support economic development in county areas. As at 30 June 2020, BOC Fullerton Community Bank controlled 126 village banks with 173 sub-branches in 22 provinces (including municipalities directly under the Central Government) through establishment and acquisition, of which 65% were located in China’s central and western regions, becoming the domestic village bank with the largest number of institutions. It continuously improved its product and service system, and its customer base was further expanded. As at 30 June 2020, the registered capital of BOC Fullerton Community Bank amounted to RMB8.524 billion. The balances of total deposits and loans were RMB46.963 billion and RMB49.749 billion respectively. The NPL ratio was 1.80% and the coverage ratio of allowance for loan impairment losses to NPLs stood at 221.18%. BOC Fullerton Community Bank achieved a profit for the period of RMB392 million in the first half of 2020.

BOC Fullerton Community Bank established an investment management village bank to support the construction of the Xiongan New Area and to further improve its intensive management and professional services. On 24 June, CBIRC Hebei Office approved the opening of BOC Fullerton Community Bank Co., Ltd.,

with a registered capital of RMB1.0 billion and the registered place of Xiongan New Area, Hebei.

### **Overseas Commercial Banking**

In the first half of 2020, the Bank adhered to its globalisation strategy, continuously improved its global integrated customer service system, and pushed forward the integrated development of its domestic and overseas operations. As at 30 June 2020, the Bank’s overseas commercial banking customer deposits and loans totalled USD485.137 billion and USD424.467 billion respectively, an increase of 6.80% and 8.85% compared with the prior year-end. In the first half of 2020, the Bank’s overseas commercial banking operations achieved a profit before income tax of USD3.712 billion, accounting for 20.17% of the Group’s total profit before income tax.

Regarding the distribution of overseas institutions, the Bank closely tracked the needs of financial services of its global customers and continuously pushed forward the development and distribution of its institutions in countries along the Belt and Road, so as to improve its global service network. As at 30 June 2020, the overseas institutions of the Bank totalled 558, covering 61 countries and regions across the world, of which 25 countries were along the Belt and Road.

For corporate banking business, by further improving its globalised customer service system and product system, and expanding its overseas market and customer base in a targeted manner, 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. The Bank fully integrated its domestic and overseas premium resources in the service of national strategies, made concrete efforts to

provide the Belt and Road financial services, promoted international production capacity cooperation and pushed forward the sound and sustainable investment and operation of relevant enterprises. The Bank closely monitored changes in the market situation, earnestly enhanced risk management and took efficient measures in line with local conditions to ensure the sound development of its overseas corporate banking business.

For personal banking business, the Bank continued to improve its overseas customer service network, extending its business coverage to more than 30 countries and regions. It vigorously promoted business innovation, actively served customers' needs, and provided account, settlement, debit card, mobile banking and other services for offshore business travellers, international students, expatriates and local customers. For overseas resident customers and customer groups stranded overseas due to the pandemic, the Bank offered e-coupons for overseas online platforms and special coupons for customers on its whitelist, assisted overseas customers in purchasing pandemic prevention necessities and provided preferential and convenient overseas card use services. It also expanded overseas card issuance and acquiring services. The Bank released an overseas version of "BOC Smart Payment". It optimised the service coverage of its overseas debit cards by issuing 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 worldwide card using demands of overseas customers. The Bank pushed forward cross-border scenario construction, diversified its cross-border scenario product and service system,

and achieved productive results in delivering integrated services to personal customers in the Guangdong-Hong Kong-Macao Greater Bay Area by opening 100,000 accounts via the "Account Opening Witness" service in the region.

For financial markets business, the Bank harnessed its advantages in integrated global operations and drove forward RMB internationalisation. Leveraging its strengths in RMB clearing, the Bank expanded its cross-border RMB trading business and pushed forward the development of its RMB quotation service. Drawing on information technology, the Bank promoted an electronic trading platform that improved customer experience of quotation service. The Bank sped up efforts to develop its global custody service network and strived to deliver cross border custody services to "Going Global" and "Bringing In" customers. It rolled out a global depositary receipts (GDR) programme under the Shanghai-London Stock Connect mechanism, a significant project for supporting the "Going Global" efforts of Chinese enterprises. The Bank successfully issued MOP5.0 billion of dual-currency COVID-19 alleviation themed senior social bonds to fund loans to SMEs, thus pioneering the first COVID-19 response social bond issued in the international market.

For clearing business, the Bank continuously improved its cross-border RMB clearing capabilities and further consolidated its position at the leading edge of international payments. In the first half of 2020, the Group's cross-border RMB clearing transactions totalled RMB229.40 trillion, up by 7.86% compared with the same period of the prior year, maintaining first place in global markets. The Bank accounted for 13 of the world's 27 authorised RMB clearing banks and continued to lead its peers. The Bank also expanded its CIPS indirect participants' business, and maintained first place in terms of market share.

