

## Consolidated Financial Highlights

	1999	1998
<b>Operating Results (in millions of RMB)</b>		
Pre-tax profit	6,603	8,519
Interest income	133,317	164,001
Interest expenses	104,677	133,832
Non-interest income	22,684	20,346
Non-interest expenses	44,721	41,996
<b>Assets/Liabilities (in millions of RMB)</b>		
Total assets	2,903,922	2,799,744
Bills discounted and loans	1,529,096	1,505,975
Total liabilities	2,755,540	2,656,889
Deposits	1,984,910	1,863,151
Bonds issued	8,650	17,363
Owner's equity	148,382	142,855
Capital & reserves	143,958	137,190
After-tax Profit	4,424	5,665
<b>Indicative Ratios(%)</b>		
Pre-tax profit/Total assets	0.23	0.30
Pre-tax Profit/Capital	6.32	8.15
Profit from overseas/Total Profit	83.51	89.13
Interest income/Total income	85.46	88.96
Interest expenses/Total expenses	70.07	76.12
RMB assets/Total assets	39.92	35.49
Assets in overseas/Total assets	32.26	35.83

**Notes:** a. In the above figures, all the branches, the wholly-owned subsidiary banks and companies are included.  
b. Interest income and expenses include those of interbank financing.

## **Our Mission**

***Through the prudence, flair and quality of  
our operations we aim to  
become one of the world's leading international banks.***

***Through the creation of  
an increasingly customer-driven corporate culture  
we intend to meet the needs of  
our clients and enhance our profitability.***

***Through the constant upgrading of  
our banking technology and  
information system we aim to ensure  
our competitive advantage.***

***Through the closer interlinking of  
our domestic and international operations  
we intend to play an even more important role  
in the economic development of  
China and its financial relations with the rest of the world.***

## Honorary Chairperson of the Board



**CHEN Muhua**

*By maintaining our tradition of continuous innovation we shall achieve our goal of becoming a city-based, international bank providing a universal range of services.*



## **LIU Mingkang**

### **Chairman and President**

*Mr. LIU, who is 53 years of age, has held a number of senior positions concerned with domestic and international banking. After joining the Bank of China in 1979, he first worked in Nanjing and then London, where he gained a MBA from the City University. From 1988 to 1992 he served as Deputy General Manager of the Fuzhou branch (the former Fujian branch) and later as General Manager. In 1993, he was appointed concurrently Vice Governor and Secretary-General of the Fujian provincial government. One year later, he returned to Beijing to be Vice Governor of the State Development Bank. In April 1998, he was appointed Vice Governor of the People's Bank of China and Vice Chairman of its Monetary Policy Committee. In July 1999, he was transferred from the central bank to the Chairmanship of the China Everbright Group, a post which he retains. Mr. LIU took the current position at the Bank of China in February 2000.*

## Message from the Chairman and President

As a result of its effectiveness over the past 87 years, the Bank of China has achieved a notable position in both the domestic and international markets. In keeping with the Government's economic and financial reforms, the Bank has over the past few years pressed ahead with the commercialisation of its operations in China. But that is not enough to ensure the Bank's long-term success. As we move into the new Millennium, we shall need to be resolute in responding to the challenges that lie ahead.

Revolutionary changes are taking place within the international banking industry, though not all of these have yet been widely recognised. The traditional role of commercial banks as intermediary institutions is undermined by the growth of e-business, the acceleration of deregulation and intensifying competition across the industry. At the same time, the rapid growth of financial markets is spurring commercial banks to be far more innovative. This inevitably leads them into areas where the risks are high for those who are unprepared.

These winds of change are also buffeting the Bank's business at home. They will do so with much greater intensity following China's accession to the WTO. The strong will gain and the weak may not only lose, they may lose out entirely. Faced with this situation, the Bank has no choice but to strive to compete with the biggest and best.

Fortunately, while these pressures continue to mount economic developments at home and abroad point to an improvement in the environment in which we operate by the end of the present year. The IMF expects global GDP to grow by 4.2%, which is higher than the average of the last decade, with most of the Asian economies that suffered badly from the financial crisis recovering fairly well. Domestically, too, the outlook has improved. Imports and exports are rising, strong growth continues in advanced industries and headway is being made with the reform of state-owned enterprises.

While we should seek to exploit these favourable trends, we cannot ignore the risks and difficulties that exist. Internationally, dollar and euro interest rates are on the rise and stock markets may become more volatile. At home, the task of economic restructuring remains enormous, with the reform of state-owned enterprises entering a more difficult phase. And as China's capital markets develop, the Bank itself is beginning to face the unprecedented challenges of disintermediation.

In the year 2000, we plan to merge the 12 member banks of the BOC Group in Hong Kong into a brand new bank, that will be stronger, more effective and generate greater profits. This will be the first step in the comprehensive reform of the Bank's overseas business.

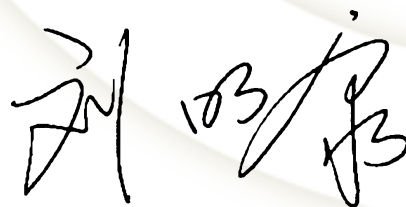
At home, the focus will continue to be on commercialisation in all its various aspects. The top management of the Bank aims to establish a modern and effective system of corporate governance. Firstly, this will help us deploy our resources properly in keeping with our strategy, and develop new products and services that are based on our competitive advantages. Secondly, by using independent due diligence assessments of our operations and enhancing the roles of risk management committees we aim to create more rational credit decision-making processes. Thirdly, we shall adopt prudential accounting principles, disclose more information and enhance transparency. Finally, strict performance criteria will be established and incentives improved. At the same time, our staff and managers, especially those in key areas, will be given better training.

During the year we shall integrate our investment and corporate banking more closely, in order to provide a wider range of services to our corporate customers. In parallel, we shall develop new products for individual customers involving savings, consumer loans, debit and credit cards and personal financial services. To enhance our competitive edge we must, however, make better use of information technology, improve our marketing and do more in-depth research on customers, products, peers, industries and macroeconomic policies. The more we are able to strengthen the co-operation between domestic and overseas branches, the greater the overall benefits will be.

The changes that I have outlined above will require time and effort to implement. But they will be far-reaching in their implications. So, too, will those that are opened up by e-business. We are determined to seize these opportunities and so ensure that the Bank of China will play a prominent role in the New Economy.

Our ability to pursue this course owes much to the inspired leadership of Mr. WANG Xuebing, the outgoing Chairman and President. Under his leadership much progress was made towards transforming the Bank and imbuing it with a vision of success. The Bank of China is deeply indebted to him. It is now for us to build on those achievements.

For me, taking over the leadership of the Bank as it enters the next phase of its development, is a challenge. Nonetheless, I am confident that the Bank will do well because the government actively encourages our efforts, our customers trust us and our domestic and overseas counterparts support us. Above all, our staff share the Board's goal and are working hard to make it a reality.



**LIU Mingkang**

**Chairman and President**



**WANG Xuebing**

**Former Chairman and President**

*On leaving the Bank, I would like to express my sincere thanks to all of the staff, counterparts and friends at home and abroad. I shall forever be proud of having been a member of the Bank of China and cherish warm memories of the 24 eventful years that I have spent with it. I wish the Bank every success.*

## Message from the Former Chairman and President

For the Bank of China the past few years have been extraordinary. Although our business was growing rapidly at home and abroad, we knew that continued success depended on transforming the Bank into a modern, commercial one that is truly international in its outlook. As I step down as Chairman, I would like in this valedictory message both to review and reflect on the progress the Bank of China has made in achieving that goal.

The starting point for this review is our performance in 1999. For the year, the Bank's consolidated pre-tax profit dropped 22.5% to RMB 6.6 billion (US\$ 797.5mn). While the Bank and its branches did well, with pre-tax profits increasing by 23.3% to RMB 4.3 billion (US\$ 524.3mn), the increased provisions of our Hong Kong subsidiaries dragged down the Bank's total profits. As a result, the percentage of profits generated by our overseas operations declined by 5.6 percentage points to 83.5%, with those from our domestic business correspondingly rising to 16.5%. Total assets and liabilities of the Bank, including wholly-owned subsidiaries, stood at RMB 2,903.9 billion (US\$ 350.7bn) and RMB 2,755.5 billion (US\$ 332.8bn) respectively, both up 3.7% from 1998.

The drop in profits reflects the extremely difficult conditions the Bank faced during the past year. Although in China the Government achieved, according to official statistics, its target of 7.1% economic growth, several key sectors in which we operate remained plagued by deflationary pressures that adversely affected our business. So, too, did the narrow interest rate margins set by the central bank. Overseas, the market was better than it had been in 1998, but competition kept down profits and the increase in bad debts stemming from the Asian crisis cut them further, both for the Bank's branches and its subsidiaries.

In the domestic market, the total balance of deposits in RMB and foreign currencies rose strongly by 18% to RMB 1,276.5 billion (US\$ 154.2bn) at the year-end, and that of all loans increased by 4.9% to the equivalent of RMB 1,249.7 billion (US\$ 150.9bn). In granting new loans we have continued to improve the structure of our portfolio. We lent more money to our customers in key sectors such as telecommunications, transportation, power and new high-tech industry. We have also expanded our consumer credit business by creating and marketing new products. At year-end, the balance of consumer credit had more than doubled to RMB 18.2 billion (US\$ 2.2bn). We believe this sector has great potential.



During the year, the Chinese Government took a major step towards tackling the historic legacy of non-performing loans, which has afflicted the operations of state-owned commercial banks. It set up separate asset management companies to take over bad assets from each bank and recover as much of their value as possible. In October 1999, the Orient Asset Management Company was established to deal with those of the Bank of China. Once the transfer of these assets to the Company has been completed, the quality of the Bank's assets and its financial situation will be enhanced substantially. To prevent a revival of the moral hazard that lies at the root of problem of bad debts, we have already put in place a strong system of credit risk management.

In overseas markets, we have made important adjustments to our operations in the wake of the Asian financial crisis. We have consolidated our business and strengthened the quality of our assets by writing off bad debts and making prudent provisions. By year-end, the total overseas assets and liabilities had decreased by 6.6% and 6.7% to US\$ 143.7 billion and US\$ 138.8 billion respectively. Through these firm measures we have created a solid foundation for the Bank's future development.

Against strong competition we have managed to expand our business in Hong Kong to the point where we now have an 18.1% market share for deposits and a 16% one for loans. The BOC International Holdings Limited—our main investment banking arm—achieved good operating results just one year after it was reorganised. This has boosted our confidence in the niche role that we are playing in this challenging market.

In looking back over the past five years, I feel that three lessons stand out clearly, and they concern restructuring, corporate culture and the pace of change.

In 1998, we pushed through the most significant restructuring and reform in the Bank's history. We reshaped our business into three lines of service: corporate, retail and investment banking and focussed our efforts on profitable regions, industries, customers and products. To make the strategy effective we tightened Head Office's control over all branches and put in place commercially-based risk management systems. In 1999, we began implementing these changes at our lower-level branches, while at the same time stepping up the commercialisation of our operations. Benefits are already apparent. Now the time has come for us to focus our efforts on the operations of our overseas subsidiaries.

At the heart of the Bank's reform in China has been the need to create the culture to sustain a modern commercial bank. We knew that changing old attitudes was not simply a question of refining

risk management and tightening internal controls, but the much greater challenges of helping all of our staff think commercially and of the services our customers need. Because of the competition we face, more resources will need to be devoted to enabling our staff to give of their best.

Five years ago we talked about the need to reform. As the pace of change quickened both in China and overseas, we implemented further reforms. Now, instead of change, we need to think of creating a "change culture". In this regard, we are fortunate that the Bank has reached the point in developing its business where our staff can benefit greatly by drawing on the experience and expertise gained in our overseas network. The key to success, as Heraclitus said two and half thousand years ago, is to remember that "Nothing is permanent, but change".

Following my assignment by the State Council to the post of President of the China Construction Bank, my chairmanship and presidency of the Bank of China will be assumed by Mr. LIU Mingkang. He has a wealth of experience of commercial, policy and central banking. I believe that the Bank of China will have an even brighter future under his leadership.

On leaving the Bank, I would like to express my sincere thanks to all of the staff, counterparts and friends at home and abroad. I shall forever be proud of having been a member of the Bank of China and cherish warm memories of the 24 eventful years that I have spent with it. I wish the Bank every success.



WANG Xuebing

**Former Chairman and President**

## Top Management



**JIANG Zuqi** Vice Chairman (front left)

**YANG Huiqiu** Vice Chairman (front right)

**LIU Jinbao** Vice Chairman (back)



**LIU Mingkang** Chairman & President (front middle)

**JIANG Zuqi** Vice Chairman & E.V. President (front right)

**SUN Changji** E.V. President (front left)

**ZHAO Ange** E.V. President (back third from left)

**PING Yue** Managing Director (back second from right)

**HUA Qingshan** E.V. President (back second from left)

**HE Guangbei** Executive Assistant President (back right)

**WANG Lili** Executive Assistant President (back left)

## Domestic Business

### OVERVIEW

Of the balance of our total loans of RMB 1,249.7bn (US\$ 150.9bn), 98.5% are to corporate customers and 1.5% to retail customers. Of the 4.9% increase in new lending, 4.3 percentage points went to corporate customers and 0.6 of a percentage point to retail borrowers. However, of the balance of our total deposits of RMB 1,276.5bn (US\$ 154.2bn), 38% came from corporate customers and 62% from individuals.

In both loans and deposits the proportion of RMB business increased. Of the total loans, those in RMB increased by 4 percentage points to 58.2%, while total RMB deposits rose 0.3 of a percentage point to 67.7%.

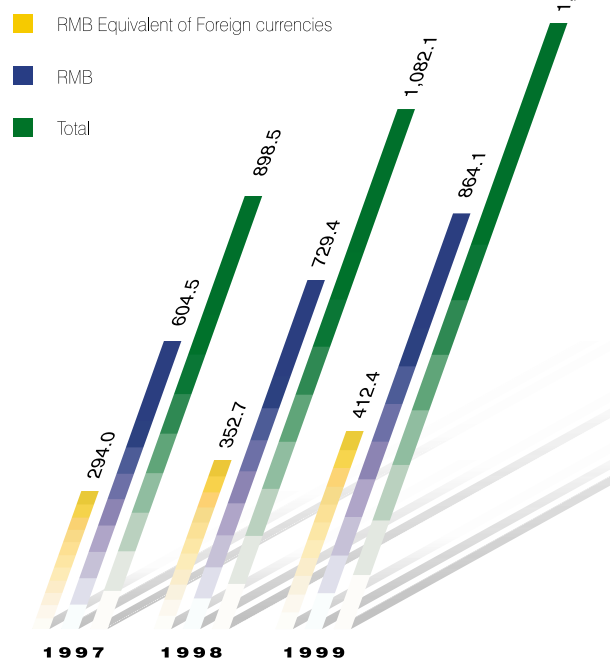
Total RMB loans amounted to RMB 727.7 billion (US\$ 87.9bn), up 12.6% compared with the previous year. This rate of increase was slightly higher than the national average. In our case, it reflected the fact that there continued to be a strong demand for RMB loans amongst our credit-worthy customers.

Total loans in foreign currency declined 4.3% to the equivalent of US\$ 63.1 billion, including US\$ 25bn of on-lending. This reflected the reluctance of enterprises to borrow foreign currency. One factor was that they did not wish to carry a foreign exchange risk unnecessarily; another was that interest rates on foreign currency loans, which are set by the central bank, were over 2 percentage points higher than those on RMB loans.

At year-end, local deposits from customers amounted to RMB 864.1 billion (US\$ 104.4bn), up 18.5%, which is 4.8 percentage points higher

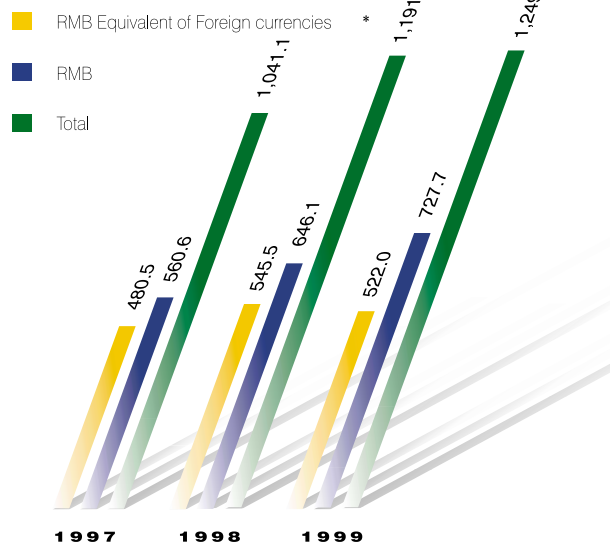
#### Currency structure of domestic deposits

in billions of RMB



#### Currency structure of domestic loans

in billions of RMB



\* Note: Including US\$ 25bn in on-lending

than the national average. Of this total, deposits from corporate customers accounted for 39.3%, with those from retail customers rising by 1.6 percentage points to 60.7%.

Customer deposits in foreign currencies rose 16.8% to US\$ 49.8 billion. Of this total figure, corporate deposits accounted for 35.8%, and individual deposits for 64.2%.

The international market is another source of foreign currency funding. The Bank successfully issued US\$ 150 million floating-rate bond on 4 May 1999. This is the first bond issued on the international market by a Chinese commercial institution since the Asian financial crisis.

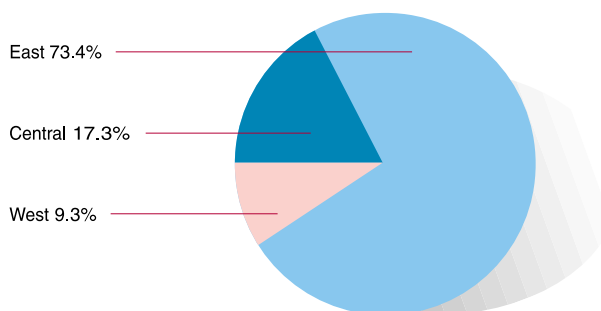
The Bank has continued to strengthen its position in the coastal region, while at the same time increasing its support to the central and western regions. At year-end, some 69.5% of the balance of our total loans was concentrated in the coastal region, with 20.3% going to the central region and 10.2% to the western one. We continue to look for good investment opportunities across the country.

The coastal region was the major source of the sharp increase in the volume of deposits we attracted during the year, reflecting the strong position we have already established there. As for the central and western China, the proportion of loans to these regions is higher than that of the deposits we obtain from there.

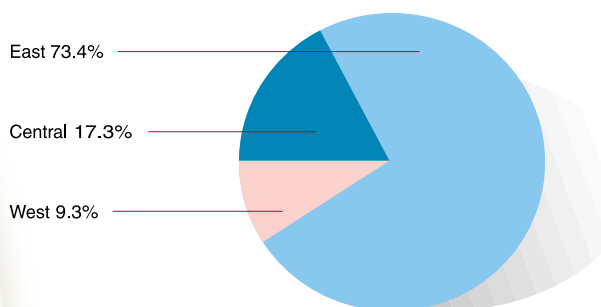
## CORPORATE BANKING

During 1999 we have strengthened our corporate banking business. The new services we are offering have not only enabled us to increase the volume of business we do with existing customers in the most rapidly growing sectors of the economy, but also attract some important new ones.

Deposits by geographical locations



Deposits by geographical locations



**Note:** The east region consists of Liaoning, Hebei, Beijing, Tianjin, Shandong, Jiangsu, Shanghai, Zhejiang, Fujian, Guangdong, Guangxi and Hainan. The central region consists of Heilongjiang, Jilin, Inner Mongolia, Henan, Shanxi, Anhui, Jiangxi, Hubei and Hunan. The west region consists of Xinjiang, Ningxia, Gansu, Shaanxi, Qinghai, Tibet, Sichuan, Chongqing, Guizhou and Yunnan.

#### Loans and deposits

By the end of 1999, our total loans to corporate customers had risen by 4% to RMB 1,231.5 billion (US\$ 148.7bn). Within this total, loans in local currency amounted to RMB 710.2 billion (US\$ 85.8bn), up 11.2%, while those in foreign currency declined by 4.7%, to US\$ 63 billion. With almost 0.5 of a percentage point increase, the Bank's market share of RMB loans among all the commercial banks in China reached 11.5%, while that of foreign currency (excluding on-lending) increased by 1.2 percentage points to 60.1%. As for the term structure, the proportion of our RMB loans up to one year decreased by 5.1 percentage points from 87% to 81.9%, while that of loans in foreign currencies up to one year remained unchanged at 20.8%.

By year-end, deposits from corporate customers totaled RMB 486.8 billion (US\$ 58.8bn), up 13.7%. Local currency deposits accounted for 70% of the total, increasing by 23.3%, 8.8 percentage points higher than the national average, whereas the foreign currency deposits decreased slightly to US\$ 17.8 billion. The Bank's market share of corporate RMB deposits among all the commercial banks in China increased by just under 0.4 of a percentage point to 9.3%. Our market share in corporate foreign currency deposits again decreased, this time by almost 2.1 percentage points to 40%, reflecting the growing competition from other Chinese and foreign banks.

#### Strengthening our customer base

To enhance our profitability we have continued to make concerted efforts to expand our business with strong companies in high growth sectors that can benefit most from the innovative services we are able to offer in China and overseas. By the end of 1998, we had established special relations with 120 major companies. During 1999, against strong competition, we succeeded in doing the same with a further 54.

This core group currently includes China Telecom, China Mobile, China Net, the Zhongguancun Corp., Qinghua University (to help it develop education-related and high-tech products), Guangzhou Procter & Gamble, the Konka Group, Hainan Airlines, and Shenzhen Wanke, etc. In addition, we have signed co-operative agreements with our most valued clients like the Kelon Corporation, the China National Offshore Oil Corporation and the Legend Corporation to supply them with a wide range of services. As a result, our customer base now includes more high-profile clients, major industry leaders and companies with high growth potential.

At year-end, the balance of loans to these 174 companies amounted to RMB 50bn (US\$ 6bn) in local currency and US\$ 10bn in foreign currencies. These loans represented 11% of the total balance of outstanding loans and these companies accounted for 15% of our corporate banking revenue.

The Bank last year granted RMB 125.3 billion (US\$ 15.1 billion) in loans to foreign-funded enterprises, with a total outstanding balance up 7.1% to RMB 183.7 billion (US\$ 22.2bn). The Bank's strategy is to develop its business with major companies in growth sectors. Our market share of loans to foreign-funded enterprises continued to expand. Foreign currency loans rose by 1.7 percentage points to 62.6%, while those in local currency decreased by over 0.2 of a percentage point to 39.2%.



Amongst the small and medium-sized companies there are many that are doing well in new growth sectors, especially telecoms, biotech, new energy resources and new materials. We intend to provide these companies with the support they need to grow rapidly.

The main innovation in our service to corporate customers has been the appointment of a manager to deal with each one. The manager is responsible for understanding the customer's present and future needs. This system, which operates in Head Office and our provincial branches, covers all of our main customers. In the light of the manager's findings, the Bank will then put together an experienced team that will usually comprise members of the Treasury, Settlement and other business departments. The team is responsible for making detailed proposals and negotiating a package of services, including handling the customer's deposits.

The services we provide are increasingly speedy and sophisticated. The cash management system has been created for multinationals in China that can link in with their global system. Since providing such a system to Ericsson in 1998, we have been working with two other major multinationals to provide similar facilities. For our group customers we have developed a unique system that enables them to monitor the accounts of all their subsidiaries. We also provide a wide range of internet banking services to our corporate customers. We are able to offer our corporate clients a convenient and safe cash management service through our electronic corporate banking products.

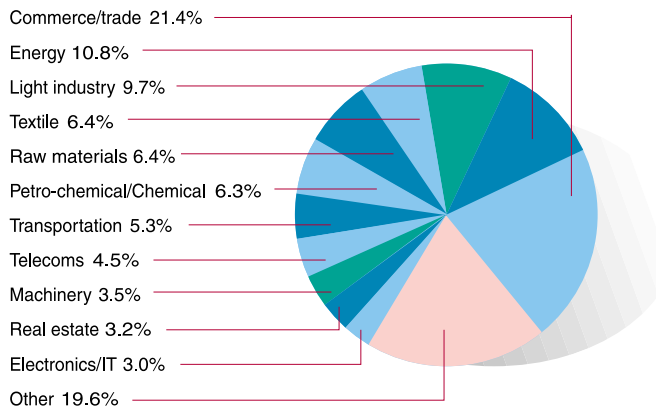
#### Trade finance

China is the world's 10th ranking trading nation. Foreign trade now accounts for over 30% of GDP. During the first half of 1999 exports declined before rebounding strongly in second half, with an increase of 6.1% over the whole year. Imports surged by 18%.

**International settlement** International settlement is the Bank's traditional line of business. In this sector we face intense competition from other banks, especially foreign banks. Nevertheless, we still retain the largest market share in China.

During 1999, import and export settlement totalled US\$ 120.3 billion, down 3.4%. While export settlement rose 2.5% to US\$ 76.4 billion, that of imports declined 11.8% to US\$ 43.9 billion. Non-

Loans by industry sectors



**Note:** The energy sector includes the coal mining, electric power and petroleum industries. Transportation includes aviation, airlines, ship manufacturing, shipping, railways, freeways and ports. Raw materials includes metallurgy, non-ferrous metals and construction materials. Mortgages are included in real estate.

trade transactions handled by domestic branches declined slightly to US\$ 58.1 billion, of which inward remittance, outward remittance, clean bill collections and bills purchased were US\$ 28.2 billion, US\$ 27.6 billion, US\$ 1 billion and US\$ 1.3 billion, respectively.

To strengthen the Bank's risk management in the field of international settlement, we have replaced the previous 320 authorised issuing offices with 48 regional centres. At these centres the credit authorisation and processing functions are clearly segregated. Besides reducing the risk to the Bank in its international settlement operation, the new centres facilitate the Bank's support for the government's crack-down on illegal foreign exchange transactions and smuggling.

**Import and export finance** Within the foreign trade sector the Bank continues to focus on profitable and creditworthy companies, including those that produce hi-tech or high value-added products, or have strong export sales or substantial overseas labour contracting. At year-end, the balance of RMB loans made to foreign trade enterprises stood at RMB 366.4 billion (US\$ 44.3bn), which is slightly lower than that of the previous year. Loans extended to specialised foreign trade companies declined by 3.6% to RMB 221.5 billion (US\$ 26.8bn). The Bank granted short-term loans on export and import contracts totalling US\$ 6.3 billion, of which US\$ 4.9 billion were for exports and US\$ 1.4 billion were for imports.

The outstanding balance of seller credit fell by 24.2% to RMB 6.7 billion (US\$ 809mn), whereas buyer credit rose 20% to US\$ 300 million, mainly to finance the export of ships and heavy machinery. For domestic companies bidding for overseas labour contracts in the international market, the Bank provided a full range of services which includes bid bonds, performance bonds and loans, etc.

The Bank is the first Chinese bank to enter the factoring business. So far we have concluded agreements with 51 international factoring companies in 25 countries or territories and maintain broad business ties with them. While continuing to expand our international factoring business, we introduced our factoring services to the domestic market. This has proved to be a success.

**Letters of guarantee** At year-end, the total balance of letters of guarantee in foreign currencies was down 5.2% at US\$ 20.2 billion. By far the largest part of this business was still related to leasing (mostly for aircraft), which amounted to US\$ 11.9 billion or 59.2% of the total balance. Bid, performance and advanced payment guarantees amounted to US\$ 3.2 billion or 15.7%, and financing for US\$ 2.3 billion or 11.5%.

The total value of letters of guarantee in local currency reached RMB 3.8 billion (US\$ 459mn) at year-end. Of the total, bid, performance and advanced payment guarantees accounted for RMB 1.6 billion (US\$ 193mn) or 42.1%, and those for financing RMB 600 million (US\$ 72.5mn) or 16.1%.

During the year, the Bank further tightened its controls over the issue of letters of guarantee. Over the past two years, we have reduced this business by 14%. However, at the same time as we have been reducing our exposure to the finance-type of letters of guarantee, we have authorised more bid, performance and advanced payment guarantees, as these carry a lower risk to the Bank.

### Foreign exchange and hedging business

The Bank is among the leading banks designated by the central bank to buy foreign currency from companies and sell it to those who need it. In 1999, the total volume increased slightly to US\$ 120.1 billion, of which US\$ 70.7 billion was purchased and US\$ 49.4 billion sold. The Bank's market shares were 59.4% and 47.1% for foreign currency purchase and sale respectively, almost unchanged from the previous year. Maintaining market share against strong competition from local and foreign banks was a considerable achievement for the Bank.

The Bank remains the only Chinese bank to be allowed to conduct forward dealings in RMB. With approval of the central bank, the Bank began the forward purchase and sale of RMB on a trial basis in April 1997. Since the beginning of 1998, every branch of the Bank has been authorised to conduct this business. At the same time, we were allowed to engage in forward transactions in the Euro, Swiss franc and Australian dollar, in addition to the original approved list of the US dollar, Japanese yen, Hong Kong dollar and German mark.

We are now able to extend the transaction term from the original 4 months or less, to up to 6 months. There are now 13 types of term available, with a one-time extension to each contract allowed. In addition, customers are now able to make their own choice of settlement date within a period of time.

The purchase and sale of foreign exchange under these forward transactions totalled US\$ 3.7 billion (US\$ 300 million for purchase, US\$ 3.4 billion for sale), up 75.1% on the previous year. The US dollar is by far the most traded foreign currency, accounting for 75% of total transactions.

The Bank has introduced more sophisticated hedge products to help its customers protect the value of their contracts. In 1999, the transactions involving hedging increased slightly to US\$ 3.4 billion. The trading products include interest swap, currency swap, super-forward foreign exchange, options and bond transaction on behalf of customers, of which interest swaps account for the most of the business. Strong demand from clients pushed foreign exchange hedging transactions concluded on customers' accounts up 71.7% to reach US\$ 15.5 billion.

Our well-established reputation for following international practice regarding quotations, forex dealing, settlement, etc., has not only helped the Bank to maintain its market share in the sale and purchase of foreign currency, but also rapidly to expand its forward and hedging business.

## RETAIL BANKING

In 1999, our retail banking business began to expand rapidly. We consolidated the various products we offered to individual customers through different departments into one co-ordinated retail banking service. The development of our electronic network enabled us to introduce new products and offer existing services more widely.

Individual customers are the major source of the Bank's deposits, accounting for 62% of the total, up 2.0 percentage points on the previous year. Retail loans are expanding rapidly, but from a very small base. Currently, the balance only amounts to 1.5% of the Bank's total loan portfolio.

#### Attracting savings

We have continued our drive to attract deposits from individual customers.

At the end of 1999, total deposits in both local and foreign currencies soared by 20.7% to reach the equivalent of RMB 789.7 billion (US\$ 95.4bn). Foreign currency deposits increased by 32.4% to a record of US\$ 32 billion, while local currency deposits rose by 15.5% to RMB 524.8 billion (US\$ 63.4bn). The increase in our RMB deposits stood at 3.9 percentage points higher than the national average.

Following the central bank's seventh interest rate reduction in June, and the government's tax on interest income from 1 November 1999, the growth of the individual RMB deposits slowed. Despite these changes, we were still able to attract additional deposits and new customers. Thanks to new training, our staff were more effective in dealing with customers and had a wider range of services and products to offer them. These included new credit and debit card services, payment and collection services, direct telephone debiting and an unrivalled range of foreign currency services.

As a result of this success, we were able to increase our market share of RMB individual deposits among all the commercial banks in China. By year-end, it had gone up by almost 0.7 of a percentage point to 12.6%. Foreign currency deposits retained a strong market share of 57.9%, a modest decline of almost 0.8 of a percentage point from the year before.

Foreign exchange purchases and sales on behalf of individual customers have grown rapidly in recent years. In 1993, we were the first Chinese bank to offer foreign exchange services to individuals. Now we are providing such services at 22 provincial branches and 31 city branches, as well as through our telephone banking and self-service banking network. During the year, the volume of foreign exchange trading on behalf of individuals reached US\$ 4.1bn, an increase of 109.3% over the previous year.



#### Consumer credit

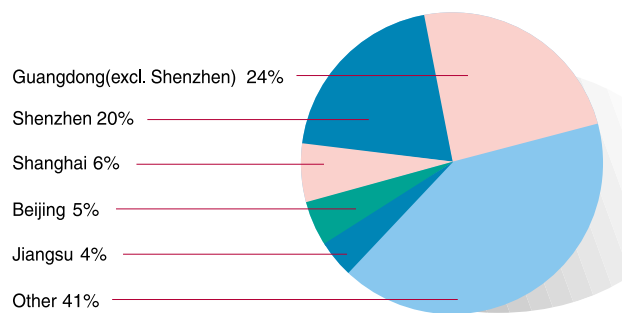
At year-end of 1999, our total consumer lending more than doubled to reach RMB 18.2 billion (US\$ 2.2bn).

Following the car loan scheme that we introduced at the end of 1998, the Bank launched several new consumer products. Currently, we offer housing loans, loans for refurbishing houses, educational

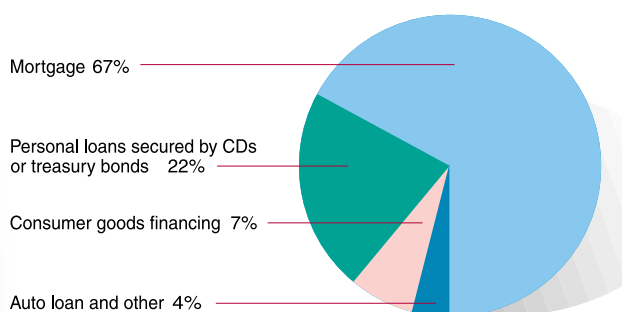
loans, travel loans, consumer goods financing, and personal loans secured by certificate of deposits or treasury bonds. To improve its car loan scheme, the Bank has signed the "Car Loan Co-operation Agreement" with various car manufacturers, such as the Changchun FAW-Volkswagen Corp., the Changan Automobile (Group) Co. Ltd., the Dongfeng-Citroen Automobile Co. Ltd. and the Xian Silver Bus Corp. In the educational field, the Bank is the first one in China to provide loans.

The largest share of total consumer loans is still for mortgages, which account for 67% of the total consumer loan portfolio. Personal loans secured by CDs or treasury bonds is second, accounting for 22% of the total balance. In terms of the geographical locations, consumer lending is still concentrated in the big cities and well-developed areas. Consumer loans made in five branches (Guangdong, Shenzhen, Beijing, Jiangsu and Shanghai) constitute 59% of the total consumer loan portfolio.

Consumer lending by geographical locations



Consumer lending by type



#### Credit and debit card

Our credit and debit card business continues to expand rapidly, which in turn increases our ability to provide better services to our customers through our growing electronic banking network. By year-end, our customers were able to conduct on-line debit card transactions in over 80 major cities and use their credit cards in 300 cities across China.

By the end of 1999, we had issued 17.7 million Great Wall cards, a substantial 38.6% increase on the previous year. The number of debit cards leaped by 73.2% to 11.5 million, while the number of credit cards rose by 7.9% to 3.7 million. At year-end, the balance of credit card advances amounted to RMB 399 million (US\$ 48mn), 7.3% more than the previous year. Cardholders now can make purchases at 71,871 designated merchants, 5.4% more than in 1998.

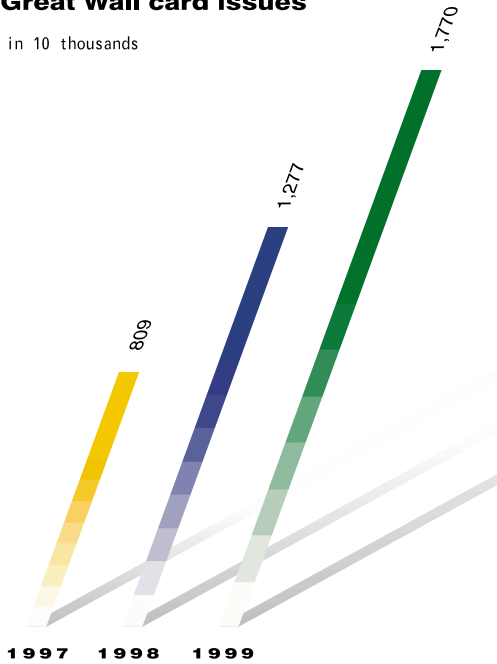
The Great Wall international credit card, which was launched in 1998, proved to be a success. By the end of 1999, the Bank had issued just over 16,000 cards, more than triple the number in the previous year. Meanwhile, transaction volume for the year has reached US\$ 24mn.

The volume of credit card purchases remained similar to the previous year, at RMB 10.4 billion (US\$ 1.3bn), while the number of transactions increased by 9%. The decline in the average size of



### Great Wall card issues

in 10 thousands



transaction reflected weak consumer demand, but the increased use of cards augured well for the future. Because of the weak market demand and increasing competition from the foreign banks, transaction volume on foreign credit cards, for which the Bank acts as an agent, were down 14.3% to the equivalent of RMB 6 billion (US\$ 725mn).

During the year we added another 500 ATMs to our network, bringing the total to over 3,200. Of this figure, 1,700 can be used by Visa and MasterCard holders. The Bank satisfied the strict Y2K requirements of Visa and MasterCard. Cash withdrawals can also be made from the Bank by Cirrus, Maestro, Plus, AE and JCB cardholders. The number of electronic transaction points (both POS and EDCs) rose to 38,663. Our electronic credit card network continues to expand. By the end of the year it will cover virtually all the cities in China.

## BUSINESS WITH FINANCIAL INSTITUTIONS

As China develops its capital and insurance markets, more and more individuals are investing their funds in these sectors. By the end of 1999, insurance premium income totalled RMB 139 billion (US\$ 16.8bn). More than 40 million individual investors held RMB 490 billion (US\$ 59.2bn) of equities purchased through securities companies, and even more individuals had invested in bonds (mainly government bonds), with a total value of RMB 898 billion (US\$ 108.5bn).

Recognising this trend, we have been trying to attract these financial institutions to deposit their sizeable funds with the Bank and use additional services the Bank can provide. Although other banks were already well entrenched in this sector, the Bank has been aggressively promoting its services to established and new institutions. During 1999, deposits from non-banking financial institutions soared by 62.6% to RMB 27 billion (US\$ 3.3bn). Among all the commercial banks in China, our market share rose by 1.3 percentage points to 4.9%.

The scope of our co-operation with the insurance industry has been expanding. Since July 1999, the Bank has signed full-range co-operation and agency agreements for both property and casualty and life insurance with the Pingan Insurance Co., a marine insurance agreement with the People's Insurance Company of China, and an agency agreement for life insurance with the China Life Insurance Company. The Bank will be actively selling these policies through its network.



The Bank was also successful in developing its business with securities firms. By year-end, 21 securities firms had opened cash settlement accounts with the Bank. The transaction volume has grown tremendously. The Bank has also expanded rapidly its custodial business. We have signed agreements with the Dacheng Fund Management Company and the Changsheng Fund Management Company to act as their respective custodian bankers. By year-end, custodial assets reached RMB 5.5 billion (US\$ 664mn). In addition, we became the first domestic bank to obtain a license to handle B-share settlement.

The Bank also sees benefit in co-operating with some domestic banks in certain lines of business. On 10 December 1999, we signed a full-range co-operation agreement with the Bank of Communications in Shanghai. We also strengthened our links with domestic correspondent banks by sharing with them our expertise in foreign exchange, international settlement and cash management. This is reflected in the new agent relationship established with 21 small to medium-sized banks. These new relationships brought the Bank additional deposits and commission revenue.

Besides developing relations with domestic financial institutions, we have also been building up links with foreign institutions in China. During the year the central bank granted approval to some of the China branches of the foreign bank to borrow local currency from domestic banks. The Bank of China acted quickly and signed lending agreements with three foreign banks.

## STAFF DEVELOPMENT

As we have pushed ahead with our efforts to commercialise the Bank, staff development has become the most important tasks on our top management's agenda. On one hand, we are having to help our staff to acquire new skills that are both professional and personal; on the other, we have to create a system of remuneration that will enable us to retain the staff we need and provide incentives that will encourage them to give of their best.

During 1999, we ran 4,540 training courses that were attended by 215,572 people. In other words, on average every member of our staff went on at least one course. Some went on several. The subjects covered included management, commercial banking, foreign languages and internet banking, a subject that will feature more and more prominently in our future training programmes.

Within our overall training programme, we have during the past two years provided special training for all managers at the lower levels in the Bank. In 1999, we completed the new training programme for the remaining 79.4% of the sub-branch managers, 86.3% of processing centre managers and 83% of the deposit-taking office managers. Besides learning how to manage their businesses in a more commercial way, much time was devoted to ensuring that the managers had a clear understanding of their personal responsibilities for the conduct of the Bank's business.

We have also strengthened our relationship with foreign governments, universities and other international banks to create training opportunities for our staff in the area of risk management, marketing and business development. In 1999, we sent 548 staff to our training centres in Hong Kong, Singapore, London and New York for intensive, short-term programmes. We have trained a further 25 people on various programmes at overseas universities, correspondent banks, etc.

## BOX 1 : "FORTUNE 500" AND THE "BANK OF CHINA" BRAND NAME

Over the 87 years since its founding, the Bank of China has become respected at home and abroad for its strength and the quality of its services.

According to Fortune Magazine, the Bank of China ranked number 171 among the global Fortune 500 companies in 1999, up 2 places from the year before. This was the tenth year that the Bank has made it onto the Fortune 500 list.

For the past five years, the Bank of China has been rated as the best bank in China by Euromoney magazine. Our strong competitive position is also reflected in the fact that we have received higher ratings from Moody's, Japan Rating and Investment Information Inc., than any other Chinese commercial bank.

Our history, prestige and international network have ensured that the Bank of China has both an image and a brand name that are invaluable assets. 1



## The Growth of Electronic Banking

Our corporate and retail customers increasingly are wanting to transact much of their business electronically. To win good business, cut costs and generate profits we are rapidly expanding into e-banking.

### Internet banking

On 28 June 1999, the Bank launched a further series of innovative internet banking services:

**"E-corp"** This allows customers to make account balance inquiries, account transfers, money transfers and to file balance of payment returns. This is an important step in developing the Bank's e-commerce.

Cybergiro is one of our "E-corp" products. It enables customers to make secure, fast and convenient money transfers without having to leave their offices. In addition, it offers group customers the ability to control the balances of their various accounts, to monitor the fund operations of the company and its subsidiaries, as well as better manage their cash.

**"E-consumer"** With a Great Wall debit card and a software called "electronic wallet", which the bank provides free of charge, individuals are able to make on-line payments for their internet purchases. This service will greatly facilitate the development of internet shopping in the widest sense, by both corporate and retail customers. This product is currently available in Beijing and Shanghai. By the end of 1999, this service was being used very successfully by over 90 merchants.



BANK OF CHINA ROLLS OUT E-BANKING SERVICE

**"Bank Securities Express"** This product, which is based on the Bank's sophisticated network technology, is designed to assist securities brokerage firms in China. It allows fast settlement to be completed among various parties engaged in stock market trading.

In co-operation with the Civil Aviation Administration of China we developed another new product, which made its debut on 22 December 1999. With a Great Wall card and a personal computer that has internet access, customers are able to make inquiries or purchase airline tickets on the net, with payment being made through our internet money transfer system. A ticket can be bought in just a minute.

The internet services provided by the Bank are in compliance with SET, the international standard for online security. When a customer makes transactions online, all related information is processed using special security technology. Merchants can only see the order information and the Bank is

only able to see the payment information. In addition, we make sure that each transaction is verified before we make payment.

The Bank is also the leader in the field of authority certification. In 1999, we established the Bank of China Certificate of Authority Centre, which cleared one bottleneck that slowed safe online money transfers. It will also facilitate the development of our e-banking business.

#### Telephone banking

During the year, the Bank has enhanced its telephone banking system. The current system is able to provide services for account transfers, balance inquiries, reporting losses, settlement for securities trading, foreign exchange purchases for individuals and payment collections. In addition, the telephone banking system for corporate, retail and credit card customers has been integrated on one platform. Currently, eight branches are offering the full telephone banking services, including those in Jiangsu, Zhejiang and Beijing.

#### Home banking

In 1999, the Bank developed a home banking system and rolled out the new service in Hunan province. Customers are able to use television, beeper, personal computer or mobile phones to make account or interest/exchange rate inquiries, report losses and complete various banking transactions, such as the opening and closing of deposit accounts, making payments and account transfers. We plan to expand this service to include foreign exchange purchases for individuals and consumer goods purchases.

#### Global remittance in one day

The "Global Remittance in One Day" is an advanced product, based on the Bank's real-time global clearing system. Using the SWIFT communication network, this system is able to connect the Bank with over 4,000 correspondent banks, which span 189 countries or territories across five continents. The system has created a fast, secure and efficient money transfer super-highway. For example, a remittance executed for a customer from overseas can be transferred to the designated account of the beneficiary in China within the same day.

#### Strengthening the network

Our ability to provide these services reflects the continuing improvement of our electronic network. The Y2K work we did in 1999 has helped ensure that our domestic network is reliable, secure and capable of handling the rapidly increasing volume of business.

Internationally, we inaugurated the new generation of our international settlement system. This system has been established in 28 domestic branches and 2 overseas branches (London and Sydney). It has greatly improved our ability to handle international settlement transactions and standardise practices across the Bank, as well as enhance our risk management and compliance.

During the year, we completed the implementation of a highly upgraded accounting system at 12 provincial or city branches. This new system has modernised our accounting procedures, provided the framework for the reporting of accounting information and ensured the accurate and timely reporting of information to senior management.

## Overseas Business

### OVERVIEW

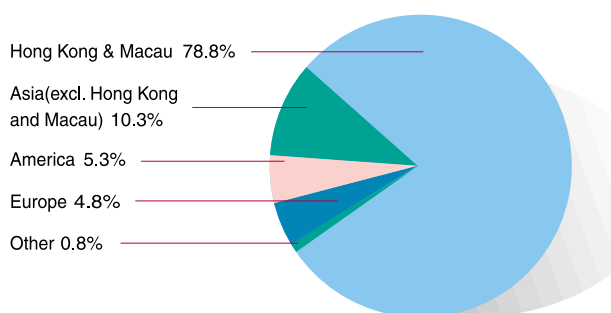
Overseas, we have continued to consolidate our position as a prelude to renewed expansion and increased profitability. We focused on raising the quality of our assets and the structure of our liabilities. By year-end, the total assets and liabilities of our overseas network had decreased by 6.6% and 6.7% to US\$ 143.7 billion and US\$ 138.8 billion respectively. The soundness of our overseas business improved.

On the liability side, we improved the ratio of customer deposits to total liabilities by 2.4 percentage points to 64%, while at the same time reducing the ratio of due to banks to total liabilities by 4.0 percentage points to 30.4%.

We succeeded in retaining nearly the same level of customer deposits, even though we had made our interest rates less attractive. At year-end, the outstanding balance of customer deposits had only declined by 3.1% to US\$ 88.8 billion. In parallel, as a result of our decision to restrict borrowing from other banks, the balance due to banks declined by 17.7% to US\$ 42.2 billion.

On the asset side, we were also able to improve our position significantly. We cut back the deposits due from others by 16.1% to US\$ 64.7 billion, while at the same time taking advantage of the good returns available on investment securities and sharply increasing our holdings by 29.2% to US\$ 21.7 billion. In addition, our holdings of bills discounted decreased by 29.9% to US\$ 4.8 billion. At year-end, the ratio of due from banks to total assets had been brought down by 5.1 percentage points to 45% and that of investment securities to total assets rose by 4.2 percentage points to 15.1%.

#### Overseas assets by geographical locations



**Note:** The distribution of liabilities is almost identical to that of assets.

The outstanding balance of various types of loans and overdrafts was down 6.3% to US\$ 45 billion, because the economic environment reduced our opportunities to grant good loans. Despite the above mentioned changes, the ratio of loans and overdrafts to total assets remained almost the same, at 31.3%.

International trade finance is one of the main lines of business of our overseas branches. Because competition in this sector is getting fiercer, not only from Chinese banks, but also from foreign ones, the volume of business we handled overseas declined in 1999. The volume in documentary collections, letter of credit

**\*Notes:** a. Figures disclosed in this section represent overseas branches, subsidiary banks and the Hong Kong and Macau Group.  
b. Accounts have been adjusted and transactions between branches been netted.



negotiation, letter of credit notification and letter of credit issuance totaled US\$ 21.5 billion, US\$ 9.3 billion, US\$ 20.9 billion and US\$ 21.6 billion respectively.

In 1999, we consolidated our foreign currency operations by developing our Frankfurt branch into a Euro-clearing centre and our New York branch into one for clearing US Dollars. The New York branch handled 2.38 million transactions, amounting to over US\$ 4 trillion. This ranked it as 13th among the 78 members of the New York clearing network. In our Frankfurt branch, the settlement system for the Euro has been operating smoothly as the transaction volume increases. We are now able to handle a large volume of Euro business.

## HONG KONG AND MACAU

In Hong Kong and Macau the Bank continues to operate through the Bank of China Group<sup>£a</sup>, which is the second largest banking group in Hong Kong and the largest in Macau.

The year 1999 was full of tough challenges for the Group. Following the severe turmoil of the Asian financial crisis, the financial markets gradually began returning to normal. It was only in the second quarter of 1999, however, that the Hong Kong economy started to recover from the most serious recession of the post-war period.

For the first time in many years the Group turned from expansion to consolidation, with total assets and liabilities declining by 5.9% by year-end to US\$ 109.9 billion and US\$ 105.2 billion respectively.

On the liability side, the total balance of deposits from customers dipped 2.5% to US\$ 82.4 billion, which accounted for 78.3% of total liabilities, up 2.8 percentage points on the previous year. Due to banks dropped sharply by 29% to US\$ 15.7 billion, and now accounts for only 15% of liabilities.