For e-banking, the Bank further expanded the coverage of its overseas corporate online banking business and continued to enhance its online financial service capacities for global enterprises. Leveraging its online financial service platform's integration of overseas and domestic operations, the Bank further diversified its service functions, including its overseas corporate online banking and overseas bank-enterprise connection channels, expanded its clearing channels and enhanced the online service capabilities of its overseas institutions, thereby continuing to lead its peers in global capital management services. As at 30 June 2020, the Bank offered overseas corporate online banking services in 50 countries and regions, with 14 service languages available to customers. The Bank also continued to improve its overseas personal e-banking services. Taking into account the regulatory requirements and characteristics of key regions overseas, the Bank made use of FinTech to simplify customer operation procedures and improve customer experience, with a focus on the optimisation and promotion of essential service functions such as account management, transfer and remittance, time deposit, bill payment and credit card. Based on new technologies, such as image recognition and biometric identification, the Bank enriched its online service modes, developed and launched new services, such as mobile payment, online business application, online purchase of WMPs and cheque scanning-based deposit, and further expanded its business coverage. As at 30 June 2020, the Bank offered overseas mobile banking services in 27 countries and regions, supporting 10 languages and offering over 60 services within 13 categories.

### **BOCHK**

Against the backdrop of a complex and challenging environment in the first half of 2020, BOCHK remained committed to implementing its strategy of building

a top-class, full-service and internationalised regional bank. It actively responded to changes in the market environment and steadily pushed forward its business priorities, with major financial indicators remaining at solid levels. Striving to be customer-centric, it continued to develop the local market in Hong Kong, providing full support to the development of the real economy. It proactively engaged in the construction of the Guangdong-Hong Kong-Macao Greater Bay Area and promoted cross-border synergistic collaboration so as to establish integrated competitive strengths. It also improved its business network layout in Southeast Asia and enhanced its regional synergies and service capabilities. It expedited its transformation into a digital bank, enhancing technological innovation, infrastructure and application ability. BOCHK took the lead in introducing a number of financial support mechanisms for the pandemic control as well as measures to overcome pandemic-related difficulties, and maintained stringent measures to prevent all risks. It cultivated its bank culture and actively expanded green finance in order to promote its sustainable development. As at 30 June 2020, BOCHK's issued share capital was HKD52.864 billion. Its total assets amounted to HKD3,226.726 billion and net assets reached HKD313.004 billion. In the first half of 2020, its profit for the period was HKD16.161 billion.

BOCHK continued to develop the local market to support the development of the real economy. BOCHK actively expanded its business in major financing projects and arranged a number of syndicated loans and project finance with significant market influence. It remained the top mandated arranger in the Hong Kong-Macao syndicated loan market and maintained its leading market position as an IPO main receiving bank in Hong Kong. BOCHK continued to uplift its service levels for commercial customers in Hong Kong and supported the development of SMEs. It launched

a special loan scheme for fighting against COVID-19 for SMEs, featuring a rapid approval process. It was among the first cohort of banks to participate in the Special 100% Loan Guarantee Scheme introduced by the HKSAR Government, and also worked alongside the Hong Kong Monetary Authority to introduce the Pre-approved Principal Payment Holiday Scheme in order to support SMEs in need. In addition, it accelerated the development of key businesses in cash pooling and cash management, maintaining a leading market position in cash pooling business through continuous expansion in business scale. BOCHK continued to refine its customer segment management, achieving constant improvements in the structure and size of its customer base through the provision of professional and comprehensive services to mid- to high-end customers. It also actively promoted key initiatives, such as digitalisation, scenario-based applications and customer migration to online transactions, and continued to enhance its mobile banking functions in order to enhance its product functionalities and sharpen its competitive edge. By accelerating the development of digital processes in its mortgage business, BOCHK captured the top market position in terms of the total number of new mortgage loans in Hong Kong. It introduced a number of people's livelihood programmes, including deferred principal repayment of mortgage loans, grace periods for insurance premium payment, and additional protection, to allow more financial flexibility for personal customers. Owing to satisfactory business development, the growth of BOCHK's total customer deposits and loans exceeded the market average, with a continually optimised deposit structure and the asset quality of its loan portfolio outperformed local market.

BOCHK proactively participated in the construction of the Greater Bay Area and promoted cross-border synergistic collaboration. Actively responding to state

financial policies for the Greater Bay Area, BOCHK continuously strengthened cross-border business collaboration, tapping into the financial services demands of major industries and clients by striving to promote cross-border financial innovation, market connectivity and resource flow within the area. Continuing to focus on people's livelihood, BOCHK met the needs of Greater Bay Area residents for financial services, for example through convenient account opening and travel support. It also took steps to improve the Greater Bay Area service by enhancing its Chinese mainland personal account opening attestation services. BOCHK diversified the application scenarios of BoC Pay with the launch of a cross-border remittance service for Chinese mainland clients living in Hong Kong. BOCHK leveraged its service capabilities in corporate finance to support the construction of the Greater Bay Area and the development of corporations in the technological innovation sector. Moreover, it enriched its range of fund products related to the Greater Bay Area, reinforcing its competitiveness in cross-border investment services.

BOCHK improved its operational presence in Southeast Asia and enhanced its regional service capabilities. In the first half of 2020, BOCHK received approval from the Central Bank of Myanmar to set up its Yangon Branch in Myanmar. This means that its Southeast Asia business will cover nine Southeast Asian countries, forming a more comprehensive regional presence. It further reinforced its management model and continuously optimised its institutional management in the region so as to improve the service capabilities of its Southeast Asian entities in terms of marketing, business promotion, product innovation, technology-driven operation and internal management. Bank of China (Malaysia) Berhad was successfully reappointed as the clearing bank for RMB business in Malaysia, and launched an attestation service with BOCHK

for Malaysian account opening in Hong Kong. BOCHK Jakarta Branch received approval from the Indonesian regulatory authority to upgrade its status to Commercial Bank Based on Business Activities 3, notably uplifting its market position and brand influence. BOCHK Phnom Penh Branch became the first overseas bank to be appointed as a quoting bank for RMB to Cambodian Riel (KHR) in the regional market, and successfully processed the first RMB to KHR cross-border trade in Cambodia.

BOCHK remained committed to strengthening its core capabilities in digitalisation in order to push forward business transformation. BOCHK deepened the application of innovative FinTech to drive digital transformation. By focusing on the five core digital capabilities of innovation, agility, digitisation, mobility and regionalisation, it aimed to establish three catalysing platforms, namely an intelligent platform, a data platform and an open platform, that will provide a foundation for stable, reliable and centralised cloud technology and safe governance. Through technology-driven business reform, BOCHK introduced brand-new digital solutions in customer service, financial products, service processes, operational management and risk control, with the aim of gradually becoming a digital bank with ecosystem-based operations, digital processes, intelligent operations, agile project management and cloud computing.

*(Please refer to the results report of BOCHK for a full review of BOCHK's business performance and related information.)*

### Comprehensive Operation Platforms

The Bank is committed to meeting customers' comprehensive service needs. It actively seized opportunities arising from the development of multi-

tiered capital markets, in an effort to continuously improve its comprehensive operations and build a business coordination system. It continued to regulate the Group's management and control structure, focused on enhancing its risk management capabilities. In addition, the Bank sharpened the Group's differentiated advantages and core competitiveness based on its comprehensive operations.

### Investment Banking Business

#### BOCI

The Bank is engaged in investment banking business through BOCI. As at 30 June 2020, BOCI had an issued share capital of HKD3.539 billion, total assets of HKD88.512 billion, and net assets of HKD20.150 billion. In the first half of 2020, BOCI realised a profit for the period of HKD738 million.

BOCI actively seized strategic opportunities such as the development of the Guangdong-Hong Kong-Macao Greater Bay Area, made greater efforts in strengthening internal control, served the real economy, enhanced and strengthened its two main businesses of investment banking and wealth and asset management, and thus increased its global and comprehensive service capabilities.

Against a backdrop of continuous global improvement to its customer service capabilities, BOCI enhanced its service capabilities in Singapore's primary market and gave more effective support to the development of the Southeast Asian market. Its equity underwriting and financial advisory businesses recorded steady growth, with BOCI successfully assisting with the secondary listing of high-quality Chinese stocks including NetEase and JD.com on the Hong Kong capital markets. Its bond issuance and underwriting businesses continued

to maintain market-leading positions. It also provided timely professional research reports for investors based on observations of changes in the international market. By proactively employing big data and artificial intelligence technologies, BOCI strongly expanded the application scenarios of traditional investment banking services, securities sales and wealth management. It also enriched the processing functions of its online platforms such as its mobile app and drove forward FinTech applications such as robotic process automation, in order to enhance user experience and boost steady growth in its brokerage business. Meanwhile, BOCI ranked among the top in Hong Kong's stock and warrant markets in terms of equity sales and derivatives business. BOCI also played an active role in the Mainland-Hong Kong Mutual Recognition of Funds (MRF) scheme, promoted the construction of Asia Pacific Private Banking Centre. As at 30 June 2020, BOCI's three equity indices, as well as the BOCI Greater Bay Area Leaders Index, the world's first Chinese investment banking index, outperformed the Hang Seng Index and Hang Seng China Enterprise Index. BOCI-Prudential Asset Management Limited, maintained its position as a top-ranked service provider in the Hong Kong Mandatory Provident Fund (MPF) and Macao Pension Fund businesses.