On the asset side, the outstanding balance of various loans and overdrafts declined 5.6% to US\$ 41.6 billion, accounting for 37.8% of the total. Due from banks dropped by 17.2% to US\$ 44 billion, accounting for 40.1% of the total assets. Securities investments increased by a huge 50.1% to US\$ 14.5 billion, while the year-end balance of bills discounted decreased 34% to US\$ 3.8 billion.

Despite the sluggish economic activity and fierce competition in banking sector, the commercial banking business of the Group (excluding BOCI and other specialised companies) performed quite well. Operating income rose by 8.3% to US\$ 2,939 million, of which net interest income increased by 7.7% and non-interest income by 9.6%. Operating expenses decreased by 7% to US\$ 771 million, among which personnel expenses declined by 5.4% and business expenses were brought down 6.7%. The effective measures taken to diversify the sources of income and reduce expenses made it possible for the Group to boost its operating profit before provisions by 15% to US\$ 2,168 million.

**\* Notes:** a. Figures disclosed in this section represent the Bank's Hong Kong and Macau branches, the Hong Kong branches of the banks registered in Beijing (i.e. Sin Hua bank Ltd., Kwangtung Provincial Bank, Kincheng Banking Corp., China State Bank Ltd., National commercial Bank Ltd., China & South Sea Bank Ltd., Yien Yieh Commercial Bank) and banks registered in Hong Kong (i.e. Bank of China International Holdings Ltd., Nanyang Commercial Bank Ltd., Po Sang Bank Ltd., Hua Chiao Commercial Bank Ltd., and Chiyu Banking Corp. Ltd.).  
b. Accounts have been adjusted and transactions between companies been netted.

The aftershocks of the Asian financial crisis affected the Group to a much greater extent in 1999 than they did in 1998. At year-end the Group's provisions against non-performing loans had soared by 83.6% to US\$ 1,425 million. This led to our profit before tax dropping by a third to US\$ 743 million.

The Group's provisions against bad and doubtful loans reached US\$ 2,951 million, representing 6.5% of total loans, up by almost 1.3 percentage points from the previous year. The balance of bad and doubtful loans amounted to US\$ 3,998 million, reaching 8.8% of total loans, up by about 4.9 percentage points from 1998.

During the year, the demand from creditworthy corporate borrowers remained weak. To deal with this situation, the Group focussed on enlarging its retail portfolio, especially mortgage loans. By year-end, the balance of mortgage loans had increased by 16% and the Group's market share in Hong Kong stood at 15.1%, 1.6 percentage points higher than the previous year. At year-end, retail loans accounted for 34% of the Group's total loan portfolio in Hong Kong, up 4.0 percentage points. The Group also participated in the finance of some large projects, raising the volume of its syndicated loans by 21.8%.

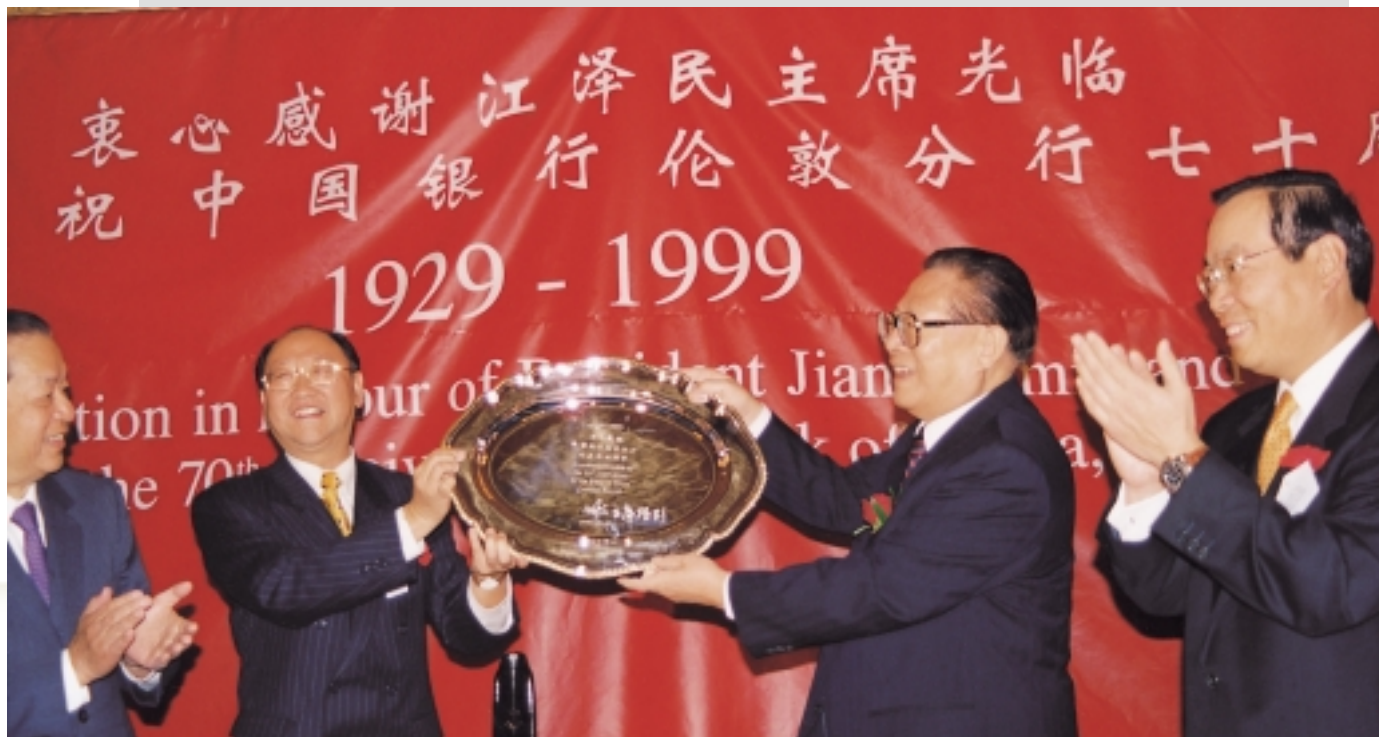
To improve its bottom line, the Group sought to reduce interest expenses by adjusting the deposit structure. Although the total customer deposits decreased by 2.5% at year-end, the current deposits and savings deposits increased by 16.1% and 7.4% respectively, which helped the Group to reduce the cost of funding. By the end of 1999, the Group's market share for deposits had declined by 1.9 percentage points to 18.1%, while the market share for loans edged forward by 0.3 of a percentage point to 16%.

The Group continued to be innovative in product development. We have rolled out such new products as the "Handy Investment Terminal", the "Foreign Exchange Margin Trading Terminal", "On-line Corporate Banking Services", "BOC Moneymate Personal Banking Services", "Option-linked Deposits" and "Premium Deposits" that offer more convenient services for investing, foreign exchange and option trading, etc.

Our credit card business has grown strongly. Following a sustained marketing campaign, we issued 62.6% more credit cards than the previous year, which raised the total number by 18.1% to 530,000.

In addition to banking, the Group has energetically expanded its insurance business. In 1999, the gross revenue of the Bank of China Group Insurance Co. Ltd., which deals with property and casualty insurance, decreased by 10.6% to US\$ 130 million, in the face of strong competitors who have been offering very low rates. The Group's life insurance business, however, fared much better. The premium income of the Bank of China Group Life Assurance Co. Ltd. soared to 6.5 times to US\$ 85 million. This strong growth stemmed from the introduction of new products (including 3 and 5-year endowment plans) and effective marketing through the Group. Within less than two years this company has become the third largest life insurance company in Hong Kong.

# BOX 2 : 70<sup>th</sup> ANNIVERSARY OF THE LONDON BRANCH



*On 20 October 1999, the London Branch of the Bank of China celebrated its 70th anniversary. As the first overseas branch established by a Chinese financial institution, the London branch has lived through the ups and downs in the international financial markets and witnessed the development of the City of London as a leading international financial centre.*

*Over the past 70 years, the London Branch has developed into a niche player, with a broad customer base in the London financial markets. It provided financial services for China's foreign trade and participated in fund raising for many large projects in China. In addition to international settlements and trade finance, which were the main businesses of the branch in those early years, it now offers a full range of financial services, including foreign exchange, syndicated loans and forfaiting, etc. Its success demonstrates the Bank's continuous efforts and determination to create a modern international bank.*

*The Bank of China has a well-established international network. It comprises 400 branches and 91 subsidiaries in Hong Kong and Macau and 66 branches, subsidiaries and offices in 20 other countries and regions around the world, including branches in each of the G8 countries.*

## Investment Banking

### OVERVIEW

From the point of view of investment banks, the market in Hong Kong and the region began to improve in the second half of 1999, especially the last quarter. Although China's use of the international debt market remained low, a greater number of mainland companies listed in Hong Kong than in the previous year and debt and equity financing, our major lines of business, began to pick up.

In its first full year of operation, the BOC International (BOCI) achieved good results despite the difficult market conditions in Hong Kong. Revenue rose to HK\$ 729.4 million (US\$ 93.8mn), generating pre-tax profits of HK\$ 472.3 million (US\$ 60.8mn). This success reflected the enhancement of the Bank's capabilities after its first five months in business in 1998, the further integration of management systems, the leveraging of its strengths in China-related business and the good customer base that it has in Hong Kong.

Of the total revenue, underwriting fees accounted for 12%; net stock brokerage fees 22.5%; fee income from loan syndication, debt underwriting and financial consulting 7.4%; income from asset management activities 6.7%; interest spread 41.5%; and other income the remaining 9.9% of the total revenue.

#### Securities underwriting

In the domestic market, our wholly-owned subsidiary, the China Orient Trust and Investment Co.<sup>£a</sup>, participated in 24 stock issues as underwriter. It acted as the lead underwriter for two companies, joint lead underwriter for four and sponsor for six.

In Hong Kong, BOCI took part in 10 listings with a total value of HK\$ 4.5 billion (US\$ 579mn). BOCI acted as the global negotiator, sole sponsor and lead underwriter for the listing of TCL, a well-known mainland hi-tech company. Despite difficult market conditions BOCI succeeded in raising HK\$ 1 billion (US\$ 129mn) for TCL. BOCI also acted as the sponsor and lead underwriter for the initial public offering that raised HK\$ 200 million (US\$ 26mn) for Trans-Ocean International Ltd. The public offering was 14 times oversubscribed.

BOCI played a major part in the sale of the Hong Kong Government Tracker Fund, through which the Hong Kong government disposed of HK\$ 33.3 billion (US\$ 4.3bn) of shares that it purchased at the height of the Asian crisis to help stabilise the stock market. BOCI received an allocation of HK\$ 3.48 billion (US\$ 448mn). Of this figure, HK\$ 3.41 billion (US\$ 439mn) was sold through public offering, accounting for 14.6% of the total.

<sup>a</sup> **Note:** This company is about to be closed in accordance with regulatory requirements.



In debt financing, BOCI participated in the underwriting of 9 bonds issued by major banks, including the World Bank, BNP, China Development Bank, China Construction Bank, Deutsche Bank and the Standard Chartered Bank, with a total value of HK\$ 3 billion (US\$ 386mn). BOCI also acted as joint lead underwriter and settlement bank for the US\$ 600 million global bond of China Telecom (Hong Kong). This five-year bond is the first global bond issued by a Chinese non-financial institution outside China. Its success opens the door for similar issues in the future.

#### Stock brokerage

The rise of the Hong Kong stock market in the latter part of 1999 generated good business for BOCI. Although the volume of transactions rose sharply by 40% to 1.41 million, the total value dipped by 4.7% to HK\$ 142.8 billion (US\$ 18.4bn), reflecting the return of small investors to the market. Commission income rose by 3.5% to HK\$ 500 million (US\$ 64mn). The BOCI share of the brokerage market in Hong Kong rose to 3.7%, up 0.2 of a percentage point compared with the adjusted figure for the previous year.

#### Transformation of SOEs

During the year, BOCI has been increasingly involved in helping mainland state-owned enterprises to restructure themselves into effective, modern businesses, prior to listing overseas. Of our some 80 customers, many are in the telecoms, energy and petrochemical sectors. In addition, we have been helping import/export corporations improve their financial positions through debt/equity swaps.

#### Project finance and financial consulting

BOCI played an important part in raising finance for projects in both Hong Kong and China. We participated in 12 loan syndications with a total value of HK\$ 30.1 billion (US\$ 3.9bn). We acted as one of the arrangers and book-runners for a HK\$ 6.5 billion (US\$ 836mn) loan to the Hong Kong Airport Authority, as the arranger for HK\$ 13 billion (US\$ 1.7bn) of loans to five major local property developers and as the co-ordinating arranger and agent for a HK\$ 1.8 billion (US\$ 232mn) loan to Hong Kong's Kwai Chung Container Terminal. The amount raised by BOCI was HK\$ 8.7 billion (US\$ 1.1bn), which made it the leader in this field.

In financial consulting, BOCI acted as adviser to Sithe China Holdings Ltd., a major foreign investor of the Guangdong Taishan Power Company and the Zhejiang Wenzhou Power Company, and as adviser on export credit on a US\$ 3.5 billion deal for the Jiangsu Nuclear Power Corporation. We also worked with other banks to support Yuexiu Enterprise Holdings Ltd.'s debt restructuring.

#### Fund management

The size of Hong Kong's fund management market was set to grow rapidly when the new mandatory pension scheme, known as the Mandatory Provident Fund (MPF) came into operation on 1 February 2000. The government estimates that the inflow of

funds will amount to some HK\$ 16 billion (US\$ 2.1bn) in the first year and then continue to rise. Companies will be able to select fund managers from an approved list.

With the aim of winning a major share of its new market, BOCI and Prudential (UK) formed two joint ventures on 1 November 1999 - BOCI Prudential Asset Management Company and BOCI Prudential Trust Company. The joint venture uses Prudential's agents and BOC Group's 370 branches in Hong Kong to sell the plans. The regulator has approved the BOCI Prudential Trust Company as the legal trustee of the fund.



Since sales of the Mandatory Provident Fund began on 1 February 2000, the joint venture has signed up 3,000 companies that have promised to buy its MPF plans. The joint venture hopes to capture 15% of the market in the year 2000 and 20% the following year.



## Risk Management and Internal Controls

### OVERVIEW

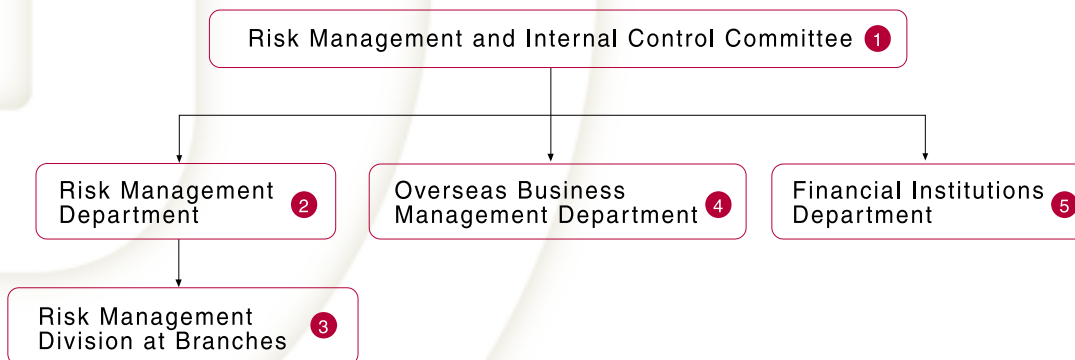
As the Bank has moved towards the full commercialisation of its operations in China over the past several years, it has devoted much effort to building up the system of risk management that is now in place. During 1999, internal controls have been tightened considerably. These systems will, however, need to be adapted in the light of the changes in the Bank's business and the risks it entails.

At this stage in its development, the biggest risk the Bank faces is the quality of its assets. Over the past few years, the Bank has been building up a credit management system that ensures the clear separation between the origination and authorisation of loans, the consolidation of the Bank's credit exposures by customer and proper linkage of individual authority and responsibility.

### CREDIT RISK

At Head Office we have a Risk Management and Internal Control Committee. The Risk Management Department, the Financial Institutions Department and the Overseas Business Management Department all report to it.

#### Structure of credit risk management



#### (1) Risk Management and Internal Control Committee

- a. Formulates the Bank's regulations and policies on credit risk management;
- b. Defines the Bank's long-term strategies and plans for credit risk management and internal controls;
- c. Monitors risk management and internal controls to ensure that they comply with the regulations laid down by the Committee.

#### (2) Risk Management Department

- a. Establishes and monitors the credit risk management and authorisation policies for non-financial institutional customers;
- b. Assigns authorities and responsibilities to provincial and municipal branches;
- c. Carries out the rating, credit risk management and monitoring of Head Office customers and large group customers with headquarters in Beijing;
- d. Approves applications within its authorised limit from the various business departments of Head Office, or the provincial and municipal branches, and submits applications to the Committee for approval when proposed loans exceed its authorised limit;
- e. Monitors the overall asset quality and asset recovery of the Bank.

**(3) Risk Management Division at Branches**

- a. Ensures that customer ratings, credit risk arrangements and the authorisation of loans made within its territory comply with the standards established by Head Office;*
- b. Approves lending within its authorised limit;*
- c. Monitors the asset quality and recovers assets within its territory.*

**(4) Overseas Business Management Department**

- a. Lays down the specific credit management rules for overseas institutions within the overall policy framework;*
- b. Sets the credit authorisation limits for the overseas institutions;*
- c. Approves credit applications submitted by the overseas branches or submits applications to the Committee for approval when proposed loans exceed its authorised limit.*

**(5) Financial Institutions Department**

- a. Rates financial institution customers and sets their consolidated lines of credit at home and abroad;*
- b. Monitors the credit exposure to our financial institution customers.*

China has for many years had a mixed economy comprised of state-owned enterprises, foreign-funded enterprises, as well as collectively and privately owned ones. The reforms of recent years have brought about changes in each sector. These have an important bearing on our lending, especially as we now have to make our decisions on the basis of our commercial judgements, not governmental instructions.

In managing our credit risks we pay careful attention both to the strength of potential borrowers and their attitudes towards debt repayment. Each type of enterprise needs to be carefully assessed. Even amongst those that are profitable, there are many that are reluctant to service or repay their loans.

The key strength of our system is the centralisation of credit rating and risk exposure of every type of credit businesses that a customer might conduct with the Bank. No customer, not even group customer, is allowed to have more than one line of credit. This system also facilitates our efforts to provide customers with a "one-stop shop" banking service.

Ratings determine the credit limit. In keeping with the international practice we use a standardised system that involves the analysis of financial statements, performance and the repayment track record. Depending on the customer's credit rating, the Bank applies different service strategies, that is, the Bank will decide the types, amounts, terms and guarantees of the lending based on the customer's rating status. The financial performance analysis is reviewed periodically and, if necessary, credit ratings will be revised. By the end of 1999, we completed the ratings for 66,000 customers who account for 93.8% of the total. So far, we have also rated 40 of our group clients and set consolidated credit lines for them.

Another important aspect of this credit authorisation system is the proper delegation of authority. All departments in Head Office, branches and operating units at lower level must comply with the Bank's regulations and conduct businesses within their authorised scope. Any exception must be

approved by its appropriate superior entity. In addition, this system ensures the proper separation of duties between the credit risk management, business, settlement and other operational departments. The credit risk management department is responsible for credit review and authorisation, the business departments provide services to customers, and the settlement department processes the transactions that have been approved.

In response to the rapid growth in consumer lending, the Bank is trying to develop a risk management system that focuses on individual borrowers. Besides the normal credit investigations, we have designed a series of indicators. The ratio of a loan to value, for example, should not exceed 80% for consumer goods loans and 80% for mortgage or auto loans, and the ratio of monthly payment to total family income should not exceed 40%. We have also established the operational policies and procedures by service product and standardised the various types of loan agreements. In addition, the consumer lending department has implemented new rules on the delegation of authority throughout the Bank. Approval from the risk management departments is required for all large borrowings.

As part of the overall improvement of the credit risk management system, we further enhanced the credit rating system for clients that are commercial banks, securities firms, insurance companies and other financial institutions. In assigning credit ratings to correspondent banks, we use our own system that is based on the methodologies followed by other international banks, certain qualitative and quantitative information, and the opinions of international rating agencies. For domestic securities firms, insurance companies and other non-bank financial institutions, we have also designed rating standards that are industry specific.

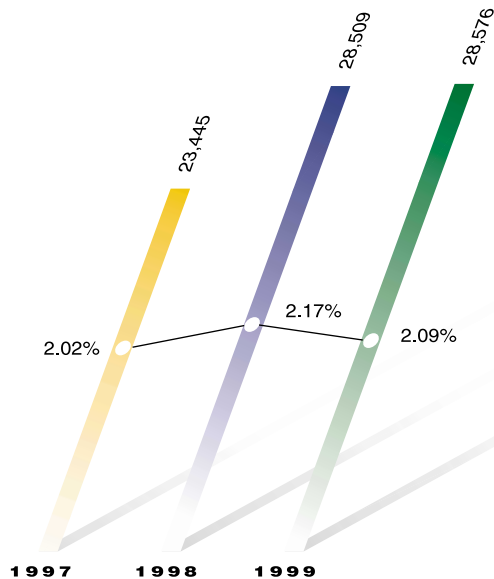
#### Concentration risk

At year-end, 81% of domestic loans had been secured.

To avoid undue concentration of credit risks we follow the internationally accepted principle of risk diversification. To this end, we seek to maintain an optimal asset structure, which includes commercial lending, inter-bank lending, securities investments, both with regard to the customers, industries and regions we deal with or the products we provide. The Bank's regulations require that loans to a single borrower cannot exceed 10% of the total equity, whereas total lending to the top ten borrowers cannot exceed 50% of the total equity of the Bank.

An equally important shift has been in the sectors to which we are lending. Over the past three years, there has been a significant improvement in the balance of our loan portfolio. While continuing to support the commercial/trade and textile sectors, we have increased our loans in those of telecoms, transportation, electric power and IT. Of all the new loans granted in 1999, 26.9% went to telecoms and 15.8% to transportation. At the end of 1999, loans made to the telecoms and transportation sectors increased by 1 and about 0.5 of a percentage point, respectively; whereas loans made to commercial/trade companies decreased by 1.0 percentage point, while those to textile companies

■ ■ ■ Loan loss provision (RMB million)  
—○— Loan loss provision/loans and overdrafts (%)



**Note:** All the above figures exclude the wholly-owned subsidiaries.

#### Provisions for bad loans

declined by 0.4 of a percentage point.

Loan loss provisions are determined by the Ministry of Finance (MOF) in China and by the appropriate authorities in other jurisdictions where we operate overseas. The regulations of the MOF stipulate that the provision for bad loans should be 1% of the year-end balance of outstanding loans.

In 1999, after the write-off of RMB 7.97 billion (US\$ 963mn), total loan loss provisions of RMB 8.04 billion (US\$ 971mn) were included in the income statement, with the balance of loan loss provisions remaining at RMB 28.6 billion (US\$ 3.5bn) or 2.09% of the total portfolio.

## MARKET RISK

The Asset-Liability Management Committee has the full and exclusive responsibility for the Bank's market risk management. Under the Committee's direction, the Asset-Liability Management Department is responsible for implementing the guidelines it lays down. Our Treasury Department and other related departments are in charge of specific operations.

Interest rate risk Interest rate risk can be more difficult for the Bank than handling that in other currencies. There are two reasons for this. First, base rates for RMB deposits and loans are both fixed by the central bank, with the Chinese commercial banks having to accept the residual interest margin. The only flexibility granted by the central bank is to allow banks the right to adjust the rate on loans to commercial customers by plus or minus 10% of the official rates, with the maximum increase of 30% on loans to small and medium-sized enterprises. Secondly, because the domestic financial market is still in the process of development it is difficult for the Bank to head off such risk in a timely way.

The management of the interest rate risk is further complicated by the fact that all loans over one year are, in accordance with central bank regulations, floating rate loans, with the rate being adjusted annually. In the light of interest rate trends we do our best to readjust our positions to minimise the risk of extensive gaps opening up.

In the domestic market, the Bank collects deposits in 9 foreign currencies, including the US dollar, Japanese yen, Hong Kong dollar and the Euro, with the maximum term of 2 years. It grants loans in 5 foreign currencies, again including the US dollar, Japanese yen, Hong Kong dollar and Euro, plus the British pound, with terms that may exceed 5 years. The US dollar is the main currency both in our deposit-taking and credit-granting business.

The Bank grants foreign currency loans at fixed and floating rates. In order to avoid the risks caused by volatility in international financial markets, all fixed-rate loans are required to be below one year. Floating-rate loans are repriced monthly, quarterly and semi-annually according to the terms of the loan agreement. The Bank pays close attention to matching the maturity between its assets and liabilities in foreign currency, using financial instruments to hedge against gaps opening up in its positions.

Over the past few years the central bank has been gradually opening up the domestic interest rate market by granting banks greater autonomy and flexibility in setting interest for loans and large deposits. The central bank has declared its intention to remove the remaining restrictions. As China gets closer to having its interest rates determined by market forces, the Bank fully realises that its success will increasingly depend on its ability to operate a sophisticated pricing system, provide fast and reasonable interest rate quotes to customers and balance its risk exposure against expected profit. The Bank has already developed a pricing strategy for loans and deposits. We intend to be ready to respond to the increased flexibility in interest rates.

#### Exchange rate risk

Given our large involvement in foreign currency businesses, we pay particular attention to the exchange rate risk management. We aim to keep our open positions to a reasonable size. Unless otherwise authorised, domestic branches are prohibited from conducting any dealings with foreign counterparts on behalf of customers or on their own account. All transactions must be squared with Head Office. Our top priority is always to match our exposure in different currencies.

Overseas, equally tight controls are in place. Derivative transactions can only be conducted by five branches: Hong Kong, Tokyo, Singapore, London and New York. Foreign exchange dealings and short-term swaps are exclusively handled and managed by our three regional centres in Hong Kong, London and New York. Interbank lending and securities trading are conducted and managed by various overseas branches within their respective authority, though they remain supervised by Head Office. Any new products are subject to Head Office's approval before they are introduced by branches at home and abroad.

The Bank has long experience of handling money market instruments, securities, foreign exchange, precious metals and derivatives. Most of this treasury business is non-proprietary. Our very cautious approach to hedging and the adequate controls we have for setting the various limits in trading activities have worked well. We made considerable profits. As our open position at the end of 1999 was less than 1% of total assets and our trading is not very active, we believe that the VAR is within acceptable limits.

The treasury business conducted for customers at their request mainly involves foreign exchange dealings and options that aim at hedging interest rate and exchange rate risks. The Bank is usually keen to see its customers use these techniques, as they can help ensure the continued creditworthiness of their business. However, before embarking on such transactions the Bank needs check that the customer will be able to honour its obligations, as any deals struck will be in the name of the Bank, not the customer.

## LIQUIDITY RISK

The Asset-Liability Committee has the full and exclusive responsibility for the Bank's liquidity management. The Asset-Liability Management Department is responsible for implementing the guidelines the Committee lays down. Our experienced Treasury Department remains in charge of specific operations.

#### RMB liquidity

Our liquidity management is centralized. Head Office is not only responsible for managing the liquidity of the Bank as a whole, but also for its branches. It pays close attention to the loans to deposits ratio, core deposits and other liquidity indicators. In addition, branches have to place a certain proportion of the deposits they take with Head Office. Head Office controls the allocation of funds for the entire bank. Although some of the branches can operate in the interbank market to a limited degree, such as Shanghai Branch and Shenzhen Branch,



more than 95% of the business is executed through the Head Office. Dealings with the central bank are almost exclusively handled by Head Office. If a branch has surplus liquidity it can place additional funds with Head Office, for which it will receive interest payment. Conversely, if the liquidity of a branch falls below the level the Committee has set, then Head Office will immediately channel funds to it.

Our basic obligation, of course, is to meet the central bank's requirement that our ratio of RMB liquid assets to liquid liabilities shall not be lower than 25%. At the end of 1999, our ratio was 38.2%, almost 5.6 percentage points more than that of 1998.

The continued development of the domestic financial system greatly facilitated our asset/liability management. During 1999, the total volume of inter-bank market transactions in China (including inter-bank borrowing and lending, repos and bond trade) rose by 280% to RMB 730bn (US\$ 88bn). We are now able to use the bonds we hold as collateral and we are also permitted to bid for China Development Bank bonds at auction instead of having a tranche arbitrarily allocated to us.

At year-end, due to banks and repurchase agreements reached RMB 10.5 billion (US\$ 1.3bn) and RMB 51.8 billion (US\$ 6.3bn), up 75% and 180% respectively. At the same time, our investment in RMB securities increased by 4.7%.

The increase in RMB deposits made it possible for us to reduce sharply the balance due to the central bank by RMB 35.2 billion to RMB 71.6 billion (US\$ 8.6bn).

Chinese regulations require banks to place a minimum of 6% of their total RMB deposits with the central bank. At year-end the Bank had 10% of its total RMB deposits placed with the central bank.

#### Foreign currency liquidity

As an international bank that does nearly two-thirds of its business in foreign currency, we pay special attention to the related risks. The central bank requires us to maintain a ratio of liquid assets in foreign currency to liquid liabilities in foreign currency of not less than 60%. Our overseas branches have to maintain the liquidity ratios set by the local regulatory authorities.

Head Office exercises tight control over the foreign currency operations of its branches at home. Each branch has to meet the requirements set by Head Office in relation to the structure, scale and liquidity of its assets and liabilities (e.g. the maturity, currency, interest structure and types of business); in addition, it reports its foreign exchange positions on a daily basis. Head Office pays close attention to the matching of assets and liabilities, with a particular emphasis on ensuring that it holds adequate bonds that have good liquidity.

The Bank monitors and assesses its liquidity position continuously in relation to a series of early-warning indicators. It has in place well-structured contingency plans to deal with various situations and emergencies.

As for domestic operations, the Bank's liquidity ratio in foreign currency significantly exceeds the regulatory requirement of 60%. Over the past three years it has been 65.8%, 76.6% and 92.2% respectively. By year-end, the Bank's holdings of foreign currency bonds leaped 74% to US\$ 21 billion.

Overseas, we continue to meet the requirements of local regulators and usually exceed them by a substantial margin.

#### Various liquidity ratios of domestic businesses:

Ratios		Dec. 31 1999	Dec. 31 1998	Dec. 31 1997
Loans/Deposits	RMB	84.4%	88.9%	93.9%
	Foreign currency	87.5%	113.9%	128.9%
Liquid assets/Total assets	RMB	19.4%	15.5%	11.3%
	Foreign currency	38.8%	34.3%	33.8%
Liquid liabilities/Total liabilities	RMB	52.6%	50.4%	54.7%
	Foreign currency	47.7%	49.8%	56.9%
Liquid assets/Liquid liabilities	RMB	38.2%	32.6%	21.2%
	Foreign currency	92.2%	76.6%	65.8%

**Notes:** 1. The balance of foreign currency loans used here for calculation does not include on-lending.  
2. Liquid assets include cash, due from central bank, due from banks, bills discounted and securities.  
3. Liquid liabilities include due to central bank, due to banks, demand deposits and remittances.

## INTERNAL CONTROLS

In 1998, the Bank implemented the significant restructuring and reform, which introduced a three-tiered structure that separated the policy making, operational and supervisory roles.

In 1999, we began introducing the same structure into our branch network by merging 26 provincial branches with the city branches in the same locations. This was to ensure that there were clear lines of control from Head Office down to the lower-level branches. In addition, the elimination of 26 city branches enabled us to make more effective use of our staff and other resources.

The increasing complexity of the banking transactions we handle on our large domestic and global network also called for a further strengthening of our internal controls and risk management. In early 1998, the Bank completed the design of a properly layered structure for the delegation of authority. Under this system, which was implemented in 1999, Head Office supervises the provincial, municipal and overseas branches; the provincial branches are responsible for the city branches; and the city branches are responsible for the lower-level ones. No important decisions can be taken without approval from higher authority.

the city branches are responsible for the lower-level ones. No important decisions can be taken without approval from higher authority.

To ensure the effectiveness of the new system, we devoted much effort to working out what were the appropriate limits of authorisation for each level, taking into account the business activities of different operating units, the economic environment in different parts of China and other countries, as well as the technical and management competence of our staff.

In parallel with the new system of internal controls, we have introduced more frequent internal audits of units that report to the provincial and municipal branches. During the year we completed the internal audits of the remaining 9,585 operating units, which accounted for 67% of the total. Thus, within a two-year period, we managed to complete the internal audits of all our branches and sub-branches.

Our continuing efforts to consolidate our branch network at the lower levels, have also helped improve our efficiency and internal controls. During 1999, we eliminated 859 operating units that were small, unprofitable or had little potential for growth.

#### Y2K

In 1999, senior management devoted much efforts to ensuring that our data processing systems were rigorously tested, modified when necessary, and contingency plan were put in place. Thanks to these careful preparations, no problems arose when the new millennium arrived. Although the first of the year is



## BOX 3 : THE ESTABLISHMENT OF THE ORIENT ASSET MANAGEMENT COMPANY

*To reduce the burden of non-performing assets on state-owned banks, the Chinese Government decided to set up four asset management companies. On 15 October 1999, the Ministry of Finance (MOF) established the Orient Asset Management Company to receive non-performing assets carved out from the Bank of China.*

*The Orient Asset Management Company is classified as an independent, state-owned, non-bank financial institution. The registered capital of the company is RMB10 billion (US\$ 1.2bn), comprised of RMB6 billion (US\$ 725mn) and US\$ 500 million. It can raise additional funds by issuing bonds that are guaranteed by the MOF and borrowing from the central bank, etc.*

*The company is empowered to purchase non-performing loans at face value. It may also acquire performing loans to facilitate debt/equity swaps in some eligible state-owned enterprises. The company will seek to maximise the recovery of the assets it acquires. It can do this through selling the loans at a discount or as securitised instruments to foreign and Chinese investors. The company is also allowed to take equity investment in debtor companies in exchange for writing off all or part of the outstanding debt. The government will provide support in the legal and tax areas.*

*The transfer of loans is due to be completed in the first half of 2000. They include the non-performing loans granted before the end of 1995, as well as some normal loans designated for debt/equity swap deals. The timing of the termination and dissolution of the company will be decided by the State Council. When it is finally closed down, the MOF will take the full profits generated or cover the still outstanding losses.*



An illustration of a computer keyboard with a mouse cursor pointing at the 'Enter' key. The 'Enter' key is highlighted in a light brown color.

Enter

## Financial Statements

**Consolidated Profit and Loss Statement of the Bank and Its Wholly-Owned Subsidiaries 44**

---

**Consolidated Balance Sheet of the Bank and Its Wholly-Owned Subsidiaries 46**

---

**Bank of China Profit and Loss Statement 48**

---

**Bank of China Balance Sheet 50**

---

**Verification Statement for the 1999 Final Accounts of Bank of China 52**

---

**Notes to Financial Statements 53**

---

**Supplementary Notes 61**

---



## Financial Statements

### CONSOLIDATED PROFIT AND LOSS STATEMENT OF THE BANK AND ITS WHOLLY-OWNED SUBSIDIARIES

January 1-December 31

in millions of RMB

	Notes	1999	1998	1997
<b>Operating Income</b>		<b>145,918</b>	<b>175,141</b>	<b>173,540</b>
Interest income	5	113,459	134,307	129,163
Interbank income	5	19,858	29,694	33,775
Fee & commission income	6	7,264	6,862	6,960
Lease income				28
Exchange income	7	3,698	3,080	2,328
Other operating income		1,639	1,198	1,286
<b>Operating Expenses</b>		<b>143,501</b>	<b>169,860</b>	<b>161,747</b>
Interest expenses	5	84,435	96,389	88,796
Interbank expenses	5	20,242	37,443	43,665
Fee & commission expenses	6	3,225	2,578	1,937
Operating Expenses	8	35,218	32,684	26,979
Other operating expenses		381	766	370

(continued)

	Notes	1999	1998	1997
<b>Turnover tax and surtax</b>	<b>9</b>	<b>5,522</b>	<b>5,545</b>	<b>5,928</b>
<b>Operating profit</b>		<b>-3,105</b>	<b>-264</b>	<b>5,865</b>
<b>Add: Investment income</b>	<b>10</b>	<b>9,476</b>	<b>8,891</b>	<b>8,439</b>
<b>Non-operating income</b>		<b>607</b>	<b>315</b>	<b>244</b>
<b>Less: Non-operating expenses</b>		<b>375</b>	<b>423</b>	<b>795</b>
<b>Pre-tax profit</b>		<b>6,603</b>	<b>8,519</b>	<b>13,753</b>
<b>Less: Corporation tax</b>	<b>11</b>	<b>2,179</b>	<b>2,854</b>	<b>4,415</b>
<b>After-tax profit</b>		<b>4,424</b>	<b>5,665</b>	<b>9,338</b>

## CONSOLIDATED BALANCE SHEET OF THE BANK AND ITS WHOLLY-OWNED SUBSIDIARIES

in millions of RMB

	Notes	1999-12-31	1998-12-31	1997-12-31
<b>Assets</b>				
<b>Cash</b>	<b>12</b>	<b>31,531</b>	<b>13,688</b>	<b>13,279</b>
<b>Due from central bank</b>		<b>130,934</b>	<b>107,777</b>	<b>122,397</b>
<b>Due from banks</b>		<b>639,290</b>	<b>735,462</b>	<b>684,486</b>
<b>Accounts receivable</b>		<b>85,306</b>	<b>75,414</b>	<b>65,817</b>
<b>Less: Provisions for bad accounts</b>	<b>14</b>	<b>384</b>	<b>291</b>	<b>166</b>
<b>Bills discounted</b>		<b>39,959</b>	<b>58,669</b>	<b>71,991</b>
<b>Loans and overdrafts</b>	<b>13</b>	<b>1,489,137</b>	<b>1,447,306</b>	<b>1,312,258</b>
<b>Less: Provisions for bad loans</b>	<b>14</b>	<b>39,561</b>	<b>36,972</b>	<b>30,348</b>
<b>Securities</b>	<b>15</b>	<b>408,453</b>	<b>298,304</b>	<b>210,059</b>
<b>Investments</b>	<b>15</b>	<b>5,724</b>	<b>4,986</b>	<b>5,051</b>
<b>Less: Provisions for investment loss</b>	<b>14</b>	<b>228</b>	<b>83</b>	<b>92</b>
<b>Fixed assets</b>	<b>16</b>	<b>42,624</b>	<b>36,959</b>	<b>31,847</b>
<b>Other assets</b>		<b>75,476</b>	<b>63,863</b>	<b>48,534</b>
<b>Less: Other provisions</b>	<b>14</b>	<b>4,339</b>	<b>5,338</b>	<b>4,489</b>
<b>Total</b>		<b>2,903,922</b>	<b>2,799,744</b>	<b>2,530,624</b>
<b>Contracts and contingent assets</b>				
<b>Receivables under forward contracts</b>	<b>21</b>	<b>361,783</b>	<b>294,467</b>	<b>304,251</b>
<b>Collections receivable for customers</b>		<b>87,750</b>	<b>91,603</b>	<b>110,603</b>
<b>Customers' liabilities under letters of credit and guarantee</b>		<b>290,298</b>	<b>321,808</b>	<b>384,857</b>
<b>Trust assets</b>		<b>257,215</b>	<b>132,436</b>	<b>148,598</b>
<b>Total</b>		<b>997,046</b>	<b>840,314</b>	<b>948,309</b>

in millions of RMB

	Notes	1999-12-31	1998-12-31	1997-12-31
<b>liabilities</b>				
<b>Due to central bank</b>	17	89,870	123,701	180,888
<b>Due to banks</b>	18	525,517	523,781	463,517
<b>Customer deposits</b>	19	1,984,910	1,863,151	1,639,635
<b>Remittances</b>		28,259	29,017	34,245
<b>Payables</b>		76,352	65,610	71,965
<b>Bonds issued</b>		8,650	17,363	20,717
<b>Other liabilities</b>		41,982	34,266	26,541
<b>Total</b>		<b>2,755,540</b>	<b>2,656,889</b>	<b>2,437,508</b>
<b>Owner's equity</b>	20			
<b>Capital</b>		104,500	104,500	62,000
<b>Reserves</b>		39,458	32,690	21,778
<b>After-tax profit</b>		4,424	5,665	9,338
<b>Total owner's equity</b>		148,382	142,855	93,116
<b>Total liabilities and owner's equity</b>		<b>2,903,922</b>	<b>2,799,744</b>	<b>2,530,624</b>
<b>Contracts and contingent liabilities</b>	21			
<b>Payables under forward contracts</b>		361,783	294,467	304,251
<b>Collections for customers</b>		87,750	91,603	110,603
<b>Letters of credit and guarantee</b>		290,298	321,808	384,857
<b>Trust liabilities</b>		257,215	132,436	148,598
<b>Total</b>		<b>997,046</b>	<b>840,314</b>	<b>948,309</b>

## BANK OF CHINA PROFIT AND LOSS STATEMENT

January 1-December 31

in millions of RMB

	1999	1998	1997
<b>Operating Income</b>	<b>118,484</b>	<b>140,798</b>	<b>141,330</b>
Interest income	94,271	108,625	106,347
Interbank income	15,462	23,656	27,827
Fee & commission income	4,667	4,961	4,110
Exchange income	3,286	2,438	1,858
Other operating income	798	1,118	1,188
<b>Operating Expenses</b>	<b>117,400</b>	<b>140,431</b>	<b>137,354</b>
Interest expenses	68,277	75,131	72,874
Interbank expenses	20,864	34,673	39,726
Fee & commission expenses	2,523	2,442	1,756
Operating Expenses	25,415	27,419	22,667
Other operating expenses	321	766	331



(continued)

	1999	1998	1997
<b>Turnover tax and surtax</b>	<b>5,499</b>	<b>5,531</b>	<b>5,877</b>
<b>Operating profit</b>	<b>-4,415</b>	<b>-5,164</b>	<b>-1,901</b>
<b>Add: Investment income</b>	<b>8,835</b>	<b>8,868</b>	<b>8,365</b>
<b>Non-operating income</b>	<b>296</b>	<b>242</b>	<b>202</b>
<b>Less: Non-operating expenses</b>	<b>375</b>	<b>424</b>	<b>792</b>
<b>Pre-tax profit</b>	<b>4,341</b>	<b>3,522</b>	<b>5,874</b>
<b>Less: Corporation tax</b>	<b>1,432</b>	<b>1,162</b>	<b>1,939</b>
<b>After-tax profit</b>	<b>2,909</b>	<b>2,360</b>	<b>3,935</b>

## BANK OF CHINA BALANCE SHEET

in millions of RMB

	1999-12-31	1998-12-31	1997-12-31
<b>Assets</b>			
<b>Cash</b>	<b>28,198</b>	<b>12,226</b>	<b>12,099</b>
<b>Due from central bank</b>	<b>130,903</b>	<b>107,777</b>	<b>122,276</b>
<b>Due from banks</b>	<b>520,510</b>	<b>582,129</b>	<b>583,370</b>
<b>Accounts receivable</b>	<b>75,833</b>	<b>69,298</b>	<b>60,240</b>
<b>Less: Provisions for bad accounts</b>	<b>383</b>	<b>291</b>	<b>166</b>
<b>Bills discounted</b>	<b>23,738</b>	<b>33,141</b>	<b>43,439</b>
<b>Loans and overdrafts</b>	<b>1,364,219</b>	<b>1,312,650</b>	<b>1,160,789</b>
<b>Less: Provisions for bad loans</b>	<b>28,576</b>	<b>28,509</b>	<b>23,445</b>
<b>Securities</b>	<b>368,529</b>	<b>272,806</b>	<b>177,408</b>
<b>Investments</b>	<b>25,974</b>	<b>22,098</b>	<b>23,251</b>
<b>Less: Provisions for investment loss</b>	<b>216</b>	<b>83</b>	<b>78</b>
<b>Fixed assets</b>	<b>40,003</b>	<b>34,279</b>	<b>29,049</b>
<b>Other assets</b>	<b>73,668</b>	<b>63,198</b>	<b>47,925</b>
<b>Less: Other provisions</b>	<b>4,310</b>	<b>5,326</b>	<b>4,443</b>
<b>Total</b>	<b>2,618,090</b>	<b>2,475,393</b>	<b>2,231,714</b>
<b>Contracts and contingent assets</b>			
<b>Receivables under forward contracts</b>	<b>320,631</b>	<b>239,600</b>	<b>239,786</b>
<b>Collections receivable for customers</b>	<b>81,349</b>	<b>83,607</b>	<b>94,803</b>
<b>Customers' liabilities under letters of credit and guarantee</b>	<b>269,390</b>	<b>295,333</b>	<b>341,230</b>
<b>Trust assets</b>	<b>238,901</b>	<b>125,250</b>	<b>137,632</b>
<b>Total</b>	<b>910,271</b>	<b>743,790</b>	<b>813,451</b>

	in millions of RMB		
	1999-12-31	1998-12-31	1997-12-31
<b>Liabilities</b>			
Due to central bank	89,870	123,701	180,888
Due to banks	542,454	518,101	443,397
Customer deposits	1,695,453	1,557,897	1,375,990
Remittances	28,149	28,873	34,132
Payables	67,746	59,373	65,323
Bonds issued	8,650	17,363	20,717
Other liabilities	38,901	30,535	23,554
<b>Total</b>	<b>2,471,223</b>	<b>2,335,843</b>	<b>2,144,001</b>
<b>Owner's equity</b>			
Capital	104,500	104,500	62,000
Reserves	39,458	32,690	21,778
After-tax profit	2,909	2,360	3,935
<b>Total owner's equity</b>	<b>146,867</b>	<b>139,550</b>	<b>87,713</b>
<b>Total liabilities and owner's equity</b>	<b>2,618,090</b>	<b>2,475,393</b>	<b>2,231,714</b>
<b>Contracts and contingent liabilities</b>			
Payables under forward contracts	320,631	239,600	239,786
Collections for customers	81,349	83,607	94,803
Letters of credit and guarantee	269,390	295,333	341,230
Trust liabilities	238,901	125,250	137,632
<b>Total</b>	<b>910,271</b>	<b>743,790</b>	<b>813,451</b>

## VERIFICATION STATEMENT FOR THE 1999 FINAL ACCOUNTS OF BANK OF CHINA

(April 19, 2000)

We have carefully examined all the financial statements and the notes of the 1999 final accounts of the Bank of China and the relevant account books and found all the figures in them genuine and correct, accurately indicating the Bank's financial position at the end of 1999 and the results of the Bank's operation in the year.

**BOARD OF SUPERVISORS**

**BANK OF CHINA**

## NOTES TO FINANCIAL STATEMENTS

### 1. Accounting policies

a. The financial statements of the Bank of China are prepared in accordance with the relevant regulations of the Accounting Law, Enterprise Accounting Norms, General Accounting Procedures of Enterprises and Regulations Regarding Financial Activities of Financial and Insurance Enterprises of the People's Republic of China.

b. The consolidated financial statements of the Bank of China and its wholly-owned subsidiaries (which together are thereafter referred to as the Group) include the accounts of the Bank of China (the parent bank) and its wholly-owned subsidiaries: China Orient Trust and Investment Company, Bank of China (Luxembourg), Sin Hua Bank Ltd., Kincheng Banking Corp., China State Bank Ltd., National Commercial Bank Ltd., China & South Sea Bank Ltd., Yien Yieh Commercial Bank Ltd., Bank of China (Russia), Bank of China (Kazakhstan), Bank of China (Canada), Bank of China International Holdings Ltd. and Bank of China (Zambia). The income and expenses and assets and liabilities of all such subsidiaries are included in the relevant captions in the consolidated statements after eliminating all inter-company accounts and transactions.

c. The financial statements of the Bank of China (the parent bank) represent the aggregated profit and loss accounts and balance sheets of the Head Office and its domestic and foreign branches after eliminating all internal accounts and transactions.

d. The accounting year runs from January 1 to December 31.

e. The statements are prepared on a historical cost basis.

f. Accounting records are maintained on an accrual basis.

g. The reporting currency is RMB. Assets, liabilities and results of operations of domestic branches and subsidiaries which are denominated in foreign currencies are translated into RMB using year-end exchange rates. Forward foreign exchange positions are valued at the prevailing market rates and any gains or losses thereon are included in the revenue or expenditure for the current year. Assets, liabilities and results of operations of foreign branches and subsidiaries are recorded on the basis of the functional currency of each entity, usually the relevant local currency. For consolidation purposes, the assets, liabilities and results of operations are translated into RMB at year-end rates of exchange. Exchange rates are set by the State Administration of Foreign Exchange.

Exchange rates for RMB against the US Dollar have been:

31/12/99 : 8.2793

31/12/98 : 8.2787

31/12/97 : 8.2798

h. Tax includes corporation tax, turnover tax and surtax. In 1999, the corporation tax rate was 33% while the turnover tax rate was 8% of taxable income. Incomes from overseas is subject to relevant local tax regulations.

i. Provisions are set aside for bad loans and for bad accounts (uncollectable interests). Provisions for bad loans were set at 1% of outstanding loans at the end of the year while provisions for bad accounts were set at 3% of the balances of interests receivable at the end of the year. Overseas institutions are subject to relevant local regulations when they set aside their provisions.

j. Depreciation of fixed assets is calculated on a straight-line basis and the period of depreciation is laid down in the Regulations Regarding Financial Activities of Financial and Insurance Enterprises. The net salvage rate is 3% to 5% of the original cost of fixed assets.

k. Equity investments are stated at cost.

l. Securities are stated at cost.



## 2. Summary of the group's operations

In 1999, the Group realized a pre-tax profit of RMB 6.603 billion, among which the parent bank accounted for RMB 4.341 billion, while wholly-owned subsidiaries accounted for RMB 2.262 billion.