### **BOCI China**

The Bank is engaged in securities-related business in the Chinese mainland through BOCI China. As at 30 June 2020, the registered capital, total assets and net assets of BOCI China were RMB2.778 billion, RMB56.788 billion and RMB14.708 billion, respectively. It realised a

profit for the period of RMB571 million for the first half of 2020.

Adhering to the development principles of technology-empowered transformation and synergy, BOCI China made further progress in its business transformation and development while holding fast to the risk compliance bottom line. Taking a customer-centric approach, it endeavoured to push forward wealth management transformation. Leveraging contributions from science and technology, BOCI China enhanced the service capabilities of investment advisory and improved the comprehensive service chain of personal business. Deepening the synergistic advantages of "investment banking + commercial banking", "investment banking + investment" and "domestic + overseas" in its investment banking business, BOCI China shifted its investment banking focus towards transaction-driven comprehensive financial services, and its asset management business focus towards active management. Through these efforts, its customer service capabilities and market influence steadily strengthened.

On 26 February 2020, BOCI China was successfully listed on the main board of SEE, receiving wide recognition from investors. The Bank indirectly holds shares of BOCI China through its wholly-owned subsidiary BOCI, and will give full play to its brand value and synergy to support BOCI China in becoming a first-class investment bank.

*(Please refer to the BOCI China interim report for a full review of its business performance.)*

## *Asset Management Business*

### **BOCIM**

The Bank is engaged in fund management business in the Chinese mainland through BOCIM. As at 30 June 2020, BOCIM's registered capital amounted to RMB100 million, its total assets stood at RMB5.469 billion and its net assets totalled RMB4.149 billion. In the first half of 2020, BOCIM realised a profit for the period of RMB451 million.

BOCIM steadily expanded its asset management business, continuously improved its profitability, maintained sound internal control and risk management, constantly improved its brand and market reputation, and further enhanced its comprehensive strengths. As at 30 June 2020, BOCIM's AUM stood at RMB606.1 billion. In particular, its public-offered funds reached RMB390.5 billion and its non-monetary public-offered funds at RMB279.7 billion.

### **BOC Wealth Management**

The Bank is engaged in asset management business in the Chinese mainland through BOC Wealth Management. BOC Wealth Management's business includes wealth management products for the general public, wealth management products for qualified investors, consulting, and other asset management related products and services. As at 30 June 2020, BOC Wealth Management's registered capital was RMB10.000 billion, its total assets amounted to RMB10.843 billion, its net assets totalled RMB10.450 billion and it realised a profit for the period of RMB279 million for the first half of 2020.

BOC Wealth Management steadfastly followed the requirements of the new asset management

regulations. It increased the issuance of net-worth products, continually enriched its product system and rapidly increased the product scale. In line with the national strategic orientation and taking into account market hotspots, BOC Wealth Management launched products themed on pension and health care, technological innovation and key regions, thereby effectively supporting the real economy. As at 30 June 2020, BOC Wealth Management's total product balance reached RMB423.889 billion.

## *Insurance*

### **BOCG Insurance**

The Bank is engaged in general insurance business in Hong Kong through BOCG Insurance. As at 30 June 2020, BOCG Insurance reported issued share capital of HKD3.749 billion, total assets of HKD9.852 billion and net assets of HKD4.225 billion. In the first half of 2020, BOCG Insurance recorded gross written premiums of HKD1.548 billion and realised a profit for the period of HKD43 million.

Steadfastly implementing its market development strategy of "deepening services in Hong Kong, refining business approach in the Chinese mainland, reaching out to overseas markets and widening brand awareness", BOCG Insurance made solid progress in expanding its business, actively responded to market competition and coordinated with COVID-19 pandemic prevention and control. It deepened bank-insurance cooperation by jointly launching a "Remote Insurance Application" service with BOCHK and BOC Life, thereby further improving insurance application efficiency. It also advanced digital transformation by rolling out a new version of its mobile app. Following market demand, BOCG Insurance introduced new products and launched two "COVID-19 Insurance" schemes,



thus honouring its corporate social responsibilities and promoting positivity. In line with the implementation of China's major national initiatives, it strengthened business expansion in the Guangdong-Hong Kong-Macao Greater Bay Area and Southeast Asia. BOCG Insurance's Hong Kong-Zhuhai-Macao Bridge vehicle insurance, Greater Bay Area personal accident insurance and Greater Bay Area travel insurance have all been widely recognised in the market.