## 3. Interest income and expenses and those of interbank financing

Interest income and expenses refer to the interest the Group earned from loans and overdrafts and the interest the Group paid for its borrowings (those from other financial institutions excluded). Interest income and expenses of interbank financing refer to the interest income and expenses arising out of the Group's financing with the Central Bank and other financial institutions.

### In 1999, the Group's interest income and expenses and those of interbank financing were as follows:

	(in millions of RMB)			
	1999	1998	increase/decrease	%
interest income	113,459	134,307	-20,848	-15.52
interest expenses	84,435	96,389	-11,954	-12.40
net interest income	29,024	37,918	-8,894	-23.46
interbank income	19,858	29,694	-9,836	-33.12
interbank expenses	20,242	37,443	-17,201	-45.94
net income from interbank financing	-384	-7,749	7,365	95.04
average interest(%)				
average interest rate on interest-bearing assets	5.74	7.22		
average interest rate on interest-bearing liabilities	4.08	5.54		
average interest margin	1.66	1.68		

### In 1999, the parent bank's interest income and expenses and those of interbank financing were as follows:

	(in millions of RMB)			
	1999	1998	increase/decrease	%
interest income	94,271	108,625	-14,354	-13.21
interest expenses	68,277	75,131	-6,854	-9.12
net interest income	25,994	33,494	-7,500	-22.39
interbank income	15,462	23,656	-8,194	-34.64
interbank expenses	20,864	34,673	-13,809	-39.83
net income from interbank financing	5,402	-11,017	5,615	50.97
average interest(%)				
average interest rate on interest-bearing assets	5.39	6.71		
average interest rate on interest-bearing liabilities	3.92	5.18		
average interest margin	1.47	1.53		

#### 4. Commission income and expenses

In 1999, the Group's commission income increased slightly while commission expenses increased significantly, resulting in a decrease of 5.72% in the Group's net commission earnings.

#### The Group's 1999 commission income and expenses were as follows:

	1999	1998	increase/decrease	(in millions of RMB) £'%£©
<b>commission income</b>	<b>7,264</b>	<b>6,862</b>	<b>402</b>	<b>5.86</b>
<b>commission expenses</b>	<b>3,225</b>	<b>2,578</b>	<b>647</b>	<b>25.10</b>
<b>net commission earnings</b>	<b>4,039</b>	<b>4,284</b>	<b>-245</b>	<b>-5.72</b>

In 1999, the parent bank's commission income decreased while commission expenses increased, resulting in a decrease of 14.89% in the parent bank's net commission earnings.

#### The parent bank's 1999 commission income and expenses were as follows:

	1999	1998	increase/decrease	(in millions of RMB) £'%£©
<b>commission income</b>	<b>4,667</b>	<b>4,961</b>	<b>-294</b>	<b>-5.93</b>
<b>commission expenses</b>	<b>2,523</b>	<b>2,442</b>	<b>81</b>	<b>3.32</b>
<b>net commission earnings</b>	<b>2,144</b>	<b>2,519</b>	<b>-375</b>	<b>-14.89</b>

#### 5. Exchange gains

Exchange gains refer to net proceeds arising out of foreign exchange trading and money change business. Losses are shown as foreign exchange losses. In 1999, the Group's net gains amounted to RMB 3.698 billion, an increase of RMB 618 million over 1998, among which the parent bank accounted for RMB 3.286 billion, or 88.86%.

#### 6. Operating expenses

Operating expenses include administrative expenses, depreciation expenses and provisions of credit-related losses incurred in the course of the Group's business operations and administration.

In 1999, the Group's operating expenses amounted to RMB 35.218 billion, an increase of RMB 2.534 billion, or 7.75% over 1998. The main reason was that the wholly-owned subsidiaries significantly increased all kinds of provisions.

In 1999, the parent bank's operating expenses amounted to RMB 25.415 billion, a decrease of RMB 2.004 billion, or 7.31% compared with 1998.

#### 7. Turnover tax and surtax

Turnover tax and surtax refers to the tax and related expense paid from operating income, which includes operating tax, city maintenance and construction tax, additional education tax, etc.. In 1999, turnover tax and surtax paid by the Group amounted to RMB 5.522 billion, a decrease of RMB 23 million and 0.41% compared with 1998, while those paid by the parent bank decreased by RMB 32 million to RMB 5.499 billion, down 0.58% compared with 1998.

### 8. Investment income

Investment income refers to profits from the Group's equity investments, interest income generated by bonds purchased by the Group and net gains from the purchase and sale of bonds.

In 1999, the Group's investment income was RMB 9.476 billion, an increase of RMB 585 million and 6.58% over 1998.

In 1999, the parent bank's investment income was RMB 8.835 billion, a decrease of RMB 33 million and 0.37% compared with 1998.

### 9. Corporation tax

In 1999, corporation tax paid by the Group was RMB 2.179 billion, a decrease of RMB 675 million and 23.65% over 1998. This was mainly due to the decrease of pre-tax profits.

In 1999, corporation tax paid by the parent bank was RMB 1.432 billion, an increase of RMB 270 million and 23.24% from 1998. This was mainly due to the increase of pre-tax profits.

### 10. Cash

At the end of 1999, the balance for the Group's cash held was RMB 31.531 billion, an increase of 17.843 billion and 130.36% over the end of 1998. At the end of 1999, the balance for the domestic branches' cash held was RMB 26.63 billion, an increase of RMB 15.158 billion. The significant increase of cash held by the Group was mainly due to ensuring that branches had adequate cash in the event of Y2K problems.

### 11. Loans and overdrafts

At the end of 1999, the total outstanding loans and overdrafts of the Group reached RMB 1489.137 billion, an increase of RMB 41.831 billion and 2.89% over the end of 1998. The loans of the parent bank totaled RMB 1364.219 billion, an increase of RMB 51.569 billion and 3.93% over the end of 1998.

### Geographical structure of loans

	Dec.31, 1999		Dec.31, 1998		(in millions of RMB) Dec.31, 1997	
	Balance	Proportion	Balance	Proportion	Balance	Proportion
<b>Domestic</b>	<b>1,254,339</b>	<b>84.23%</b>	<b>1,191,581</b>	<b>82.33%</b>	<b>1,041,113</b>	<b>79.34%</b>
<b>Overseas</b>	<b>234,798</b>	<b>15.77%</b>	<b>255,725</b>	<b>17.67%</b>	<b>271,145</b>	<b>20.66%</b>
<b>Total</b>	<b>1,489,137</b>	<b>100%</b>	<b>1,447,306</b>	<b>100%</b>	<b>1,312,258</b>	<b>100%</b>

### Currency structure of loans

	Dec.31, 1999		Dec.31, 1998		(in millions of RMB) Dec.31, 1997	
	Balance	Proportion	Balance	Proportion	Balance	Proportion
<b>RMB</b>	<b>727,841</b>	<b>48.88%</b>	<b>646,052</b>	<b>44.64%</b>	<b>560,513</b>	<b>42.71%</b>
<b>USD</b>	<b>558,890</b>	<b>37.53%</b>	<b>534,889</b>	<b>36.96%</b>	<b>506,829</b>	<b>38.62%</b>
<b>JPY</b>	<b>52,434</b>	<b>3.52%</b>	<b>54,159</b>	<b>3.74%</b>	<b>54,376</b>	<b>4.14%</b>
<b>Other Foreign Currencies</b>	<b>149,972</b>	<b>10.07%</b>	<b>212,206</b>	<b>14.66%</b>	<b>190,540</b>	<b>14.53%</b>
<b>Total</b>	<b>1,489,137</b>	<b>100%</b>	<b>1,447,306</b>	<b>100%</b>	<b>1,312,258</b>	<b>100%</b>

**Term structure of loans**

	Dec.31, 1999		Dec.31, 1998		(in millions of RMB) Dec.31, 1997	
	Balance	Proportion	Balance	Proportion	Balance	Proportion
<b>Less than 1 year</b>	865,486	58.12%	828,004	57.21%	779,350	59.39%
<b>1-3 years(excl. 3 year)</b>	263,131	17.67%	250,529	17.31%	236,863	18.05%
<b>3-5 years(excl. 5 year)</b>	117,493	7.89%	108,982	7.53%	111,148	8.47%
<b>over 5 years</b>	243,027	16.32%	259,791	17.95%	184,897	14.09%
<b>Total</b>	1,489,137	100%	1,447,306	100%	1,312,258	100%

**Quality of loans (the parent bank)**

	Dec.31, 1999		Dec.31, 1998		(in millions of RMB) Dec.31, 1997	
	Balance	Proportion	Balance	Proportion	Balance	Proportion
<b>Normal loans</b>	1,161,496	85.14%	1,177,613	89.71%	1,044,942	90.02%
<b>Overdue loans</b>	134,274	9.84%	88,575	6.75%	81,952	7.06%
<b>Doubtful loans</b>	53,553	3.93%	33,053	2.52%	22,519	1.94%
<b>Bad loans</b>	14,896	1.09%	13,409	1.02%	11,376	0.98%
<b>Total</b>	1,364,219	100%	1,312,650	100%	1,160,789	100%

According to the official stipulations, overdue loans refer to any loans which fail to be paid when term (including the extension period) specified in contract expires; doubtful loans refer to any loans which have been overdue for more than one year, or any loans when the borrowers ceased operations or related projects were stopped even though they have not been overdue for one year, or even not overdue at all; bad loans refer to any loans when the borrowers went bankrupt, suffered devastating natural disasters, or died, and their properties are not sufficient to cover the principals.

At the end of 1999, the total amount of doubtful and bad loans in the parent bank was RMB 68.449billion, accounting for 5.02% of the aggregate loan and overdraft balances, of which the balance of doubtful loans was RMB 53.553 billion and that of bad loans was RMB 14.896 billion, accounting for 3.93% and 1.09% of the total loan and overdraft balances respectively. The amount of doubtful loans increased by 62.02% over 1998 and that of bad loans by 11.09%, mainly due to the influence of Asian financial crisis and the restructuring taking place throughout the country.

**12. Various Provisions**

At the end of 1999, the total balance of the Group's provisions was equivalent of RMB 44.512 billion, an increase of RMB 1.828 billion or 4.28% over the previous year. Of the total, the provision for bad loans stood at RMB 39.561 billion, accounting for 2.66% of total loans and overdrafts. The total balance of provisions of the parent bank was equivalent to RMB 33.485 billion, a decrease of RMB 724 million or 2.12% from the previous year. Of the total, the provision for bad loans stood at RMB 28.576 billion, accounting for 2.09% of total loans and overdrafts, a slight decrease from the previous year, and representing 14.10% of the non-performing loans, a decrease of 7.01 percentage points compared with the previous year. The provisions for bad loans of the parent bank were as follows:

## Provisions for bad loans

	(in millions of RMB)		
	1999	1998	1997
<b>At the beginning of the year</b>	<b>28,509</b>	<b>23,445</b>	<b>20,453</b>
<b>Provisions made during the term</b>	<b>8,037</b>	<b>10,392</b>	<b>7,365</b>
<b>Write-offs</b>	<b>7,970</b>	<b>5,328</b>	<b>4,373</b>
<b>At the end of the year</b>	<b>28,576</b>	<b>28,509</b>	<b>23,445</b>

### 13. Securities and investment

Securities include government bonds and bonds issued by international financial institutions with a rating of AA or better. Investments are equity investments the Group made in other independent legal entities.

At the end of 1999, securities held by the Group in various currencies increased to the equivalent of RMB 408.453 billion by 36.93% over the previous year. Securities held by the parent bank reached RMB 368.529 billion, an increase of RMB 95.723 billion or 35.09% over the previous year, mainly due to the increased holding of U.S. government bonds and government agency bonds. The Group's outstanding balance of investments totaled RMB 5.724 billion, an increase of 14.80% over the year before. The parent bank's balance of investments amounted to RMB 25.974 billion, an increase of 17.54% over the previous year.

### 14. Fixed assets

Fixed assets refer to assets that are used on a continuing basis and whose unit value is above the stipulated threshold. These include buildings and equipment. Fixed assets are stated at cost less accumulated depreciation.

The net book value of fixed assets at the end of 1999 stood at RMB 42.624 billion, an increase of RMB 5.665 billion over that of last year, up 15.33%. The net book value of domestic fixed assets was RMB 32.575 billion, up 20.10%, while that overseas was equivalent of RMB 10.049 billion, up 2.18% over the previous year.

### 15. Due to central bank

Due to Central Bank refers to funds borrowed from the People's Bank of China. Borrowings from foreign central banks are reflected in 'Due to Banks'.

The balance of due to Central Bank was RMB 89.87 billion, a decrease of RMB 33.831 billion, down 27.35%. The main reason was that the domestic branches repaid loans from the Central Bank with customers' deposits so as to reduce borrowing costs.

### 16. Due to banks

Due to Banks refers to funds the Group borrowed from counterparts and foreign central banks as well as those deposits by counterparts for daily business settlement.

At the end of 1999, the Group's balance of due to banks was equivalent of RMB 525.517 billion, an increase of RMB 1.736 billion or 0.33% over the previous year. The parent bank's balance of due to banks reached the equivalent of RMB 542.454 billion, an increase of RMB 24.353 billion or 4.70%.

### 17. Customer deposits

At the end of 1999, the Group's customer deposits stood at the equivalent of RMB 1984.91 billion, up 6.54% by RMB 121.759 billion, among which the customer deposits of the parent bank amounted to RMB 1695.453 billion, up 8.83% by RMB 137.556 billion.

### Currency structure of deposits

	Dec.31, 1999		Dec.31, 1998		(in millions of RMB) Dec.31, 1997	
	Balance	Proportion	Balance	Proportion	Balance	Proportion
<b>Renminbi</b>	866,228	43.64%	729,418	39.15%	604,533	36.87%
<b>Foreign currencies</b>	1,118,682	56.36%	1,133,733	60.85%	1,035,102	63.13%
<b>Total</b>	1,984,910	100%	1,863,151	100%	1,639,635	100%

### Term structure of deposits

	Dec.31, 1999		Dec.31, 1998		(in millions of RMB) Dec.31, 1997	
	Balance	Proportion	Balance	Proportion	Balance	Proportion
<b>Demand</b>	771,733	38.88%	713,959	38.32%	650,115	39.65%
<b>Time</b>	1,213,177	61.12%	1,149,192	61.68%	989,520	60.35%
<b>Within one year</b>	582,770	29.36%	550,002	29.52%	477,790	29.14%
<b>From one year and above</b>	630,407	31.76%	599,190	32.16%	511,730	31.21%
<b>Total</b>	1,984,910	100%	1,863,151	100%	1,639,635	100%

### Customer structure of deposits

	Dec.31, 1999		Dec.31, 1998		(in millions of RMB) Dec.31, 1997	
	Balance	Proportion	Balance	Proportion	Balance	Proportion
<b>Individual</b>	899,363	45.31%	854,627	45.87%	729,966	44.52%
<b>Corporate</b>	762,205	38.40%	712,469	38.24%	632,735	38.59%
<b>Institutional</b>	323,342	16.29%	296,055	15.89%	276,934	16.89%
<b>Total</b>	1,984,910	100%	1,863,151	100%	1,639,635	100%

### 18. Owner's equity

Owner's equity refers to owner's claims on the Group's net assets, including capital, reserves and after-tax profit. Capital refers to the capital invested in the parent bank by the owner. Reserves are composed of capital reserve and surplus reserve. After-tax profit refers to undistributed after-tax profit.

At the end of 1999, owner's equity of the Group amounted to the equivalent of RMB 148.382 billion, an increase of RMB 5.527 billion, up 3.87%. The amount of capital remained at RMB 104.5 billion, the same as the previous year. The balance of reserves reached RMB 39.458 billion, an increase of RMB 6.768 billion. This resulted from the Group's setting aside reserves from its previous year's after-tax profit.

At the end of 1999, owner's equity of the parent bank amounted to the equivalent of RMB 146.867 billion, an increase of RMB 7.317 billion or 5.24% over the previous year.

### 19. Contingent assets and liabilities

At the end of 1999, the outstanding contingent assets and contingent liabilities of the Group were RMB 997.046 billion, RMB 156.732 billion more than in 1998, up 18.65%. Receivables under forward contracts and payables under forward contracts amounted to RMB 361.783 billion, increasing by RMB 67.316 billion or



22.86% over the figure for 1998. At the end of the year, collections receivable for customers were RMB 87.75 billion, a decrease of RMB 3.853 billion and 4.21% compared with the previous year. Customers' liabilities under letters of credit and guarantee were RMB 290.298 billion, decreasing by 31.51 billion or 9.79% compared with the previous year. Total trust assets/trust liabilities by year-end were RMB 257.215 billion, an increase of RMB 124.779 billion and 94.22% over 1998.

At the end of 1999, the outstanding contingent assets and contingent liabilities of the parent bank were RMB 910.271 billion, RMB 166.481 billion more than in 1998, up 22.38%. Receivables under forward contracts and payables under forward contracts amounted to RMB 320.631 billion, increasing by RMB 81.031 billion or 33.82% over the figure for 1998. At the end of the year, collections receivable for customers were RMB 81.349 billion, a decrease of RMB 2.258 billion and 2.70% from the previous year. Customers' liabilities under letters of credit and guarantee were RMB 269.39 billion, decreasing by 25.943 billion or 8.78% compared with the previous year. Total trust assets/trust liabilities by year-end were RMB 238.901 billion, an increase of RMB 113.651 billion and 90.74% over 1998.

#### **20. Risk weighted capital ratio**

After risk weighting its assets and off-balance sheet exposures, the parent bank's risk weighted assets under the Central Bank rules totalled RMB 1,423.286 billion at the end of 1999. When compared with the total capital of RMB 139.482 billion and core capital of RMB 126.432 at year-end, this produces a total capital ratio of 9.80% and a core capital ratio of 8.88% respectively.

#### **21. Branches, subsidiaries, offices and employees**

At the end of 1999, the Group operated from 14,369 locations (including subsidiaries) in Chinese mainland, a decrease of 859. Apart from Head Office and the China Orient Trust & Investment Company this comprised: 312 branches, of which 31 branches report to the Head Office directly, a decrease of 37; 1,670 sub-branches, an increase of 131; 1,118 business offices, a decrease of 375; 4,206 processing centers, an increase of 101; and 7,061 deposit offices, a decrease of 679. Overall, there was a net reduction of locations for four consecutive years. The number of total staff decreased by 13 giving, as of Dec. 31, 1999, a total work force of 197,534.

At the end of 1999, the Group had 310 overseas locations (including subsidiaries), 1 less than that in the previous year. The number of overseas employees was 11,258, 753 less than that in the previous year, mainly due to the decrease of the number of employees in Hong Kong.

## SUPPLEMENTARY NOTES:

### **Ways of calculating the relevant index:**

#### 1. Average interest rate on interest-bearing assets:

$$= \frac{\text{interest income} + \text{interbank income}}{\text{average balance of interest-bearing assets}} \times 100\%$$

Average balance of interest-bearing assets is the average of the balances of due from Central Bank, due from banks, bills discounted and loans and overdrafts.

#### 2. Average interest rate on interest-bearing liabilities:

$$= \frac{\text{interest expenses} + \text{interbank expenses}}{\text{average balance of interest-bearing liabilities}} \times 100\%$$

Average balance of interest-bearing liabilities is the average of the balances of due to Central Bank, due to banks, customer deposits and bonds issued.

#### 3. Tier 1 capital adequacy:

$$= \frac{\text{tier 1 capital}}{\text{risk assets}} \times 100\%$$

Tier 1 capital refers to the sum of capital, reserves and profit after tax after deducting 50% of the total of equity investments and bad loans that have not been written off.

#### 4. Capital adequacy

$$= \frac{\text{capital}}{\text{risk assets}} \times 100\%$$

Capital refers to the sum of tier 1 capital, various provisions and bonds with maturity of five years or more after deducting 50% of the total of equity investments and bad loans that have not been written off.

#### 5. Calculation of risk assets

The Bank made its calculation of risk assets in accordance with the relevant regulations of the People's Bank of China. Please refer to the materials in this section for detailed information.

### **Bank of China's basic principles on management of assets and liabilities**

1. The percentage of overdue loans shall not exceed 8% of total loans; doubtful loans shall not exceed 5% of total loans; and bad loans shall not exceed 2% of total loans.

2. Loans shall not exceed 75% of deposits, and foreign currency loans shall not exceed 85% of foreign currency deposits.

3. Loans in RMB with a maturity of over one year (excluding one year) shall not exceed 120% of RMB deposits with a similar maturity, and loans in foreign currency with a maturity of more than one year shall not exceed 60% of foreign currency deposits.

4. The ratio of total liquid assets to total liquid liabilities shall not be lower than 25%, and the ratio of liquid assets in foreign currency to liquid liabilities in foreign currency shall not be less than 60%.

5. Interbank borrowing in RMB shall not exceed 4% of total RMB deposits; and RMB interbank lending shall be no more than 8% of total RMB deposits.

6. RMB deposits and placements with the Central Bank and cash shall not be lower than 5% of total RMB deposits; and foreign currency deposits and placements with other banks and foreign currency cash shall not fall below 5% of foreign currency deposits. At the same time, the Bank shall strictly abide by the rules of the Central Bank on turning in deposit reserves: the deposit reserves in RMB shall be 6% of the RMB deposits and foreign currency reserves shall be 2% of foreign currency deposits.

7. The average maturity of securities purchased shall not exceed 5 years and those securities with a maturity greater than 5 years shall not exceed 30% of the aggregate of all securities. In this connection, domestic securities must be bonds issued by the Government or large domestic banks, and foreign securities must be issued by the G-7 countries and have a credit rating of AA or better.

8. Foreign branches cannot raise funds of more than US\$ 10 million with a maturity of more than one year without permission from the Bank's Head Office.

### **Method of Calculation of Risk Assets**

According to the People's Bank of China, risk assets are divided into on-balance sheet risk assets and off-balance sheet risk assets.

#### **I. Recognition and calculation of on-balance sheet risk assets**

On-balance sheet assets are divided into six categories including cash assets, credit to central governments and central banks, credit to public sector enterprises, loans to general enterprises and individuals, credit to financial institutions and other assets. The weight assigned for the respective categories is as follows:

##### **1. Cash assets**

Cash assets refer to the cash and precious metal in the possession of the Bank and various forms of deposits held with the People's Bank of China. The risk for cash assets is weighted at zero.

##### **2. Credit to central governments and central banks**

This refers to the total of the Bank's credit to the Chinese Government and the Central Bank and to foreign governments and central banks which comprises the following four items:

(1) Credit to the Chinese Government, which refers to the treasury bonds and other bonds issued by the central government and its subordinate bodies. The risk for credit to the Chinese Government is weighted at zero.

(2) Credit to the People's Bank of China, which refers to the financial instruments and other bonds issued by the People's Bank of China. The risk for credit to the People's Bank of China is weighted at zero.

(3) Credit to central governments and central banks of Grade 1 countries and regions, which refers to the Bank's credit to central governments and central banks of OECD countries and Saudi Arabia, and the government of Hong Kong Special Administrative Region and the Hong Kong Monetary Authority, including purchase of bonds issued by the central governments and central banks of the above mentioned countries and regions, the Bank's deposits in their central banks and loans and investments to their central governments. The risk

for credit to central governments and central banks of Grade 1 countries is weighted at zero.

(4) Credit to central governments and central banks of Grade 2 countries, which refers to the Bank's credit to the central governments and central banks of countries and regions, excluding OECD countries, Saudi Arabia, and Hong Kong Special Administrative Region, including purchase of bonds issued by the central governments and central banks of these countries and regions, the Bank's deposits in their central banks and loans and investments to their central governments. The risk for such credit is weighted at zero.

### 3. Credit to public sector enterprises

Credit to public sector enterprises refers to the Bank's credit to enterprises and units in post and telegram, telecommunication, road, transportation, water, power and gas, excluding their subordinate commercial companies. This comprises four items:

(1) Credit to public sector enterprises whose investments come from the governments of Grade 1 countries or the Chinese Government, which refers to the Bank's loans to public sector enterprises whose investments come from the central governments of Grade 1 countries or regions or from the Chinese central government, or the bonds in the possession of the Bank issued by those public sector enterprises. The risk for such credit is weighted at 20%.

(2) Credit to public sector enterprises whose investments come from the provincial governments or the governments of autonomous regions or municipalities, which refers to the Bank's loans to such enterprises and the bonds issued by such enterprises in the possession of the Bank. The risk for such credit is weighted at 50%.

(3) Credit to public sector enterprises whose investments come from the central governments of Grade 2 countries and regions, or from Chinese cities of lower administrative levels, which refers to the Bank's loans to such enterprises and the bonds issued by such enterprises in the possession of the Bank. The risk for such credit is weighted at 70%.

(4) Credit to other public sector enterprises, which refers to the Bank's loans to enterprises excluding those mentioned above, and bonds issued by such enterprises in the possession of the Bank. The risk for such credit is weighed at 100%.

### 4. Loans to general enterprises and individuals

General enterprises refer to those units with independent legal person status excluding public sector enterprises; individuals refer to urban and rural residents and individual manufacturers and businessmen with independent civil capacity. Loans to general enterprises and individuals refer to unsecured loans, secured loans (including overdraft by credit cards) and finance leasing, which comprise the following three categories:

(1) Unsecured loans, which refer to loans based on the credit standing of general enterprises and individuals without any form of guarantee. The risk for such loans is weighted at 100%.

(2) Secured loans, which consist of guaranteed loans, mortgaged loans and pledged loans.

a. Guaranteed loan is defined as any loan with which a third party promises to undertake general or associated obligations of guarantee in case the borrower fails to repay the loan. The risk for guaranteed loan is weighted in accordance with the status of the guarantor: for loan guaranteed by commercial banks and policy banks 10%; for loan guaranteed by non-bank financial institutions 50%; for loan guaranteed by foreign-invested or joint venture banks registered in China 10%; for loan guaranteed by foreign-invested or joint

venture non-bank institutions registered in China 50%; for loan guaranteed by financial institutions of Grade 1 countries and regions registered outside China 20%; for loan guaranteed by financial institutions of Grade 2 countries and regions registered outside China 100%; for loan guaranteed by state extra-large scale enterprises 50%; for loan guaranteed by state-owned large-scale enterprises 70%; for loan guaranteed by other enterprises 100%.

b. Mortgaged loan is defined as any loan made against the assets of a borrower or a third party as collateral. The risk for mortgaged loans is weighted according to different mortgages: for property right on land and building, for building and for moveable property 50%; for other property 100%.

c. Pledged loan is defined as any loan made against the movable property or rights of the borrower or a third party as a pledgor. The risk for pledged loan is weighed according to different kinds of property pledged: for Renminbi certificate of deposit and state bonds of Grade 1 countries and regions or the Chinese Government zero; for foreign exchange certificate of deposit, state bond of Grade 2 countries and regions, foreign exchange and financial bonds 10%; for bill discount accepted by commercial banks or policy banks 10%; for bill discount accepted by companies 100%; for other priced securities and transferable rights 50%.

d. Finance leasing refers to the business which the lease-holder purchase equipment as a way of financing so as to lease to enterprises in return for rent. This includes receivable rent, receivable release rent and property leasing. The risk for this is weighted at 100%.

#### 5. Debt claims to financial institutions

Debt claims to financial institutions refer to deposits and all kinds of placements with domestic and overseas policy banks, commercial banks and non-bank financial institutions, as well as purchase of bonds issued by domestic and overseas banks, non-bank finance companies and international financial organizations. They are composed of the following.

(1) Due from banks refer to the Bank's deposits with other banks and finance companies to settle daily interbank transactions. The risk weighting for due from banks is 10%.

(2) Placements with banks and finance companies refer to funds placed with domestic and overseas banks and non-bank finance companies. Such placements are assigned different risk weightings according to the status of the counterparties. Placements with domestic policy banks are weighted at zero; placements with domestic commercial banks are weighted at 10%; placements with domestic non-bank finance companies are weighted at 50%; placements with foreign funded or sino-foreign joint venture banks registered in China are weighted at 10%; placements with foreign funded or sino-foreign joint venture non-bank financial institutions registered in China are weighted at 50%; placements with overseas financial institutions registered in the Grade 1 countries and regions are weighted at 20%; placements with overseas financial institutions registered in the Grade 2 countries and regions are weighted at 100%.

(3) Purchase of bonds issued by financial institutions refers to bonds the Bank purchases that are issued by financial institutions other than governments and central banks. In risk weighting, purchase of bonds issued by domestic policy banks is weighted at zero; bonds issued by domestic commercial banks are weighted at 10%; bonds issued by domestic non-bank financial institutions are weighted at 50%; bonds issued by international financial institutions registered in China are weighted at zero; bonds issued by overseas financial institutions registered in Grade 1 countries and regions are weighted at 20%; bonds issued by overseas financial

institutions registered in Grade 2 countries and regions are weighted at 50%.

(4) Other assets, referring to assets in the balance sheet other than the above-mentioned, but not including equity investment items and bad loans to be written off, carry a risk weighting of 100%.

## II. Recognition of the off-balance-sheet risk assets

The off-balance-sheet assets refer to such contingent assets which are not reflected in the balance sheet and are convertible to balance sheet items at any time.

1. Accepted bank draft, referring to those for which we signed the acceptance agreement with the applicants, undertaking the responsibility for making payment without any condition upon maturity of the draft. As for the drafts accepted by our bank, the credit risk weighted factor is 70%.

2. Loan guarantee, referring to the promissory documents of payment issued by us in favor of beneficiary and related to loans, inclusive of re-payment bond, overdraft bond and so on. As for financing facility guarantee, the credit risk weighted factor is 70%.

3. Non-financing guarantee, referring to the promissory documents of payment issued by us in favor of beneficiary and not related to loans, inclusive of bid bond, leasing bond, compensatory trade bond, barter trade bond and so on. The credit risk weighted factor is 50%.

4. Sight L/C, referring to the letters of credit issued by us payable at sight against sight draft. The credit risk weighted factor is 20%.

5. Usance L/C, referring to the letters of credit issued by us payable against matured usance draft. The credit risk weighted factor is 70%.

6. Other off-balance-sheet items, referring to other contingent assets items excluding the above ones, namely assets sales with recourse with credit risk weighted factor of 50%, purchased forward assets with credit risk weighted factor of 50% and bank lending commitment with credit risk weighted factor of 70%. As for receivables under sight and usance letters of credit, collections receivable for customers, collections receivable from customers, clean collections receivable, collections receivable in foreign exchange for domestic customers, interest and currency rate contracts and so on, their credit risk weighted factor is 100%.



## The Organisation of Head Office

### FUNCTIONS AND RESPONSIBILITIES OF COMMITTEES

**The Asset-Liability Management Committee** is responsible for the research and review on key issues related to asset liability management. Its main functions are: establishing both the policies and the medium and long term strategies for the asset-liability management, including liquidity management, market risk management, inter-branch interest rate management and capital management. The Committee is also responsible for setting the various annual and quarterly ALM targets, policies and plans, as well as reviewing the various reports prepared by the operational departments and evaluating their performance.

**The Risk Management & Internal Control Committee** is responsible for the research and review on key issues related to credit risk management and internal controls. Its main functions are: establishing the credit management regulations, including underwriting policies, policies on delegation of authority and rules on asset recovery. The Committee is also responsible for defining the Bank's medium and long-term strategies for credit risk management and internal controls, developing its annual plan, and monitoring the compliance of policies and procedures by all relevant departments.

**The Audit Committee** is responsible for the research and review on key issues related to the internal audit and compliance of the Bank. Its main functions are: establishing the internal audit policies and procedures, approving the medium and long-term strategies, developing the annual plan and its priorities, reviewing the qualifications of key personnel in this area, as well as monitoring the compliance by all departments.

**The Budget and Financial Management Committee** is responsible for the research and review on key issues of budget and financial management. Its main functions are: developing the medium and long-term strategies of the financial management and the budget, establishing their annual policies, procedures and targets. In addition, the Committee reviews the Bank's segment reporting scheme and the financial plans prepared by branches and monitors the compliance of individual branches.

**The Business Development and Co-ordination Committee** is responsible for the research and review on the main issues concerning the business development of the Bank. Its main functions are: defining the guiding principles and policies for business development and customer services, based on the market assessment of the Bank's performance and products. The Committee reviews the medium and long-term strategies, annual and quarterly plans by business lines (corporate, retail and investment banking), designs the procedures for implementing its strategies, and monitors operational departments to ensure that they are complying with policy.

### FUNCTIONS AND RESPONSIBILITIES OF DEPARTMENTS

**The Corporate Banking Department** is in charge of the management and development of corporate banking business. Its main functions are: planning and developing the corporate banking practice, providing banking products and services and marketing them to Head Office customers, supervising and monitoring the corporate banking operations of branches. The department is also responsible for mobilising and co-ordinating the Bank's

resources to develop new products and ensuring that the high quality services are extended to the corporate customers, especially our new banking concept of The Customer Service Manager.

Head of Department£-Mr. GAO Yingxin, General Manager.

**The Financial Institutions Department** is in charge of developing the Bank's business with domestic and foreign financial institutions (bank and non-bank) and the risk management of related business activities, as well as the handling of correspondence with international financial institutions. Its main functions are: drafting the Bank's policies towards financial institution clients, designing the marketing strategies and preparing the annual business plan. This department establishes or terminates business relationships with customers, designs the scope of services, and signs relevant cooperation agreements. It also performs credit ratings on financial institution customers, determines the credit limit of each client, and controls the Bank's risk exposures in this area.

Head of Department£-Mr. HUANG Yangxin, General Manager.

**The Retail Banking Department** is in charge of the development and management of individual deposits, bank cards, consumer lending and personal financial consulting, etc. Its main functions are: drafting the Bank's medium and long term business strategies and the annual development plans for the retail banking practice, implementing of these plans and establishing internal control procedures within this area. The department is also responsible for developing new products and expanding our retail banking business. In addition, it handles all communications with international credit organisations in credit card area, such as VISA and MasterCard.

Head of Department£-Mr. ZHANG Weidong, General Manager.

**The Settlement Department** is in charge of the Bank's RMB and foreign currency settlement business, letters of guarantee and factoring. It drafts and implements the business plan and establishes policies and procedures in the area of its responsibilities. It also designs fee structures for customer services, establishes the authorisation structure and approves large transactions within its authority.

Head of Department£-Ms. SONG Lianru, Deputy General Manager.

**The Treasury Department** is in charge of the Bank's operations in financial markets and the management of its positions in both RMB and foreign currencies. Its main functions are: conducting various transactions in the financial markets in accordance with the requirements of the ALM policies and the fund plan of the Bank, and managing currency positions. It raises funds in both the domestic and overseas markets, provides treasury services to customers and manages the related operational risk.

Head of Department£-Mr. ZHU Xinqiang, General Manager.

**The Banking Department** is responsible for providing banking products and services to corporate and other institutional customers. It handles the following businesses: L/C and collections for imports and exports; money transfers within China and across the world; letters of guarantee, factoring, standby L/C; trade financing, foreign exchange purchases and sales, and corporate deposits and loans.

Head of Department£-Mr. YANG Ruhai, General Manager.

**The Personnel Department** is in charge of the development and management of the Bank's human resources. Its main functions are: developing the human resources plan, drafting personnel policies and procedures, managing the allocation of resources and monitoring the compliance of all branches. The department is also responsible for designing the appropriate human resources structures, training and enhancing the technical abilities of the staff.

Head of Department£-Mr. DING Yansheng, General Manager.

**The Asset-Liability Management Department** is responsible for drafting the Bank's overall development plan and designing the asset-liability management structure. Its main functions are: drafting the overall strategy and restructuring plan, and setting the annual, medium and long-term development goals. In addition, this department is responsible for controlling the level of the Bank's assets and liabilities, monitoring the asset-liability ratios and ensuring the proper allocation of funding. It drafts the policies and procedures for liquidity management, interest rate risk and foreign exchange risk management, compiles the Bank's statistics, oversees domestic institutions and provides information to the international rating agencies.

Head of Department—Ms. ZHOU Ning, General Manager.

**The Risk Management Department** is responsible for managing credit risk and monitoring the asset quality for non-financial institution customers and the asset recovery of the Bank. Its main functions are: managing the Bank's overall credit risk exposures, establishing credit policies and procedures, monitoring the compliance by the branches, performing internal ratings and assigning consolidated credit limits for customers. The department is also in charge of assigning credit authority, approving large loans or submitting the application for further approval if the amount exceeds its own credit limit.

Head of Department—Mr. DONG Weijian, General Manager.

**The Accounting Department** is responsible for the financial management and accounting of the Bank. Its main functions are: establishing the accounting, financial and fixed asset management policies and procedures, monitoring the compliance throughout the Bank and preparing the financial statements. The department also sets the revenue and expenditures budget, and periodically analyses the Bank's performance against this budget. In addition, the department is responsible for formulating the policies for cash management and procedures for the cashiers across the Bank, supervising and monitoring the accounting functions of branches, tax planning and resolving tax problems involving the Bank.

Head of Department—Ms. LIU Yanfen, General Manager.

**The Investment Management Department** is in charge of policy making and business management of the investment banking practice and other investment activities.

Head of Department—Mr. JIA Jianping, General Manager.

**The Overseas Business Management Department** is responsible for supervising, monitoring and managing the Bank's overseas businesses. Its main functions are: developing overall business plans for the Bank's overseas branches and its investment banking operations, establishing related policies and procedures, and managing the various risks in our overseas business. This department is also responsible for the establishment, merger and liquidation of overseas branches and offices.

Head of Department—Ms. YAN Yanli, General Manager.

**The Executive Office** assists the Bank's senior management in their daily work. It liaises with the committees and departments within the Bank, coordinating their activities and ensuring that their decisions are implemented. This department is also responsible for creating and promoting the image of the Bank in public and also serves as the spokesperson for the Bank at home and abroad. In addition, the Executive Office acts as the secretariat of the Board of Directors and Board of Supervisors.

Head of Department—Mr. CAI Xiaofeng, General Manager.

**The Information Technology Department** is responsible for the technology development of the Bank. Its main functions are: drafting the Bank's medium-to-long term IT strategies as well as annual plans, selecting equipment and software for the Bank's computer network, managing the entire system, and ensuring its security and smooth operation. The department also develops and implements the introduction of various types of software, and manages the Bank's SWIFT and telex system and the related testing keys.

Head of Department£-Mr. CHANG Chichou, General Manager.

**The Legal Department** is responsible for the Bank's legal affairs. Its main functions are: participating in the preparation and collection of all of the Bank's regulations and policies, assisting with the drafting, review and finalising of all contracts, and ensuring the effective handling of law suits and arbitration involving the Bank. The legal department also serves as the Bank's legal advisor, provides legal consulting services to other departments to ensure that the Bank's operations are fully in compliance with law.

Head of Department£-Mr. WANG Yongtang, Deputy General Manager.

**The Institute of International Finance** is in charge of the research on international finance, analysis of the domestic banking market and as the development of banking products for the Bank.

Head of the Institute£-Mr. ZHU Min, General Manager.

**The Clearing Centre** is in charge of the processing of all fund transfers in both RMB and foreign currencies at home and abroad. Its main functions are: receiving and executing all payment instructions between branches of the Bank, domestic or international correspondent banks, making inquiries on the status of certain transactions, managing the Bank's cash accounts in RMB and foreign currencies; participating in the signing and modification of correspondent bank agreements, providing the back-office services for treasury operations, and developing and managing relevant clearing products. It also establishes the relevant policies and procedures for these operations and monitors their compliance across the Bank.

Head of the Centre£-Ms. LI Lan, General Manager.

**The General Affairs Department** is in charge of the administration of the fixed assets of Head Office and other administrative affairs. It also provides logistical support for business development and staff welfare.

Head of Department£-Mr. GAO Wenlu, General Manager.

**The Auditing Department** is in charge of supervising and monitoring the operational and management activities of the Bank. Its main functions are: auditing the activities of all departments and business lines through inspections that can be on or off-site, scheduled or unscheduled, comprehensive or specific. The Department performs independent and objective evaluations of the adequacy and effectiveness of internal controls, and provides recommendations and consulting services to other operational departments within the Bank.

Head of Department£-Ms. TANG Xinyu, Acting General Manager.

**The Inspection Department** is in charge of investigating any reports of illegal acts or violations of bank regulations and taking the necessary disciplinary actions. It also performs regular checks to ensure that the Bank's procedures are being properly followed and its physical security is maintained.

Head of Department£-Mr. GAO Hechen, General Manager.

## Main Offices and Branches in China and Abroad

### BRANCHES AND SUB-BRANCHES AUTHORIZED TO HANDLE INTERNATIONAL BUSINESS

#### HEAD OFFICE

410 FUCHENG MEN NEI  
DAJIE, BEIJING 100818, CHINA  
SWIFT: BKCH CN BJ  
TLX: 22254 BCHO CN  
TEL: (86) 010-66016688  
FAX: (86) 010-66016869  
POST CODE: 100818  
HTTP: // www.bank-of-china.com

#### ANHUI PROVINCE

##### ANHUI BRANCH

313 CHANGJIANG MID-ROAD,  
HEFEI 230061, ANHUI PROV.,  
CHINA  
SWIFT: BKCH CN BJ 780  
TLX: 90026/90041 BOCHF CN  
TEL: (86) 0551-2641419  
FAX: (86) 0551-2641012  
POST CODE: 230061

##### WUHU BRANCH

258 JIU HUA SHAN ROAD,  
WUHU 241000 ANHUI PROV.,  
CHINA  
SWIFT: BKCH CN BJ 79A  
TLX: 91120 WHBOC CN  
TEL: (86) 0553-3837788  
FAX: (86) 0553-3832135  
POST CODE: 241000

##### MA'ANSHAN BRANCH

INTERNATIONAL FINANCE  
BUILDING, 1 HUAYU ROAD,  
MA'ANSHAN, 243011 ANHUI  
PROV., CHINA  
SWIFT: BKCH CN BJ 79C  
TLX: 90514 BCMB CN  
TEL: (86) 0555-2345674  
FAX: (86) 0555-2321261  
POST CODE: 243011

#### BEIJING CITY

##### BEIJING BRANCH

NO.8 YABAO LU, CHAOYANG  
DISTRICT, BEIJING 100020,  
CHINA  
SWIFT: BKCH CN BJ 110  
TLX: 210246 BOCCB CN  
TEL: (86) 010-65199114  
FAX: (86) 010-65199572,  
65199586  
POST CODE: 100020

#### CHONGQING CITY

##### CHONGQING BRANCH

NO.218, ZHONG SHAN YI ROAD,  
YU ZHONG DISTRICT,  
CHONGQING 400013, CHINA  
SWIFT: BKCH CN BJ 59A  
TLX: 62172 CQBOC CN  
TEL: (86) 023-63889428  
FAX: (86) 023-63500852  
POST CODE: 400013

#### FUJIAN PROVINCE

##### FUJIAN BRANCH

BOC BLDG. 136, WU SI ROAD,  
FUZHOU, 350003, FUJIAN PROV.,  
CHINA  
SWIFT: BKCH CN BJ 720  
TLX: 92109 BOC FUJIAN  
TEL: (86) 0591-7849451  
FAX: (86) 0591-7856654  
POST CODE: 350003

##### XIAMEN BRANCH

BOC BLDG. NORTH HUBIN ROAD,  
XIAMEN 361012, FUJIAN PROV.,  
CHINA  
SWIFT: BKCH CN BJ 73A  
TLX: 93012 XMBOC CN  
TEL: (86) 0592-5066415  
FAX: (86) 0592-5041125  
POST CODE: 361012

##### FUZHOU CENTRAL SUB-BRANCH

27 GUTIAN ROAD, FUZHOU  
350005, FUJIAN PROV., CHINA  
SWIFT: BKCH CN BJ 73E  
TLX: 924004 BOC FZ CN  
TEL: (86) 0591-3363140,  
3375494  
FAX: (86) 0591-3321310  
POST CODE: 350005

##### FUQING SUB-BRANCH

39 DONGMEN ROAD, FUQING,  
350300, FUJIAN PROV., CHINA  
SWIFT: BKCH CN BJ 73L  
TLX: 924006 BOC FQ CN  
TEL: (86) 0591-5217389,  
5256333  
FAX: (86) 0591-5226149  
POST CODE: 350300

##### PUTIAN BRANCH

76 WENXIAN WEST ROAD,  
CHENGXIANG, PUTIAN 351100,  
FUJIAN PROV., CHINA  
SWIFT: BKCH CN BJ 73E  
TLX: 925003  
TEL: (86) 0594-2698904,  
2695974  
FAX: (86) 0594-2695274  
POST CODE: 351100

##### QUANZHOU BRANCH

BOC BLDG. FENGZE STREET,  
QUANZHOU 362000, FUJIAN  
PROV., CHINA  
SWIFT: BKCH CN BJ 73B  
TLX: 928057  
TEL: (86) 0595-2110536  
FAX: (86) 0595-2110636  
POST CODE: 362000

##### ZHANGZHOU BRANCH

65 DATONG NORTH ROAD,  
ZHANGZHOU 363000, FUJIAN  
PROV., CHINA  
SWIFT: BKCH CN BJ 73D  
TLX: 929011 BOCZH CN  
TEL: (86) 0596-2022929,  
2032223  
FAX: (86) 0596-2063411  
POST CODE: 363000

#### GANSU PROVINCE

##### GANSU BRANCH

589 TIANSHUI ROAD, LANZHOU  
730000, GANSU PROV., CHINA  
SWIFT: BKCH CN BJ 660  
TLX: 72128/72034 LZBOC CN  
TEL: (86) 0931-8417597  
FAX: (86) 0931-8866369  
POST CODE: 730000

#### GUANGDONG PROVINCE

##### GUANGDONG BRANCH

197 DONGFENG XI LU,  
GUANGZHOU 510130,  
GUANGDONG PROV., CHINA  
SWIFT: BKCH CN BJ 400  
TLX: 441042 GZBOC CN  
TEL: (86) 020-83338080  
FAX: (86) 020-83344066  
POST CODE: 510130

##### YANJIANG SUB-BRANCH

91 CHANG DI ROAD, GUANGZHOU  
510120, GUANGDONG PROV.,  
CHINA  
SWIFT: BKCH CN BJ 42A  
TLX: 441024 YJBOC CN  
TEL: (86) 020-83340998  
FAX: (86) 020-83340998-2921  
POST CODE: 510120

##### ZHUHAI BRANCH

YUEHAI EAST ROAD, GONGBEI QU,  
ZHUHAI 519020, GUANG- DONG  
PROV., CHINA  
SWIFT: BKCH CN BJ 45P  
TLX: 456228 ZUBOC CN  
TEL: (86) 0756-8885157  
FAX: (86) 0756-8885157  
POST CODE: 519020

##### SHANTOU BRANCH

JIN SHA DONG ROAD, SHANTOU  
515041, GUANGDONG PROV.,  
CHINA  
SWIFT: BKCH CN BJ 41A  
TLX: 454042 STBOC CN  
TEL: (86) 0754-8262955  
FAX: (86) 0754-8262843  
POST CODE: 515041

##### CHAOZHOU BRANCH

HENG TONG BLDG., CHAO FENG  
ROAD, CHAO ZHOU DA DAO,  
CHAO ZHOU, 521011,  
GUANGDONG PROV., CHINA  
SWIFT: BKCH CN BJ 41P  
TLX: 450020 CZBOC CN  
TEL: (86) 0768-2260979  
FAX: (86) 0768-2803045  
POST CODE: 521011

##### DONGGUAN BRANCH

NO.13 ROAD 2 YUNHE,  
DONGGUAN CITY, 511700 GUANG  
DONG PROV., CHINA  
SWIFT: BKCH CN BJ 44W  
TLX: 455018 DGBOC CN  
TEL: (86) 0769-2230668  
FAX: (86) 0769-2110166  
POST CODE: 511700

##### FOSHAN BRANCH

2 REN MIN XI ROAD, FOSHAN  
528000, GUANGDONG PROV.,  
CHINA  
SWIFT: BKCH CN BJ 44A  
TLX: 425011 FSBOC CN  
TEL: (86) 0757-2228888  
FAX: (86) 0757-2221638  
POST CODE: 528000

##### GUANGZHOU ECONOMIC AND TECHNICAL DEVELOPMENT ZONE BRANCH (GUANGZHOU K.F.Q. BRANCH)

2 QING NIAN ROAD,  
GUANGZHOU ECONOMIC AND  
TECHNICAL DEVELOPMENT ZONE,  
GUANGZHOU 510730,  
GUANGDONG PROV., CHINA  
SWIFT: BKCH CN BJ 42G  
TLX: 440802 GDZXG CN  
TEL: (86) 020-82215911  
FAX: (86) 020-82212766  
POST CODE: 510730

##### HUIZHOU BRANCH

22 MAI DI ROAD, HUIZHOU  
516001, GUANGDONG PROV.,  
CHINA  
SWIFT: BKCH CN BJ 47A  
TLX: 427034 HZBOC CN  
TEL: (86) 0752-2271988  
FAX: (86) 0752-2270110  
POST CODE: 516001