BOCG Insurance pushed forward the development of its comprehensive risk management system, further improved its relevant risk control management system and mechanism, optimised its risk appetite setting and transmission mechanism, and properly managed various risks in a coordinated manner, thereby continually enhancing its risk management capabilities.

### **BOC Life**

The Bank is engaged in life insurance business in Hong Kong through BOC Life. As at 30 June 2020, BOC Life's issued share capital was HKD3.538 billion, total assets amounted to HKD164.982 billion and net assets amounted to HKD10.536 billion. In the first half of 2020, its profit for the period was HKD337 million. BOC Life maintained its leading position in the life insurance sector and remained the market leader in RMB insurance business in Hong Kong.

BOC Life continued to implement its strategy of diversifying distribution channels, expanded its market coverage and strengthened its position as an expert in the area of retirement wealth management by providing a high-end Voluntary Health Insurance Scheme plan. In response to the pandemic, BOC Life actively introduced a number of relief measures to increase flexibility for customers, including remote application for Qualifying Deferred Annuity Policy

products via telephone at home, an extension of the grace period for premium payment and the offer of additional COVID-19 coverage for designated customers. At the same time, BOC Life stepped up its efforts to develop its online insurance service by launching a number of products on its mobile banking platform, including short-term savings, whole life insurance, critical illness insurance, deferred annuity and hospital cash plans. These, together with increased online marketing and promotions, enabled BOC Life to provide customers with a more convenient experience in terms of digital insurance applications.

### **BOC Insurance**

The Bank is engaged in property insurance business in the Chinese mainland through BOC Insurance. As at 30 June 2020, BOC Insurance reported registered capital of RMB4.535 billion, total assets of RMB13.725 billion and net assets of RMB4.351 billion. In the first half of 2020, it realised gross written premiums of RMB3.007 billion, and a profit for the period of RMB124 million.

BOC Insurance followed the national strategies, closely tracked market trends and customer needs, remained committed to serving the real economy, and continued to improve its comprehensive financial service capabilities. It actively responded to the Belt and Road Initiative. It maintained a leading position in the overseas insurance business, covering nearly 30 industries in 70 countries and regions in Asia, Africa and South America. Supporting regional development strategies, BOC Insurance developed integrated insurance action plans for the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area, and supported the infrastructure of key regions such as the Yangtze River Delta, the Greater Bay Area and the Beijing-Tianjin-Hebei Region, thereby boosting

integrated and coordinated development in these regions. It supported China's industrial upgrading by offering an insurance compensation mechanism for the first (set of) major technical equipment, so as to bolster enterprises' technological innovation and facilitate the upgrading of major technical equipment. It supported customs clearance facilitation reform by providing services for the "International Trade Single Window" and moving online the full process of tariff guarantee insurance and cargo transportation insurance. To support the reform and development of private enterprises, BOC Insurance formulated and implemented 19 measures for serving private enterprises. It also played an active role in COVID-19 prevention and control, and pushed forward work and production resumption. It cooperated in carrying out the "BOC Protection Scheme for Doctors and Nurses" campaign, and provided exclusive insurance services for over 140,000 medical workers with a total insured amount of RMB6.3 billion. Besides, it assumed its share of social responsibility by joining the China Nuclear Insurance Pool, the China Urban and Rural Residential Building Earthquakes Catastrophe Insurance Pool, the single-purpose pre-paid card performance bond insurance pool and the Residential Project Inherent Defect Insurance (IDI) supplier list, and by obtaining the qualifications to provide serious illness insurance for urban and rural residents. In addition, BOC Insurance introduced new forms of claim settlement services, and increasingly applied technology to claim settlement. To achieve agile response to COVID-19, it simplified claim settlement formalities and offered green channels, thus delivering convenient and high-quality services to customers.

### ***BOC-Samsung Life***

The Bank is engaged in life insurance business in the Chinese mainland through BOC-Samsung Life. As at

30 June 2020, BOC-Samsung Life's registered capital stood at RMB1.667 billion, total assets amounted to RMB26.613 billion and net assets amounted to RMB1.687 billion. In the first half of 2020, BOC-Samsung Life recorded written premiums and premium deposits of RMB6.745 billion and a profit for the period of RMB69 million.

BOC-Samsung Life made every effort to respond to COVID-19 by jointly launching the "BOC Protection Scheme for Doctors and Nurses" campaign. It offered a special insurance programme for nearly 60,000 medical personnel working in key areas of pandemic prevention and control, provided adequate financial services and insurance assistance for the pandemic response effort, and added COVID-19 liability to the coverage of 11 critical illness insurance and accident insurance products, thus fully performing its social responsibility as an insurance company.