## JIANGMEN BRANCH

22 GANGKOU ROAD, JIANGMEN  
529051, GUANGDONG PROV.,  
CHINA

SWIFT: BKCH CN BJ 44K  
TLX: 459018 BOCJM CN  
TEL: (86) 0750-3181288  
FAX: (86) 0750-3181444  
POST CODE: 529051

## MAOMING BRANCH

2 YOUCHENG WU LU,  
MAOMING 525000,  
GUANGDONG PROV., CHINA

SWIFT: BKCH CN BJ 42P  
TLX: 453016 MMBOC CN  
TEL: (86) 0668-2283410  
FAX: (86) 0668-2285300  
POST CODE: 525000

## MEIZHOU BRANCH

53 MEIJIANG YI ROAD, MEIZHOU  
514021, GUANGDONG PROV.,  
CHINA

SWIFT: BKCH CN BJ 47K  
TLX: 429018 BOCMZ CN  
TEL: (86) 0753-2189776  
FAX: (86) 0753-2189358  
POST CODE: 514021

## SHAOGUAN BRANCH

158 JIEFANG ROAD, SHAOGUAN  
512000, GUANGDONG PROV.,  
CHINA

SWIFT: BKCH CN BJ 46P  
TLX: 458223 BOC SG CN  
TEL: (86) 0751-8888338  
FAX: (86) 0751-8883976  
POST CODE: 512000

## YANGJIANG BRANCH

29 DONGFENG YI LU, YANGJIANG  
529500, GUANGDONG PROV.,  
CHINA

SWIFT: BKCH CN BJ 42W  
TLX: 451018 BOCYJ CN  
TEL: (86) 0662-3236838  
FAX: (86) 0662-3227743  
POST CODE: 529500

## ZHANJIANG BRANCH

50 RENMIN DADAO ZHONG,  
ZHANJIANG 524022, GUANGDONG  
PROV., CHINA

SWIFT: BKCH CN BJ 43P  
TLX: 452031 GZJOC CN  
TEL: (86) 0759-3189888  
FAX: (86) 0759-3380183  
POST CODE: 524022

## ZHAOQING BRANCH

3 DUAN ZHOU LIU ROAD,  
ZHAOQING 526040, GUANGDONG  
PROV., CHINA

SWIFT: BKCH CN BJ 43A  
TLX: 428208 BOCZQ CN  
TEL: (86) 0758-2828868  
FAX: (86) 0758-2829624  
POST CODE: 526040

## ZHONGSHAN BRANCH

18 ZHONG SHAN THIRD ROAD,  
ZHONGSHAN 528404,  
GUANGDONG PROV., CHINA

SWIFT: BKCH CN BJ 44T  
TLX: 426005 ZSBOC CN  
TEL: (86) 0760-8336688  
FAX: (86) 0760-8337788  
POST CODE: 528404

## HESHAN SUB-BRANCH

NO.228 NEW CITY ROAD,  
SHAPING, HESHAN 529700,  
GUANGDONG PROV., CHINA

SWIFT: BKCH CN BJ 44N  
TEL: (86) 0750-8993388  
FAX: (86) 0750-8988411  
POST CODE: 529700

## KAIPING SUB-BRANCH

1 ZHONGYIN ROAD, XIANG LONG,  
KAIPING 528200,  
GUANGDONG PROV., CHINA

SWIFT: BKCH CN BJ 44P  
TLX: 459066 BOCKT CN  
TEL: (86) 0750-2322222  
FAX: (86) 0750-2311111  
POST CODE: 528200

## NANHAI SUB-BRANCH

5 FOPING ROAD, FOSHAN 528200,  
GUANGDONG PROV., CHINA

SWIFT: BKCH CN BJ 44E  
TLX: 425069 FNHOC CN  
TEL: (86) 0757-2232208  
FAX: (86) 0757-6337381  
POST CODE: 528200

## SANSUI SUB-BRANCH

4 WEN FENG ZHONG ROAD, XINAN  
TOWN, SANSUI 528100  
GUANGDONG PROV., CHINA

SWIFT: BKCH CN BJ 44C  
TLX: 425093 BOCSS CN  
TEL: (86) 0757-7733767  
FAX: (86) 0757-8881622  
POST CODE: 528100

## SHUNDE SUB-BRANCH

2 FENG SHAN XI LU, DALIANG  
ZHEN, SHUNDE 528300,  
GUANGDONG PROV., CHINA

SWIFT: BKCH CN BJ 44B  
TLX: 425111 BOCSD CN  
TEL: (86) 0765-2221888  
FAX: (86) 0765-2221883  
POST CODE: 528300

## TAISHAN SUB-BRANCH

46 QIAO HU LU, TAICHENG TOWN,  
TAISHAN 529200,  
GUANGDONG PROV., CHINA

SWIFT: BKCH CN BJ 44M  
TLX: 459080 TSBOC CN  
TEL: (86) 0750-5512688  
FAX: (86) 0750-5526820  
POST CODE: 529200

## XINHUI SUB-BRANCH

7 ZHUZI ROAD, HUICHENG  
TOWN, XINHUI 529100,  
GUANGDONG PROV., CHINA

SWIFT: BKCH CN BJ 44L  
TLX: 459044 XHBKT CN  
TEL: (86) 0750-6619288  
FAX: (86) 0750-6666021  
POST CODE: 529100

**GUANGXI ZHUANG\***

## GUANGXI BRANCH

15 GUCHENG ROAD,  
NANNING 530022,  
GUANGXI ZHUANG\*, CHINA  
SWIFT: BKCH CN BJ 480  
TLX: 48122 BOCGX CN  
TEL: (86) 0771-2811741  
FAX: (86) 0771-2811267  
POST CODE: 530022

## BEIHAI BRANCH

INTERNATIONAL FINANCIAL  
BUILDING, BEIHAI STREET, BEIHAI  
536000, GUANGXI ZHUANG\*,  
CHINA

SWIFT: BKCH CN BJ 49B  
TLX: 48740 BOCBH CN  
TEL: (86) 0779-3036112  
FAX: (86) 0779-3036112  
POST CODE: 536000

FANGCHENG GANG  
BRANCH

1 FU YU STREET, FANGCHENG  
GANG 538001, GUANGXI  
ZHUANG\*, CHINA

SWIFT: BKCH CN BJ 49H  
TLX: 482586 BOCFG CN  
TEL: (86) 0770-2822552  
FAX: (86) 0770-2831115  
POST CODE: 538001

## GUILIN BRANCH

5 SHAN HU BEI ROAD, GUILIN  
541001, GUANGXI ZHUANG\*,  
CHINA

SWIFT: BKCH CN BJ 49C  
TLX: 48464 GLBOC CN  
TEL: (86) 0773-2802867  
FAX: (86) 0773-2824817  
POST CODE: 541001

## LIUZHOU BRANCH

178 PING SHAN AVENUE,  
LIUZHOU 545005,  
GUANGXI ZHUANG\*, CHINA

SWIFT: BKCH CN BJ 49D  
TLX: 48579 BOCLZ CN  
TEL: (86) 0772-3820774  
FAX: (86) 0772-3801142  
POST CODE: 545005

## WUZHOU BRANCH

1 XINXING YI ROAD, WUZHOU  
543002, GUANGXI ZHUANG\*,  
CHINA

SWIFT: BKCH CN BJ 49A  
TLX: 48680 WZBOC CN  
TEL: (86) 0774-3827101  
FAX: (86) 0774-3827101  
POST CODE: 543002

## YULIN BRANCH

385 WAIHUIAN EAST ROAD, YULIN  
537000, GUANGXI ZHUANG\*,  
CHINA

SWIFT: BKCH CN BJ 49G  
TLX: 48354 BOCYL CN  
TEL: (86) 0775-2824654  
FAX: (86) 0775-2804220  
POST CODE: 537000

**GUIZHOU PROVINCE**

## GUIZHOU BRANCH

30 DUSI ROAD, GUIYANG 550002,  
GUIZHOU PROV., CHINA  
SWIFT: BKCH CN BJ 240  
TLX: 66011 DCGZB CN  
TEL: (86) 0851-5815261  
FAX: (86) 0851-5825746  
POST CODE: 550002

**HAINAN PROVINCE**

## HAINAN BRANCH

38 DATONG ROAD, HAIKOU  
570102, HAINAN PROV., CHINA  
SWIFT: BKCH CN BJ 740  
TLX: 490172 HABOC CN  
TEL: (86) 0898-6778001  
FAX: (86) 0898-6774756  
POST CODE: 570102

## SANYA BRANCH

035 JIEFANG FOUR ROAD, SANYA  
572000, HAINAN PROV., CHINA

SWIFT: BKCH CN BJ 75A  
TLX: 490091 SYBOC CN  
TEL: (86) 0899-8272785  
FAX: (86) 0899-8272250  
POST CODE: 572000

**HEBEI PROVINCE**

## HEBEI BRANCH

NO.80, XINHUA ROAD,  
SHIJIAZHUANG 050000, HEBEI  
PROV., CHINA

SWIFT: BKCH CN BJ 220  
TLX: 26216/26103 JZBOC CN  
TEL: (86) 0311-7036017  
FAX: (86) 0311-7039814  
POST CODE: 050000



## QINHUANGDAO BRANCH

NO.157, YINGBIN ROAD,  
QINHUANGDAO 066001,  
HEBEI PROV., CHINA  
SWIFT: BKCH CN BJ 23A  
TLX: 271082 QHBOC CN  
271025 QHBOC CN  
TEL: (86) 0335-3060254  
FAX: (86) 0335-3066211  
POST CODE: 066001

## TANGSHAN BRANCH

NO.67, WEST XINHUA STREET,  
TANGSHAN 063004,  
HEBEI PROV., CHINA  
SWIFT: BKCH CN BJ 23H  
TLX: 272016 TSBBC CN  
TEL: (86) 0315-2214249  
FAX: (86) 0315-2212528  
POST CODE: 063004

## HEILONGJIANG PROVINCE

### HEILONGJIANG BRANCH

NO.19, HONG JUN STREET,  
HARBIN 150001, HEILONGJIANG  
PROV., CHINA  
SWIFT: BKCH CN BJ 860  
TLX: 87009 BCHB CN  
TEL: (86) 0451-3633518-8111  
FAX: (86) 0451-3646455  
POST CODE: 150001

## ZHAOLIN SUB-BRANCH

37 ZHAOLIN STREET,  
DAO LI DISTRICT, HARBIN 150010,  
HEILONGJIANG PROV., CHINA  
SWIFT: BKCH CN BJ 87A  
TLX: 87122 BOCBJ CN  
TEL: (86) 0451-4610596  
FAX: (86) 0451-4610596  
POST CODE: 150010

## DAQING BRANCH

NO.168, JING LIU ROAD, SAERTU  
DISTRICT, DAQING CITY 163311,  
HEILONGJIANG PROV., CHINA  
SWIFT: BKCH CN BJ 87D  
TLX: 87042 BCDO CN  
TEL: (86) 0459-6385681,  
6385690  
FAX: (86) 0459-6385679  
POST CODE: 163311

## HEIHE BRANCH

175 XING'AN STREET, HEIHE  
164300, HEILONGJIANG PROV.,  
CHINA  
SWIFT: BKCH CN BJ 87F  
TLX: 87236 BOCHH CN  
TEL: (86) 0456-8232246  
FAX: (86) 0456-8222093  
POST CODE: 164300

## JIAMUSI BRANCH

57 ZHONGSHAN ROAD, JIAMUSI  
154002, HEILONGJIANG PROV.,  
CHINA  
SWIFT: BKCH CN BJ 87B  
TLX: 885009 BCJMS CN  
TEL: (86) 0454-8249265  
FAX: (86) 0454-8249265  
POST CODE: 154002

## MUDANJIANG BRANCH

9 TAIPING ROAD,  
MUDANJIANG 157000,  
HEILONGJIANG PROV., CHINA  
SWIFT: BKCH CN BJ 87E  
TLX: 883007 BOCMDJ CN  
TEL: (86) 0453-6929833-6304,  
6927606  
FAX: (86) 0453-6929156  
POST CODE: 157000

## QIQIHAR BRANCH

NO.3 BUKUJ SOUTH STREET,  
LONGSHA DISTRICT, QIQIHAR  
161005, HEILONGJIANG PROV.,  
CHINA  
SWIFT: BKCH CN BJ 87C  
TLX: 880012 QQBOC CN  
TEL: (86) 0452-2475674  
FAX: (86) 0452-2473503  
POST CODE: 161005

## HENAN PROVINCE

### HENAN BRANCH

NO.40, HUA YUAN ROAD,  
ZHENGZHOU 450008, HENAN  
PROV., CHINA  
SWIFT: BKCH CN BJ 530  
TLX: 46053 ZHBOC CN  
TEL: (86) 0371-5728166  
FAX: (86) 0371-5724678  
POST CODE: 450008

## HUBEI PROVINCE

### HUBEI BRANCH

65 HUANGSHI ROAD, WU HAN  
430013, HUBEI PROV., CHINA  
SWIFT: BKCH CN BJ 600  
TLX: 40112 HBBBC CN  
TEL: (86) 027-82813305,  
82813723  
FAX: (86) 027-82836383,  
82813049  
POST CODE: 430013

## HANKOU SUB-BRANCH

1021 ZHONGSHAN AVENUE,  
HANKOU WUHAN 430021,  
HUBEI PROV., CHINA  
SWIFT: BKCH CN BJ 600  
TLX: 40263 BCJBH CN,  
400257 GRAWC CN  
TEL: (86) 027-82838150,  
82813252  
FAX: (86) 027-82835605  
POST CODE: 430021

## HUNAN PROVINCE

### HUNAN BRANCH

71 WUYI EAST ROAD, CHANGSHA  
410001, HUNAN PROV., CHINA  
SWIFT: BKCH CN BJ A970  
TLX: 98107 HNBOC CN  
TEL: (86) 0731-4119033,  
4120663  
FAX: (86) 0731-4119514  
POST CODE: 410001

## XIANGTAN BRANCH

249 JIANSHE NORTH ROAD,  
XIANGTAN 411100, HUNAN PROV.,  
CHINA  
SWIFT: BKCH CN BJ 98D  
TLX: 998020 XTBOC CN  
TEL: (86) 0732-8263608  
FAX: (86) 0732-8220658  
POST CODE: 411100

## ZHUZHOU BRANCH

95 XINHUA WEST ROAD, ZHUZHOU  
412000, HUNAN PROV., CHINA  
SWIFT: BKCH CN BJ 98C  
TLX: 995020 ZZRMB CN  
TEL: (86) 0733-8102072  
FAX: (86) 0733-8103962  
POST CODE: 412000

## INNER MONGOLIA\*

### INNER MONGOLIA BRANCH

NO.88, EAST XINCHENG STREET,  
HUHHOT 010010, INNER  
MONGOLIA\*, CHINA  
SWIFT: BKCH CN BJ 880  
TLX: 85008 BOCHB CN  
TEL: (86) 0471-4690020  
FAX: (86) 0471-4690084  
POST CODE: 010010

## BAOTOU BRANCH

XINGYUAN HOTEL, GANG TIE  
DAJIE, QINGSHAN QU, BAO TOU  
014030, INNER MONGOLIA\*,  
CHINA  
SWIFT: BKCH CN BJ 89A  
TLX: 85098 BOCBT CN  
TEL: (86) 0472-5128888  
FAX: (86) 0472-5151311  
POST CODE: 014030

## DONGSHENG BRANCH

29 EERDUOSI WEST STREET,  
DONG SHENG 017000, INNER  
MONGOLIA\*, CHINA  
SWIFT: BKCH CN BJ 89C  
TLX: 850103 BOCDS CN  
TEL: (86) 0477-8322472  
FAX: (86) 0477-8324641  
POST CODE: 017000

## HAILAR BRANCH

SHENG LI SAN LU, HEDONG,  
HAILAR 021008, INNER  
MONGOLIA\*, CHINA  
SWIFT: BKCH CN BJ 89D  
TLX: 854025 BOCHALS CN  
TEL: (86) 0470-8223721  
FAX: (86) 0470-8223193  
POST CODE: 021008

## MANZHOULI SUB-BRANCH

28 ERDAO JIE, MANZHOULI  
021400, INNER MONGOLIA\* ,  
CHINA  
SWIFT: BKCH CN BJ 89K  
TLX: 854060 ZHMZH CN  
TEL: (86) 0470-6220973  
FAX: (86) 0470-6223500  
POST CODE: 021400

## JIANGSU PROVINCE

### JIANGSU BRANCH

148 SOUTH ZHONG SHAN ROAD,  
NANJING 210005, JIANGSU PROV.,  
CHINA  
SWIFT: BKCH CN BJ 940  
TLX: 34116 BOCJS CN  
TEL: (86) 025-4207888-30906  
FAX: (86) 025-4208843  
POST CODE: 210005

## CHANGZHOU BRANCH

150 SOUTH HEPING ROAD,  
CHANGZHOU 213003,  
JIANGSU PROV., CHINA  
SWIFT: BKCH CN BJ 95E  
TLX: 361008 BOCCZ CN  
TEL: (86) 0519-8122988  
FAX: (86) 0519-8108903  
POST CODE: 213003

## LIANYUNGANG BRANCH

1 MIDDLE HAILIAN ROAD, XIN PU  
DISTRICT, LIANYUNGANG 222002,  
JIANGSU PROV., CHINA  
SWIFT: BKCH CN BJ 95A  
TLX: 36903 BOCLY CN  
TEL: (86) 0518-5414790  
FAX: (86) 0518-5514665  
POST CODE: 222002

## NANTONG BRANCH

19 QING NIAN WEST ROAD,  
NANTONG 226006, JIANGSU  
PROV., CHINA  
SWIFT: BKCH CN BJ 95G  
TLX: 365003 BOCNT CN  
TEL: (86) 0513-3516888  
FAX: (86) 0513-3518921  
POST CODE: 226006

**SUZHOU BRANCH**

188 GAN JIANG ROAD, SUZHOU  
215002, JIANGSU PROV., CHINA  
SWIFT: BKCH CN BJ 95B  
TLX: 363010 BOC SU CN  
TEL: (86) 0512-5113558-5266  
FAX: (86) 0512-5118897  
POST CODE: 215002

**WUXI BRANCH**

2 LIANG QING ROAD, WUXI 214061,  
JIANGSU PROV., CHINA  
SWIFT: BKCH CN BJ 95C  
TLX: 362090 WXBOC CN  
TEL: (86) 0510-5802887  
FAX: (86) 0510-5807259  
POST CODE: 214061

**YANGZHOU BRANCH**

9 GUTA ROAD, YANGZHOU 225002,  
JIANGSU PROV., CHINA  
SWIFT: BKCH CN BJ 95H  
TLX: 364015 YZBOC CN  
TEL: (86) 0514-7361056  
FAX: (86) 0514-7361057  
POST CODE: 225002

**ZHENJIANG BRANCH**

235 ZHONG SHAN ROAD,  
ZHENJIANG 212001, JIANGSU  
PROV., CHINA  
SWIFT: BKCH CN BJ 95D  
TLX: 360029 BOCZJ CN  
TEL: (86) 0511-5020135  
FAX: (86) 0511-5023501  
POST CODE: 212001

**ZHANGJIAGANG  
SUB-BRANCH**

QING NIAN ROAD,  
ZHANGJIAGANG 215600, JIANGSU  
PROV., CHINA  
SWIFT: BKCH CN BJ 95L  
TLX: 363825 ZJBOC CN  
TEL: (86) 0520-8685574  
FAX: (86) 0520-8684349  
POST CODE: 215600

**JIANGXI PROVINCE****JIANGXI BRANCH**

1 ZHANQIAN ROAD(W),  
NANCHANG 330002, JIANGXI  
PROV., CHINA  
SWIFT: BKCH CN BJ 550  
TLX: 95013 BOCNC CN  
TEL: (86) 0791-6471513  
FAX: (86) 0791-6471515  
POST CODE: 330002

**JINGDEZHEN BRANCH**

591 CHINA METROPOLIS AVENUE,  
JINGDEZHEN 333000, JIANGXI  
PROV., CHINA  
SWIFT: BKCH CN BJ 56A  
TLX: 95207 BOCJD CN  
TEL: (86) 0798-8525646  
FAX: (86) 0798-8525646  
POST CODE: 333000

**JILIN PROVINCE****JILIN BRANCH**

NO.14 XINMIN STREET, CHANG  
CHUN 130021, JILIN PROV., CHINA  
SWIFT: BKCH CN BJ 840  
TLX: 83006 CCBOC CN  
TEL: (86) 0431-5668847  
FAX: (86) 0431-5645576  
POST CODE: 130021

**XIÖANDALU SUB-BRANCH**

1 TONGZHI STREET, CHANGCHUN  
130061, JILIN PROV., CHINA  
SWIFT: BKCH CN BJ 85A  
TLX: 83124 JCBOC CN  
TEL: (86) 0431-8948667  
FAX: (86) 0431-8948747  
POST CODE: 130061

**JILIN CITY BRANCH**

NO.1 SHEN ZHEN STREET, JILIN  
CITY 132011, JILIN PROV., CHINA  
SWIFT: BKCH CN BJ 85B  
TLX: 84010 BYOOL CN  
TEL: (86) 0432-4670216  
FAX: (86) 0432-4670299  
POST CODE: 132011

**YANJI SUB-BRANCH**

107 REN MIN LU, YANJI 133000,  
JILIN PROV., CHINA  
SWIFT: BKCH CN BJ 85C  
TLX: 842109 YJBOC CN  
TEL: (86) 0433-2536454  
FAX: (86) 0433-2516877  
POST CODE: 133000

**LIAONING PROVINCE****LIAONING BRANCH**

NO.9, YANAN ROAD, DALIAN  
116001, LIAONING PROV., CHINA  
SWIFT: BKCH CN BJ 810  
TLX: 86163 CDB CN  
TEL: (86) 0411-2639392  
FAX: (86) 0411-2638648  
POST CODE: 116001

**ZHONGSHAN SQUARE  
SUB-BRANCH**

NO.9, ZHONGSHAN SQUARE,  
DALIAN 116001, LIAONING PROV.,  
CHINA  
SWIFT: BKCH CN BJ 82N  
TLX: 860579 DLBOC CN  
TEL: (86) 0411-2641655  
FAX: (86) 0411-2637504  
POST CODE: 116001

**SHENYANG BRANCH**

NO.253, SHIFU ROAD, SHENHE  
DISTRICT, SHENYANG 110013,  
LIAONING PROV., CHINA  
SWIFT: BKCH CN BJ 82A  
TLX: 80058 BCSB CN  
TEL: (86) 024-22857622  
FAX: (86) 024-22857622  
POST CODE: 110013

**ANSHAN BRANCH**

NO.4, 219 ROAD, TIEDONG  
DISTRICT, ANSHAN 114001,  
LIAONING PROV., CHINA  
SWIFT: BKCH CN BJ 82D  
TLX: 810044 BOCAS CN  
TEL: (86) 0412-2216182  
FAX: (86) 0412-2232217  
POST CODE: 114001

**DALIAN DEVELOPMENT  
ZONE BRANCH  
(DALIAN K.F.Q. BRANCH)**

BANK OF CHINA TOWER, NO.158,  
JINMA ROAD, DEVELOPMENT  
ZONE, DALIAN 116600, LIAONING  
PROV., CHINA  
SWIFT: BKCH CN BJ 82H  
TLX: 86060 BOC DK CN  
TEL: (86) 0411-7615113  
FAX: (86) 0411-7612554  
POST CODE: 116600

**DANDONG BRANCH**

NO.60, JINSHAN STREET,  
DANDONG 118000,  
LIAONING PROV., CHINA  
SWIFT: BKCH CN BJ 82B  
TLX: 812028 BOCDD CN  
TEL: (86) 0415-2121360  
FAX: (86) 0415-2122197  
POST CODE: 118000

**JINZHOU BRANCH**

25A SECTIONS, JIEFANG ROAD,  
LINGHE DISTRICT, JINZHOU,  
121000, LIAONING PROV., CHINA  
SWIFT: BKCH CN BJ 82F  
TLX: 813039 JZZGH CN  
TEL: (86) 0416-3131278  
FAX: (86) 0416-3131278  
POST CODE: 121000

**YINGKOU BRANCH**

NO. 8 BOHAI STREET WEST,  
ZHANQIAN DISTRICT, YINGKOU  
115000, LIAONING PROV., CHINA  
SWIFT: BKCH CN BJ 82C  
TLX: 814010 BOCYK CN  
TEL: (86) 0417-2805159  
FAX: (86) 0417-2833680  
POST CODE: 115000

**NINGXIA HUI\*****NINGXIA BRANCH**

80 JIEFANG XI STREET, YINCHUAN  
750001, NINGXIA HUI\*, CHINA  
SWIFT: BKCH CN BJ 260  
TLX: 750003 BOCYC CN  
TEL: (86) 0951-5044671  
FAX: (86) 0951-5044671  
POST CODE: 750001

**QINGHAI PROVINCE****QINGHAI BRANCH**

NO.218, DONGGUAN DA JIE,  
XINING CITY 810000, QINGHAI  
PROV., CHINA  
SWIFT: BKCH CN BJ 280  
TLX: 77019 BOCXN CN  
TEL: (86) 0971-8180192  
FAX: (86) 0971-8180192  
POST CODE: 810000

**SHAANXI PROVINCE****SHAANXI BRANCH**

NO.38, JUHUA YUAN, XI'AN 710001,  
SHAANXI PROV., CHINA  
SWIFT: BKCH CN BJ 620  
TLX: 70128 BOCXA CN  
TEL: (86) 029-7264646,  
7263020  
FAX: (86) 029-7265261  
POST CODE: 710001

**SHANDONG PROVINCE****SHANDONG BRANCH**

NO.37, XIANG GANG ZHONG  
ROAD, QINGDAO 266071,  
SHANDONG PROV., CHINA  
SWIFT: BKCH CN BJ 500  
TLX: 32235 BOCQD CN  
TEL: (86) 0532-5818851  
FAX: (86) 0532-5817141  
POST CODE: 266071

**JINAN BRANCH**

NO.22, LUO YUAN STREET, JINAN  
250063, SHANDONG PROV., CHINA  
SWIFT: BKCH CN BJ 51B  
TLX: 391103 BOCJN CN  
TEL: (86) 0531-6995076,  
6995004  
FAX: (86) 0531-6995223  
POST CODE: 250063

**RIZHAO BRANCH**

24 HUANGHAI 1 LU, SHIJIU,  
RIZHAO 276826, SHANDONG  
PROV., CHINA  
SWIFT: BKCH CN BJ 51E  
TLX: 320020 BOCRZ CN  
TEL: (86) 0633-8331264,  
8321940  
FAX: (86) 0633-8331264  
POST CODE: 276826

**WEIHAI BRANCH**

NO.9, QINGDAO NORTH ROAD,  
WEIHAI 264200, SHANDONG  
PROV., CHINA  
SWIFT: BKCH CN BJ 51D  
TLX: 327222 BOCWH CN  
TEL: (86) 0631-5326988-60236  
FAX: (86) 0631-5317207  
POST CODE: 264200

## YANTAI BRANCH

166 JIE FANG ROAD, YANTAI  
264001, SHANDONG PROV., CHINA  
SWIFT: BKCH CN BJ 51A  
TLX: 32513 BOCYT CN  
TEL: (86) 0535-6238888-6207  
FAX: (86) 0535-6238888-6232  
POST CODE: 264001

## SHANGHAI CITY

### SHANGHAI BRANCH

23 ZHONG SHAN ROAD (E.1)  
SHANGHAI 200002, CHINA  
SWIFT: BKCH CN BJ 300  
TLX: 33062 BOCSE CN  
TEL: (86) 021-63291979  
FAX: (86) 021-64729384  
POST CODE: 200002

## SHANXI PROVINCE

### SHANXI BRANCH

288 YINGZE DAJIE, TAIYUAN  
030001, SHANXI PROV., CHINA  
SWIFT: BKCH CN BJ 680  
TLX: 28004 BOCTB CN  
TEL: (86) 0351-4048556  
FAX: (86) 0351-4040364  
POST CODE: 030001

## SHUOZHOU BRANCH

45 KAIFA SOUTH ROAD,  
SHUOZHOU 038500, SHANXI  
PROV., CHINA  
SWIFT: BKCH CN BJ 69A  
TLX: 291004 BOCPS CN  
TEL: (86) 0349-2024719  
FAX: (86) 0349-2020861  
POST CODE: 038500

## SICHUAN PROVINCE

### SICHUAN BRANCH

35 RENMIN MIDDLE ROAD ER  
DUAN, CHENGDU 610015,  
SICHUAN PROV., CHINA  
SWIFT: BKCH CN BJ 570  
TLX: 60143 BOCCD CN  
TEL: (86) 028-6403252, 6741950  
FAX: (86) 028-6403365  
POST CODE: 610015

## CHENGDU SHUDU DADAO SUB-BRANCH

18, SHUWA BEI SAN STREET,  
CHENGDU 610016,  
SICHUAN PROV., CHINA  
SWIFT: BKCH CN BJ 58A  
TEL: (86) 028-6717652,  
6668221  
FAX: (86) 028-6679727,  
6676787  
POST CODE: 610016

## SHENZHEN CITY

### SHENZHEN BRANCH

INTERNATIONAL FINANCE  
BUILDING, 2022 JIANSHE ROAD,  
SHENZHEN 518001,  
GUANGDONG PROV., CHINA  
SWIFT: BKCH CN BJ 45A  
TLX: 420309 BOCSZ CN  
TEL: (86) 0755-2288288  
FAX: (86) 0755-2239383  
POST CODE: 518001

## SHEKOU SUB-BRANCH

18 TAI ZI ROAD, SHEKOU  
INDUSTRIAL ZONE, SHENZHEN  
518067, GUANGDONG PROV.,  
CHINA  
SWIFT: BKCH CN BJ 45B  
TLX: 420243 BOCSK CN  
TEL: (86) 0755-6811848  
FAX: (86) 0755-6811849  
POST CODE: 518067

## TIANJIN CITY

### TIANJIN BRANCH

80 JIEFANG BEI ROAD,  
HEPING DISTRICT, TIANJIN  
300040, CHINA  
SWIFT: BKCH CN BJ 200  
TLX: 23233 TJBOC CN  
TEL: (86) 022-27102301,  
27102329  
FAX: (86) 022-23312809  
POST CODE: 300040

## TANGGU BRANCH

NO.29, DONG TING ROAD, TEDA,  
TIANJIN 300457, CHINA  
SWIFT: BKCH CN BJ 21A  
TLX: 23185 BOCTG CN  
TEL: (86) 022-25321445  
FAX: (86) 022-25321445  
POST CODE: 300457

## TIBET\*

### TIBET BRANCH

NO.28, LINKUO WEST ROAD,  
LHASA CITY, 850000, TIBET  
AUTONOMOUS REGION  
SWIFT: BKCH CN BJ 900  
TLX: 68008 LSBOS CN  
TEL: (86) 0891-6835078,  
FAX: (86) 0891-6835078  
POST CODE: 850000

## XINJIANG UIGUR\*

### XINJIANG BRANCH

343 JIEFANG NAN LU, URUMQI  
830002, XINJIANG UIGUR\*, CHINA  
SWIFT: BKCH CN BJ 760  
TLX: 79170 BOCXJ CN  
TEL: (86) 0991-2615202  
FAX: (86) 0991-2828619  
POST CODE: 830002

## KASHI SUB-BRANCH

239 RENMIN XILU, KASHI 844000,  
XINJIANG UIGUR\*, CHINA  
SWIFT: BKCH CN BJA77A  
TLX: 79002 BOCKS CN  
TEL: (86) 0998-2822116  
FAX: (86) 0998-2821257  
POST CODE: 844000

## YUNNAN PROVINCE

### YUNNAN BRANCH

515 BEIJING ROAD, KUNMING  
650051, YUNNAN PROV., CHINA  
SWIFT: BKCH CN BJ 640  
TLX: 64034 KMBNK CN  
TEL: (86) 0871-3175556  
FAX: (86) 0871-3188976  
POST CODE: 650051

## ZHEJIANG PROVINCE

### ZHEJIANG BRANCH

320 YANAN ROAD, HANGZHOU  
310006, ZHEJIANG PROV., CHINA  
SWIFT: BKCH CN BJ 910  
TLX: 35019 BOCHZ CN  
TEL: (86) 0571-7074803  
FAX: (86) 0571-7076549  
POST CODE: 310006

## NINGBO BRANCH

139 YAOHANG STREET, NINGBO  
315000, ZHEJIANG PROV., CHINA  
SWIFT: BKCH CN BJ 92A  
TLX: 37039 NBBOC CN  
TEL: (86) 0574-7195883  
FAX: (86) 0574-7198889  
POST CODE: 315000

## SHAOXING BRANCH

201 RENMIN MIDDLE ROAD,  
SHAOXING 312000, ZHEJIANG  
PROV., CHINA  
SWIFT: BKCH CN BJ 92D  
TLX: 37429 BOCSX CN  
TEL: (86) 0575-5138860  
FAX: (86) 0575-5134405  
POST CODE: 312000

## WENZHOU BRANCH

113 CHAN STREET, WENZHOU  
325000, ZHEJIANG PROV., CHINA  
SWIFT: BKCH CN BJ 92B  
TLX: 37110 WZBOC CN  
TEL: (86) 0577-8270473  
FAX: (86) 0577-8227694  
POST CODE: 325000

\* REFERS TO AUTONOMOUS  
REGION

## MAJOR MEMBERS OF BOC GROUP IN HONG KONG AND MACAU

### BANK OF CHINA HONG KONG-MACAU REGIONAL OFFICE

14/F, BANK OF CHINA TOWER,  
1 GARDEN RD., HONG KONG  
TEL: (852) 28266111  
FAX: (852) 28770986  
HTTP: // www.bocgroup.com

### BANK OF CHINA HONG KONG BRANCH

BANK OF CHINA TOWER,  
1 GARDEN RD., HONGKONG  
TEL: (852) 28266888  
FAX: (852) 28105963  
HTTP: // www.bankofchina.com

### BANK OF CHINA MACAU BRANCH

BANK OF CHINA BUILDING,  
AVENIDA DOUTOR MARIO  
SOARES, MACAU  
TEL: (853) 781828  
FAX: (853) 781833  
E-MAIL: bocmacau@ctm.net

### NANYANG COMMERCIAL BANK LTD.

151 DES VOEUX ROAD  
CENTRAL, HONG KONG  
TEL: (852) 28520888  
FAX: (852) 28153333  
HTTP: // www.nanyangbankhk.com

### KWANGTUNG PROVINCIAL BANK, HK BRANCH

13-14 CONNAUGHT ROAD  
CENTRAL, HONG KONG  
TEL: (852) 28410410  
FAX: (852) 28459302  
http: // www.kpb-hk.com

### SIN HUA BANK LTD., HONG KONG BRANCH

2A DES VOEUX ROAD  
CENTRAL, HONG KONG  
TEL: (852) 21608888  
FAX: (852) 28542596

### CHINA & SOUTH SEA BANK LTD., HONG KONG BRANCH

136 DES VOEUX ROAD  
CENTRAL, HONG KONG  
TEL: (852) 21386008  
FAX: (852) 21386009

### KINCHEUNG BANKING CORPORATION

55 DES VOEUX ROAD  
CENTRAL, HONG KONG  
TEL: (852) 28430222  
FAX: (852) 28450116  
HTTP: // www.kch.bocgroup.com

### CHINA STATE BANK LTD., HONG KONG BRANCH

39-41 DES VOEUX ROAD  
CENTRAL, HONG KONG  
TEL: (852) 28419333  
FAX: (852) 28450584

### NATIONAL COMMERCIAL BANK LTD., HONG KONG BRANCH

1-3 WYNDHAM STREET,  
CENTRAL, HONG KONG  
TEL: (852) 28432888  
FAX: (852) 28104634

### YIEN YIEH COMMERCIAL BANK LTD., HONG KONG BRANCH

242-252 DES VOEUX ROAD  
CENTRAL, HONG KONG  
TEL: (852) 25411601  
FAX: (852) 25414037

### PO SANG BANK LTD.

71 DES VOEUX RD, CENTRAL,  
HONG KONG  
TEL: (852) 28436111  
FAX: (852) 28101126  
HTTP: // www.posang.com

### HUA CHIAO COMMERCIAL BANK LTD.

88-98 DES VOEUX ROAD  
CENTRAL, HONG KONG  
TEL: (852) 25429888  
FAX: (852) 25434035  
HTTP: // www.hccb.com

### CHIYU BANKING CORP. LTD.

78 DES VOEUX ROAD  
CENTRAL, HONG KONG  
TEL: (852) 28430111  
FAX: (852) 28104207  
E-MAIL: chiyu@bocgroup.com

### BANK OF CHINA CREDIT CARD (INTERNATIONAL) LTD.

20/F, BOC CREDIT CARD CENTRE,  
68 CONNAUGHT ROAD WEST,  
HONG KONG  
TEL: (852) 28538888  
FAX: (852) 25415415  
HTTP: // www.boci.com.hk

### BANK OF CHINA GROUP INSURANCE CO., LTD.

9/F WING ON HOUSE, 71 DES  
VOEUX ROAD C, HONG KONG  
TEL: (852) 28670888  
FAX: (852) 25221705

### BOC GROUP LIFE ASSURANCE CO., LTD.

33/F BANK OF CHINA TOWER,  
1 GARDEN ROAD, HONG KONG  
TEL: (852) 28629898  
FAX: (852) 28105092

### SUN CHUNG ESTATE CO., LTD.

43/F BANK OF CHINA TOWER,  
1 GARDEN ROAD, HONG KONG  
TEL: (852) 28266628  
FAX: (852) 28105092

### BOC INTERNATIONAL HOLDINGS LTD.

35/F, BANK OF CHINA TOWER,  
1 GARDEN ROAD, CENTRAL, HK  
TEL: (852) 22308888  
FAX: (852) 21479065

### BOCI ASIA LTD.

35/F, BANK OF CHINA TOWER,  
1 GARDEN ROAD, CENTRAL, HK  
TEL: (852) 22308180  
FAX: (852) 25226797

### BOCI RESEARCH LTD.

35/F, BANK OF CHINA TOWER,  
1 GARDEN ROAD, CENTRAL, HK  
TEL: (852) 22308107  
FAX: (852) 21479513

### BOCI SECURITIES LTD.

21/F, CENTRAL TOWER, 28  
QUEEN'S ROAD CENTRAL, HK  
TEL: (852) 28676333  
FAX: (852) 25247327

### BOCI COMMODITIES & FUTURES LTD.

21/F, CENTRAL TOWER, 28  
QUEEN'S ROAD CENTRAL, HK  
TEL: (852) 28676333  
FAX: (852) 25247327

### BOCI ASSET MANAGEMENT LTD.

35/F, BANK OF CHINA TOWER,  
1 GARDEN ROAD, CENTRAL, HK  
TEL: (852) 22308210  
FAX: (852) 21479989

### BOCI DIRECT INVESTMENT MANAGEMENT LTD.

35/F, BANK OF CHINA TOWER,  
1 GARDEN ROAD, CENTRAL, HK  
TEL: (852) 22308284  
FAX: (852) 28109736

### BOCI CAPTIAL LTD.

35/F, BANK OF CHINA TOWER,  
1 GARDEN ROAD, CENTRAL, HK  
TEL: (852) 22308308  
FAX: (852) 28105980

### BOCI INVESTMENT LTD.

35/F, BANK OF CHINA TOWER,  
1 GARDEN ROAD, CENTRAL, HK  
TEL: (852) 22308626  
FAX: (852) 25302642

### BOC GROUP TRUSTEE CO., LTD.

SUITE 506-7, DCH COMMERCIAL  
CENTRE, 25 WESTLANDS ROAD,  
QUARRY BAY, HONG KONG  
TEL: (852) 22353557  
FAX: (852) 25166757

## MAJOR OVERSEAS NETWORKS

### ASIA-PACIFIC REGION (Excluding Hong Kong & Macau)

#### SINGAPORE BRANCH

4 BATTERY ROAD SINGAPORE  
049908

TLX: RS 23046 BKCHINA  
TEL: (65) 5352411  
FAX: (65) 5343401

#### SOUTH SUB-BRANCH

20 MAXWELL ROAD #01-01  
MAXWELL HOUSE, SINGAPORE  
069113

TEL: (65) 2233466  
FAX: (65) 2236601

#### NORTH SUB-BRANCH

133 MIDDLE ROAD BOC PLAZA  
SINGAPORE 188974

TEL: (65) 8328108  
FAX: (65) 3382165

#### KATONG SUB-BRANCH

188-192 EAST COAST ROAD  
SINGAPORE 428898  
TEL: (65) 4402440  
FAX: (65) 3440737

#### SYDNEY BRANCH

39-41 YORK STREET SYDNEY  
N.S.W. 2000 AUSTRALIA  
TLX: 177033 BOC Syd AA  
TEL: (612) 92675188  
FAX: (612) 92621794  
E-MAIL: bocsyd@bigpond.com

#### HAYMARKET BRANCH

681 GEORGE STREET SYDNEY  
N.S.W. 2000 AUSTRALIA  
TLX: 177033 BOC Syd AA  
TEL: (612) 92123877  
FAX: (612) 92123962

#### MELBOURNE BRANCH

270 QUEEN STREET MELBOURNE  
VIC 3000 AUSTRALIA  
TLX: 30062 BOC MLB  
TEL: (613) 96023655  
FAX: (613) 96023383

#### TOKYO BRANCH

BOC BLDG 3-4-1AKASAKA  
MINATO-KU TOKYO 1070052,  
JAPAN  
TLX: BOCTK J22157  
TEL: (813) 35058818  
FAX: (813) 35058868

#### OSAKA BRANCH

BOC BLDG 1-1-35  
KITAHORIE NISHI -KU, OSAKA 550,  
JAPAN  
TLX: 05222588BOCOSJ  
TEL: (816) 65393666  
FAX: (816) 65381177

#### YOKOHAMA BRANCH

SIBER HEGNER BLDG, 89-1  
YAMASHITA CHOU NAKA-KU  
YOKOHAMA CITY 231, JAPAN  
TEL: (8145) 6632288  
FAX: (8145) 6638688

#### BANK OF CHINA (KAZAKHSTAN)

207, STR. GOGOL, ALMATY, 480096,  
REPUBLIC OF KAZAKHSTAN  
TLX: 251515 BOCKZ KZ  
TEL: (73272) 680261/681329  
FAX: (73272) 501896  
E-MAIL: bockz@itte.kz

#### SEOUL BRANCH

20TH FLOOR, YOUNG POONG  
BLDG. 33 SEOLIN-DONG,  
CHONGRO-GU SEOUL 110-752,  
KOREA  
TLX: K23861  
TEL: (822)3996270/72  
FAX: (822)3996265/66

#### BANGKOK BRANCH

BANGKOK CITY TOWER,  
179 SOUTH SATHORN RD,  
TUNGMAHAMEK, SATHORN,  
BANGKOK, 10120 THAILAND  
TLX: 81091 BOCBKK TH  
TEL: (662) 2861010  
FAX: (662) 2861020  
E-MAIL: BOCBKK@CSCOMS.COM

#### HO CHI MINH CITY BRANCH

14C CACH MANG THANG TAM ST.,  
DISTRICT 1, HO CHI MINH CITY,  
VIETNAM  
TLX: 813226 BOC HCM VT  
TEL: (848) 8220522  
FAX: (848) 8220519  
E-MAIL: bochcmc@hcm.fpt.vn

#### THE KWANGTUNG PROVINCIAL BANK SINGAPORE BRANCH

60 CECIL STREET, KPB BUILDING,  
SINGAPORE 049709  
SWIFT:KWPGSGSG  
TLX: RS26166 KPBSB  
TEL: (65) 2239622  
FAX: (65) 2259970

### EUROPEAN REGION

#### LONDON BRANCH

90, CANNON STREET,  
LONDON EC4N 6HA, U.K.  
SMFT: BKCHGB2LA  
TLX: 8812913 BKCHI G  
TEL: (44207) 2828888  
FAX: (44207) 6263892

#### WEST END BRANCH

107 SHAFTESBURY AVE.,  
LONDON W1V 8DA, U.K.  
TLX: 8812913 BKCHI G  
TEL: (44207) 4375975  
FAX: (44207) 7341704

#### MANCHESTER BRANCH

67-69 MOSLEY STREET  
MANCHESTER M2 3JB, U.K.  
TLX: 669167 BKCHIM G  
TEL: (44161) 2368302  
FAX: (44161) 2280285

#### GLASGOW BRANCH

450, SAUCHIEHALL STREET  
GLASGOW G2 3JD, U.K.  
TLX: 779784 BKCHIG G  
TEL: (44141) 3323354  
FAX: (44141) 3326728

#### BIRMINGHAM BRANCH

33, HORSE FAIR,  
BIRMINGHAM B1 1DD, U.K.  
TLX: 338408 BKCHIB G  
TEL: (44121) 6227002  
FAX: (44121) 6227082

#### LUXEMBOURG BRANCH

37/39 BOULEVARD PRINCE HENRI  
L-1724 LUXEMBOURG  
PO.BOX 114 L-2011 LUXEMBOURG  
TLX: 3546 CHUNG LU  
TEL: (352) 221791/4667911  
FAX: (352) 221795

#### PARIS BRANCH

52-52 BIS, RUE LAFFITTE,  
75009 PARIS, FRANCE  
TLX: 281 090 BDCSP  
TEL: (331) 49701370  
FAX: (331) 49701372

#### AGENCE ITALIE

11, PLACE D'ITALIE  
75013 PARIS, FRANCE  
TEL: (331) 45828710  
FAX: (331) 45857449

#### FRANKFURT BRANCH

BOCKENHEIMER LANDSTRASSE 39,  
60325 FRANKFORT AM MAIN  
GERMANY  
TLX: 416682 BOCFM D  
TEL: (4969) 1700900  
FAX: (4969) 17009050  
E-MAIL: bocffin@bank-of-china.com

#### HAMBURG BRANCH

RATHAUSMARKT 5,  
20095 HAMBURG, GERMANY  
TLX: 416682 BOCFM D  
TEL: (4940) 339020  
FAX: (4940) 339023

#### MILAN BRANCH

VIA SANTA MARGHERITA, 14/16  
MILANO, ITALY  
TLX: 326011  
TEL: (3902) 864731  
FAX: (3902) 89013411

#### BANK OF CHINA INTERNATIONAL (UK) LIMITED

34/F, 1 CANADA SQUARE, CANARY  
WHARF, LONDON E14 5AA, U.K.  
TEL: (44171) 6618888  
FAX: (44171) 6618850  
E-MAIL: corpf@globalnet.co.uk

#### BANK OF CHINA (ELUOSI)

FLOOR 6-7, MOSBUSINESS CENTER,  
NO.72, PROSPECT MIRA, 129110  
MOSCOW, RUSSIA  
TEL: (7095) 7950456  
FAX: (7095) 7950454

#### MOSCOW

#### REPRESENTATIVE OFFICE

6-7 FLOOR, THE SECOND SECTION,  
72 PROSPECT MIRA,  
MOSCOW, 129110 RUSSIA  
TLX: 413973 BOCR RU  
TEL: (7095) 7950455  
FAX: (7095) 7950454

#### BUDAPEST

#### REPRESENTATIVE OFFICE

BANK CENTER,  
7 SZABADSAG TER, 1054 BUDAPEST,  
HUNGARY  
TEL: (361) 3029006  
FAX: (361) 3029009  
E-MAIL: bocbp@pronet.hu

**AMERICAN REGION****NEW YORK BRANCH**

410 MADISON AVENUE  
NEW YORK, NY 10017 U.S.A.  
SWIFT: BKCHUS33  
TLX: 423635BKCHI UI  
TEL: (212) 9353101  
FAX: (212) 5931831

**CHINATOWN BRANCH**

42 EAST BROADWAY  
NEW YORK, NY 10002 U.S.A.  
SWIFT: BKCHUS33CTX  
TLX: 423635BKCHI UI  
TEL: (212) 9252355  
FAX: (212) 4316157

**LOS ANGELES BRANCH**

444 SOUTH FLOWER STREET,  
39TH FLOOR, LOS ANGELES,  
CA 90071 U.S.A.  
SWIFT: BKCHUS33LAX  
TLX: 188127BOCLA UT  
TEL: (213) 6888700  
FAX: (213) 6880198

**GRAND CAYMAN  
BRANCH**

P.O. BOX 30995 SMB  
PENTHOUSE, PICCADILLY  
CENTRE, GOERGE TOWN,  
GRAND CAYMAN, CAYMAN  
ISLANDS, B.W.I  
TEL: (1345) 9452000  
FAX: (1345) 9452200  
E-MAIL: bocckyky@candwky

**PANAMA BRANCH**

P.O. BOX 87-1056, ZONA 7,  
PANAMA, REPUBLIC OF  
PANAMA, CALLE MANUEL M.  
ICAZA NO. 14, PANAMA, REP OF  
PANAMA  
TLX: 2866 BKCH PG  
TEL: (507) 2635522  
FAX: (507) 2239960  
E-MAIL: heqr@bank-of-chian.com

**BANK OF CHIAN  
(CANADA)**

BCE PLACE, 161 BAY STREET,  
P.O. BOX 612, SUITE 3740,  
TORONTO, ONTARIO, CANADA  
M5J 2S1  
TLX: 06217598 BOCC TOR  
TEL: (416) 3622991  
FAX: (416) 3623047  
E-MAIL: ritalam@istar.ca

**TORONTO DOWNTOWN  
BRANCH**

396 DUNDAS STREET WEST,  
TORONTO, ONTARIO, CANADA  
M5T 1G7  
TEL: (416) 9718806  
FAX: (416) 9716551

**VANCOUVER BRANCH**

SUITE 2704, P.O. BOX 49277,  
FOUR BENTALL CENTRE, 1055  
DUNSMUIR ST., VANCOUVER,  
B.C., CANADA V7X 1L3,  
TLX: 06959308 BOCC VCR  
TEL: (604) 6831088  
FAX: (604) 6839228

**SAO PAULO  
REPRESENTATIVE OFFICE**

AVENIDA PAULISTA 1337, 21  
ANDAR, C.J. 212, CEP 01311-200  
SAO PAULO, S.P. BRASIL  
TEL: (5511) 2831079  
FAX: (5511) 2832730

**AFRICAN REGION****BANK OF CHIAN  
(ZAMBIA) LIMITED**

AMANDRA HOUSE, BEN BELLA  
ROAD, LUSAKA, ZAMBIA  
P.O. BOX 34550 LUSAKA, ZAMBIA  
TLX: 40856 BOCLSK ZA  
TEL: (2601) 235349/222541  
FAX: (2601) 235350/222549  
E-MAIL: jiazaise@zamnet.zm