BOC-Samsung Life maintained rapid business growth. It realised a year-on-year increase of 41% in premiums, highlighting the continuous enhancement of its market competitiveness. Focusing on fundamentals of the insurance business, it improved its business structure and achieved a year-on-year increase of 47% in the new written premiums from its risk protection and long-term savings businesses. It continued to strengthen product development and highlighted the protection function of insurance, launching products such as "BOC AiJiaBao (Version 2020) Illness-Specific Insurance". To further enable advancement through technology, it put in place a comprehensive online system featuring convenient, fast, professional and quality services, introduced nine initiatives to facilitate claim settlement, including green channels for claim settlement, streamlined claim procedures, claim prepayment and cancellation of deductibles, and offered "free medicine consulting on the phone"

services around the clock and free online clinical diagnosing, thus gaining wide recognition from customers. BOC-Samsung Life was awarded “Insurer of the Year in Customer Service” in the fifth China’s Insurance Industry Ranking 2020.

### *Investment Business*

#### **BOCG Investment**

The Bank is engaged in direct investment and investment management business through BOCG Investment. BOCG Investment’s business activities include private equity investment, fund investment and management, real estate investment and management and special situation investment. As at 30 June 2020, BOCG Investment had recorded issued share capital of HKD34.052 billion, total assets of HKD127.566 billion and net assets of HKD66.375 billion. In the first half of 2020, it recorded a profit for the period of HKD2.583 billion.

BOCG Investment strived to foster sustainable and stable operations by firmly adhering to the strategies of integration, fund-based development and digitalisation. It actively enhanced the Group’s comprehensive competitiveness through cooperation by broadening investment and loan linkage channels and developing its business in key areas such as the Yangtze River Delta and Guangdong-Hong Kong-Macao Greater Bay Area. Focusing on emerging industries, such as medical treatment, consumption, logistics, and high-end manufacturing, BOCG Investment helped enterprises recover from the impact of COVID-19 and supported the development of the real economy. BOCG Investment strengthened its market-oriented financing capabilities and successfully issued a RMB1.5 billion Panda Bond.

#### **BOC Asset Investment**

The Bank is engaged in debt-for-equity swap and related business in the Chinese mainland through BOC Asset Investment. As at 30 June 2020, the registered capital of BOC Asset Investment was RMB10.000 billion, with its total assets and net assets standing at RMB73.909 billion and RMB11.105 billion respectively. In the first half of 2020, it realised a profit for the period of RMB815 million.

BOC Asset Investment conducted debt-for-equity swap business based on market-oriented and rule-of-law principles, with the aim of improving enterprises’ business operations and helping them to reduce leverage ratios and improve market value, thus effectively serving the real economy and preventing and mitigating financial risks. A special fund for debt-to-equity swaps was established by BOC Asset Investment in order to mobilise capital to support private enterprises in the Yangtze River Delta region. As at 30 June 2020, the Bank cumulative market-oriented debt-for-equity swap business reached RMB154.397 billion, with an increase of RMB6.051 billion within the year.

### *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 value of owned aircraft. As at 30 June 2020, BOC Aviation recorded issued share capital of USD1.158 billion, total assets of

USD22.619 billion and net assets of USD4.642 billion. It recorded a profit for the period of USD323 million for the first half of 2020.

Committed to pursuing sustainable growth, BOC Aviation continued to implement its proactive business strategy and steadily promoted its standing in the aircraft leasing industry. Actively supporting the Belt and Road Initiative, it had leased more than 67% of its aircraft to airlines of Belt and Road countries and regions, as well as airlines based in the Chinese mainland, Hong Kong, Macao and Taiwan, as at 30 June 2020. Closely focusing on customer demand, the company took delivery of 23 aircraft, including one aircraft that an airline customer purchased at delivery, as it continually expanded its owned fleet. All of these aircraft have been placed on long-term leases. BOC Aviation signed 76 leases for future deliveries and added two new customers, bringing its total up to 91 customers in 40 countries and regions. The company consistently sought to optimise its asset structure and to improve its sustainable development. It sold five owned aircraft in the first half of the year, leaving it with an average owned fleet age of 3.5 years (weighted by net book value) as at 30 June 2020, one of the youngest aircraft portfolios in the aircraft leasing industry.

*(Please refer to the BOC Aviation interim report for a full review of its business performance.)*

## **BOCL**

The Bank operates financial leasing, transfer and receiving of financial leasing assets and other related businesses through BOCL. BOCL was established in June 2020 and registered in Chongqing. As at 30 June 2020, BOCL recorded registered capital of RMB10.800 billion, total assets of RMB10.808 billion and net assets of RMB10.806 billion.

Following the strategic objectives of the Group, BOCL accelerated the establishment and improvement of its governance system, strengthened its risk management mechanism and promoted the construction of a team of market-oriented talents. Focusing on national strategies and key regions, it leveraged its advantages of specialisation, differentiation and characteristics, refined and strengthened its leasing brand, promoted high-quality development, and continuously enhanced the capability of serving the real economy.

## **Service Channels**

With a core focus on improving customer experience, the Bank pushed forward its service channel integration and outlet transformation so as to attract more active customers and cultivate an ecosystem featuring the integration of online and offline channels and the seamless connection of financial and non-financial scenarios.

### **Online Channels**

Embracing the trend of digital transformation and following a “Mobile First” strategy, the Bank continued to increase its efforts to expand online channels and upgrade its mobile banking service, thus realising a rapid growth in online businesses. In the first half of 2020, the Bank’s substitution ratio of e-banking channels for outlet-based business transactions reached 94.95%. Its e-channel transaction amount reached RMB133.95 trillion, an increase of 15.99% compared with the same period of the prior year. Among this, mobile banking transaction volumes reached RMB15.54 trillion, an increase of 13.85% compared with the same period of the prior year, making mobile banking the online trading channel with the most active customers.

Unit: million customers, except percentages

Items	As at	As at	Change (%)
	30 June 2020	31 December 2019	
Number of corporate online banking customers	<b>5.0199</b>	4.6163	8.74%
Number of personal online banking customers	<b>187.4830</b>	182.3062	2.84%
Number of mobile banking customers	<b>193.7826</b>	180.8226	7.17%
Number of telephone banking customers	<b>112.2357</b>	112.7403	(0.45%)

The Bank picked up the pace of building a mobile portal to deliver integrated corporate banking financial services for corporate banking customers. Taking into account the needs of SMEs for convenient mobile finance, the Bank started by improving primary services, diversifying featured services and expanding new scenarios to drive the development of an enterprise-level mobile integrated financial service platform in a tiered and step-by-step manner. It continued to improve primary services such as account management, bank-enterprise reconciliation, transfer and remittance, deposit and online reservation of account opening as well as featured services including self-service foreign exchange settlement, international settlement and online letters of guarantee. The Bank's mobile services now cover almost all high-frequency corporate customer transactions.

The Bank adapted to changes in FinTech development and customer habits, expanded mobile banking services and introduced product services such as annual electronic statement, LPR conversion, credit reference inquiry, E-mortgage and Silver Economy Service for its personal banking customers. It improved key functionalities such as cross-border remittance, investment and wealth management, credit card and self-service registration, covering more than 200 digital financial services. It continuously enriched mobile banking's non-financial services, focused on high-frequency transactions and consumption scenarios to

create the best user experience, and provided customers with more convenient personal financial services with a focus on e-commerce shopping, food delivery and online video, etc. The Bank continued to enhance its digital risk control capability and provided customers with access to smart and efficient online anti-fraud services, so as to effectively protect and secure their funds. During the COVID-19 pandemic period, the Bank upgraded its mobile banking services and introduced an anti-pandemic zone to provide domestic and overseas customers with the latest news regarding the pandemic situation.

### Offline Channels

The Bank pushed forward outlet transformation, centring on its bank-wide smart counters, to enhance outlets' value-creating capacity. In the first half of 2020, the Bank completed seven upgrades of its smart counters so as to further improve its service system. It offered multiple channels for account opening reservation, "one-stop" account opening and product contracting by relying on channel innovation and process improvement, and dedicated itself to delivering more efficient and accessible products and services to customers. Corporate receipt management was launched at smart counters, allowing for self-service inquiry and account information printout by corporate customers, thus supporting work and production resumption through efficient and expedited services.

An instant card printing service was also launched in a pilot basis, satisfying customers' real-time card usage demands by printing and issuing cards with designated numbers on site. The Bank launched a tablet version of its smart counters, supporting outlets to "go out" and actively expand the customer base by providing a one-to-one premium service. A cash version of smart counters was also launched across the Bank, providing smart cash services including large amounts and multiple denominations and mediums. The Bank also promoted a new O2O physical delivery model by focusing on foreign currency exchange as a business enabler. Specifically, it enabled customers to make online reservations and collect foreign currency packages through smart counters, thus ensuring convenient cross-border services for customers. Moreover, by empowering outlets through technological means, the Bank continuously improved its customer service channels and enhanced digital marketing and management capabilities at the outlet level.

The Bank optimised its outlet performance assessment system and continued to work on the differentiated

development of its outlets, in a bid to promote outlet efficiency and effectiveness. Focusing on core business areas and scenario-building strategies, the Bank accelerated the building of featured outlets to offer differentiated, enhanced quality services, and expanded service channels so as to upgrade financial service capabilities in county areas. In addition, the Bank refined the operational management of its outlets and adjusted the authorities and responsibilities of primary-level employee positions. It improved outlets' marketing and service approaches and strengthened the risk management of its outlet business, thus enhancing comprehensive operational efficiency.

As at 30 June 2020, the Bank's commercial banking network in the Chinese mainland (including Head Office, tier-1 branches, tier-2 branches and outlets) comprised 10,581 branches and outlets. Its non-commercial banking institutions in the Chinese mainland totalled 495, and the number of its institutions in Hong Kong, Macao, Taiwan and other countries and regions totalled 558.

Unit: single item, except percentages

Items	As at 30 June 2020	As at 31 December 2019	Change (%)
ATM	35,240	37,331	(5.60%)
Smart counter	31,568	30,425	3.76%
Self-service terminal	1,163	1,875	(37.97%)

### Information Technology Development

The Bank continued to deeply pursue FinTech innovation so as to boost the role of technology as an enabler, bolstering its ongoing efforts to build a digitalised bank that is oriented to user experience, data-based and technology-driven.

The Bank leveraged technology in order to provide strong support for financial services during the COVID-19 pandemic. It rapidly launched various financial services in response to the COVID-19 outbreak, including the granting of anti-pandemic loans, a free donation channel for corporate customers, and deferral and interest exemption on credit card statements. It

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introduced a COVID-19 control section to its mobile banking and WeChat banking channels in order to provide a number of convenient services for stay-at-home customers, including pandemic update and online health consultations, thus using FinTech to support COVID-19 control. It also launched smart home service representatives to safeguard the continuity of its financial services. Capitalising its advantages in online services, the Bank provided technological support for the 127th Canton Fair, the 2020 World Artificial Intelligence Conference and the 4th World Intelligence Congress.

The Bank advanced enterprise-level architecture development and sped up technological reform. From a corporate perspective, it pressed ahead with the top-level design, modelling and auxiliary projects for enterprise-level business architecture and enterprise-level IT architecture. The Bank accelerated the implementation of its foundational strategic projects and prepared solid ground for digital development. The three cloud computing bases in Hefei, Inner Mongolia and Xi'an have all been put into operation. In addition, the Bank continuously developed the layout of its next-generation multi-centre infrastructure in multiple locations, built a platform for cloud centre operations and established an agile and efficient cloud service model, thereby enhancing the Group's infrastructure support capacity.

The Bank gave full play to the driving role of technology in speeding up digital transformation in key business fields. It rapidly built up its scenario ecosystem, comprising cross-border, education, sports and the silver economy, with new technologies applied to financial scenarios on a pilot basis. It upgraded its mobile banking from a trading platform to an integrated service platform, and launched a number

of new features such as payment by facial recognition and a wealth management micro-store. The Bank also embedded a corporate services ecosystem in its transaction banking to enhance its customer service capacity. It made its smart counter channel available via portable devices, and rolled out new scenarios such as LPR conversion and real-time card printing, thereby improving its offline service system. In addition, the Bank launched BOC Corporate E Loan and hence improved loan processing efficiency. It also continuously upgraded its smart customer service system, and launched online customer service across all online channels. Meanwhile, the Bank established a smart asset management system to provide customers with more intelligent services for asset allocation. It also built the "Cyber Defence" smart risk control and prevention system as well as a digital lifecycle risk control system, which provide strong backing for the Group's enterprise risk management.

The Bank delivered more technological support to its globalised and comprehensive operations, and advanced the coordinated development of the Group. It promoted the IT standardisation of its comprehensive operation companies, improved the information system building process for newly established overseas institutions, and supported the IT development of overseas institutions. At the same time, the Bank extended the overseas reach of mature products and services such as mobile banking, smart counters and smart customer services, thus significantly enhancing its global service capabilities.

The Bank continually improved its IT systems and processes as well as the layout of its technological innovation mechanisms. It strengthened collaboration and shared application between the Head Office and branches, improved the characterised application



management system for domestic branches, and made coordinated efforts regarding the implementation of overseas institutions' special requirements. The Suzhou subsidiary of BOC Financial Technology was established. Explorations were made regarding a new mechanism for cooperation with government, with a view to jointly implementing the Group's technological strategy. In order to promote the construction of regional

innovation and R&D centres, the Bank inaugurated its Xiongan base, which was the earliest one among its peers and made the layout of its FinTech innovation further optimised. As part of its constant research into new technologies, the Bank advanced the application of such new technologies as 5G, Internet of Things, blockchain and virtual reality in real-world scenarios.